

The Ohio State University



2000

Financial Report





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Board of Trustees
The Ohio State University

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, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

January 24, 2001

**T H E
O H I O
S T A T E
U N I V E R S I T Y**

2000

FINANCIAL REPORT

Table of Contents

Independent Auditors' Report	1
Balance Sheet	2
Statement of Revenues, Expenditures and Changes in Fund Equities	4
Notes to the Financial Statements	6
Supplemental Information:	
Independent Auditors' Report on Supplemental Information	25
Balance Sheet	26
Statement of Changes in Fund Equities	34
Statement of Current Funds Revenues, Expenditures and Other Changes	38
Acknowledgements	40
Board of Trustees	41

**INDEPENDENT AUDITORS' REPORT**

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 13, 2000 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

October 13, 2000

Financial Statements

THE OHIO STATE UNIVERSITY BALANCE SHEET

June 30, 2000, with Comparative Financial Information for 1999
(in thousands)

	CURRENT			
	UNRESTRICTED		RESTRICTED	
	2000	1999	2000	1999
ASSETS				
Cash and cash equivalents	\$ 4,959	\$ 12,756	\$ 5,592	\$ 7,893
Accounts receivable, net	201,897	186,484	44,784	59,197
State and federal receivables	-	-	3,930	2,850
Notes receivable, net	-	-	-	-
Accrued interest receivable	3,284	5,166	4,250	3,212
Inventories and prepaid expenses	47,669	44,759	728	714
Investments	513,794	490,491	26,230	20,474
Investment in plant	-	-	-	-
Interfund accounts	(155,098)	(158,406)	123,374	87,985
TOTAL ASSETS	\$ 616,505	\$ 581,250	\$ 208,888	\$ 182,325
LIABILITIES AND FUND EQUITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 207,854	\$ 203,487	\$ 33,909	\$ 39,550
Outstanding checks	33,660	2,677	-	-
Deposits and deferred credits	99,461	72,721	21,155	18,253
Bonds, notes, and lease obligations payable	-	-	-	-
Total liabilities	340,975	278,885	55,064	57,803
Fund equities:				
Unrestricted	275,530	302,365	-	-
Restricted	-	-	153,824	124,522
U.S. Government grants	-	-	-	-
Net investment in plant	-	-	-	-
Total fund equities	275,530	302,365	153,824	124,522
TOTAL LIABILITIES AND FUND EQUITIES	\$ 616,505	\$ 581,250	\$ 208,888	\$ 182,325

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

LOAN		ENDOWMENT & ANNUITY		PLANT		AGENCY	
2000	1999	2000	1999	2000	1999	2000	1999
\$ 3,268	\$ 3,626	\$ 65,811	\$ 33,567	\$ -	\$ -	\$ 1,658	\$ 1,455
-	-	-	-	3,136	1,149	1,124	880
-	-	-	-	-	-	-	-
60,982	56,813	-	-	-	-	-	-
5,988	5,804	-	-	-	-	-	-
-	-	-	-	1,927	1,433	-	-
-	-	1,258,070	1,079,370	22,452	11,545	-	-
-	-	-	-	2,831,622	2,690,619	-	-
66	50	(13,306)	(13,107)	44,964	83,478	-	-
<u>\$ 70,304</u>	<u>\$ 66,293</u>	<u>\$ 1,310,575</u>	<u>\$ 1,099,830</u>	<u>\$ 2,904,101</u>	<u>\$ 2,788,224</u>	<u>\$ 2,782</u>	<u>\$ 2,335</u>
\$ 3,830	\$ -	\$ 24,000	\$ 23,233	\$ 27,253	\$ 12,889	\$ 225	\$ 234
-	-	-	-	-	-	-	-
-	-	1,393	8,064	-	-	2,557	2,101
-	-	-	-	390,826	309,208	-	-
3,830	-	25,393	31,297	418,079	322,097	2,782	2,335
2,252	2,211	85,378	66,363	(2,275)	33,929	-	-
9,082	8,790	1,199,804	1,002,170	2,771	47,607	-	-
55,140	55,292	-	-	-	-	-	-
-	-	-	-	2,485,526	2,384,591	-	-
66,474	66,293	1,285,182	1,068,533	2,486,022	2,466,127	-	-
<u>\$ 70,304</u>	<u>\$ 66,293</u>	<u>\$ 1,310,575</u>	<u>\$ 1,099,830</u>	<u>\$ 2,904,101</u>	<u>\$ 2,788,224</u>	<u>\$ 2,782</u>	<u>\$ 2,335</u>

THE OHIO STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITIES

Year ended June 30, 2000, with Comparative Financial Information for 1999
(in thousands)

	CURRENT			
	UNRESTRICTED		RESTRICTED	
	2000	1999	2000	1999
REVENUES AND OTHER ADDITIONS				
Educational and general:				
Tuition, fees and other student charges	\$ 349,476	\$ 326,576	\$ -	\$ -
State appropriations	348,294	333,365	89,685	75,629
Federal support	28,308	26,854	172,116	167,814
Other state support	3,732	3,128	34,415	24,201
Local support	-	-	20,028	19,224
Private support	20,613	15,645	169,236	159,508
Investment income	29,871	19,965	(1,095)	5,609
Net appreciation in fair value of investments	3,012	-	1,855	300
Sales and services	52,749	47,175	-	-
Other sources	<u>12,787</u>	<u>11,752</u>	<u>-</u>	<u>-</u>
Total educational and general current fund revenues	848,842	784,460	486,240	452,285
Auxiliary enterprises	147,958	137,682	11,148	12,398
Hospitals	557,029	494,182	13,805	12,789
Interest and penalties on loans receivable	-	-	-	-
Plant fund additions	-	-	-	-
Retirement of indebtedness	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND OTHER ADDITIONS	<u>1,553,829</u>	<u>1,416,324</u>	<u>511,193</u>	<u>477,472</u>
EXPENDITURES AND OTHER DEDUCTIONS				
Educational and general expenditures	800,570	741,856	435,080	405,205
Auxiliary enterprises expenditures	135,578	122,187	8,923	10,766
Hospitals expenditures	597,246	471,007	11,475	11,193
Administrative and collection	-	-	-	-
Indirect costs recovered	-	-	42,878	39,503
Refunded to grantors	-	-	43	9
Provision for uncollectible loans	-	-	-	-
Payment to annuitants	-	-	-	-
Expended for plant facilities	-	-	-	-
Retirement of indebtedness (including interest)	-	-	-	-
Disposal of plant facilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	<u>1,533,394</u>	<u>1,335,050</u>	<u>498,399</u>	<u>466,676</u>
TRANSFERS AMONG FUNDS				
- ADDITIONS/(DEDUCTIONS)				
Mandatory	(22,852)	(25,176)	(8,739)	(9,103)
Non-mandatory	<u>(24,418)</u>	<u>(34,047)</u>	<u>25,247</u>	<u>16,660</u>
TOTAL TRANSFERS	<u>(47,270)</u>	<u>(59,223)</u>	<u>16,508</u>	<u>7,557</u>
NET INCREASE / (DECREASE) FOR THE YEAR	<u>(26,835)</u>	<u>22,051</u>	<u>29,302</u>	<u>18,353</u>
FUND EQUITY, BEGINNING OF YEAR	<u>302,365</u>	<u>280,314</u>	<u>124,522</u>	<u>106,169</u>
FUND EQUITY, END OF THE YEAR	<u>\$ 275,530</u>	<u>\$ 302,365</u>	<u>\$ 153,824</u>	<u>\$ 124,522</u>

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

LOAN		ENDOWMENT AND ANNUITY		PLANT	
2000	1999	2000	1999	2000	1999
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	40,949	63,068
90	78	-	-	-	-
-	-	-	-	500	-
-	-	-	-	-	-
(15)	29	54,184	39,619	12,687	10,446
397	419	312	611	1,278	4,995
-	-	187,559	121,744	224	24
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,147	2,619	-	-	-	-
-	-	-	-	310,700	276,881
-	-	-	-	26,367	24,358
<u>2,619</u>	<u>3,145</u>	<u>242,055</u>	<u>161,974</u>	<u>392,705</u>	<u>379,772</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,450	1,116	-	-	-	-
-	-	-	-	-	-
-	-	-	-	143	229
1,000	300	-	-	-	-
-	-	489	479	-	-
-	-	-	-	215,610	203,960
-	-	-	-	43,027	34,925
-	-	-	-	169,697	38,584
<u>2,450</u>	<u>1,416</u>	<u>489</u>	<u>479</u>	<u>428,477</u>	<u>277,698</u>
12	12	-	-	31,579	34,267
-	(40)	(24,917)	(10,229)	24,088	27,656
<u>12</u>	<u>(28)</u>	<u>(24,917)</u>	<u>(10,229)</u>	<u>55,667</u>	<u>61,923</u>
<u>181</u>	<u>1,701</u>	<u>216,649</u>	<u>151,266</u>	<u>19,895</u>	<u>163,997</u>
<u>66,293</u>	<u>64,592</u>	<u>1,068,533</u>	<u>917,267</u>	<u>2,466,127</u>	<u>2,302,130</u>
<u>\$ 66,474</u>	<u>\$ 66,293</u>	<u>\$ 1,285,182</u>	<u>\$ 1,068,533</u>	<u>\$ 2,486,022</u>	<u>\$ 2,466,127</u>

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 nine 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. The 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.

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 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

Eight 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.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, the University's financial statements are included as a discrete entity in the State of Ohio's Consolidated Annual Financial Report.

Basis of Accounting

The financial statements of the University have been prepared on the accrual basis in accordance with generally accepted accounting principles, accepted in the United States, for state-assisted colleges and universities. Depreciation is not recognized for plant and equipment as it is not required for state-supported universities. The Statement of

Revenues, Expenditures and Changes in Fund Equities represents the financial activities of funds related to the current reporting period.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, accepted in the United States, 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.

Fund Accounting

Resources are classified for accounting and reporting purposes into funds that reflect the specific activities, objectives or restrictions of the resources. Separate accounts are maintained within each fund.

In the accompanying financial statements, funds that have similar characteristics are combined into fund groups, and all financial transactions have been recorded and reported by fund group. Fund equities restricted by outside sources are so indicated and are distinguished from unrestricted funds.

Description of Funds

Each of the following fund groups is a self-balancing set of accounts:

Current Funds include those resources that are available for current operations. These funds can be either unrestricted or restricted and are used for educational and general purposes, auxiliary enterprises, or University Hospitals. Current funds are considered unrestricted unless donors or external agencies restrict their use to specific purposes, programs, colleges, departments, or schools.

Educational and general purposes include instruction, research, public service, academic support, student services, institutional support, scholarships, fellowships, and operation and maintenance of plant facilities.

Auxiliary enterprises are those activities designed to be substantially self-supporting. These activities primarily provide services for students, faculty and staff. Auxiliary enterprises include, but are not limited to, residence halls, food services, bookstores and intercollegiate athletics.

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. The

balances resulting from these operations are used by the individual departments to support working capital needs, fund related academic programs and internally sponsored research, and provide for unanticipated shortfalls in revenues and deviations in enrollment.

Loan Funds include resources available for loans to students. These funds are primarily composed of federal Perkins loans. As these loans are repaid, the principal and accumulated interest are available for further student loans.

Endowment and Similar Funds include endowment funds and quasi-endowment funds. Characteristics of these funds are as follows:

Endowment Funds

Principal is not expendable per donor's or external agency's instructions. Investment income may be expended or added to principal.

Quasi-Endowment Funds

Funds are University designated to be retained and invested. Principal and income may be utilized at discretion of Board of Trustees subject to any donor-imposed restrictions on use.

For all types of endowment funds, the principal includes the original gift value of the endowment, subsequent additions, reinvestments of income, and realized gains/losses resulting from invasions of endowment principal.

Annuity and Life Income Funds consist primarily of life income funds which are resources acquired by the University provided that periodic income be paid during the lifetime of the income beneficiary per the donor's instructions.

Plant Funds consist of four self-balancing sub-groups whose characteristics are as follows:

Unexpended Funds

Resources are derived from various sources to finance the acquisition of long-life assets.

Renewals and Replacements Funds

Resources are set aside for future renewal and replacement of current assets. The University maintains a program of regularly estimating future requirements for major maintenance and renovation of buildings and equipment. The cost of meeting those requirements is provided through regular transfers from current operating funds to funds reserved for renewals and replacements of plant.

For the year ended June 30, 2000, non-capitalized expenditures for plant facilities for the Unexpended and Renewals and Replacements funds are \$10,660.

Retirement of Indebtedness Funds

Resources are specifically accumulated for payment of principal and interest on debt incurred in connection with the acquisition of properties.

Investment in Plant Funds

All long-life assets in the service of the University and construction in progress are accounted for in this fund. Physical properties, which include land, buildings, improvements, equipment and library books, are principally stated at cost. In accordance with generally accepted accounting principles for state-assisted colleges and universities, depreciation is not provided.

To the extent current funds are used to finance plant assets, the amounts are accounted for during the year ended June 30, 2000 as (a) expenditures of current funds and additions to property and equipment in the plant fund of \$104,546, (b) mandatory transfers in the case of required provisions for debt amortization and interest, and (c) transfers of a non-mandatory nature in other cases, principally provisions for renewals and replacements.

Agency Funds include resources held by the University on behalf of others in the capacity of custodian or fiscal agent. Resources owned by academic or scholarly journals but managed by faculty who serve as the publications' editors are one type of agency fund.

Cash and Investments

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, and savings accounts.

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 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.

Investment in real estate is carried at cost, if purchased, or appraised value at the date of the gift. The carrying and market values of real estate at June 30, 2000 are \$30,878 and \$54,954 respectively.

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

Inventories

The University's inventories, which consist principally of the bookstores, central food stores and general stores, 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.

Deferred Credits

Deferred credits in the current unrestricted fund 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 following fiscal year. The University will recognize unrestricted revenue to the extent these services are provided over the coming fiscal year.

Gifts and Pledges

The University does not report pledges in the financial statements until the gifts are collected. The University's gift records indicate that approximately \$125,016 in pledges are outstanding at June 30, 2000. Since those pledges are often payable either at the discretion of the donors or through their estates, neither the realizable value nor the period of collection can be determined prior to actual receipt.

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. The University recognizes revenue associated with direct costs as the related costs are incurred. 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.

Newly Issued Accounting Pronouncements

Effective July 1, 2000, the University will adopt GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In general, GASB No. 33 establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. University management estimates that the implementation of GASB No. 33 will increase accounts receivable and public support revenue by approximately \$125,016. GASB No. 33 requires the recognition of pledges and gifts when all eligibility requirements are met.

Effective July 1, 2001, the University will adopt GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as a component of the State of Ohio. In general, GASB No. 34 establishes a new financial reporting model for state and local governments.

Effective July 1, 2001, the University will adopt 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 general, GASB No. 35 amends GASB No. 34 to include public colleges and universities.

The provisions of these Statements, which are effective for fiscal years beginning after June 15, 2000 for GASB No. 33 and June 15, 2001 for GASB Nos. 34 and 35, will be reflected in the University's financial reports for the years ended June 30, 2001 and June 30, 2002. University management has not yet determined the impact that implementation of GASB Nos. 34 and 35 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.

The financial information for the year ended June 30, 1999 has been presented for comparative purposes only and is not intended to be a complete presentation in accordance with generally accepted accounting principles. Certain reclassifications have been made to the 1999 comparative information to conform with the 2000 presentation.

NOTE 2 — ACCOUNTS AND NOTES RECEIVABLE

Accounts receivable at June 30, 2000 are net of allowances for doubtful accounts in current unrestricted and current restricted funds of \$98,872 and \$1,496, respectively.

Notes receivable at June 30, 2000 consist primarily of Perkins Loans and are net of an allowance for doubtful accounts of \$7,300. The fund equities related to this and other federal loan programs principally represent advances which are ultimately refundable to the federal government.

NOTE 3 — CASH AND INVESTMENTS

At June 30, 2000, the carrying amount of the University's cash and cash equivalents for all funds is \$47,628 as compared to bank balances of \$64,050. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$1,925 is covered by federal deposit insurance and \$62,125 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

The University's investment policy is to maximize return by investing cash balances in short-term investments. As a result, the University's pooled cash as of June 30, 2000 is (\$33,660) and is reflected as outstanding checks. This is primarily a timing difference and reflects prudent cash management.

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

Statement No. 3 of the Governmental Accounting Standards Board requires government entities to categorize investments to give an indication of the level of risk assumed by the entity at year end. These categories of risk are summarized below.

Category 1 Insured or registered investments held by the University or its agent in the name of the University.

Category 2 Uninsured and unregistered investments for which securities are held by the broker's or dealer's trust department or agent in the name of the University.

Category 3 Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the University's name.

The values of investments at June 30, 2000 are as follows:

US Government securities	\$586,576
Common stocks	1,016,669
Corporate bonds	42,278
Real estate	30,878
Money market - deposit with trustee	2,214
Other	<u>141,931</u>
Total Investments	<u>\$1,820,546</u>

The US Government 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 (Category 2). 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 National City Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University (Category 2).

Pooled investments are recorded in the following fund groups:

Unrestricted E&G	\$478,655
Hospitals	12,835
Endowment and Annuity	1,215,885
Plant – Renewals and Replacements	7,365
Plant – Retirement of Indebtedness	<u>12,873</u>
Total Pooled Investments	<u>\$1,727,613</u>

Investments in the unrestricted educational and general fund are accounted for on a pooled basis. A portion of these investments is due to other fund groups and is reflected on the interfund accounts line of the balance sheet.

Investments in the endowment and annuity fund groups are accounted for on a pooled basis using the share method of accounting for pooled investments. This share method distributes income to each fund which participates in the pool and reflects the ownership of such shares through the use of the interfund accounts. Based on this method, undistributed gains of \$32,040 from prior years were transferred from the endowment fund to current restricted funds.

Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the year ended June 30, 2000, the University realized a net gain of \$185,879 from the sale of investments. The calculation of realized gains is independent of the net appreciation in the fair value of investments held at year-end. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year includes the net appreciation (depreciation) of these investments reported in the prior year. The net appreciation in the fair value of investments during the year ended June 30, 2000, was \$194,862. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year. The unrealized appreciation during the year on investments was \$8,983.

The components of the net appreciation of investments by fund group are as follows:

	Realized Gains On Sale of Investments	Unrealized Appreciation	Net Appreciation in Market Value of Investments
Unrestricted E&G	\$ -	\$3,012	\$3,012
Hospitals	-	2,212	2,212
Restricted	-	1,855	1,855
Endowment	185,715	1,576	187,291
Annuity	161	107	268
Plant Funds	3	221	224
Total 2000	<u>\$185,879</u>	<u>\$8,983</u>	<u>\$194,862</u>
Total 1999	<u>\$73,300</u>	<u>\$48,768</u>	<u>\$122,068</u>

NOTE 4 — INVESTMENT IN PLANT

Investment in plant at June 30, 2000 is composed of the following assets:

Land	\$35,041
Improvements other than buildings	156,099
Buildings and fixed equipment	1,634,789
Movable equipment and furniture	620,445
Library books	139,238
Construction in progress	246,010
Total	<u>\$2,831,622</u>

The University increased its capitalization threshold from five hundred dollars to three thousand dollars effective July 1, 1999. In addition, the University chose to write off the previously capitalized equipment no longer meeting the capitalization threshold. This write-off of \$151,494 is reflected in the Investment in Plant fund as a disposal and write-off of plant facilities.

NOTE 5 — LONG-TERM OBLIGATIONS

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.

Bonds and Notes Payable

Bonds and notes payable at June 30, 2000 consist of the following:

	<u>Interest Rate</u>	<u>Amount</u>
Ohio Board of Regents Note, due through 2006	0.00%	\$1,275
Ohio Board of Regents Note, due through 2001	0.00%	115
Capital One Funding Corporation, due through 2014	5.7%	3,020
General Receipts Bonds:		
Series 1992A1, due serially through 2012	4.55%-5.88%	37,785
Series 1992A2, due serially through 2009	4.55%-5.75%	37,945
Series 1997, due serially through 2027	Variable	68,940
Series 1999A, due serially through 2029	3.85%-6.00%	83,585
Series 1999B1, due serially through 2029	Variable	83,400
Series 1999B2, due 2006	Variable	24,600
Total		<u>\$340,665</u>

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

During the year, the University paid in full the Ohio Department of Development Loan in the amount of \$750.

During the year, the University issued the following bonds:

- \$83,585 of fixed rate general receipt bonds (series 1999A) with interest rates ranging from 3.85% to 6.00% to pay off \$73,000 of Series A commercial paper and to pay the costs of various 1999 construction projects
- \$83,400 of variable rate demand general receipts bonds (series 1999B1) with interest rates not to exceed 12% to pay off \$38,800 of Series B commercial paper and to pay the costs of various 1999 construction projects
- \$24,600 of variable rate demand general receipts bonds (series 1999B2) with interest rates not to exceed 12% to refund \$24,600 of outstanding 1986B variable rate bonds with interest rates not to exceed 12%

On December 1, 1999, the net proceeds relating to the current refunding in the amount of \$24,600 were transferred to the trustee and the 1986B bonds were redeemed. As a result, the liability for the 1986B bonds has been removed from the accompanying financial statements.

This refunding of debt had no effect on fund equity in the investment in plant fund for the year ended June 30, 2000 (the reacquisition price was equal to the net carrying value of the old bonds). The refunded 1986B bonds and the new 1999B2 bonds both have variable interest rates which are determined according to similar criteria. The economic gain associated with the 1986B bond refunding was not significant. The benefit of the refunding was the ability to make the bonds more marketable by having them part of a larger bond issue package. Additionally, the University was able to eliminate restrictions on \$7,341 of reserves which had previously been required under the contractual terms of the bonds which were refunded. A portion of these released reserve funds was used to call the remaining 1985B bond balance of \$1,812. As a result, the liability for the 1985B bonds has been removed from the accompanying financial statements.

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the University has set aside \$45,699 for future debt service which is included in unrestricted fund equities within the plant fund.

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:

	<u>Amount Defeased</u>	<u>Amount Outstanding at June 30, 2000</u>
Revenue Bonds:		
Series A, C, E and I	\$5,951	\$2,970
General Receipts Bonds:		
Series 1981	<u>7,600</u>	<u>475</u>
Total	<u>\$13,551</u>	<u>\$3,445</u>

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

Series 1997, 1999B1 and 1999B2 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, 2000 are as follows:

Series:	<u>Interest Rate Not to Exceed</u>	<u>Effective Average Interest Rate</u>
1997	12%	3.39%
1999 B1	12%	4.01%
1999 B2	12%	4.09%

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.

Total interest expense incurred on indebtedness for the year ended June 30, 2000 is \$15,673 and is reflected in the total retirement of indebtedness fund deduction of \$43,027. Interest of \$1,203 was capitalized in the investment in plant fund.

Commercial Paper

Commercial paper outstanding as of June 30, 2000 and the average interest rates are as follows:

Series:	<u>Amount Outstanding</u>	<u>Average Interest Rate</u>
B	\$32,000	3.717%

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 Ohio Board of Regents. 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 Leases

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, 2000 are \$26,035 and \$18,161 respectively.

Debt and Lease Obligations

Obligations outstanding at June 30, 2000 are as follows (capital leases include principal and interest):

Year Ending June 30,	Bonds, Notes	Commercial Paper	Capital Leases
2001	\$13,315	\$32,000	\$4,154
2002	13,596	-	3,225
2003	9,246	-	3,244
2004	9,518	-	2,242
2005	10,020	-	1,281
2006 and thereafter	<u>284,970</u>	-	<u>9,106</u>
Total future debt service	340,665	32,000	23,252
Less: interest	-	-	(5,091)
Principal portion of future payments	<u>\$340,665</u>	<u>\$32,000</u>	<u>\$18,161</u>

NOTE 6 — 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 \$15,606 for the year ended June 30, 2000.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 2000 are as follows:

Year Ending June 30,	
2001	\$8,082
2002	6,474
2003	2,324
2004	2,126
2005	7,351
2006 and thereafter	<u>1,480</u>
Total minimum lease payments	<u>\$27,837</u>

NOTE 7 — ENDOWMENT AND ANNUITY FUNDS

The fund equities comprising the endowment and annuity funds at June 30, 2000 are as follows:

Endowments	\$977,510
Quasi-endowments	303,404
Annuity	<u>4,268</u>
Total	<u>\$1,285,182</u>

NOTE 8 — 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. The state appropriations for these facilities are recognized as fund additions in the plant funds of the financial statements when expended by the state. 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.

NOTE 9 — CURRENT FUNDS REVENUES AND EXPENDITURES

Unrestricted revenues and other additions are considered revenue when earned. Restricted revenues and other additions are considered revenue when earned by satisfying the requirements for expenditure.

The current funds restricted revenues earned through expenditure for the year ended June 30, 2000 are as follows:

State appropriations	\$85,457
Federal support	140,574
Other state support	33,126
Local support	19,576
Private support	147,211
Endowment and investment income and realized gains	<u>29,534</u>
Total	<u>\$455,478</u>

Current funds expenditures for the year ended June 30, 2000 are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>
Educational and general:		
Instructional and departmental research	\$423,142	\$82,818
Separately budgeted research	28,859	203,706
Public service	19,635	81,119
Academic support	91,129	11,088
Student services	51,439	1,076
Institutional support	85,302	9,212
Operation and maintenance of plant	60,353	5,148
Scholarships and fellowships	<u>40,711</u>	<u>40,913</u>
Total educational and general	800,570	435,080
Auxiliary enterprises	135,578	8,923
Hospitals	<u>597,246</u>	<u>11,475</u>
Total	<u>\$1,533,394</u>	<u>\$455,478</u>

NOTE 10 — RETIREMENT PLANS

Defined Benefit Plans

The University faculty is covered by the State Teachers Retirement System of Ohio (STRS). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (PERS). These retirement programs are statewide cost-sharing multiple-employer defined benefit pension plans. STRS and PERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute. Both STRS and PERS 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

PERS
277 East Town Street
Columbus, OH 43215-4642
(614) 466-2085
(800) 222-PERS (7377)

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

PERS currently provides postemployment health care benefits to retirees with ten or more years of qualifying service credit and to primary survivors of those retirees. PERS determines the amount, if any, of the associated health care costs that will be absorbed by PERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of PERS is included in the employer contribution rate. For the fiscal year ended December 31, 1999, PERS allocated 4.2% (4.2% for law enforcement) of the employer contribution rate to fund the health care program for retirees. The contributions allocated to retiree health benefits, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

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

PERS expenditures for postemployment health care benefits during 1999 were \$523.6 million. The unaudited estimated net assets available for these benefits at December 31, 1999 were \$9.9 billion. There were 118,062 benefit recipients eligible for postemployment benefits at that date.

STRS currently provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. Pursuant to ORC, STRS has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. Most 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 are included in the employer contribution rate. For the fiscal year ended June 30, 1999, STRS allocated employer contributions equal to 2.0% of covered payroll to a Health Care Reserve Fund (HCRF) from which payments for health care benefits are paid. The balance in the HCRF was \$2.783 billion at June 30, 1999. For the fiscal year ended June 30, 2000, STRS allocated employer contributions equal to 8.0% of covered payroll to the HCRF.

STRS expenditures for postemployment benefits during the year ended June 30, 1999 were \$250 million. There were 95,796 benefit recipients eligible for postemployment benefits at that date.

Defined Contribution Plan

The Alternative Retirement Plan (ARP) is a defined contribution pension plan. Full-time administrative and professional staff and faculty with less than five years of service (those not vested in the existing defined benefit plans) as of ARP's implementation date were allowed to choose enrollment in ARP. Classified civil service employees are not eligible to participate in ARP. For those employees selecting participation in ARP, prior employee contributions to STRS and PERS were transferred from those plans and invested in individual accounts established with selected external providers.

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.

Funding Policy

ORC provides STRS and PERS statutory authority to set employee and employer contributions. Contributions equal to those required by STRS and PERS 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 and PERS to enhance the stability of those plans. The required contribution rates (as a percentage of covered payroll) for plan members and the University are as follows:

	STRS	PERS	ARP
Faculty:			
Plan Member	9.3%		9.3%
University	14.0%		14.0%*
Staff:			
Plan Member		8.5%	8.5%
University		13.31%	13.31%
Law Enforcement Staff:			
Plan Member		9.0%	9.0%
University		16.7%	16.7%

* Employer contributions include 5.76% paid to STRS.
The remaining amount is credited to employee's ARP account.

The University's contributions, which represent 100% of required employer contributions, for the year ended June 30, 2000 and for each of the two preceding years are as follows:

Year Ended June 30,	STRS Annual Required Contribution	PERS Annual Required Contribution	ARP Annual Required Contribution
1998	\$35,307	\$62,697	\$ -
1999	\$36,364	\$64,204	\$ 1,274
2000	\$34,785	\$65,891	\$13,622

NOTE 11 — 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.

The liability for the cost of vacation and sick leave benefits is approximately \$48,472 as of June 30, 2000.

NOTE 12 — CAPITAL PROJECT COMMITMENTS

At June 30, 2000, the University is committed to future contractual obligations for capital expenditures of approximately \$249,146.

These projects are funded by the following sources:

State appropriations	\$16,205
Internal and other sources	<u>232,941</u>
Total	<u>\$249,146</u>

NOTE 13 — SELF-INSURANCE PROGRAMS

The Hospitals have established a trustee self-insurance fund for professional liability claims. The estimated liability and the related contributions to the fund are based upon an independent actuarial determination as of June 30, 2000.

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, 2000 of the anticipated future payments on gross claims is estimated at its present value of \$14,193 discounted at an estimated rate of 6.0%.

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of \$22,470 are in excess of the recorded liability at June 30, 2000, and the excess of \$8,277 is included in the Hospitals' fund equity.

The University is also self-insured with a stop-loss ceiling of \$84,499 for employee health insurance. As of June 30, 2000, \$8,573 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, 1998 result from the following activities:

	Malpractice		Health	
	2000	1999	2000	1999
Liability at Beginning of Fiscal Year	\$13,604	\$13,262	\$9,000	\$8,948
Current Year Claims, Changes in Estimates	676	416	61,651	52,157
Claim Payments	<u>(87)</u>	<u>(74)</u>	<u>(62,078)</u>	<u>(52,105)</u>
Balance at Fiscal Year End	<u>\$14,193</u>	<u>\$13,604</u>	<u>\$ 8,573</u>	<u>\$ 9,000</u>

NOTE 14 — CONTINGENCIES

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.

NOTE 15 — 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.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the University's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

October 13, 2000

Supplemental Information

THE OHIO STATE UNIVERSITY BALANCE SHEET

June 30, 2000

ASSETS

CURRENT FUNDS

Unrestricted:

Educational and general:

Investments	\$	478,654,819
Accrued interest receivable		3,283,954
Accounts receivable, less allowance of \$3,941,096		53,192,557
Due from unrestricted hospital funds		43,470,390
Inventories		8,555,009
Prepaid expenses and deferred charges		<u>24,711,977</u>

Total educational and general \$ 611,868,706

Auxiliary enterprises:

Cash and cash equivalents	\$	417,621
Accounts receivable, less allowance of \$1,311,172		3,799,548
Due from unrestricted educational and general funds		36,487,474
Inventories		4,179,160
Prepaid expenses and deferred charges		<u>608,199</u>

Total auxiliary enterprises \$ 45,492,002

Hospitals:

Cash and cash equivalents	\$	4,541,143
Investments		35,139,574
Accounts receivable, less allowance of \$93,619,662		144,904,978
Due from restricted funds		46,375
Inventories		7,431,529
Prepaid expenses and deferred charges		<u>2,182,886</u>

Total hospitals \$ 194,246,485

Total unrestricted \$ 851,607,193

LIABILITIES AND FUND EQUITIES

CURRENT FUNDS

Unrestricted:

Educational and general:

Accounts payable	\$	48,908,357
Outstanding checks		33,660,247
Accrued liabilities		71,704,717
Due to unrestricted auxiliary funds		36,487,474
Due to restricted funds		118,709,393
Due to loan funds		65,407
Due to plant unexpended funds		8,294,695
Due to plant renewal and replacement funds		223,324
Due to plant retirement of indebtedness funds		23,768,517
Deposits		1,519,558
Deferred credits		69,369,669
Deposits held in custody for others		1,047,395
Fund equities		198,109,953
Total educational and general	\$	<u>611,868,706</u>

Auxiliary enterprises:

Accounts payable	\$	2,232,573
Accrued liabilities		3,440,489
Deposits		807,618
Deferred credits		26,716,345
Due to plant renewals and replacements funds		181,424
Due to plant retirement of indebtedness funds		1,505,477
Fund equities		<u>10,608,076</u>

Total auxiliary enterprises \$ 45,492,002

Hospitals:

Accounts payable	\$	29,476,664
Accrued liabilities		52,091,476
Due to unrestricted educational and general funds		43,470,390
Due to plant unexpended funds		2,395,896
Fund equities		<u>66,812,059</u>

Total hospitals \$ 194,246,485

Total unrestricted \$ 851,607,193

**THE OHIO STATE UNIVERSITY
BALANCE SHEET, Continued**

June 30, 2000

ASSETS

CURRENT FUNDS, Continued

Restricted:

Cash and cash equivalents	\$	5,591,686
Real estate		40,000
Investments		26,189,844
Accrued interest receivable		4,250,227
Accounts receivable, less allowance of \$1,496,226		44,784,669
State and federal receivables		3,929,518
Due from unrestricted educational and general funds		118,709,393
Due from endowment and similar funds		4,710,779
Inventories		12,502
Prepaid expenses and deferred charges		715,927
Total restricted	\$	<u>208,934,545</u>
Total current funds	\$	<u>1,060,541,738</u>

LOAN FUNDS

Cash and cash equivalents	\$	3,268,203
Due from unrestricted educational and general funds		65,407
Accrued interest receivable		5,987,991
Notes receivable, less allowance of \$7,300,000		<u>60,982,172</u>
Total loan funds	\$	<u>70,303,773</u>

LIABILITIES AND FUND EQUITIES

CURRENT FUNDS, Continued

Restricted:

Accounts payable	\$ 4,527,214
Accrued liabilities	29,382,165
Advances - sponsored programs	21,154,874
Due to unrestricted hospitals funds	46,375
Fund equities	<u>153,823,917</u>

Total restricted \$ 208,934,545

Total current funds \$ 1,060,541,738

LOAN FUNDS

Accounts payable	\$ 3,829,915
Fund equities:	
U.S. Government loan fund grants:	
Perkins loan	34,729,034
Other federal	20,410,854
University funds:	
Unrestricted	2,252,076
Restricted	9,081,894
Total loan funds	<u><u>\$ 70,303,773</u></u>

**THE OHIO STATE UNIVERSITY
BALANCE SHEET, Continued**

June 30, 2000

ASSETS

ENDOWMENT AND SIMILAR FUNDS

Cash and cash equivalents	\$	63,925,694
Real estate - at cost or contributed value		30,838,194
Investments		<u>1,221,448,898</u>

Total endowment and similar funds	\$	<u><u>1,316,212,786</u></u>
-----------------------------------	----	-----------------------------

ANNUITY AND LIFE INCOME FUNDS

Cash	\$	1,885,431
Investments		<u>5,782,698</u>

Total annuity and life income funds	\$	<u><u>7,668,129</u></u>
-------------------------------------	----	-------------------------

PLANT FUNDS

Unexpended:

Deposits with trustees	\$	2,213,641
Due from unrestricted educational and general funds		8,294,695
Due from unrestricted hospitals funds		<u>2,395,896</u>

Total unexpended	\$	<u><u>12,904,232</u></u>
------------------	----	--------------------------

LIABILITIES AND FUND EQUITIES

ENDOWMENT AND SIMILAR FUNDS

Accrued liabilities	\$ 20,599,609
Due to restricted funds	4,710,779
Due to plant retirement of indebtedness funds	8,595,270
Deposits held in custody for others	1,392,505
Fund equities:	
Unrestricted quasi-endowment	85,377,932
Restricted quasi-endowment	218,026,243
Restricted endowment	977,510,448
Total endowment and similar funds	<u>\$ 1,316,212,786</u>

ANNUITY AND LIFE INCOME FUNDS

Accrued liabilities	\$ 3,400,302
Fund equities:	
Restricted	<u>4,267,827</u>
Total annuity and life income funds	<u>\$ 7,668,129</u>

PLANT FUNDS

Unexpended:

Lease obligations payable	\$ 994,981
Bonds payable	43,734,379
Due to plant retirement of indebtedness funds	1,205,015
Due to investment in plant funds	208,742
Fund equities:	
Unrestricted	<u>(33,238,885)</u>
Total unexpended	<u>\$ 12,904,232</u>

**THE OHIO STATE UNIVERSITY
BALANCE SHEET, Continued**

June 30, 2000

ASSETS

PLANT FUNDS, Continued

Renewals and replacements:

Investments	\$	7,365,255
Accounts receivable		2,721,640
Due from unrestricted educational and general funds		223,324
Due from unrestricted auxiliary funds		181,424

Total renewals and replacements \$ 10,491,643

Retirement of indebtedness:

Investments	\$	12,873,369
Accounts receivable, gross		413,750
Due from unrestricted educational and general funds		23,768,517
Due from unrestricted auxiliary funds		1,505,477
Due from endowment and similar funds		8,595,270
Due from unexpended plant		1,205,015
Due from renewals and replacements funds		2,704
Prepaid expenses and deferred charges		1,927,122

Total retirement of indebtedness \$ 50,291,224

Investment in plant:

Due from plant unexpended funds	\$	208,742
Due from renewals and replacements funds		18,887,177
Land		35,041,190
Improvements other than buildings		156,099,129
Buildings and fixed equipment		1,634,788,641
Movable equipment, furniture, library books		759,682,889
Construction in progress		246,010,646

Total investment in plant \$ 2,850,718,414

Total plant funds \$ 2,924,405,513

AGENCY FUNDS

Cash and cash equivalents	\$	1,657,599
Accounts receivable, gross		1,124,150

Total agency funds \$ 2,781,749

LIABILITIES AND FUND EQUITIES

PLANT FUNDS, Continued

Renewals and replacements:

Accounts payable	\$ 6,782,817
Due to plant retirement of indebtedness funds	2,704
Due to investment in plant funds	18,887,177
Fund equities:	
Unrestricted	<u>(15,181,055)</u>
Total renewals and replacements	<u>\$ 10,491,643</u>

Retirement of indebtedness:

Accrued interest	\$ 1,375,195
Fund equities:	
Unrestricted	46,144,701
Restricted	<u>2,771,328</u>

Total retirement of indebtedness \$ 50,291,224

Investment in plant:

Accounts payable	\$ 19,095,919
Notes payable	36,410,328
Lease obligations payable	17,165,782
Bonds payable	292,520,621
Net investment in plant	<u>2,485,525,764</u>

Total investment in plant \$ 2,850,718,414

Total plant funds \$ 2,924,405,513

AGENCY FUNDS

Accounts payable	\$ 224,589
Deposits held in custody for others	<u>2,557,160</u>
Total agency funds	<u>\$ 2,781,749</u>

**THE OHIO STATE UNIVERSITY
STATEMENT OF CHANGES IN FUND EQUITIES**

Year Ended June 30, 2000

	UNRESTRICTED CURRENT FUNDS			
	Educational and General	Auxiliary Enterprises	Hospitals	Total Unrestricted
REVENUES AND OTHER ADDITIONS				
Unrestricted current funds revenues	\$ 848,842,166	\$ 147,958,271	\$ 557,029,220	\$ 1,553,829,657
State appropriations	-	-	-	-
Federal appropriations	-	-	-	-
Local appropriations	-	-	-	-
Federal grants and contracts	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Private grants and contracts	-	-	-	-
Endowment income	-	-	-	-
Investment income	-	-	-	-
Interest and penalties on loans receivable	-	-	-	-
Expended for plant facilities (including \$104,546,383 charged to current funds expenditures)	-	-	-	-
Retirement of indebtedness	-	-	-	-
Net appreciation / (depreciation) of market value of investments	-	-	-	-
TOTAL REVENUES AND OTHER ADDITIONS	<u>848,842,166</u>	<u>147,958,271</u>	<u>557,029,220</u>	<u>1,553,829,657</u>
EXPENDITURES AND OTHER DEDUCTIONS				
Educational and general expenditures	800,569,084	-	-	800,569,084
Auxiliary enterprises expenditures	-	135,578,291	-	135,578,291
Hospitals expenditures	-	-	597,246,431	597,246,431
Indirect costs recovered	-	-	-	-
Refunded to grantors	-	-	-	-
Loan cancellations and write-offs	-	-	-	-
Administrative and collection costs	-	-	-	-
Provision for uncollectible loans	-	-	-	-
Annuities paid	-	-	-	-
Expended for plant facilities (including non-capitalized expenditures of \$10,660,008)	-	-	-	-
Bond administrative expenditures	-	-	-	-
Retirement of indebtedness	-	-	-	-
Interest on indebtedness (including capitalized interest of \$1,203,097)	-	-	-	-
Disposal and write-offs of plant facilities	-	-	-	-
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	<u>800,569,084</u>	<u>135,578,291</u>	<u>597,246,431</u>	<u>1,533,393,806</u>
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS)				
Mandatory:				
Principal and interest	(12,864,281)	(3,968,698)	(6,007,626)	(22,840,605)
Matching grants	(12,037)	-	-	(12,037)
Non-mandatory:				
Support to auxiliary enterprises	(1,791,002)	1,791,002	-	-
Debt service	(430,204)	(206,582)	-	(636,786)
Capital improvements	(6,389,931)	(1,091,894)	(10,774,747)	(18,256,572)
Endowment principal	(397,116)	-	-	(397,116)
Interfund	215,030	(3,839,916)	(1,502,433)	(5,127,319)
TOTAL TRANSFERS	<u>(21,669,541)</u>	<u>(7,316,088)</u>	<u>(18,284,806)</u>	<u>(47,270,435)</u>
NET INCREASE / (DECREASE) FOR THE YEAR	<u>26,603,541</u>	<u>5,063,892</u>	<u>(58,502,017)</u>	<u>(26,834,584)</u>
FUND EQUITY, BEGINNING OF THE YEAR	<u>171,506,412</u>	<u>5,544,184</u>	<u>125,314,076</u>	<u>302,364,672</u>
FUND EQUITY, END OF THE YEAR	<u>\$ 198,109,953</u>	<u>\$ 10,608,076</u>	<u>\$ 66,812,059</u>	<u>\$ 275,530,088</u>

RESTRICTED CURRENT FUNDS				
<u>Educational and General</u>	<u>Auxiliary Enterprises</u>	<u>Hospitals</u>	<u>Total Restricted</u>	<u>Total Current Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,553,829,657
89,684,774	-	10,041,532	99,726,306	99,726,306
17,192,570	-	-	17,192,570	17,192,570
17,229,394	-	-	17,229,394	17,229,394
154,924,468	70,182	27,368	155,022,018	155,022,018
34,414,885	-	-	34,414,885	34,414,885
2,798,517	-	-	2,798,517	2,798,517
169,235,885	10,625,607	2,024,833	181,886,325	181,886,325
(2,629,158)	452,683	1,710,982	(465,493)	(465,493)
1,533,675	-	-	1,533,675	1,533,675
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,855,312	-	-	1,855,312	1,855,312
<u>486,240,322</u>	<u>11,148,472</u>	<u>13,804,715</u>	<u>511,193,509</u>	<u>2,065,023,166</u>
435,080,238	-	-	435,080,238	1,235,649,322
-	8,922,976	-	8,922,976	144,501,267
-	-	11,475,286	11,475,286	608,721,717
42,878,344	-	-	42,878,344	42,878,344
43,380	-	-	43,380	43,380
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>478,001,962</u>	<u>8,922,976</u>	<u>11,475,286</u>	<u>498,400,224</u>	<u>2,031,794,030</u>
(1,408,365)	(7,330,384)	-	(8,738,749)	(31,579,354)
-	-	-	-	(12,037)
-	-	-	-	-
-	(117,127)	-	(117,127)	(753,913)
(4,067,570)	1,436,626	(400,000)	(3,030,944)	(21,287,516)
(8,687,522)	156,325	(240,323)	(8,771,520)	(9,168,636)
37,223,176	2,061,429	(2,117,760)	37,166,845	32,039,526
<u>23,059,719</u>	<u>(3,793,131)</u>	<u>(2,758,083)</u>	<u>16,508,505</u>	<u>(30,761,930)</u>
<u>31,298,079</u>	<u>(1,567,635)</u>	<u>(428,654)</u>	<u>29,301,790</u>	<u>2,467,206</u>
<u>123,192,492</u>	<u>(2,771,177)</u>	<u>4,100,812</u>	<u>124,522,127</u>	<u>426,886,799</u>
<u>\$ 154,490,571</u>	<u>\$ (4,338,812)</u>	<u>\$ 3,672,158</u>	<u>\$ 153,823,917</u>	<u>\$ 429,354,005</u>

**THE OHIO STATE UNIVERSITY
STATEMENT OF CHANGES IN FUND EQUITIES**

Year Ended June 30, 2000

	<u>Loan Funds</u>	<u>Endowment and Similar Funds</u>	<u>Annuity and Life Income Funds</u>
REVENUES AND OTHER ADDITIONS			
Unrestricted current funds revenues	\$ -	\$ -	\$ -
State appropriations	-	-	-
Federal appropriations	-	-	-
Local appropriations	-	-	-
Federal grants and contracts	89,540	-	-
State grants and contracts	-	-	-
Local grants and contracts	-	-	-
Private grants and contracts	(15,247)	54,143,499	40,194
Endowment income	182,135	-	312,020
Investment income	214,599	-	-
Interest and penalties on loans receivable	2,147,800	-	-
Expended for plant facilities (including \$104,546,383 charged to current funds expenditures)	-	-	-
Retirement of indebtedness	-	-	-
Net appreciation / (depreciation) of market value of investments	-	187,292,344	267,277
TOTAL REVENUES AND OTHER ADDITIONS	<u>2,618,827</u>	<u>241,435,843</u>	<u>619,491</u>
EXPENDITURES AND OTHER DEDUCTIONS			
Educational and general expenditures	-	-	-
Auxiliary enterprises expenditures	-	-	-
Hospitals expenditures	-	-	-
Indirect costs recovered	-	-	-
Refunded to grantors	-	-	-
Loan cancellations and write-offs	372,530	-	-
Administrative and collection costs	1,077,700	-	-
Provision for uncollectible loans	1,000,000	-	-
Annuities paid	-	-	488,708
Expended for plant facilities (including non-capitalized expenditures of \$10,660,008)	-	-	-
Bond administrative expenditures	-	-	-
Retirement of indebtedness	-	-	-
Interest on indebtedness (including capitalized interest of \$1,203,097)	-	-	-
Disposal and write-offs of plant facilities	-	-	-
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	<u>2,450,230</u>	<u>-</u>	<u>488,708</u>
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS)			
Mandatory:			
Principal and interest	-	-	-
Matching grants	12,037	-	-
Non-mandatory:			
Support to auxiliary enterprises	-	-	-
Debt service	-	-	-
Capital improvements	-	(2,046,299)	-
Endowment principal	-	9,168,636	-
Interfund	-	(32,039,526)	-
TOTAL TRANSFERS	<u>12,037</u>	<u>(24,917,189)</u>	<u>-</u>
NET INCREASE / (DECREASE) FOR THE YEAR	<u>180,634</u>	<u>216,518,654</u>	<u>130,783</u>
FUND EQUITY, BEGINNING OF THE YEAR	<u>66,293,224</u>	<u>1,064,395,969</u>	<u>4,137,044</u>
FUND EQUITY, END OF THE YEAR	<u>\$ 66,473,858</u>	<u>\$ 1,280,914,623</u>	<u>\$ 4,267,827</u>

PLANT FUNDS

<u>Unexpended</u>	<u>Renewals and Replacements</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>
\$ -	\$ -	\$ -	\$ -
13,792,311	27,156,209	-	-
-	-	-	-
-	-	-	-
-	500,000	-	-
-	-	-	-
2,145,386	9,893,846	648,193	-
-	-	-	-
(637,395)	(2,816,799)	4,731,989	-
-	-	-	-
-	-	-	310,700,377
-	-	-	26,367,059
-	(652,382)	876,287	-
<u>15,300,302</u>	<u>34,080,874</u>	<u>6,256,469</u>	<u>337,067,436</u>
-	-	-	-
-	-	-	-
-	-	-	-
61,641	80,931	-	-
-	-	-	-
-	-	-	-
-	-	-	-
33,495,405	182,115,500	-	-
-	-	814,138	-
-	-	26,449,925	-
-	-	15,762,696	-
-	-	-	169,697,200
<u>33,557,046</u>	<u>182,196,431</u>	<u>43,026,759</u>	<u>169,697,200</u>
-	-	-	-
(96,300,581)	94,773,850	33,106,085	-
-	-	-	-
-	-	-	-
-	-	753,913	-
6,542,007	16,791,808	-	-
-	-	-	-
101,292,871	501,427	(35,358,859)	(66,435,439)
<u>11,534,297</u>	<u>112,067,085</u>	<u>(1,498,861)</u>	<u>(66,435,439)</u>
<u>(6,722,447)</u>	<u>(36,048,472)</u>	<u>(38,269,151)</u>	<u>100,934,797</u>
<u>(26,516,438)</u>	<u>20,867,417</u>	<u>87,185,180</u>	<u>2,384,590,967</u>
<u>\$ (33,238,885)</u>	<u>\$ (15,181,055)</u>	<u>\$ 48,916,029</u>	<u>\$ 2,485,525,764</u>

THE OHIO STATE UNIVERSITY
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES

Year Ended June 30, 2000

	UNRESTRICTED			
	Educational and General	Auxiliary Enterprises	Hospitals	Total Unrestricted
REVENUES				
Tuition, fees and other student charges	\$ 349,476,100	\$ -	\$ -	\$ 349,476,100
State appropriations	348,293,272	-	-	348,293,272
Federal appropriations	-	-	-	-
Local appropriations	-	-	-	-
Federal grants and contracts	28,308,076	-	-	28,308,076
State grants and contracts	3,731,657	-	-	3,731,657
Local grants and contracts	-	-	-	-
Private grants and contracts	20,613,276	-	-	20,613,276
Endowment income	4,758,700	-	-	4,758,700
Temporary investment income	25,112,403	-	-	25,112,403
Net apprec / (deprec) of market value of investments	3,012,384	-	2,211,580	5,223,964
Sales and services	52,749,117	136,494,268	520,406,968	709,650,353
Other sources	12,787,181	11,464,003	34,410,672	58,661,856
TOTAL REVENUES	848,842,166	147,958,271	557,029,220	1,553,829,657
EXPENDITURES AND MANDATORY TRANSFERS				
Educational and general:				
Instructional and departmental research	423,141,130	-	-	423,141,130
Separately budgeted research	28,858,634	-	-	28,858,634
Public service	19,634,728	-	-	19,634,728
Academic support	91,129,037	-	-	91,129,037
Student services	51,438,376	-	-	51,438,376
Institutional support	85,302,602	-	-	85,302,602
Operation and maintenance of plant	60,353,468	-	-	60,353,468
Scholarships and fellowships	40,711,109	-	-	40,711,109
Total educational and general	800,569,084	-	-	800,569,084
Auxiliary enterprises	-	135,578,291	-	135,578,291
Hospitals	-	-	597,246,431	597,246,431
Mandatory transfers:				
Principal and interest	12,864,281	3,968,698	6,007,626	22,840,605
Renewals and replacements	-	-	-	-
Matching grants	12,037	-	-	12,037
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	813,445,402	139,546,989	603,254,057	1,556,246,448
NON-MANDATORY TRANSFERS AND OTHER ADDITIONS/(DEDUCTIONS)				
Non-mandatory transfers:				
Support to auxiliary enterprises	(1,791,002)	1,791,002	-	-
Debt service	(430,204)	(206,582)	-	(636,786)
Capital improvements	(6,389,931)	(1,091,894)	(10,774,747)	(18,256,572)
Endowment principal	(397,116)	-	-	(397,116)
Interfund	215,030	(3,839,916)	(1,502,433)	(5,127,319)
Excess of restricted receipts over transfers to revenue	-	-	-	-
Refunded to grantors	-	-	-	-
Indirect costs recovered	-	-	-	-
NET INCREASE / (DECREASE) FOR THE YEAR	\$ 26,603,541	\$ 5,063,892	\$ (58,502,017)	\$ (26,834,584)

RESTRICTED				
Educational and General	Auxiliary Enterprises	Hospitals	Total Restricted	Total Current Funds
\$ -	\$ -	\$ -	\$ -	\$ 349,476,100
75,415,938	-	10,041,531	85,457,469	433,750,741
15,283,806	-	-	15,283,806	15,283,806
17,749,076	-	-	17,749,076	17,749,076
125,192,612	70,182	27,368	125,290,162	153,598,238
33,125,727	-	-	33,125,727	36,857,384
1,826,430	-	-	1,826,430	1,826,430
137,683,190	8,445,583	1,082,288	147,211,061	167,824,337
28,803,459	407,211	324,099	29,534,769	34,293,469
-	-	-	-	25,112,403
-	-	-	-	5,223,964
-	-	-	-	709,650,353
-	-	-	-	58,661,856
<u>435,080,238</u>	<u>8,922,976</u>	<u>11,475,286</u>	<u>455,478,500</u>	<u>2,009,308,157</u>
82,818,013	-	-	82,818,013	505,959,143
203,705,761	-	-	203,705,761	232,564,395
81,119,254	-	-	81,119,254	100,753,982
11,087,730	-	-	11,087,730	102,216,767
1,076,382	-	-	1,076,382	52,514,758
9,212,311	-	-	9,212,311	94,514,913
5,148,328	-	-	5,148,328	65,501,796
40,912,459	-	-	40,912,459	81,623,568
<u>435,080,238</u>	-	-	<u>435,080,238</u>	<u>1,235,649,322</u>
-	8,922,976	-	8,922,976	144,501,267
-	-	11,475,286	11,475,286	608,721,717
1,408,365	7,330,384	-	8,738,749	31,579,354
-	-	-	-	-
-	-	-	-	12,037
<u>436,488,603</u>	<u>16,253,360</u>	<u>11,475,286</u>	<u>464,217,249</u>	<u>2,020,463,697</u>
-	-	-	-	-
-	(117,127)	-	(117,127)	(753,913)
(4,067,570)	1,436,626	(400,000)	(3,030,944)	(21,287,516)
(8,687,522)	156,325	(240,323)	(8,771,520)	(9,168,636)
37,223,176	2,061,429	(2,117,760)	37,166,845	32,039,526
51,160,084	2,225,496	2,329,429	55,715,009	55,715,009
(43,380)	-	-	(43,380)	(43,380)
<u>(42,878,344)</u>	-	-	<u>(42,878,344)</u>	<u>(42,878,344)</u>
<u>\$ 31,298,079</u>	<u>\$ (1,567,635)</u>	<u>\$ (428,654)</u>	<u>\$ 29,301,790</u>	<u>\$ 2,467,206</u>

Acknowledgements

The 2000 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller, Division of Accounting.

Michael A. Baker - Accountant

Suzanne M. Chizmar - Chief Accountant

Thomas F. Ewing - Associate Controller

Allan E. Freeman - Cost Analyst

Nancy J. Jacobs - Senior Accountant

Brenda K. Payne - Accountant

Patricia M. Privette - Tax Coordinator

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

Janet G. Ashe - Vice President, Business and Finance

Greta J. Russell - University Controller

Board of Trustees

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

George A. Skestos, Bexley - Chair (2001)

David L. Brennan, Akron - Vice Chair (2002)

James F. Patterson, Chesterland (2003)

Zuheir Sofia, Bexley (2004)

Tamala Longaberger, Zanesville (2005)

Daniel M. Slane, Columbus (2006)

Robert M. Duncan, Columbus (2007)

Karen L. Hendricks, Cincinnati (2008)

Dimon R. McFerson, Delaware (2009)

Jacylin M. Nowakowski, Broadview Heights - Student Member (2001)

Kevin R. Filiatraut, Columbus - Student Member (2002)

William J. Napier, Columbus - Secretary

James L. Nichols, Columbus - Treasurer

The Ohio State University
Office of the Controller
2040 Blankenship Hall
901 Woody Hayes Drive
Columbus, OH 43210-4016
(614) 292-6220
www.ctrlr.ohio-state.edu



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, 2000*

THE OHIO STATE UNIVERSITY

TABLE OF CONTENTS

	Page
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2000 INCLUDING INDEPENDENT AUDITORS' REPORT	See Attached
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	2 - 14
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	15 - 16
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	17 - 18
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	19 - 20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21 - 23

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2000

Federal Agency	Sponsor I.D. Number	2000 Expenditures
Research and Development Cluster:		
Funds received directly from the following federal agencies:		
Environmental Protection Agency	30020000	\$ 459,971
National Aeronautics and Space Administration (NASA)	30030000	(165,960)
Langley Research Center	30030102	(4,593)
Ames Research Center	30030103	312,168
Glenn Research Center	30030104	671,692
Lewis Research Center	30030104	69,554
NASA Headquarters	30030105	89,881
Marshall Space Flight Center	30030201	212,674
Johnson Space Center	30030202	63,739
Kennedy Space Center	30030203	93,027
Goddard Space Flight Center	30030301	2,117,139
National Endowment For The Humanities	30040100	116,244
National Science Foundation (NSF)	30050000	324,311
NSF Biological Sciences	30050100	19,903
NSF Biological Instr. & Resources	30050101	920,728
NSF Integrative Biology & Neuroscience	30050102	1,287,238
NSF Molecular & Cellular Biosciences	30050103	1,073,780
NSF Environmental Biology	30050104	371,945
NSF Computer & Information Science & Engineering	30050200	798,669
NSF Cross Disciplinary Activities	30050201	(21,943)
NSF Computer & Computation Research	30050202	638,425
NSF Information Robotics & Intelligent Systems	30050203	127,961
NSF Networking & Communications Res & Infrastructure	30050206	151,943
NSF Engineering	30050300	328,006
NSF Engineering, Education & Centers	30050302	524,230
NSF Chemical & Transport Systems	30050303	392,236
NSF Civil & Mechanical Structures	30050304	330,215
NSF Electrical & Communications Systems	30050305	206,025
NSF Design, Manufacture, Industrial	30050306	587,533
NSF Div Bioengineering & Environmental	30050307	156,714
NSF Atmospheric Sciences	30050401	102,372
NSF Earth Sciences	30050402	285,829
NSF Ocean Sciences	30050403	281,899
NSF Polar Programs	30050404	1,779,382
NSF Mathematical & Physical Sciences	30050500	15,271
NSF Mathematical Sciences	30050501	835,802
NSF Physics	30050502	1,274,333
NSF Chemistry	30050503	2,237,845
NSF Materials Research	30050504	1,007,500
NSF Astronomical Sciences	30050505	746,668
NSF Education & Human Resources	30050600	2,836
NSF Undergraduate Education	30050605	289,628
NSF Graduate Educations & Research and Development	30050611	218,000
NSF Social, Behavioral & Economic Sciences	30050800	16,395
NSF Social, Behavioral & Economic Research	30050801	767,845
NSF International Programs	30050803	55,535
NSF Office of Science & Technology Infrastructure	30050900	10,422
Smithsonian Institute	30060000	10,560
Appalachian Reg Com	30070100	11,158
United States Postal Service	30130000	\$ 22,130
Veterans Administration Outpatient	30170101	(5,417)
United States Information Agency	30260000	25,861

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2000

Federal Agency	Sponsor I.D. Number	2000 Expenditures
Research and Development Cluster:		
Funds received directly from the following federal agencies:		
Agency for International Development (AID)	30300100	249,341
Central Intelligence Agency	30350100	58,573
Dept. of Agriculture	40000000	124,454
United States Department of Agriculture (USDA)-Forest Service	40020000	158,299
USDA-Science & Education	40040000	35,855
USDA-Coop State Res Education & Extension Service	40040100	2,170,557
USDA-National Research Institute	40040103	11,342
USDA-Agricultural Research Service	40040200	654,127
USDA-Natural Resources Conservation Service	40060000	122,885
USDA-Animal & Plant Health Inspection Service	40070000	16,163
Office of International Cooperation & Development	40100000	31,455
Economic Research Service	40120000	123,198
National Agricultural Statistics Service	40160000	25,908
U.S. Department of Commerce (DC)-National Oceanic and Atmospheric Administration (NOAA)	42020000	1,451,983
DC-National Institute of Standards & Technology	42040000	66,917
United States Department of Defense	50000000	197,909
United States Air Force	50010000	45,510
Air Force Material Command (AFMC)	50010100	329,119
Air Force Office of Scientific Research	50010105	2,619,357
AFMC-Phillips Laboratory	50010121	4,101
U.S. Department of Defense (DOD)-Wright Laboratory	50010800	232,613
DOD-Army Corps of Engineers	50020100	10,372
DOD-Army Cold Regions Research & Engineering Lab	50020103	173,394
Humphreys Eng CSA	50020106	351,923
DOD-Army Natick Research & Development Labs	50020213	5,633
DOD-Army Medical Research & Development Command	50020300	1,295,389
DOD-Army Research Office	50020400	877,245
DOD-Naval Underwriter Systems Center	50040107	25,599
DOD-Space & Naval Warfare Systems Center	50040110	267,953
DOD-Naval Surface Weapon Center	50040112	33
DOD-Naval Facility Energy Command	50040114	33,759
DOD-Office of Naval Research	50040300	1,515,988
DOD-Naval Research Lab	50040301	35,573
DOD-Marine Corps	50040800	19,854
DOD-Naval Medical Research Institute	50041002	433
DOD-Naval Air Warfare Center	50041600	32,686
DOD-Advanced Research Project Agency	50060000	383,728
DOD-National Imagery & Mapping Agency	50080000	77,425
Defense Logistics Agency	50130000	146,673
National Security Agency	50140000	113,345
Defense Supply Service	50180000	127,454
Uniformed Services University Health Services	50190000	26,165
National Reconnaissance Office	50200000	505,067
U.S. Department of Education (DE)	53000000	164,372
DE-Office of Educational Research & Improvement	53020000	5,317,167
DE-Institute of Museum Services	53020100	\$ 101
DE-Fund Improvement Postsecondary Education	53020300	49,383
DE-Office of Postsecondary Education	53040000	865,521
DE-Office of Higher Education Programs	53040100	149,862
DE-Center for International Education	53040200	887,960
DE-Office of Special Education Rehabilitation Services	53050000	83,089

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2000

Federal Agency	Sponsor I.D. Number	2000 Expenditures
Research and Development Cluster:		
Funds received directly from the following federal agencies:		
DE-Rehabilitation Services Administration	53050200	131,956
DE-National Institute of Disability & Rehabilitation Research	53050300	931,863
DE-Office of Vocational & Adult Education Programs	53060000	306,169
Department of Energy (DOE)	55000000	6,213,958
Department of Health and Human Services	60000000	176,584
Public Health Services (PHS)-Food & Drug Administration	60040200	127,508
PHS-National Institute of Health	60040400	5
PHS-National Cancer Institute	60040402	14,600,800
PHS-National Heart, Lung, and Blood Institute	60040403	5,172,065
PHS-National Institute of Allergies & Infectious Disorders	60040404	6,223,225
PHS-National Institute of Diabetes & Digestive & Kidney Diseases	60040405	2,933,712
PHS-National Institute of Child Health & Human Development	60040406	1,527,049
PHS-National Institute of General Medical Sciences	60040407	6,306,594
PHS-National Institute of Neurological Disorders & Stroke	60040408	3,365,816
PHS-National Library Medicine	60040409	1,443
PHS-National Center for Research Resources	60040410	1,113,295
PHS-National Eye Institute	60040411	3,946,846
PHS-National Institute of Dental Research	60040412	3,482,029
PHS-National Institute on Environmental Health Services	60040414	391,346
PHS-National Institute of Aging	60040415	2,195,171
PHS-National Institute of Health Clinic Center	60040416	4,117
PHS-National Institute of Nursing Research	60040418	709,651
PHS-National Institute of Arthritis and Musculo-skeletal and Skin Diseases	60040419	1,245,840
PHS-National Institute of Deafness and Other Communication Disorders	60040420	1,509,532
PHS-National Institute of Mental Health	60040421	3,637,026
PHS-National Institute of Drug Abuse	60040422	820,355
PHS-National Institute of Alcohol Abuse and Alcoholism	60040423	204,951
PHS-National Institute of Substance Abuse	60040424	124,996
PHS-Health Resources & Services Administration	60040500	56,688
PHS-Bureau of Health Professions	60040501	367,599
PHS-Maternal & Child Health Bureau	60040505	274,613
PHS-Centers for Disease Control & Prevention	60040600	306,248
PHS-National Institute of Occupational Safety & Health	60040601	643,141
PHS-National Institute of Mental Health	60040701	(1)
PHS-Office of Population Affairs	60041100	132,973
Administration Children & Families	60070000	67,845
U.S. Department of Interior (DI)-Fish & Wildlife Service	72030000	160,739
DI-Geological Survey	72040000	315,213

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2000

Federal Agency	Sponsor I.D. Number	2000 Expenditures
Research and Development Cluster:		
Funds received directly from the following federal agencies:		
DOL-Bureau of Labor Statistics	76050000	\$ 3,729,158
Department of Transportation (DOT)	82000000	23,344
DOT-Federal Aviation Administration	82030000	278,075
DOT-National Highway Traffic Safety Administration	82040000	<u>305,714</u>
Subtotal of funds received directly from federal agencies		<u>118,583,372</u>

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Funds received directly from the following pass-through sponsors:				
North American Assoc. For Environmental Education	Environmental Protection Agency	30020000	20021323	\$ 67,148
University of Wisconsin	Environmental Protection Agency	30020000	22000006	69,192
University of Illinois	Environmental Protection Agency	30020000	22000009	1,791
West Virginia University	Environmental Protection Agency	30020000	22000032	14,868
Yale University	Environmental Protection Agency	30020000	22000088	12,741
New Jersey Institute of Technology	Environmental Protection Agency	30020000	22000216	(1,977)
University of Alabama Tusc	Environmental Protection Agency	30020000	22000305	26,776
Ohio Environmental Protection Agency	Environmental Protection Agency	30020000	26340000	244,391
Ohio OFC LK Erie Prote	Environmental Protection Agency	30020000	26590000	38,110
Lockheed Martin Corporation	NASA	30030000	10010042	27,556
Alliedsignal, Inc	NASA	30030000	10011761	123,610
Essential Research, Inc.	NASA	30030000	10011898	2,005
Positive Light Inc.	NASA	30030000	10012131	76,416
Amberwave Technologies	NASA	30030000	10012219	2,963
Universities Space Research Association	NASA	30030000	20020887	(1,568)
Space Telescope Science Institute	NASA	30030000	20021006	134,052
Carnegie-Mellon University	NASA	30030000	22000051	70,602
California Institute of Technology	NASA	30030000	22000054	212,542
Georgia Institute of Technology	NASA	30030000	22000189	31,366
Case Western Research University	NASA	30030000	22000238	31,095
University of Texas-Austin	NASA	30030000	22000270	48,912
Embry-Riddle Aerospace University	NASA	30030000	22000291	762
Ohio University	NASA-Ames Research Center	30030103	22000130	33,048
University of Kentucky	NASA-Ames Research Center	30030103	22000143	39,462
Battelle Memorial Institute	NASA-John Glenn Research Center-Lewis Field	30030104	20020012	12,689
Ohio Aerospace Institute	NASA-John Glenn Research Center-Lewis Field	30030104	20021048	599
University of Illinois	NASA-John Glenn Research Center-Lewis Field	30030104	22000009	11,552
EG & G, Inc.	Goddard Space Flight Center	30030301	10011343	116,914
Computing Research Association	NSF	30050000	20021373	1,660
Educause	NSF	30050000	20021395	9,033
Rutgers University	NSF	30050000	22000003	41,304
University Medical & Dental New York	NSF	30050000	22000004	4,998
University of Illinois	NSF	30050000	22000009	340,344
Indiana University	NSF	30050000	22000012	7,794
Pennsylvania State University	NSF	30050000	22000030	55,324
Miami University	NSF	30050000	22000049	21,437
University of Missouri	NSF	30050000	22000073	(405)
University of Connecticut	NSF	30050000	22000076	22,292
Otterbein College	NSF	30050000	22000077	21,700
Cornell University	NSF	30050000	22000081	21,426
Columbia University	NSF	30050000	22000135	1,565
University of Washington	NSF	30050000	22000212	(668)
Drexel University	NSF	30050000	22000246	161,834
University of Massachusetts/Amherst	NSF	30050000	22000274	1,817
Renssalaer Polytech	NSF	30050000	22000298	62,176
University of Louisville	NSF	30050000	22000299	32,602
Stroud Water Research Center	NSF-Environmental Biology	30050104	20021389	64,838
Analytic Services, Inc.	NSF Div Electrical & Communications Systems	30050305	10012210	14,099
University of Illinois	NSF Div Electrical & Communications Systems	30050305	22000009	2,001
Penn State University	Bioengineering Environmental & Ocean Sys	30050307	22000030	98,128
Carnegie-Mellon University	NSF Office Small Business Research & Development	30050701	22000051	\$ 14,613

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Funds received directly from the following pass-through sponsors:				
Ohio Business Development Organization, Inc.	Small Business Administration	30140000	20020062	14,300
Development Alternatives Inc.	AID	30300100	10011316	1,984
Foundation International Common Asst	AID	30300100	20010510	207,806
International Rice Research Institute	AID	30300100	20021413	5,927
University of Wisconsin	AID	30300100	22000006	192,219
Virginia Polytechnic Institute	AID	30300100	22000023	9,141
Michigan State University	AID	30300100	22000044	14,600
Southern Illinois University	AID	30300100	22000055	27,916
U.S.-Egypt S&T Joint Board	AID	30300100	28610001	51,719
Air Products & Chemicals	Department of Agriculture	40000000	10010612	84,570
Dairy Management Inc.	Department of Agriculture	40000000	20020911	64,523
Midwest Adv Food Man	Department of Agriculture	40000000	20021278	(1,288)
Purdue University	Department of Agriculture	40000000	22000002	17,874
Rutgers University	Department of Agriculture	40000000	22000003	19,367
University of Illinois	Department of Agriculture	40000000	22000009	34,619
Virginia Polytechnic Institute	Department of Agriculture	40000000	22000023	21,604
Michigan State University	Department of Agriculture	40000000	22000044	25,163
Southern Illinois University	Department of Agriculture	40000000	20000055	7,055
University of Minnesota	Department of Agriculture	40000000	22000067	(1,257)
Cornell University	Department of Agriculture	40000000	22000081	11,151
University of Nebraska	Department of Agriculture	40000000	22000085	96,468
North Carolina St. University	Department of Agriculture	40000000	22000136	52,608
University of Delaware	Department of Agriculture	40000000	22000138	24,740
Midwest Adv Food Man	Cooperative State Research, Education & Extension Svc	40040100	20021278	1,118
University of Wisconsin	Cooperative State Research, Education & Extension Svc	40040100	22000006	14,246
University of Illinois	Cooperative State Research, Education & Extension Svc	40040100	22000009	36,786
Michigan State University	Cooperative State Research, Education & Extension Svc	40040100	22000044	24,535
Southern Illinois University	Cooperative State Research, Education & Extension Svc	40040100	22000055	586
Cornell University	Cooperative State Research, Education & Extension Svc	40040100	22000081	6,784
University of Nebraska	Cooperative State Research, Education & Extension Svc	40040100	22000085	61,531
Colorado State University	Cooperative State Research, Education & Extension Svc	40040100	22000110	19,815
Colegio University Del Est	Cooperative State Research, Education & Extension Svc	40040100	22010012	26,628
University of Michigan	Department of Commerce	42000000	22000005	7,100
University of Minnesota	Nat Oceanic & Atmospheric Administration	42020000	22000067	4,523
University of New Hampshire	National Oceanic and Atmospheric Administration	42020000	22000131	83,825
Caterpillar Inc.	National Institute of Standards & Technology	42040000	10011704	29,316
Imation Corporation	National Institute of Standards & Technology	42040000	10012042	132,426
E-Systems Corporation	DOD	50000000	10011157	504,464
Mission Research Corporation	DOD	50000000	10011436	52,286
Logicon Technical Services	DOD	50000000	10011651	2,465
Nichols Research Corporation	DOD	50000000	10011948	1,309,814
Extrude Hone Corporation	DOD	50000000	10011976	(7,748)
Polychip	DOD	50000000	10012074	19,675
Battelle Memorial Institute	DOD	50000000	20020012	1,786
ITT Research Institute	DOD	50000000	20021129	35,536
University of Dayton	DOD	50000000	22000008	55,918
University of Arizona	DOD	50000000	22000116	82,459
Lockheed Martin Corporation	Air Force	50010000	10010042	32,308
PRT/Whitney Air Group	Air Force	50010000	10010998	181,411
Mission Research Corporation	Air Force	50010000	10011436	\$ 29,004
General Electric Aircraft Engines	Air Force	50010000	10011756	251,194

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Funds received directly from the following				
pass-through sponsors:				
Computer Science & Applications, Inc.	Air Force	50010000	10011986	53
Coretek, Inc.	Air Force	50010000	10012013	6,504
Amberwave Technologies	Air Force	50010000	10012219	5,549
Dynamic Engineering, Inc.	Air Force	50010000	10020001	34,980
Transmap Corporation	Air Force	50010000	10020003	(22)
LSP Technologies, Inc.	Air Force	50010000	10020012	57,923
Sverdrup Technologies, Inc.	Air Force	50010000	10020016	413
Technical Management Concepts, Inc.	Air Force	50010000	10020023	48,886
Klein Associates	Air Force	50010000	10020072	18,574
Guide Consortium	Air Force	50010000	20021102	42,927
University of Dayton	Air Force	50010000	22000008	26,761
Penn State University	Air Force	50010000	22000030	46,789
Carnegie-Mellon University	Air Force	50010000	22000051	35,960
University of Cincinnati	Air Force	50010000	22000074	74,144
University of Virginia	Air Force	50010000	22000203	124,835
Sytronics, Inc.	Air Force	50010100	10020077	82,238
Research & Development Laboratory	Air Force Office of Scientific Research	50010105	10011649	4,650
Princeton University	Air Force Office of Scientific Research	50010105	22000289	31,419
Vanderbilt University	Air Force Office of Scientific Research	50010105	22000296	38,563
Lockheed Martin Corporation	Army	50020000	10010042	30,115
Mission Research Corporation	Army	50020000	10011436	8,546
E-OIR Measurements	Army	50020000	10012263	12,959
Frontier Tech, Inc.	Army	50020000	10020067	29,815
University of Chicago	Army	50020000	22000018	195,513
Lockheed Martin Corporation	Army Research Laboratory	50020210	10010042	320,988
University of Chicago	U.S. Army Medical Research	50020300	22000018	108,544
Ohio University	U.S. Army Medical Research	50020300	22000130	18,061
Massachusetts Institute of Technology	Army Research Office	50020400	22000001	61,828
West Virginia University	Army Research Office	50020400	22000032	51,069
Duke University	Army Research Office	50020400	22000094	248,927
Washington University	U.S. Army Research Office	50020400	22000209	29,520
Dynalysis Of Princeton	Office of Naval Research	50040300	10012109	127,992
Comarco Systems, Inc.	Office of Naval Research	50040300	10012181	9,802
Penn State University	Office of Naval Research	50040300	22000030	32,197
University of Akron	Uniformed Services University for Health	50190000	22000066	11,257
Plastronic, Inc.	U.S. Department of Education	53000000	10020005	61,599
Research Foundation of City University of New York	DE	53000000	20010482	259,125
Center of Civic Education	DE	53000000	20021131	66,275
Education Development Center, Inc.	DE	53000000	20021328	6,980
National Writing Project Corp	DE	53000000	20021378	18,077
University of Wisconsin	DE	53000000	22000006	13,518
Penn State University	DE	53000000	22000030	65,027
University of Cincinnati	DE	53000000	22000074	5,957
Wright State University	DE	53000000	22000087	36,797
University of Maryland	DE	53000000	22000120	17,958
Ohio University	DE	53000000	22000130	170,180
University of Delaware	DE	53000000	22000138	18,674
Ohio Department of Education	DE	53000000	26080000	72,306
Ohio Division of Vocational & Adult Education	DE	53000000	26080100	\$ 1,487,387
Ohio Division of Professional Development & License	DE	53000000	26080700	19,911
Ohio Division of Early Childhood	DE	53000000	26080800	2,133

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2000

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Funds received directly from the following				
pass-through sponsors:				
University of Oregon	Office Of Special Education & Rehabilitative Svcs	53050000	22000308	41,851
Lockheed Martin Corporation	DOE	55000000	10010042	32,796
Air Products & Chemicals, Inc.	DOE	55000000	10010612	173,492
Westinghouse Electric Corporation	DOE	55000000	10010881	304,611
Sandia Corporation	DOE	55000000	10011170	84,118
Bechtel BWXT Idaho	DOE	55000000	10011343	4
Dravo Lime Company	DOE	55000000	10011501	20
Universities Research Association, Inc.	DOE	55000000	10011888	298,676
Rocky Research	DOE	55000000	10012132	(7)
Eurus Technologies	DOE	55000000	10012202	21,437
Ashman Technologies	DOE	55000000	10012227	90,550
Nextech Material Ltd.	DOE	55000000	10020047	30,703
UES, Inc.	DOE	55000000	10020049	81,669
Nat Renewable Energy Laboratory	DOE	55000000	20020800	116,185
Associated Universities Inc.	DOE	55000000	20020801	36,035
Consortium Plant Biotechnology Research Inc.	DOE	55000000	20021036	(3,930)
Battelle- PAC NW Lab	DOE	55000000	20021070	26,226
South Carolina Research Authority	DOE	55000000	20021319	288,902
Purdue University	DOE	55000000	22000002	390,460
University of Michigan	DOE	55000000	22000005	77,124
University of California	DOE	55000000	22000011	281,633
University of Idaho	DOE	55000000	22000016	33,020
University of Chicago	DOE	55000000	22000018	23,533
West Virginia University	DOE	55000000	22000032	298
Brown University	DOE	55000000	22000284	46,606
University of Alabama Tusc	DOE	55000000	22000305	40,073
MSE, Inc.	Federal Energy Technology Center	55090000	10011972	96,080
Area Agency on Aging 7	Department of Health & Human Services	60000000	20020054	13,084
Childrens Hospital Research Foundation	PHS	60040000	20010182	16,438
IIT Research Institute	Food & Drug Administration	60040200	20021129	2,455
University of Texas	Food & Drug Administration	60040200	22000106	25,918
University of Rochester	Food & Drug Administration	60040200	22000193	1,482
Linac Systems	National Institutes of Health	60040400	10012130	4,244
Genotrek LLC	National Institute of Health	60040400	10020082	26,341
Cleveland Clinic Foundation	National Institute of Health	60040400	20010421	33,570
Purdue University	National Institute of Health	60040400	22000002	(1,607)
Rutgers University	National Institute of Health	60040400	22000003	3,762
Wayne State University	National Institute of Health	60040400	22000034	1,742
University of Pittsburgh	National Institute of Health	60040400	22000036	43
University of Iowa	National Institute of Health	60040400	22000137	20,117
University of Toronto	National Institute of Health	60040400	22010009	19,911
Science App International Corporation	National Cancer Institute	60040402	10011324	7,545
Cleveland Clinic Foundation	National Cancer Institute	60040402	20010421	7,936
Oklahoma Medical Research Foundation	National Cancer Institute	60040402	20010530	49,241
Research Triangle Institute	National Cancer Institute	60040402	20020058	1,763
Cancer Therapy & Research Foundation of S Texas	National Cancer Institute	60040402	20020745	56,003
AM College Radiology	National Cancer Institute	60040402	20020917	811
American Health Foundation	National Cancer Institute	60040402	20021179	\$ 50,908
University of Kansas Medical Center Research Institute	National Cancer Institute	60040402	20021356	66,516
Strang Cancer Prevention Center	National Cancer Institute	60040402	20021428	101,629
University of Michigan	National Cancer Institute	60040402	22000005	132,099

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Funds received directly from the following pass-through sponsors:				
University of California	National Cancer Institute	60040402	22000011	71,648
University of Chicago	National Cancer Institute	60040402	22000018	571,164
University of Pittsburgh	National Cancer Institute	60040402	22000036	32,875
University of Minnesota	National Cancer Institute	60040402	22000067	306,558
Oregon State University	National Cancer Institute	60040402	22000103	18,785
University of Texas	National Cancer Institute	60040402	22000106	378,568
Harvard University	National Cancer Institute	60040402	22000169	181,577
University of Southern California	National Cancer Institute	60040402	22000206	45,121
University of Alabama at Birmingham	National Cancer Institute	60040402	22000207	5,975
Washington University	National Cancer Institute	60040402	22000209	43,715
Medical College Ohio	National Cancer Institute	60040402	22000210	39,211
University of Montana	National Cancer Institute	60040402	22000302	14,399
University of Helsinki	National Cancer Institute	60040402	22010007	(1,168)
Axio Research Corp.	National Heart, Lung & Blood Institute	60040403	10012025	(13,690)
Cleveland Clinic Foundation	National Heart, Lung & Blood Institute	60040403	20010421	52,897
National Jewish Medical Center	National Heart, Lung & Blood Institute	60040403	20021369	17,955
Johns Hopkins University	National Heart, Lung & Blood Institute	60040403	22000133	307,034
Social & Scientific Systems, Inc.	National Institute Allergies & Infectious Disorders	60040404	10012044	1,722
Oklahoma Medical Research Foundation	National Institute Allergies & Infectious Disorders	60040404	20010530	35,891
Case Western Research University	National Institute Allergies & Infectious Disorders	60040404	22000238	13,336
Probiotix, Inc.	National Institute of Diabetes & Digestive & Kidney Disease	60040405	10012038	1,684
Moss Rehabilitation Research Institute	National Institute of Child Health & Human Development	60040406	20021363	3,157
Columbia University	National Institute of Child Health & Human Development	60040406	22000135	11,146
Case Western Research University	National Institute of Child Health & Human Development	60040406	22000238	10,040
University of California at Los Angeles	National Institute of Child Health & Human Development	60040406	22000269	71,093
University of Illinois	National Institute General Medical Science	60040407	22000009	83,471
Indiana University	National Institute Neurological Disorders & Stroke	60040408	22000012	89,390
Columbia University	National Institute Neurological Disorders & Stroke	60040408	22000135	10,537
University of Rochester	National Institute Neurological Disorder	60040408	22000193	49,774
University of South Carolina	National Institute Neurological Disorder	60040408	22000241	(5,105)
Emory University	National Institute Neurological Disorder	60040408	22000295	2,757
University of Illinois	National Eye Institute	60040411	22000009	49,736
Johns Hopkins University	National Eye Institute	60040411	22000133	110,582
University of Pennsylvania	National Eye Institute	60040411	22000195	104,976
MSX International	National Institute of Dental Research	60040412	10011879	66,627
University of Illinois	National Institute Nursing Research	60040418	22000009	24,245
Cornell University	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	22000081	57,226
Duke University	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	22000094	13,782
Ohio University	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	22000130	93,991
Childrens Hospital Philadelphia	National Institute of Mental Health	60040421	20020015	\$ 91,924
Duke University	National Institute of Mental Health	60040421	22000094	71,204
University of Florida	National Institute of Mental Health	60040421	22000108	23,819
Virginia Polytechnic Institute	National Institute of Drug Abuse	60040422	22000023	77,952
Texas A & M University	National Institute of Drug Abuse	60040422	22000053	36,032

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Funds received directly from the following pass-through sponsors:				
Childrens Hospital Research Foundation	Maternal & Childrens Health Bureau	60040505	20010182	18,064
Hemophilia Foundation of Michigan	Maternal & Childrens Health Bureau	60040505	20021026	13,792
Rehabilitation Institute Research Corporation	Centers for Disease Control & Prevention	60040600	20021335	19,842
University of Maine at Orono	Centers for Disease Control & Prevention	60040600	22000048	13,337
City of Columbus	Department Of Housing & Urban Development	70000000	24000306	118,011
University of California	DI	72000000	22000011	24,680
Ohio Division of Wildlife	DI	72000000	26110100	47,971
Ohio Division of Wildlife	U.S. Fish and Wildlife Service	72030000	26110100	789
Ohio Coal Development	US Geological Survey	72040000	26140800	23,701
Alliance For Cooperative Justice	Department of Justice	74000000	20021321	49,408
Franklin County Court of Common Pleas	Department of Justice	74000000	24000059	20,380
Boys & Girls Clubs	Office of Justice Programs	74040000	20021420	11,023
Sam Houston State University	National Institute of Justice	74040100	22000300	47,038
Office of Criminal Justice Services	National Institute of Justice	74040100	26140401	7,443
National Opinion Research Center	DOL	76000000	20020932	1,579,015
Gallia, Jackson, Vinton Co Joint Vocational School	DOL	76000000	24000264	97,955
Ohio Department of Education	DOL	76000000	26080000	573
Ohio School-To-Work Office	DOL	76000000	26080103	53,458
National Con Eura & E Eur	Department of State	80000000	20020643	17,534
Ohio Department of Public Safety	Department of Transportation	82000000	26400000	39,291
Ohio Department of Transportation	Federal Highway Administration	82010000	26010000	429,734
Ohio Department of Natural Resources	Federal Highway Administration	82010000	26110000	319
Iowa State University	Federal Aviation Administration	82030000	22000047	325,873
Ohio Department of Public Safety	National Highway Traffic Safety Administration	82040000	26400000	18,319
				20,235,591
Subtotal pass-through from other sources				
				138,818,963
Total Research and Development Cluster				

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2000

Federal Agency	Sponsor I.D./ CFDA Number	Pass-Through I.D. Number	2000 Expenditures
Student Financial Aid Cluster:			
Department of Education:			
Federal Supplemental Educational Opportunity Grant	84.007		\$ 2,902,023
Federal Work Study Program	84.033		2,907,644
Federal Perkins Loans	84.038		9,395
Federal Pell Grant Program	84.063		15,381,018
Department of Health and Human Services:			
Health Profession Student Loans	93.342		80,145
Scholarship Program for Students of Exceptional Financial Need	93.820		146,867
Scholarship Program for Students of Exceptional Financial Need	93.925		187,446
Total Student Financial Aid Cluster			<u>21,614,538</u>
USDA - Hatch Program	10.203		5,195,487
USDA - Cooperative Extension Service	10.500		<u>10,440,338</u>
Subtotal			<u>15,635,825</u>
OTHER PROGRAMS:			
Funds received directly from the following Federal agencies:			
Glenn Research Center	30030104		20,935
NSF Chemistry	30050503		22,699
NSF Education & Human Resources	30050600		143,822
US Information Agency	30260000		44,356
USDA-Science & Education	40040000		22,000
USDA-Coop State Res Education & Extension Service	40040100		190,239
Office of International Cooperation & Development	40100000		7,096
U.S. Department of Commerce (DC)-National Oceanic and Atmospheric Administration (NOAA)	42020000		13,681
DOD-Uniformed Services University Health Services	50190000		41,321
U.S. Department of Education (DE)	53000000		536,383
DE-Fund Improvement Postsecondary Education	53020300		37,457
DE-Office of Postsecondary Education	53040000		41,231
DE-Center for International Education	53040200		20,324
DE-Office of Special Education & Rehabilitative Services	53050000		178,735
DE-Office of Special Education	53050100		1,755,317
DE-Rehabilitation Services Administration	53050200		72,320
DE-National Institute of Disability & Rehabilitation Research	53050300		105,684
DE-Office of Vocational & Adult Education Programs	53060000		480,085
Department of Health & Human Services	60000000		(0)
PHS-National Center for Research Resources	60040410		2,117,665
PHS-Bureau of Health Professions	60040501		60,572
Administration for Children Youth Families	60070100		2,521,548
PHS-Administration on Developmental Disabilities	60070500		286,432
Department of Housing & Urban Development	70000000		80,218
Department of Justice	74000000		33,546
Department of Statistics	80000000		92,555
Subtotal funds received directly from other Federal agencies			<u>8,926,221</u>

(Continued)

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2000

Federal Agency	Sponsor I.D./ CFDA Number	Pass-Through I.D. Number	2000 Expenditures
OTHER SOURCES:			
USDA - Agricultural Marketing Service	10.155		\$ (962)
USDA - Cooperative Forestry Research	10.202		496,873
USDA - Animal Health and Disease Research	10.207		52,815
USDA - Fund Rural America - Res. Educ. Ext Activities	10.224		10,200
USDA - Child and Adult Care Food Program	10.558		111,412
USDA - International Training - Foreign	10.962		(1,363)
DD - Basic & Applied Scientific Research	12.300		41
DI - Coop Endangered Species Conservation Fund	15.615		1,077
DI - Wildlife Conservation & Appreciation	15.617		12,287
DI - Water Quality Assessment Program	15.805		8,000
NEH - Promotion Humanities: Preservation	45.149		12,558
U.S. Department of Veterans Affairs - Veteran's Outpatient Care	64.011		24,817
DE - Faculty Research Abroad	84.019		42,662
DE - Javits Fellowships	84.170		27,722
DHHS - Head Start	93.600		6,842
U.S. Department of Health and Human Services - Social Services Block Grant	93.667		<u>257,646</u>
Total funds received from other sources			<u>1,062,627</u>

See notes to schedule of expenditures of federal awards.

THE OHIO STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
OTHER PROGRAMS:				
Pass-through:				
Ohio Department of Natural Resources	DOA	10.664		\$ 7,000
Ohio Bureau of Employee Services	DOL	17.245		12,023
Ohio Department of Education	DOL	17.249		47,885
Ohio Department of Education	DE	84.002		78,242
Ohio Department of Education	DE	84.048		1,677,928
Ohio Rehabilitation Services Commission	DE	84.126		1,946
Ohio Department of Education	DE	84.243		570,042
Ohio Department of Education	DE	84.276		125,786
Ohio Department of Education	DE	84.281		55,447
Ohio Department of Education	DE	84.314		54,980
Ohio Department of Education	DE	84.323		150,000
Ohio Department of Rehabilitation and Corrections	DE	84.331		1,875
Ohio Board of Regents	Department of Health and Human Services	93.165		334
Ohio Department of Alcohol and Drug Addiction Services	Department of Health and Human Services	93.959		16,731
Ohio Department of Health	Department of Health and Human Services	93.994		50,004
Ohio Department of Aging	Corporation for National and Community Service	94.003		1,000
Ohio Environmental Protection Agency	Environmental Protection Agency	30020000	26340000	2,921
Ohio Environmental Education Foundation	Environmental Protection Agency	30020000	26340100	23,675
Citizens Network Foreign	Agency for International Development	30300100	20021429	6,471
Association of Geront Higher Education	Corporation for National Service	31040001	20020055	219
Ohio Governor's Community Service Commission	Corporation for National Service	31040001	26600000	84,727
Ohio Department of Human Services	Department of Agriculture	40000000	26230000	1,938,513
Cooperative Educational Service Agency	Department of Health & Human Services	60000000	20021342	55,790
Van Wert Co. BD Com	National Institute of Health	60040400	24000438	3,508
University of Illinois	National Library of Medicine	60040409	22000009	(432)
Ohio Department of Health	Maternal & Child Health	60040505	26090000	73,283
Ohio Department of Health	Center for Disease Control & Prevention	60040600	26090000	13,119
City of Columbus	Department of Housing & Urban Development	70000000	24000306	13,277
Ohio STW Office	Department of Labor	76000000	26080103	103,346
Ohio Department of Public Safety	National Highway Traffic Safety Administration	82040000	26400000	1,662
Total Pass-through programs				<u>5,171,302</u>
TOTAL FEDERAL AWARDS				<u>\$191,229,476</u>

THE OHIO STATE UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial schedules include the accounts of The Ohio State University (the University); its hospitals and clinics; The Ohio State University Foundation, a not-for-profit organization operating exclusively for the benefit of the University; three separate statutory entities for which the University has special responsibility - The Ohio Agricultural Research and Development Center, The Ohio State University Dormitory Revenue Bond Fund, and the Ohio Supercomputer Center; and four legally independent corporations performing special activities related to the University - The Ohio State University Research Foundation, The Ohio State University Student Loan Foundation, Inc., the Transportation Research Center of Ohio, Inc., and the Hospital Helicopter Consortium of Central Ohio, Inc. 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, 2000, the University received nonmonetary assistance from the National Institute of Standards and Technology. This nonmonetary assistance was in the form of a plane ticket in January 2000, in the amount of \$249.

3. FEDERAL LOAN PROGRAMS ADMINISTERED

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

	Year Ended June 30, 2000
Perkins Loan Program	\$ 9,830,189
Nursing Student Loans (NSL)	234,409
Health Professional Student Loans (HPSL)	<u>2,239,450</u>
Total	<u><u>\$12,304,048</u></u>

The above expenditures include disbursements and expenditures such as loans to students and administrative expenditures. During the year ended June 30, 2000, the University disbursed \$162,478,527 in new loans under the William D. Ford Direct Loan Program (which includes Stafford Loans and Parents Loans for Undergraduate Students).

4. REIMBURSEMENT OF INDIRECT 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 Indirect Costs (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 indirect costs associated with the completion of sponsored research.

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

On April 5, 1993, DHHS approved indirect cost recovery rates effective from July 1, 1993 through June 30, 2000. The indirect cost rate structure, including the rates submitted within the Certificate, are as follows:

Rate Type	Effective July 1, 1993 Through June 30, 2000	
	Rate as Submitted Within Certificate	Negotiated Rate
Organized Research:		
On-Campus	46.4 %	46.0 %
Off-Campus	26.0 %	26.0 %
Instruction:		
On-Campus	66.9 %	60.0 %
Off-Campus	38.8 %	26.0 %
Other Sponsored Activities:		
On-Campus	33.6 %	31.0 %
Off-Campus	24.4 %	22.0 %
General Clinical Research Center:		
On-Campus	21.3 %	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.

* * * * *



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
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, 2000, and have issued our report thereon dated October 13, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of finding and questioned costs as items 99-1 and 99-2. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the University in a separate letter dated October 13, 2000.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the University in a separate letter dated October 13, 2000.

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, passthrough 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 13, 2000



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Trustees
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, 2000. 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, 2000. 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 99-1 and 99-2.

INTERNAL CONTROL OVER COMPLIANCE

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the University as of and for the year ended June 30, 2000, and have issued our report thereon dated October 13, 2000. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for 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, passthrough 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 13, 2000

THE OHIO STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2000

PART I - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the financial statements expressed an unqualified opinion.
2. Our audit of the financial statements did not disclose a reportable condition in internal controls.
3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. Our audit of compliance with the types of compliance requirements applicable to the financial statements did not disclose a reportable condition in internal control over compliance with requirements applicable to major federal award programs.
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 OMB Circular A-133.
7. The major programs were the Research and Development Cluster and USDA Cooperative Extension (CFDA 10.500), 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 does qualify as a low risk audit as that term is defined in OMB Circular A-133.

PART II - FINANCIAL STATEMENT FINDINGS SECTION

No matters are reportable.

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

The following findings were noted in the prior year. These programs were not tested in the current year but the findings were repeated as the issues are still open based on our review of prior year findings.

99-1: **STUDENT FINANCIAL AID REFUNDS**

Grantor: U.S. Department of Education

Sponsor Identification Number: Various

Project Number: Various

Criteria:

Section 34 CFR Part 668.22(j)(B) If the student drops out of the institution without notifying the institution (does not withdraw officially), the student's withdrawal date is the last recorded date of class attendance by the student as documented by the institution.

Finding:

One student was identified during our testing that had unofficially withdrawn from the University without being detected as a withdrawn student by the University.

Effect:

The University did not refund federal funds relative to those funds received after the students withdrawal date.

Questioned Cost:

The University performed a refund calculation for this student after contacting the student to determine last date of attendance and determined that the refund owed to the Federal government is \$882.

Recommendation:

We recommend that the University implement additional policies and procedures to ensure that attendance is being taken by instructional staff and/or alternative policies and procedures to track the unofficial withdrawal of a student, as any funds received from the Federal government subsequent to the withdrawal date of a student would be considered a potential liability to the University.

99-2 HATCH COMPLIANCE WITH REPORTING REQUIREMENTS

Grantor: U.S. Department of Education

Sponsor Identification Number: Various

Project Number: Not Applicable

Criteria:

Circular A-133, Compliance Supplement, Part 4, (III) Compliance Requirements, (L) Reporting.

Finding:

The University is not preparing Federal Financial Reports related to the Hatch program on a timely basis.

Effect:

Required reports are not being submitted to the Federal Government on a timely basis.

Recommendation:

We recommend that the University implement additional policies and procedures to ensure that the Hatch program complies with the reporting requirements as they are defined in the OMB Circular A-133 Compliance Supplemental in order to avoid any penalties associated with noncompliance.

**CAMPUS PARTNERS FOR COMMUNITY
URBAN REDEVELOPMENT, INC.**

**FINANCIAL STATEMENTS
For the Year Ended June 30, 2000 and 1999
With
Independent Auditors' Report Thereon**

TABLE OF CONTENTS

Independent Auditors' Report on Financial Statements	1
Balance Sheet	2
Statement of Revenues and Expenditures	3
Statement of Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Campus Partners for Community Urban
Redevelopment, Inc.

We have audited the balance sheet of Campus Partners for Community Urban Redevelopment, Inc. (Campus Partners, a component unit of The Ohio State University) as of June 30, 2000 and 1999, and the related statements of revenues and expenditures, changes in fund balances and cash flows for the years then ended. These financial statements are the responsibility of the management of Campus Partners. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Campus Partners as of June 30, 2000 and 1999, and the results of its operations and changes in its fund balances and cash flows for the years then ended in conformity with generally accepted accounting principles.

Parms & Company, Inc.

September 15, 2000

CAMPUS PARTNERS FOR COMMUNITY
 URBAN REDEVELOPMENT, INC.
 BALANCE SHEET
 As of June 30, 2000 and 1999

	As of June 30, 2000		As of June 30, 1999	
<u>ASSETS</u>	<u>Current Funds</u>	<u>Plant</u>	<u>Current Funds</u>	<u>Plant</u>
	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>
Current Assets:				
Cash	\$165,096	-	137,309	\$ -
Accounts receivable	-	-	-	-
Prepaid Insurance	6,093	-	-	-
Deposits	-	-	<u>10,000</u>	-
Total Current Assets	<u>171,189</u>	-	147,309	-
Investment in Plant (Note 2)	-	<u>10,021,346</u>	-	<u>8,997,985</u>
Total Assets	<u>\$171,189</u>	<u>10,021,346</u>	<u>147,309</u>	<u>\$8,997,985</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Current Liabilities				
Accounts payable	\$ 25,500	-	12,800	-
Accrued expense	118,334	-	67,901	-
Rent deposits	8,958	-	19,446	-
Deferred revenue	-	-	-	-
Current portion of payable due to OSU (Note 5)	-	-	<u>17,500</u>	-
Total Current Liabilities	<u>152,792</u>	-	117,647	-
Long Term Liabilities:				
Non-current portion of payable due to OSU (Note 5)	-	-	-	-
Total Liabilities	<u>152,792</u>	-	<u>117,647</u>	-
Fund Balances:				
Unrestricted	18,397	-	29,662	-
Net Investment in Plant	-	<u>10,021,346</u>	-	<u>8,997,985</u>
Total Fund Balances	<u>18,397</u>	<u>10,021,346</u>	<u>29,662</u>	<u>8,997,985</u>
Total Liabilities & Fund Balances	<u>\$171,189</u>	<u>10,021,346</u>	<u>147,309</u>	<u>\$8,997,985</u>

The accompanying notes are an integral part of the financial statements

CAMPUS PARTNERS FOR COMMUNITY
URBAN REDEVELOPMENT, INC.
STATEMENT OF REVENUES AND EXPENDITURES

For the Years Ended June 30, 2000 and 1999

	As of June 30, 2000		As of June 30, 1999	
	Current Funds Unrestricted	Plant Fund	Current Funds Unrestricted	Plant Fund
Support and Revenue:				
The Ohio State University	\$1,703,727	-	7,555,250	\$ -
City of Columbus	20,133	-	4,867	-
Acquisition of Plant Assets	-	1,023,361	-	7,046,015
Rental Income	116,100	-	85,638	-
Miscellaneous	859	-	32,330	-
Interest Income	5,069	-	6,494	-
Total Support and Revenue	1,845,888	1,023,361	7,684,579	7,046,015
Expenses:				
Wages	324,073	-	311,488	-
Payroll taxes and Benefits	81,697	-	73,069	-
Professional services	46,617	-	24,916	-
Travel and conferences	10,204	-	10,131	-
Postage and delivery	2,988	-	4,097	-
Printing	5,812	-	25,833	-
Office expenses	8,577	-	8,707	-
Occupancy	27,720	-	26,950	-
Utilities	12,647	-	15,176	-
Public relations	2,674	-	5,406	-
Consulting	91,915	-	41,486	-
Real estate	189,883	-	39,946	-
UCBA Grant	20,000	-	-	-
Campus Collaborative	-	-	25,000	-
Miscellaneous expenses	8,985	-	17,252	-
Property & equipment purchases	1,023,361	-	7,046,015	-
Total Expenses	1,857,153	-	7,675,472	-
Change in Fund Balance	\$ (11,265)	1,023,361	9,107	\$7,046,015

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

CAMPUS PARTNERS FOR COMMUNITY
URBAN REDEVELOPMENT, INC.

STATEMENT OF CHANGES IN FUND BALANCES

For the Years Ended June 30, 2000 and 1999

	As of June 30, 2000		As of June 30, 1999	
	Current Funds Unrestricted	Plant Fund	Current Funds Unrestricted	Plant Fund
Fund Balance, Beginning of Year	\$29,662	8,997,985	20,555	\$1,951,970
Change in Fund Balance	<u>(11,265)</u>	<u>1,023,361</u>	<u>9,107</u>	<u>7,046,015</u>
Fund Balance, End of Year	<u>\$18,397</u>	<u>10,021,346</u>	<u>29,662</u>	<u>\$8,997,985</u>

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

CAMPUS PARTNERS FOR COMMUNITY
URBAN REDEVELOPMENT, INC.

STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2000 and 1999

	June 30, 2000 Current Funds <u>Unrestricted</u>	June 30, 1999 Current Funds <u>Unrestricted</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Fund Balances	\$ (11,265)	\$ 9,107
Adjustments to reconcile increase in fund balances to net cash provided by operations:		
Decrease/(Increase) in grants receivable	-	2,500
Decrease/(Increase) in deposits	10,000	(10,000)
Increase in prepaid expenses	(6,093)	-
(Decrease)/Increase in accounts payable	12,700	(32,516)
Increase in accrued benefits	50,433	23,883
(Decrease)/Increase in rent deposits	(10,488)	19,446
(Decrease)/Increase in deferred revenue	-	(116,445)
Decrease in due to others	<u>(17,500)</u>	<u>(17,500)</u>
Net Adjustments	<u>39,052</u>	<u>(130,632)</u>
NET (DECREASE) INCREASE IN CASH FROM OPERATING ACTIVITIES	27,787	(121,525)
CASH AT BEGINNING OF YEAR	<u>137,309</u>	<u>258,834</u>
CASH AT END OF YEAR	<u>\$165,096</u>	<u>\$137,309</u>

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

CAMPUS PARTNERS FOR COMMUNITY
URBAN REDEVELOPMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2000 and 1999

1. Summary of Significant Accounting Policies:

Organization:

Campus Partners for Community Urban Redevelopment, Inc. (Campus Partners) is a component unit of The Ohio State University (OSU). The financial activity of Campus Partners is blended within the financial statements of OSU. Campus Partners operates under continued funding primarily from OSU and the City of Columbus, whereby Campus Partners directs the revitalization of the East Campus area immediately adjacent to OSU's Main Campus in Columbus, Ohio. Campus Partners was incorporated on January 12, 1995.

Basis of Presentation:

Accrual Basis

The financial statements of Campus Partners have been prepared on the accrual basis in accordance with generally accepted accounting principles for state-assisted colleges and universities which is the basis used by OSU. Under the accrual basis of accounting, resources are classified for accounting and reporting purposes into funds that reflect the specific activities, objectives, or restrictions of the resources.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to Campus Partners, the accounts of Campus Partners are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into fund groups that are in accordance with the activities or objectives specified.

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

CAMPUS PARTNERS FOR COMMUNITY
URBAN REDEVELOPMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2000 and 1999

1. Summary of Significant Accounting Policies: (Continued)
Fund Accounting (continued)

All accounts are classified into the following groups:

Current Funds Plant Funds

Current Funds are available for current operations and are subdivided as follows:

Unrestricted funds are available for general operating purposes.

Restricted funds are available for current operating purposes but only in compliance with restrictions specified by donors or grantors. There were no restricted funds as of June 30, 2000, or 1999.

Plant Funds include all long-life assets in the service of Campus Partners. Physical properties, which include furniture and equipment are principally stated at cost. In accordance with generally accepted accounting principles for colleges and universities, depreciation is not provided.

To the extent current funds are used to finance plant assets, the amounts so provided are accounted for (a) as expenditures of current funds and additions to property and equipment in plant funds, in the case of moveable equipment and capital projects; and (b) as transfers of a non-mandatory nature in other cases.

Public Support and Revenues:

Campus Partners receives funding primarily through grants from OSU and the City of Columbus. During the years ended June 30, 2000 and 1999, Campus Partners derived 98% and 92%, of its total support from these sources, respectively. Revenue from these sources is recognized when received.

Concentration of Risk:

Cash consists of demand deposits held at financial institutions. At June 30, 2000 and 1999, \$100,000 of Campus Partners' cash balance of \$165,096 and \$137,309 was covered by Federal Deposit Insurance Corporation.

CAMPUS PARTNERS FOR COMMUNITY
URBAN REDEVELOPMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2000 and 1999

1. Summary of Significant Accounting Policies: (Continued)

Concentration of Risk (Continued)

At June 30, 2000 and 1999, Campus Partners had \$65,096 and \$37,309, respectively, of cash in a financial institution that exceeded the \$100,000 of FDIC coverage. Consequently, these amounts were unsecured and uninsured. However, to mitigate risk of any loss, Campus Partners maintains its cash in large financial institutions. Consequently, management believes it is not exposed to any significant concentration of credit risk in relation to cash.

Use of Management's Estimates:

Preparation of Campus Partners' financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. The nature of those estimates, however, is such that variances in actual results are generally immaterial.

Income Taxes:

Campus Partners is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. Investment in Plant:

Investment in plant is composed of the following:

	<u>June 30, 2000</u>	<u>June 30, 1999</u>
Land and Buildings	\$ 9,972,006	\$8,952,496
Office Furniture and Equipment	<u>49,340</u>	<u>45,489</u>
Total Plant Fund	<u>\$10,021,346</u>	<u>\$8,997,985</u>

3. Operating Lease

Campus Partner leases office space under an operating lease expiring on January 21, 2001. The minimum future rental payments under this non-cancelable operating lease is included below:

2001	\$16,170
------	----------

CAMPUS PARTNERS FOR COMMUNITY
URBAN REDEVELOPMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2000 and 1998

3. Operating Lease - Continued

As lessor, Campus Partner leases various property under operating leases expiring in various years and with various options for renewal, through June 2001. The leased assets are recorded on the balance sheet at a book value at June 30, 2000 of \$4,016,672.

4. Retirement Plan

All employees are covered by the Public Employees Retirement System of Ohio (PERS). This retirement program is a statewide cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by State statute. PERS issues separate, publicly available financial reports that include financial Statements and required supplementary information. That report may be obtained by writing to Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215.

Funding Policy:

The Ohio Revised Code provides PERS statutory authority for employee and employer contributions. The required, actuarially determined, contribution rates for plan members and Campus Partners was 8.50% and 13.31% of covered payroll, respectively. Campus Partners' contributions, which represent 100% of the required contributions, for the year ended June 30, 2000 and each of the preceding two years, are as follows:

2000	\$42,129
1999	39,957
1998	38,336

In addition to the retirement benefits described above, PERS provides post-retirement health care benefits.

CAMPUS PARTNERS FOR COMMUNITY
URBAN REDEVELOPMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2000 and 1999

4. Retirement Plan - Continued

PERS provides comprehensive health care benefits to retirees with 10 or more years of qualifying service credit and offers coverage to their dependents on a deduction basis. Coverage includes hospitalization, medical expenses, prescription drugs, and reimbursement of monthly Medicare premiums. PERS determines the amount, if any, of the associated health care cost that will be absorbed by PERS. Under Ohio law, medical costs paid from the funds of PERS are included on the employer contribution rate. PERS currently allocates 4.2% of covered payroll to fund the health care program for retirants.

The Ohio State University

*Report on Application of Agreed-Upon
Procedures to Statements and Records
of Booster Organizations' Expenditures
for or in Behalf of the University's
Department of Athletics for the
Year Ended June 30, 2000*



Dr. William E. Kirwan
President
The Ohio State University
Columbus, Ohio

At your request, we have applied certain agreed-upon procedures, enumerated below, which were agreed to by the Vice President for Student and Urban/Community Affairs, with respect to the accounting records of The Ohio State University (the University) and the related booster organizations, referred to below, in connection with activities of the Department of Athletics of the University. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the 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. 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 for the year ended June 30, 2000 from the Director of Athletics. This schedule is included as the Exhibit to this report.
- b. We confirmed total revenues and expenditures or total cash receipts and cash disbursements of all booster organizations for the year ended June 30, 2000 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 NCAA Financial Audit Guidelines dated May 1996.
- d. We obtained a summary of contributions to or in behalf of the Department of Athletics from the booster organizations and reconciled 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. These gifts and offsetting expenditures totaled approximately \$28,410 and had no net effect to the excess (deficiency) of revenues over expenditures recorded by the University. We also noted that contributions reported by the booster groups were credited to these groups in The Ohio State University Development Fund's records.

Because the above procedures do not constitute an audit in accordance with auditing standards generally accepted in the United States of America, we do not express an opinion on any of the accounts of the booster organizations or items referred to above. Had we performed additional procedures or had we performed an audit of the financial statements of the related outside organizations in accordance with auditing standards generally accepted in the United States of America, matters might have come to our attention that would have been reported to you. This report relates only to the accounts and items specified above and does not extend to any financial statements of The Ohio State University or related outside organizations, taken as a whole.

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 management of The Ohio State University or an authorized representative of the National Collegiate Athletic Association.

DELOITTE & TOUCHE LLP

Columbus, Ohio
November 21, 2000

**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, 2000**

Organizations reporting on a cash receipts and disbursements basis for the year ended June 30, 2000 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 Alumni Association	\$ 37,680	\$ 15,760	\$ 3,000	\$ 15,876	\$ 34,564
The Buckeye Fastbreakers Club, Inc.	798	294		876	216
The Buckeye Diamond Club	85,265	149,782	53,212	17,697	164,138
Women's Volleyball Attack Booster Club	13,717	10,923		4,229	20,411
The Buckeye Sideliners	3,470	20,344	10,645	10,554	2,615
The Rebounders Club	7,241	19,101	2,100	18,456	5,786
The Ohio State Swimming and Diving Booster Club	8,141	3,740		7,299	4,582

Organizations reporting revenues and expenditures for the year ended June 30, 2000 are as follows:

Organization	Revenues	Expenditures		Net Income
		Contributions To or In Behalf of Program	Other	
Buckeye Boosters, Inc.	\$ 143,596	\$ 44,924	\$ 79,565	\$ 19,107
The Varsity "O" Alumni	101,007	3,063	93,864	4,080
The Ohio State University Ice Hockey Alumni Association	35,808	9,500	23,337	2,971
OSU Varsity Rifle Team Booster Club	1,606		1,123	483

The Ohio State University

*Report on Application of Agreed-Upon Procedures
to the University's Accounting Records and to its
System of Internal Accounting Control as they
relate to the University's Department of Athletics
for the Year Ended June 30, 2000*



Dr. William E. Kirwan
President
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, 2000, and have issued our unqualified report thereon dated October 13, 2000. At your request, we have also performed the procedures enumerated below, which were agreed to by the Vice President for Student and Urban/Community Affairs, with respect to the University's accounting records and system of internal accounting control as they relate to the University's Department of Athletics for the year ended June 30, 2000, solely to assist the University in complying with NCAA Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose. The procedures that we performed and our findings are as follows:

Statement of Revenues and Expenditures - Agreed-Upon Substantive Procedures

- a. We obtained the Department of Athletics' Statement of Revenues and Expenditures (the "Statement") for the year ended June 30, 2000, as prepared by management and shown in the Exhibit to this report. We proved the arithmetic accuracy of the amounts in the Statement, and compared the amounts in the Statement to management's worksheets and agreed management's worksheets to accounts in the University's general ledger. We noted no differences between the amounts in the University's general ledger and the amounts in the worksheets.
- b. We discussed with the University's Assistant Director of Athletics and obtained an understanding of the ticket revenue cycle, which consisted of comparing football and men's basketball ticket sales as recorded in the Statement to the Department of Athletics' "Ticket Order Status Report" for the year ended June 30, 2000. Ticket sales as recorded in the Statement were reconciled within \$124,976 or .74% of the "Ticket Order Status Report" for football and \$78,705 or 2.45% for basketball.
- c. We compared concession revenues recorded in the Statement to the detailed statements from the independent concessionaire of concession activity and commissions earned for the year ended June 30, 2000. Football, men's basketball and women's basketball concession revenues agreed to the detailed statements while all other sports were reconciled to within \$1,319 or .06% of the concession revenue recorded in the University's general ledger.

- d. We compared the Department of Athletics' percentage rate of return on interest-bearing cash and investments for the year ended June 30, 2000 to that of the University as a whole for the same period. We noted the University's rate of return was 5.63%, while the Department of Athletics' rate was 6.07%.
- e. We compared gift revenues recorded in the Department of Athletics' accounts for the year ended June 30, 2000, to the amounts recognized by The Ohio State University Development Fund for the same period and noted that the amounts differed by \$568,045 or 3.61%. The primary reason for this difference is the University's policy which requires donated monies to remain in The Ohio State University Development Fund for 90 days prior to being transferred to the Department of Athletics.
- f. We compared revenue and expenditure line-items in the Statement with prior year amounts, and made inquiries about fluctuations greater than \$100,000 and 10%. The Department of Athletics provided explanations for the fluctuations.
- g. We inquired of the Business Manager and Development Director of the Department of Athletics and determined that no individual contributions received for the period ended June 30, 2000 were in excess of 10% of total contributions for the period.

Because the above procedures "a" through "g" do not constitute an audit in accordance with auditing standards generally accepted in the United States of America, we do not express an opinion on any of the accounts or items referred to above. Had we performed additional procedures or had we made an audit of any financial statements of the Department of Athletics of The Ohio State University in accordance with auditing standards generally accepted in the United States of America, matters might have come to our attention that would have been reported to you. This report relates only to the accounts and items specified above and does not extend to the financial statements of The Ohio State University or its Department of Athletics taken as a whole.

Internal Control Structure: Policies and Procedures Related to Intercollegiate Athletics - Agreed-Upon Procedures

The management of The Ohio State University is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

- h. We obtained and read the organization chart for the Department of Athletics. We read the available documentation of the accounting systems and procedures. We also made certain inquiries of management regarding control consciousness, competence of personnel, and protection of records and equipment.

- i. We obtained an understanding of the Ticket Sales, Team Travel expenditures, and Purchase/Payables cycles by testing a sample of transactions. No exceptions were noted, except as noted in item “b” above.
- j. We obtained an understanding of the University’s procedures for monitoring the financial activities of the booster organizations. These monitoring procedures entitled “Guidelines for Athletic Support Groups” consist of ten requirements that all support groups must comply with. For five randomly selected booster organizations, we read files maintained by the University and compared the contents thereof to the requirements of the guidelines. No exceptions were noted.
- k. We selected the largest fundraising activity and the largest expenditure for each booster organization to determine if prior formal written approval was received by the Athletic Department. The Athletic Department does not give formal written approval for recurring activities and expenditures previously approved. No exceptions were noted regarding formal written approval on new fundraising activities or expenditures.

Agreed-upon procedures “h” through “k” applied to certain aspects of the University’s system of internal accounting control were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Because the scope of our work was limited to applying agreed-upon procedures “h” through “k” to certain aspects of the system of internal accounting control, we are unable to express and do not express an opinion on whether the system of internal accounting control of The Ohio State University in effect for the year ended June 30, 2000, taken as a whole, was sufficient to meet the objectives stated above.

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 management of The Ohio State University or an authorized representative of the National Collegiate Athletic Association.

DLEOITTE & TOUCHE LLP

Columbus, Ohio
November 21, 2000

**THE OHIO STATE UNIVERSITY
DEPARTMENT OF ATHLETICS**

Exhibit

**STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000 (UNAUDITED)**

	Football	Men's Basketball	Women's Basketball	Other Sports Men	Other Sports Women	Nonprogram Specific	Total
REVENUES:							
Ticket sales	\$ 16,805,879	\$ 3,214,617	\$ 232,520	\$ 343,534	\$ 38,664	\$ 32,662	\$ 20,667,876
Post season event	1,720,935	1,318,688					3,039,623
Program sales	321,856	60,348	20,116				402,320
Novelty Sales						972,586	972,586
Radio and T.V. rights	3,340,809	1,639,006					4,979,815
Concessions	743,011	258,610	55,196	95,332	11,270	64,815	1,228,234
Gifts:							
Restricted	32,950	56,585	10,671	148,044		2,094,880	2,343,130
Grant-in-aid						6,353,682	6,353,682
Parking	684,959	53,275	22,832				761,066
Investment income - unrestricted						841,518	841,518
Postage/service charges	280,231	41,239	2,493	3,446		1,924	329,333
Advertising						2,901,721	2,901,721
Entry fees				2,700		1,493,928	1,496,628
Facility rentals						81,491	81,491
Miscellaneous	456	404,528	152,635	151,500		746,538	1,455,657
Golf course						3,203,753	3,203,753
Ice rink						528,846	528,846
Schottenstein Center						10,121,818	10,121,818
Total revenues	<u>23,931,086</u>	<u>7,046,896</u>	<u>496,463</u>	<u>744,556</u>	<u>49,934</u>	<u>29,440,162</u>	<u>61,709,097</u>
EXPENDITURES:							
Coaches' salaries	1,529,805	653,556	580,656	1,641,794	1,769,815		6,175,626
Other salaries	477,615	208,556	142,452	289,290	148,790	16,490,553	17,757,256
Travel:							
Team and other	232,926	188,820	144,074	291,749	450,847	393,920	1,702,336
Recruiting	273,987	45,711	58,476	115,633	115,588	23,002	632,397
Guarantees - net	996,149	297,244	34,700	26,887	1,712		1,356,692
Financial aid	1,491,851	313,525	288,876	1,742,380	2,644,251		6,480,883
Maintenance/general	1,236,382	326,481	158,436	353,472	303,835	12,429,427	14,808,033
Equipment purchases	385,860	5,471		93,480	59,218	716,574	1,260,603
Advertising						735,092	735,092
Insurance						95,056	95,056
Telephone	79,794	52,437	25,615	66,873	53,222	485,008	762,949
Food	260,051	91,576	34,536	263,260	249,531	744,442	1,643,396
Lodging	313,262	81,382	60,519	206,803	277,722	197,438	1,137,126
Indirect overhead						2,831,136	2,831,136
Physical facilities						785,532	785,532
Total expenditures	<u>7,277,682</u>	<u>2,264,759</u>	<u>1,528,340</u>	<u>5,091,621</u>	<u>6,074,531</u>	<u>35,927,180</u>	<u>58,164,113</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 16,653,404</u>	<u>\$ 4,782,137</u>	<u>\$ (1,031,877)</u>	<u>\$ (4,347,065)</u>	<u>\$ (6,024,597)</u>	<u>\$ (6,487,018)</u>	<u>\$ 3,544,984</u>

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

***The Ohio State University
Research Foundation***

*Financial Statements for the Years
Ended June 30, 2000 and 1999
and Independent Auditors' Report*



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Ohio State University Research Foundation
Columbus, Ohio

We have audited the accompanying balance sheets of The Ohio State University Research Foundation (the Research Foundation) as of June 30, 2000 and 1999, and the related statements of support and revenue, expenditures and transfers and changes in fund balance, and cash flows for the years then ended. These financial statements are the responsibility of the Research Foundation'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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Research Foundation as of June 30, 2000 and 1999, and its support and revenue, expenditures, and changes in fund balance and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 13, 2000 on our consideration of the Research Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

DELOITTE & TOUCHE LLP

October 13, 2000

THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

BALANCE SHEETS, JUNE 30, 2000 AND 1999

ASSETS	2000	1999
CASH AND CASH EQUIVALENTS (Note 3)	\$ 23,564,331	\$ 13,285,274
ACCOUNTS RECEIVABLE AND UNBILLED PROJECT COSTS	39,295,286	41,762,078
OTHER RECEIVABLES	1,630,288	779,655
PREPAID INSURANCE	3,909	3,909
FURNITURE AND EQUIPMENT - Net of accumulated depreciation of \$53,000 and \$32,000 in 2000 and 1999, respectively	69,932	74,508
PATENTS	<u>1</u>	<u>1</u>
TOTAL ASSETS	<u>\$ 64,563,747</u>	<u>\$ 55,905,425</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable:		
Trade	\$ 8,272,874	\$ 7,986,395
The Ohio State University	7,945,898	7,211,238
Accrued payroll	829,586	1,251,843
Accrued vacation and sick leave	623,179	554,128
Deferred revenue - sponsors	27,242,785	20,846,915
Facilities and administrative costs payable to University departments	8,143,202	7,053,851
Designated funds for University departments (Note 4)	<u>5,718,778</u>	<u>4,709,183</u>
Total liabilities	<u>58,776,302</u>	<u>49,613,553</u>
FUND BALANCE:		
Operating fund balance	5,687,445	6,191,872
Contingency fund balance	<u>100,000</u>	<u>100,000</u>
Total fund balance	<u>5,787,445</u>	<u>6,291,872</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 64,563,747</u>	<u>\$ 55,905,425</u>

See notes to financial statements.

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**STATEMENTS OF SUPPORT AND REVENUE, EXPENDITURES
AND TRANSFERS AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999**

	<u>2000</u>		<u>1999</u>	
	Operating Fund	Contingency Fund	Operating Fund	Contingency Fund
SUPPORT AND REVENUE:				
Sponsor project revenue	\$198,736,472		\$185,096,280	
University appropriation	7,159,965		7,317,453	
Interest	536,308		659,708	
Transfers from (to) the University for specified expenditures	<u>573,360</u>	<u>\$ 47,483</u>	<u>899,645</u>	<u>\$(124,855)</u>
Total support and revenue	<u>207,006,105</u>	<u>47,483</u>	<u>193,973,086</u>	<u>(124,855)</u>
EXPENDITURES AND TRANSFERS:				
Sponsor Project:				
Personnel	95,487,011		88,146,392	
Materials and services	45,776,067		43,265,854	
Equipment	8,817,693		8,765,184	
Travel	5,833,342		5,454,677	
Facilities and administrative cost charged by the University	42,822,359		39,464,172	
Expenditures specified by the University	573,360		899,645	
Contingency expenditures		47,483		(124,855)
Research administration	7,251,790		7,276,119	
Transfers to the University	948,910		252,872	
Loss on disposal of furniture and equipment	<u> </u>	<u> </u>	<u>1,086</u>	<u> </u>
Total expenditures and transfers	<u>207,510,532</u>	<u>47,483</u>	<u>193,526,001</u>	<u>(124,855)</u>
(DEFICIENCY) EXCESS OF SUPPORT AND REVENUE (UNDER) OVER EXPENDITURES AND TRANSFERS	(504,427)		447,085	
FUND BALANCE - Beginning of year	<u>6,191,872</u>	<u>100,000</u>	<u>5,744,787</u>	<u>100,000</u>
FUND BALANCE - End of year	<u>\$ 5,687,445</u>	<u>\$100,000</u>	<u>\$ 6,191,872</u>	<u>\$ 100,000</u>

See notes to financial statements.

THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Deficiency) excess of support and revenue (under) over expenditures and transfers	\$ (504,427)	\$ 447,085
Adjustments to reconcile (deficiency) excess of support and revenue (under) over expenditures and transfers to net cash (used in) provided by operating activities:		
Depreciation	21,492	14,799
Loss on disposal of furniture and equipment		1,086
Changes in operating assets and liabilities:		
Accounts receivable and unbilled project costs	2,466,792	(7,970,289)
Other receivables	(850,633)	428,360
Accounts payable:		
Trade	286,479	3,385,711
The Ohio State University	734,660	(909,105)
Accrued payroll	(422,257)	433,383
Accrued vacation and sick leave	69,051	(90,530)
Deferred revenue - sponsors	6,395,870	2,142,586
Recovered facilities and administrative indirect costs payable to University departments	1,089,351	(284,093)
Designated funds for University departments	<u>1,009,595</u>	<u>525,120</u>
Net cash provided by (used in) operating activities	<u>10,295,973</u>	<u>(1,875,887)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Maturity of investments		2,961,821
Capital expenditures - net	<u>(16,916)</u>	<u>(34,913)</u>
Net cash (used in) provided by investing activities	<u>(16,916)</u>	<u>2,926,908</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,279,057	1,051,021
CASH AND CASH EQUIVALENTS - Beginning of year	<u>13,285,274</u>	<u>12,234,253</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$23,564,331</u>	<u>\$13,285,274</u>

See notes to financial statements.

THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

1. ORGANIZATION

The Ohio State University Research Foundation (the Research Foundation) is a nonprofit educational corporation created in 1936 as a vehicle to promote the development, implementation, and coordination of sponsored research at The Ohio State University (the University) in the furtherance of the University's educational objectives. The Research Foundation's financial statements and accounts are consolidated with the University's for purposes of complying with the University's reporting requirements.

2. ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies followed in the preparation of the financial statements.

Basis of Presentation - The financial statements of the Research Foundation have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition - Substantially all of the Research Foundation's revenues are derived from restricted grants and cost reimbursement contracts which provide for the recovery of direct and facilities and administrative costs, subject to audit. The Research Foundation recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related facilities and administrative costs is generally recorded at fixed rates negotiated with the Department of Health and Human Services, the cognizant federal audit agency.

Cash and Cash Equivalents - Cash and cash equivalents consist of demand deposit accounts and certificates of deposit with original maturities of less than 90 days.

Furniture and Equipment - Furniture and equipment are recorded at cost. Provision is made for depreciation of physical properties at rates calculated to absorb costs generally over the asset's estimated useful life. Depreciation is calculated using the straight-line method. Depreciation expense was \$21,492 and \$14,799 for the years ended June 30, 2000 and 1999, respectively.

Expenditures for maintenance and repairs are charged to operating expenses as incurred; major renewals and betterments are capitalized. When furniture and equipment become fully depreciated, the assets and related accumulated depreciation are removed from the accounts.

In-Kind Income - The Research Foundation is a related entity of The Ohio State University. As part of the relationship, transfers of funds occur between the University and the Research Foundation for certain sponsor project expenditures and research administration. Additionally, the University furnishes the facilities occupied by the Research Foundation. The value of such facilities, \$689,832, was recorded as rent expense in fiscal 2000 and \$679,663 in 1999.

Contingency Fund Equity - The Contingency Fund represents funds available to meet the unforeseen costs incurred in the conduct and administration of projects. The Fund is authorized by the Board of Directors at a maximum amount of \$100,000 at June 30, 2000 and 1999, renewable quarterly from facilities and administrative costs collected from sponsors and due to the University.

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

Recently Issued Financial Standards - Effective July 1, 2000, OSURF will adopt GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In general, GASB No. 33 establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. Management is of the opinion that the effect of adopting GASB No. 33 is immaterial to the financial statements.

Effective July 1, 2001, OSURF will adopt GASB Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities - an amendment of GASB Statement No. 34*. In general, GASB Nos. 34 and 35 establish a new financial reporting model for colleges and universities. Research Foundation management has not yet determined the impact that implementation of GASB Nos. 34 and 35 will have on the Research Foundation's financial statements.

3. CASH

In 1999, the Research Foundation began transferring funds to a University bank account weekly. The Research Foundation's cash in the University account is commingled with other University related entities and invested daily in overnight investment vehicles, which are considered cash equivalents. Investment income is allocated to the Research Foundation based on their ownership of the funds included in the University's account.

The bank balance which was uninsured by federal deposit insurance as of June 30, 2000 and 1999 was approximately \$91,386 and \$11,500,000, respectively. The uninsured balances collateralized by pools of securities pledged by the depository bank are held in the name of the respective bank.

4. DESIGNATED FUNDS FOR UNIVERSITY DEPARTMENTS

Designated funds for University departments represent unrestricted funds resulting from residual amounts from certain completed projects that are for use at the discretion of University departments and funds payable to the University from royalties received by the Research Foundation.

5. TAX-EXEMPT STATUS

The Research Foundation is exempt from federal taxes on income under Section 501(c)(3) of the Internal Revenue Code.

6. RETIREMENT PLAN

All eligible University personnel assigned to the Research Foundation are participating members of the Public Employees Retirement System (PERS). Contributions to this multi-employer defined benefit plan are based on percentages of employees' salaries, which are set by the retirement boards based upon recommendations by the plan's actuaries. Contributions during 2000, 1999 and 1998 were made in the following percentages:

	Employee Share	Employer Share
PERS	8.5 %	13.31 %

For the years ended June 30, 2000, 1999 and 1998 the Research Foundation reimbursed the University \$557,721, \$568,897, and \$548,150, respectively, for the PERS retirement costs of University employees assigned during the year to the Research Foundation.

The Research Foundation's liability to the University for PERS is limited to making the above payments. Data concerning the actuarial present value of the accumulated plan benefits, vested plan benefits and net assets available for benefits of this plan, specific to the Research Foundation, are not available since such determinations are made on a statewide basis and not for individual participating employers.

7. CONTINGENCIES

The Research Foundation is a party in various 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 Research Foundation's financial position.

* * * * *

***The Ohio State
University
Research Foundation***

*Office of Management and Budget
Circular A-133 Reports for the
Year Ended June 30, 2000*

THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

TABLE OF CONTENTS

	Page
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2000 INCLUDING INDEPENDENT AUDITORS' REPORT	See Attached
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	2 - 13
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	14 - 15
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16 - 17
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	18 - 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	20 - 21

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Agency	Sponsor I.D. Number	2000 Expenditures
Research and Development Cluster:		
Pass-through from The Ohio State University:		
Environmental Protection Agency	30020000	\$ 459,971
National Aeronautics and Space Administration (NASA)	30030000	(165,960)
Langley Research Center	30030102	(4,593)
Ames Research Center	30030103	312,168
Glenn Research Center	30030104	671,692
Lewis Research Center	30030104	69,554
NASA Headquarters	30030105	89,881
Marshall Space Flight Center	30030201	212,674
Johnson Space Center	30030202	63,739
Kennedy Space Center	30030203	93,027
Goddard Space Flight Center	30030301	2,117,139
National Endowment For The Humanities	30040100	116,244
National Science Foundation (NSF)	30050000	324,311
NSF Biological Sciences	30050100	19,903
NSF Biological Instr. & Resources	30050101	920,728
NSF Integrative Biology & Neuroscience	30050102	1,287,238
NSF Molecular & Cellular Biosciences	30050103	1,073,780
NSF Environmental Biology	30050104	371,945
NSF Computer & Information Science & Engineering	30050200	798,669
NSF Cross Disciplinary Activities	30050201	(21,943)
NSF Computer & Computation Research	30050202	638,425
NSF Information Robotics & Intelligent Systems	30050203	127,961
NSF Networking & Communications Res & Infrastructure	30050206	151,943
NSF Engineering	30050300	328,006
NSF Engineering, Education & Centers	30050302	524,230
NSF Chemical & Transport Systems	30050303	392,236
NSF Civil & Mechanical Structures	30050304	330,215
NSF Electrical & Communications Systems	30050305	206,025
NSF Design, Manufacture, Industrial	30050306	587,533
NSF Div Bioengineering & Environmental	30050307	156,714
NSF Atmospheric Sciences	30050401	102,372
NSF Earth Sciences	30050402	285,829
NSF Ocean Sciences	30050403	281,899
NSF Polar Programs	30050404	1,779,382
NSF Mathematical & Physical Sciences	30050500	15,271
NSF Mathematical Sciences	30050501	835,802
NSF Physics	30050502	1,274,333
NSF Chemistry	30050503	2,237,845
NSF Materials Research	30050504	1,007,500
NSF Astronomical Sciences	30050505	746,668
NSF Education & Human Resources	30050600	2,836
NSF Undergraduate Education	30050605	289,628
NSF Graduate Educations & Research and Development	30050611	218,000
NSF Social, Behavioral & Economic Sciences	30050800	16,395
NSF Social, Behavioral & Economic Research	30050801	767,845
NSF International Programs	30050803	55,535
NSF Office of Science & Technology Infrastructure	30050900	10,422
Smithsonian Institute	30060000	10,560
Appalachian Reg Com	30070100	11,158
United States Postal Service	30130000	\$ 22,130
Veterans Administration Outpatient	30170101	(5,417)
United States Information Agency	30260000	25,861

See notes to schedule of expenditures of federal awards.

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Agency	Sponsor I.D. Number	2000 Expenditures
Research and Development Cluster:		
Pass-through from The Ohio State University:		
Agency for International Development (AID)	30300100	249,341
Central Intelligence Agency	30350100	58,573
Dept. of Agriculture	40000000	124,454
United States Department of Agriculture (USDA)-Forest Service	40020000	158,299
USDA-Science & Education	40040000	35,855
USDA-Coop State Res Education & Extension Service	40040100	2,170,557
USDA-National Research Institute	40040103	11,342
USDA-Agricultural Research Service	40040200	654,127
USDA-Natural Resources Conservation Service	40060000	122,885
USDA-Animal & Plant Health Inspection Service	40070000	16,163
Office of International Cooperation & Development	40100000	31,455
Economic Research Service	40120000	123,198
National Agricultural Statistics Service	40160000	25,908
U.S. Department of Commerce (DC)-National Oceanic and Atmospheric Administration (NOAA)	42020000	1,451,983
DC-National Institute of Standards & Technology	42040000	66,917
United States Department of Defense	50000000	197,909
United States Air Force	50010000	45,510
Air Force Material Command (AFMC)	50010100	329,119
Air Force Office of Scientific Research	50010105	2,619,357
AFMC-Phillips Laboratory	50010121	4,101
U.S. Department of Defense (DOD)-Wright Laboratory	50010800	232,613
DOD-Army Corps of Engineers	50020100	10,372
DOD-Army Cold Regions Research & Engineering Lab	50020103	173,394
Humphreys Eng CSA	50020106	351,923
DOD-Army Natick Research & Development Labs	50020213	5,633
DOD-Army Medical Research & Development Command	50020300	1,295,389
DOD-Army Research Office	50020400	877,245
DOD-Naval Underwriter Systems Center	50040107	25,599
DOD-Space & Naval Warfare Systems Center	50040110	267,953
DOD-Naval Surface Weapon Center	50040112	33
DOD-Naval Facility Energy Command	50040114	33,759
DOD-Office of Naval Research	50040300	1,515,988
DOD-Naval Research Lab	50040301	35,573
DOD-Marine Corps	50040800	19,854
DOD-Naval Medical Research Institute	50041002	433
DOD-Naval Air Warfare Center	50041600	32,686
DOD-Advanced Research Project Agency	50060000	383,728
DOD-National Imagery & Mapping Agency	50080000	77,425
Defense Logistics Agency	50130000	146,673
National Security Agency	50140000	113,345
Defense Supply Service	50180000	127,454
Uniformed Services University Health Services	50190000	26,165
National Reconnaissance Office	50200000	505,067
U.S. Department of Education (DE)	53000000	164,372
DE-Office of Educational Research & Improvement	53020000	5,317,167
DE-Institute of Museum Services	53020100	\$ 101
DE-Fund Improvement Postsecondary Education	53020300	49,383
DE-Office of Postsecondary Education	53040000	865,521
DE-Office of Higher Education Programs	53040100	149,862
DE-Center for International Education	53040200	887,960
DE-Office of Special Education Rehabilitation Services	53050000	83,089

See notes to schedule of expenditures of federal awards.

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Agency	Sponsor I.D. Number	2000 Expenditures
Research and Development Cluster:		
Pass-through from The Ohio State University:		
DE-Rehabilitation Services Administration	53050200	131,956
DE-National Institute of Disability & Rehabilitation Research	53050300	931,863
DE-Office of Vocational & Adult Education Programs	53060000	306,169
Department of Energy (DOE)	55000000	6,213,958
Department of Health and Human Services	60000000	176,584
Public Health Services (PHS)-Food & Drug Administration	60040200	127,508
PHS-National Institute of Health	60040400	5
PHS-National Cancer Institute	60040402	14,600,800
PHS-National Heart, Lung, and Blood Institute	60040403	5,172,065
PHS-National Institute of Allergies & Infectious Disorders	60040404	6,223,225
PHS-National Institute of Diabetes & Digestive & Kidney Diseases	60040405	2,933,712
PHS-National Institute of Child Health & Human Development	60040406	1,527,049
PHS-National Institute of General Medical Sciences	60040407	6,306,594
PHS-National Institute of Neurological Disorders & Stroke	60040408	3,365,816
PHS-National Library Medicine	60040409	1,443
PHS-National Center for Research Resources	60040410	1,113,295
PHS-National Eye Institute	60040411	3,946,846
PHS-National Institute of Dental Research	60040412	3,482,029
PHS-National Institute on Environmental Health Services	60040414	391,346
PHS-National Institute of Aging	60040415	2,195,171
PHS-National Institute of Health Clinic Center	60040416	4,117
PHS-National Institute of Nursing Research	60040418	709,651
PHS-National Institute of Arthritis and Musculo-skeletal and Skin Diseases	60040419	1,245,840
PHS-National Institute of Deafness and Other Communication Disorders	60040420	1,509,532
PHS-National Institute of Mental Health	60040421	3,637,026
PHS-National Institute of Drug Abuse	60040422	820,355
PHS-National Institute of Alcohol Abuse and Alcoholism	60040423	204,951
PHS-National Institute of Substance Abuse	60040424	124,996
PHS-Health Resources & Services Administration	60040500	56,688
PHS-Bureau of Health Professions	60040501	367,599
PHS-Maternal & Child Health Bureau	60040505	274,613
PHS-Centers for Disease Control & Prevention	60040600	306,248
PHS-National Institute of Occupational Safety & Health	60040601	643,141
PHS-National Institute of Mental Health	60040701	(1)
PHS-Office of Population Affairs	60041100	132,973
Administration Children & Families	60070000	67,845
U.S. Department of Interior (DI)-Fish & Wildlife Service	72030000	160,739
DI-Geological Survey	72040000	315,213

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Agency	Sponsor I.D. Number	2000 Expenditures
Research and Development Cluster:		
Pass-through from The Ohio State University:		
DOL-Bureau of Labor Statistics	76050000	\$ 3,729,158
Department of Transportation (DOT)	82000000	23,344
DOT-Federal Aviation Administration	82030000	278,075
DOT-National Highway Traffic Safety Administration	82040000	<u>305,714</u>
Subtotal pass-through from The Ohio State University		<u>118,583,372</u>

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Pass-through from other sources:				
North American Assoc. For Environmental				
Education	Environmental Protection Agency	30020000	20021323	\$ 67,148
University of Wisconsin	Environmental Protection Agency	30020000	22000006	69,192
University of Illinois	Environmental Protection Agency	30020000	22000009	1,791
West Virginia University	Environmental Protection Agency	30020000	22000032	14,868
Yale University	Environmental Protection Agency	30020000	22000088	12,741
New Jersey Institute of Technology	Environmental Protection Agency	30020000	22000216	(1,977)
University of Alabama Tusc	Environmental Protection Agency	30020000	22000305	26,776
Ohio Environmental Protection Agency	Environmental Protection Agency	30020000	26340000	244,391
Ohio OFC LK Erie Prote	Environmental Protection Agency	30020000	26590000	38,110
Lockheed Martin Corporation	NASA	30030000	10010042	27,556
Alliedsignal, Inc	NASA	30030000	10011761	123,610
Essential Research, Inc.	NASA	30030000	10011898	2,005
Positive Light Inc.	NASA	30030000	10012131	76,416
Amberwave Technologies	NASA	30030000	10012219	2,963
Universities Space Research Association	NASA	30030000	20020887	(1,568)
Space Telescope Science Institute	NASA	30030000	20021006	134,052
Carnegie-Mellon University	NASA	30030000	22000051	70,602
California Institute of Technology	NASA	30030000	22000054	212,542
Georgia Institute of Technology	NASA	30030000	22000189	31,366
Case Western Research University	NASA	30030000	22000238	31,095
University of Texas-Austin	NASA	30030000	22000270	48,912
Embry-Riddle Aerospace University	NASA	30030000	22000291	762
Ohio University	NASA-Ames Research Center	30030103	22000130	33,048
University of Kentucky	NASA-Ames Research Center	30030103	22000143	39,462
Battelle Memorial Institute	NASA-John Glenn Research Center-Lewis Field	30030104	20020012	12,689
Ohio Aerospace Institute	NASA-John Glenn Research Center-Lewis Field	30030104	20021048	599
University of Illinois	NASA-John Glenn Research Center-Lewis Field	30030104	22000009	11,552
EG & G, Inc.	Goddard Space Flight Center	30030301	10011343	116,914
Computing Research Association	NSF	30050000	20021373	1,660
Educause	NSF	30050000	20021395	9,033
Rutgers University	NSF	30050000	22000003	41,304
University Medical & Dental New York	NSF	30050000	22000004	4,998
University of Illinois	NSF	30050000	22000009	340,344
Indiana University	NSF	30050000	22000012	7,794
Pennsylvania State University	NSF	30050000	22000030	55,324
Miami University	NSF	30050000	22000049	21,437
University of Missouri	NSF	30050000	22000073	(405)
University of Connecticut	NSF	30050000	22000076	22,292
Otterbein College	NSF	30050000	22000077	21,700
Cornell University	NSF	30050000	22000081	21,426
Columbia University	NSF	30050000	22000135	1,565
University of Washington	NSF	30050000	22000212	(668)
Drexel University	NSF	30050000	22000246	161,834
University of Massachusetts/Amherst	NSF	30050000	22000274	1,817
Rensselaer Polytech	NSF	30050000	22000298	62,176
University of Louisville	NSF	30050000	22000299	32,602
Stroud Water Research Center	NSF-Environmental Biology	30050104	20021389	64,838
Analytic Services, Inc.	NSF Div Electrical & Communications Systems	30050305	10012210	14,099
University of Illinois	NSF Div Electrical & Communications Systems	30050305	22000009	2,001
Penn State University	Bioengineering Environmental & Ocean Sys	30050307	22000030	\$ 98,128
Carnegie-Mellon University	NSF Office Small Business Research & Development	30050701	22000051	14,613

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Pass-through from other sources:				
Ohio Business Development Organization, Inc.	Small Business Administration	30140000	20020062	14,300
Development Alternatives Inc.	AID	30300100	10011316	1,984
Foundation International Common Asst	AID	30300100	20010510	207,806
International Rice Research Institute	AID	30300100	20021413	5,927
University of Wisconsin	AID	30300100	22000006	192,219
Virginia Polytechnic Institute	AID	30300100	22000023	9,141
Michigan State University	AID	30300100	22000044	14,600
Southern Illinois University	AID	30300100	22000055	27,916
U.S.-Egypt S&T Joint Board	AID	30300100	28610001	51,719
Air Products & Chemicals	Department of Agriculture	40000000	10010612	84,570
Dairy Management Inc.	Department of Agriculture	40000000	20020911	64,523
Midwest Adv Food Man	Department of Agriculture	40000000	20021278	(1,288)
Purdue University	Department of Agriculture	40000000	22000002	17,874
Rutgers University	Department of Agriculture	40000000	22000003	19,367
University of Illinois	Department of Agriculture	40000000	22000009	34,619
Virginia Polytechnic Institute	Department of Agriculture	40000000	22000023	21,604
Michigan State University	Department of Agriculture	40000000	22000044	25,163
Southern Illinois University	Department of Agriculture	40000000	20000055	7,055
University of Minnesota	Department of Agriculture	40000000	22000067	(1,257)
Cornell University	Department of Agriculture	40000000	22000081	11,151
University of Nebraska	Department of Agriculture	40000000	22000085	96,468
North Carolina St. University	Department of Agriculture	40000000	22000136	52,608
University of Delaware	Department of Agriculture	40000000	22000138	24,740
Midwest Adv Food Man	Cooperative State Research, Education & Extension Svc	40040100	20021278	1,118
University of Wisconsin	Cooperative State Research, Education & Extension Svc	40040100	22000006	14,246
University of Illinois	Cooperative State Research, Education & Extension Svc	40040100	22000009	36,786
Michigan State University	Cooperative State Research, Education & Extension Svc	40040100	22000044	24,535
Southern Illinois University	Cooperative State Research, Education & Extension Svc	40040100	22000055	586
Cornell University	Cooperative State Research, Education & Extension Svc	40040100	22000081	6,784
University of Nebraska	Cooperative State Research, Education & Extension Svc	40040100	22000085	61,531
Colorado State University	Cooperative State Research, Education & Extension Svc	40040100	22000110	19,815
Colegio University Del Est	Cooperative State Research, Education & Extension Svc	40040100	22010012	26,628
University of Michigan	Department of Commerce	42000000	22000005	7,100
University of Minnesota	Nat Oceanic & Atmospheric Administration	42020000	22000067	4,523
University of New Hampshire	National Oceanic and Atmospheric Administration	42020000	22000131	83,825
Caterpillar Inc.	National Institute of Standards & Technology	42040000	10011704	29,316
Imation Corporation	National Institute of Standards & Technology	42040000	10012042	132,426
E-Systems Corporation	DOD	50000000	10011157	504,464
Mission Research Corporation	DOD	50000000	10011436	52,286
Logicon Technical Services	DOD	50000000	10011651	2,465
Nichols Research Corporation	DOD	50000000	10011948	1,309,814
Extrude Hone Corporation	DOD	50000000	10011976	(7,748)
Polychip	DOD	50000000	10012074	19,675
Battelle Memorial Institute	DOD	50000000	20020012	1,786
ITT Research Institute	DOD	50000000	20021129	35,536
University of Dayton	DOD	50000000	22000008	55,918
University of Arizona	DOD	50000000	22000116	82,459
Lockheed Martin Corporation	Air Force	50010000	10010042	32,308
PRT/Whitney Air Group	Air Force	50010000	10010998	\$ 181,411
Mission Research Corporation	Air Force	50010000	10011436	29,004
General Electric Aircraft Engines	Air Force	50010000	10011756	251,194
Computer Science & Applications, Inc.	Air Force	50010000	10011986	53

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Pass-through from other sources:				
Coretek, Inc.	Air Force	50010000	10012013	6,504
Amberwave Technologies	Air Force	50010000	10012219	5,549
Dynamic Engineering, Inc.	Air Force	50010000	10020001	34,980
Transmap Corporation	Air Force	50010000	10020003	(22)
LSP Technologies, Inc.	Air Force	50010000	10020012	57,923
Sverdrup Technologies, Inc.	Air Force	50010000	10020016	413
Technical Management Concepts, Inc.	Air Force	50010000	10020023	48,886
Klein Associates	Air Force	50010000	10020072	18,574
Guide Consortium	Air Force	50010000	20021102	42,927
University of Dayton	Air Force	50010000	22000008	26,761
Penn State University	Air Force	50010000	22000030	46,789
Carnegie-Mellon University	Air Force	50010000	22000051	35,960
University of Cincinnati	Air Force	50010000	22000074	74,144
University of Virginia	Air Force	50010000	22000203	124,835
Sytronics, Inc.	Air Force	50010100	10020077	82,238
Research & Development Laboratory	Air Force Office of Scientific Research	50010105	10011649	4,650
Princeton University	Air Force Office of Scientific Research	50010105	22000289	31,419
Vanderbilt University	Air Force Office of Scientific Research	50010105	22000296	38,563
Lockheed Martin Corporation	Army	50020000	10010042	30,115
Mission Research Corporation	Army	50020000	10011436	8,546
E-OIR Measurements	Army	50020000	10012263	12,959
Frontier Tech, Inc.	Army	50020000	10020067	29,815
University of Chicago	Army	50020000	22000018	195,513
Lockheed Martin Corporation	Army Research Laboratory	50020210	10010042	320,988
University of Chicago	U.S. Army Medical Research	50020300	22000018	108,544
Ohio University	U.S. Army Medical Research	50020300	22000130	18,061
Massachusetts Institute of Technology	Army Research Office	50020400	22000001	61,828
West Virginia University	Army Research Office	50020400	22000032	51,069
Duke University	Army Research Office	50020400	22000094	248,927
Washington University	U.S. Army Research Office	50020400	22000209	29,520
Dynalysis Of Princeton	Office of Naval Research	50040300	10012109	127,992
Comarco Systems, Inc.	Office of Naval Research	50040300	10012181	9,802
Penn State University	Office of Naval Research	50040300	22000030	32,197
University of Akron	Uniformed Services University for Health	50190000	22000066	11,257
Plastronic, Inc.	U.S. Department of Education	53000000	10020005	61,599
Research Foundation of City University of New York	DE	53000000	20010482	259,125
Center of Civic Education	DE	53000000	20021131	66,275
Education Development Center, Inc.	DE	53000000	20021328	6,980
National Writing Project Corp	DE	53000000	20021378	18,077
University of Wisconsin	DE	53000000	22000006	13,518
Penn State University	DE	53000000	22000030	65,027
University of Cincinnati	DE	53000000	22000074	5,957
Wright State University	DE	53000000	22000087	36,797
University of Maryland	DE	53000000	22000120	17,958
Ohio University	DE	53000000	22000130	170,180
University of Delaware	DE	53000000	22000138	18,674
Ohio Department of Education	DE	53000000	26080000	\$ 72,306
Ohio Division of Vocational & Adult Education	DE	53000000	26080100	1,487,387
Ohio Division of Professional Development & License	DE	53000000	26080700	19,911
Ohio Division of Early Childhood	DE	53000000	26080800	2,133
University of Oregon	Office Of Special Education & Rehabilitative Svcs	53050000	22000308	41,851
Lockheed Martin Corporation	DOE	55000000	10010042	32,796

See notes to schedule of expenditures of federal awards.

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Pass-through from other sources:				
Air Products & Chemicals, Inc.	DOE	55000000	10010612	173,492
Westinghouse Electric Corporation	DOE	55000000	10010881	304,611
Sandia Corporation	DOE	55000000	10011170	84,118
Bechtel BWXT Idaho	DOE	55000000	10011343	4
Dravo Lime Company	DOE	55000000	10011501	20
Universities Research Association, Inc.	DOE	55000000	10011888	298,676
Rocky Research	DOE	55000000	10012132	(7)
Eurus Technologies	DOE	55000000	10012202	21,437
Ashman Technologies	DOE	55000000	10012227	90,550
Nnextech Material Ltd.	DOE	55000000	10020047	30,703
UES, Inc.	DOE	55000000	10020049	81,669
Nat Renewable Energy Laboratory	DOE	55000000	20020800	116,185
Associated Universities Inc.	DOE	55000000	20020801	36,035
Consortium Plant Biotechnology Research Inc.	DOE	55000000	20021036	(3,930)
Battelle- PAC NW Lab	DOE	55000000	20021070	26,226
South Carolina Research Authority	DOE	55000000	20021319	288,902
Purdue University	DOE	55000000	22000002	390,460
University of Michigan	DOE	55000000	22000005	77,124
University of California	DOE	55000000	22000011	281,633
University of Idaho	DOE	55000000	22000016	33,020
University of Chicago	DOE	55000000	22000018	23,533
West Virginia University	DOE	55000000	22000032	298
Brown University	DOE	55000000	22000284	46,606
University of Alabama Tusc	DOE	55000000	22000305	40,073
MSE, Inc.	Federal Energy Technology Center	55090000	10011972	96,080
Area Agency on Aging 7	Department of Health & Human Services	60000000	20020054	13,084
Childrens Hospital Research Foundation	PHS	60040000	20010182	16,438
IIT Research Institute	Food & Drug Administration	60040200	20021129	2,455
University of Texas	Food & Drug Administration	60040200	22000106	25,918
University of Rochester	Food & Drug Administration	60040200	22000193	1,482
Linac Systems	National Institutes of Health	60040400	10012130	4,244
Genotrek LLC	National Institute of Health	60040400	10020082	26,341
Cleveland Clinic Foundation	National Institute of Health	60040400	20010421	33,570
Purdue University	National Institute of Health	60040400	22000002	(1,607)
Rutgers University	National Institute of Health	60040400	22000003	3,762
Wayne State University	National Institute of Health	60040400	22000034	1,742
University of Pittsburgh	National Institute of Health	60040400	22000036	43
University of Iowa	National Institute of Health	60040400	22000137	20,117
University of Toronto	National Institute of Health	60040400	22010009	19,911
Science App International Corporation	National Cancer Institute	60040402	10011324	7,545
Cleveland Clinic Foundation	National Cancer Institute	60040402	20010421	7,936
Oklahoma Medical Research Foundation	National Cancer Institute	60040402	20010530	49,241
Research Triangle Institute	National Cancer Institute	60040402	20020058	1,763
Cancer Therapy & Research Foundation of S Texas	National Cancer Institute	60040402	20020745	56,003
AM College Radiology	National Cancer Institute	60040402	20020917	\$ 811
American Health Foundation	National Cancer Institute	60040402	20021179	50,908
University of Kansas Medical Center Research Institute	National Cancer Institute	60040402	20021356	66,516
Strang Cancer Prevention Center	National Cancer Institute	60040402	20021428	101,629
University of Michigan	National Cancer Institute	60040402	22000005	132,099
University of California	National Cancer Institute	60040402	22000011	71,648
University of Chicago	National Cancer Institute	60040402	22000018	571,164
University of Pittsburgh	National Cancer Institute	60040402	22000036	32,875

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Pass-through from other sources:				
University of Minnesota	National Cancer Institute	60040402	22000067	306,558
Oregon State University	National Cancer Institute	60040402	22000103	18,785
University of Texas	National Cancer Institute	60040402	22000106	378,568
Harvard University	National Cancer Institute	60040402	22000169	181,577
University of Southern California	National Cancer Institute	60040402	22000206	45,121
University of Alabama at Birmingham	National Cancer Institute	60040402	22000207	5,975
Washington University	National Cancer Institute	60040402	22000209	43,715
Medical College Ohio	National Cancer Institute	60040402	22000210	39,211
University of Montana	National Cancer Institute	60040402	22000302	14,399
University of Helsinki	National Cancer Institute	60040402	22010007	(1,168)
Axio Research Corp.	National Heart, Lung & Blood Institute	60040403	10012025	(13,690)
Cleveland Clinic Foundation	National Heart, Lung & Blood Institute	60040403	20010421	52,897
National Jewish Medical Center	National Heart, Lung & Blood Institute	60040403	20021369	17,955
Johns Hopkins University	National Heart, Lung & Blood Institute	60040403	22000133	307,034
Social & Scientific Systems, Inc.	National Institute Allergies & Infectious Disorders	60040404	10012044	1,722
Oklahoma Medical Research Foundation	National Institute Allergies & Infectious Disorders	60040404	20010530	35,891
Case Western Research University	National Institute Allergies & Infectious Disorders	60040404	22000238	13,336
Probiotix, Inc.	National Institute of Diabetes & Digestive & Kidney Disease	60040405	10012038	1,684
Moss Rehabilitation Research Institute	National Institute of Child Health & Human Development	60040406	20021363	3,157
Columbia University	National Institute of Child Health & Human Development	60040406	22000135	11,146
Case Western Research University	National Institute of Child Health & Human Development	60040406	22000238	10,040
University of California at Los Angeles	National Institute of Child Health & Human Development	60040406	22000269	71,093
University of Illinois	National Institute General Medical Science	60040407	22000009	83,471
Indiana University	National Institute Neurological Disorders & Stroke	60040408	22000012	89,390
Columbia University	National Institute Neurological Disorders & Stroke	60040408	22000135	10,537
University of Rochester	National Institute Neurological Disorder	60040408	22000193	49,774
University of South Carolina	National Institute Neurological Disorder	60040408	22000241	(5,105)
Emory University	National Institute Neurological Disorder	60040408	22000295	2,757
University of Illinois	National Eye Institute	60040411	22000009	49,736
Johns Hopkins University	National Eye Institute	60040411	22000133	110,582
University of Pennsylvania	National Eye Institute	60040411	22000195	104,976
MSX International	National Institute of Dental Research	60040412	10011879	66,627
University of Illinois	National Institute Nursing Research	60040418	22000009	24,245
Cornell University	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	22000081	57,226
Duke University	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	22000094	13,782

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
Research and Development Cluster (continued):				
Pass-through from other sources:				
Ohio University	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	22000130	\$ 93,991
Childrens Hospital Philadelphia	National Institute of Mental Health	60040421	20020015	91,924
Duke University	National Institute of Mental Health	60040421	22000094	71,204
University of Florida	National Institute of Mental Health	60040421	22000108	23,819
Virginia Polytechnic Institute	National Institute of Drug Abuse	60040422	22000023	77,952
Texas A & M University	National Institute of Drug Abuse	60040422	22000053	36,032
Childrens Hospital Research Foundation	Maternal & Childrens Health Bureau	60040505	20010182	18,064
Hemophilia Foundation of Michigan	Maternal & Childrens Health Bureau	60040505	20021026	13,792
Rehabilitation Institute Research Corporation	Centers for Disease Control & Prevention	60040600	20021335	19,842
University of Maine at Orono	Centers for Disease Control & Prevention	60040600	22000048	13,337
City of Columbus	Department Of Housing & Urban Development	70000000	24000306	118,011
University of California	DI	72000000	22000011	24,680
Ohio Division of Wildlife	DI	72000000	26110100	47,971
Ohio Division of Wildlife	U.S. Fish and Wildlife Service	72030000	26110100	789
Ohio Coal Development	US Geological Survey	72040000	26140800	23,701
Alliance For Cooperative Justice	Department of Justice	74000000	20021321	49,408
Franklin County Court of Common Pleas	Department of Justice	74000000	24000059	20,380
Boys & Girls Clubs	Office of Justice Programs	74040000	20021420	11,023
Sam Houston State University	National Institute of Justice	74040100	22000300	47,038
Office of Criminal Justice Services	National Institute of Justice	74040100	26140401	7,443
National Opinion Research Center	DOL	76000000	20020932	1,579,015
Gallia, Jackson, Vinton Co Joint Vocational School	DOL	76000000	24000264	97,955
Ohio Department of Education	DOL	76000000	26080000	573
Ohio School-To-Work Office	DOL	76000000	26080103	53,458
National Con Eura & E Eur	Department of State	80000000	20020643	17,534
Ohio Department of Public Safety	Department of Transportation	82000000	26400000	39,291
Ohio Department of Transportation	Federal Highway Administration	82010000	26010000	429,734
Ohio Department of Natural Resources	Federal Highway Administration	82010000	26110000	319
Iowa State University	Federal Aviation Administration	82030000	22000047	325,873
Ohio Department of Public Safety	National Highway Traffic Safety Administration	82040000	26400000	18,319
				<u>20,235,591</u>
Subtotal pass-through from other sources				
				<u>138,818,963</u>
Total Research and Development Cluster				

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
OTHER PROGRAMS:				
Pass-through from The Ohio State University:				
Glenn Research Center		30030104		\$ 20,935
NSF Chemistry		30050503		22,699
NSF Education & Human Resources		30050600		143,822
US Information Agency		30260000		44,356
USDA-Science & Education		40040000		22,000
USDA-Coop State Res Education & Extension Service		40040100		190,239
Office of International Cooperation & Development		40100000		7,096
U.S. Department of Commerce (DC)-National Oceanic and Atmospheric Administration (NOAA)		42020000		13,681
DOD-Uniformed Services University Health Services		50190000		41,321
U.S. Department of Education (DE)		53000000		536,383
DE-Fund Improvement Postsecondary Education		53020300		37,457
DE-Office of Postsecondary Education		53040000		41,231
DE-Center for International Education		53040200		20,324
DE-Office of Special Education & Rehabilitative Services		53050000		178,735
DE-Office of Special Education		53050100		1,755,317
DE-Rehabilitation Services Administration		53050200		72,320
DE-National Institute of Disability & Rehabilitation Research		53050300		105,684
DE-Office of Vocational & Adult Education Programs		53060000		480,085
PHS-National Center for Research Resources		60040410		2,117,665
PHS-Bureau of Health Professions		60040501		60,572
Administration for Children Youth Families		60070100		2,521,548
PHS-Administration on Developmental Disabilities		60070500		286,432
Department of Housing & Urban Development		70000000		80,218
Department of Justice		74000000		33,546
Department of Statistics		80000000		92,555
				<u>8,926,221</u>
Subtotal pass-through from The Ohio State University, other programs				
OTHER PROGRAMS:				
Pass-through from other sources:				
Ohio Environmental Protection Agency	Environmental Protection Agency	30020000	26340000	2,921
Ohio Environmental Education Foundation	Environmental Protection Agency	30020000	26340100	23,675
Citizens Network Foreign	Agency for International Development	30300100	20021429	6,471
Association of Geront Higher Education	Corporation for National Service	31040001	20020055	219
Ohio Governor's Community Service Commission	Corporation for National Service	31040001	26600000	84,727
Ohio Department of Human Services	Department of Agriculture	40000000	26230000	1,938,513
Cooperative Educational Service Agency	Department of Health & Human Services	60000000	20021342	55,790
Van Wert Co. BD Com	National Institute of Health	60040400	24000438	3,508
University of Illinois	National Library of Medicine	60040409	22000009	(432)
Ohio Department of Health	Maternal & Child Health	60040505	26090000	73,283
Ohio Department of Health	Center for Disease Control & Prevention	60040600	26090000	13,119

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	2000 Expenditures
OTHER PROGRAMS:				
Pass-through from The Ohio State University:				
City of Columbus	Department of Housing & Urban Development	70000000	24000306	\$ 13,277
Ohio STW Office	Department of Labor	76000000	26080103	103,346
Ohio Department of Public Safety	National Highway Traffic Safety Administration	82040000	26400000	<u>1,662</u>
Subtotal pass-through from other sources, other programs				<u>2,320,079</u>
TOTAL FEDERAL PROGRAMS				<u>\$ 150,065,263</u>

THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. ORGANIZATION

The Ohio State University Research Foundation (the Research Foundation) is a nonprofit educational corporation created in 1936 as a vehicle to promote the development, implementation, and coordination of sponsored research at The Ohio State University (the University) in the furtherance of the University's educational objectives. Accordingly, grants received for sponsored research are deemed to be pass-throughs from the University.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes all the federal grant transactions of the Research Foundation recorded on the accrual basis of accounting.

Subrecipients - Certain funds are passed through to subgrantee organizations by the Research Foundation. Expenditures incurred by the subgrantees and reimbursed by the Research Foundation are presented in the Schedule of Expenditures of Federal Awards. The Research Foundation is also the subrecipient of federal funds which are reported as expenditures and listed as federal pass-through funds.

3. 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 (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 April 5, 1993, DHHS approved facilities and administrative cost recovery rates effective from July 1, 1993 through June 30, 2000. 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	46.4 %	46 %
Off-Campus	26.0 %	26 %
Instruction:		
On-Campus	66.9 %	60 %
Off-Campus	38.8 %	26 %
Other Sponsored Activities:		
On-Campus	33.6 %	31 %
Off-Campus	24.4 %	22 %
General Clinical Research Center:		
On-Campus	21.3 %	20 %

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 within the Certificate.

* * * * *



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

To the Board of Trustees
The Ohio State University Research Foundation:

We have audited the financial statements of The Ohio State University Research Foundation (the Research Foundation) as of and for the year ended June 30, 2000, and have issued our report thereon dated October 13, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Research Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be

material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Research Foundation, in a separate letter dated October 13, 2000.

This report is intended solely for the information and use of the Board of Trustees, the audit committee, management of the Research Foundation, 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 13, 2000



Deloitte & Touche LLP
155 East Broad Street
Columbus, Ohio 43215-3611

Telephone: (614) 221-1000

Facsimile: (614) 229-4647

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Trustees
The Ohio State University Research Foundation:

COMPLIANCE

We have audited the compliance of The Ohio State University Research Foundation (the Research Foundation) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The Research Foundation's major federal program is 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 its major federal programs is the responsibility of the Research Foundation's management. Our responsibility is to express an opinion on the Research Foundation'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 and 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 Research Foundation'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 Research Foundation's compliance with those requirements.

In our opinion, the Research Foundation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000. Our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

**Deloitte Touche
Tohmatsu**

INTERNAL CONTROL OVER COMPLIANCE

The management of the Research Foundation 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 Research Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of The Ohio State University Research Foundation as of and for the year ended June 30, 2000, and have issued our report thereon dated October 13, 2000. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for 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 Research Foundation's management. 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, the audit committee, management of the Research Foundation, 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 13, 2000

THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2000

PART I - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the financial statements expressed an unqualified opinion.
2. Our audit of the financial statements did not disclose a reportable condition in internal controls.
3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. Our audit of compliance with the types of compliance requirements applicable to the financial statements did not disclose a reportable condition in internal control over compliance with requirements applicable to major federal award programs.
5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. The Research Foundation's major programs were:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Research and Development Cluster	Various

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 Research Foundation does 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 FINDINGS AND QUESTIONED COST SECTION

No matters are reportable.

WOSU STATIONS

*A Public Telecommunications Entity
Operated By The Ohio State University*

FINANCIAL STATEMENTS
For The Year Ended June 30, 2000
And
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

WOSU Stations
The Ohio State University
2400 Olentangy River Road
Columbus, Ohio 43210-1027

We have audited the accompanying balance sheet of WOSU Stations, which is a part of The Ohio State University, as of June 30, 2000, and the related statements of revenues, expenditures, and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of WOSU's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note A, the financial statements of WOSU Stations are intended to present the financial position and results of operations of only that portion of the financial reporting entity of The Ohio State University, that is attributable to the transactions of WOSU Stations.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WOSU Stations at June 30, 2000, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

We have previously audited the financial statements of WOSU Stations for the year ended June 30, 1999, comparative financial information from which is contained herein. In our opinion, such comparative financial information has been properly extracted from the prior year's statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of WOSU Stations taken as a whole. The supplemental schedule of Revenues and Expenditures By Telecommunication Operation for the year ended June 30, 2000 is presented for purposes of additional analysis and is not a required part of the basic financial statements of WOSU Stations. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements of WOSU Stations taken as a whole.

Parms & Company

September 7, 2000
Columbus, Ohio

WOSU STATIONS
BALANCE SHEET
As of June 30, 2000
(With comparative totals as of June 30, 1999)

	2000				1999	
	Operating Funds		Endowment Fund	Plant Fund	Total	Total
	Unrestricted	Restricted			(Memorandum Only)	(Memorandum Only)
ASSETS						
Current assets:						
Cash	\$ 2,809,609	3,452,746	-	1,538,863	\$ 7,801,218	\$ 5,530,634
Receivables:						
Trade	14,528	-	-	-	14,528	552
Federal and state grants	-	-	-	-	-	35,237
Pledges, net	39,168	-	-	-	39,168	36,656
Underwriting	-	34,401	-	-	34,401	64,387
Total accounts receivable	<u>53,696</u>	<u>34,401</u>	<u>-</u>	<u>-</u>	<u>88,097</u>	<u>136,832</u>
Total current assets	2,863,305	3,487,147	-	1,538,863	7,889,315	5,667,466
Investments (Note 2)	-	-	6,593,211	-	6,593,211	5,574,033
Property and equipment, at cost	-	-	-	12,617,044	12,617,044	12,389,287
Broadcast rights, net	<u>661,434</u>	<u>56,562</u>	<u>-</u>	<u>-</u>	<u>717,996</u>	<u>651,053</u>
Total assets	<u>\$ 3,524,739</u>	<u>3,543,709</u>	<u>6,593,211</u>	<u>14,155,907</u>	<u>27,817,566</u>	<u>\$24,281,839</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Current liabilities:						
Accounts payable trade	\$ 84,421	32,248	-	9,632	126,301	\$ 172,239
Deferred support and revenue	-	89,973	-	-	89,973	120,899
Other accrued liabilities	4,985	-	-	-	4,985	4,488
Accrued compensated absence (Note 4)	<u>144,552</u>	<u>64,360</u>	<u>-</u>	<u>-</u>	<u>208,912</u>	<u>187,158</u>
Total current liabilities	<u>233,958</u>	<u>186,581</u>	<u>-</u>	<u>9,632</u>	<u>430,171</u>	<u>484,784</u>
Total liabilities	233,958	186,581	-	9,632	430,171	484,784
FUND BALANCES:						
Endowment	-	-	6,593,211	-	6,593,211	5,574,033
Unrestricted	3,290,781	-	-	-	3,290,781	3,082,852
Restricted	-	3,357,128	-	-	3,357,128	1,406,607
Unexpended	-	-	-	1,538,863	1,538,863	1,344,331
Net investment in plant	-	-	-	<u>12,607,412</u>	<u>12,607,412</u>	<u>12,389,232</u>
Total fund balances	<u>3,290,781</u>	<u>3,357,128</u>	<u>6,593,211</u>	<u>14,146,275</u>	<u>27,387,395</u>	<u>23,797,055</u>
Total liabilities and fund balances	<u>\$3,524,739</u>	<u>3,543,709</u>	<u>6,593,211</u>	<u>14,155,907</u>	<u>27,817,566</u>	<u>\$24,281,839</u>

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

WOSU STATIONS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2000

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

	2000				1999	
	Operating Funds		Endowment	Plant	Total (Memorandum Only)	Total (Memorandum Only)
	Unrestricted	Restricted				
SUPPORT, REVENUE, AND OTHER ADDITIONS						
Ohio State University direct support (Note 6)	\$ 1,289,975	-	-	-	1,289,975	\$ 1,122,202
In-kind revenues:						
Contributions	2,436,792	-	-	-	2,436,792	2,490,519
Donated facilities and administrative support - Ohio State University (Note 6)	1,306,862	-	-	-	1,306,862	1,239,700
Grants from the CPB (Note 5)	1,191,651	25,014	-	-	1,216,665	1,061,400
Member contributions	2,400,954	-	-	-	2,400,954	2,273,926
Fees and services:						
Business and industry	463,990	427,394	-	-	891,384	866,961
Foundations and nonprofit organizations	119,298	267,125	-	-	386,423	229,335
Proceeds from auction	283,039	-	-	-	283,039	274,667
Federal grant award	23,530	33,887	-	-	57,417	133,466
State grants	193,013	2,947,532	-	-	3,140,545	1,412,767
Equipment acquisitions	-	-	-	418,067	418,067	508,245
Investment income						
Interest and dividends	190,330	49,970	267,486	-	507,786	474,650
Increase in fair value of investments	-	-	800,617	-	800,617	515,197
Royalties	40,425	-	-	-	40,425	16,358
Endowment contributions	-	-	209,079	-	209,079	179,345
Other	<u>188,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,063</u>	<u>136,337</u>
Total support, revenue, and other additions	10,127,922	3,750,922	1,277,182	418,067	15,574,093	12,935,075
EXPENDITURES AND OTHER DEDUCTIONS:						
Program services:						
Programming and production	3,201,271	902,674	-	-	4,103,945	3,840,483
Broadcasting	2,434,673	665,846	-	-	3,100,519	3,311,860
Program information	<u>676,231</u>	<u>13,546</u>	<u>-</u>	<u>-</u>	<u>689,777</u>	<u>667,191</u>
Total program services	6,312,175	1,582,066	-	-	7,894,241	7,819,534
Supporting services:						
Grant solicitation	209,698	36,315	-	-	246,013	165,693
Fund raising	1,097,157	53	-	-	1,097,210	942,299
Management and general	<u>2,030,023</u>	<u>96,350</u>	<u>-</u>	<u>-</u>	<u>2,126,373</u>	<u>2,031,267</u>
Total supporting services	3,336,878	132,718	-	-	3,469,596	3,139,259
Expended for plant facilities	31,190	388,839	-	9,577	429,606	507,174
Disposal of plant facilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,310</u>	<u>190,310</u>	<u>270,149</u>
Total expenditures and other deductions	<u>9,680,243</u>	<u>2,103,623</u>	<u>-</u>	<u>199,887</u>	<u>11,983,753</u>	<u>11,736,116</u>
Excess of revenues and additions over expenditures and deductions	447,679	1,647,299	1,277,182	218,180	3,590,340	1,198,959
Transfers	<u>(239,750)</u>	<u>303,222</u>	<u>(258,004)</u>	<u>194,532</u>	<u>-</u>	<u>-</u>
Net increase for the year	207,929	1,950,521	1,019,178	412,712	3,590,340	1,198,959
Fund balance, beginning of year	<u>3,082,852</u>	<u>1,406,607</u>	<u>5,574,033</u>	<u>13,733,563</u>	<u>23,797,055</u>	<u>22,598,096</u>
Fund balance, end of year	<u>\$ 3,290,781</u>	<u>3,357,128</u>	<u>6,593,211</u>	<u>14,146,275</u>	<u>27,387,395</u>	<u>\$23,797,055</u>

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

WOSU STATIONS
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2000
(With comparative totals for the year ended June 30, 1999)

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of additions over deductions	\$3,590,340	\$1,198,959
Adjustments to reconcile excess additions over deductions to net cash provided by operating activities:		
Disposal of property and equipment	190,310	270,149
Amortization and write-offs of broadcast rights	685,778	654,495
Acquisition of broadcast rights	(752,721)	(648,542)
(Increase) decrease in assets:		
Accounts receivables	48,735	63,693
Deposits	-	-
Increase (decrease) in liabilities:		
Accounts payable	(45,938)	28,002
Deferred support and revenue	(30,926)	(48,384)
Other current liabilities	<u>22,251</u>	<u>15,021</u>
Net adjustments	<u>117,489</u>	<u>334,434</u>
Net cash provided by operating activities	3,707,829	1,533,393
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition and construction of capital assets	(418,067)	(508,245)
Increase in value of investments	(800,617)	(515,197)
Purchases of investments - net	<u>(218,561)</u>	<u>(179,345)</u>
Net cash used in investing activities	<u>(1,437,245)</u>	<u>(1,202,787)</u>
Net increase in cash 2,270,584	330,606	
Cash at beginning of year	<u>5,530,634</u>	<u>5,200,028</u>
Cash at end of year	<u>\$7,801,218</u>	<u>\$5,530,634</u>

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

WOSU STATIONS

A Public Telecommunications Entity Operated By The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 1999 and 2000

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements

The accompanying financial statements of WOSU Stations include the accounts and results of operations of the following non-commercial public television and radio stations:

- WOSU-TV, Columbus, Ohio (rebroadcast in Newark and Mansfield)
- WPBO-TV, Portsmouth, Ohio
- WOSU-AM Radio, Columbus, Ohio
- WOSU-FM Radio, Columbus, Ohio
- WOSV-FM Radio, Mansfield, Ohio
- WOSE-FM Radio, Coshocton, Ohio
- WOSB-FM Radio, Marion, Ohio
- WOSP-FM Radio, Portsmouth, Ohio

WOSU Stations is a part of The Ohio State University financial reporting entity. The financial statements of the University contain more extensive disclosure of the significant accounting policies of the University as a whole.

Basis of Accounting

The financial statements are prepared in accordance with generally accepted accounting principles for state-assisted colleges and universities. Resources are classified for accounting and reporting purposes into funds that reflect the specific activities, objectives, or restrictions of the resources. Separate accounts are maintained within each fund. In the accompanying financial statements, funds that have similar characteristics are combined into fund groups, and all financial transactions have been recorded by fund group. Fund equities restricted by outside sources are so indicated and are distinguished from unrestricted funds.

Fund Accounting

The assets, liabilities and fund equities of WOSU are reported in three self-balancing fund groups as follows:

- *Operating funds* - include unrestricted and restricted resources that are available for support of WOSU's operations.
- *Endowment fund* - includes funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity and only the income be used for current operations.
- *Plant fund* - includes resources restricted or expended for property and equipment.

WOSU STATIONS

A Public Telecommunications Entity Operated By The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the years ended June 30, 1999 and 2000

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Unrestricted Member Contributions are recorded as support when pledged. Restricted Grants are recorded as support when the grant's contractual requirements have been met.

The principal restricted resources of WOSU are contributions and grants to finance specific programming produced by WOSU. These revenues are deferred until WOSU broadcasts the specific program. At such time, the amounts are included as revenues in the statement of financial activity.

Cash

WOSU's cash is maintained by The Ohio State University which commingles the funds with other Ohio State University related organizations.

Property and Equipment

Property and equipment is recorded at cost or, in the case of donated property, at its estimated fair value at date of receipt. In accordance with the practice of broadcasting stations affiliated with educational institutions, depreciation of equipment is not recorded.

Property acquired with Federal grant funds has a lien attached for 10 years after the date of the grant. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Broadcast Rights

Broadcast rights purchased by WOSU are amortized using the straight-line method over three years and are net of accumulated amortization of \$683,267 at June 30, 2000.

Endowment Fund Investments

Endowment funds are handled by the Treasurer of The Ohio State University who commingles the funds with other Ohio State University related organizations. Earned investment income is allocated to each organization based on its share of the total funds invested at the beginning of each year. Additions to Endowment funds are recorded as fund additions in the statement of financial activity. Investments are recorded at their fair market value.

Investment income from Endowment funds is unrestricted by the donors, and is recorded as such in the statement of financial activity.

WOSU STATIONS

A Public Telecommunications Entity Operated By The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the years ended June 30, 1999 and 2000

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Facilities and Administrative Support from The Ohio State University

Donated facilities from The Ohio State University consist of office and studio space together with related occupancy costs and are recorded in revenue and expense based upon the University's "modified other sponsored activities indirect cost rate" as defined by the CPB. Administrative support from The Ohio State University consist of allocated financial, student and development department costs and certain other expenses incurred by the University on behalf of WOSU.

In-Kind Contributions

Donated professional services provided by individuals and donated materials are recorded as revenue and expense at the fair value of the service or material at the date of donation as valued by the donor.

Total Columns

Total columns are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, changes in fund balances, and cash flows in conformity with generally accepted accounting principles. In addition, such data is not comparable to a consolidation because they do not reflect the elimination of interfund activities.

NOTE 2: CASH AND INVESTMENTS

The cash balance at June 30, 2000 are pooled funds which are held and managed by the Treasurer's Office of The Ohio State University. Such funds were covered by collateral held by third party trustees in collateral pools securing all public funds on deposit with the financial institution.

Endowment investments represents WOSU's share of pooled investment funds. The following summarizes pooled shares and related values as of June 30, 2000:

<u>Fund account</u>	<u>No. of Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Friends of WOSU	399.0093	\$1,379,196	\$3,704,103
Prine Classical Music	1.3276	5,300	12,324
WOSU Stations	<u>309.8897</u>	<u>1,916,624</u>	<u>2,876,784</u>
Total endowments investments	<u>710.2266</u>	<u>\$3,301,120</u>	<u>\$6,593,211</u>

WOSU STATIONS

A Public Telecommunications Entity Operated By The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the years ended June 30, 1999 and 2000

NOTE 2: CASH AND INVESTMENTS (continued)

Statement No. 3 of the Governmental Accounting Standards Board requires entities to categorize investments to give an indication of the level of risk assumed by the University at year end:

Category 1 - Investments that are insured or registered or for which securities are held by the University or its agent in the name of the University.

Category 2 - Uninsured and unregistered investments for which securities are held by the broker's or dealer's trust department or agent in the name of the University.

Category 3 - Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the University's name.

Endowment investments, handled by the University Treasurer's office, are held by an agent in the name of the University and meet the criteria of Category 1.

NOTE 3: RETIREMENT PLAN

Plan Description

Substantially all employees are covered by the Public Employees Retirement System of Ohio (PERS). WOSU also has staff that are covered under the State Teachers Retirement System (STRS). These retirement programs are statewide cost-sharing multiple-employer defined benefit pension plans. PERS and STRS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute. PERS and STRS issue separate, publicly available financial reports that include financial statements and required supplementary information. The PERS financial report may be obtained by writing to Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215 or by calling (614) 466-2085 or 1-800-222-7377. The STRS financial statements may be obtained by writing to State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215 or by calling (614) 227-4090.

Funding Policy

The Revised Code of Ohio (ORC) provides PERS and STRS statutory authority for employee and employer contributions. The required, actuarially determined, contribution rates for PERS plan members and employers are 8.50% and 13.31% of covered payroll, respectively. For STRS, the required, actuarially determined, rates for plan members are 9.30% and 14.00% of covered payroll, respectively.

WOSU STATIONS

A Public Telecommunications Entity Operated By The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the years ended June 30, 1999 and 2000

NOTE 3: RETIREMENT PLAN (continued)

Trend Information

WOSU's contributions, which represent 100% of the required employer contributions, for the year ended June 30, 2000, and for each of the preceding two years are:

Year Ended <u>June 30</u>	PERS Annual <u>Contribution</u>	STRS Annual <u>Contribution</u>
2000	\$422,798	\$14,910
1999	403,720	14,337
1998	385,647	13,838

Other Postemployment Benefits

In addition to the retirement benefits described above, PERS provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefits (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for funding of post retirement health care.

The ORC provides statutory authority for employer contributions. The 1999 employer contribution rate for state employers was 13.31% of covered payroll; 4.2% was the portion that was used to fund health care for the year. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

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

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

WOSU STATIONS

A Public Telecommunications Entity Operated By The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the years ended June 30, 1999 and 2000

NOTE 3: RETIREMENT PLAN (continued)

Other Postemployment Benefits (continued)

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

STRS provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums.

Pursuant to the Ohio Revised Code, STRS has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. Under Ohio law, medical costs paid from the funds of STRS are included in the employer contribution rate. The Retirement Board allocates employer contributions equal to 2.00% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8% of covered payroll is allocated to the Health Care Reserve Fund. The Health Care Reserve Fund allocation for the year ended June 30, 2000, will be 8% of covered payroll. The balance in the Health Care Reserve Fund was \$2.783 billion on June 30, 1999. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

NOTE 4: COMPENSATED ABSENCES

WOSU Station 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 state service. The amount of sick leave benefit payable at retirement is one fourth of the accrued but unused sick leave up to a maximum of 240 hours.

WOSU STATIONS

A Public Telecommunications Entity Operated By The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the years ended June 30, 1999 and 2000

NOTE 4: COMPENSATED ABSENCES (continued)

WOSU stations follows the University's policy for accruing sick leave liability. WOSU accrues a sick leave liability for those employees who are currently eligible to receive termination payments along with 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, WOSU Stations utilizes the University's calculated rate, 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 by WOSU Stations to the total year-of-service for WOSU current employees.

As of June 30, 2000, the accrued vacation and sick leave liability was approximately \$208,912.

NOTE 5: CORPORATION FOR PUBLIC BROADCASTING GRANT AWARDS

WOSU Stations received grant funds from the Corporation for Public Broadcasting (CPB) to assist in the operations of the stations. During 2000, the following summarizes grant funds earned during the fiscal year:

<u>CPB Grant</u>	<u>WOSU-AM</u>	<u>WOSU-FM</u>	<u>WOSU-TV</u>	<u>TOTAL</u>
Community Service	\$113,021	113,020	864,448	\$1,090,489
National Programming (NPPAG)	48,438	48,437	-	96,875
Interconnection Grant	<u>-</u>	<u>-</u>	<u>25,014</u>	<u>25,014</u>
Total	<u>\$161,459</u>	<u>161,457</u>	<u>889,462</u>	<u>\$1,212,378</u>

NOTE 6: UNIVERSITY SUPPORT

The operations of WOSU Stations are supported in part by the general revenues of Ohio State University. The University provides for the general operating costs of the stations operations. During fiscal year 2000, The Ohio State University's direct support amounted to \$1,289,975. In addition, the University provided \$1,306,862 in indirect administrative support.

WOSU STATIONS

A Public Telecommunications Entity Operated By The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the years ended June 30, 1999 and 2000

NOTE 7: INCOME BENEFICIARY

WOSU Stations is an income beneficiary of a fund administered and maintained by The Ohio State University. WOSU Stations receives income generated from the Donald R. Glancy Endowed fund in excess of \$7,000 per year to support television and radio programming needs. WOSU Stations received \$32,799 in fiscal year 2000 from this fund which is included in the statement of revenues, expenditures and changes in fund balances for the year ended June 30, 2000.

The following summarizes the value of the fund as of June 30, 2000:

<u>Fund Name</u>	<u>Market Value</u>
Donald R. Glancy Endowed Fund	\$901,936

WOSU STATIONS

Supplemental Schedule of Revenues and Expenditures By Telecommunication Operations For the Year Ended June 30, 2000

	<u>AM Radio</u>	<u>FM Radio</u>	<u>Total Radio</u>	<u>Television</u>	<u>Plant Fund</u>	<u>Total (Memorandum Only)</u>
SUPPORT, REVENUE, AND OTHER ADDITIONS:						
Ohio State University direct support (Note 6)	\$ 220,192	296,092	516,284	773,691	-	\$ 1,289,975
In-kind revenues:						
Contributions	66,755	294,229	360,984	2,075,808	-	2,436,792
Donated facilities and administrative support - Ohio State University (Note 6)	272,404	206,515	478,919	827,943	-	1,306,862
Grants from the CPB (Note 5)	162,416	161,458	323,874	892,791	-	1,216,665
Member contributions	480,707	476,638	957,345	1,443,609	-	2,400,954
Fees and services:						
Business and industry	167,561	237,342	404,903	486,481	-	891,384
Foundations and nonprofit organizations	105,840	41,448	147,288	239,135	-	386,423
Proceeds from auction	-	-	-	283,039	-	283,039
Federal grant award	33,887	8,910	42,797	14,620	-	57,417
State grants	62,635	133,499	196,134	2,944,411	-	3,140,545
Equipment acquisitions	-	-	-	-	418,067	418,067
Investment income						
Interest and dividends	91,850	91,850	183,700	324,086	-	507,786
Increase in fair value of investments	160,123	160,123	320,246	480,371	-	800,617
Royalties	-	1,359	1,359	39,066	-	40,425
Endowment contributions	41,816	41,816	83,632	125,447	-	209,079
Other	<u>26,499</u>	<u>8,714</u>	<u>35,213</u>	<u>152,850</u>	<u>-</u>	<u>188,063</u>
Total support, revenue, and other additions	1,892,685	2,159,993	4,052,678	11,103,348	418,067	15,574,093
<u>EXPENDITURES AND OTHER DEDUCTIONS:</u>						
Program services:						
Programming and production	686,043	401,284	1,087,327	3,016,618	-	4,103,945
Broadcasting	386,044	529,581	915,625	2,184,894	-	3,100,519
Program information	<u>123,272</u>	<u>127,786</u>	<u>251,058</u>	<u>438,719</u>	<u>-</u>	<u>689,777</u>
Total program services	1,195,359	1,058,651	2,254,010	5,640,231	-	7,894,241
Supporting services:						
Grant solicitation	46,097	51,910	98,007	148,006	-	246,013
Fund raising	194,212	188,940	383,152	714,058	-	1,097,210
Management and general	<u>491,845</u>	<u>405,415</u>	<u>897,260</u>	<u>1,229,113</u>	<u>-</u>	<u>2,126,373</u>
Total supporting services	732,154	646,265	1,378,419	2,091,177	-	3,469,596
Expended for plant facilities	85,226	15,917	101,143	318,886	9,577	429,606
Disposal of plant facilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,310</u>	<u>190,310</u>
Total expenditures and other deductions	<u>2,012,739</u>	<u>1,720,833</u>	<u>3,733,572</u>	<u>8,050,294</u>	<u>199,887</u>	<u>11,983,753</u>
Excess (deficit) of additions over deductions	<u>\$ (120,054)</u>	<u>439,160</u>	<u>319,106</u>	<u>3,053,054</u>	<u>218,180</u>	<u>\$ 3,590,340</u>



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
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
APRIL 10, 2001**