

Cleveland State University

**Report on Expenditures of Federal Awards in
Accordance with OMB Circular A-133**

Federal Identification Number

1-34-096-6056-A-1V

June 30, 2002



**Auditor of State
Betty Montgomery**

88 East Broad Street
P. O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490
www.auditor.state.oh.us

Board of Trustees
Cleveland State University
2121 Euclid Avenue
Cleveland, Ohio 44115-2214

We have reviewed the Independent Auditor's Report of the Cleveland State University, Cuyahoga County, prepared by PricewaterhouseCoopers, LLP, for the audit period July 1, 2001 through June 30, 2002. 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 Cleveland State University is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 28, 2003

This Page is Intentionally Left Blank.

Cleveland State University

Report on Expenditures of Federal Awards in Accordance with OMB Circular A-133 For the Year Ended June 30, 2002 Table of Contents

	Pages
Part I Financial	
Management's Discussion and Analysis	1-5
Report of Independent Accountants on Financial Statements and Schedule of Expenditures of Federal Awards	6-7
Financial Statements and Footnotes for the year ended June 30, 2002	8-21
Schedule of Expenditures of Federal Awards for the year ended June 30, 2002	22-25
Notes to Schedule of Expenditures of Federal Awards	26-27
 Part II Reports on Compliance and on the Internal Control Structure	
Report of Independent Accountants on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	28-29
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	30-31
 Part III Schedule of Findings and Questioned Costs	
Section I - Summary of Auditor's Results	32
Section II - Financial Statement Findings	33
Section III - Summary of Current Year Findings and Questioned Costs	34
Section IV - Summary of Prior Year Findings and Questioned Costs	35-39

FINANCIAL

CLEVELAND STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Cleveland State University (the University) for the year ended June 30, 2002. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Cleveland State University is part of Ohio's system of state supported and state assisted institutions of higher education. It is one of the 13 state universities in Ohio. By statute it is a body politic and corporate and an instrumentality of the State. Located in the City of Cleveland, the University is an urban institution. A majority of the University's students commute daily from their homes in the City and the surrounding five-county region.

Operating Highlights

Revenues from tuition and fees increased by \$10.5 million, or 16.8%. Two factors contributed to this increase. The first was growth in enrollment, and the second was increased tuition. Headcount enrollment increased by 2.2% over the prior year, and full-time equivalent enrollment increased by 3.6% over the prior year. Total operating revenues increased by \$15.1 million, or 16.7%, primarily due to increases in tuition. Total operating expenses increased by \$11.5 million, or 6.1%. A freeze on hiring (which has since been lifted) helped to keep the growth in expenses in check. Non-operating revenues decreased by \$2.1 million, or 2.2%, due to a cut in State support (see below).

In October 2001, the State of Ohio announced a cut of 6.0% in its support for higher education. For Cleveland State University, the cut amounted to \$4.5 million. The University responded by placing a freeze on hiring and by raising tuition 6.0% for Spring semester (in addition to an increase of 9.0% for Fall semester). As a result of these actions, the University was able to minimize its loss before other revenue and expenses and to end the fiscal year with an increase in total net assets of \$4.2 million, or 1.4%. Unrestricted net assets increased by \$7.9 million, or 49.2%, due to increased revenues and cost containment measures in unrestricted operations (including auxiliary enterprises). Approximately \$3.5 million of this increase is attributed to enrollment growth, and these funds have been committed by the University to non-recurring expenses in the areas of academic program development, computer upgrades and campus physical improvements.

Total assets increased by \$5.7 million, or 1.7%. Current assets increased by \$5.7 million, or 10.8%. The increase was primarily in investments.

Total liabilities increased by \$1.5 million or 3.3%. Current liabilities increased by \$2.1 million, while non-current liabilities decreased by \$1.0 million. The increase in current liabilities was in deferred income, and can be attributed to increased tuition.

Using the Annual Financial Report

The University's financial report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. These financial statements are prepared in accordance with accounting principles promulgated by the Governmental Accounting Standards Board (GASB). During 2002, the University adopted GASB Statement No. 35, *Basic Financial Statements- and Management's Discussion and Analysis- for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the University as whole, with resources classified into four net asset categories. Previously, financial statements focused on the accountability of individual fund groups rather than on the University as a whole.

Statement of Net Assets

The Statement of Net Assets presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities. The difference between assets and liabilities— net assets— is one indicator of the current financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summary of the University's assets, liabilities, and net assets at June 30, 2002 is as follows:

Current assets	\$ 58,598,295
Noncurrent assets:	
Capital assets, net	260,860,526
Other	<u>25,847,569</u>
Total assets	345,306,390
Current liabilities	31,225,297
Noncurrent liabilities	<u>16,519,444</u>
Total liabilities	47,744,741
Net assets	<u>\$297,561,649</u>

Current assets consist primarily of cash, operating investments, accounts and notes receivable, and prepaid expenses. Current liabilities consist primarily of accounts payable, accrued payroll liabilities, and deferred income. The University's current ratio (current assets divided by current liabilities) of 1.88:1 indicates that current assets are more than adequate to cover current liabilities as they become due.

Capital and Debt Activities

One critical factor affecting the quality of the University's programs is the development and renewal of its capital assets. Capital additions totaled \$13.1 million in 2002. Capital retirements totaled \$4.1 million. Capital additions comprise construction of new facilities, repair and renovation of existing facilities, and acquisition of equipment. Current year capital asset additions were funded primarily by capital appropriations from the State of Ohio in the amount \$6.0 million.

Bonds payable totaled \$10.2 million at June 30, 2002. These bonds were issued in prior years to finance the construction or renovation of facilities. One indicator of financial health is the viability ratio (expendable net assets divided by long-term debt). A ratio of 1:1 or greater indicates that financial viability is strong. At June 30, 2002, the University's viability ratio was 2:1.

Net Assets

Net assets represent the residual interest in the University's assets after liabilities are deducted. The University's net assets at June 30, 2002 are summarized as follows:

Invested in capital assets, net of related debt	\$250,011,311
Restricted – expendable	20,620,873
Restricted – nonexpendable	2,904,577
Unrestricted	<u>24,024,888</u>
Total net assets	<u>\$297,561,649</u>

Net assets invested in capital assets, net of related debt represent the University's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted-nonexpendable net assets primarily include endowment funds held by the University (they do not include \$15.3 million of endowment funds held by the Cleveland State University Foundation, Inc., a separately incorporated 501(c)(3) organization). Restricted-expendable net assets are subject to externally imposed restrictions governing their use.

Unrestricted net assets are not subject to externally imposed stipulations. This category includes funds functioning as endowment (quasi-endowment) of \$1.1 million.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. As a public institution, the University's dependency on State aid results in an operating deficit because the financial reporting model classifies State appropriations as nonoperating revenue. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life. Summarized revenues, expenses, and changes in net assets for the year ended June 30, 2002 are as follows:

Operating revenues	\$105,407,568
Operating expenses	<u>200,682,012</u>
Operating loss	(95,274,444)
Nonoperating revenues, net	<u>93,440,190</u>
Loss before other revenues and expenses	(1,834,254)
Other revenues and expenses	<u>6,028,309</u>
Increase in net assets	4,194,055
Net assets at beginning of year	<u>293,367,594</u>
Net assets at end of year	<u>\$297,561,649</u>

The most significant sources of operating revenues for the University are student tuition and fees of \$73.2 million, grants and contracts of \$19.2 million, and auxiliary services of \$9.4 million.

Operating expenses include the costs of instruction, research, public service, general administration, utilities, libraries, and auxiliary services. Operating expenses also include depreciation of \$17.4 million.

Sources of nonoperating revenue include State appropriations of \$74.1 million, investment income of \$2.8 million, and gifts of \$3.4 million. Other revenues consist primarily of State capital appropriations of \$6.0 million.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing and related investing activities, and helps measure the ability to meet financial obligations as they mature. A summary of the statement of cash flows for the year ended June 30, 2002 is as follows:

Net cash provided (used) by:	
Operating activities	\$(74,228,866)
Noncapital financing activities	90,781,172
Capital financing activities	(9,227,058)
Investing activities	<u>(8,322,120)</u>
Net decrease in cash	(996,872)
Cash at beginning of year	<u>2,614,284</u>
Cash at end of year	<u>\$ 1,617,412</u>

Major sources of cash included state appropriations of \$74.1 million, student tuition and fees of \$75.9 million, grants and contracts of \$19.3 million and auxiliary activities of \$9.1 million. The largest payments were for employees totaling \$123.5 million and suppliers of goods and services totaling \$58.1 million.

Credit Ratings

The University's bonds are rated "A3" by Moody's Investors Services, and "A" by Standard & Poor's. The highest achievable ratings are "A1" and "AAA", respectively. The University's capacity to meet its financial obligations is considered strong based upon these ratings.

Looking Ahead

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, State support, and the cost of health care, utilities, employee compensation and unfunded State and Federal mandates.

Paramount to the University's continuing success is the recent accreditation by the North Central Association, which awarded Cleveland State University a ten-year renewal with enthusiasm and without condition.

The University faces significant cost pressures in the future. These relate to attracting and retaining high quality faculty and staff, increasing costs of medical care and prescription drugs, volatile energy prices, and others.

A critical element to the University's future is its relationship with the State of Ohio. There is a direct relationship between the level of State support and the University's ability to control tuition growth, as declines in State appropriations generally result in increased tuition levels. The State's capital appropriations continue to support construction and renovation of the University's facilities. Economic pressures affecting the State may affect the State's future support of the University.

While it is not possible to predict the ultimate results, management believes that the University's financial condition is strong enough to weather these economic uncertainties.

**Report of Independent Accountants
on Financial Statements and Schedule
of Expenditures of Federal Awards**

To the Board of Trustees of
Cleveland State University:

In our opinion, the accompanying statement of net assets and the related statements of revenues, expenses, and changes in net assets and cash flows present fairly, in all material respects, the financial position of Cleveland State University (the “University”), a component unit of the State of Ohio, at June 30, 2002 and its revenues, expenses and changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University’s management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements 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, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the University adopted the provisions of the Governmental Accounting Standards Board (“GASB”) Statement No. 35, Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities, as amended by GASB No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, and GASB No. 38, Certain Financial Statements Note Disclosures, as of July 1, 2001.

The Management’s Discussion and Analysis (MD&A) is not a required part of the financial statements but is supplemental information required by the GASB. The MD&A has been reviewed in accordance with the standards established by the American Institute of Certified Public Accountants. Such a review, however, is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion on the MD&A information.

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2002 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

November 22, 2002

Cleveland State University
Statement of Net Assets
June 30, 2002

ASSETS

Current Assets:

Cash	\$ 1,617,412
Investments	39,079,069
Accounts Receivable, Net	7,569,247
Unbilled Charges	3,087,986
Notes Receivable, Net	1,571,881
Accrued Interest Receivable	615,278
Prepaid Expenses, Deferred Charges and Inventories	<u>5,057,422</u>
Total Current Assets	<u>58,598,295</u>

Noncurrent Assets:

Long-Term and Endowment Investments	16,459,628
Notes Receivable, Net	9,387,941
Capital Assets, Net	<u>260,860,526</u>
Total Noncurrent Assets	<u>286,708,095</u>

Total Assets	<u><u>345,306,390</u></u>
--------------	---------------------------

LIABILITIES

Current Liabilities:

Accounts Payable	6,702,671
Accrued Liabilities	8,031,201
Accrued Interest Payable	45,516
Deferred Revenue	14,774,198
Compensated Absences - Current Portion	431,783
Long-Term Debt - Current Portion	<u>1,239,928</u>
Total Current Liabilities	<u>31,225,297</u>

Noncurrent Liabilities:

Accrued Liabilities and Deposits	2,287,810
Compensated Absences - Noncurrent Portion	4,622,347
Long-Term Debt - Noncurrent Portion	<u>9,609,287</u>
Total Noncurrent Liabilities	<u>16,519,444</u>

Total Liabilities	<u><u>47,744,741</u></u>
-------------------	--------------------------

NET ASSETS

Invested in Capital Assets, Net of Related Debt	250,011,311
Restricted:	
Expendable	20,620,873
Nonexpendable	2,904,577
Unrestricted	<u>24,024,888</u>
Total Net Assets	<u>\$ <u>297,561,649</u></u>

The accompanying notes are an integral part of the financial statements

Cleveland State University
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2002

Revenues

Operating Revenues:	
Student Tuition and Fees	\$ 80,798,580
Less Scholarship Allowances	<u>7,572,647</u>
Net Student Tuition and Fees	73,225,933
Federal Grants and Contracts	8,989,259
State Grants and Contracts	5,795,513
Local Grants and Contracts	666,628
Private Grants and Contracts	3,743,207
Sales and Services	3,051,843
Auxiliary Enterprises	9,373,135
Other Sources	<u>562,050</u>
Total Operating Revenues	<u>105,407,568</u>

Expenses

Operating Expenses:	
Instruction	71,492,393
Research	13,667,129
Public Service	7,772,933
Academic Support	17,488,169
Student Services	14,563,943
Institutional Support	22,190,799
Operation and Maintenance of Plant	14,289,655
Scholarships and Fellowships	9,870,205
Auxiliary Enterprises	11,949,519
Depreciation	<u>17,397,267</u>
Total Operating Expenses	<u>200,682,012</u>
Operating Loss	<u>(95,274,444)</u>

Nonoperating Revenues (Expenses)

State Appropriations	74,131,715
Federal Grants and Contracts	10,283,740
State Grants and Contracts	3,376,991
Gifts	3,389,263
Investment Income	2,839,644
Interest on Debt	<u>(581,163)</u>
Net Nonoperating Revenues	<u>93,440,190</u>
Loss Before Other Revenues and Expenses	(1,834,254)
State Capital Appropriations	6,007,809
Capital Gifts	<u>20,500</u>
Increase in Net Assets	4,194,055

Net Assets

Net Assets at Beginning of Year	<u>293,367,594</u>
Net Assets at End of Year	<u>\$ <u>297,561,649</u></u>

The accompanying notes are an integral part of the financial statements

Cleveland State University
Statement of Cash Flows
For the Year Ended June 30, 2002

Cash Flows from Operating Activities	
Tuition and Fees	\$ 75,934,256
Grants and Contracts	19,286,665
Payments to or On Behalf of Employees	(123,471,284)
Payments to Vendors	(58,080,657)
Loans Issued to Students	(2,665,816)
Collection of Loans to Students	2,067,023
Auxiliary Enterprises Charges	9,087,054
Other Receipts	3,613,893
Net Cash Used by Operating Activities	<u>(74,228,866)</u>
 Cash Flows from Noncapital Financing Activities	
State Appropriations	74,131,715
Grants and Contracts	13,660,731
Gifts	3,389,263
Cash Provided by Stafford and PLUS Loans	40,955,148
Cash Used by Stafford and PLUS Loans	(41,313,483)
Cash Provided by Agency Fund Activities	837,900
Cash Used by Agency Fund Activities	(880,102)
Net Cash Provided by Noncapital Financing Activities	<u>90,781,172</u>
 Cash Flows from Capital Financing Activities	
Proceeds from Capital Debt	86,607
Capital Appropriations	6,007,809
Capital Gifts and Grants	20,500
Purchases of Capital Assets	(13,126,700)
Principal Paid on Capital Debt and Leases	(1,630,932)
Interest Paid on Capital Debt and Leases	(584,342)
Net Cash Used by Capital Financing Activities	<u>(9,227,058)</u>
 Cash Flows from Investing Activities	
Proceeds from Sales and Maturities of Investments	184,185,872
Interest on Investments	2,386,993
Purchase of Investments	(194,894,985)
Net Cash Used by Investing Activities	<u>(8,322,120)</u>
Net Decrease in Cash	(996,872)
Cash at Beginning of Year	2,614,284
Cash at End of Year	<u>\$ 1,617,412</u>

The accompanying notes are an integral part of the financial statements

Cleveland State University
Statement of Cash Flows
For the Year Ended June 30, 2002
(Continued)

Reconciliation of Operating Loss to Cash Used by Operating Activities	
Operating Loss	\$ (95,274,444)
Adjustments:	
Depreciation Expense	17,397,267
Loss on Disposal of Capital Assets	1,518,457
Changes in Assets and Liabilities:	
Accounts Receivables	212,075
Loans to Students and Employees	(624,966)
Unbilled Charges	(317,932)
Inventories	27,259
Prepaid Expenses and Deferred Charges	(621,760)
Accounts Payable	(98,221)
Liabilities	907,069
Deferred Revenue	2,634,719
Deposits	11,611
Cash Used by Operating Activities	\$ <u><u>(74,228,866)</u></u>

The accompanying notes are an integral part of the financial statements

CLEVELAND STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

Cleveland State University (the University) was established by the General Assembly of the State of Ohio in 1964 by statutory act under Chapter 3344 of the Revised Code of the State of Ohio. As such, it is a component unit of the State of Ohio. The University is exempt from federal income taxes under Section 115 of the Internal Revenue Code, except for unrelated business income.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

During 2002, the University adopted GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements No. 37 and 38, and applied those standards on a retroactive basis. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net asset categories:

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted:**
 - Expendable:** Net assets whose use by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
 - Nonexpendable:** Net assets subject to externally-imposed stipulations that they be maintained permanently by the University.
- **Unrestricted:** Net assets that are not subject to externally-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or may otherwise be limited by contractual agreements with outside parties. Designated unrestricted net assets were \$12,854,433 at June 30, 2002.

The adoption of GASB Statement No. 35 has among other things reduced beginning net assets (previously referred to as fund balances) by approximately \$224 million. As further discussed in Note 12, the accrual of estimated future workers' compensation claims reduced the beginning net assets by approximately \$1.67 million. Following is a reconciliation of total June 30, 2001 fund balances, as previously reported, to the restated net asset balances for the same period:

Combined Fund Balances, as previously reported	\$ 519,108,519
Accumulated Depreciation	(224,074,578)
Workers Compensation Liability	<u>(1,666,347)</u>
Combined fund balances, restated as net assets	<u>\$ 293,367,594</u>

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The University reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments are recorded at fair value, as established by the major securities markets. Purchases and sales of investments are accounted for on the trade date basis. Investment income is recorded on the accrual basis. Realized and unrealized gains and losses are reported as investment income.

Endowment investments are subject to the restrictions of gift instruments, requiring in perpetuity that the principal be invested and the income only be utilized. The University may set aside other assets for the same purposes as endowment investments (quasi-endowment); the University may expend the principal of quasi-endowment at any time.

Classified employees earn vacation at rates specified under State of Ohio law. Full time administrators and twelve-month faculty earn vacation at a rate of 22 days per year. The maximum amount of vacation that an employee can carry over from one fiscal year to the next is 30 days. The University has an accrued liability for all accumulated vacation hours, plus an estimate of the amount of sick leave that will be paid upon retirement. Salary-related fringe benefits have also been accrued.

Capital assets are stated at cost or fair value at date of gift. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives (five to forty years) of the respective assets. Amortization of the capitalized cost of assets held under capital leases is generally computed using the straight-line method over the estimated useful lives of the underlying assets or the term of the lease, whichever is shorter. The University capitalizes but does not depreciate works of art or historical treasures that are held for exhibition, education, research and public service.

The University's policy for defining operating activities as reported on the statement of revenues, expenses and changes in net assets are those that result from exchange transactions such as payments received for providing services and payments made for goods or services received. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, including state appropriations and investment income. Student tuition and fees revenues are presented net of scholarships and fellowships applied to student accounts.

Deferred revenue consists primarily of amounts received in advance of an event, such as student fees and advance ticket sales related to future fiscal years.

Auxiliary enterprise revenues primarily represent revenues generated by parking, residence hall, Convocation Center, food service, bookstore, and intercollegiate athletics.

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

In accordance with the Board of Trustees' resolution, the types of investments that may be purchased by the University, except through the endowments, are restricted to United States treasury securities, federal government agency securities, certificates of deposit, bank repurchase agreements, commercial paper, bonds and other obligations of the State of Ohio, and the State Treasurer's Asset Reserve (STAR Ohio). The endowments are managed by the Cleveland State University Foundation, which can also invest in registered investment companies and corporate bonds.

At June 30, 2002, the cash and cash equivalents balance of \$1,617,412 is after the University recorded an overdraft of \$1,702,320 in accounts payable. The bank balance at June 30, 2002 was \$2,790,539, of which \$458,251 was covered by federal depository insurance, and \$2,332,288 was covered by collateral held by the trust department of a bank other than the pledging bank in the name of the pledging bank.

Included in the long term and endowment investments is \$1,260,300, which is designated for the purchase of capital assets.

GASB Statement No. 3 requires government entities to categorize investments to give an indication of the level of risk assumed by the entity. Category 1 includes investments that are insured or registered or for which the securities are held by the University or its agent in the name of the University. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the name of the University. Category 3 includes 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.

Fair value is based on the quoted market price. The University held the following types of investments at June 30, 2002:

	Market	Cost
Category 1:		
Bond Mutual Funds	\$ 850,770	\$ 862,174
Stock Mutual Funds	<u>1,293,558</u>	<u>1,267,783</u>
	<u>2,144,328</u>	<u>2,129,957</u>
Category 2:		
U.S. Government Securities	<u>24,949,936</u>	<u>24,809,630</u>
Not Categorized:		
STAROhio	<u>28,444,433</u>	<u>28,444,433</u>
Total Investments	<u>\$ 55,538,697</u>	<u>\$ 55,384,020</u>
Less Current Portion	<u>39,079,069</u>	
Total Non Current Investments	<u>\$ 16,459,628</u>	

The University's non-endowment investments consist principally of deposits with STAROhio and U.S. government securities.

STAR Ohio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. Amounts invested with STAR Ohio are not classifiable as to risk category because the University does not own identifiable securities of the pool. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Act of 1940.

The University classifies all investments that mature in less than one year as current investments.

NOTE 3 – RECEIVABLES

The composition of accounts receivable at June 30, 2002 is summarized as follows:

Student accounts	\$ 8,832,895
Grants	<u>1,046,423</u>
Total Accounts Receivable	9,879,318
Less allowance for uncollectable accounts	<u>2,310,071</u>
Accounts Receivable - Net	<u>\$ 7,569,247</u>

Notes receivable consist primarily of loans to students under the federal Perkins Loan Program. The composition of notes receivable at June 30, 2002 is summarized as follows:

Perkins Loan Program	\$ 11,405,457
Foundation Capital Campaign	201,665
Other	<u>39,248</u>
Total Notes Receivable	11,646,370
Less allowance for uncollectable accounts	<u>686,548</u>
Notes Receivable - Net	10,959,822
Less Current Portion	<u>1,571,881</u>
Total Non Current Notes Receivable	<u><u>\$ 9,387,941</u></u>

NOTE 4 – STATE SUPPORT

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

In addition, the State of Ohio provides the funding and constructs major plant facilities on the University's campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn causes the construction and subsequent lease of the facility, by the Ohio Board of Regents. Upon completion, the Board of Regents turns over control of the facility to the University. Neither the obligation 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. These are currently being funded through appropriations to the Board of Regents by the General Assembly.

The facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the State.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2002 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets:				
Land	52,026,290	806,833	0	52,833,123
Land Improvements	14,933,778	3,800	0	14,937,578
Buildings	329,269,809	6,864,050	1,500,134	334,633,725
Equipment	42,694,794	2,919,100	2,502,861	43,111,033
Library Books	44,697,302	2,532,917	114,820	47,115,399
Capitalized Collections	<u>7,102,155</u>	<u>0</u>	<u>0</u>	<u>7,102,155</u>
Total Capital Assets	<u>490,724,128</u>	<u>13,126,700</u>	<u>4,117,815</u>	<u>499,733,013</u>
Less Accumulated Depreciation:				
Land Improvements	5,156,965	722,066	0	5,879,031
Buildings	150,341,113	9,139,481	508,374	158,972,220
Equipment	34,145,561	5,176,828	1,978,655	37,343,734
Library Books	<u>34,430,939</u>	<u>2,358,892</u>	<u>112,329</u>	<u>36,677,502</u>
Total Accumulated Depreciation	<u>224,074,578</u>	<u>17,397,267</u>	<u>2,599,358</u>	<u>238,872,487</u>
Capital Assets, Net	<u>266,649,550</u>	<u>(4,270,567)</u>	<u>1,518,457</u>	<u>260,860,526</u>

NOTE 6 – LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2002 is summarized as follows:

	<u>Beginning Balance</u>	<u>New Debt</u>	<u>Principal Repayment</u>	<u>Ending Balance</u>
Bonds payable	\$ 10,995,000	\$ 0	\$ 775,000	\$ 10,220,000
Capital leases	<u>1,398,540</u>	<u>86,607</u>	<u>855,932</u>	<u>629,215</u>
Total debt	12,393,540	<u>\$ 86,607</u>	<u>\$ 1,630,932</u>	10,849,215
Less current portion	<u>1,652,762</u>			<u>1,239,928</u>
Total long-term debt	<u>\$ 10,740,778</u>			<u>\$ 9,609,287</u>

The University has two general receipts bond issues outstanding. The bonds were issued May 1, 1993 and November 1, 1996 and the proceeds were used to refinance existing debt and to renovate existing buildings. The bonds have various call provisions and interest is paid semi-annually. Interest rates on the bonds vary from 4.7% to 6.15%.

The University leases various pieces of equipment, which have been recorded as capital leases in amounts representing the present value of future minimum lease payments. Capital lease obligations bear interest at 3.6% to 16.2% a year and are collateralized by equipment with an aggregate net book value of \$264,828 at June 30, 2002.

Principal and interest payable for the next five years and in subsequent five-year increments are as follows:

	<u>Bonds Payable</u>		<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 810,000	\$ 546,192	\$ 429,928	\$ 18,518
2004	855,000	506,113	93,618	7,842
2005	895,000	461,202	63,599	3,547
2006	950,000	413,957	41,568	724
2007	1,000,000	363,567	502	14
2008-2012	4,875,000	1,003,518	0	0
2013-2013	835,000	45,925	0	0
Total	\$ <u>10,220,000</u>	\$ <u>3,340,474</u>	\$ <u>629,215</u>	\$ <u>30,645</u>

NOTE 7 – RETIREMENT PLANS

Substantially all non-student University employees are covered by either the State Teachers Retirement System of Ohio (STRS) or the Public Employees Retirement System of Ohio (PERS). Both systems are cost-sharing, multiple-employer, public employees retirement systems.

The University also offers eligible employees an alternative retirement program. The University is required to contribute to STRS 5.76% of earned compensation for those employees participating in the alternative retirement program. The University's contribution for the year ended June 30, 2002 was \$232,333, which equals 5.76% of earned compensation.

STRS is a statewide retirement plan for certified teachers. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute. Contribution rates are established by the State Teachers Retirement Board, not to exceed the statutory maximum rates of 10% for employees and 14% for employers. Currently, employees contribute 9.3% of covered payroll and employers contribute 14% of covered payroll. The University's contributions to STRS for the years ending June 30, 2002, 2001, and 2000 were \$5,979,650, \$6,085,049, and \$6,203,929, respectively, equal to the required contributions for each year. STRS issues a stand-alone financial report. The report may be obtained by writing to STRS, 275 East Broad Street, Columbus, OH 43215-3771, or by calling (614) 227-4090.

PERS is a statewide retirement plan, which covers non-teaching University employees. 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. Contribution rates are established by the Public Employee Retirement Board, not to exceed the statutory maximum rates of 10% for employees and 14% for employers. Currently, employees contribute 8.5% of covered

payroll and employers contribute 13.31% of covered payroll. The University's contributions to PERS for the years ending June 30, 2002, 2001, and 2000 were \$5,005,338, \$3,952,110, and \$4,538,069, respectively, equal to the required contributions for each year. PERS issues a stand-alone financial report. The report may be obtained by writing to PERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 466-2085.

In addition to pension benefits, STRS and PERS provide postretirement health care benefits to retirees. Statutory authority for employer contributions to fund postretirement health care benefits is provided by the Ohio Revised Code.

STRS allocates one-eighth of employer contributions to a health care reserve fund. The portion of the University's fiscal year 2002 contribution allocated by STRS to the health care reserve fund was approximately \$1,847,352. The balance in the health care reserve fund at June 30, 2001 was \$3,256,000,000.

PERS allocates a portion of each employer's contribution to fund postretirement health care benefits; for the year ended December 31, 2001, the state employer's rate and law enforcement employer's rate was 4.3%. The portion of the University's fiscal year 2002 contribution allocated by PERS to fund postretirement health care benefits was approximately \$1,617,051. At December 31, 2000, the estimated net assets available for future postretirement benefit payments were \$11,735,900,000.

NOTE 8 – RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. On July 1, 1993, the University joined with eleven other state-assisted universities in Ohio to form an insurance-purchasing pool for the acquisition of commercial property and casualty insurance. The University pays annual premiums to the pool for its property and casualty insurance coverage. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The University maintains a self-insured dental plan for its employees. The University's risk exposure is limited to claims incurred. Total claims paid during the year ended June 30, 2002 were \$808,653. A liability for estimated unpaid dental claims (including incurred but not reported claims) in the amount of \$75,000 has been accrued as of June 30, 2002. This estimate is based on an analysis of historical claims paid. The University maintains a self-insured medical plan for its employees. The University's risk exposure is limited to claims incurred. Total claims paid during the year ended June 30, 2002 were \$4,320,930. A liability for estimated unpaid medical claims (including incurred but not reported claims) in the amount of \$733,702 has been accrued as of June 30, 2002. This estimate is based on an analysis of historical claims paid.

NOTE 9 – RELATED ORGANIZATIONS

The University is the sole beneficiary of the Cleveland State University Foundation, Inc. (the Foundation), and of the Cleveland-Marshall Fund (the Fund). The Foundation is a separate not-for-profit entity organized for the purpose of providing support for the general educational needs of the University. The Fund is an independent trust formed to provide for the general enrichment of the legal education program at the University's Cleveland-Marshall College of Law. The University has determined that neither the Foundation nor the Fund is a component unit of the University as defined

in Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, and therefore financial activity of the Foundation and of the Fund are not included in the University's financial statements. Assets of the Foundation and of the Fund at June 30, 2002, were \$21,209,637 and \$4,736,934, respectively. Amounts received in 2002 by the University from the Foundation and from the Fund are restricted and are included in private gifts, grants and contracts in the accompanying financial statements in the amount of \$3,679,293 and \$302,155 respectively.

During 1992, costs aggregating \$720,000 associated with the Foundation's fund raising campaign were paid by the University. The balance of the receivable, which was \$201,665 at June 30, 2002, will be repaid by the Foundation in future years.

As authorized by the Board of Trustees, beginning in Fiscal Year 1998, the University placed Endowment and Quasi-Endowment funds on deposit with the Foundation for investment. As of June 30, 2002, the amount on deposit totaled \$2,144,328.

NOTE 10 – LITIGATION AND CONTINGENCIES

Grants

The University receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Current Fund or other applicable funds. However, in the opinion of the University administration, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the University at June 30, 2002.

Litigation

During the normal course of its operations, the University has become a defendant in various legal actions. It is not possible to estimate the outcome of these legal actions; however, in the opinion of legal counsel and the University administration, the disposition of these pending cases will not have a material adverse effect on the financial condition or operations of the University.

NOTE 11 – TITLE IV CERTIFICATION

On September 17, 2001, the University was notified by the Department of Education that the University was granted provisional certification, for a period not to exceed three years, to participate in Title IV, HEA programs. The University is under provisional status and must reapply before being taken off of provisional status.

NOTE 12 – ALLOCATION OF UNFUNDED WORKERS’ COMPENSATION LIABILITY

Under the State of Ohio’s workers’ compensation program, Public Employer State Agencies, including state universities and university hospitals, pay workers’ compensation premiums into the State Insurance Fund on a pay-as-you-go basis. The Actuarial Section of the Bureau of Workers Compensation determines a rate for each governmental agency that will generate premium collections equal to the losses anticipated to be paid in the coming year. As part of the State of Ohio’s implementation of GASB Statements No. 34 and 35, the State has allocated the unfunded workers’ compensation liabilities for Public Employer State Agencies to the individual agencies. The Auditor of State has instructed state-assisted colleges and universities to incorporate these allocated liabilities in their financial reports. Accordingly, the University’s Statement of Net Assets reflects an unfunded workers’ compensation liability of \$2,217,110 at June 30, 2002.

SUPPLEMENTAL FINANCIAL INFORMATION

Cleveland State University
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2002

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Expenditures
Student Financial Aid			
Department of Education			
Direct programs			
Federal Pell Grant Program	84.063		\$ 8,566,907
Federal Work-Study Program	84.033		873,825
Federal Supplemental Educational Opportunity Grants	84.007		833,982
Federal Perkins Loan Program	84.038		273,478
Department of Education Subtotal			10,548,192
Total Student Financial Aid			10,548,192
TRIO Programs			
Department of Education			
Direct programs			
TRIO Student Support Services	84.042		400,111
TRIO Upward Bound	84.047		297,795
Total TRIO			697,906
Adult Education State Grant Program			
Department of Education			
Pass through programs			
Ohio Department of Job and Family Services	84.002	W203W3	600,317
Total Adult Education State Grant Program			600,317
Research and Development			
Department of Health and Human Services			
Direct programs			
Human Genome Research	93.172		172,316
Consolidated Knowledge Development and Application (KD&A) Program	93.230		(7,877)
Drug Abuse Research Programs	93.279		157,161
Clinical Research	93.333		53,779
Cancer Detection and Diagnosis Research	93.394		141,269
Cancer Biology Research	93.396		123,685
Research Infrastructure	93.839		159,974
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		17,931
Genetics and Developmental Biology Research and Research Training	93.862		1,691
Center for Research for Mothers and Children	93.865		198
Pass through programs			
Positive Education Program - Consolidated Knowledge Development and Application (KD&A) Program	93.230	6 UDI SP09147-02-1	85,403
Cleveland Clinic Foundation - Consolidated Knowledge Development and Application (KD&A) Program	93.230	6 UDI SP09147-02-1	12,361
Case Western Reserve University - Alcohol Research Programs	93.273	5 R01 AA-10847-02	1,913
		5 R01 DA-07358-09 &	
Case Western Reserve University - Drug Abuse Research Programs	93.279	5 R01 DA-07957-08	55,004
Ohio Department of Education - Nursing Research	93.361	062950-6B-SX-02P	13,705
University of Vermont - Blood Diseases and Resources Research	93.839	2 R01 HL34575-15	19,272
Northeastern University - Genetics and Developmental Biology Research and Research Training	93.862	541060P103110	6,613
		5 R01 HD-26554-11 &	
Case Western Reserve University - Center for Research for Mothers and Children	93.865	5 R01 HD-39756-02	23,736
Department of Health and Human Services Subtotal			1,038,134
National Aeronautics and Space Administration			
Direct programs			
Technology Transfer	43.002		2,457,736
Pass Through Programs			
University of Iowa -Technology Transfer	43.002	NCC8-98	56,316
University of Arizona -Technology Transfer	43.002	NCC8-96	22,447
Terry Simon - Technology Transfer	43.002	NAG 3-2482	6,000
Gedeon Associates - Technology Transfer	43.002	NAG 3-2482	22,909
University of Minnesota - Technology Transfer	43.002	NAG 3-2482	70,000
Ohio Aerospace Institute - Technology Transfer	43.002	R-300-100175-40102	2,172
Rochester Institute of Technology - Technology Transfer	43.002	NAG 3-2484	10,000
Science Applications International Corp.-Technology Transfer	43.002	NAS3-97152	62,136
National Aeronautics and Space Administration Subtotal			2,709,716
National Science Foundation			
Direct programs			
Engineering Grants	47.041		17,492
Biological Sciences	47.074		9,713

Cleveland State University
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2002

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Expenditures
Pass Through Programs			
Stanford Research Institute - Computer and Information Science and Engineering	47.070	EIA-9720384	5,589
University of Akron - Biological Sciences	47.074	DBI-9907585	1,500
University of New Hampshire - Biological Sciences	47.074	Sub# 00-411	86,470
Johns Hopkins University - Social, Behavioral, and Economic Sciences	47.075	SES-0078752	24,088
National Science Foundation Subtotal			144,852
United States Department of Agriculture			
Direct programs			
Agricultural and Rural Economic Research	10.250		12,477
Rural Development, Forestry and Communities	10.672		1,262
Pass Through Programs			
Mangi Environmental Group, Inc. - Environmental Quality Incentives Program	10.912		(310)
United States Department of Agriculture Subtotal			13,429
United States Department of Commerce			
Pass Through Programs			
National Oceanic and Atmospheric Administration through OSU Research Foundation - Sea Grant Support	11.417	NA86RG0053	44,040
Cleveland Housing Network - Technology Opportunities	11.552	CHN-T2K	26,750
United States Department of Commerce Subtotal			70,790
United States Department of Transportation			
Pass Through Programs			
University of Alabama-Birmingham - Federal Transit Metropolitan Planning Grants	20.505	AL-26-7021	33,454
United States Department of Transportation Subtotal			33,454
United States Department of Defense			
Pass Through Programs			
U.S. Army through the Cleveland Clinic Foundation - Military Medical Research and Development	12.420	DAMD17-00-1-0717	18,936
Allied Signal Engines - Research and Technology Development	12.910	F33615-98-C-2927	56,156
United States Department of Defense Subtotal			75,092
United States Department of Housing and Urban Development			
Pass Through Programs			
City of Cleveland - Community Development Block Grants/Special Purpose Grants/Technical Assistance Program	14.227	59081	11,263
Urban Institute - Rural Housing and Economic Development	14.250	GS-23F-8199H	2,600
National Research Council - HUD Urban Scholars Fellowship Grants	14.518	TJ2041	21,321
United States Department of Housing and Urban Development Subtotal			35,184
National Endowment for the Humanities			
Pass Through Programs			
University Of Denver-Promotion of the Humanities Division of Preservation and Access	45.149	PA23362-99 & PA23787-01	31,917
National Endowment for the Humanities Subtotal			31,917
Environmental Protection Agency			
Direct programs			
Surveys, Studies, Investigations and Special Purpose Grants	66.606		175,480
Pass Through Programs			
NE Ohio Regional Sewer District - State Public Water System Supervision	66.432	R-82829801-0	12,540
Earth Day Coalition - Surveys, Studies, Investigations and Special Purpose Grants	66.606	XP-97527301-1	23,248
CSU College of Urban Affairs - Surveys, Studies, Investigations and Special Purpose Grants	66.606	XP-97527301-1	21,341
Environmental Protection Agency Subtotal			232,609
Department Of Energy			
Direct programs			
Energy-Related Inventions	81.036		48,636
Pass Through Programs			
University of Minnesota - Energy-Related Inventions	81.036	DE-FC36-00G010627	77,385
Gedeon Associates - Energy-Related Inventions	81.036	DE-FC36-00G010627	14,153
NASA - Energy-Related Inventions	81.036	DE-FC36-00G010627	14,452
Clemson University-Office of Energy Research Financial Assistance Program	81.049	Sub# 96-01-SR042	(2,448)
Department Of Energy Subtotal			152,178
Department of State			
Direct programs			
Educational Exchange University Lecturers (Professors) and Research Scholars	19.401		21,600
Department of State Subtotal			21,600
Department Of Education			
Direct programs			
Higher Education Institutional Aid	84.031		9,406
Fund for the Improvement of Postsecondary Education	84.116		238,805
National Institute on Disability and Rehabilitation Research	84.133		147,040

Cleveland State University
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2002

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Expenditures
Pass Through Programs			
Ohio Department of Education - Special Education Grants to States	84.027	062950-6B-SX-01P	20,888
Spectrum of Support Services - National Institute on Disability and Rehabilitation Research	84.133	H133G990036-00	2,505
Bridgeway, Inc. - National Institute on Disability and Rehabilitation Research	84.133	H133G990036-00	2,505
Peter Li - National Institute on Disability and Rehabilitation Research	84.133	H133G990036-00	5,000
University of New Orleans Foundation - Fund for the Improvement of Education	84.215	R215K000018	5,000
McSquared, Inc. - Teacher Quality Enhancement Grants	84.336	OBR 235-417	12
University of Milwaukee - Teacher Quality Enhancement Grants	84.336	MC00006-USDE	6,234
Department Of Education Subtotal			437,395
Total Research and Development			4,996,350
Total Major Programs			16,842,765
OTHER FINANCIAL ASSISTANCE			
United States Department of Agriculture			
Pass Through Programs			
Ohio Department of Education-Summer Food Service Program for Children	10.559	EDU214	16,868
United States Department of Agriculture Subtotal			16,868
United States Department of Commerce			
Direct programs			
Economic Development-Technical Assistance	11.303		143,235
Economic Development Administration Subtotal			143,235
United States Department of Housing and Urban Development			
Direct programs			
Community Outreach Partnership Center Program	14.511		34,761
Community Development Work-Study Program	14.512		108,529
United States Department of Housing and Urban Development Subtotal			143,290
National Aeronautics and Space Administration			
Direct programs			
Aerospace Education Services Program	43.001		20,386
Pass Through Programs			
Ohio Space Grant Consortium - Aerospace Education Services Program	43.001	SEED	26,123
University of Alabama - Aerospace Education Services Program	43.001	NAG5-9388	20,615
National Aeronautics and Space Administration Subtotal			67,124
National Foundation on the Arts and the Humanities			
Pass Through Programs			
American Association of Museums - Museum Assessment Program	45.302	IM-0082-00	17
National Foundation on the Arts and the Humanities Subtotal			17
National Science Foundation			
Direct programs			
Engineering Grants	47.041		62,900
Computer and Information Science and Engineering	47.070		33,570
Education and Human Resources	47.076		85,915
Pass Through Programs			
Youth Opportunities Unlimited - Engineering Grants	47.041	DUE9850288	2,556
Lakeland Community College - Engineering Grants	47.041	EEC9732219	23,482
Lorain County Community College - Engineering Grants	47.041	DUE9850288	13,883
National Science Foundation Subtotal			222,306
Environmental Protection Agency			
Direct programs			
Surveys, Studies, Investigations and Special Purpose Grants	66.606		129,331
Pass Through Programs			
Kirsten Toth - Surveys, Studies, Investigations and Special Purpose Grants	66.606	X-97546701-0	57,825
Environmental Protection Agency Subtotal			187,156
Department of State			
Direct programs			
College and University Partnerships Program	19.405		30,426
College and University Affiliations Program	19.406		20,424
Pass Through Programs			
United States Information Agency - College and University Partnerships Program	19.405	IA-ASJL-G8190119	11,439
Association Liaison Office - College and University Partnerships Program	19.405	HNE-A-97-00059-00	71,936
Department of State Subtotal			134,225
Department Of Education			
Direct programs			
International: Overseas Group Projects Abroad	84.021		59,673
Fund for the Improvement of Postsecondary Education	84.116		9,198
Bilingual Education Professional Development	84.195		75,137
Preparing Tomorrow's Teachers to Use Technology	84.342		255,134

Cleveland State University
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2002

FEDERAL GRANTOR/PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Expenditures
Pass Through Programs			
University of New Orleans Foundation - Fund for the Improvement of Postsecondary Education	84.116	P1162010135	13,348
Kent State University - Safe and Drug-Free Schools and Communities National Programs	84.184	91-1000-0-1-504 Synergy P1162010135 &	57,936
University of New Orleans Foundation - Fund for the Improvement of Education	84.215	R215K000018	33,490
Ohio Department of Education - Goals 2000 State and Local Education Systemic Improvement Grants	84.276	062950-G2-SP-2000	14,117
Ohio Board of Regents/Eisenhower Professional Development State Grants	84.281	01-23, 01-21, 00-18, 00-20 062950-MS-S4-2000 &	89,158
Ohio Department of Education - Eisenhower Professional Development State Grants	84.281	062950-MS-S4-99	119,204
Ohio Board of Regents - Eisenhower Regional Mathematics and Science Education Consortia	84.319	SMART CG00309-160222-412-3	53,852
Miami University - Eisenhower Regional Mathematics and Science Education Consortia	84.319	&CG00180-160222-525-1	10,196
Ohio Department of Education - Special Education State Program Improvement Grants for Children with Disabilities	84.323	062950-ST-S1-00P	14,587
Ohio Board of Regents - Teacher Quality Enhancement Grants	84.336	Title II TQA	9,519
Cleveland Municipal School District - Reading Excellence	84.338	PO#84606	62,352
Baldwin Wallace - Preparing Tomorrow's Teachers to Use Technology	84.342	P342A000082	48,966
John Carroll University - Preparing Tomorrow's Teachers to Use Technology	84.342	P342A000082	73,166
Notre Dame College - Preparing Tomorrow's Teachers to Use Technology	84.342	P342A000082	13,250
Ursuline College - Preparing Tomorrow's Teachers to Use Technology	84.342	P342A000082	6,847
Department Of Education Subtotal			<u>1,019,130</u>
Department of Health and Human Services			
Direct programs			
Health Careers Opportunity Program	93.822		243,903
Health Administration Traineeships and Special Projects Program	93.962		44,174
Pass Through Programs			
National Youth Sports Program-President's Council on Physical Fitness and Sports	93.289	#80-8101 & #80-8103	35,062
Department of Health and Human Services Subtotal			<u>323,139</u>
Corporation for National and Community Service			
Pass Through Programs			
Ohio Department of Education/William Harris - Learn and Serve America School and Community Based Programs	94.004	97LSA0H311	12,934
Ohio Department of Education - Learn and Serve America School and Community Based Programs	94.004	97LSA0H311	14,037
Wright State University - Learn and Serve America Higher Education	94.005	00LHEOH02	1,733
Corporation for National and Community Service Subtotal			<u>28,704</u>
Total Other Financial Assistance			<u>2,285,194</u>
Total Federal Awards			<u>\$ 19,127,959</u>

Cleveland State University

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2002

1. Summary of Significant Accounting Policies

a. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant transactions of Cleveland State University (the "University") recorded on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the University has expended the funds in accordance with the award.

b. Subrecipients

The University passes through certain funds to subgrantee organizations. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the Schedule of Expenditures of Federal Awards. During the year ended June 30, 2002, the University disbursed funds to subrecipients in the amount of \$667,542. The University is also the subrecipient of federal funds which have been subject to testing and are reported as expenditures and listed separately as pass-through programs.

2. Indirect Cost Rates

The University recovers indirect costs by means of predetermined fixed indirect cost rates. The predetermined fixed rates are a result of negotiated agreements with the Department of Health and Human Services. The predetermined fixed rates effective for the year ending June 30, 2002 are 62.0% for on-campus research and 19.0% for off-campus research. The base for the predetermined fixed rates is salaries and wages.

3. Loan Advances

The following schedule represents total Perkins loans advanced to students by the University and outstanding balances for the Perkins program as of and for the year ended June 30, 2002.

	<u>CFDA Number</u>	<u>Amounts Advanced</u>	<u>Outstanding Balance</u>
Perkins Loan program	84.038	\$2,382,457	\$11,410,647

During the year ended June 30, 2002, the University received \$273,478 of federal capital contributions, which are included in the Schedule of Expenditures of Federal Awards.

4. Federal Family Education Loan Program

During the year ended June 30, 2002, the University processed \$41,895,673 in new loans under the Federal Family Education Loan Program, CFDA Number 84.032.

Cleveland State University

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2002

5. Reconciliation

The following schedule is a reconciliation of total expenditures as shown on the Schedule of Expenditures of Federal Awards to the revenue items shown as federal grants and contracts on the Statement of Revenues, Expenses and Changes in Net Assets (the "Statement"), which is included as part of the University's financial statements:

Expenditures per Schedule of Expenditures of Federal Awards	\$ 19,127,959
Perkins Loan Funds excluded from federal grants on Statement	(273,478)
Indirect costs excluded from federal grants on Statement	(986,360)
Title IV program adjustments	<u>(7,924)</u>
Total expenditures	17,860,197
Increase in unbilled charges	220,656
Revenues in excess of expenditures	918,668
Loan Fund	273,478
Nonoperating revenues	<u>(10,283,740)</u>
Federal grants and contracts as shown on the Statement	<u>\$ 8,989,259</u>

Current restricted funds derived from appropriations, gifts or grants may be used only to meet current expenditures for the purposes specifically identified by sponsoring agencies. The appropriations, gifts or grants are recognized as revenue in the University's financial statements as expended. Therefore, expenditures per the Schedule of Expenditures of Federal Awards agree with revenue per the Statement, except as noted above. The nonoperating revenues adjustment includes Pell, Work-Study and Supplemental Educational Opportunity Grants revenues that are included in nonoperating revenues on the Statement.

**REPORTS ON COMPLIANCE AND ON THE
INTERNAL CONTROL STRUCTURE**

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

To the Board of Trustees of
Cleveland State University:

We have audited the financial statements of Cleveland State University (the “University”), a component unit of the State of Ohio, as of and for the year ended June 30, 2002, and have issued our report thereon dated November 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the University’s ability to record, process, summarize, and report financial data consistent with the assertion of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 02-1.

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. 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe any of the reportable conditions described above qualify as material weaknesses. We have, however, noted other matters involving the internal control over financial reporting, which we have reported to management of the University in a separate letter dated November 22, 2002.

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

PricewaterhouseCoopers LLP

November 22, 2002

**Report of Independent Accountants on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over Compliance
in Accordance with OMB Circular A-133**

To the Board of Trustees of
Cleveland State University:

Compliance

We have audited the compliance of Cleveland 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, 2002. The University’s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to 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, 2002.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the University's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 02-1.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe any of the reportable conditions described above qualify as material weaknesses.

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

PricewaterhouseCoopers LLP

November 22, 2002

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Cleveland State University

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2002

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified
Internal control over financial reporting:
Material weakness(es) identified? yes no
Reportable condition(s) identified not considered
to be material weaknesses? yes none reported
Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major programs:
Material weakness(es) identified yes no
Reportable condition(s) identified not considered
to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs? Unqualified

Any audit findings disclosed that are required to be reported
in accordance with Circular A-133, Section .510(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
See Schedule of Expenditures of Federal Awards	Student Financial Aid Research and Development TRIO Adult Education

Dollar threshold used to distinguish between Type A and
Type B programs: \$573,839

Auditee qualified as low-risk auditee yes no

Cleveland State University

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2002

Section II - Financial Statement Findings

Finding 02-1: The University Needs to Enhance the PowerFAIDS Application Access Controls and Needs to Enhance the Interface Policies and Procedures

Condition

In the prior year, our review of each user's access to the PowerFAIDS application revealed ten University users and one consultant had powerful supervisor-level access. Additionally, we identified one individual, who no longer had security related responsibilities, with an active administrator account in the PowerFAIDS application. These access levels were above the level required to perform current responsibilities for several individuals. Of the remaining, non-supervisor level user accounts, we noted that most user IDs had the same level of access to PowerFAIDS. In addition, during our review of the interface design documents and related policies and procedures, we noted weaknesses related to the documentation of policies and procedures.

During the current year review of the PowerFAIDS application access listing, we noted 5 supervisor or admin level accounts. Three belonged to appropriate users and two were emergency passwords stored in sealed envelopes. It appears that the University addressed the access issue during 2002, however, for a portion of the year ended June 30, 2002, these controls were not in place.

The weaknesses related to the documentation of policies and procedures continued to exist during the year.

Criteria

Institutions must maintain effective internal controls when administering federal financial aid.

Cause/Effect

Federal dollars could be awarded erroneously if the proper controls and policies and procedures are not in place and not adequately documented.

Recommendation

We noted that the University properly addressed the access issue by the end of fiscal 2002. We recommend that the University document its policies and procedures.

Management's Response

We agree with the recommendation and as new policies and procedures are developed the University will document them. The University reviews all policies and procedures annually and updates them as needed.

Cleveland State University

**Schedule of Findings and Questioned Costs, Continued
For the Year Ended June 30, 2002**

Section III – Summary of Current Year Findings and Questioned Costs

See finding in Section II.

Cleveland State University

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2002

Section IV – Summary of Prior Year Findings and Questioned Costs

Finding 01-1: The University Needs to Enhance the PowerFAIDS Application Access Controls and Needs to Enhance the Interface Policies and Procedures

Audit Finding

Our review of each user's access to the PowerFAIDS application revealed ten University users and one consultant had powerful supervisor-level access. Additionally, we identified one individual, who no longer has security related responsibilities, with an active administrator account in the PowerFAIDS application. These access levels are above the level required to perform current responsibilities for several individuals. Of the remaining, non-supervisor level user accounts, we noted that most user IDs have the same level of access to PowerFAIDS.

In addition, during our review of the interface design documents and related policies and procedures, we noted weaknesses related to the documentation.

Status

See current year finding 02-1.

Cleveland State University

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2002

Section IV – Summary of Prior Year Findings and Questioned Costs, Continued

Finding 01-2: Refunds Need to be Distributed on a Timely Basis

Audit Finding

During our testing of students subject to Federal refunds, we noted that the University did not disburse the refunds in a timely manner. Of the twenty University students selected, three refunds were not disbursed timely.

Status

We have addressed this finding through the implementation of the corrective action as included in the prior year report. This was not noted in the current year as a finding again.

Cleveland State University

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2002

Section IV – Summary of Prior Year Findings and Questioned Costs, Continued

Finding 01-3: Federal Reporting Should be Done in a Timely Manner

Audit Finding

During the testing of federal reporting, we noted that the University did not submit the Pell payment data on a timely basis. Of the twenty students selected, the disbursement data for three was submitted later than 30 days after the payment.

Status

We have addressed this finding through the implementation of the corrective action as included in the prior year report. This was not noted in the current year as a finding again.

Cleveland State University

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2002

Section IV – Summary of Prior Year Findings and Questioned Costs, Continued

Finding 01-4: Eligibility Requirements Not Met for Upward Bound Program

Audit Finding

During our testing of eligibility for the Upward Bound program (CFDA 84.047), we noted that it appears that two of the 15 students selected did not meet the eligibility requirement.

Status

We have addressed this finding through the implementation of the corrective action as included in the prior year report. This was not noted in the current year as a finding again.

Cleveland State University

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2002

Section IV – Summary of Prior Year Findings and Questioned Costs, Continued

Finding 01-5: Annual Report Documentation Not Available

Audit Finding

During our testing of eligibility for the Upward Bound program (CFDA 84.047), we noted that in the annual performance report there are five project objectives which are discussed and submitted for the program year. One of the project outcomes for the year was not supportable by current, verifiable documentation.

Status

We have addressed this finding through the implementation of the corrective action as included in the prior year report. This was not noted in the current year as a finding again.

This Page is Intentionally Left Blank.

Cleveland State University
Report of Independent Accountants on the
Intercollegiate Athletics Programs
June 30, 2002

Cleveland State University

Contents For the Year Ended June 30, 2002

	Pages
Report of Independent Accountants	1-3
Schedule of Revenues, Expenditures, and Other Changes in Fund Balances – Intercollegiate Athletics	4

Report of Independent Accountants

Dr. Michael Schwartz, Ph.D.
President
Cleveland State University

We have performed the procedures enumerated below, which were agreed to by management of Cleveland State University (the "University") solely to assist the University in complying with National Collegiate Athletics Association (NCAA) Constitution 6.2.3.1. Management of the University is responsible for the Schedule of Revenues, Expenditures and Other Changes in Fund Balances and internal control over the Intercollegiate Athletics Department. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

- I. Schedule of Revenues, Expenditures, and Other Changes in Fund Balances
 - A. We obtained the Schedule of Revenues, Expenditures, and Other Changes in Fund Balances (the "Schedule") for the Intercollegiate Athletics Programs ("Programs") for the year ended June 30, 2002, as prepared by management and shown as a Schedule in this report. We recalculated the addition of the amounts on the Schedule, traced the amounts on the Schedule to management's worksheets and agreed the amounts on management's worksheets to the applicable series of accounts in the University's general ledger. We noted no differences between the amounts in the applicable series of accounts in the general ledger and the amounts on the worksheets. We compared revenues and expenditures for the year ended June 30, 2002 to amounts recorded for the previous year and budgeted amounts for the current year. We calculated the differences and obtained supporting explanations for significant fluctuations and variances.
 - B. We agreed any single contribution from an "outside" organization that constituted more than 10 percent of all contributions donated to the Intercollegiate Athletics Program to the supporting documentation.

No exceptions were found as a result of these comparisons.

- C. We agreed the ticket office sales report to the general ledger

No exceptions were noted.

- D. We agreed revenue received for the athletic program by the Cleveland State University Foundation, Inc. ("CSUF"), to the expenditures made on behalf of the University to ensure such expenditures were properly recorded.

No exceptions were found as a result of these comparisons.

- E. We obtained representations from management that to the best of their knowledge and belief all revenues and expenditures related to the Intercollegiate Athletics Department have been properly summarized in the attached Schedule.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Schedule. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

II. Internal Control: Policies and Procedures Related to Intercollegiate Athletics Programs – Agreed – Upon Procedures

The management of the University is responsible for establishing and maintaining a system of internal control over financial reporting. 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 the 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 internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

- F. We reviewed and discussed an organization chart of the Intercollegiate Athletics Department with the Athletic Departments' management. We reviewed the extent of documentation of accounting systems and procedures. We also reviewed the general control environment including control consciousness, competence of personnel, and protection of records and equipment.
- G. Management informed us of the University's procedures for gathering information on the nature and extent of booster group activity for or on behalf of the University's Intercollegiate Athletics Programs. Management has represented that there are no booster groups at this time.

We were not engaged to, and did not, perform an examination of the University's system of internal control over financial reporting, the objective of which would be the expression of an opinion on the suitability of design of internal control over financial reporting of the University as of June 30, 2002. Accordingly, we do not express such an opinion. We also were not engaged to examine and report on the operating effectiveness of the University's internal control over financial reporting as of June 30, 2002, and accordingly we express no opinion on its operating effectiveness. Had we performed additional procedures, or had we made an examination of the system of internal control over financial reporting, other matters might have come to our attention that would have been reported to you. This report relates only to the procedures specified above and does not extend to the financial statements of the University.

This report is intended solely for the information and use of University management and governing boards, and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

November 22, 2002

CLEVELAND STATE UNIVERSITY

Schedule of Revenues, Expenditures, and Other Changes in Fund Balance - Intercollegiate Athletics
Year Ended June 30, 2002

	Unrestricted	Restricted	Total
Revenues			
Sports:			
<i>Men's Basketball</i>	\$ 273,442	\$ -	\$ 273,442
<i>Other Sports</i>	21,221	-	21,221
Total sports	\$ 294,663	\$ -	\$ 294,663
Federal Grants and Contracts	\$ -	\$ 15,738	\$ 15,738
Private Gifts, Grants and Contracts	-	641,977	641,977
Other sources	343,113	-	343,113
Total revenues	\$ 637,776	\$ 657,715	\$ 1,295,491
Expenditures			
General and Administrative			
<i>Salaries and Wages</i>	\$ 596,086	\$ 53,798	\$ 649,884
<i>Fringe Benefits</i>	138,266	8,197	146,463
<i>Public Relations</i>	267,438	-	267,438
<i>Printing</i>	81,196	1,158	82,354
<i>Supplies</i>	60,074	5,316	65,390
<i>Telephone</i>	39,538	-	39,538
<i>Travel</i>	30,264	4,071	34,335
<i>Conference & Meals</i>	24,031	15,906	39,937
<i>Other</i>	162,614	5,187	167,801
Total G & A	1,399,507	93,633	1,493,140
Operation and maintenance of plant	\$ 295,598	\$ 276	\$ 295,874
Sports			
<i>Men's Soccer</i>	\$ 209,112	\$ 12,682	\$ 221,794
<i>Men's Basketball</i>	862,489	279,164	1,141,653
<i>Men's Wrestling</i>	203,471	12,600	216,071
<i>Men's Swimming</i>	129,017	106,498	235,515
<i>Men's Fencing</i>	21,850	-	21,850
<i>Men's Baseball</i>	198,225	57,555	255,780
<i>Men's Tennis</i>	62,699	-	62,699
<i>Men's Golf</i>	75,753	5,779	81,532
<i>Sailing</i>	-	(2,768)	(2,768)
<i>Women's Golf</i>	52,263	-	52,263
<i>Women's Volleyball</i>	205,494	2,145	207,639
<i>Women's Swimming</i>	139,512	39,616	179,128
<i>Women's Basketball</i>	568,937	23,750	592,687
<i>Women's Fencing</i>	25,730	2,772	28,502
<i>Women's Softball</i>	220,019	18,475	238,494
<i>Women's Tennis</i>	77,780	3,874	81,654
<i>Women's Track/Cross Country</i>	44,675	1,664	46,339
Total sports	3,097,026	563,806	3,660,832
Total expenditures	\$ 4,792,131	\$ 657,715	\$ 5,449,846
Transfers among funds-additions			
Nonmandatory Transfers:			
Support from University current unrestricted funds	\$ 4,154,355	\$ -	\$ 4,154,355
Excess of restricted receipts over transfers to revenue	-	16,284	16,284
Total transfers	4,154,355	16,284	4,170,639
Net Increase in fund balance	\$ -	\$ 16,284	\$ 16,284



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CLEVELAND STATE UNIVERSITY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 11, 2003**