



The
Ohio
State
University

1999

Financial Report



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STATE OF OHIO
OFFICE OF THE AUDITOR

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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, 1998 through June 30, 1999. 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 5, 2000



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, a component unit of The State of Ohio, as of June 30, 1999, and the related statement of revenues, expenditures and changes in fund equities 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 generally accepted auditing standards 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, 1999, and the revenues, expenditures, and changes in fund equities for the year then ended in conformity with generally accepted accounting principles.

The year 2000 supplementary information on pages 40 – 43 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that The Ohio State University is or will become year 2000 compliant, that The Ohio State University's year 2000 remediation efforts will be successful in whole or in part, or that parties with which The Ohio State University does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 4, 1999 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.

Deloitte + Touche LLP

October 4, 1999

Financial Statements

**THE OHIO STATE UNIVERSITY
BALANCE SHEET**

June 30, 1999, with Comparative Financial Information for 1998
(in thousands)

	CURRENT			
	UNRESTRICTED		RESTRICTED	
	1999	1998	1999	1998
ASSETS				
Cash and cash equivalents	\$ 15,092	\$ 31,191	\$ 7,893	\$ 3,601
Accounts receivable, net	181,471	138,558	59,197	50,747
State and federal receivables	-	-	2,850	7,838
Notes receivable, net	-	-	-	-
Accrued interest receivable	5,166	5,325	3,212	3,037
Inventories and prepaid expenses	44,759	43,696	714	699
Investments	490,491	486,053	20,474	18,522
Investment in plant	-	-	-	-
Interfund accounts	(158,406)	(158,138)	87,985	74,623
TOTAL ASSETS	\$ 578,573	\$ 546,685	\$ 182,325	\$ 159,067
LIABILITIES AND FUND EQUITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 203,487	\$ 196,597	\$ 39,550	\$ 35,955
Deposits and deferred credits	72,721	69,774	18,253	16,943
Bonds, notes, and lease obligations payable	-	-	-	-
Total liabilities	276,208	266,371	57,803	52,898
Fund equities:				
Unrestricted	302,365	280,314	-	-
Restricted	-	-	124,522	106,169
U.S. Government grants	-	-	-	-
Net investment in plant	-	-	-	-
Total fund equities	302,365	280,314	124,522	106,169
TOTAL LIABILITIES AND FUND EQUITIES	\$ 578,573	\$ 546,685	\$ 182,325	\$ 159,067

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

LOAN		ENDOWMENT & ANNUITY		PLANT		AGENCY	
1999	1998	1999	1998	1999	1998	1999	1998
\$ 3,626	\$ 5,774	\$ 33,567	\$ 9,654	\$ -	\$ -	\$ 1,455	\$ 1,453
-	-	-	-	1,149	549	880	832
-	-	-	-	-	-	-	-
56,813	53,703	-	-	-	-	-	-
5,804	5,078	-	-	-	23	-	-
-	-	-	-	1,433	1,668	-	-
-	-	1,079,370	936,266	11,545	10,704	-	-
-	-	-	-	2,690,619	2,445,678	-	-
50	37	(13,107)	(4,037)	83,478	87,515	-	-
<u>\$ 66,293</u>	<u>\$ 64,592</u>	<u>\$ 1,099,830</u>	<u>\$ 941,883</u>	<u>\$ 2,788,224</u>	<u>\$ 2,546,137</u>	<u>\$ 2,335</u>	<u>\$ 2,285</u>
\$ -	\$ -	\$ 23,233	\$ 23,305	\$ 12,889	\$ 11,300	\$ 234	\$ 240
-	-	8,064	1,311	-	-	2,101	2,045
-	-	-	-	309,208	232,707	-	-
-	-	31,297	24,616	322,097	244,007	2,335	2,285
2,211	2,074	66,363	47,588	33,929	60,373	-	-
8,790	8,338	1,002,170	869,679	47,607	10,500	-	-
55,292	54,180	-	-	-	-	-	-
-	-	-	-	2,384,591	2,231,257	-	-
<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>-</u>	<u>-</u>
<u>\$ 66,293</u>	<u>\$ 64,592</u>	<u>\$ 1,099,830</u>	<u>\$ 941,883</u>	<u>\$ 2,788,224</u>	<u>\$ 2,546,137</u>	<u>\$ 2,335</u>	<u>\$ 2,285</u>

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

Year ended June 30, 1999, with Comparative Financial Information for 1998
(in thousands)

	CURRENT			
	UNRESTRICTED		RESTRICTED	
	1999	1998	1999	1998
REVENUES AND OTHER ADDITIONS				
Educational and general:				
Tuition, fees and other student charges	\$ 326,576	\$ 308,180	\$ -	\$ -
State appropriations	333,365	322,710	75,629	74,248
Federal support	26,854	25,128	167,814	157,614
Other state support	3,128	3,273	24,201	28,416
Local support	-	10	19,224	15,678
Private support	15,645	16,069	159,508	132,336
Investment income	19,965	28,994	5,609	14,661
Net appreciation (depreciation) in fair value of investments	-	-	300	409
Sales and services	47,175	47,938	-	-
Other sources	11,752	10,825	-	-
Total educational and general current fund revenues	784,460	763,127	452,285	423,362
Auxiliary enterprises	137,682	123,156	12,398	8,052
Hospitals	494,182	457,217	12,789	12,416
Interest and penalties on loans receivable	-	-	-	-
Plant fund additions	-	-	-	-
Retirement of indebtedness	-	-	-	-
TOTAL REVENUES AND OTHER ADDITIONS	1,416,324	1,343,500	477,472	443,830
EXPENDITURES AND OTHER DEDUCTIONS				
Educational and general expenditures	741,856	703,348	405,205	391,096
Auxiliary enterprises expenditures	122,187	106,131	10,766	6,882
Hospitals expenditures	471,007	419,202	11,193	12,401
Administrative and collection	-	-	-	-
Indirect costs recovered	-	-	39,503	36,897
Refunded to grantors	-	-	9	24
Provision for uncollectible loans	-	-	-	-
Payment to annuitants	-	-	-	-
Expended for plant facilities	-	-	-	-
Retirement of indebtedness (including interest)	-	-	-	-
Disposal of plant facilities	-	-	-	-
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,335,050	1,228,681	466,676	447,300
TRANSFERS AMONG FUNDS				
- ADDITIONS/(DEDUCTIONS)				
Mandatory	(25,176)	(25,295)	(9,103)	(6,044)
Non-mandatory	(34,047)	(20,282)	16,660	17,162
TOTAL TRANSFERS	(59,223)	(45,577)	7,557	11,118
NET INCREASE FOR THE YEAR	22,051	69,242	18,353	7,648
FUND EQUITY, BEGINNING OF YEAR	280,314	211,072	106,169	98,521
FUND EQUITY, END OF THE YEAR	\$ 302,365	\$ 280,314	\$ 124,522	\$ 106,169

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

LOAN		ENDOWMENT AND ANNUITY		PLANT	
1999	1998	1999	1998	1999	1998
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	63,068	66,211
78	137	-	-	-	203
-	-	-	-	-	27
-	-	-	-	-	-
29	8	39,619	34,561	10,446	10,343
419	388	611	201	4,995	3,490
-	-	121,744	134,384	24	(46)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,619	2,468	-	-	-	-
-	-	-	-	276,881	258,294
-	-	-	-	24,358	19,477
<u>3,145</u>	<u>3,001</u>	<u>161,974</u>	<u>169,146</u>	<u>379,772</u>	<u>357,999</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,116	1,089	-	-	-	-
-	-	-	-	-	-
-	-	-	-	229	190
300	230	-	-	-	-
-	-	479	437	-	-
-	-	-	-	203,960	217,656
-	-	-	-	34,925	29,550
-	-	-	-	38,584	53,720
<u>1,416</u>	<u>1,319</u>	<u>479</u>	<u>437</u>	<u>277,698</u>	<u>301,116</u>
12	16	-	-	34,267	31,323
(40)	-	(10,229)	(6,616)	27,656	9,736
<u>(28)</u>	<u>16</u>	<u>(10,229)</u>	<u>(6,616)</u>	<u>61,923</u>	<u>41,059</u>
1,701	1,698	151,266	162,093	163,997	97,942
64,592	62,894	917,267	755,174	2,302,130	2,204,188
<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>

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 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 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, 1999, non-capitalized expenditures for plant facilities for the Unexpended and Renewals and Replacements funds are \$7,104.

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, 1999 as (a) expenditures of current funds and additions to property and equipment in the plant fund of \$76,021, (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, 1999 are \$32,041 and \$57,614 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 \$110,088 in pledges are outstanding at June 30, 1999. 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.

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. Currently, GASB No. 34 is not applicable to separately issued financial statements of public colleges and universities. However, GASB has proposed that Statement No. 34 be amended to include these separately issued financial statements as well.

The provisions of these Statements, which are effective for fiscal years beginning after June 15, 2000 and 2001, respectively, 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. 33 and 34 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, 1998 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 1998 comparative information to conform with the 1999 presentation.

NOTE 2 — ACCOUNTS AND NOTES RECEIVABLE

Accounts receivable at June 30, 1999 are net of allowances for doubtful accounts in current unrestricted and current restricted funds of \$83,116 and \$955, respectively.

Notes receivable at June 30, 1999 consist primarily of Perkins Loans and are net of an allowance for doubtful accounts of \$6,300. 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, 1999, the carrying amount of the University's cash and cash equivalents for all funds is \$61,633 as compared to bank balances of \$111,113. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of

the bank balances, \$1,799 is covered by federal deposit insurance and \$109,314 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 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

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, 1999 are as follows:

US Government securities	\$570,293
Common stocks	895,551
Corporate bonds	43,284
Real estate	32,041
Money market - deposit with trustee	2,848
Mutual funds	45,928
Other	<u>11,935</u>
Total Investments	<u>\$1,601,880</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).

Approximately \$468,333 of the investments are accounted for on a pooled basis and are recorded in the unrestricted educational and general fund. A portion of these investments is due to other fund groups and is reflected on the interfund accounts line of the balance sheet.

Approximately \$1,037,182 of the investments are accounted for on a pooled basis and are recorded in the endowment and annuity funds. The University employs the share method of accounting for pooled investments and for proportionate distribution of 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 \$22,307 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, 1999, the University realized a net gain of \$73,300 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, 1999, was \$122,068. 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 held at year-end was \$48,768.

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

	Realized Gains/ Losses On Sale of Investments	Unrealized Appreciation/ (Depreciation)	Net Appreciation/ (Depreciation) in Market Value of Investments
Unrestricted E&G	\$ -	\$ -	\$ -
Hospitals	-	-	-
Restricted	-	300	300
Endowment	73,497	48,527	122,024
Annuity	(203)	(77)	(280)
Renewals and Replacements	-	18	18
Retirement of Indebtedness	6	-	6
Total 1999	<u>\$73,300</u>	<u>\$48,768</u>	<u>\$122,068</u>
Total 1998	<u>\$76,109</u>	<u>\$58,638</u>	<u>\$134,747</u>

NOTE 4 — INVESTMENT IN PLANT

Investment in plant at June 30, 1999 is composed of the following assets:

Land	\$34,722
Improvements other than buildings	147,771
Buildings and fixed equipment	1,474,648
Movable equipment and furniture	708,630
Library books	131,121
Construction in progress	193,727
Total	<u>\$2,690,619</u>

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, 1999 consist of the following:

	<u>Interest Rate</u>	<u>Amount</u>
Commercial Paper	2.4%-3.4%	\$91,000
Ohio Board of Regents Note, due through 2006	0.00%	1,488
Ohio Board of Regents Note, due through 2001	0.00%	230
Ohio Department of Development, due through 2004	4.115%	750
Capital One Funding Corporation, due through 2014	5.7%	3,149
General Receipts Bonds:		
Series 1985B, due serially through 2002	Variable	2,800
Series 1986B, due serially through 2007	Variable	27,200
Series 1992A1, due serially through 2012	4.55%-5.88%	41,490
Series 1992A2, due serially through 2009	4.55%-5.75%	45,805
Series 1997, due serially through 2027	Variable	<u>74,340</u>
Total		<u>\$288,252</u>

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

The bond indentures provide for mandatory reserves of \$5,579 for future payment of principal and interest. At June 30, 1999, the University is in compliance with these requirements. In addition, the University has set aside \$39,578 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, 1999</u>
Revenue Bonds:		
Series A, C, E and I	\$5,951	\$3,655
Fixed Rate General Receipts Bonds:		
Series 1990	92,710	-
General Receipts Bonds:		
Series 1981 and 1983	<u>28,080</u>	<u>950</u>
Total	<u>\$126,741</u>	<u>\$4,605</u>

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

Series 1985B, 1986B, and 1997 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, 1999 are as follows:

Series:	<u>Interest Rate Not to Exceed</u>	<u>Effective Average Interest Rate</u>
1985B	15%	4.07%
1986B	15%	4.02%
1997	12%	3.20%

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. For the 1985B and 1986B bonds, a standby bond purchase agreement provides backup support in the event of a failed remarketing. For the 1997 bonds, the University will provide backup support in the event of a failed remarketing. In connection with the issuance of the bonds and the execution of the previously mentioned agreements, the University has agreed to certain restrictive covenants.

Total interest expense incurred on indebtedness for the year ended June 30, 1999 is \$10,051 and is reflected in the total retirement of indebtedness fund deduction of \$34,925. Interest of \$4,004 was capitalized in the investment in plant fund.

Transportation Research Center of Ohio, Inc. (TRC) entered into a promissory note agreement (Note) for \$3.2 million with Capital One Funding Corporation in January, 1999. The Note bears interest at a floating rate which is adjusted weekly by the lender. The lender financed the note from proceeds received from the sale of the lender's Floating Rate Option Notes, which are secured by a \$3.2 million letter of credit. TRC simultaneously entered into a reimbursement agreement with the bank that issued the letter of credit (LOC). TRC is required to make monthly principal and interest payments into a sinking fund account through 2014. The sinking fund is owned by TRC, but in order to secure the payment of the amounts due under the reimbursement agreement, TRC assigned its interest in certain assets to the issuer of the LOC. In 1999, TRC also entered into an interest rate swap agreement with a bank for \$3.2 million to mitigate potential interest rate fluctuations on the variable rate long-term debt.

Commercial Paper

The University established a \$120,000 tax-exempt commercial paper program during fiscal year 1999. 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.

The term of each Note is established at the time of issuance, but may not exceed 270 days and may not mature after January 15, 2000. 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.

Commercial paper outstanding as of June 30, 1999 and the average interest rates are as follows:

Series:	<u>Amount Outstanding</u>	<u>Average Interest Rate</u>
A	\$62,000	3.102%
B	\$29,000	3.839%

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, 1999 are \$26,658 and \$20,956 respectively.

Debt and Lease Obligations

Obligations outstanding at June 30, 1999 are as follows (capital leases include principal and interest):

Year Ending June 30,	<u>Bonds, Notes</u>	<u>Commercial Paper</u>	<u>Capital Leases</u>
2000	\$21,058	\$91,000	\$3,844
2001	20,173	-	4,154
2002	20,945	-	3,225
2003	16,093	-	3,244
2004	13,644	-	2,243
2005 and thereafter	<u>105,339</u>	-	<u>10,386</u>
Total future debt service	197,252	91,000	27,096
Less: interest	-	-	(6,140)
Principal portion of future payments	<u>\$197,252</u>	<u>\$91,000</u>	<u>\$20,956</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 \$11,457 for the year ended June 30, 1999.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 1999 are as follows:

Year Ending June 30,	
2000	\$8,431
2001	6,368
2002	5,150
2003	1,423
2004	1,230
2005 and thereafter	<u>6,704</u>
Total minimum lease payments	<u>\$29,306</u>

NOTE 7 — ENDOWMENT AND ANNUITY FUNDS

The fund equities comprising the endowment and annuity funds at June 30, 1999 are as follows:

Endowments	\$827,781
Quasi-endowments	236,615
Annuity	<u>4,137</u>
Total	<u>\$1,068,533</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, 1999 are as follows:

State appropriations	\$80,762
Federal support	139,480
Other state support	24,612
Local support	18,226
Private support	140,124
Endowment and investment income and realized gains	<u>23,958</u>
Total	<u>\$427,162</u>

Current funds expenditures for the year ended June 30, 1999 are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>
Educational and general:		
Instructional and departmental research	\$402,938	\$73,399
Separately budgeted research	27,580	185,951
Public service	15,695	76,479
Academic support	81,548	11,087
Student services	45,056	1,079
Institutional support	78,756	7,576
Operation and maintenance of plant	51,223	6,624
Scholarships and fellowships	<u>39,060</u>	<u>43,009</u>
Total educational and general	741,856	405,204
Auxiliary enterprises	122,187	10,766
Hospitals	<u>471,007</u>	<u>11,192</u>
Total	<u>\$1,335,050</u>	<u>\$427,162</u>

NOTE 10 — RETIREMENT PLANS

During fiscal year 1997, the Ohio General Assembly enacted legislation that authorized the creation of an Alternative Retirement Plan (ARP) for certain employees of Ohio public universities and colleges. The University's Board of Trustees approved the ARP on February 5, 1999. ARP adds a defined contribution pension plan to the existing defined benefit pension plans currently available to University employees. Employees meeting certain criteria were allowed during fiscal year 1999 to elect participation in ARP in lieu of the existing defined benefit 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
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, 1998, 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 benefits during 1998 were \$440.6 million. The unaudited estimated net assets available for these benefits at December 31, 1998 were \$9.4 billion. There were 115,579 benefit recipients eligible for postemployment benefits at that date.

STRS currently provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and 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, 1998, STRS allocated employer contributions equal to 3.5% 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 \$2.16 billion at June 30, 1998. For the fiscal year ended June 30, 1999, 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, 1998 were \$219 million. There were 91,999 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 6.0% paid to STRS or PERS.
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, 1999 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
1997	\$33,800	\$59,216	\$ -
1998	\$35,307	\$62,697	\$ -
1999	\$36,364	\$64,204	\$1,274

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 \$49,537 as of June 30, 1999.

NOTE 12 — CAPITAL PROJECT COMMITMENTS

At June 30, 1999, the University is committed to future contractual obligations for capital expenditures of approximately \$135,171.

These projects are funded by the following sources:

State appropriations	\$35,972
Internal and other sources	<u>99,199</u>
Total	<u>\$135,171</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, 1999.

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, 1999 of the anticipated future payments on gross claims is estimated at its present value of \$13,604 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 \$23,274 are in excess of the recorded liability at June 30, 1999, and the excess of \$9,670 is included in the Hospitals' fund equity.

The University is also self-insured with a stop-loss ceiling of \$75,374 for employee health insurance. As of June 30, 1999, \$9,000 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, 1997 result from the following activities:

	Malpractice		Health	
	1999	1998	1999	1998
Liability at Beginning of Fiscal Year	\$13,262	\$12,198	\$8,948	\$9,091
Current Year Claims, Changes in Estimates	416	1,302	52,157	53,134
Claim Payments	(74)	(238)	(52,105)	(53,277)
Balance at Fiscal Year End	<u>\$13,604</u>	<u>\$13,262</u>	<u>\$ 9,000</u>	<u>\$ 8,948</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 4, 1999

Supplemental Information**THE OHIO STATE UNIVERSITY
BALANCE SHEET**

June 30, 1999

ASSETS**CURRENT FUNDS****Unrestricted:**

Educational and general:

Cash and cash equivalents	\$	2,336,081
Real estate - at cost or contributed value		287,500
Investments		468,332,948
Accrued interest receivable		5,166,451
Accounts receivable, less allowance of \$4,749,413		34,180,287
Due from plant unexpended funds		19,249,630
Inventories		9,056,240
Prepaid expenses and deferred charges		<u>22,385,245</u>

Total educational and general \$ 560,994,382

Auxiliary enterprises:

Cash and cash equivalents	\$	250,111
Accounts receivable, less allowance of \$1,132,733		3,896,533
Due from unrestricted educational and general funds		31,988,810
Inventories		4,123,587
Prepaid expenses and deferred charges		<u>139,604</u>

Total auxiliary enterprises \$ 40,398,645

Hospitals:

Cash and cash equivalents	\$	12,505,703
Investments		21,869,650
Accounts receivable, less allowance of \$77,233,559		143,394,014
Due from unrestricted educational and general funds		18,653,122
Due from restricted funds		46,375
Inventories		7,014,458
Prepaid expenses and deferred charges		<u>2,039,360</u>
Total hospitals	\$	<u>205,522,682</u>

Total unrestricted \$ 806,915,709

LIABILITIES AND FUND EQUITIES

CURRENT FUNDS

Unrestricted:

Educational and general:

Accounts payable	\$ 38,181,709
Accrued liabilities	77,621,163
Due to unrestricted auxiliary funds	31,988,810
Due to unrestricted hospital funds	18,653,122
Due to restricted funds	83,657,492
Due to loan funds	49,891
Due to plant renewal and replacement funds	27,098,327
Due to plant retirement of indebtedness funds	64,959,134
Deposits	936,185
Deferred credits	45,552,097
Deposits held in custody for others	790,040
Fund equities	<u>171,506,412</u>

Total educational and general \$ 560,994,382

Auxiliary enterprises:

Accounts payable	\$ 2,820,156
Accrued liabilities	4,654,949
Deposits	845,790
Deferred credits	24,596,666
Due to plant unexpended	123,364
Due to plant renewals and replacements funds	308,060
Due to plant retirement of indebtedness funds	1,505,476
Fund equities	<u>5,544,184</u>

Total auxiliary enterprises \$ 40,398,645

Hospitals:

Accounts payable	\$ 27,669,248
Accrued liabilities	52,539,358
Fund equities	<u>125,314,076</u>

Total hospitals \$ 205,522,682

Total unrestricted \$ 806,915,709

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

June 30, 1999

ASSETS

CURRENT FUNDS, Continued

Restricted:

Cash and cash equivalents	\$	7,892,592
Real estate		40,000
Investments		20,434,088
Accrued interest receivable		3,211,971
Accounts receivable, less allowance of \$954,967		59,196,533
State and federal receivables		2,850,456
Due from unrestricted educational and general funds		83,657,492
Due from endowment and similar funds		4,373,629
Inventories		9,087
Prepaid expenses and deferred charges		705,151
Total restricted	\$	<u>182,370,999</u>
Total current funds	\$	<u>989,286,708</u>

LOAN FUNDS

Cash and cash equivalents	\$	3,626,176
Accrued interest receivable		5,804,345
Due from unrestricted educational and general funds		49,891
Notes receivable, less allowance of \$6,300,000		<u>56,812,812</u>
Total loan funds	\$	<u>66,293,224</u>

LIABILITIES AND FUND EQUITIES

CURRENT FUNDS, Continued

Restricted:

Accounts payable	\$	6,028,529
Accrued liabilities		33,520,977
Advances - sponsored programs		18,252,991
Due to unrestricted hospitals funds		46,375
Fund equities		<u>124,522,127</u>

Total restricted \$ 182,370,999

Total current funds \$ 989,286,708

LOAN FUNDS

Fund equities:

U.S. Government loan fund grants:

Perkins loan	\$	35,238,222
Other federal		20,054,125

University funds:

Unrestricted		2,210,855
Restricted		<u>8,790,022</u>

Total loan funds \$ 66,293,224

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

June 30, 1999

ASSETS

ENDOWMENT AND SIMILAR FUNDS

Cash and cash equivalents	\$	32,573,661
Real estate - at cost or contributed value		31,713,232
Investments		<u>1,041,259,920</u>

Total endowment and similar funds	\$	<u>1,105,546,813</u>
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ANNUITY AND LIFE INCOME FUNDS

Cash	\$	993,709
Investments		<u>6,396,595</u>

Total annuity and life income funds	\$	<u>7,390,304</u>
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PLANT FUNDS

Unexpended:

Deposits with trustees	\$	2,106,648
Due from unrestricted auxiliary funds		<u>123,364</u>

Total unexpended	\$	<u>2,230,012</u>
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LIABILITIES AND FUND EQUITIES

ENDOWMENT AND SIMILAR FUNDS

Accrued liabilities	\$	19,979,946
Due to restricted funds		4,373,629
Due to plant retirement of indebtedness funds		8,733,360
Deposits held in custody for others		8,063,909
Fund equities:		
Unrestricted quasi-endowment		66,363,228
Restricted quasi-endowment		170,252,011
Restricted endowment		827,780,730
Total endowment and similar funds	\$	<u>1,105,546,813</u>

ANNUITY AND LIFE INCOME FUNDS

Accrued liabilities	\$	3,253,260
Fund equities:		
Restricted		<u>4,137,044</u>
Total annuity and life income funds	\$	<u>7,390,304</u>

PLANT FUNDS

Unexpended:

Lease obligations payable	\$	947,931
Bonds payable		2,231,868
Due to unrestricted educational and general funds		19,249,630
Due to plant retirement of indebtedness funds		1,273,739
Due to investment in plant funds		5,043,282
Fund equities:		
Unrestricted		<u>(26,516,438)</u>
Total unexpended	\$	<u>2,230,012</u>

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

June 30, 1999

ASSETS

PLANT FUNDS, Continued

Renewals and replacements:

Investments	\$	517,636
Accounts receivable, less allowance of \$0		735,551
Due from unrestricted educational and general funds		27,098,327
Due from unrestricted auxiliary funds		308,060

Total renewals and replacements	\$	<u>28,659,574</u>
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Retirement of indebtedness:

Deposits with trustees	\$	8,920,311
Accounts receivable, gross		413,750
Due from unrestricted educational and general funds		64,959,134
Due from unrestricted auxiliary funds		1,505,476
Due from endowment and similar funds		8,733,360
Due from unexpended plant		1,273,739
Due from renewals and replacements funds		672,964
Prepaid expenses and deferred charges		1,434,118

Total retirement of indebtedness	\$	<u>87,912,852</u>
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Investment in plant:

Due from plant unexpended funds	\$	5,043,282
Due from renewals and replacements funds		4,144,714
Land		34,721,844
Improvements other than buildings		147,770,777
Buildings and fixed equipment		1,474,648,242
Movable equipment, furniture, library books		839,751,511
Construction in progress		193,726,947

Total investment in plant	\$	<u>2,699,807,317</u>
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Total plant funds	\$	<u>2,818,609,755</u>
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AGENCY FUNDS

Cash and cash equivalents	\$	1,454,138
Accounts receivable, gross		880,183

Total agency funds	\$	<u>2,334,321</u>
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LIABILITIES AND FUND EQUITIES

PLANT FUNDS, Continued

Renewals and replacements:

Accounts payable	\$ 2,974,479
Due to plant retirement of indebtedness funds	672,964
Due to investment in plant funds	4,144,714
Fund equities:	
Unrestricted	20,867,417
Total renewals and replacements	<u>\$ 28,659,574</u>

Retirement of indebtedness:

Accrued interest	\$ 727,672
Fund equities:	
Unrestricted	39,578,032
Restricted	<u>47,607,148</u>

Total retirement of indebtedness \$ 87,912,852

Investment in plant:

Accounts payable	\$ 9,187,996
Notes payable	96,616,678
Lease obligations payable	20,008,544
Bonds payable	189,403,132
Net investment in plant	<u>2,384,590,967</u>

Total investment in plant \$ 2,699,807,317

Total plant funds \$ 2,818,609,755

AGENCY FUNDS

Accounts payable	\$ 233,736
Deposits held in custody for others	<u>2,100,585</u>
Total agency funds	<u>\$ 2,334,321</u>

THE OHIO STATE UNIVERSITY
STATEMENT OF CHANGES IN FUND EQUITIES

Year Ended June 30, 1999

	UNRESTRICTED CURRENT FUNDS			
	Educational and General	Auxiliary Enterprises	Hospitals	Total Unrestricted
REVENUES AND OTHER ADDITIONS				
Unrestricted current funds revenues	\$ 784,459,245	\$ 137,682,085	\$ 494,182,319	\$ 1,416,323,649
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 \$76,020,894 charged to current funds expenditures)	-	-	-	-
Retirement of indebtedness	-	-	-	-
Net appreciation / (depreciation) of market value of investments	-	-	-	-
TOTAL REVENUES AND OTHER ADDITIONS	784,459,245	137,682,085	494,182,319	1,416,323,649
EXPENDITURES AND OTHER DEDUCTIONS				
Educational and general expenditures	741,855,636	-	-	741,855,636
Auxiliary enterprises expenditures	-	122,186,686	-	122,186,686
Hospitals expenditures	-	-	471,007,180	471,007,180
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 \$7,103,537)	-	-	-	-
Bond administrative expenditures	-	-	-	-
Retirement of indebtedness	-	-	-	-
Interest on indebtedness (including capitalized interest of \$4,003,537)	-	-	-	-
Disposal and write-offs of plant facilities	-	-	-	-
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	741,855,636	122,186,686	471,007,180	1,335,049,502
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS)				
Mandatory				
Principal and interest	(15,130,359)	(4,189,514)	(5,844,209)	(25,164,082)
Matching grants	(11,471)	-	-	(11,471)
Non-mandatory:				
Support to auxiliary enterprises	(1,684,812)	1,684,812	-	-
Debt service	860,408	(206,582)	-	653,826
Capital improvements	(8,649,507)	(5,944,908)	(10,551,819)	(25,146,234)
Endowment principal	(3,689,447)	-	(30,000)	(3,719,447)
Interfund	8,541,605	(5,144,241)	(9,233,243)	(5,835,879)
TOTAL TRANSFERS	(19,763,583)	(13,800,433)	(25,659,271)	(59,223,287)
NET INCREASE / (DECREASE) FOR THE YEAR	22,840,026	1,694,966	(2,484,132)	22,050,860
FUND EQUITY, BEGINNING OF THE YEAR	148,666,386	3,849,218	127,798,208	280,313,812
FUND EQUITY, END OF THE YEAR	\$ 171,506,412	\$ 5,544,184	\$ 125,314,076	\$ 302,364,672

RESTRICTED CURRENT FUNDS

<u>Educational and General</u>	<u>Auxiliary Enterprises</u>	<u>Hospitals</u>	<u>Total Restricted</u>	<u>Total Current Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,416,323,649
75,629,924	-	9,490,242	85,120,166	85,120,166
15,286,744	-	-	15,286,744	15,286,744
16,988,085	-	-	16,988,085	16,988,085
152,528,118	89,900	18,678	152,636,696	152,636,696
24,200,516	-	-	24,200,516	24,200,516
2,235,416	-	-	2,235,416	2,235,416
159,507,793	11,839,344	1,928,988	173,276,125	173,276,125
4,845,386	467,746	1,350,775	6,663,907	6,663,907
763,706	-	-	763,706	763,706
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
299,658	-	-	299,658	299,658
<u>452,285,346</u>	<u>12,396,990</u>	<u>12,788,683</u>	<u>477,471,019</u>	<u>1,893,794,668</u>
405,203,636	-	-	405,203,636	1,147,059,272
-	10,765,985	-	10,765,985	132,952,671
-	-	11,192,571	11,192,571	482,199,751
39,504,041	-	-	39,504,041	39,504,041
8,513	-	-	8,513	8,513
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>444,716,190</u>	<u>10,765,985</u>	<u>11,192,571</u>	<u>466,674,746</u>	<u>1,801,724,248</u>
(1,155,226)	(7,947,607)	-	(9,102,833)	(34,266,915)
-	-	-	-	(11,471)
-	-	-	-	-
-	(117,127)	-	(117,127)	536,699
1,541,885	(160,000)	(195,000)	1,186,885	(23,959,349)
(12,183,922)	(142,455)	(265,965)	(12,592,342)	(16,311,789)
25,729,904	2,420,567	32,079	28,182,550	22,346,671
<u>13,932,641</u>	<u>(5,946,622)</u>	<u>(428,886)</u>	<u>7,557,133</u>	<u>(51,666,154)</u>
<u>21,501,797</u>	<u>(4,315,617)</u>	<u>1,167,226</u>	<u>18,353,406</u>	<u>40,404,266</u>
<u>101,492,069</u>	<u>1,545,145</u>	<u>3,131,507</u>	<u>106,168,721</u>	<u>386,482,533</u>
<u>\$ 122,993,866</u>	<u>\$ (2,770,472)</u>	<u>\$ 4,298,733</u>	<u>\$ 124,522,127</u>	<u>\$ 426,886,799</u>

THE OHIO STATE UNIVERSITY
STATEMENT OF CHANGES IN FUND EQUITIES

Year Ended June 30, 1999

	Loan Funds	Endowment and Similar Funds	Annuity and Life Income Funds
REVENUES AND OTHER ADDITIONS			
Unrestricted current funds revenues	\$ -	\$ -	\$ -
State appropriations	-	-	-
Federal appropriations	-	-	-
Local appropriations	-	-	-
Federal grants and contracts	78,231	-	-
State grants and contracts	-	-	-
Local grants and contracts	-	-	-
Private grants and contracts	29,163	39,611,832	6,908
Endowment income	206,702	-	500,037
Investment income	212,446	111,382	-
Interest and penalties on loans receivable	2,618,416	-	-
Expended for plant facilities (including \$76,020,894 charged to current funds expenditures)	-	-	-
Retirement of indebtedness	-	-	-
Net appreciation / (depreciation) of market value of investments	-	122,023,272	(280,303)
TOTAL REVENUES AND OTHER ADDITIONS	3,144,958	161,746,486	226,642
EXPENDITURES AND OTHER DEDUCTIONS			
Educational and general expenditures	-	-	-
Auxiliary enterprises expenditures	-	-	-
Hospitals expenditures	-	-	-
Indirect costs recovered	-	-	-
Refunded to grantors	-	-	-
Loan cancellations and write-offs	255,661	-	-
Administrative and collection costs	860,197	-	-
Provision for uncollectible loans	300,000	-	-
Annuities paid	-	-	478,556
Expended for plant facilities (including non-capitalized expenditures of \$7,103,537)	-	-	-
Bond administrative expenditures	-	-	-
Retirement of indebtedness	-	-	-
Interest on indebtedness (including capitalized interest of \$4,003,537)	-	-	-
Disposal and write-offs of plant facilities	-	-	-
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,415,858	-	478,556
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS)			
Mandatory:			
Principal and interest	-	-	-
Matching grants	11,471	-	-
Non-mandatory:			
Support to auxiliary enterprises	-	-	-
Debt service	-	-	-
Capital improvements	-	(4,233,747)	-
Endowment principal	-	17,496,226	(1,184,437)
Interfund	(39,775)	(22,306,896)	-
TOTAL TRANSFERS	(28,304)	(9,044,417)	(1,184,437)
NET INCREASE / (DECREASE) FOR THE YEAR	1,700,796	152,702,069	(1,436,351)
FUND EQUITY, BEGINNING OF THE YEAR	64,592,428	911,693,900	5,573,395
FUND EQUITY, END OF THE YEAR	\$ 66,293,224	\$ 1,064,395,969	\$ 4,137,044

PLANT FUNDS

<u>Unexpended</u>	<u>Renewals and Replacements</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>
\$ -	\$ -	\$ -	\$ -
10,173,173	52,895,733	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,402,387	8,395,570	648,192	-
-	-	-	-
1,123,319	(358,106)	4,229,657	-
-	-	-	-
-	-	-	276,880,835
-	-	-	24,358,420
-	17,636	5,937	-
<u>12,698,879</u>	<u>60,950,833</u>	<u>4,883,786</u>	<u>301,239,255</u>
-	-	-	-
-	-	-	-
-	-	-	-
38,592	190,679	-	-
-	-	-	-
-	-	-	-
-	-	-	-
38,410,718	165,549,223	-	-
-	-	516,411	-
-	-	24,358,421	-
-	-	10,050,628	-
-	-	-	38,584,204
<u>38,449,310</u>	<u>165,739,902</u>	<u>34,925,460</u>	<u>38,584,204</u>
-	-	-	-
(675,545)	(97,796)	35,040,256	-
-	-	-	-
-	-	-	-
4,681,400	26,660,624	(536,699)	(3,148,928)
-	-	-	-
<u>1,168,513</u>	<u>65,253,354</u>	<u>39,750,001</u>	<u>(106,171,868)</u>
<u>5,174,368</u>	<u>91,816,182</u>	<u>74,253,558</u>	<u>(109,320,796)</u>
<u>(20,576,063)</u>	<u>(12,972,887)</u>	<u>44,211,884</u>	<u>153,334,255</u>
<u>(5,940,375)</u>	<u>33,840,304</u>	<u>42,973,296</u>	<u>2,231,256,712</u>
<u>\$ (26,516,438)</u>	<u>\$ 20,867,417</u>	<u>\$ 87,185,180</u>	<u>\$ 2,384,590,967</u>

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

Year Ended June 30, 1999

	UNRESTRICTED			Total Unrestricted
	Educational and General	Auxiliary Enterprises	Hospitals	
REVENUES				
Tuition, fees and other student charges	\$ 326,575,828	\$ -	\$ -	\$ 326,575,828
State appropriations	333,365,886	-	-	333,365,886
Federal appropriations	-	-	-	-
Local appropriations	-	-	-	-
Federal grants and contracts	26,854,141	-	-	26,854,141
State grants and contracts	3,127,563	-	-	3,127,563
Local grants and contracts	-	-	-	-
Private grants and contracts	15,644,870	-	-	15,644,870
Endowment income	4,396,628	-	-	4,396,628
Temporary investment income	15,568,099	-	-	15,568,099
Sales and services	47,174,716	126,696,151	456,893,207	630,764,074
Other sources	11,751,514	10,985,934	37,289,112	60,026,560
TOTAL REVENUES	784,459,245	137,682,085	494,182,319	1,416,323,649
EXPENDITURES AND MANDATORY TRANSFERS				
Educational and general:				
Instructional and departmental research	402,937,663	-	-	402,937,663
Separately budgeted research	27,580,401	-	-	27,580,401
Public service	15,695,431	-	-	15,695,431
Academic support	81,547,832	-	-	81,547,832
Student services	45,055,644	-	-	45,055,644
Institutional support	78,756,279	-	-	78,756,279
Operation and maintenance of plant	51,223,068	-	-	51,223,068
Scholarships and fellow ships	39,059,318	-	-	39,059,318
Total educational and general	741,855,636	-	-	741,855,636
Auxiliary enterprises	-	122,186,686	-	122,186,686
Hospitals	-	-	471,007,180	471,007,180
Mandatory transfers:				
Principal and interest	15,130,359	4,189,514	5,844,209	25,164,082
Renewals and replacements	-	-	-	-
Matching grants	11,471	-	-	11,471
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	756,997,466	126,376,200	476,851,389	1,360,225,055
NON-MANDATORY TRANSFERS AND OTHER ADDITIONS/(DEDUCTIONS)				
Non-mandatory transfers:				
Support to auxiliary enterprises	(1,684,812)	1,684,812	-	-
Debt service	860,408	(206,582)	-	653,826
Capital improvements	(8,649,507)	(5,944,908)	(10,551,819)	(25,146,234)
Endowment principal	(3,689,447)	-	(30,000)	(3,719,447)
Interfund	8,541,605	(5,144,241)	(9,233,243)	(5,835,879)
Excess of restricted receipts over transfers to revenue	-	-	-	-
Refunded to grantors	-	-	-	-
Indirect costs recovered	-	-	-	-
NET INCREASE/(DECREASE) FOR THE YEAR	\$ 22,840,026	\$ 1,694,966	\$ (2,484,132)	\$ 22,050,860

RESTRICTED

Educational and General	Auxiliary Enterprises	Hospitals	Total Restricted	Total Current Funds
\$ -	\$ -	\$ -	\$ -	\$ 326,575,828
71,271,359	-	9,490,242	80,761,601	414,127,487
14,567,152	-	-	14,567,152	14,567,152
16,055,543	-	-	16,055,543	16,055,543
124,804,400	89,900	18,678	124,912,978	151,767,119
24,611,917	-	-	24,611,917	27,739,480
2,170,386	-	-	2,170,386	2,170,386
128,569,128	10,394,163	1,160,775	140,124,066	155,768,936
23,153,751	281,922	522,876	23,958,549	28,355,177
-	-	-	-	15,568,099
-	-	-	-	630,764,074
-	-	-	-	60,026,560
<u>405,203,636</u>	<u>10,765,985</u>	<u>11,192,571</u>	<u>427,162,192</u>	<u>1,843,485,841</u>
73,399,224	-	-	73,399,224	476,336,887
185,950,623	-	-	185,950,623	213,531,024
76,479,333	-	-	76,479,333	92,174,764
11,086,775	-	-	11,086,775	92,634,607
1,078,661	-	-	1,078,661	46,134,305
7,576,152	-	-	7,576,152	86,332,431
6,624,273	-	-	6,624,273	57,847,341
43,008,595	-	-	43,008,595	82,067,913
<u>405,203,636</u>	<u>-</u>	<u>-</u>	<u>405,203,636</u>	<u>1,147,059,272</u>
-	10,765,985	-	10,765,985	132,952,671
-	-	11,192,571	11,192,571	482,199,751
1,155,226	7,947,607	-	9,102,833	34,266,915
-	-	-	-	-
-	-	-	-	11,471
<u>406,358,862</u>	<u>18,713,592</u>	<u>11,192,571</u>	<u>436,265,025</u>	<u>1,796,490,080</u>
-	-	-	-	-
-	(117,127)	-	(117,127)	536,699
1,541,885	(160,000)	(195,000)	1,186,885	(23,959,349)
(12,183,922)	(142,455)	(265,965)	(12,592,342)	(16,311,789)
25,729,904	2,420,567	32,079	28,182,550	22,346,671
47,081,710	1,631,005	1,596,112	50,308,827	50,308,827
(8,513)	-	-	(8,513)	(8,513)
<u>(39,504,041)</u>	<u>-</u>	<u>-</u>	<u>(39,504,041)</u>	<u>(39,504,041)</u>
<u>\$ 21,501,797</u>	<u>\$ (4,315,617)</u>	<u>\$ 1,167,226</u>	<u>\$ 18,353,406</u>	<u>\$ 40,404,266</u>

YEAR 2000 SUPPLEMENTAL INFORMATION (UNAUDITED)

Summary of GASB Technical Bulletin

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, was issued in October 1998, and amended as Technical Bulletin 99-1 in March 1999. The technical bulletins state in part that:

- The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect a government's operations as early as fiscal 1999.
- Problems affecting a wide range of governmental activities will likely result if computers and other electronic equipment which are dependent upon date-sensitive coding are not corrected.
- These problems have a potential for causing a disruption to some government operations and may temporarily increase the cost of these operations.

In accordance with the requirements of Technical Bulletins 98-1 and 99-1, the University makes the following disclosures about the Year 2000 issue.

Summary of the University's Plan for Y2K Readiness

The University has been involved in Y2K preparation for several years. In general, the University is taking a risk reduction approach to Y2K readiness. The University will use a combination of remediation and contingency planning steps in its risk reduction plan. The remediation steps will reduce risk by ensuring that mission critical systems will operate as expected. The contingency planning involves preplanned steps to continue operations and recover, should the systems not operate as expected. A Y2K task force has been established to:

- Provide recommendations for policies and procedures to the Coordinating Council (which consists of the president, provost, vice presidents and select deans)
- Provide monthly reports to the Coordinating Council and quarterly reports to the Board of Trustees
- Provide expertise and tools to assist the administrative units and colleges
- Provide quality assurance for reporting

The Y2K task force has identified five priority institutional processes. Within each of these processes are imbedded the University's mission critical systems. The priority institutional processes are as follows: Health Care Delivery Services, Safe and Healthy Environment, Teaching and Learning, Research, and University Administration.

YEAR 2000 SUPPLEMENTAL INFORMATION (UNAUDITED)

Stages of Work Necessary to Make the Processes Y2K Compliant

The University is submitting the mission critical systems to the following stages of work to address Year 2000 issues:

- *Awareness Stage* – Establishing a budget and project plan for dealing with the Year 2000 issue
- *Assessment Stage* – Identifying the systems and components for which Year 2000 compliance work is needed
- *Remediation Stage* – Making changes to systems and equipment
- *Validation / Testing Stage* – Validating and testing the changes that were made during the remediation stage

The University's Year 2000 remediation work for its mission critical systems (defined as human life threatening, health hazard or critical to carrying out the University's mission) are in the following stages of work as of June 30, 1999: A – needs to be addressed, P – in process, C – completed.

Priority Institutional Process / Mission Critical Systems Requiring Year 2000 Remediation	Awareness Stage	Assessment Stage	Remediation Stage	Validation / Testing Stage
---	--------------------	---------------------	----------------------	-------------------------------

Health Care Delivery Systems

OARDC Animal Care	C	C	C	C
OSUMC BioMedical Engineering	C	C	C	P
OSUMC Dietetics	C	C	C	P
OSUMC Facilities	C	C	C	C
OSUMC Hospital Lab Services	C	C	C	C
OSUMC Patient Care Services	C	C	C	C
OSUMC Pharmacy	C	C	C	P
OSUMC Radiology	C	C	C	P
Patient Record Keeping	C	P	A	A
Patient Support Services	C	P	A	A
Providing Student Crisis Counseling	C	C	P	A
Student Health Care Services	C	C	C	P

YEAR 2000 SUPPLEMENTAL INFORMATION (UNAUDITED)

Safe and Healthy Environment

Alarms	C	P	A	A
Electricity	C	P	A	A
Enhanced 911 services	C	C	C	C
Facility Operations	C	P	A	A
Lima – Physical Facilities	C	P	A	A
Lima – Security	C	C	C	C
Lima – Telephone Services	C	C	C	P
Maintaining Conf Event Facilities	C	C	P	A
Maintaining Food Svc Operations	C	C	P	A
Maintaining Housing Operations	C	P	A	A
Maintaining Safe Housing Facilities	C	C	P	A
Mansfield - Physical Facilities	C	C	C	P
Mansfield – Security	C	C	C	C
Mansfield – Telephone Services	C	C	C	C
Marion – Physical Facilities	C	C	C	C
Marion – Security	C	C	C	C
Marion – Telephone Services	C	C	P	A
Natural Gas	C	P	A	A
Newark – Physical Facilities	C	C	C	C
Newark – Security	C	C	C	C
Newark – Telephone Services	C	C	P	A
Nuclear Reactor Lab	P	P	P	P
OARDC Public Safety	C	C	C	C
OARDC Radiation Safety	C	C	C	C
OSU Airport Operations	P	A	A	A
Provide Building Security	C	C	C	C
Provide EMS Response	C	C	C	P
Provide Fire Response	C	C	C	P
Provide Police Service	C	C	C	P
Providing BUCKID Card Services	C	C	P	A
Providing Food Services	C	C	P	A
Providing Housing Food Services	C	P	A	A
Steam-Heating Hot Water	C	P	A	A
Telecommunications	C	C	C	C
Transportation Traffic Signals	C	C	C	P
UNITS information systems	C	C	C	C
Water	C	P	A	A
Water-Chilled	C	P	A	A
Work Management System	C	C	P	A

YEAR 2000 SUPPLEMENTAL INFORMATION (UNAUDITED)

University Administration

Admissions Application Process	C	C	C	P
ARMS HR – Benefits	C	C	C	P
ARMS HR – Payroll	C	C	C	P
Fed Student Fin Aid Process	C	C	C	P
Mainframe hardware	C	C	P	A
Mainframe Software	C	C	P	A
Procurement – ARMS	C	C	C	P
Recruit Prospective Students Proc	C	C	C	C
SONNET Backbone	C	C	P	A
Student Fee Collection	C	C	C	C
Student Loan Services	C	C	C	C
Student record maintenance	C	C	C	C
University General Ledger – FAS	C	C	C	C

The University believes that its mission critical systems are in managed or acceptable stages of readiness as of June 30, 1999, and believes that it will be able to operate and provide mission critical services as of January 1, 2000. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the University is or will be Year 2000 ready, that the University's remediation efforts will be successful in whole or part, or that parties with whom the University does business will be Year 2000 ready.

As of June 30, 1999, the University has not entered into any significant contractual agreements with respect to making computer systems year 2000 compliant.

Acknowledgments

The 1999 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller, Division of Accounting.

Ruth B. Allred - Budget Analyst

Suzanne M. Chizmar - Chief Accountant

Thomas F. Ewing - Associate Controller

Allan E. Freeman - Cost Analyst

Nancy J. Jacobs - Accountant

Abbey M. Martin - Accountant

Brenda K. Payne - Accountant

Patricia M. Privette – Tax Coordinator

Phil A. Schirtzinger – Senior Cost Analyst

Jan E. Soboslai - Senior Accountant

Janet G. Ashe - Vice President, Business and Finance

Greta J. Russell - University Controller

William J. Shkurti - Senior Vice President, Business and Finance

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

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**Deloitte &
Touche**



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, 1999*

**Deloitte &
Touche**



The Ohio State University

*Report on Federal Awards in Accordance
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Identification Number 1-31-602-5986-A1
for the Year Ended June 30, 1999*

**Deloitte Touche
Tohmatsu**

THE OHIO STATE UNIVERSITY

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THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 1999

Federal Agency	Sponsor I.D. Number	1999 Expenditures
Research and Development Cluster:		
Funds received directly from the following federal agencies:		
Environmental Protection Agency	30020000	\$ 1,358,193
National Aeronautics and Space Administration (NASA)	30030000	1,285,452
Langley Research Center	30030102	294,224
Ames Research Center	30030103	233,764
Lewis Research Center	30030104	1,224,233
NASA Headquarters	30030105	(533)
Marshall Space Flight Center	30030201	175,612
Johnson Space Center	30030202	46,248
Kennedy Space Center	30030203	47,857
Goddard Space Flight Center	30030301	2,470,119
National Endowment For The Humanities	30040100	28,616
National Science Foundation (NSF)	30050000	121,922
NSF Biological Sciences	30050101	594,406
NSF Integrative Biology & Neuroscience	30050102	889,106
NSF Molecular & Cellular Biosciences	30050103	1,016,446
NSF Environmental Biology	30050104	506,747
NSF Computer & Information Science & Engineering	30050200	379,059
NSF Cross Disciplinary Activities	30050201	40,337
NSF Computer & Computation Research	30050202	721,366
NSF Information Robotics & Intelligent Systems	30050203	54,044
NSF Microelectronic Information Processing Systems	30050204	3,303
NSF Advanced Scientific Computing	30050205	100,787
NSF Networking & Communications Res & Infrastructure	30050206	131,064
NSF Engineering	30050300	302,720
NSF Engineering, Education & Centers	30050302	344,828
NSF Chemical & Transport Systems	30050303	332,582
NSF Civil & Mechanical Structures	30050304	226,233
NSF Electrical & Communications Systems	30050305	216,605
NSF Design, Manufacture, Industrial	30050306	463,779
NSF Div Bioengineering & Environmental	30050307	132,114
NSF Atmospheric Sciences	30050401	129,834
NSF Earth Sciences	30050402	226,808
NSF Ocean Sciences	30050403	230,699
NSF Polar Programs	30050404	1,459,817
NSF Mathematical Sciences	30050501	745,641
NSF Physics	30050502	1,033,115
NSF Chemistry	30050503	2,081,905
NSF Materials Research	30050504	1,462,675
NSF Astronomical Sciences	30050505	610,146
NSF Education & Human Resources	30050600	4,491
NSF Undergraduate Education	30050605	466,610
NSF Div Grad ED & R D	30050611	270,661
NSF Social, Behavioral & Economic Sciences	30050800	1,437
NSF Social, Behavioral & Economic Research	30050801	971,699
NSF International Programs	30050803	37,520
Appalachian Regulatory Commission	30070100	15,400
U.S. Arms Control & Disarmament Agency	30120000	(588)
Veterans Administration	30170000	30,591
Veterans Administration Outpatient Clinic	30170101	(778)
U.S. Information Agency (USIA)	30260000	168,581
Agency For International Development (AID)	30300100	165,766
Central Intelligence Agency	30350100	52,409

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, 1999

Federal Agency	Sponsor I.D. Number	1999 Expenditures
Research and Development Cluster:		
Funds received directly from the following federal agencies:		
National Research Council	31020100	\$ (3,304)
Transportation Research Board	31020102	4,000
Dept. of Agriculture	40000000	82,494
United States Department of Agriculture (USDA)-Forest Service	40020000	134,408
USDA-Science & Education	40040000	65,438
USDA-Coop State Res Education & Extension Service	40040100	2,194,399
USDA-North Central Regional Integrated Pest Management Program	40040102	17,673
USDA-Agricultural Research Service	40040200	579,819
USDA-Natural Resources Conservation Service	40060000	115,442
USDA-Animal & Plant Health Inspection Service	40070000	32,363
Office of International Cooperation & Development	40100000	42,611
Economic Research Service	40120000	125,085
National Agricultural Statistics Service	40160000	34,218
U.S. Department of Commerce (DC)-National Oceanic and Atmospheric Administration (NOAA)	42020000	1,532,286
DC-National Institute of Standards & Technology	42040000	70,410
Air Force Material Command (AFMC)	50010100	173,753
Air Force Office of Scientific Research	50010105	3,338,671
U.S. Department of Defense (DOD)-Electronic Systems Center	50010110	678
AFMC-Phillips Laboratory	50010121	31,883
DOD-Wright Laboratory	50010800	284,092
DOD-Army	50020000	135,853
DOD-Army Corps of Engineers	50020100	71,113
DOD-Army Cold Regions Research & Engineering Lab	50020103	36,309
Humphredys Eng CSA	50020106	117,173
DOD-Army Natick Research & Development Labs	50020213	25,754
DOD-Army Medical Research & Development Command	50020300	548,876
DOD-Army Research Office	50020400	995,282
DOD-Naval Air Systems Command	50040000	373,489
DOD-Naval Air Systems Command	50040101	(722)
DOD-Space & Naval Warfare Systems Center	50040110	431,861
DOD-Naval Surface Weapon Center	50040112	22,109
DOD-Naval Facility Energy Command	50040114	10,178
DOD-Office of Naval Research	50040300	1,622,002
DOD-Naval Research Lab	50040301	96,378
DOD-Naval Medical Reserve Instate	50041002	28,323
DOD-National Imagery & Mapping Agency	50080000	52,620
Defense Logistics Agency	50130000	158,073
National Security Agency	50140000	165,545
Maryland Procurement Office	50170000	12,525
Defense Supply Service	50180000	239,571
Uniformed Services University Health Services	50190000	25,848
U.S. Department of Education (DE)	53000000	315,099
DE-Office Of Educational Research & Improvement	53020000	5,158,188
DE-Inst Museum Services	53020100	210
DE-Fund Improvement Postsecondary Education	53020300	154,891
DE-Office of Postsecondary Education	53040000	504,738
DE-Center for International Education	53040200	832,991
DE-Office of Special Education	53050000	3,370
DE-Office of Special Education	53050100	316,975
DE-Rehabilitation Services Administration	53050200	173,366
DE-National Institute of Disability & Rehabilitation Research	53050300	616,809

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, 1999

Federal Agency	Sponsor I.D. Number	1999 Expenditures
Research and Development Cluster:		
Funds received directly from the following federal agencies:		
DE-Office of Vocational & Adult Education Programs	53060000	\$ 545,749
Department of Energy (DOE)	55000000	5,670,518
Department of Health & Human Services	60000000	161,924
Public Health Services (PHS)-Food & Drug Administration	60040200	264,408
PHS-National Institute of Health	60040400	955,317
PHS-National Cancer Institute	60040402	12,721,475
PHS-National Heart, Lung, and Blood Institute	60040403	4,186,472
PHS-National Institute of Allergies & Infectious Disorders	60040404	6,079,976
PHS-National Institute of Diabetes & Digestive & Kidney Diseases	60040405	2,293,437
PHS-National Institute of Child Health & Human Development	60040406	1,280,677
PHS-National Institute of General Medical Sciences	60040407	5,162,789
PHS-National Institute of Neurological Disorders & Stroke	60040408	2,678,381
PHS-National Library Medicine	60040409	79,401
PHS-National Center for Research Resources	60040410	620,106
PHS-National Eye Institute	60040411	3,109,350
PHS-National Institute of Dental Research	60040412	2,098,837
PHS-National Institute on Environmental Health Services	60040414	349,321
PHS-National Institute of Aging	60040415	1,189,804
PHS-National Institute of Health Clinic Center	60040416	3,851
PHS-National Institute of Nursing Research	60040418	705,038
PHS-National Institute of Arthritis and Musculo-skeletal and Skin Diseases	60040419	1,247,490
PHS-National Institute of Deafness and Other Communication Disorders	60040420	1,685,572
PHS-National Institute of Mental Health	60040421	3,308,230
PHS-National Institute of Drug Abuse	60040422	736,296
PHS-National Institute of Alcohol Abuse and Alcoholism	60040423	280,663
PHS-Health Resources & Services Administration	60040500	95,658
PHS-Bureau of Health Professions	60040501	236,942
PHS-Centers for Disease Control & Prevention	60040600	126,756
PHS-National Institute of Occupational Safety & Health	60040601	631,743
PHS-Office of Population Affairs	60041100	70,017
PHS-Agency for Health Care Policy & Research	60041200	19,111
Administration Children & Families	60070000	60,738
Department of Housing & Urban Development	70000000	1,900
U.S. Department of Interior (DI)-Fish & Wildlife Service	72030000	274,752
DI-Geological Survey	72040000	237,080
DOL-Bureau of Labor Statistics	76050000	7,600,252
Department of Statistics	80000000	(35,015)
DOT-Federal Highway Administration	82010000	(70)
DOT-Federal Aviation Administration	82030000	134,486
DOT-National Highway Traffic Safety Administration	82040000	430,718
		<u>\$113,307,038</u>
Subtotal of funds received directly from federal agencies		

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, 1999

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 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	\$ 98,085
University of Wisconsin	Environmental Protection Agency	30020000	22000006	168,395
West Virginia University	Environmental Protection Agency	30020000	22000032	7,644
Yale University	Environmental Protection Agency	30020000	22000088	27,783
New Jersey Institute of Technology	Environmental Protection Agency	30020000	22000216	1,102
Ohio Environmental Protection Agency	Environmental Protection Agency	30020000	26340000	75,891
Ohio OFC LK Erie Prote	Environmental Protection Agency	30020000	26590000	19,367
Alliedsignal, Inc	NASA	30030000	10011761	284,287
Essential Research, Inc.	NASA	30030000	10011898	3,624
Positive Light Inc.	NASA	30030000	10012131	7,875
Cleveland Clinic Foundation	NASA	30030000	20010421	68,572
Universities Space Research Association	NASA	30030000	20020887	43,860
Space Telescope Science Institute	NASA	30030000	20021006	140,781
Carnegie-Mellon University	NASA	30030000	22000051	99,753
California Institute of Technology	NASA	30030000	22000054	77,824
Georgia Institute of Technology	NASA	30030000	22000189	18,677
University of Texas-Austin	NASA	30030000	22000270	75,111
Physical Research, Inc.	NASA Langley Research Center	30030102	10012138	9,106
EG & G, Inc.	Goddard Space Flight Center	30030301	10011343	33,246
University of Illinois	National Endowment for the Humanities	30040100	22000009	25,178
Ohio Humanities Council	National Endowment for the Humanities	30040100	26290000	11,990
Systran Corporation	NSF	30050000	10011833	19,377
Anatrace, Inc.	NSF	30050000	10020034	27,124
Computing Research Association	NSF	30050000	20021373	192
Rutgers University	NSF	30050000	22000003	45,831
University Medical & Dental New York	NSF	30050000	22000004	3,388
University of Illinois	NSF	30050000	22000009	325,912
Indiana University	NSF	30050000	22000012	29,096
University of California Davis	NSF	30050000	22000013	(6,545)
Pennsylvania State University	NSF	30050000	22000030	47
Miami University	NSF	30050000	22000049	79,011
University of Missouri	NSF	30050000	22000073	6,172
University of Connecticut	NSF	30050000	22000076	26,815
Otterbein College	NSF	30050000	22000077	8,554
Cornell University	NSF	30050000	22000081	25,133
Columbia University	NSF	30050000	22000135	7,034
William Marsh Rice University	NSF	30050000	22000231	(663)
Drexel University	NSF	30050000	22000246	343,689
University of Massachusetts/Amherst	NSF	30050000	22000274	9,902
Development Alternatives Inc.	AID	30300100	10011316	5,166
Foundation International Common Asst	AID	30300100	20010510	78,217
Midwest University Consortium				
for International Activities	AID	30300100	20020441	(31,282)
University of Wisconsin	AID	30300100	22000006	149,686
Virginia Polytechnic Institute	AID	30300100	22000023	8,254
U.S.-Egypt S&T Joint Board	AID	30300100	28610001	56,027
Ohio Emergency Management Agency	Federal Emergency Management Agency	30330000	26560000	10,110
University of Texas of Austin	Corporation for National & Community Service	31040001	22000270	1,875
Dairy Management Inc.	Department of Agriculture	40000000	20020911	48,499
Midwest Adv Food Man	Department of Agriculture	40000000	20021278	21,933
Purdue University	Department of Agriculture	40000000	22000002	24,883
Rutgers University	Department of Agriculture	40000000	22000003	25,108
University of Illinois	Department of Agriculture	40000000	22000009	11,381
Virginia Polytechnic Institute	Department of Agriculture	40000000	22000023	5,753

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, 1999

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 Expenditures
Research and Development Cluster (continued):				
Funds received directly from the following pass-through sponsors:				
Michigan State University	Department of Agriculture	40000000	22000044	\$ 75,736
Iowa State University	Department of Agriculture	40000000	22000047	11,543
Texas A & M University	Department of Agriculture	40000000	22000053	(21)
Southern Illinois University	Department of Agriculture	40000000	20000055	4,272
University of Minnesota	Department of Agriculture	40000000	22000067	47,109
Cornell University	Department of Agriculture	40000000	22000081	8,756
University of Nebraska	Department of Agriculture	40000000	22000085	138,671
University of Florida	Department of Agriculture	40000000	22000108	(2,238)
North Carolina St. University	Department of Agriculture	40000000	22000136	21,584
University of Delaware	Department of Agriculture	40000000	22000138	467
University of Michigan	Department of Commerce	42000000	22000005	24,291
Franklin Co. Human Services	Department of Commerce	42000000	24000366	111
University of South Carolina	National Oceanic & Atmospheric Administration	42020000	22000241	20,022
Caterpillar Inc.	National Institute of Standards & Technology	42040000	10011704	116,456
Imation Corporation	National Institute of Standards & Technology	42040000	10012042	119,533
Lockheed Martin Corporation	DOD	50000000	10010042	60,257
E-Systems Corporation	DOD	50000000	10011157	642,397
Mission Research Corporation	DOD	50000000	10011436	11,973
Logicon Technical Services	DOD	50000000	10011651	219,819
Nichols Research Corporation	DOD	50000000	10011948	1,567,633
Extrude Hone Corporation	DOD	50000000	10011976	6,030
Polychip	DOD	50000000	10012074	(29,573)
Battelle Memorial Institute	DOD	50000000	20020012	55,839
University of Dayton	DOD	50000000	22000008	46,357
University of Arizona	DOD	50000000	22000116	76,833
Lockheed Martin Corporation	Air Force	50010000	10010042	115,132
Veridian-SRL	Air Force	50010000	10011383	13,675
Mission Research Corporation	Air Force	50010000	10011436	37,895
General Electric Aircraft Engines	Air Force	50010000	10011756	441,945
Demaco, Inc.	Air Force	50010000	10011893	(703)
Computer Science & Applications, Inc.	Air Force	50010000	10011986	55,394
Coretek, Inc.	Air Force	50010000	10012013	11,616
Thermacore, Inc.	Air Force	50010000	10012035	18,501
Dynamic Engineering, Inc.	Air Force	50010000	10020001	34,749
Transmap Corporation	Air Force	50010000	10020003	5,371
LSP Technologies, Inc.	Air Force	50010000	10020012	63,821
Sverdrup Technologies, Inc.	Air Force	50010000	10020016	9,910
Technical Management Concepts, Inc.	Air Force	50010000	10020023	110,946
CC Technologies Lab	Air Force	50010000	10020033	3,974
Battelle Memorial Institute	Air Force	50010000	20020012	38,495
Guide Consortium	Air Force	50010000	20021102	88,949
Northeast Consortium Engineering Education	Air Force	50010000	20021188	3,532
Penn State University	Air Force	50010000	22000030	155,654
Carnegie-Mellon University	Air Force	50010000	22000051	49,849
University of Cincinnati	Air Force	50010000	22000074	57,277
University of Virginia	Air Force	50010000	22000203	163,935
Princeton University	Air Force Office of Scientific Research	50010105	22000289	15,412
Research & Development Laboratory	Air Force Office of Scientific Research	50010105	10011649	34,429
Loral Defense Systems	Army	50020000	10011871	23,763
Coretek, Inc.	Army	50020000	10012013	4,000
Frontier Tech, Inc.	Army	50020000	10020067	12,984
University of Chicago	Army	50020400	22000018	16,328
Lockheed Martin Corporation	Army Research Laboratory	50020210	10010042	395,278
Massachusetts Institute of Technology	Army Research Office	50020400	22000001	83,518

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, 1999

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 Expenditures
Research and Development Cluster (continued):				
Funds received directly from the following pass-through sponsors:				
Duke University	Army Research Office	50020400	22000094	\$ 301,548
Edison Welding Institute Inc.	Navy	50040000	10011218	33,626
Tracor Appld Scn Inc.	Navy	50040000	20021229	(3,144)
Geo-Centers Inc.	Office of Naval Research	50040300	10011454	(25,682)
Dynalysis of Princeton	Office of Naval Research	50040300	10012109	198,661
Penn State University	Office of Naval Research	50040300	22000030	142,629
University of Akron	Uniformed Services University for Health	50190000	22000066	33,728
Plastronic, Inc.	DE	53000000	10020005	100,464
Research Foundation of City University of New York	DE	53000000	20010482	344,235
Education Development Center, Inc.	DE	53000000	20021328	1,334
Penn State University	DE	53000000	22000030	6,636
Wright State University	DE	53000000	22000087	42,184
University of Maryland	DE	53000000	22000120	91,545
Ohio University	DE	53000000	22000130	62,097
University of Delaware	DE	53000000	22000138	(432)
Illinois State Board of Education	DE	53000000	24000281	519
Ohio Department of Education	DE	53000000	26080000	989,309
Ohio Division of Vocational & Adult Education	DE	53000000	26080100	1,175,579
Ohio School-To-Work Office	DE	53000000	26080103	116,640
Babcock & Wilcox	DOE	55000000	10010026	(213)
Lockheed Martin Corporation	DOE	55000000	10010042	54,726
Air Products & Chemicals, Inc.	DOE	55000000	10010612	253,112
Westinghouse Electric Corporation	DOE	55000000	10010881	573,096
Dravo Lime Company	DOE	55000000	10011501	34,678
Universities Research Association, Inc.	DOE	55000000	10011888	175,338
MSE, Inc.	DOE	55000000	10011972	75,122
Rocky Research	DOE	55000000	10012132	37,259
Nat Renewable Energy Laboratory	DOE	55000000	20020800	250,292
Associated Universities Inc.	DOE	55000000	20020801	40,809
Consortium Plant Biotechnology Research Inc.	DOE	55000000	20021036	31,956
Ohio Aerospace Institute	DOE	55000000	20021048	109,986
South Carolina Research Authority	DOE	55000000	20021319	325,289
Ohio Valley Regional Development Commission	DOE	55000000	20021347	36,938
Purdue University	DOE	55000000	22000002	449,405
University of Michigan	DOE	55000000	22000005	59,105
University of California	DOE	55000000	22000011	101,855
University of California-Davis	DOE	55000000	22000013	(1,274)
University of Idaho	DOE	55000000	22000016	25,538
University of Chicago	DOE	55000000	22000018	22,879
Wayne State University	DOE	55000000	22000034	247
Washington University	DOE	55000000	22000209	1,582
Brown University	DOE	55000000	22000284	149,374
Area Agency on Aging 7	Department of Health & Human Services	60000000	20020054	16,728
Children's Hospital Research Foundation	PHS	60040000	20010182	5,529
University of North Carolina	PHS	60040000	22000146	1,845
IIT Research Institute	Food & Drug Administration	60040200	20021129	8,880
Cleveland Clinic Foundation	National Institute of Health	60040400	20010421	25,099
Purdue University	National Institute of Health	60040400	22000002	19,327
Rutgers University	National Institute of Health	60040400	22000003	21,696
University of Pittsburgh	National Institute of Health	60040400	22000036	(553)
Health Research Inc.	National Cancer Institute	60040402	10010523	9,948
Cleveland Clinic Foundation	National Cancer Institute	60040402	20010421	33,973
Cancer Therapy & Research Foundation of S Texas	National Cancer Institute	60040402	20020745	114,033
AM College Radiology	National Cancer Institute	60040402	20020917	1,639

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, 1999

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 Expenditures
Research and Development Cluster (continued):				
Funds received directly from the following				
pass-through sponsors:				
American Health Foundation	National Cancer Institute	60040402	20021179	\$ (40,864)
University of Kansas Medical Center Research Institute	National Cancer Institute	60040402	20021356	69,465
University of Michigan	National Cancer Institute	60040402	22000005	160,628
University of California	National Cancer Institute	60040402	22000011	39,814
University of Chicago	National Cancer Institute	60040402	22000018	404,321
Texas A & M University	National Cancer Institute	60040402	22000053	13,276
University of Minnesota	National Cancer Institute	60040402	22000067	207,897
Oregon State University	National Cancer Institute	60040402	22000103	48,082
University of Kentucky	National Cancer Institute	60040402	22000143	(3,813)
University of Southern California	National Cancer Institute	60040402	22000206	75,540
Washington University	National Cancer Institute	60040402	22000209	13,604
Medical College Ohio	National Cancer Institute	60040402	22000210	35,816
University of Helsinki	National Cancer Institute	60040402	22010007	61,168
Mount Sinai Medical Center	National Heart, Lung & Blood Institute	60040403	10011783	263
Statistics & Epidemiology Research Corporation	National Heart, Lung & Blood Institute	60040403	10012025	14,005
Cleveland Clinic Foundation	National Heart, Lung & Blood Institute	60040403	20010421	154,050
Johns Hopkins University	National Heart, Lung & Blood Institute	60040403	22000133	239,032
Social & Scientific Systems, Inc.	National Institute Allergies & Infectious Disorders	60040404	10012044	30,711
Case Western Research University	National Institute Allergies & Infectious Disorders	60040404	22000238	19,845
University of Massachusetts/Amherst	National Institute Allergies & Infectious Disorders	60040404	22000274	3,930
Probiotix, Inc.	National Institute of Diabetics & Digestive & Kidney Disease	60040405	10012038	16,351
Precomp Incorporated	National Institute of Child Health & Human Development	60040406	10011803	30,954
Rand Corporation	National Institute of Child Health & Human Development	60040406	20021340	20,009
Columbia University	National Institute of Child Health & Human Development	60040406	22000135	74,890
University of Illinois	National Institute General Medical Science	60040407	22000009	3,794
University of Tennessee	National Institute General Medical Science	60040407	22000010	10,952
Indiana University	National Institute Neurological Disorders & Stroke	60040408	22000012	119,477
Columbia University	National Institute Neurological Disorders & Stroke	60040408	22000135	10,472
New York University	National Institute Neurological Disorder	60040408	22000254	(4,307)
Johns Hopkins University	National Eye Institute	60040411	22000133	25,063
UES, Inc.	National Institute of Dental Research	60040412	10020049	23,767
Children's Hospital Research Foundation	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	20010182	2,840
Cornell University	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	22000081	58,574
Ohio University	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	22000130	83,303
Children's Hospital Philadelphia	National Institute of Mental Health	60040421	20020015	118,521
Purdue University	National Institute of Mental Health	60040421	22000002	9,146
University of Minnesota	National Institute of Mental Health	60040421	22000067	1,729
Duke University	National Institute of Mental Health	60040421	22000094	75,553
University of Florida	National Institute of Mental Health	60040421	22000108	24,997
University of Tennessee	National Institute of Drug Abuse	60040422	22000010	(38,064)
Virginia Polytechnic Institute	National Institute of Drug Abuse	60040422	22000023	91,123
Texas A & M University	National Institute of Drug Abuse	60040422	22000053	12,882
Children's Hospital Research Foundation	Maternal & Childrens Health Bureau	60040505	20010182	51,598
Hemophilia Foundation of Michigan	Maternal & Childrens Health Bureau	60040505	20021026	3,966
Rehabilitation Institute Research Corporation	Centers for Disease Control & Prevention	60040600	20021335	110,409
University of Maine at Orono	Centers for Disease Control & Prevention	60040600	22000048	3,536
University of California	DI	72000000	22000011	16,277
Ohio Division of Wildlife	DI	72000000	26110100	824,342
Alliance For Cooperative Justice	Department of Justice	74000000	20021321	31,867
Office of Criminal Justice Services	Department of Justice	74000000	26140401	(14,964)

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, 1999

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 Expenditures
Research and Development Cluster (continued):				
Funds received directly from the following pass-through sponsors:				
Sam Houston State University	National Institute of Justice	74040100	22000300	\$ 31,387
National Opinion Research Center	DOL	76000000	20020932	1,496,484
Gallia, Jackson, Vinton Co Joint Vocational School	DOL	76000000	24000264	298,201
Ohio Department of Education	DOL	76000000	26080000	298,936
Ohio School-To-Work Office	DOL	76000000	26080103	178,563
National Con Eura & E Eur	Department of State	80000000	20020643	22,394
University of Missouri	Department of Transportation	82000000	22000073	(694)
Ohio Department of Transportation	Federal Highway Administration	82010000	26010000	20,250
Iowa State University	Federal Aviation Administration	82030000	22000004	227,099
Ohio Department of Public Safety	National Highway Traffic Safety Administration	82040000	26400000	<u>5,513</u>
Subtotal pass-through from other sources				<u>20,573,995</u>
Total Research and Development Cluster				<u>133,881,033</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, 1999

Federal Agency	Sponsor I.D./ CFDA Number	Pass-Through I.D. Number	1999 Expenditures
Student Financial Aid Cluster:			
Department of Education:			
Federal Supplemental Educational Opportunity Grant	84.007		\$ 1,543,736
Federal Work Study Program	84.033		3,734,851
Federal Perkins Loans	84.038		12,503
Federal Pell Grant Program	84.063		17,647,580
Department of Health and Human Services:			
Financial Assistance for Disadvantaged Health Professional Students	93.139		64,896
Health Profession Student Loans	93.342		65,728
Scholarship Program for Students of Exceptional Financial Need	93.820		113,306
Scholarship Program for Students of Exceptional Financial Need	93.925		<u>277,931</u>
Total Student Financial Aid Cluster			<u>23,460,531</u>
USDA - Hatch Program	10.203		5,207,227
USDA - Cooperative Extension Service	10.500		<u>10,158,947</u>
Subtotal			<u>15,366,174</u>
OTHER PROGRAMS:			
Funds received directly from the following Federal agencies:			
NSF Education & Human Resources	30050600		153,928
Appalachian Regional Commission	30070100		34,615
US Information Agency	30260000		92,295
National Research Council	31020100		(6,717)
USDA-Coop State Res Education & Extension Service	40040100		313,512
Office of International Cooperation & Development	40100000		4,194
DOD-Uniformed Services University Health Services	50190000		233,035
U.S. Department of Education (DE)	53000000		381,710
DE-Fund Improvement Postsecondary Education	53020300		56,640
DE-Office of Postsecondary Education	53040000		119,808
DE-Center for International Education	53040200		77,947
DE-Office of Special Education & Rehabilitative Services	53050000		111,702
DE-Office of Special Education	53050100		1,121,769
DE-Rehabilitation Services Administration	53050200		87,617
DE-National Institute of Disability & Rehabilitation Research	53050300		560,625
Department of Health & Human Services	60000000		764,294
PHS-National Center for Research Resources	60040410		2,046,410
PHS-Bureau of Health Professions	60040501		74,114
PHS-Minority Comm Health Coalition Demonstration	60041300		11,284
PHS-Administration for Children & Families	60070000		(1,169)
Administration for Children Youth Families	60070100		1,611,674
PHS-Administration on Developmental Disabilities	60070500		269,627
Department of Housing & Urban Development	70000000		108,782
Department of Justice	74000000		<u>48,266</u>
Subtotal funds received directly from other Federal agencies			<u>8,275,962</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, 1999**

Federal Agency	Sponsor I.D./ CFDA Number	Pass-Through I.D. Number	1999 Expenditures
OTHER SOURCES:			
USDA - Agricultural Marketing Service	10.155		\$ 8,657
USDA - Cooperative Forestry Research	10.202		474,787
USDA - Animal Health and Disease Research	10.207		111,951
USDA - Fund Rural America - Res. Educ. Ext Activities	10.224		12,678
DC - Public Telecommunication Facilities	11.550		244,504
DI - Fish & Wildlife Management Assistance	15.608		(7,975)
DI - Coop Endangered Species Conservation Fund	15.615		965
DI - Wildlife Conservation & Appreciation	15.617		15,732
DI - Water Quality Assessment Program	15.805		717
U.S. Department of Veterans Affairs - Veteran's Outpatient Care	64.011		70,434
DE - Faculty Research Abroad	84.019		(388)
DE - Javits Fellowships	84.170		22,550
DE - Tech - Prep Education	84.243		1,143
U.S. Department of Health and Human Services - Social Services Block Grant	93.667		<u>192,722</u>
Total funds received from other sources			<u>1,148,477</u>

(Continued)

THE OHIO STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 1999

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 Expenditures
OTHER PROGRAMS:				
Pass-through:				
Ohio Department of Education	USDA	10.558		\$ 56,058
Ohio Department of Education	DC	11.559		33,662
Ohio Department of Agriculture	USDA	10.769		35,264
Ohio Bureau of Employee Services	DOL	17.245		28,272
Ohio Department of Education	DOL	17.249		937,709
Ohio Department of Development	SBA	59.037		3,000
Ohio Department of Education	DE	84.002		180,975
Ohio Department of Education	DE	84.048		2,152,069
Ohio Rehabilitation Services Commission	DE	84.126		17,502
Ohio Department of Education	DE	84.243		714,205
Ohio Department of Education	DE	84.276		20,000
Ohio Board of Regent	DE	84.281		39,665
Ohio Department of Rehabilitation and Corrections	DE	84.331		7,500
Ohio Department of Alcohol and Drug Addiction Services	Department of Health and Human Services	93.959		14,912
Ohio Department of Health	Department of Health and Human Services	93.991		34,620
Ohio Department of Health	Department of Health and Human Services	93.994		44,886
Ohio Department of Aging	Corporation for National Community Service	94.009		211
Ohio Environmental Education Foundation	Environmental Protection Agency	30020000	26340100	35,937
Arts Midwest	National Endowment for the Arts	30040200	20020844	1,500
Association of Geront Higher Education	Corporation for National Service	31040001	20020055	5,771
Ohio Governor's Community Service Commission	Corporation for National Service	31040001	26600000	240,255
Ohio Department of Human Services	Department of Agriculture	40000000	26230000	1,894,343
Ohio University	DE	53000000	22000130	16,086
Cooperative Educational Service Agency	Department of Health & Human Services	60000000	20021342	64,761
University of Illinois	National Library of Medicine	60040409	22000009	7,517
Ohio Department of Public Safety	Center for Disease Control & Prevention	60040600	26090000	3,155
City of Columbus	Department of Housing & Urban Development	70000000	24000306	31,211
Total pass-through programs				<u>6,621,046</u>
TOTAL FEDERAL AWARDS				<u>\$ 188,753,223</u>

See notes to schedule of expenditure of federal awards.

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 generally accepted accounting principles 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, 1999, the University did not receive any nonmonetary assistance.

3. FEDERAL LOAN PROGRAMS ADMINISTERED

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

	Year Ended June 30, 1999
Perkins Loan Program	\$6,401,162
Nursing Student Loans (NSL)	373,956
Health Professional Student Loans (HPSL)	3,023,906
Loans for Disadvantaged Students	<u>9,656</u>
Total	<u>\$9,808,680</u>

The above expenditures include disbursements and expenditures such as loans to students and administrative expenditures. During the year ended June 30, 1999, the University disbursed \$162,618,828 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	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, 1999, and have issued our report thereon dated October 4, 1999. We conducted our audit in accordance with generally accepted auditing standards 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* as items 99-1, 99-2, 99-3, and 99-4. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the University in a separate letter dated October 4, 1999.

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 in 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 4, 1999.

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 4, 1999



**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, 1999. 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures, as we 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, 1999. 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 is described in the accompanying Schedule of Findings and Questioned Costs as items 99-1, 99-2, 99-3, and 99-4.

INTERNAL CONTROL OVER COMPLIANCE

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on 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, 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, 1999, and have issued our report thereon dated October 4, 1999. 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 4, 1999

THE OHIO STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 1999

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, USDA Cooperative Extension (CFDA 10.500), USDA Hatch (CFDA 10.203), and Student Financial Aid Cluster (CFDA's: 84.007, 84.033, 84.038, 84.063, 93.139, 93.342, and 93.820), 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 did not 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

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.

99-3 HATCH PERIOD OF AVAILABILITY

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, (H) Period of Available Funds.

Finding:

The Hatch program lacks sufficient monitoring controls over the period of availability of a federal award and the expenditures that are charged.

Effect:

With a lack of sufficient monitoring, it is possible that expenses can be charged against a federal award where the period of availability has ended.

Recommendation:

We recommend that the University institute policies and procedures to ensure there are controls in place that will monitor the periods of availability of federal awards and the expenditures that are charged to them.

99-4 SUBRECIPIENT MONITORING

Grantor: Various

Sponsor Identification Number: Various

Project Number: Various

Criteria:

Circular A-133, Subpart D-Federal Agencies and Pass-Through Entities §____.400 Responsibilities (d) Pass-through entity responsibility.

Finding:

In 9 of 16 subrecipient subcontracts reviewed, the Research Foundation did not perform one or both of the following:

As noted in the schedule of findings and questioned costs, the Research Foundation did not perform the following:

- Identify to the subrecipient a CFDA title and number, award name and number, award year, and the name of the Federal agency or provide the best information available to describe the Federal award.
- Require each subrecipient to permit the Research Foundation and auditors to have access to the records and financial statements as necessary.

Effect:

The Research Foundation may be awarding funds to subrecipients that are not using the federal awards for authorized purposes in compliance with laws, regulations, or in accordance with the provisions of the contract or grant agreement.

Recommendation:

We recommend that the subrecipient subcontracts be amended for these provisions.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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.

By: *Susan Babbitt*

Date: **JAN 13 2000**

**Deloitte &
Touche**



*The Ohio State
University
Research Foundation*

*Office of Management and Budget
Circular A-133 Reports for the
Year Ended June 30, 1999*

**Deloitte &
Touche**



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

*Office of Management and Budget
Circular A-133 Reports for the
Year Ended June 30, 1999*

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

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**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999**

Federal Agency	Sponsor I.D. Number	1999 Expenditures
Research and Development Cluster:		
Pass-through from The Ohio State University:		
Environmental Protection Agency	30020000	\$ 1,358,193
National Aeronautics and Space Administration (NASA)	30030000	1,285,452
Langley Research Center	30030102	294,224
Ames Research Center	30030103	233,764
Lewis Research Center	30030104	1,224,233
NASA Headquarters	30030105	(533)
Marshall Space Flight Center	30030201	175,612
Johnson Space Center	30030202	46,248
Kennedy Space Center	30030203	47,857
Goddard Space Flight Center	30030301	2,470,119
National Endowment For The Humanities	30040100	28,616
National Science Foundation (NSF)	30050000	121,922
NSF Biological Sciences	30050101	594,406
NSF Integrative Biology & Neuroscience	30050102	889,106
NSF Molecular & Cellular Biosciences	30050103	1,016,446
NSF Environmental Biology	30050104	506,747
NSF Computer & Information Science & Engineering	30050200	379,059
NSF Cross Disciplinary Activities	30050201	40,337
NSF Computer & Computation Research	30050202	721,366
NSF Information Robotics & Intelligent Systems	30050203	54,044
NSF Microelectronic Information Processing Systems	30050204	3,303
NSF Advanced Scientific Computing	30050205	100,787
NSF Networking & Communications Res & Infrastructure	30050206	131,064
NSF Engineering	30050300	302,720
NSF Engineering, Education & Centers	30050302	344,828
NSF Chemical & Transport Systems	30050303	332,582
NSF Civil & Mechanical Structures	30050304	226,233
NSF Electrical & Communications Systems	30050305	216,605
NSF Design, Manufacture, Industrial	30050306	463,779
NSF Div Bioengineering & Environmental	30050307	132,114
NSF Atmospheric Sciences	30050401	129,834
NSF Earth Sciences	30050402	226,808
NSF Ocean Sciences	30050403	230,699
NSF Polar Programs	30050404	1,459,817
NSF Mathematical Sciences	30050501	745,641
NSF Physics	30050502	1,033,115
NSF Chemistry	30050503	2,081,905
NSF Materials Research	30050504	1,462,675
NSF Astronomical Sciences	30050505	610,146
NSF Education & Human Resources	30050600	4,491
NSF Undergraduate Education	30050605	466,610
NSF Div Grad ED & R D	30050611	270,661
NSF Social, Behavioral & Economic Sciences	30050800	1,437
NSF Social, Behavioral & Economic Research	30050801	971,699
NSF International Programs	30050803	37,520
Appalachian Regulatory Commission	30070100	15,400
U.S. Arms Control & Disarmament Agency	30120000	(588)
Veterans Administration	30170000	30,591
Veterans Administration Outpatient Clinic	30170101	(778)
U.S. Information Agency (USIA)	30260000	168,581
Agency for International Development (AID)	30300100	165,766
Central Intelligence Agency	30350100	52,409

See notes to schedule of expenditures of federal awards.

**THE OHIO STATE UNIVERSITY
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999**

Federal Agency	Sponsor I.D. Number	1999 Expenditures
Research and Development Cluster:		
Pass-through from The Ohio State University:		
National Research Council	31020100	\$ (3,304)
Transportation Research Board	31020102	4,000
Dept. of Agriculture	40000000	82,494
United States Department of Agriculture (USDA)-Forest Service	40020000	134,408
USDA-Science & Education	40040000	65,438
USDA-Coop State Res Education & Extension Service	40040100	2,194,399
USDA-North Central Regional Integrated Pest Management Program	40040102	17,673
USDA-Agricultural Research Service	40040200	579,819
USDA-Natural Resources Conservation Service	40060000	115,442
USDA-Animal & Plant Health Inspection Service	40070000	32,363
Office of International Cooperation & Development	40100000	42,611
Economic Research Service	40120000	125,085
National Agricultural Statistics Service	40160000	34,218
U.S. Department of Commerce (DC)-National Oceanic and Atmospheric Administration (NOAA)	42020000	1,532,286
DC-National Institute of Standards & Technology	42040000	70,410
Air Force Materiel Command (AFMC)	50010100	173,753
Air Force Office of Scientific Research	50010105	3,338,671
U.S. Department of Defense (DOD)-Electronic Systems Center	50010110	678
AFMC-Phillips Laboratory	50010121	31,883
DOD-Wright Laboratory	50010800	284,092
DOD-Army	50020000	135,853
DOD-Army Corps of Engineers	50020100	71,113
DOD-Army Cold Regions Research & Engineering Lab	50020103	36,309
Humphredys Eng CSA	50020106	117,173
DOD-Army Natick Research & Development Labs	50020213	25,754
DOD-Army Medical Research & Development Command	50020300	548,876
DOD-Army Research Office	50020400	995,282
DOD-Naval Air Systems Command	50040000	373,489
DOD-Naval Air Systems Command	50040101	(722)
DOD-Space & Naval Warfare Systems Center	50040110	431,861
DOD-Naval Surface Weapon Center	50040112	22,109
DOD-Naval Facility Energy Command	50040114	10,178
DOD-Office of Naval Research	50040300	1,622,002
DOD-Naval Research Lab	50040301	96,378
DOD-Naval Medical Reserve Instate	50041002	28,323
DOD-National Imagery & Mapping Agency	50080000	52,620
Defense Logistics Agency	50130000	158,073
National Security Agency	50140000	165,545
Maryland Procurement Office	50170000	12,525
Defense Supply Service	50180000	239,571
Uniformed Services University Health Services	50190000	25,848
U.S. Department of Education (DE)	53000000	315,099
DE-Office Of Educational Research & Improvement	53020000	5,158,188
DE-Inst Museum Services	53020100	210
DE-Fund Improvement Postsecondary Education	53020300	154,891
DE-Office of Postsecondary Education	53040000	504,738
DE-Center for International Education	53040200	832,991
DE-Office of Special Education	53050000	3,370
DE-Office of Special Education	53050100	316,975
DE-Rehabilitation Services Administration	53050200	173,366
DE-National Institute of Disability & Rehabilitation Research	53050300	616,809

See notes to schedule of expenditures of federal awards.

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999**

Federal Agency	Sponsor I.D. Number	1999 Expenditures
Research and Development Cluster:		
Pass-through from The Ohio State University:		
DE-Office of Vocational & Adult Education Programs	53060000	\$ 545,749
Department of Energy (DOE)	55000000	5,670,518
Department of Health & Human Services	60000000	161,924
Public Health Services (PHS)-Food & Drug Administration	60040200	264,408
PHS-National Institute of Health	60040400	955,317
PHS-National Cancer Institute	60040402	12,721,475
PHS-National Heart, Lung, and Blood Institute	60040403	4,186,472
PHS-National Institute of Allergies & Infectious Disorders	60040404	6,079,976
PHS-National Institute of Diabetes & Digestive & Kidney Diseases	60040405	2,293,437
PHS-National Institute of Child Health & Human Development	60040406	1,280,677
PHS-National Institute of General Medical Sciences	60040407	5,162,789
PHS-National Institute of Neurological Disorders & Stroke	60040408	2,678,381
PHS-National Library Medicine	60040409	79,401
PHS-National Center for Research Resources	60040410	620,106
PHS-National Eye Institute	60040411	3,109,350
PHS-National Institute of Dental Research	60040412	2,098,837
PHS-National Institute on Environmental Health Services	60040414	349,321
PHS-National Institute of Aging	60040415	1,189,804
PHS-National Institute of Health Clinic Center	60040416	3,851
PHS-National Institute of Nursing Research	60040418	705,038
PHS-National Institute of Arthritis and Musculo-skeletal and Skin Diseases	60040419	1,247,490
PHS-National Institute of Deafness and Other Communication Disorders	60040420	1,685,572
PHS-National Institute of Mental Health	60040421	3,308,230
PHS-National Institute of Drug Abuse	60040422	736,296
PHS-National Institute of Alcohol Abuse and Alcoholism	60040423	280,663
PHS-Health Resources & Services Administration	60040500	95,658
PHS-Bureau of Health Professions	60040501	236,942
PHS-Centers for Disease Control & Prevention	60040600	126,756
PHS-National Institute of Occupational Safety & Health	60040601	631,743
PHS-Office of Population Affairs	60041100	70,017
PHS-Agency for Health Care Policy & Research	60041200	19,111
Administration Children & Families	60070000	60,738
Department of Housing & Urban Development	70000000	1,900
U.S. Department of Interior (DI)-Fish & Wildlife Service	72030000	274,752
DI-Geological Survey	72040000	237,080
DOL-Bureau of Labor Statistics	76050000	7,600,252
Department of Statistics	80000000	(35,015)
DOT-Federal Highway Administration	82010000	(70)
DOT-Federal Aviation Administration	82030000	134,486
DOT-National Highway Traffic Safety Administration	82040000	430,718
		<u>\$113,307,038</u>
Subtotal pass-through from The Ohio State University		<u>\$113,307,038</u>

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FOR THE YEAR ENDED JUNE 30, 1999**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 Expenditures
Research and Development Cluster (continued):				
Pass-through from other sources:				
North American Assoc. For Environmental Education	Environmental Protection Agency	30020000	20021323	\$ 98,085
University of Wisconsin	Environmental Protection Agency	30020000	22000006	168,395
West Virginia University	Environmental Protection Agency	30020000	22000032	7,644
Yale University	Environmental Protection Agency	30020000	22000088	27,783
New Jersey Institute of Technology	Environmental Protection Agency	30020000	22000216	1,102
Ohio Environmental Protection Agency	Environmental Protection Agency	30020000	26340000	75,891
Ohio OFC LK Erie Prote	Environmental Protection Agency	30020000	26590000	19,367
Alliedsignal, Inc	NASA	30030000	10011761	284,287
Essential Research, Inc.	NASA	30030000	10011898	3,624
Positive Light Inc.	NASA	30030000	10012131	7,875
Cleveland Clinic Foundation	NASA	30030000	20010421	68,572
Universities Space Research Association	NASA	30030000	20020887	43,860
Space Telescope Science Institute	NASA	30030000	20021006	140,781
Carnegie-Mellon University	NASA	30030000	22000051	99,753
California Institute of Technology	NASA	30030000	22000054	77,824
Georgia Institute of Technology	NASA	30030000	22000189	18,677
University of Texas-Austin	NASA	30030000	22000270	75,111
Physical Research, Inc.	NASA Langley Research Center	30030102	10012138	9,106
EG & G, Inc.	Goddard Space Flight Center	30030301	10011343	33,246
University of Illinois	National Endowment for the Humanities	30040100	22000009	25,178
Ohio Humanities Council	National Endowment for the Humanities	30040100	26290000	11,990
Systran Corporation	NSF	30050000	10011833	19,377
Anatrace, Inc.	NSF	30050000	10020034	27,124
Computing Research Association	NSF	30050000	20021373	192
Rutgers University	NSF	30050000	22000003	45,831
University Medical & Dental New York	NSF	30050000	22000004	3,388
University of Illinois	NSF	30050000	22000009	325,912
Indiana University	NSF	30050000	22000012	29,096
University of California Davis	NSF	30050000	22000013	(6,545)
Pennsylvania State University	NSF	30050000	22000030	47
Miami University	NSF	30050000	22000049	79,011
University of Missouri	NSF	30050000	22000073	6,172
University of Connecticut	NSF	30050000	22000076	26,815
Otterbein College	NSF	30050000	22000077	8,554
Cornell University	NSF	30050000	22000081	25,133
Columbia University	NSF	30050000	22000135	7,034
William Marsh Rice University	NSF	30050000	22000231	(663)
Drexel University	NSF	30050000	22000246	343,689
University of Massachusetts/Amherst	NSF	30050000	22000274	9,902
Development Alternatives Inc.	AID	30300100	10011316	5,166
Foundation International Common Asst	AID	30300100	20010510	78,217
Midwest University Consortium for International Activities	AID	30300100	20020441	(31,282)
University of Wisconsin	AID	30300100	22000006	149,686
Virginia Polytechnic Institute	AID	30300100	22000023	8,254
U.S.-Egypt S&T Joint Board	AID	30300100	28610001	56,027
Ohio Emergency Management Agency	Federal Emergency Management Agency	30330000	26560000	10,110
University of Texas of Austin	Corporation for National & Community Service	31040001	22000270	1,875
Dairy Management Inc.	Department of Agriculture	40000000	20020911	48,499
Midwest Adv Food Man	Department of Agriculture	40000000	20021278	21,933
Purdue University	Department of Agriculture	40000000	22000002	24,883
Rutgers University	Department of Agriculture	40000000	22000003	25,108
University of Illinois	Department of Agriculture	40000000	22000009	11,381

See notes to schedule of expenditures of federal awards.

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999**

Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 Expenditures
Research and Development Cluster (continued):				
Pass-through from other sources:				
Virginia Polytechnic Institute	Department of Agriculture	40000000	22000023	\$ 5,753
Michigan State University	Department of Agriculture	40000000	22000044	75,736
Iowa State University	Department of Agriculture	40000000	22000047	11,543
Texas A & M University	Department of Agriculture	40000000	22000053	(21)
Southern Illinois University	Department of Agriculture	40000000	20000055	4,272
University of Minnesota	Department of Agriculture	40000000	22000067	47,109
Cornell University	Department of Agriculture	40000000	22000081	8,756
University of Nebraska	Department of Agriculture	40000000	22000085	138,671
University of Florida	Department of Agriculture	40000000	22000108	(2,238)
North Carolina St. University	Department of Agriculture	40000000	22000136	21,584
University of Delaware	Department of Agriculture	40000000	22000138	467
University of Michigan	Department of Commerce	42000000	22000005	24,291
Franklin Co. Human Services	Department of Commerce	42000000	24000366	111
University of South Carolina	National Oceanic & Atmospheric Administration	42020000	22000241	20,022
Caterpillar Inc.	National Institute of Standards & Technology	42040000	10011704	116,456
Imation Corporation	National Institute of Standards & Technology	42040000	10012042	119,533
Lockheed Martin Corporation	DOD	50000000	10010042	60,257
E-Systems Corporation	DOD	50000000	10011157	642,397
Mission Research Corporation	DOD	50000000	10011436	11,973
Logicon Technical Services	DOD	50000000	10011651	219,819
Nichols Research Corporation	DOD	50000000	10011948	1,567,633
Extrude Hone Corporation	DOD	50000000	10011976	6,030
Polychip	DOD	50000000	10012074	(29,573)
Battelle Memorial Institute	DOD	50000000	20020012	55,839
University of Dayton	DOD	50000000	22000008	46,357
University of Arizona	DOD	50000000	22000116	76,833
Lockheed Martin Corporation	Air Force	50010000	10010042	115,132
Veridian-SRL	Air Force	50010000	10011383	13,675
Mission Research Corporation	Air Force	50010000	10011436	37,895
General Electric Aircraft Engines	Air Force	50010000	10011756	441,945
Demaco, Inc.	Air Force	50010000	10011893	(703)
Computer Science & Applications, Inc.	Air Force	50010000	10011986	55,394
Coretek, Inc.	Air Force	50010000	10012013	11,616
Thermacore, Inc.	Air Force	50010000	10012035	18,501
Dynamic Engineering, Inc.	Air Force	50010000	10020001	34,749
Transmap Corporation	Air Force	50010000	10020003	5,371
LSP Technologies, Inc.	Air Force	50010000	10020012	63,821
Sverdrup Technologies, Inc.	Air Force	50010000	10020016	9,910
Technical Management Concepts, Inc.	Air Force	50010000	10020023	110,946
CC Technologies Lab	Air Force	50010000	10020033	3,974
Battelle Memorial Institute	Air Force	50010000	20020012	38,495
Guide Consortium	Air Force	50010000	20021102	88,949
Northeast Consortium Engineering Education	Air Force	50010000	20021188	3,532
Penn State University	Air Force	50010000	22000030	155,654
Carnegie-Mellon University	Air Force	50010000	22000051	49,849
University of Cincinnati	Air Force	50010000	22000074	57,277
University of Virginia	Air Force	50010000	22000203	163,935
Princeton University	Air Force Office of Scientific Research	50010105	22000289	15,412
Research & Development Laboratory	Air Force Office of Scientific Research	50010105	10011649	34,429
Loral Defense Systems	Army	50020000	10011871	23,763
Coretek, Inc.	Army	50020000	10012013	4,000
Frontier Tech, Inc.	Army	50020000	10020067	12,984
University of Chicago	Army	50020400	22000018	16,328
Lockheed Martin Corporation	Army Research Laboratory	50020210	10010042	395,278

See notes to schedule of expenditures of federal awards.

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Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 Expenditures
Research and Development Cluster (continued):				
Pass-through from other sources:				
Massachusetts Institute of Technology	Army Research Office	50020400	22000001	\$ 83,518
Duke University	Army Research Office	50020400	22000094	301,548
Edison Welding Institute Inc.	Navy	50040000	10011218	33,626
Tracor Appld Sen Inc.	Navy	50040000	20021229	(3,144)
Geo-Centers Inc.	Office of Naval Research	50040300	10011454	(25,682)
Dynalysis Of Princeton	Office of Naval Research	50040300	10012109	198,661
Penn State University	Office of Naval Research	50040300	22000030	142,629
University of Akron	Uniformed Services University for Health	50190000	22000066	33,728
Plastronic, Inc.	DE	53000000	10020005	100,464
Research Foundation of City University of New York	DE	53000000	20010482	344,235
Education Development Center, Inc.	DE	53000000	20021328	1,334
Penn State University	DE	53000000	22000030	6,636
Wright State University	DE	53000000	22000087	42,184
University of Maryland	DE	53000000	22000120	91,545
Ohio University	DE	53000000	22000130	62,097
University of Delaware	DE	53000000	22000138	(432)
Illinois State Board of Education	DE	53000000	24000281	519
Ohio Department of Education	DE	53000000	26080000	989,309
Ohio Division of Vocational & Adult Education	DE	53000000	26080100	1,175,579
Ohio School-To-Work Office	DE	53000000	26080103	116,640
Babcock & Wilcox	DOE	55000000	10010026	(213)
Lockheed Martin Corporation	DOE	55000000	10010042	54,726
Air Products & Chemicals, Inc.	DOE	55000000	10010612	253,112
Westinghouse Electric Corporation	DOE	55000000	10010881	573,096
Dravo Lime Company	DOE	55000000	10011501	34,678
Universities Research Association, Inc.	DOE	55000000	10011888	175,338
MSE, Inc.	DOE	55000000	10011972	75,122
Rocky Research	DOE	55000000	10012132	37,259
Nat Renewable Energy Laboratory	DOE	55000000	20020800	250,292
Associated Universities Inc.	DOE	55000000	20020801	40,809
Consortium Plant Biotechnology Research Inc.	DOE	55000000	20021036	31,956
Ohio Aerospace Institute	DOE	55000000	20021048	109,986
South Carolina Research Authority	DOE	55000000	20021319	325,289
Ohio Valley Regional Development Commission	DOE	55000000	20021347	36,938
Purdue University	DOE	55000000	22000002	449,405
University of Michigan	DOE	55000000	22000005	59,105
University of California	DOE	55000000	22000011	101,855
University of California-Davis	DOE	55000000	22000013	(1,274)
University of Idaho	DOE	55000000	22000016	25,538
University of Chicago	DOE	55000000	22000018	22,879
Wayne State University	DOE	55000000	22000034	247
Washington University	DOE	55000000	22000209	1,582
Brown University	DOE	55000000	22000284	149,374
Area Agency on Aging 7	Department of Health & Human Services	60000000	20020054	16,728
Childrens Hospital Research Foundation	PHS	60040000	20010182	5,529
University of North Carolina	PHS	60040000	22000146	1,845
IIT Research Institute	Food & Drug Administration	60040200	20021129	8,880
Cleveland Clinic Foundation	National Institute of Health	60040400	20010421	25,099
Purdue University	National Institute of Health	60040400	22000002	19,327
Rutgers University	National Institute of Health	60040400	22000003	21,696
University of Pittsburgh	National Institute of Health	60040400	22000036	(553)
Health Research Inc.	National Cancer Institute	60040402	10010523	9,948
Cleveland Clinic Foundation	National Cancer Institute	60040402	20010421	33,973
Cancer Therapy & Research Foundation of S Texas	National Cancer Institute	60040402	20020745	114,033

See notes to schedule of expenditures of federal awards.

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 Expenditures
Research and Development Cluster (continued):				
Pass-through from other sources:				
AM College Radiology	National Cancer Institute	60040402	20020917	\$ 1,639
American Health Foundation	National Cancer Institute	60040402	20021179	(40,864)
University of Kansas Medical Center Research Institute	National Cancer Institute	60040402	20021356	69,465
University of Michigan	National Cancer Institute	60040402	22000005	160,628
University of California	National Cancer Institute	60040402	22000011	39,814
University of Chicago	National Cancer Institute	60040402	22000018	404,321
Texas A & M University	National Cancer Institute	60040402	22000053	13,276
University of Minnesota	National Cancer Institute	60040402	22000067	207,897
Oregon State University	National Cancer Institute	60040402	22000103	48,082
University of Kentucky	National Cancer Institute	60040402	22000143	(3,813)
University of Southern California	National Cancer Institute	60040402	22000206	75,540
Washington University	National Cancer Institute	60040402	22000209	13,604
Medical College Ohio	National Cancer Institute	60040402	22000210	35,816
University of Helsinki	National Cancer Institute	60040402	22010007	61,168
Mount Sinai Medical Center	National Heart, Lung & Blood Institute	60040403	10011783	263
Statistics & Epidemiology Research Corporation	National Heart, Lung & Blood Institute	60040403	10012025	14,005
Cleveland Clinic Foundation	National Heart, Lung & Blood Institute	60040403	20010421	154,050
Johns Hopkins University	National Heart, Lung & Blood Institute	60040403	22000133	239,032
Social & Scientific Systems, Inc.	National Institute Allergies & Infectious Disorders	60040404	10012044	30,711
Case Western Research University	National Institute Allergies & Infectious Disorders	60040404	22000238	19,845
University of Massachusetts/Amherst	National Institute Allergies & Infectious Disorders	60040404	22000274	3,930
Probiotix, Inc.	National Institute of Diabetes & Digestive & Kidney Disease	60040405	10012038	16,351
Precomp Incorporated	National Institute of Child Health & Human Development	60040406	10011803	30,954
Rand Corporation	National Institute of Child Health & Human Development	60040406	20021340	20,009
Columbia University	National Institute of Child Health & Human Development	60040406	22000135	74,890
University of Illinois	National Institute General Medical Science	60040407	22000009	3,794
University of Tennessee	National Institute General Medical Science	60040407	22000010	10,952
Indiana University	National Institute Neurological Disorders & Stroke	60040408	22000012	119,477
Columbia University	National Institute Neurological Disorders & Stroke	60040408	22000135	10,472
New York University	National Institute Neurological Disorder	60040408	22000254	(4,307)
Johns Hopkins University	National Eye Institute	60040411	22000133	25,063
UES, Inc.	National Institute of Dental Research	60040412	10020049	23,767
Childrens Hospital Research Foundation	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	20010182	2,840
Cornell University	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	22000081	58,574
Ohio University	National Institute of Arthritis & Musculoskeletal & Skin Disease	60040419	22000130	83,303
Childrens Hospital Philadelphia	National Institute of Mental Health	60040421	20020015	118,521
Purdue University	National Institute of Mental Health	60040421	22000002	9,146
University of Minnesota	National Institute of Mental Health	60040421	22000067	1,729
Duke University	National Institute of Mental Health	60040421	22000094	75,553
University of Florida	National Institute of Mental Health	60040421	22000108	24,997
University of Tennessee	National Institute of Drug Abuse	60040422	22000010	(38,064)
Virginia Polytechnic Institute	National Institute of Drug Abuse	60040422	22000023	91,123
Texas A & M University	National Institute of Drug Abuse	60040422	22000053	12,882
Childrens Hospital Research Foundation	Maternal & Childrens Health Bureau	60040505	20010182	51,598
Hemophilia Foundation of Michigan	Maternal & Childrens Health Bureau	60040505	20021026	3,966
Rehabilitation Institute Research Corporation	Centers for Disease Control & Prevention	60040600	20021335	110,409
University of Maine at Orono	Centers for Disease Control & Prevention	60040600	22000048	3,536

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Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 Expenditures
Research and Development Cluster (continued):				
Pass-through from other sources:				
University of California	DI	72000000	22000011	\$ 16,277
Ohio Division of Wildlife	DI	72000000	26110100	824,342
Alliance For Cooperative Justice	Department of Justice	74000000	20021321	31,867
Office of Criminal Justice Services	Department of Justice	74000000	26140401	(14,964)
Sam Houston State University	National Institute of Justice	74040100	22000300	31,387
National Opinion Research Center	DOL	76000000	20020932	1,496,484
Gallia, Jackson, Vinton Co Joint Vocational School	DOL	76000000	24000264	298,201
Ohio Department of Education	DOL	76000000	26080000	298,936
Ohio School-To-Work Office	DOL	76000000	26080103	178,563
National Con Eura & E Eur	Department of State	80000000	20020643	22,394
University of Missouri	Department of Transportation	82000000	22000073	(694)
Ohio Department of Transportation	Federal Highway Administration	82010000	26010000	20,250
Iowa State University	Federal Aviation Administration	82030000	22000004	227,099
Ohio Department of Public Safety	National Highway Traffic Safety Administration	82040000	26400000	<u>5,513</u>
Subtotal pass-through from other sources				<u>20,573,995</u>
Total Research and Development Cluster				<u>\$ 133,881,033</u>

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Pass-Through Sponsor	Federal Agency Sponsor	Sponsor I.D. Number	Pass-Through I.D. Number	1999 Expenditures
OTHER PROGRAMS:				
Pass-through from The Ohio State University:				
NSF Education & Human Resources		30050600		\$ 153,928
Appalachian Regional Commission		30070100		34,615
US Information Agency		30260000		92,295
National Research Council		31020100		(6,717)
USDA-Coop State Res Education & Extension Service		40040100		313,512
Office of International Cooperation & Development		40100000		4,194
DOD-Uniformed Services University Health Services		50190000		233,035
U.S. Department of Education (DE)		53000000		381,710
DE-Fund Improvement Postsecondary Education		53020300		56,640
DE-Office of Postsecondary Education		53040000		119,808
DE-Center for International Education		53040200		77,947
DE-Office of Special Education & Rehabilitative Services		53050000		111,702
DE-Office of Special Education		53050100		1,121,769
DE-Rehabilitation Services Administration		53050200		87,617
DE-National Institute of Disability & Rehabilitation Research		53050300		560,625
Department of Health & Human Services		60000000		764,294
PHS-National Center for Research Resources		60040410		2,046,410
PHS-Bureau of Health Professions		60040501		74,114
PHS-Minority Comm Health Coalition Demonstration		60041300		11,284
PHS-Administration for Children & Families		60070000		(1,169)
Administration for Children Youth Families		60070100		1,611,674
PHS-Administration on Developmental Disabilities		60070500		269,627
Department of Housing & Urban Development		70000000		108,782
Department of Justice		74000000		48,266
Subtotal pass-through from The Ohio State University, other programs				<u>8,275,962</u>
OTHER PROGRAMS:				
Pass-through from other sources:				
Ohio Environmental Education Foundation	Environmental Protection Agency	30070000	26340100	35,937
Arts Midwest	National Endowment for the Arts	30040200	20020844	1,500
Association of Geront Higher Education	Corporation for National Service	31040001	20020055	5,771
Ohio Governor's Community Service Commission	Corporation for National Service	31040001	26600000	240,255
Ohio Department of Human Services	Department of Agriculture	40000000	26230000	1,894,343
Ohio University	DE	53000000	22000130	16,086
Cooperative Educational Service Agency	Department of Health & Human Services	60000000	20021342	64,761
University of Illinois	National Library of Medicine	60040409	22000009	7,517
Ohio Department of Public Safety	Center for Disease Control & Prevention	60040600	26090000	3,155
City of Columbus	Department of Housing & Urban Development	70000000	24000306	<u>31,211</u>
Subtotal pass-through from other sources, other programs				<u>2,300,536</u>
TOTAL FEDERAL PROGRAMS				<u>\$144,457,531</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	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 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, 1999, and have issued our report thereon dated October 4, 1999. We conducted our audit in accordance with generally accepted auditing standards 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* as item 99-1. We also noted certain immaterial instances of noncompliance, which we have reported to management of the Research Foundation in a separate letter dated October 4, 1999.

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 4, 1999.

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 4, 1999

**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 each of its major federal programs for the year ended June 30, 1999. The Research Foundation'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 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 each of its major federal programs for the year ended June 30, 1999. 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 item 99-1.

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

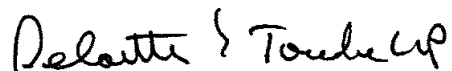
control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular 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, 1999, and have issued our report thereon dated October 4, 1999. 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 Research Foundation. 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.



October 4, 1999

THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 1999

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 Research Foundation's major programs were:

Name of Federal Program or Cluster

CFDA Number

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 did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

PART II - FINANCIAL STATEMENT FINDINGS SECTION

No matters are reportable.

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

99-1: SUBRECIPIENT MONITORING

Grantor: Various

Sponsor Identification Number: Various

Project Number: Various

Criteria:

Circular A-133, Subpart D - Federal Agencies and Pass-Through Entities, §__400 Responsibilities, (d) Pass-through entity responsibilities.

Finding:

In 9 of 16 subrecipient subcontracts reviewed, the Research Foundation did not perform the following:

- Identify to the subrecipient a CFDA title and number, award name and number, award year, and the name of the Federal agency or provide the best information available to describe the Federal award.
- Require each subrecipient to permit the Research Foundation and auditors to have access to the records and financial statements as necessary.

Effect:

The Research Foundation may be awarding funds to subrecipients that are not using the federal awards for authorized purposes in compliance with laws, regulations, or in accordance with the provisions of the contract or grant agreement.

Recommendation:

We recommend that the subrecipient subcontracts be amended for these provisions.



October 4, 1999

The Board of Trustees
The Ohio State University Research Foundation
Columbus, Ohio

Dear Members of the Board of Trustees and Audit Committee:

In planning and performing our audit of the financial statements of The Ohio State University Research Foundation (the "Research Foundation") for the year ended June 30, 1999 (on which we have issued our report dated October 4, 1999), we developed the following recommendations concerning certain matters related to the Research Foundation's internal control and certain observations and recommendations on other accounting, administrative, and operating matters. Certain comments are repeated from our 1998 report because we believe they are of continuing importance (indicated by *). Our principal recommendations are summarized below.

SUBRECIPIENT MONITORING

Observation and Recommendation

As noted in the schedule of findings and questioned costs, the Research Foundation did not perform the following:

- Identify to the subrecipient a CFDA title and number, award name and number, award year, and the name of the Federal agency or provide the best information available to describe the Federal award.
- Require each subrecipient to permit the Research Foundation and auditors to have access to the records and financial statements as necessary.

We recommend that the subrecipient subcontracts be amended for these provisions.

Management's Response

The Research Foundation will take the following corrective action:

- Issue all new subrecipient subcontracts with the revised terms established in September 1998.
- Issue new subrecipient subcontracts for any modifications to those subcontracts for an additional year of funding with the revised terms established in September 1998.
- Include revisions incorporating the revised terms established in September 1998 in any modifications to subrecipient subcontracts.
- The Research Foundation does not plan to revise any subrecipient subcontracts that do not require other modifications.

MATCHING, LEVEL OF EFFORT, EARMARKING

Observation and Recommendation

During testing of compliance with OMB A133, we noted that one federal grant requires a cost sharing percentage of 36.5%. As of the date of our testing in August 1999 the project had shared costs of only 26%. We examined the project budget and noted a large amount of release time (the primary source of cost share expenditures) had not been charged to the project due to resource constraints on processing. We contacted the granting agency which responded that the Research Foundation is responsible to have 36.5% of the award cost-shared by the end of the grant period and has no requirement during the grant, as long as the 36.5% is established by the end of the grant.

Based on the potential of such a back-log resulting in compliance issues, we recommend that the Research Foundation evaluate the resources that have been allocated to processing of release reports and adjust the resources available in order to ensure that the Research Foundation is current on matching percentages' requirements designated by various grants.

Management's Response

The Research Foundation implemented the following procedures effective November 16, 1999:

- A monthly report is used showing projects with budgeted cost sharing and the level of commitment and expenditures to date. We will circulate this report to each Sponsor Project Officer as appropriate.
- Projects which lapse in meeting cost sharing will be notified to bring cost share records up to date or we will put a fiscal "hold" on the project.

UNRECONCILED PAYROLL CLEARING ACCOUNTS (*)

Observation and Recommendation

During fiscal year 1998, the Research Foundation did not perform reconciliations for the project payroll clearing account or the project fringe benefits clearing account with The Ohio State University because of problems, which arose from the implementation of the PeopleSoft Payroll system.

We recommend that the Research Foundation continue to reconcile the payroll accounts as efficiently as possible. The Research Foundation should continue to reconcile these accounts on a timely basis in order to properly track the amounts that are due to and from The Ohio State University.

Management's Response

In 1998, The Ohio State University implemented a new human resources system. As a result of the implementation, payroll information received by the Foundation from The Ohio State University was adversely impacted. In June 1999, certain system edits, reports and on-line tools were implemented to address the reconciliation issue. The Research Foundation continues to apply additional resources to resolve the payroll reconciling problem. Staff additions, and increased support from the University are being used to reduce the reconciliation problem in general ledgers 130, 510, and 544. We continue to work closely with the University to seek solutions to the remaining problems.

RECORDING OF PROJECT PAYROLL EXPENSE (*)

Observation and Recommendation

The reconciliation of The Ohio State University's FAS system to the Research Foundation's financial statements indicated that The Ohio State University had approximately \$2 million of project payroll expenses which were not recorded by the Research Foundation on their financial statements. The Research Foundation's financial statements were adjusted as of June 30, 1999 to properly reflect the project payroll expenses.

We recommend that the Research Foundation develop procedures to ensure that all project expenses that have incurred be properly recorded in the correct period.

Management's Response

Certain payroll transactions transmitted from The Ohio State University's human resources system cannot be immediately posted against projects without additional review for allowability and allocability by the Research Foundation staff. Management's response to previous observation applies to this issue as well. Ultimately, the implementation of an integrated software solution will eliminate the need for payroll clearing accounts.

This report is intended solely for the information and use of the Board of Trustees, the Audit Committee, management, others within the organization, 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.

We would be pleased to discuss any comments with you and assist you in implementing any of the recommendations.

Yours truly,

Deloitte Touche LLP

**Deloitte &
Touche**



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

*Financial Statements for the Years
Ended June 30, 1999 and 1998
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 Foundation) as of June 30, 1999 and 1998, and the related statements of support and revenue, expenditures and changes in fund balance, and cash flows for the years then ended. These financial statements are the responsibility of the management of the Foundation. 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 and *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 Foundation as of June 30, 1999 and 1998, and its support and revenue, expenditures, and changes in fund balance and its cash flows for the years then ended in conformity with generally accepted accounting principles.

The year 2000 supplementary information on page 10 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB), and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the Foundation is or will become year 2000 compliant, that the Foundation's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Foundation does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 4, 1999 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Deloitte & Touche LLP

October 4, 1999

**THE OHIO STATE UNIVERSITY
RESEARCH FOUNDATION**

BALANCE SHEETS, JUNE 30, 1999 AND 1998

ASSETS	1999	1998
CASH AND CASH EQUIVALENTS (Note 3)	\$ 13,285,274	\$12,234,253
INVESTMENTS (Note 3)		2,961,821
ACCOUNTS RECEIVABLE AND UNBILLED PROJECT COSTS	41,762,078	33,791,789
OTHER RECEIVABLES	779,655	1,208,015
PREPAID INSURANCE	3,909	3,909
FURNITURE AND EQUIPMENT - Net of accumulated depreciation of \$32,281 and \$63,278 in 1999 and 1998, respectively	74,508	55,480
PATENTS	<u>1</u>	<u>1</u>
TOTAL ASSETS	<u>\$ 55,905,425</u>	<u>\$ 50,255,268</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable:		
Trade	\$ 7,986,395	\$ 4,600,684
The Ohio State University	7,211,238	8,120,343
Accrued payroll	1,251,843	818,460
Accrued vacation and sick leave	554,128	644,658
Deferred revenue - sponsors	20,846,915	18,704,329
Facilities and administrative costs payable to University departments	7,053,851	7,337,944
Designated funds for University departments (Note 4)	<u>4,709,183</u>	<u>4,184,063</u>
Total liabilities	<u>49,613,553</u>	<u>44,410,481</u>
FUND BALANCE:		
Operating fund balance	6,191,872	5,744,787
Contingency fund balance	<u>100,000</u>	<u>100,000</u>
Total fund balance	<u>6,291,872</u>	<u>5,844,787</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 55,905,425</u>	<u>\$ 50,255,268</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, 1999 AND 1998**

	1999		1998	
	Operating Fund	Contingency Fund	Operating Fund	Contingency Fund
SUPPORT AND REVENUE:				
Sponsor project revenue	\$ 185,096,280		\$ 175,499,219	
University appropriation	7,317,453		6,203,516	
Interest	659,708		773,197	
Transfers to the University for specified expenditures	<u>899,645</u>	<u>\$(124,855)</u>	<u>676,875</u>	<u>\$(94,618)</u>
Total support and revenue	<u>193,973,086</u>	<u>(124,855)</u>	<u>183,152,807</u>	<u>(94,618)</u>
EXPENDITURES AND TRANSFERS:				
Sponsor Project:				
Personnel	88,146,392		84,186,797	
Materials and services	43,265,854		39,222,575	
Equipment	8,765,184		10,472,421	
Travel	5,454,677		4,764,069	
Facilities and administrative cost charged by the University	39,464,172		36,853,358	
Expenditures (revenue) specified by the University	899,645		676,875	
Contingency expenditures		(124,855)		(94,618)
Research administration	7,276,119		5,957,016	
Transfers to the University	252,872		599,427	
Loss on disposal of furniture and equipment	<u>1,086</u>		<u>21,612</u>	
Total expenditures and transfers	<u>193,526,001</u>	<u>(124,855)</u>	<u>182,754,150</u>	<u>(94,618)</u>
EXCESS OF SUPPORT AND REVENUE OVER EXPENDITURES AND TRANSFERS	447,085		398,657	
FUND BALANCE - Beginning of year	<u>5,744,787</u>	<u>100,000</u>	<u>5,346,130</u>	<u>100,000</u>
FUND BALANCE - End of year	<u>\$ 6,191,872</u>	<u>\$ 100,000</u>	<u>\$ 5,744,787</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, 1999 AND 1998**

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of support and revenue over expenditures and transfers	\$ 447,085	\$ 398,657
Adjustments to reconcile excess of support and revenue over expenditures and transfers to net cash provided by operating activities:		
Depreciation	14,799	23,311
Loss on disposal of furniture and equipment	1,086	21,612
Changes in operating assets and liabilities:		
Accounts receivable and unbilled project costs	(7,970,289)	(8,083,983)
Other receivables	428,360	(579,409)
Prepaid insurance		(1,198)
Accounts payable:		
Trade	3,385,711	974,485
The Ohio State University	(909,105)	3,190,941
Accrued payroll	433,383	181,972
Accrued vacation and sick leave	(90,530)	(340,038)
Deferred revenue - sponsors	2,142,586	1,932,536
Recovered facilities and administrative indirect costs payable to University departments	(284,093)	436,135
Designated funds for University departments	525,120	1,649,505
	<u>(1,875,887)</u>	<u>(195,474)</u>
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments		(54,565,415)
Maturity of investments	2,961,821	61,556,836
Capital expenditures - net	(34,913)	(19,497)
	<u>2,926,908</u>	<u>6,971,924</u>
Net cash provided by investing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,051,021	6,776,450
CASH AND CASH EQUIVALENTS - Beginning of year	<u>12,234,253</u>	<u>5,457,803</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 13,285,274</u>	<u>\$ 12,234,253</u>

See notes to financial statements.

THE OHIO STATE UNIVERSITY RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

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 generally accepted accounting principles.

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 \$14,799 and \$23,311 for the years ended June 30, 1999 and 1998, 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, \$679,663, was recorded as rent expense in fiscal 1999. In fiscal 1998, the expense related to the facility was not determined and was not recognized in the Research Foundation's financial statements. The income and

expense for the year ended June 30, 1998 would be increased by such an amount, if it had been recorded. In-kind income had no effect on excess of revenue over expenditures for fiscal year 1998.

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, 1999 and 1998, renewable quarterly from facilities and administrative costs collected from sponsors and due to the University.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 - In December 1998, the Governmental Accounting Standards Board (GASB) issued Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (GASB No. 33). This Statement establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2000. The Research Foundation has not yet determined what, if any, impact the adoption of this Statement will have on the financial statements.

In June 1999, the GASB issued Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB No. 34). This Statement establishes financial reporting standards for state and local governments, including states, cities, towns, villages and special-purpose governments such as school districts and public utilities. The provisions of this Statement are effective for the Research Foundation’s financial statements for periods beginning after June 15, 2001. The Research Foundation has not yet determined what, if any, impact the adoption of this Statement will have on the financial statements.

3. CASH AND INVESTMENTS

In 1999, the Foundation began transferring funds to a University bank account weekly. The 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 Foundation based on their ownership of the funds included in the University’s account.

Included in the bank balance at June 30, 1998 was an overnight repurchase agreement of \$12,310,970. The collateral for the overnight repurchase agreements was U.S. Government Securities which were being held by the Federal Reserve Bank of Cleveland in the member bank’s name.

The bank balance which was uninsured by federal deposit insurance as of June 30, 1999 and 1998 was approximately \$11.5 million and \$.6 million, respectively. The uninsured balances collateralized by pools of securities pledged by the depository bank are held in the name of the respective bank.

Investments consisted of the following instruments at June 30, 1998:

Description	Principal Amount	Carrying Value
Federal discount notes: 5.53%, due July 31, 1998	<u>\$3,000,000</u>	<u>\$2,961,821</u>

The above investments were accounted for at amortized cost as they had maturities of a year or less at the time of purchase. There are no investment instruments held as of June 30, 1999.

The investments held at June 30, 1998 were invested with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form in the name of the respective bank, but who also internally designate these securities as owned by or pledged to the Research Foundation.

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 1999 and 1998 were made in the following percentages:

	Employee Share	Employer Share
PERS	8.5 %	13.31 %

For the years ended June 30, 1999 and 1998, the Research Foundation reimbursed the University \$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.

* * * * *

**REQUIRED SUPPLEMENTAL INFORMATION
YEAR 2000 DISCLOSURE (UNAUDITED)**

The year 2000 issue is the result of the shortcoming in many electronic data-processing systems and other equipment that may adversely affect operations in the calendar year 1999 and beyond. There has been concern that programs may process data inaccurately or stop processing data altogether. The Ohio State University (the University) with participation from The Ohio State Research Foundation (the Foundation) has developed a year 2000 plan to address this issue.

The University's plan includes the following components:

- Appropriate staff have been assigned to the year 2000 issue and a budget and project plan has been established for expenses related to year 2000 compliance efforts.
- Risk areas have been identified and prioritized. These areas include five priority institutional processes. Within each of these processes are imbedded University's mission critical systems. The priority institutional processes are as follows: Health Care Delivery Services, Safe and Healthy Environment, Teaching and Learning, Research and University Administration.
- In the event of system malfunctions or failures due to the year 2000 issue, the University is developing contingency plans in all areas determined to be a mission critical system.
- The majority of the University's systems are currently in the remediation or validation/testing stage.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the University is or will be year 2000 ready, that the University's remediation efforts will be successful in whole or part, or that parties with whom the University does business will be year 2000 ready.

As of June 30, 1999, the University has not entered into any significant contractual agreements with respect to making computer systems year 2000 compliant.

WOSU STATIONS

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

FINANCIAL STATEMENTS
For The Year Ended June 30, 1999
And
Independent Auditors' Report



PARMS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

WOSU STATIONS

*A Public Telecommunications Entity
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FINANCIAL STATEMENTS
For The Year Ended June 30, 1999
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PARMS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS



PARMS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

◆ 400 East Town Street
Suite 200
Columbus, Ohio 43215

◆ Office (614) 224-3078
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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, 1999, 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, 1999, 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, 1998, 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 schedules of Revenues and Expenditures By Telecommunication Operation for the year ended June 30, 1999 and 1998 are presented for purposes of additional analysis and are 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.

Parns & Company, Inc.

September 7, 1999
Columbus, Ohio

**WOSU STATIONS
BALANCE SHEET**

June 30, 1999
(With Comparative Totals For 1998)

	1999				1998	
	Operating Funds		Endowment Fund	Plant Fund	Total	Total
	Unrestricted	Restricted			(Memorandum Only)	(Memorandum Only)
ASSETS						
Current Assets:						
Cash	\$2,680,550	1,505,753	-	1,344,331	\$ 5,530,634	\$ 5,200,028
Receivables:						
Trade	552	-	-	-	552	1,670
Federal and state grants	-	35,237	-	-	35,237	42,475
Pledges, net (Note 7)	36,656	-	-	-	36,656	33,098
Underwriting	41,147	23,240	-	-	64,387	123,282
Total Accounts Receivable	<u>78,355</u>	<u>58,477</u>	<u>-</u>	<u>-</u>	<u>136,832</u>	<u>200,525</u>
Total Current Assets	2,758,905	1,564,230	-	1,344,331	5,667,466	5,400,553
Investments (Note 2)	-	-	5,574,033	-	5,574,033	4,879,491
Property & Equipment, at cost	-	-	-	12,389,287	12,389,287	12,151,191
Broadcast Rights, net	<u>600,264</u>	<u>50,789</u>	<u>-</u>	<u>-</u>	<u>651,053</u>	<u>657,006</u>
Total Assets	<u>\$3,359,169</u>	<u>1,615,019</u>	<u>5,574,033</u>	<u>13,733,618</u>	<u>\$24,281,839</u>	<u>\$23,088,241</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable Trade	\$ 143,820	28,364	-	55	\$ 172,239	\$ 144,237
Deferred Support and Revenue	-	120,899	-	-	120,899	169,283
Other Accrued Liabilities	4,488	-	-	-	4,488	6,092
Accrued Compensated Absence (Note 5)	128,009	59,149	-	-	187,158	170,533
Total Current Liabilities	276,317	208,412	-	55	484,784	490,145
Fund Balances:						
Endowment	-	-	5,574,033	-	5,574,033	4,879,491
Unrestricted	3,082,852	-	-	-	3,082,852	3,327,845
Restricted	-	1,406,607	-	-	1,406,607	1,291,920
Unexpended	-	-	-	1,344,331	1,344,331	947,649
Net Investment in Plant	-	-	-	<u>12,389,232</u>	<u>12,389,232</u>	<u>12,151,191</u>
Total Fund Balances	<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>
Total Liabilities and Fund Balances	<u>\$3,359,169</u>	<u>1,615,019</u>	<u>5,574,033</u>	<u>13,733,618</u>	<u>\$24,281,839</u>	<u>\$23,088,241</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, 1999
(With Comparative Totals For 1998)

	1999				1998	
	Operating Funds		Endowment Fund	Plant Fund	Total	Total
	Unrestricted	Restricted			(Memorandum Only)	(Memorandum Only)
Support, Revenue and Other Additions:						
Ohio State University Direct Support (Note 6)	\$ 1,122,202	-	-	-	\$ 1,122,202	\$ 1,181,477
In-kind Revenues:						
Contributions	2,490,519	-	-	-	2,490,519	2,368,373
Donated facilities and administrative support - Ohio State University (Note 6)	1,239,700	-	-	-	1,239,700	1,209,578
Grants from the Corporation for Public Broadcasting (Note 4)	938,865	122,535	-	-	1,061,400	990,605
Member contributions	2,273,926	-	-	-	2,273,926	2,012,512
Fees and Services:						
Business and industry	453,736	413,225	-	-	866,961	905,429
National, regional & local foundations and nonprofit organizations	19,520	209,815	-	-	229,335	277,065
Federal government agencies	-	-	-	-	-	-
Proceeds from auction	274,667	-	-	-	274,667	293,896
Federal grant award	19,747	113,719	-	-	133,466	347,368
State grants	215,175	1,197,592	-	-	1,412,767	1,086,522
Equipment acquisitions	-	-	-	508,245	508,245	755,268
Investment income						
Interest and dividend income	191,564	48,155	234,931	-	474,650	444,398
Increase in value of investments	-	-	515,197	-	515,197	635,077
Royalties	16,358	-	-	-	16,358	5,193
Endowment contributions	-	-	179,345	-	179,345	199,769
Other	136,337	-	-	-	136,337	64,538
Total Support, Revenue and Other Additions	9,392,316	2,105,041	929,473	508,245	12,935,075	12,777,068
Expenditures and Other Deductions:						
Program services:						
Programming and production	2,979,323	861,160	-	-	3,840,483	3,547,892
Broadcasting	2,602,880	708,980	-	-	3,311,860	3,208,377
Program information	664,751	2,440	-	-	667,191	668,581
Total program services	6,246,954	1,572,580	-	-	7,819,534	7,424,850
Supporting services:						
Grant solicitation	165,647	46	-	-	165,693	243,172
Fund raising	896,451	45,848	-	-	942,299	766,598
Management and general	1,880,382	150,885	-	-	2,031,267	2,196,265
Total supporting services	2,942,480	196,779	-	-	3,139,259	3,206,035
Expended for plant facilities	214,697	292,422	-	55	507,174	758,371
Disposal of plant facilities	-	-	-	270,149	270,149	151,176
Total Expenditures and Other Deductions	9,404,131	2,061,781	-	270,204	11,736,116	11,540,432
Excess of support, revenue and other additions over expenditures and other deductions/(deficit)	(11,815)	43,260	929,473	238,041	1,198,959	1,236,636
Transfers	(233,178)	71,427	(234,931)	396,682	-	-
Net increase/(decrease) for the year	(244,993)	114,687	694,542	634,723	1,198,959	1,236,636
Fund balance, July 1	3,327,845	1,291,920	4,879,491	13,098,840	22,598,096	21,361,460
Fund balance, June 30	\$ 3,082,852	1,406,607	5,574,033	13,733,563	\$23,797,055	\$22,598,096

The Accompanying Notes Are An Integral Part Of These Financial Statements.

WOSU STATIONS
STATEMENT OF CASH FLOWS

For The Year Ended June 30, 1999
(With Comparative Totals For 1998)

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of support, revenues and other additions over expenditures and other deductions	\$1,198,959	\$1,236,636
Adjustments to reconcile excess of support, revenues, and other additions over expenditures and other deductions to net cash provided by operating activities:		
Disposal of property and equipment	270,149	151,176
Amortization and write-offs of broadcast rights	654,495	615,634
Acquisition of broadcast rights	(648,542)	(671,058)
(Increase) Decrease in assets:		
Accounts receivables	63,693	(56,782)
Deposits	-	80,400
Increase (Decrease) in liabilities:		
Accounts payable	28,002	(119,093)
Deferred support and revenue	(48,384)	(79,674)
Other current liabilities	<u>15,021</u>	<u>(76,745)</u>
Net Adjustments	<u>334,434</u>	<u>(156,142)</u>
Net Cash Provided By Operating Activities	1,533,393	1,080,494
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition and construction of capital assets	(508,245)	(755,268)
Increase in value of investments	(515,197)	(635,077)
Purchase of investments - net	<u>(179,345)</u>	<u>(199,769)</u>
Net Cash (Used in) Investing Activities	<u>(1,202,787)</u>	<u>(1,590,114)</u>
Net Increase in Cash	330,606	(509,620)
Cash at Beginning of Year	<u>5,200,028</u>	<u>5,709,648</u>
Cash at End of Year	<u>\$5,530,634</u>	<u>\$5,200,028</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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements - The accompanying financial statements include the accounts and results of operations of two non-commercial public television stations (WOSU-TV in Columbus, Ohio; rebroadcast in Newark, Ohio and Mansfield, Ohio and WPBO-TV in Portsmouth, Ohio) and five non-commercial public radio stations (WOSU-AM and WOSU-FM, both in Columbus, WOSV-FM in Mansfield, Ohio, WOSE-FM in Coshocton, Ohio, WOSB-FM in Marion, Ohio, and WOSP-FM in Portsmouth, Ohio). WOSU Stations is a part of The Ohio State University financial reporting entity. The financial statements of the University contains 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.
- The 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.
- The 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

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 - Fixed assets are recorded at cost or, in the case of donated property, at their 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 \$668,544 at June 30, 1999.

WOSU STATIONS

A Public Telecommunications Entity Operated By
The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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. Neither is such data comparable to a consolidation as they do not reflect the elimination of interfund activities.

WOSU STATIONS

A Public Telecommunications Entity Operated By
The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 CASH AND INVESTMENTS

The cash balance at June 30, 1999 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, 1999:

<u>Fund Account</u>	<u># of Shares</u>	<u>Cost</u>	<u>Fair Value</u>
Friends of WOSU	399.0093	\$1,379,196	\$3,250,779
Prine Classical Music	1.3276	5,300	10,816
WOSU Stations	<u>283.8348</u>	<u>1,698,063</u>	<u>2,312,438</u>
Total Endowments	<u>684.1717</u>	<u>\$3,082,559</u>	<u>\$5,574,033</u>

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.

WOSU STATIONS

A Public Telecommunications Entity Operated By
The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS

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.

Trend Information

WOSU's contributions, representing 100% of the required employer contributions, for the year ended June 30, 1999, and for each of the preceding two years are:

<u>Year Ended</u> <u>June 30</u>	<u>PERS Annual</u> <u>Contribution</u>	<u>STRS Annual</u> <u>Contribution</u>
1999	\$403,720	\$14,337
1998	385,647	13,838
1997	384,046	13,929

WOSU STATIONS

A Public Telecommunications Entity Operated By
The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 RETIREMENT PLAN (Continued)

Other Postemployment Benefits

In addition to the retirement benefits described above, PERS provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other 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 1998 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 1998 were \$440,596,663. As of December 31, 1998, the unaudited estimated net assets available for future OPEB payments were \$9,447,325,318. The number of benefit recipients eligible for OPEB at December 31, 1998 was 115,579.

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.

WOSU STATIONS

A Public Telecommunications Entity Operated By
The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 RETIREMENT PLAN (Continued)

Other Postemployment Benefits

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, 1998, the board allocated 3.5% of covered payroll is allocated to the Health Care Reserve Fund. The Health Care Reserve Fund allocation for the year ended June 30, 1999, will be 8% of covered payroll. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

NOTE 4 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 1999, 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	\$126,273	126,273	686,319	\$938,865
National Programming (NPPAG)	49,533	49,533	-	99,066
Interconnection Grant	-	-	23,469	23,469
Total	<u>\$175,806</u>	<u>175,806</u>	<u>709,788</u>	<u>\$1,061,400</u>

WOSU STATIONS

A Public Telecommunications Entity Operated By
The Ohio State University

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 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 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 ration, 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, 1999, the accrued vacation and sick leave liability was approximately \$187,158.

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 1999, The Ohio State University's direct support amounted to \$1,122,202. In addition, the University provided \$1,239,700 in indirect administrative support.

WOSU STATIONS

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES
BY TELECOMMUNICATION OPERATIONS
For the year ended June 30, 1999

	WOSU -AM	WOSU -FM	WOSU-TV	Plant Fund	Totals (Memorandum Only)
Support, Revenue and Other Additions:					
The Ohio State University appropriation	\$ 224,440	224,440	673,322	-	\$ 1,122,202
In-kind Revenues:					
Contributions	60,608	275,311	2,154,600	-	2,490,519
Donated facilities and administrative support - Ohio State University	258,729	207,022	773,949	-	1,239,700
Corporation for Public Broadcasting Grant	175,806	175,806	709,788	-	1,061,400
Member contributions	452,345	456,802	1,364,779	-	2,273,926
Fees and Services:					
Business and industry	138,329	189,081	539,551	-	866,961
National, regional & local foundations and nonprofit organizations	34,276	31,894	163,165	-	229,335
Proceeds from auction	-	-	274,667	-	274,667
Federal grant award	-	48,145	85,321	-	133,466
State grants	49,120	257,767	1,105,880	-	1,412,767
Equipment acquisitions	-	-	-	508,245	508,245
Investments:					
Interest & Dividend income	84,965	82,412	307,273	-	474,650
Increase in fair value of investments	103,039	103,039	309,119	-	515,197
Royalties	-	3,532	12,826	-	16,358
Endowment contributions	35,869	35,869	107,607	-	179,345
Other	15,917	11,194	109,226	-	136,337
Total Support, Revenue and Other Additions	<u>1,633,443</u>	<u>2,102,315</u>	<u>8,691,073</u>	-	<u>12,935,075</u>
Expenditures and Other Deductions:					
Programming and production	695,063	448,111	2,697,309	-	3,840,483
Broadcasting	354,259	541,951	2,415,650	-	3,311,860
Program information	123,801	120,199	623,191	-	867,191
Total program services	<u>1,173,123</u>	<u>1,110,261</u>	<u>5,536,150</u>	-	<u>7,819,534</u>
Supporting services:					
Grant solicitation	41,437	39,863	130,196	-	211,496
Fund raising	152,925	148,789	594,782	-	896,496
Management and general	460,475	390,549	1,180,243	-	2,031,267
Total supporting services	<u>654,837</u>	<u>579,201</u>	<u>1,905,221</u>	-	<u>3,139,259</u>
Expended for plant facilities	38,074	62,645	406,400	55	507,174
Disposal of plant facilities	-	-	-	270,149	270,149
Total expenditures and other deductions	<u>1,866,034</u>	<u>1,752,107</u>	<u>7,847,771</u>	<u>270,204</u>	<u>11,736,116</u>
Excess (deficit) of support, revenue and other additions over expenditures and other deductions	<u>\$ (232,591)</u>	<u>350,207</u>	<u>843,302</u>	<u>238,041</u>	<u>\$ 1,198,959</u>

WOSU STATIONS

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES
BY TELECOMMUNICATION OPERATIONS
For the year ended June 30, 1998

	WOSU - AM	WOSU - FM	WOSU-TV	Plant Fund	Totals (Memorandum Only)
Support, Revenue and Other Additions:					
The Ohio State University appropriation	\$ 231,610	229,942	719,925	-	\$ 1,181,477
In-kind Revenues:					
Contributions	27,080	174,997	2,166,296	-	2,368,373
Donated facilities and administrative support - Ohio State University	268,985	193,982	746,611	-	1,209,578
Corporation for Public Broadcasting Grant	154,043	178,433	658,129	-	990,605
Member contributions	400,347	404,874	1,207,291	-	2,012,512
Fees and Services:					
Business and industry	294,351	150,064	461,014	-	905,429
National, regional & local foundations and nonprofit organizations	27,596	23,058	226,411	-	277,065
Federal government agencies	-	-	-	-	-
Proceeds from auction	-	-	293,896	-	293,896
Federal grant award	-	130,023	217,345	-	347,368
State grants	50,961	119,631	915,930	-	1,086,522
Equipment acquisitions	-	-	-	755,268	755,268
Investments:					
Interest & Dividend income	78,640	83,832	281,926	-	444,398
Increase in fair value of investments	127,016	127,015	381,046	-	635,077
Royalties	1,906	-	3,287	-	5,193
Endowment contributions	39,954	39,954	119,861	-	199,769
Other	5,905	3,719	54,914	-	64,538
Total Support, Revenue and Other Additions	1,708,394	1,859,524	8,453,882	755,268	12,777,068
Expenditures and Other Deductions:					
Program services:					
Programming and production	743,657	373,253	2,430,982	-	3,547,892
Broadcasting	305,466	435,204	2,467,707	-	3,208,377
Program information	115,852	111,830	440,899	-	668,581
Total program services	1,164,975	920,287	5,339,588	-	7,424,850
Supporting services:					
Grant solicitation	86,448	35,963	120,761	-	243,172
Fund raising	130,060	124,061	512,477	-	766,598
Management and general	483,005	419,756	1,293,504	-	2,196,265
Total supporting services	699,513	579,780	1,926,742	-	3,206,035
Expended for plant facilities	26,056	359,370	372,945	-	758,371
Disposal of plant facilities	-	-	-	151,176	151,176
Total expenditures and other deductions	1,890,544	1,859,437	7,639,275	151,176	11,540,432
Excess (deficit) of support, revenue and other additions over expenditures and other deductions	\$ (182,150)	87	814,607	604,092	\$ 1,236,636

1999 Annual Financial Report

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**REQUEST FOR EXTENSION OF TIME TO FILE
FY 1999 CPB ANNUAL FINANCIAL REPORT AND
AUDITED FINANCIAL STATEMENTS**

Station Call Letters: _____ Station Code: _____

Licensee Name: _____

Fiscal Year End Date: _____ Report Due Date *: _____

Name of Station Mgr. or Chief Exec.: _____
(Please print name legibly)

Signature and Date: _____

(* Due dates are five months following the end of a station's fiscal year. Extensions will not be granted beyond May 31. Refer to the Financial Reporting Guidelines, Appendix, page 47 for further information.)

Instructions

Please check the appropriate line and mail or fax (202-783-1019) this extension request, **before** the due date, to the attention of: Manager, Office of Grants Admin. *If line 2 is checked, you must attach a detailed explanation noting the reasons for this request. This form will be returned to you noting the appropriate action. **Check one, but not both, of the following:***

1. _____ An *automatic 30 day extension of time* is requested to file the station's CPB Annual Financial Report and Audited Financial Statements for the fiscal year shown above. The station's extended due date will be _____ (*insert date*). Additional extensions must be separately applied for.

2. _____ An *additional 30 day extension of time* is requested to file the station's CPB Annual Financial Report and Audited Financial Statements for the fiscal year shown above. The station's final extended due date will be _____ (*insert date*).

CPB Use Only (Office of Grants Administration)

CPB Approval: _____ Approved as requested or until _____

or

Request denied for the following reason: _____

Mgr., Ofc. of Grants Admin. _____ Date _____

Date entered in database: _____ By: _____

SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT
ONLY ORIGINALS OF THIS PAGE SHOULD BE FILED WITH CPB


SUMMARY OF NONFEDERAL FINANCIAL SUPPORT

FISCAL YEAR 1999

1. Direct Revenue (Schedule A)	\$ <u>1,026,267</u>
2. Indirect Administrative Support (Schedule B)	<u>258,729</u>
3. In-Kind Contributions	
a. Services and Other Assets (Schedule C)	<u>60,608</u>
b. Property and Equipment (Schedule D)	<u> </u>
4. Total Nonfederal Financial Support (sum of lines 1, 2, 3a. and 3b.)	\$ <u><u>1,345,604</u></u>

CERTIFICATION BY LICENSEE

I certify that the above Schedule of Nonfederal Financial Support for the fiscal year ending 06/30/99 conforms with the definition of nonfederal financial support set forth in the Communications Act of 1934, as amended, and adheres to the appropriate source, form, purpose, and recipient criteria as described in the Corporation for Public Broadcasting's Fiscal Year 1999 Annual Financial Report Handbook of Instructions.

 10/12/99
Signature of Station Manager or Chief Executive/Date
Dale K. Ouzts (614) 292-9678
Name, phone number, e-mail address of contact person

WOSU-AM The Ohio State University
Call Letters and Licensee Name
2400 Olentangy River Road
Columbus, OH 43210
Address of Station

REPORT OF INDEPENDENT AUDITOR

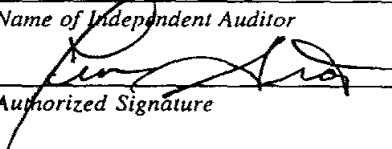
We have audited, in accordance with generally accepted auditing standards, the financial statements of WOSU-AM for the year ended 06/30/99 and have issued our report thereon dated 09/07/99. We have also audited the above Schedule of Nonfederal Financial Support (Schedule) for the year ended 06/30/99 pursuant to the Public Telecommunications Financing Act of 1978. This Schedule is the responsibility of the management of WOSU. Our responsibility is to express an opinion on this Schedule 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 assurance about whether the above Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The above Schedule was prepared for the purpose of complying with the criteria for revenue established in the Corporation for Public Broadcasting's Fiscal Year 1999 Annual Financial Report Handbook of Instructions, and is not intended to be a complete presentation of WOSU's revenue.

In our opinion, the above Schedule presents fairly, in all material respects, the nonfederal financial support of WOSU-AM for the year ended 06/30/99 as defined by the Communications Act of 1934, as amended; and adheres to the appropriate source, form, purpose, and recipient criteria as described in the Corporation for Public Broadcasting's Fiscal Year 1999 Annual Financial Report Handbook of Instructions; and includes only amounts that are also included in WOSU's financial statements for the year ended 06/30/99.

This report is intended solely for the information and use of the board of directors and management of WOSU and the Corporation for Public Broadcasting and should not be used for any other purpose.

<u>Parms & Company, Inc.</u>	<u>400 East Town Street, Suite 200</u>
<i>Name of Independent Auditor</i>	<i>Address</i>
<u></u>	<u>Columbus, OH 43215</u>
<i>Authorized Signature</i>	<i>Telephone Number</i>
<u>10/11/99</u>	<u>(614) 224-3078</u>
<i>Date</i>	

**CERTIFIER'S QUALIFICATION STATEMENT
1999**

CERTIFICATION OF INDEPENDENT AUDITOR
WHO IS NOT A REPRESENTATIVE OF AN INDEPENDENT CPA FIRM

ONLY ORIGINALS OF THIS PAGE SHOULD BE FILED WITH CPB

Licensee/Station(s) _____

I certify that:

1. I qualify to certify this financial report based on the following explanation of my independence from the () licensee and/or () station:

I am not in any way responsible for the accounting operations of the station in either a working or supervisory capacity.

I am not in any way responsible for, or connected with, establishment of the overhead rates or other factors that govern the amounts of indirect or other in-kind contributions included in the station's Schedule of Nonfederal Financial Support.

I was not involved with the operations of the station during the period covered by this report.

2. I qualify to certify this financial report based on the following explanation of my technical training and experience. (See Certification Requirements, Acceptable Auditors section, CPB Handbook of Instructions.)

CHECK ONE:

_____ I am employed by a state audit agency which qualifies as an acceptable independent audit agency. (See pages 16 and 17 of the Handbook of Instructions.)

OR

_____ I am an internal auditor who is also a:

Certified Public Accountant ____, licensed to practice in _____ (state)

Licensed Public Accountant ____, licensed to practice in _____ (state)

Name of Independent Auditor

Title

Authorized Signature

Address

Telephone Number

Date

**FORM FOR NOT FILING AUDITED FINANCIAL STATEMENTS
FISCAL YEAR 1999**

Stations have an option of filing audited financial statements on a biennial basis. Stations choosing this option must file statements in every even-numbered fiscal year (i.e. 2000, 2002, 2004, etc.). In odd-numbered years, such as fiscal year 1999, stations may elect not to file audited financial statements. However, in the next year, the biennial statements must cover the twenty-four month period since the previous audited financial statements were filed, and consist of two 12-month audited statements.

Keep in mind that an audited CPB Annual Financial Report must be filed each and every year. If it is subsequently found that CPB calculated the station's grants on an overstated 1999 NFBS, grants will be adjusted by the proper amounts.

TO BE COMPLETED BY THE GENERAL MANAGER

We will not file audited financial statements for fiscal year 1999. We understand that this will oblige us to file two 12-month audited financial statements in fiscal year 2000. We further understand that the CPB Annual Financial Reports for both 1999 and 2000 must be audited by an independent auditor.

Station	_____	_____
	<i>Call Letters/Network Designation</i>	<i>Station CPB Code</i>
Location	_____	
	<i>City / State</i>	

	<i>Signature of General Manager</i>	

	<i>Printed name of General Manager</i>	

	<i>Telephone Number and E-mail Address</i>	

THIS FORM MUST ACCOMPANY THE AUDITED CPB AFR

SCHEDULE A

FISCAL YEAR 1999

DIRECT REVENUE

Round all figures to nearest dollar

1. Amounts provided directly by federal government agencies:			
A.	PTFP (NTIA) Facilities Grants	\$	_____ (1A)
B.	Department of Education		_____ (1B)
C.	Department of Health and Human Services		_____ (1C)
D.	National Endowment for the Arts and Humanities		_____ (1D)
E.	National Science Foundation		_____ (1E)
F.	Other Federal Funds (specify) _____		_____ (1F)
	<i>Total federal government (forward to line 22)</i>	\$	_____ (1)
2. Amounts provided by public broadcasting entities such as CPB, PBS, NPR, AIT, CTW, FCI, other stations and regional networks:			
A.	CPB - Community Service Grants	\$	126,273 (2A)
B.	Annenberg/CPB Project Grants		_____ (2B)
C.	CPB - NPPAG		49,533 (2C)
D.	CPB - Interconnection grants		_____ (2D)
E.	CPB - all other funds		_____ (2E)
F.	PBS - all payments		_____ (2F)
G.	NPR - all payments		_____ (2G)
H.	Public broadcasting stations - all payments		_____ (2H)
I.	Other PBE funds (specify) _____		_____ (2I)
	<i>Total public broadcasting entities (forward to line 23)</i>	\$	175,806 (2)
3.	Local boards and departments of education or other local government or agency sources		_____ (3)
4.	State boards and departments of education or other state government or agency sources		49,120 (4)
5.	State colleges and universities		224,440 (5)
6.	Other state-supported colleges and universities		_____ (6)
7.	Private colleges and universities		_____ (7)
8.	Foundations and nonprofit associations (include underwriting)		34,276 (8)
9.	Business and Industry (include underwriting)		138,329 (9)
10.	Memberships and subscriptions (net of write-offs)		452,345 (10)
10a.	Total number of contributors _____	5,263 (10a)	
11.	Revenue from friends groups less any revenue included on line 10		_____ (11)
11a.	Total number of friends contributors _____		(11a)
12.	Revenue from subsidiary enterprises and related organizations (see instructions)		_____ (12)

SCHEDULE A
FISCAL YEAR 1999 - continued

13.	Net auction revenue (inclusive of direct expenses of \$ _____).		<u>6,479</u>	(13)
14.	Net revenue from special fund raising activities (inclusive of direct expenses of \$ _____).			(14)
15.	Passive income			
15a.	Interests and dividends	<u>84,965</u>		(15a)
15b.	Royalties			(15b)
15c.	Copyright Tribunal Distributions		<u>84,965</u>	(15)
16.	Gains (losses) on sale of assets and securities transactions			
16a.	Property and equipment			(16a)
16b.	Marketable securities (realized)			(16b)
16c.	Marketable securities (unrealized)	<u>103,039</u>	<u>103,039</u>	(16)
17.	Endowment revenue (contributions plus interest and dividends)		<u>35,869</u>	(17)
18.	Capital fund contributions			
18a.	Facilities and equipment			(18a)
18b.	Other			(18)
19.	Gifts and bequests from major individual donors			(19)
20.	Other (attach schedule)			
	Description	Amount		
	<u>Merchandise Sales</u>	<u>444</u>		
	<u>miscellaneous</u>	<u>8,994</u>	<u>9,438</u>	(20)
21.	Total Revenue (Sum of lines 1 through 20)		<u>\$ 1,314,106</u>	(21)
<i>Adjustments to Revenue:</i>				
22.	Federal revenue from line 1			(22)
23.	Public broadcastng revenue from line 2		<u>175,806</u>	(23)
24.	Capital funds exclusion - <u>TV only</u> (from line 18a)			(24)
25.	Other revenue on line 21 not meeting the source, form, purpose or recipient criteria (Schedule A-1, line 19)		<u>112,033</u>	(25)
26.	Revenue on line 21 that has been previously claimed as NFFS			(26)
27.	Total Direct Nonfederal Financial Support (Line 21 less Lines 22 through 26). (Forward to line 1 of the Schedule of Nonfederal Financial Support)		<u>\$ 1,026,267</u>	(27)

ADDITIONAL INFORMATION REQUIRED

1.	Revenue received as underwriting from foundations and nonprofits (line 8)	<u>\$ 34,276</u>
2.	Revenue received as underwriting from business and industry (line 9)	<u>\$ 138,029</u>

**SCHEDULE A-1
FISCAL YEAR 1999**

REVENUE NOT MEETING CRITERIA FOR INCLUSION AS NFFS

Unless revenue meets the specific criteria defined in the Communications Act of 1934, as amended, it must be excluded from NFFS. This Schedule (A-1) is used to report revenue that must be excluded from the total reported on Schedule A. The criteria are defined as follows:

- Source: A commercial (profit-making) business enterprise, including a for-profit subsidiary or any individual.
- Form: Payment in exchange for any service or material.
- Purpose: Service or material for any related activity of the public broadcasting entity.
- Recipient: A public broadcasting entity.

List revenue from for-profit corporations or individuals reported on Schedule A that is for the sale of goods and services:

	Enter Line No. From Sched. A	Amount
1. Production, taping, or other broadcast related activities	20 (1a)	4,597 (1)
2. Telecasting production / teleconferencing	(2a)	(2)
3. Foreign rights	(3a)	(3)
4. Rentals of membership lists	(4a)	(4)
5. Rentals of studio space, equipment, tower, parking space	(5a)	(5)
6. Leasing of SCA, VBI, ITFS channels	(6a)	(6)
7. Sale of programs or program rights for public performance	(7a)	(7)
8. Sale or rental of program transcripts or recording for other than public performance including private use	(8a)	(8)
9. Gains or losses on sale of assets and securities transactions	16C (9a)	103,039 (9)
10. Sale of premiums	(10a)	(10)
11. Royalty income from licensing fees and Store of Knowledge agrmts.	(11a)	(11)
12. Other rev. not listed above and not includable by definition (att. list)	20 (12a)	4,397 (12)

List below any revenue claimed on Schedule A regardless of source:

13. A wholly owned or partially owned for-profit subsidiary regardless of the nature of the business	(13a)	(13)
14. A wholly owned or partially owned nonprofit subsidiary	(14a)	(14)
15. Sale of program guides	(15a)	(15)
16. Program guide advertising attributable to that percent of total copies distributed that have been sold through normal retail outlets and/or by magazine subscription	(16a)	(16)
17. Refunds, rebates, reimbursements, and insurance proceeds	(17a)	(17)
18. Other (attach list)	(18a)	(18)
19. Total revenue not meeting criteria for inclusion as NFFS (sum of lines 1 through 18). (Forward to Schedule A, line 25)		\$ <u>112,033</u> (19)

SCHEDULE B (For Use By Institutional Licensees Only)

FISCAL YEAR 1999

INDIRECT ADMINISTRATIVE SUPPORT

If you are using the Other Sponsored Activities indirect cost rate methodology, complete Schedule B - Worksheet before continuing.

Complete Schedule B-1 in support of the benefiting cost groups included in the amount on line 3.

	Institutional Support	Physical Plant Operations
1. Costs per licensee financial statements	\$ _____	\$ _____
2. LESS: Costs groups that do not benefit the operations of the public broadcast station	_____	_____
3. Adjusted balance (line 1 minus line 2)	_____	_____
4. Percentage of allocation (Basis of allocation must be stated below)	_____	_____
5. Portion of support activity benefiting station (line 3 times line 4)	\$ _____ 5a	\$ _____ 5b
6. Total support activity benefiting station (sum of lines 5a and 5b)	\$ <u>258,729</u>	
7. Occupancy value - check one <input type="checkbox"/> Annual Value - same as FY98 <input type="checkbox"/> NEW Annual Value <i>Occupancy forms attached</i>	_____	
8. LESS: Any fees paid to the licensee for overhead recovery, assessment, etc.	_____	
9. Total Indirect Administrative Support (sum of lines 6 and 7 minus line 8) (Forward to line 2 of the Schedule of NFFS)	\$ <u><u>258,729</u></u>	

Basis of allocation used for line 4 above

Institutional support (explain)

Physical plant operations (explain)

DONOR CODES - SELECT ONE:

SU (State university)

SG (State government)

PU (Private university)

LG (Local government)

OU (Other university)

OT (Others)

SCHEDULE B - WORKSHEET (For Use By Institutional Licensees Only)

FISCAL YEAR 1999

INDIRECT ADMINISTRATIVE SUPPORT (Using the Other Sponsored Activities Indirect Cost Rate)

Each line of this worksheet must be completed. Enter zero or n/a as applicable.

1. Determine station net direct expenses

Total station operating expenses and capital outlays (from line 10 of Schedule E)		\$ <u>1,607,305</u>
Less: Capital Outlays	\$ <u>38,074</u>	
Depreciation	_____	
Amortization	_____	
In-kind services	<u>60,608</u>	
Donated property	_____	
Other	_____	
Total		(<u>98,682</u>)
<i>Station Net Direct Expenses</i>		\$ <u>1,508,623</u>

2. Modify licensee negotiated cost rate

If the station's direct expenses are not included in the cost base, do not continue with this worksheet.

1999 Licensee negotiated indirect cost rate	<u>17.15</u>	%
Attach rate sheet (see instructions)		
Less: Portion of rate that does not benefit station operations:		
Departmental administration	_____	%
Sponsored projects administration	_____	%
Library support	_____	%
Other	_____	%
<i>Modified cost rate</i>	<u>17.15</u>	%

3. Apply modified rate to station net direct expenses

Station net direct expenses from line 1	\$ <u>1,508,623</u>
Modified cost rate from line 2	X <u>.1715</u>
<i>Total Indirect Support (forward to line 6 of Schedule B)</i>	\$ <u>258,729</u>

NOTE: Do not claim a value for occupancy if the cost pool includes a rate for building use.

SCHEDULE B
INDIRECT ADMINISTRATIVE SUPPORT
(PAGE 1 OF 2)

OTHER SPONSORED ACTIVITIES INDIRECT COST RATE

MODIFICATION OF RATE

THE OHIO STATE UNIVERSITY
SUMMARY OF OTHER SPONSORED ACTIVITIES INDIRECT COST RATES
INDIRECT COST PROPOSAL, JUNE 30, 1991

<u>COST POOL</u>	<u>INDIRECT COST</u>	<u>MTDC BASE</u>	<u>ON- CAMPUS RATE</u>	<u>OFF- CAMPUS RATE</u>
Building Use Allowance	\$ 46,331	\$12,996,788	0.36%	
Improvement Use Allowance	4,687	12,996,788	0.04%	
Equipment Use Allowance	126,032	12,996,788	0.97%	
Operations & Maintenance	855,431	12,996,788	6.58%	
General Administration	483,637	13,282,658	3.64%	3.64%
College Administration	930,362	13,282,658	7.00%	7.00%
Departmental Administration	625,662	13,282,658	4.71%	4.71%
Sponsored Projects Administration	797,292	8,844,646	9.01%	9.01%
Libraries	<u>166,949</u>	12,996,788	<u>1.28%</u>	
SUBTOTALS	\$ 4,036,383		33.60%	24.36%
Less Cost Components Not Benefiting Station:				
Departmental Administration	\$ (625,662)	13,282,658	(4.71)%	
Libraries	(166,949)	12,996,788	(1.28)%	
Sponsored Projects Administration	<u>(797,292)</u>	8,844,646	<u>(9.01)%</u>	
RATE F.Y.E. 6-30-91	\$ 2,446,480		18.59%	
Factor to Adjust 6-30-91 Rate Agreement for 6-30-99 (31/33.6)			<u>x 0.923</u>	
RATE F.Y.E. 6-30-99			<u>17.15%</u>	

SCHEDULE B

WOSU-AM
INDIRECT ADMINISTRATIVE SUPPORT
(PAGE 2 OF 2)

CALCULATION OF INDIRECT ADMINISTRATIVE SUPPORT

STATIONS TOTAL EXPENDITURES	\$ 1,866,034
LESS:	
INDIRECT ADMINISTRATIVE SUPPORT	258,729
IN-KIND CONTRIBUTIONS, SERVICES	60,608
CAPITAL OUTLAYS	<u>38,074</u>
STATION'S NET DIRECT EXPENSES	1,508,623
MODIFIED OTHER SPONSORED ACTIVITIES INDIRECT COST RATE	<u>x 17.15%</u>
STATION'S INDIRECT ADMINISTRATIVE SUPPORT	\$ <u>258,729</u>

**SCHEDULE B-1
FISCAL YEAR 1999**

INDIRECT ADMINISTRATIVE SUPPORT - BENEFITING COST GROUPS

List below the licensee cost groups that benefit the station. These are the cost groups whose value is represented on Schedule B, line 3. The station must demonstrate (under audit and upon request by CPB) that these cost groups include services that are an essential part of the station operations; services are continuous and ongoing in support of the station; and the station uses the services or is required to use the services provided. The station must maintain adequate documentation to support the value claimed on Schedule B.

Check all that apply -

Institutional Support:

- Budget and Analysis**
- Campus Mail Service**
- Computer Operations**
- Financial Operations**
- Human Resources**
- Insurance**
- Internal Audit**
- Legal**
- Payroll**
- President's Office**
- Purchasing**
- Other (Attach List)**

Physical Plant Operations

- Building Maintenance**
- Custodial Services**
- Director of Operations**
- Elevator Maintenance**
- Grounds and Landscaping**
- Motor Pool**
- Refuse Disposal**
- Roof Maintenance**
- Utilities**
- Security Services ***
- Facilities Planning ***
- Other (Attach List)**

** Caution: Be sure that these amounts have been reclassified from the Institutional Support Cost Pool before the indirect cost allocation is calculated.*

For complete guidance on completing Schedule B and related information refer to the Financial Reporting Guidelines - FY 1999 Handbook of Instructions. Also reference the "CPB Indirect Administrative Support" guide. (Call CPB's Office of Grants Administration at 1-800-527-2272 for resource material availability.)

SCHEDULE C
FISCAL YEAR 1999

IN-KIND CONTRIBUTIONS - SERVICES AND OTHER ASSETS

Supporting documentation for all claims must be maintained at the station and may be requested by CPB. This support must be recognized in the station's audited financial statements.

Donor Type
(See below)

1. Professional Services

(a) Legal	_____	\$ _____	(a)
(b) Accounting and/or auditing	_____	_____	(b)
(c) Engineering	_____	_____	(c)
(d) Other professionals (specify exact type)	_____	_____	(d)
	_____	_____	
	_____	_____	
	_____	_____	
<i>Total Professional Services</i>		\$ _____	(1)

2. General Operational Services

(a) Annual rental value of space (studios, offices or tower facilities)	_____	_____	(a)
(b) Annual value of land used for locating a station-owned transmission tower	_____	_____	(b)
(c) Station operating expenses	_____	_____	(c)
(d) Other (specify exact type)	_____	_____	(d)
	_____	_____	
	_____	_____	
<i>Total General Operational Services</i>		_____	(2)

DONOR CODES

BS - Business	PU - Private Univ
FD - Foundation	SG - State Govt.
FG - Federal Government	SU - State Univ.
LG - Local Government	
PB - Public Broadcasting Entity	OT - Other

SCHEDULE C
FISCAL YEAR 1999

IN-KIND CONTRIBUTIONS - SERVICES AND OTHER ASSETS - *continued*

	Donor Type (See below)		
3. Other Services			
(a) ITV or educational radio		\$ _____	(a)
(b) State Public Broadcasting Agencies: (APBC, FL DOE, NYN, OET, PPTN and NY Network only)	SG	50,661	(b)
(c) Local advertising	BS	9,947	(c)
(d) National advertising		_____	(d)
<i>Total Other Services</i>		<u>60,608</u>	(3)
4. <i>Total in-kind contributions - services and other assets (sum of lines 1 through 3)</i>		\$ <u>60,608</u>	(4)
5. LESS: in-kind contributions from federal and public broadcasting entities included in line 4		_____	(5)
6. <i>Total nonfederal in-kind contributions - services and other assets (line 4 less line 5). (Forward to line 3a of the Schedule of Nonfederal Financial Support)</i>		\$ <u><u>60,608</u></u>	(6)

Caution : Refer to the Guidelines and Supplemental Guide to determine if in-kind contributions meet the criteria for inclusion as NFFS. Do not include contributions related to fund raising activities (including membership drives).

DONOR CODES

BS - Business	PU - Private Univ
FD - Foundation	SG - State Govt.
FG - Federal Government	SU - State Univ.
LG - Local Government	
PB - Public Broadcasting Entity	OT - Other

SCHEDULE D
FISCAL YEAR 1999

IN-KIND CONTRIBUTIONS - PROPERTY AND EQUIPMENT

Supporting documentation for all claims must be maintained at the station and may be requested by CPB. This support must be recognized in the station's audited financial statements.

	Donor Type (See below)		
1. Land		\$	(1)
2. Building			(2)
3. Equipment			(3)
4. Vehicle(s)			(4)
5. Other (specify)			
			(5)
6. <i>Total in-kind contributions - property and equipment (sum of lines 1 through 5)</i>		\$	(6)
7. LESS: in-kind contributions from federal and public broadcasting entities included in line 6			(7)
8. <i>Total nonfederal in-kind contributions - property and equipment (line 6 less line 7). (Forward to line 3b of the Schedule of Nonfederal Financial Support)</i>		\$	(8)

DONOR CODES	
BS - Business	PU - Private Univ.
FD - Foundation	SG - State Govt.
FG - Federal Government	SU - State Univ.
LG - Local Government	
PB - Public Broadcsting Entity	OT - Other

SCHEDULE E
FISCAL YEAR 1999

EXPENSES AND CAPITAL OUTLAYS

Include both cash and noncash expenses

*Round all figures
to nearest dollar*

Program Services

1.	Programming and Production	\$	<u>695,063</u>	(1)
2.	Broadcasting		<u>354,259</u>	(2)
3.	Program Information and Promotion		<u>123,801</u>	(3)

Support Services

4.	Management and General		<u>460,475</u>	(4)
5.	Fund Raising and Membership Development		<u>152,925</u>	(5)
6.	Underwriting and Grant Solicitation		<u>41,437</u>	(6)
7.	Depreciation and Amortization *		<u> </u>	(7)

8.	Total operating expenses (lines 1 to 7) (line 8 must agree with audited financial statements)	\$	<u><u>1,827,960</u></u>	(8)
----	---	----	-------------------------	-----

Additional Information

9.	Cost of Capital Assets Purchased or Donated			
	Land and Buildings	\$	<u> </u>	(9a)
	Equipment		<u>38,074</u>	(9b)
	All Other		<u> </u>	(9c)
			<u>38,074</u>	(9)
10.	TOTAL (sum of lines 8 and 9)	\$	<u><u>1,866,034</u></u>	(10)

NOTE:

* If depreciation and amortization are not allocated to the various functional categories, report the full amount on this line.

**SCHEDULE F
FISCAL YEAR 1999**

RECONCILIATION FORM

As stated in the FY 1999 Annual Financial Report Handbook of Instructions, a station's AFR must be reconciled with its audited financial statements. This form must be used in reconciling the two reports. Remember that all NFFS reported for any given year by a station must be recognized as support and revenue in the station's audited financial statements for that year.

CPB Annual Financial Report

List revenue reported on the following lines:

Schedule A, line 21	\$ 1,314,106
Schedule B, line 9	258,729
Schedule C, line 4	60,608
Schedule D, line 6	
Total CPB Annual Financial Report	\$ 1,633,443

Audited Financial Statements

List total support and revenue as recognized in the statement of activities:

Total support and revenue - unrestricted	\$ 1,633,443
Total support and revenue - temporarily restricted	
Total support and revenue - permanently restricted	
Total Support and Revenue	\$ 1,633,443
Capital grants	
Total Audited Financial Statements	\$ 1,633,443

Difference - Total CPB Annual Financial Report less Total Audited Financial Statements *(Explain in the space provided below)*

\$ _____

Description of Reconciling Items

Reconciling Amount

1	\$ _____
2	_____
3	_____
4	_____
5	_____
6	_____
Total (must agree with difference shown above)	\$ _____



CORPORATION FOR PUBLIC BROADCASTING

Annual Financial Report

STATION FISCAL PERIOD ENDING June 30, 1999

Station Call Letters WOSU-FM or Network Designation

Station (CPB ID) Code

City and State Columbus, OH

Licensee Type: U (C=Community; U=University; S=State; LA=Local Authority)

Joint Licensees filing consolidated audited financial statements must list call letters and station codes for other stations included in the consolidated audit report:

1999 Annual Financial Report

INDEX OF FORMS AND SCHEDULES

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**REQUEST FOR EXTENSION OF TIME TO FILE
FY 1999 CPB ANNUAL FINANCIAL REPORT AND
AUDITED FINANCIAL STATEMENTS**

Station Call Letters: _____ Station Code: _____

Licensee Name: _____

Fiscal Year End Date: _____ Report Due Date *: _____

Name of Station Mgr. or Chief Exec.: _____
(Please print name legibly)

Signature and Date: _____

(* Due dates are five months following the end of a station's fiscal year. Extensions will not be granted beyond May 31. Refer to the Financial Reporting Guidelines, Appendix, page 47 for further information.)

Instructions

Please check the appropriate line and mail or fax (202-783-1019) this extension request, before the due date, to the attention of: Manager, Office of Grants Admin. If line 2 is checked, you must attach a detailed explanation noting the reasons for this request. This form will be returned to you noting the appropriate action. **Check one, but not both, of the following:**

1. _____ An *automatic 30 day extension of time* is requested to file the station's CPB Annual Financial Report and Audited Financial Statements for the fiscal year shown above. The station's extended due date will be _____ (*insert date*). Additional extensions must be separately applied for.

2. _____ An *additional 30 day extension of time* is requested to file the station's CPB Annual Financial Report and Audited Financial Statements for the fiscal year shown above. The station's final extended due date will be _____ (*insert date*).

CPB Use Only (Office of Grants Administration)

CPB Approval: _____ Approved as requested or until _____

or

Request denied for the following reason: _____

Mgr., Ofc. of Grants Admin. _____ Date _____

Date entered in database: _____ By: _____

SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT
ONLY ORIGINALS OF THIS PAGE SHOULD BE FILED WITH CPB

SUMMARY OF NONFEDERAL FINANCIAL SUPPORT

FISCAL YEAR 1999

1. Direct Revenue (Schedule A)	\$ <u>1,288,720</u>
2. Indirect Administrative Support (Schedule B)	<u>207,022</u>
3. In-Kind Contributions	
a. Services and Other Assets (Schedule C)	<u>275,311</u>
b. Property and Equipment (Schedule D)	
4. Total Nonfederal Financial Support (sum of lines 1, 2, 3a. and 3b.)	\$ <u><u>1,771,053</u></u>

CERTIFICATION BY LICENSEE

I certify that the above Schedule of Nonfederal Financial Support for the fiscal year ending 06/30/99 conforms with the definition of nonfederal financial support set forth in the Communications Act of 1934, as amended, and adheres to the appropriate source, form, purpose, and recipient criteria as described in the Corporation for Public Broadcasting's Fiscal Year 1999 Annual Financial Report Handbook of Instructions.

R. Ouzts 10/12/99
Signature of Station Manager or Chief Executive/Date
Dale K. Ouzts (614) 292-9678
Name, phone number, e-mail address of contact person

WOSU-FM The Ohio State University
Call Letters and Licensee Name
2400 Orientangy River Road
Columbus, OH 43210
Address of Station

REPORT OF INDEPENDENT AUDITOR

We have audited, in accordance with generally accepted auditing standards, the financial statements of WOSU-FM for the year ended 06/30/99 and have issued our report thereon dated 09/07/99. We have also audited the above Schedule of Nonfederal Financial Support (Schedule) for the year ended 06/30/99 pursuant to the Public Telecommunications Financing Act of 1978. This Schedule is the responsibility of the management of WOSU. Our responsibility is to express an opinion on this Schedule 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 assurance about whether the above Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The above Schedule was prepared for the purpose of complying with the criteria for revenue established in the Corporation for Public Broadcasting's Fiscal Year 1999 Annual Financial Report Handbook of Instructions, and is not intended to be a complete presentation of WOSU's revenue.

In our opinion, the above Schedule presents fairly, in all material respects, the nonfederal financial support of WOSU-FM for the year ended 06/30/99 as defined by the Communications Act of 1934, as amended; and adheres to the appropriate source, form, purpose, and recipient criteria as described in the Corporation for Public Broadcasting's Fiscal Year 1999 Annual Financial Report Handbook of Instructions; and includes only amounts that are also included in WOSU's financial statements for the year ended 06/30/99.

This report is intended solely for the information and use of the board of directors and management of WOSU and the Corporation for Public Broadcasting and should not be used for any other purpose.

Parms & Company, Inc.
Name of Independent Auditor
[Signature] 10/11/99
Authorized Signature *Date*

400 East Town Street, Suite 200
Columbus, OH 43215
Address
(614) 224-3078
Telephone Number

**CERTIFIER'S QUALIFICATION STATEMENT
1999**

CERTIFICATION OF INDEPENDENT AUDITOR
WHO IS NOT A REPRESENTATIVE OF AN INDEPENDENT CPA FIRM

ONLY ORIGINALS OF THIS PAGE SHOULD BE FILED WITH CPB

Licensee/Station(s) _____

I certify that:

1. I qualify to certify this financial report based on the following explanation of my independence from the () licensee and/or () station:

I am not in any way responsible for the accounting operations of the station in either a working or supervisory capacity.

I am not in any way responsible for, or connected with, establishment of the overhead rates or other factors that govern the amounts of indirect or other in-kind contributions included in the station's Schedule of Nonfederal Financial Support.

I was not involved with the operations of the station during the period covered by this report.

2. I qualify to certify this financial report based on the following explanation of my technical training and experience. (See Certification Requirements, Acceptable Auditors section, CPB Handbook of Instructions.)

CHECK ONE:

_____ I am employed by a state audit agency which qualifies as an acceptable independent audit agency. (See pages 16 and 17 of the Handbook of Instructions.)

OR

_____ I am an internal auditor who is also a:

Certified Public Accountant _____, licensed to practice in _____ (state)

Licensed Public Accountant _____, licensed to practice in _____ (state)

Name of Independent Auditor

Title

Authorized Signature

Address

Telephone Number

Date

**FORM FOR NOT FILING AUDITED FINANCIAL STATEMENTS
FISCAL YEAR 1999**

Stations have an option of filing audited financial statements on a biennial basis. Stations choosing this option must file statements in every even-numbered fiscal year (i.e. 2000, 2002, 2004, etc.). In odd-numbered years, such as fiscal year 1999, stations may elect not to file audited financial statements. However, in the next year, the biennial statements must cover the twenty-four month period since the previous audited financial statements were filed, and consist of two 12-month audited statements.

Keep in mind that an audited CPB Annual Financial Report must be filed each and every year. If it is subsequently found that CPB calculated the station's grants on an overstated 1999 NFBS, grants will be adjusted by the proper amounts.

TO BE COMPLETED BY THE GENERAL MANAGER

We will not file audited financial statements for fiscal year 1999. We understand that this will oblige us to file two 12-month audited financial statements in fiscal year 2000. We further understand that the CPB Annual Financial Reports for both 1999 and 2000 must be audited by an independent auditor.

Station _____
Call Letters/Network Designation *Station CPB Code*

Location _____
City / State

Signature of General Manager

Printed name of General Manager

Telephone Number and E-mail Address

THIS FORM MUST ACCOMPANY THE AUDITED CPB AFR

SCHEDULE A

FISCAL YEAR 1999

DIRECT REVENUE

Round all figures to nearest dollar

1.	Amounts provided directly by federal government agencies:		
A.	PTFP (NTIA) Facilities Grants	\$	<u>48,145</u> (1A)
B.	Department of Education		<u> </u> (1B)
C.	Department of Health and Human Services		<u> </u> (1C)
D.	National Endowment for the Arts and Humanities		<u> </u> (1D)
E.	National Science Foundation		<u> </u> (1E)
F.	Other Federal Funds (specify) _____		<u> </u> (1F)
	<i>Total federal government (forward to line 22)</i>	\$	<u>48,145</u> (1)
2.	Amounts provided by public broadcasting entities such as CPB, PBS, NPR, AIT, CTW, FCI, other stations and regional networks:		
A.	CPB - Community Service Grants	\$	<u>126,273</u> (2A)
B.	Annenberg/CPB Project Grants		<u> </u> (2B)
C.	CPB - NPPAG		<u>49,533</u> (2C)
D.	CPB - Interconnection grants		<u> </u> (2D)
E.	CPB - all other funds		<u> </u> (2E)
F.	PBS - all payments		<u> </u> (2F)
G.	NPR - all payments		<u> </u> (2G)
H.	Public broadcasting stations - all payments		<u> </u> (2H)
I.	Other PBE funds (specify) _____		<u> </u> (2I)
	<i>Total public broadcasting entities (forward to line 23)</i>	\$	<u>175,806</u> (2)
3.	Local boards and departments of education or other local government or agency sources		<u> </u> (3)
4.	State boards and departments of education or other state government or agency sources		<u>257,767</u> (4)
5.	State colleges and universities		<u>224,440</u> (5)
6.	Other state-supported colleges and universities		<u> </u> (6)
7.	Private colleges and universities		<u> </u> (7)
8.	Foundations and nonprofit associations (include underwriting)		<u>31,894</u> (8)
9.	Business and Industry (include underwriting)		<u>189,081</u> (9)
10.	Memberships and subscriptions (net of write-offs)		<u>456,802</u> (10)
10a.	Total number of contributors <u>5,263</u> (10a)		
11.	Revenue from friends groups less any revenue included on line 10		<u> </u> (11)
11a.	Total number of friends contributors _____ (11a)		
12.	Revenue from subsidiary enterprises and related organizations (see instructions)		<u> </u> (12)

SCHEDULE A
FISCAL YEAR 1999 - continued

13.	Net auction revenue (inclusive of direct expenses of \$ _____).		<u>6,479</u>	(13)
14.	Net revenue from special fund raising activities (inclusive of direct expenses of \$ _____).			(14)
15.	Passive income			
15a.	Interests and dividends	<u>82,412</u>	(15a)	
15b.	Royalties	<u>3,532</u>	(15b)	
15c.	Copyright Tribunal Distributions		<u>85,944</u>	(15)
16.	Gains (losses) on sale of assets and securities transactions			
16a.	Property and equipment		(16a)	
16b.	Marketable securities (realized)		(16b)	
16c.	Marketable securities (unrealized)	<u>103,039</u>	(16c)	<u>103,039</u> (16)
17.	Endowment revenue (contributions plus interest and dividends)		<u>35,869</u>	(17)
18.	Capital fund contributions			
18a.	Facilities and equipment		(18a)	
18b.	Other		(18b)	(18)
19.	Gifts and bequests from major individual donors			(19)
20.	Other (attach schedule)			
	<u>Description</u>	<u>Amount</u>		
	Merchandise Sales	444		
	Miscellaneous	4,271		<u>4,715</u> (20)
21.	Total Revenue (Sum of lines 1 through 20)		<u>\$ 1,619,981</u>	(21)
<i>Adjustments to Revenue:</i>				
22.	Federal revenue from line 1		<u>48,145</u>	(22)
23.	Public broadcasting revenue from line 2		<u>175,806</u>	(23)
24.	Capital funds exclusion - <u>TV only</u> (from line 18a)			(24)
25.	Other revenue on line 21 not meeting the source, form, purpose or recipient criteria (Schedule A-1, line 19)		<u>107,310</u>	(25)
26.	Revenue on line 21 that has been previously claimed as NFFS			(26)
27.	Total Direct Nonfederal Financial Support (Line 21 less Lines 22 through 26). (Forward to line 1 of the Schedule of Nonfederal Financial Support)		<u>\$ 1,288,720</u>	(27)

ADDITIONAL INFORMATION REQUIRED

1.	Revenue received as underwriting from foundations and nonprofits (line 8)	\$ <u>23,594</u>
2.	Revenue received as underwriting from business and industry (line 9)	\$ <u>75,246</u>

**SCHEDULE A-1
FISCAL YEAR 1999**

REVENUE NOT MEETING CRITERIA FOR INCLUSION AS NFFS

Unless revenue meets the specific criteria defined in the Communications Act of 1934, as amended, it must be excluded from NFFS. This Schedule (A-1) is used to report revenue that must be excluded from the total reported on Schedule A. The criteria are defined as follows:

- Source: A commercial (profit-making) business enterprise, including a for-profit subsidiary or any individual.
- Form: Payment in exchange for any service or material.
- Purpose: Service or material for any related activity of the public broadcasting entity.
- Recipient: A public broadcasting entity.

List revenue from for-profit corporations or individuals reported on Schedule A that is for the sale of goods and services:

	Enter Line No. From Sched. A	Amount
1. Production, taping, or other broadcast related activities	(1a)	(1)
2. Telecasting production / teleconferencing	(2a)	(2)
3. Foreign rights	(3a)	(3)
4. Rentals of membership lists	(4a)	(4)
5. Rentals of studio space, equipment, tower, parking space	(5a)	(5)
6. Leasing of SCA, VBI, ITFS channels	(6a)	(6)
7. Sale of programs or program rights for public performance	(7a)	(7)
8. Sale or rental of program transcripts or recording for other than public performance including private use	(8a)	(8)
9. Gains or losses on sale of assets and securities transactions	16c (9a)	103,039 (9)
10. Sale of premiums	(10a)	(10)
11. Royalty income from licensing fees and Store of Knowledge agrmts.	(11a)	(11)
12. Other rev. not listed above and not includable by definition (att. list)	20 (12a)	4,271 (12)

List below any revenue claimed on Schedule A regardless of source:

13. A wholly owned or partially owned for-profit subsidiary regardless of the nature of the business	(13a)	(13)
14. A wholly owned or partially owned nonprofit subsidiary	(14a)	(14)
15. Sale of program guides	(15a)	(15)
16. Program guide advertising attributable to that percent of total copies distributed that have been sold through normal retail outlets and/or by magazine subscription	(16a)	(16)
17. Refunds, rebates, reimbursements, and insurance proceeds	(17a)	(17)
18. Other (attach list)	(18a)	(18)
19. Total revenue not meeting criteria for inclusion as NFFS (sum of lines 1 through 18). (Forward to Schedule A, line 25)		\$ <u>107,310</u> (19)

SCHEDULE B (For Use By Institutional Licensees Only)

FISCAL YEAR 1999

INDIRECT ADMINISTRATIVE SUPPORT

If you are using the Other Sponsored Activities indirect cost rate methodology, complete Schedule B - Worksheet before continuing.

Complete Schedule B-1 in support of the benefiting cost groups included in the amount on line 3.

	Institutional Support	Physical Plant Operations
1. Costs per licensee financial statements	\$ _____	\$ _____
2. LESS: Costs groups that do not benefit the operations of the public broadcast station	_____	_____
3. Adjusted balance (line 1 minus line 2)	_____	_____
4. Percentage of allocation (Basis of allocation must be stated below)	_____	_____
5. Portion of support activity benefiting station (line 3 times line 4)	\$ _____	\$ _____
	5a	5b
6. Total support activity benefiting station (sum of lines 5a and 5b)		\$ <u>207,022</u>
7. Occupancy value - check one <input type="checkbox"/> Annual Value - same as FY98 <input type="checkbox"/> NEW Annual Value <i>Occupancy forms attached</i>		_____
8. LESS: Any fees paid to the licensee for overhead recovery, assessment, etc.		_____
9. Total Indirect Administrative Support (sum of lines 6 and 7 minus line 8) (Forward to line 2 of the Schedule of NFBS)		\$ <u>207,022</u>

Basis of allocation used for line 4 above

Institutional support (explain)

Physical plant operations (explain)

DONOR CODES - SELECT ONE:

SU (State university)

SG (State government)

PU (Private university)

LG (Local government)

OU (Other university)

OT (Others)

SCHEDULE B - WORKSHEET (For Use By Institutional Licensees Only)

FISCAL YEAR 1999

INDIRECT ADMINISTRATIVE SUPPORT (Using the Other Sponsored Activities Indirect Cost Rate)

Each line of this worksheet must be completed. Enter zero or n/a as applicable.

1. Determine station net direct expenses

Total station operating expenses and capital outlays (from line 10 of Schedule E)		\$ 1,545,085
Less: Capital Outlays	\$ 62,645	
Depreciation		
Amortization		
In-kind services	275,311	
Donated property		
Other		
Total		(337,956)
Station Net Direct Expenses		\$ 1,207,129

2. Modify licensee negotiated cost rate

If the station's direct expenses are not included in the cost base, do not continue with this worksheet.

1999 Licensee negotiated indirect cost rate		
Attach rate sheet (see instructions)	17.15	%
Less: Portion of rate that does not benefit station operations:		
Departmental administration		%
Sponsored projects administration		%
Library support		%
Other		%
Modified cost rate	17.15	%

3. Apply modified rate to station net direct expenses

Station net direct expenses from line 1		\$ 1,207,129
Modified cost rate from line 2	X .1715	
Total Indirect Support (forward to line 6 of Schedule B)		\$ 207,022

NOTE: Do not claim a value for occupancy if the cost pool includes a rate for building use.

SCHEDULE B
INDIRECT ADMINISTRATIVE SUPPORT
(PAGE 1 OF 2)

OTHER SPONSORED ACTIVITIES INDIRECT COST RATE

MODIFICATION OF RATE

THE OHIO STATE UNIVERSITY
SUMMARY OF OTHER SPONSORED ACTIVITIES INDIRECT COST RATES
INDIRECT COST PROPOSAL, JUNE 30, 1991

<u>COST POOL</u>	<u>INDIRECT COST</u>	<u>MTDC BASE</u>	<u>ON- CAMPUS RATE</u>	<u>OFF- CAMPUS RATE</u>
Building Use Allowance	\$ 46,331	\$12,996,788	0.36%	
Improvement Use Allowance	4,687	12,996,788	0.04%	
Equipment Use Allowance	126,032	12,996,788	0.97%	
Operations & Maintenance	855,431	12,996,788	6.58%	
General Administration	483,637	13,282,658	3.64%	3.64%
College Administration	930,362	13,282,658	7.00%	7.00%
Departmental Administration	625,662	13,282,658	4.71%	4.71%
Sponsored Projects Administration	797,292	8,844,646	9.01%	9.01%
Libraries	<u>166,949</u>	12,996,788	<u>1.28%</u>	<u> </u>
 SUBTOTALS	 \$ 4,036,383		 33.60%	 24.36%
 Less Cost Components Not Benefiting Station:				
Departmental Administration	\$ (625,662)	13,282,658	(4.71)%	
Libraries	(166,949)	12,996,788	(1.28)%	
Sponsored Projects Administration	<u>(797,292)</u>	8,844,646	<u>(9.01)%</u>	
 RATE F.Y.E. 6-30-91	 \$ 2,446,480		 18.59%	
 Factor to Adjust 6-30-91 Rate Agreement for 6-30-99 (31/33.6)			 <u>x 0.923</u>	
 RATE F.Y.E. 6-30-99			 <u>17.15%</u>	

SCHEDULE B

WOSU-FM
INDIRECT ADMINISTRATIVE SUPPORT
(PAGE 2 OF 2)

CALCULATION OF INDIRECT ADMINISTRATIVE SUPPORT

STATIONS TOTAL EXPENDITURES	\$ 1,752,107
LESS:	
INDIRECT ADMINISTRATIVE SUPPORT	207,022
IN-KIND CONTRIBUTIONS, SERVICES	275,311
CAPITAL OUTLAYS	<u>62,645</u>
STATION'S NET DIRECT EXPENSES	1,207,129
MODIFIED OTHER SPONSORED ACTIVITIES INDIRECT COST RATE	<u>x 17.15%</u>
STATION'S INDIRECT ADMINISTRATIVE SUPPORT	\$ <u>207,022</u>

**SCHEDULE B-1
FISCAL YEAR 1999**

INDIRECT ADMINISTRATIVE SUPPORT - BENEFITING COST GROUPS

List below the licensee cost groups that benefit the station. These are the cost groups whose value is represented on Schedule B, line 3. The station must demonstrate (under audit and upon request by CPB) that these cost groups include services that are an essential part of the station operations; services are continuous and ongoing in support of the station; and the station uses the services or is required to use the services provided. The station must maintain adequate documentation to support the value claimed on Schedule B.

Check all that apply -

Institutional Support:

- Budget and Analysis
- Campus Mail Service
- Computer Operations
- Financial Operations
- Human Resources
- Insurance
- Internal Audit
- Legal
- Payroll
- President's Office
- Purchasing
- Other (Attach List)

Physical Plant Operations

- Building Maintenance
- Custodial Services
- Director of Operations
- Elevator Maintenance
- Grounds and Landscaping
- Motor Pool
- Refuse Disposal
- Roof Maintenance
- Utilities
- Security Services *
- Facilities Planning *
- Other (Attach List)

* Caution: Be sure that these amounts have been reclassified from the Institutional Support Cost Pool before the indirect cost allocation is calculated.

For complete guidance on completing Schedule B and related information refer to the Financial Reporting Guidelines - FY 1999 Handbook of Instructions. Also reference the "CPB Indirect Administrative Support" guide. (Call CPB's Office of Grants Administration at 1-800-527-2272 for resource material availability.)

SCHEDULE C
FISCAL YEAR 1999

IN-KIND CONTRIBUTIONS - SERVICES AND OTHER ASSETS

Supporting documentation for all claims must be maintained at the station and may be requested by CPB. This support must be recognized in the station's audited financial statements.

Donor Type
(See below)

1. Professional Services

(a) Legal	_____	\$ _____	(a)
(b) Accounting and/or auditing	_____	_____	(b)
(c) Engineering	_____	_____	(c)
(d) Other professionals (specify exact type)	_____	_____	(d)
	_____	_____	
	_____	_____	
	_____	_____	
<i>Total Professional Services</i>		\$ _____	(1)

2. General Operational Services

(a) Annual rental value of space (studios, offices or tower facilities)	_____	_____	(a)
(b) Annual value of land used for locating a station-owned transmission tower	_____	_____	(b)
(c) Station operating expenses	_____	_____	(c)
(d) Other (specify exact type)	_____	_____	(d)
	_____	_____	
	_____	_____	
<i>Total General Operational Services</i>		_____	(2)

DONOR CODES	
BS - Business	PU - Private Univ
FD - Foundation	SG - State Govt.
FG - Federal Government	SU - State Univ.
LG - Local Government	
PB - Public Broadcsting Entity	OT - Other

SCHEDULE C
FISCAL YEAR 1999

IN-KIND CONTRIBUTIONS - SERVICES AND OTHER ASSETS - *continued*

	Donor Type (See below)		
3. Other Services			
(a) ITV or educational radio	_____	\$ _____	(a)
(b) State Public Broadcasting Agencies: (APBC, FL DOE, NYN, OET, PPTN and NY Network only)	SG _____	274,064	(b)
(c) Local advertising	BS _____	1,247	(c)
(d) National advertising	_____	_____	(d)
<i>Total Other Services</i>		<u>275,311</u>	(3)
4. <i>Total in-kind contributions - services and other assets (sum of lines 1 through 3)</i>		\$ <u>275,311</u>	(4)
5. LESS: in-kind contributions from federal and public broadcasting entities included in line 4		_____	(5)
6. <i>Total nonfederal in-kind contributions - services and other assets (line 4 less line 5). (Forward to line 3a of the Schedule of Nonfederal Financial Support)</i>		\$ <u>275,311</u>	(6)

Caution : Refer to the Guidelines and Supplemental Guide to determine if in-kind contributions meet the criteria for inclusion as NFFS. Do not include contributions related to fund raising activities (including membership drives).

DONOR CODES	
BS - Business	PU - Private Univ
FD - Foundation	SG - State Govt.
FG - Federal Government	SU - State Univ.
LG - Local Government	
PB - Public Broadcasting Entity	OT - Other

SCHEDULE D
FISCAL YEAR 1999

IN-KIND CONTRIBUTIONS - PROPERTY AND EQUIPMENT

Supporting documentation for all claims must be maintained at the station and may be requested by CPB. This support must be recognized in the station's audited financial statements.

	Donor Type (See below)		
1. Land		\$ _____	(1)
2. Building		_____	(2)
3. Equipment		_____	(3)
4. Vehicle(s)		_____	(4)
5. Other (specify)		_____	
_____		_____	
_____		_____	(5)
6. <i>Total in-kind contributions - property and equipment (sum of lines 1 through 5)</i>		\$ _____	(6)
7. LESS: in-kind contributions from federal and public broadcasting entities included in line 6		_____	(7)
8. <i>Total nonfederal in-kind contributions - property and equipment (line 6 less line 7). (Forward to line 3b of the Schedule of Nonfederal Financial Support)</i>		\$ _____	(8)

DONOR CODES	
BS - Business	PU - Private Univ.
FD - Foundation	SG - State Govt.
FG - Federal Government	SU - State Univ.
LG - Local Government	
PB - Public Broadcasting Entity	OT - Other

SCHEDULE E
FISCAL YEAR 1999

EXPENSES AND CAPITAL OUTLAYS

Include both cash and noncash expenses

*Round all figures
to nearest dollar*

Program Services

1.	Programming and Production	\$	<u>448,111</u>	(1)
2.	Broadcasting		<u>541,951</u>	(2)
3.	Program Information and Promotion		<u>120,199</u>	(3)

Support Services

4.	Management and General		<u>390,549</u>	(4)
5.	Fund Raising and Membership Development		<u>148,789</u>	(5)
6.	Underwriting and Grant Solicitation		<u>39,863</u>	(6)
7.	Depreciation and Amortization *		<u> </u>	(7)

8.	Total operating expenses (lines 1 to 7) (line 8 must agree with audited financial statements)	\$	<u><u>1,689,462</u></u>	(8)
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Additional Information

9.	Cost of Capital Assets Purchased or Donated			
	Land and Buildings	\$	<u> </u>	(9a)
	Equipment		<u>62,645</u>	(9b)
	All Other		<u> </u>	(9c)
			<u>62,645</u>	(9)
10.	TOTAL (sum of lines 8 and 9)	\$	<u><u>1,752,107</u></u>	(10)

NOTE:

* If depreciation and amortization are not allocated to the various functional categories, report the full amount on this line.

SCHEDULE A
FISCAL YEAR 1999 - continued

13.	Net auction revenue (inclusive of direct expenses of \$ _____).		<u>274,667</u>	(13)
14.	Net revenue from special fund raising activities (inclusive of direct expenses of \$ _____).		<u>19,436</u>	(14)
15.	Passive income			
15a.	Interests and dividends	<u>307,273</u>	(15a)	
15b.	Royalties	<u>12,826</u>	(15b)	
15c.	Copyright Tribunal Distributions		<u>320,099</u>	(15)
16.	Gains (losses) on sale of assets and securities transactions			
16a.	Property and equipment		(16a)	
16b.	Marketable securities (realized)		(16b)	
16c.	Marketable securities (unrealized)	<u>309,119</u>	(16c)	<u>309,119</u> (16)
17.	Endowment revenue (contributions plus interest and dividends)		<u>107,607</u>	(17)
18.	Capital fund contributions			
18a.	Facilities and equipment		(18a)	
18b.	Other		(18b)	<u> </u> (18)
19.	Gifts and bequests from major individual donors			<u> </u> (19)
20.	Other (attach schedule)			
	<u>Description</u>	<u>Amount</u>		
	Merchandise Sales	<u>1,332</u>		
	Miscellaneous	<u>88,458</u>		<u>89,790</u> (20)
21.	Total Revenue (Sum of lines 1 through 20)		<u>\$ 5,762,524</u>	(21)
<i>Adjustments to Revenue:</i>				
22.	Federal revenue from line 1		<u>85,321</u>	(22)
23.	Public broadcasting revenue from line 2		<u>709,788</u>	(23)
24.	Capital funds exclusion - TV only (from line 18a)			<u> </u> (24)
25.	Other revenue on line 21 not meeting the source, form, purpose or recipient criteria (Schedule A-1, line 19)		<u>410,403</u>	(25)
26.	Revenue on line 21 that has been previously claimed as NFFS			<u> </u> (26)
27.	Total Direct Nonfederal Financial Support (Line 21 less Lines 22 through 26). (Forward to line 1 of the Schedule of Nonfederal Financial Support)		<u>\$ 4,557,012</u>	(27)
ADDITIONAL INFORMATION REQUIRED				
1.	Revenue received as underwriting from foundations and nonprofits (line 8)		<u>\$ 151,945</u>	
2.	Revenue received as underwriting from business and industry (line 9)		<u>\$ 187,275</u>	



CORPORATION FOR PUBLIC BROADCASTING

Annual Financial Report

STATION FISCAL PERIOD ENDING _____ June 30, 1999

Station Call Letters _____ WOSU-TV _____ or Network Designation

_____ Station (CPB ID) Code _____

City and State _____ Columbus, OH _____

Licensee Type: U (C=Community; U=University; S=State; LA=Local Authority)

Joint Licensees filing consolidated audited financial statements must list call letters and station codes for other stations included in the consolidated audit report:

1999 Annual Financial Report

INDEX OF FORMS AND SCHEDULES

Request for Extension of Time to File FY 1999 CPB Annual Financial Report and Audited Financial Statements	2
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Schedule B (Indirect Administrative Support)	9
Schedule B Worksheet (Other Sponsored Activities ICR)	10
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Schedule F (Reconciliation Form)	16
Occupancy Forms	17

**REQUEST FOR EXTENSION OF TIME TO FILE
FY 1999 CPB ANNUAL FINANCIAL REPORT AND
AUDITED FINANCIAL STATEMENTS**

Station Call Letters: _____ Station Code: _____

Licensee Name: _____

Fiscal Year End Date: _____ Report Due Date *: _____

Name of Station Mgr. or Chief Exec.: _____
(Please print name legibly)

Signature and Date: _____

(* Due dates are five months following the end of a station's fiscal year. Extensions will not be granted beyond May 31. Refer to the Financial Reporting Guidelines, Appendix, page 47 for further information.)

Instructions

Please check the appropriate line and mail or fax (202-783-1019) this extension request, before the due date, to the attention of: Manager, Office of Grants Admin. If line 2 is checked, you must attach a detailed explanation noting the reasons for this request. This form will be returned to you noting the appropriate action. **Check one, but not both, of the following:**

1. _____ An *automatic 30 day extension of time* is requested to file the station's CPB Annual Financial Report and Audited Financial Statements for the fiscal year shown above. The station's extended due date will be _____ (insert date). Additional extensions must be separately applied for.

2. _____ An *additional 30 day extension of time* is requested to file the station's CPB Annual Financial Report and Audited Financial Statements for the fiscal year shown above. The station's final extended due date will be _____ (insert date).

CPB Use Only (Office of Grants Administration)

CPB Approval: _____ Approved as requested or until _____

or

Request denied for the following reason: _____

Mgr., Ofc. of Grants Admin. _____ Date _____

Date entered in database: _____ By: _____

SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT
ONLY ORIGINALS OF THIS PAGE SHOULD BE FILED WITH CPB


SUMMARY OF NONFEDERAL FINANCIAL SUPPORT

FISCAL YEAR 1999

1. Direct Revenue (Schedule A)	\$ 4,557,012
2. Indirect Administrative Support (Schedule B)	<u>773,949</u>
3. In-Kind Contributions	
a. Services and Other Assets (Schedule C)	<u>2,154,600</u>
b. Property and Equipment (Schedule D)	
4. Total Nonfederal Financial Support (sum of lines 1, 2, 3a. and 3b.)	\$ <u><u>7,485,561</u></u>

CERTIFICATION BY LICENSEE

I certify that the above Schedule of Nonfederal Financial Support for the fiscal year ending 06/30/99 conforms with the definition of nonfederal financial support set forth in the Communications Act of 1934, as amended, and adheres to the appropriate source, form, purpose, and recipient criteria as described in the Corporation for Public Broadcasting's Fiscal Year 1999 Annual Financial Report Handbook of Instructions.

 10/12/99
Signature of Station Manager of Chief Executive/Date
Dale K. Ouzts (614) 292-9678
Name, phone number, e-mail address of contact person

WOSU-TV The Ohio State University
Call Letters and Licensee Name
2400 Olentangy River Road
Columbus, OH 43210
Address of Station

REPORT OF INDEPENDENT AUDITOR

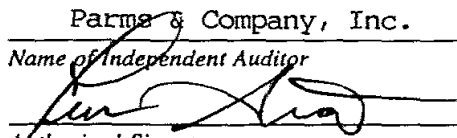
We have audited, in accordance with generally accepted auditing standards, the financial statements of WOSU-TV for the year ended 06/30/99 and have issued our report thereon dated 09/07/99. We have also audited the above Schedule of Nonfederal Financial Support (Schedule) for the year ended 06/30/99 pursuant to the Public Telecommunications Financing Act of 1978. This Schedule is the responsibility of the management of WOSU. Our responsibility is to express an opinion on this Schedule 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 assurance about whether the above Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The above Schedule was prepared for the purpose of complying with the criteria for revenue established in the Corporation for Public Broadcasting's Fiscal Year 1999 Annual Financial Report Handbook of Instructions, and is not intended to be a complete presentation of WOSU's revenue.

In our opinion, the above Schedule presents fairly, in all material respects, the nonfederal financial support of WOSU-TV for the year ended 06/30/99 as defined by the Communications Act of 1934, as amended; and adheres to the appropriate source, form, purpose, and recipient criteria as described in the Corporation for Public Broadcasting's Fiscal Year 1999 Annual Financial Report Handbook of Instructions; and includes only amounts that are also included in WOSU's financial statements for the year ended 06/30/99.

This report is intended solely for the information and use of the board of directors and management of WOSU and the Corporation for Public Broadcasting and should not be used for any other purpose.

Parma & Company, Inc.
Name of Independent Auditor

Authorized Signature 10/11/99
Date

400 East Town Street, Suite 200
Columbus, OH 43215
Address
(614) 224-3078
Telephone Number

**CERTIFIER'S QUALIFICATION STATEMENT
1999**

CERTIFICATION OF INDEPENDENT AUDITOR
WHO IS NOT A REPRESENTATIVE OF AN INDEPENDENT CPA FIRM

ONLY ORIGINALS OF THIS PAGE SHOULD BE FILED WITH CPB

Licensee/Station(s) _____

I certify that:

1. I qualify to certify this financial report based on the following explanation of my independence from the () licensee and/or () station:

I am not in any way responsible for the accounting operations of the station in either a working or supervisory capacity.

I am not in any way responsible for, or connected with, establishment of the overhead rates or other factors that govern the amounts of indirect or other in-kind contributions included in the station's Schedule of Nonfederal Financial Support.

I was not involved with the operations of the station during the period covered by this report.

2. I qualify to certify this financial report based on the following explanation of my technical training and experience. (See Certification Requirements, Acceptable Auditors section, CPB Handbook of Instructions.)

CHECK ONE:

_____ I am employed by a state audit agency which qualifies as an acceptable independent audit agency. (See pages 16 and 17 of the Handbook of Instructions.)

OR

_____ I am an internal auditor who is also a:

Certified Public Accountant ____, licensed to practice in _____ (state)

Licensed Public Accountant ____, licensed to practice in _____ (state)

Name of Independent Auditor

Title

Authorized Signature

Address

Telephone Number

Date

**FORM FOR NOT FILING AUDITED FINANCIAL STATEMENTS
FISCAL YEAR 1999**

Stations have an option of filing audited financial statements on a biennial basis. Stations choosing this option must file statements in every even-numbered fiscal year (i.e. 2000, 2002, 2004, etc.). In odd-numbered years, such as fiscal year 1999, stations may elect not to file audited financial statements. However, in the next year, the biennial statements must cover the twenty-four month period since the previous audited financial statements were filed, and consist of two 12-month audited statements.

Keep in mind that an audited CPB Annual Financial Report must be filed each and every year. If it is subsequently found that CPB calculated the station's grants on an overstated 1999 NFFS, grants will be adjusted by the proper amounts.

TO BE COMPLETED BY THE GENERAL MANAGER

We will not file audited financial statements for fiscal year 1999. We understand that this will oblige us to file two 12-month audited financial statements in fiscal year 2000. We further understand that the CPB Annual Financial Reports for both 1999 and 2000 must be audited by an independent auditor.

Station _____
Call Letters/Network Designation _____ *Station CPB Code* _____

Location _____
City / State _____

Signature of General Manager

Printed name of General Manager

Telephone Number and E-mail Address

THIS FORM MUST ACCOMPANY THE AUDITED CPB AFR

SCHEDULE A

FISCAL YEAR 1999

DIRECT REVENUE

Round all figures to nearest dollar

1. Amounts provided directly by federal government agencies:			
A.	PTFP (NTIA) Facilities Grants	\$ 85,321	(1A)
B.	Department of Education	_____	(1B)
C.	Department of Health and Human Services	_____	(1C)
D.	National Endowment for the Arts and Humanities	_____	(1D)
E.	National Science Foundation	_____	(1E)
F.	Other Federal Funds (specify) _____	_____	(1F)
	<i>Total federal government (forward to line 22)</i>	\$ 85,321	(1)
2. Amounts provided by public broadcasting entities such as CPB, PBS, NPR, AIT, CTW, FCI, other stations and regional networks:			
A.	CPB - Community Service Grants	\$ 686,319	(2A)
B.	Annenberg/CPB Project Grants	_____	(2B)
C.	CPB - NPPAG	_____	(2C)
D.	CPB - Interconnection grants	23,469	(2D)
E.	CPB - all other funds	_____	(2E)
F.	PBS - all payments	_____	(2F)
G.	NPR - all payments	_____	(2G)
H.	Public broadcasting stations - all payments	_____	(2H)
I.	Other PBE funds (specify) _____	_____	(2I)
	<i>Total public broadcasting entities (forward to line 23)</i>	\$ 709,788	(2)
3.	Local boards and departments of education or other local government or agency sources	_____	(3)
4.	State boards and departments of education or other state government or agency sources	1,105,880	(4)
5.	State colleges and universities	673,322	(5)
6.	Other state-supported colleges and universities	_____	(6)
7.	Private colleges and universities	_____	(7)
8.	Foundations and nonprofit associations (include underwriting)	163,165	(8)
9.	Business and Industry (include underwriting)	539,551	(9)
10.	Memberships and subscriptions (net of write-offs)	1,364,779	(10)
10a.	Total number of contributors 15,788 (10a)	_____	
11.	Revenue from friends groups less any revenue included on line 10	_____	(11)
11a.	Total number of friends contributors _____ (11a)	_____	
12.	Revenue from subsidiary enterprises and related organizations (see instructions)	_____	(12)

SCHEDULE A
FISCAL YEAR 1999 - continued

13.	Net auction revenue (inclusive of direct expenses of \$ _____).		<u>274,667</u>	(13)
14.	Net revenue from special fund raising activities (inclusive of direct expenses of \$ _____).		<u>19,436</u>	(14)
15.	Passive income			
15a.	Interests and dividends	<u>307,273</u>	(15a)	
15b.	Royalties	<u>12,826</u>	(15b)	
15c.	Copyright Tribunal Distributions		<u>320,099</u>	(15)
16.	Gains (losses) on sale of assets and securities transactions			
16a.	Property and equipment		(16a)	
16b.	Marketable securities (realized)		(16b)	
16c.	Marketable securities (unrealized)	<u>309,119</u>	(16c)	<u>309,119</u> (16)
17.	Endowment revenue (contributions plus interest and dividends)		<u>107,607</u>	(17)
18.	Capital fund contributions			
18a.	Facilities and equipment		(18a)	
18b.	Other		(18b)	<u> </u> (18)
19.	Gifts and bequests from major individual donors			<u> </u> (19)
20.	Other (attach schedule)			
	<u>Description</u>	<u>Amount</u>		
	Merchandise Sales	<u>1,332</u>		
	Miscellaneous	<u>88,458</u>		<u>89,790</u> (20)
21.	Total Revenue (Sum of lines 1 through 20)		<u>\$ 5,762,524</u>	(21)
<i>Adjustments to Revenue:</i>				
22.	Federal revenue from line 1		<u>85,321</u>	(22)
23.	Public broadcasting revenue from line 2		<u>709,788</u>	(23)
24.	Capital funds exclusion - <u>TV only</u> (from line 18a)			<u> </u> (24)
25.	Other revenue on line 21 not meeting the source, form, purpose or recipient criteria (Schedule A-1, line 19)		<u>410,403</u>	(25)
26.	Revenue on line 21 that has been previously claimed as NFFS			<u> </u> (26)
27.	Total Direct Nonfederal Financial Support (Line 21 less Lines 22 through 26). (Forward to line 1 of the Schedule of Nonfederal Financial Support)		<u>\$ 4,557,012</u>	(27)
 ADDITIONAL INFORMATION REQUIRED				
1.	Revenue received as underwriting from foundations and nonprofits (line 8)		<u>\$ 151,945</u>	
2.	Revenue received as underwriting from business and industry (line 9)		<u>\$ 187,275</u>	

**SCHEDULE A-1
FISCAL YEAR 1999**

REVENUE NOT MEETING CRITERIA FOR INCLUSION AS NFFS

Unless revenue meets the specific criteria defined in the Communications Act of 1934, as amended, it must be excluded from NFFS. This Schedule (A-1) is used to report revenue that must be excluded from the total reported on Schedule A. The criteria are defined as follows:

- Source: A commercial (profit-making) business enterprise, including a for-profit subsidiary or any individual.
- Form: Payment in exchange for any service or material.
- Purpose: Service or material for any related activity of the public broadcasting entity.
- Recipient: A public broadcasting entity.

List revenue from for-profit corporations or individuals reported on Schedule A that is for the sale of goods and services:

	Enter Line No. From Sched. A	Amount
1. Production, taping, or other broadcast related activities	20 (1a)	73,948 (1)
2. Telecasting production / teleconferencing	(2a)	(2)
3. Foreign rights	(3a)	(3)
4. Rentals of membership lists	(4a)	(4)
5. Rentals of studio space, equipment, tower, parking space	(5a)	(5)
6. Leasing of SCA, VBI, ITFS channels	(6a)	(6)
7. Sale of programs or program rights for public performance	(7a)	(7)
8. Sale or rental of program transcripts or recording for other than public performance including private use	(8a)	(8)
9. Gains or losses on sale of assets and securities transactions	16C (9a)	309,119 (9)
10. Sale of premiums	(10a)	(10)
11. Royalty income from licensing fees and Store of Knowledge agrmts.	15b (11a)	12,826 (11)
12. Other rev. not listed above and not includable by definition (att. list)	20 (12a)	14,510 (12)

List below any revenue claimed on Schedule A regardless of source:

13. A wholly owned or partially owned for-profit subsidiary regardless of the nature of the business	(13a)	(13)
14. A wholly owned or partially owned nonprofit subsidiary	(14a)	(14)
15. Sale of program guides	(15a)	(15)
16. Program guide advertising attributable to that percent of total copies distributed that have been sold through normal retail outlets and/or by magazine subscription	(16a)	(16)
17. Refunds, rebates, reimbursements, and insurance proceeds	(17a)	(17)
18. Other (attach list)	(18a)	(18)
19. Total revenue not meeting criteria for inclusion as NFFS (sum of lines 1 through 18). (Forward to Schedule A, line 25)	\$	410,403 (19)

SCHEDULE B (For Use By Institutional Licensees Only)

FISCAL YEAR 1999

INDIRECT ADMINISTRATIVE SUPPORT

If you are using the Other Sponsored Activities indirect cost rate methodology, complete Schedule B - Worksheet before continuing.

Complete Schedule B-I in support of the benefiting cost groups included in the amount on line 3.

	Institutional Support	Physical Plant Operations
1. Costs per licensee financial statements	\$ _____	\$ _____
2. LESS: Costs groups that do not benefit the operations of the public broadcast station	_____	_____
3. Adjusted balance (line 1 minus line 2)	_____	_____
4. Percentage of allocation (Basis of allocation must be stated below)	_____	_____
5. Portion of support activity benefiting station (line 3 times line 4)	\$ _____ 5a	\$ _____ 5b
6. Total support activity benefiting station (sum of lines 5a and 5b)	\$ 773,949	
7. Occupancy value - check one <input type="checkbox"/> Annual Value - same as FY98 <input type="checkbox"/> NEW Annual Value <i>Occupancy forms attached</i>	_____	
8. LESS: Any fees paid to the licensee for overhead recovery, assessment, etc.	_____	
9. Total Indirect Administrative Support (sum of lines 6 and 7 minus line 8) (Forward to line 2 of the Schedule of NFFS)	\$ 773,949	

Basis of allocation used for line 4 above

Institutional support (explain)

Physical plant operations (explain)

DONOR CODES - SELECT ONE:

- SU (State university)
- SG (State government)
- PU (Private university)
- LG (Local government)
- OU (Other university)
- OT (Others)

SCHEDULE B - WORKSHEET (For Use By Institutional Licensees Only)

FISCAL YEAR 1999

INDIRECT ADMINISTRATIVE SUPPORT (Using the Other Sponsored Activities Indirect Cost Rate)

Each line of this worksheet must be completed. Enter zero or n/a as applicable.

1. Determine station net direct expenses

Total station operating expenses and capital outlays (from line 10 of Schedule E)		\$ 7,073,822
Less: Capital Outlays	\$ 406,400	
Depreciation		
Amortization		
In-kind services	2,154,600	
Donated property		
Other		
Total		(2,561,000)
Station Net Direct Expenses		\$ 4,512,822

2. Modify licensee negotiated cost rate

If the station's direct expenses are not included in the cost base, do not continue with this worksheet.

1999 Licensee negotiated indirect cost rate		
Attach rate sheet (see instructions)	17.15	%
Less: Portion of rate that does not benefit station operations:		
Departmental administration		%
Sponsored projects administration		%
Library support		%
Other		%
Modified cost rate	17.15	%

3. Apply modified rate to station net direct expenses

Station net direct expenses from line 1	\$ 4,512,822
Modified cost rate from line 2	X .1715
Total Indirect Support (forward to line 6 of Schedule B)	\$ 773,949

NOTE: Do not claim a value for occupancy if the cost pool includes a rate for building use.

SCHEDULE B
INDIRECT ADMINISTRATIVE SUPPORT
(PAGE 1 OF 2)

OTHER SPONSORED ACTIVITIES INDIRECT COST RATE

MODIFICATION OF RATE

THE OHIO STATE UNIVERSITY
SUMMARY OF OTHER SPONSORED ACTIVITIES INDIRECT COST RATES
INDIRECT COST PROPOSAL, JUNE 30, 1991

<u>COST POOL</u>	<u>INDIRECT COST</u>	<u>MTDC BASE</u>	<u>ON- CAMPUS RATE</u>	<u>OFF- CAMPUS RATE</u>
Building Use Allowance	\$ 46,331	\$12,996,788	0.36%	
Improvement Use Allowance	4,687	12,996,788	0.04%	
Equipment Use Allowance	126,032	12,996,788	0.97%	
Operations & Maintenance	855,431	12,996,788	6.58%	
General Administration	483,637	13,282,658	3.64%	3.64%
College Administration	930,362	13,282,658	7.00%	7.00%
Departmental Administration	625,662	13,282,658	4.71%	4.71%
Sponsored Projects Administration	797,292	8,844,646	9.01%	9.01%
Libraries	<u>166,949</u>	12,996,788	<u>1.28%</u>	
 SUBTOTALS	 \$ 4,036,383		 33.60%	 24.36%
 Less Cost Components Not Benefiting Station:				
Departmental Administration	\$ (625,662)	13,282,658	(4.71)%	
Libraries	(166,949)	12,996,788	(1.28)%	
Sponsored Projects Administration	<u>(797,292)</u>	8,844,646	<u>(9.01)%</u>	
 RATE F.Y.E. 6-30-91	 \$ 2,446,480		 18.59%	
 Factor to Adjust 6-30-91 Rate Agreement for 6-30-99 (31/33.6)			 <u>x 0.923</u>	
 RATE F.Y.E. 6-30-99			 <u>17.15%</u>	

SCHEDULE B

WOSU-TV
INDIRECT ADMINISTRATIVE SUPPORT
(PAGE 2 OF 2)

CALCULATION OF INDIRECT ADMINISTRATIVE SUPPORT

STATIONS TOTAL EXPENDITURES	\$ 7,847,771
LESS:	
INDIRECT ADMINISTRATIVE SUPPORT	773,949
IN-KIND CONTRIBUTIONS, SERVICES	2,154,600
CAPITAL OUTLAYS	<u>406,400</u>
STATION'S NET DIRECT EXPENSES	4,512,822
MODIFIED OTHER SPONSORED ACTIVITIES INDIRECT COST RATE	<u>x 17.15%</u>
STATION'S INDIRECT ADMINISTRATIVE SUPPORT	\$ <u>773,949</u>

**SCHEDULE B-1
FISCAL YEAR 1999**

INDIRECT ADMINISTRATIVE SUPPORT - BENEFITING COST GROUPS

List below the licensee cost groups that benefit the station. These are the cost groups whose value is represented on Schedule B, line 3. The station must demonstrate (under audit and upon request by CPB) that these cost groups include services that are an essential part of the station operations; services are continuous and ongoing in support of the station; and the station uses the services or is required to use the services provided. The station must maintain adequate documentation to support the value claimed on Schedule B.

Check all that apply -

Institutional Support:

Physical Plant Operations

- Budget and Analysis
- Campus Mail Service
- Computer Operations
- Financial Operations
- Human Resources
- Insurance
- Internal Audit
- Legal
- Payroll
- President's Office
- Purchasing
- Other (Attach List)

- Building Maintenance
- Custodial Services
- Director of Operations
- Elevator Maintenance
- Grounds and Landscaping
- Motor Pool
- Refuse Disposal
- Roof Maintenance
- Utilities
- Security Services *
- Facilities Planning *
- Other (Attach List)

* Caution: Be sure that these amounts have been reclassified from the Institutional Support Cost Pool before the indirect cost allocation is calculated.

For complete guidance on completing Schedule B and related information refer to the Financial Reporting Guidelines - FY 1999 Handbook of Instructions. Also reference the "CPB Indirect Administrative Support" guide. (Call CPB's Office of Grants Administration at 1-800-527-2272 for resource material availability.)

SCHEDULE C
FISCAL YEAR 1999

IN-KIND CONTRIBUTIONS - SERVICES AND OTHER ASSETS

Supporting documentation for all claims must be maintained at the station and may be requested by CPB. This support must be recognized in the station's audited financial statements.

Donor Type
(See below)

1. Professional Services

(a) Legal	_____	\$ _____	(a)
(b) Accounting and/or auditing	_____	_____	(b)
(c) Engineering	_____	_____	(c)
(d) Other professionals (specify exact type)			
<u>Music Comp./Arranging</u>	<u>OT</u>	<u>10,000</u>	(d)
_____	_____	_____	
_____	_____	_____	
<i>Total Professional Services</i>			\$ <u>10,000</u> (1)

2. General Operational Services

(a) Annual rental value of space (studios, offices or tower facilities)	_____	_____	(a)
(b) Annual value of land used for locating a station-owned transmission tower	_____	_____	(b)
(c) Station operating expenses	_____	_____	(c)
(d) Other (specify exact type)			
_____	_____	_____	(d)
_____	_____	_____	
<i>Total General Operational Services</i>			_____ (2)

DONOR CODES	
BS - Business	PU - Private Univ
FD - Foundation	SG - State Govt.
FG - Federal Government	SU - State Univ.
LG - Local Government	
PB - Public Broadcasting Entity	OT - Other

SCHEDULE C
FISCAL YEAR 1999

IN-KIND CONTRIBUTIONS - SERVICES AND OTHER ASSETS - *continued*

	Donor Type (See below)		
3. Other Services			
(a) ITV or educational radio	SG	\$ 915,509	(a)
(b) State Public Broadcasting Agencies: (APBC, FL DOE, NYN, OET, PPTN and NY Network only)	SG	1,220,250	(b)
(c) Local advertising	BS	8,841	(c)
(d) National advertising			(d)
<i>Total Other Services</i>		<u>2,144,600</u>	(3)
4. <i>Total in-kind contributions - services and other assets (sum of lines 1 through 3)</i>		<u>\$ 2,154,600</u>	(4)
5. LESS: in-kind contributions from federal and public broadcasting entities included in line 4			(5)
6. <i>Total nonfederal in-kind contributions - services and other assets (line 4 less line 5). (Forward to line 3a of the Schedule of Nonfederal Financial Support)</i>		<u>\$ 2,154,600</u>	(6)

Caution : Refer to the Guidelines and Supplemental Guide to determine if in-kind contributions meet the criteria for inclusion as NFFS. Do not include contributions related to fund raising activities (including membership drives).

DONOR CODES

BS - Business	PU - Private Univ
FD - Foundation	SG - State Govt.
FG - Federal Government	SU - State Univ.
LG - Local Government	
PB - Public Broadcasting Entity	OT - Other

SCHEDULE D
FISCAL YEAR 1999

IN-KIND CONTRIBUTIONS - PROPERTY AND EQUIPMENT

Supporting documentation for all claims must be maintained at the station and may be requested by CPB. This support must be recognized in the station's audited financial statements.

		Donor Type (See below)		
1.	Land	_____	\$ _____	(1)
2.	Building	_____	_____	(2)
3.	Equipment	_____	_____	(3)
4.	Vehicle(s)	_____	_____	(4)
5.	Other (specify)	_____	_____	
	_____	_____	_____	(5)
6.	<i>Total in-kind contributions - property and equipment (sum of lines 1 through 5)</i>		\$ _____	(6)
7.	LESS: in-kind contributions from federal and public broadcasting entities included in line 6		_____	(7)
8.	<i>Total nonfederal in-kind contributions - property and equipment (line 6 less line 7). (Forward to line 3b of the Schedule of Nonfederal Financial Support)</i>		\$ _____	(8)

DONOR CODES	
BS - Business	PU - Private Univ.
FD - Foundation	SG - State Govt.
FG - Federal Government	SU - State Univ.
LG - Local Government	
PB - Public Broadcsting Entity	OT - Other

SCHEDULE E
FISCAL YEAR 1999

EXPENSES AND CAPITAL OUTLAYS

Include both cash and noncash expenses

*Round all figures
to nearest dollar*

Program Services

1.	Programming and Production	\$	<u>2,697,309</u>	(1)
2.	Broadcasting		<u>2,415,650</u>	(2)
3.	Program Information and Promotion		<u>423,191</u>	(3)

Support Services

4.	Management and General		<u>1,180,243</u>	(4)
5.	Fund Raising and Membership Development		<u>594,782</u>	(5)
6.	Underwriting and Grant Solicitation		<u>130,196</u>	(6)
7.	Depreciation and Amortization *		<u> </u>	(7)
8.	Total operating expenses (lines 1 to 7) (line 8 must agree with audited financial statements)	\$	<u><u>7,441,371</u></u>	(8)

Additional Information

9.	Cost of Capital Assets Purchased or Donated			
	Land and Buildings	\$	<u> </u>	(9a)
	Equipment		<u>406,400</u>	(9b)
	All Other		<u> </u>	(9c)
			<u>406,400</u>	(9)
10.	TOTAL (sum of lines 8 and 9)	\$	<u><u>7,847,771</u></u>	(10)

NOTE:

* If depreciation and amortization are not allocated to the various functional categories, report the full amount on this line.

**SCHEDULE F
FISCAL YEAR 1999**

RECONCILIATION FORM

As stated in the FY 1999 Annual Financial Report Handbook of Instructions, a station's AFR must be reconciled with its audited financial statements. This form must be used in reconciling the two reports. Remember that all NFFS reported for any given year by a station must be recognized as support and revenue in the station's audited financial statements for that year.

CPB Annual Financial Report

List revenue reported on the following lines:

Schedule A, line 21	\$ 5,762,524
Schedule B, line 9	773,949
Schedule C, line 4	2,154,600
Schedule D, line 6	
Total CPB Annual Financial Report	\$ 8,691,073

Audited Financial Statements

List total support and revenue as recognized in the statement of activities:

Total support and revenue - unrestricted	\$ 8,691,073
Total support and revenue - temporarily restricted	
Total support and revenue - permanently restricted	
Total Support and Revenue	\$ 8,691,073
Capital grants	
Total Audited Financial Statements	\$ 8,691,073

Difference - Total CPB Annual Financial Report less Total Audited Financial Statements *(Explain in the space provided below)*

\$ _____

Description of Reconciling Items

Reconciling Amount

1		\$	
2			
3			
4			
5			
6			

Total (must agree with difference shown above)

\$ _____

**Deloitte &
Touche**



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

Telephone: (614) 221-1000
Facsimile: (614) 229-4647

STAFF COPY # 123121

September 24, 1999

To: Jeff Walters, Executive Director and
the Board of Directors of The Ohio State University
Managed Health Care Systems, Inc.:

YEAR 2000 ISSUES

The approach of the year 2000 presents significant issues for many financial, information, and operational systems. Many systems in use today may not be able to appropriately interpret dates after December 31, 1999, because such systems allow only two digits to indicate the year in a date. As a result, such systems are unable to distinguish January 1, 2000, from January 1, 1900, which could have adverse consequences on the operations of the entity and the integrity of information processing, causing safety, operational, and financial issues.

Our audit of The Ohio State University Managed Health Care Systems, Inc.'s (the Company) financial statements for the year ending June 30, 1999, did not provide any assurances, nor did we express any opinion, that the Company's systems, or any other systems, such as those of the Company's vendors, service providers, customers, or other third parties, are year 2000 compliant. In addition, we were not engaged to perform, nor did we perform as part of our audit engagement, any procedures to test whether the Company's systems or any other systems are year 2000 compliant or whether the plans and activities of the Company or any third parties are sufficient to address and correct system or any other problems that might arise because of the year 2000, nor did we express any opinion or provide any other assurances with respect to these matters.

However, during the week ended September 25, 1999, we made limited inquiries about the Company's activities to address the year 2000 issue. We have not performed any procedures to test the accuracy or completeness of the responses to our inquiries. Because year 2000 activities are currently in process, we may have had additional observations had we made inquiries after the date of this letter. The Company's general ledger is driven off the University's PeopleSoft system, as the University processes most of the Company's transactions. Management has informed us that the PeopleSoft system is year 2000 compliant. Also, we understand the Company's personal computers and software, used for internal reporting functions, are year 2000 compliant as well as significant vendor systems.

This report is intended solely for the information and use of the Board of Directors and management of The Ohio State University Managed Health Care Systems, Inc.

Yours truly,

Deloitte & Touche LLP

**Deloitte Touche
Tohmatsu**

**Deloitte &
Touche**



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, 1999*



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 David Williams II, 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, 1999 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, 1999 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 \$65,620 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 generally accepted auditing standards, 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 generally accepted auditing standards, 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
October 18, 1999

**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, 1999**

Organizations reporting on a cash receipts and disbursements basis for the year ended June 30, 1999 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	\$27,220	\$15,738	\$ 1,000	\$ 4,278	\$37,680
The Buckeye Fastbreakers Club, Inc.	4,259	14,900		18,361	798
The Buckeye Diamond Club	74,000	98,793	60,640	26,888	85,265
Women's Volleyball Attack Booster Club	24,366	15,654	15,000	11,303	13,717
The Buckeye Sideliners	3,079	23,145	10,000	12,754	3,470
The Rebounders Club	8,961	14,199	3,000	12,919	7,241
The Ohio State Swimming and Diving Booster Club	5,570	13,847		11,276	8,141

Organizations reporting revenues and expenditures for the year ended June 30, 1999 are as follows:

Organization	Revenues	Expenditures		Net Income
		Contributions To or In Behalf of Program	Other	
Buckeye Boosters, Inc.	\$ 194,074	\$ 55,620	\$ 76,488	\$ 61,966
The Varsity "O" Alumni	79,784	850	16,311	62,623
The Ohio State University Ice Hockey Alumni Association	35,565	5,000	30,807	(242)
OSU Varsity Rifle Team Booster Club	380		214	166

**Deloitte &
Touche**



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, 1999*



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, 1999, and have issued our unqualified report thereon dated October 4, 1999. At your request, we have also performed the procedures enumerated below, which were agreed to by David Williams, II, 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, 1999, 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 Athletic's Statement of Revenues and Expenditures (the "Statement") for the year ended June 30, 1999, 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 Director of Internal Audit and obtained an understanding of the transactions' testing of the ticket revenue cycle, which was performed by the University's Internal Audit Staff by 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, 1999. Ticket sales as recorded in the Statement were reconciled within \$45,327 or .32% of the "Ticket Order Status Report" for football and \$57,849 or 2.21% 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, 1999. Football, men's basketball and women's basketball concession revenues agreed to the detailed statements while all other sports were reconciled to within \$152 or .01% of the concession revenue per 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, 1999 to that of the University as a whole for the same period. We noted the University's rate of return was 5.45%, while the Department of Athletic's rate was 5.43%.
- e. We compared gift revenues recorded in the Department of Athletics' accounts for the year ended June 30, 1999, to the amounts recognized by The Ohio State University Development Fund for the same period and noted that the amounts differed by \$200,012 or 1.65%. 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, 1999 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 generally accepted auditing standards, 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 generally accepted auditing standards, 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 generally accepted accounting principles.

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 transactions' testing of the Ticket Sales, Team Travel expenditures, and Purchase/Payables cycles, which was performed by the University's Internal Audit staff and we reperformed certain University Internal Audit procedures on a test basis. No exceptions were noted by the University's Internal Audit staff, 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. We noted the following exceptions: 1) not all active members of the five selected booster organizations signed a "Certificate of Compliance Form", 2) the monthly bank statements of the boosters were not accompanied by copies of checks that were written on behalf of the Athletic Department for 5 boosters, 3) one booster did not have bylaws that relinquished its assets to the University upon dissolution.
- 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 did not give prior formal written approval of these 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, 1999, 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.

Deloitte & Touche LLP

Columbus, Ohio
October 18, 1999

**THE OHIO STATE UNIVERSITY
DEPARTMENT OF ATHLETICS**

Exhibit

**STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999 (UNAUDITED)**

	Football	Men's Basketball	Women's Basketball	Other Sports Men	Other Sports Women	Nonprogram Specific	Total
REVENUES:							
Ticket sales	\$14,049,936	\$2,612,654	\$ 191,406	\$ 289,957	\$ 24,924	\$ 50,044	\$17,218,921
Post season event	4,269,416	939,070					5,208,486
Program sales	429,797	80,587	26,862				537,246
Novelty Sales						986,224	986,224
Radio and T.V. rights	3,062,086	1,575,479					4,637,565
Concessions	641,626	308,091	52,014	139,005	7,938	230,654	1,379,328
Gifts:							
Restricted				27,462		2,009,274	2,036,736
Grant-in-aid						5,987,630	5,987,630
Parking	651,204	50,649	21,707				723,560
Investment income - unrestricted						842,836	842,836
Endowment income - Restricted							
Postage/service charges	265,075	32,673	(25)	8,889		4,581	311,193
Advertising				1,661		2,998,496	3,000,157
Entry fees				732		1,202,144	1,202,876
Facility rentals						242,659	242,659
Miscellaneous		367,183	152,735	159,848		802,742	1,482,508
Schottenstein Center						8,800,279	8,800,279
Golf course						3,174,678	3,174,678
Ice rink						595,259	595,259
Total revenues	23,369,140	5,966,386	444,699	627,554	32,862	27,927,500	58,368,141
EXPENDITURES:							
Coaches' salaries	1,359,635	549,957	534,514	1,656,565	1,623,103		5,723,774
Other salaries	437,531	167,801	103,903	53,814	43,775	12,867,475	13,674,299
Travel:							
Team and other	699,703	213,310	179,480	256,706	320,090	375,058	2,044,347
Recruiting	296,973	56,962	86,030	152,559	173,750	21,699	787,973
Guarantees - net	1,295,854	255,612	2,100	25,361	5,600		1,584,527
Financial aid	1,537,943	254,595	300,082	1,518,114	2,373,966		5,984,700
Maintenance/general	2,855,081	365,168	227,512	502,323	256,189	9,495,063	13,701,336
Equipment purchases	139,553	22,928	90,693	28,844	35,361	640,126	957,505
Advertising						236,085	236,085
Insurance						87,761	87,761
Telephone	52,444	40,841	31,490	60,290	46,790	481,034	712,889
Food	470,169	80,755	25,050	214,437	178,768	506,782	1,475,961
Lodging	407,133	53,796	42,205	159,473	168,998	132,317	963,922
Indirect overhead						2,888,228	2,888,228
Physical facilities						758,964	758,964
Total expenditures	9,552,019	2,061,725	1,623,059	4,628,486	5,226,390	28,490,592	51,582,271
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$13,817,121	\$3,904,661	\$(1,178,360)	\$(4,000,932)	\$(5,193,528)	\$ (563,092)	\$ 6,785,870

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



October 4, 1999

To Members of the Board of The Ohio State University Hospitals
and R. Reed Fraley, Associate Vice President of Health Services
and Executive Director and Members of the Board of the
Arthur G. James Cancer Hospital and Richard J. Solove Research
Institute and Dr. David E. Schueller, Director
Columbus, Ohio

Dear Members of the Board:

In planning and performing our audit of the trial balance of The Ohio State University Hospitals (the Hospitals) for the year ended June 30, 1999, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements of the Ohio State University (on which we have issued a report dated October 4, 1999) which includes the trial balance of the Hospitals and do not provide assurance on the Hospitals' internal control. Such consideration would not necessarily disclose all matters in the Hospitals' internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 caused by error or fraud in amounts that would be material in relation to the trial balances 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 Hospitals' internal control and its operations that we consider to be material weaknesses as defined above.

We did note other matters related to the Hospitals' internal control and certain other accounting, administrative or operating matters. Our principal observations and recommendations are summarized below.

Physical Count of Fixed Assets

A physical count of fixed assets has not been performed for many years. However, during fiscal 1999 management started the procedure of having selected department heads review the list of fixed assets assigned to that department. The department heads were to review the list for accuracy.

The process of having department heads review a listing of fixed assets is appropriate. However, such lists should be distributed to all departments and management should determine that all department listings are reviewed and approved. Additionally, an actual inventory count should be conducted

periodically (perhaps every three years) to ensure that all fixed assets are accounted for and in use. The actual physical count could be performed on a rotation basis among departments. This procedure will allow the accounting department to identify any missing or unused fixed assets that should be written-off.

Management Response

Management agrees with the recommendation, but with the transition of Financial Services personnel and the implementation of the fixed asset accounting system, this task has been delayed. It is the expectation that the Hospital will initiate inventory of fixed assets on a planned rotation basis during fiscal year 2000.

Level of Patient Accounts Receivable

Total gross accounts receivable has increased \$23,200,000 (23%) and \$15,800,000 (32%) for The Ohio State University Hospitals and the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute, respectively.

Management should address develop strategies for improving the collection of these accounts to prevent impairment of future cash flows.

Management Response

The increase in accounts receivable at the Hospitals is the result of the conversion and implementation of the new Patient Management and Patient Accounting (PM/PA) system and relating issues, i.e.; registration errors, data/charge entry delays, interface issues with systems providing diagnosis and CPT codes from medical records, and finally, claims processing and account follow-up. In addition to the system related issues there has been a learning curve for employees to learn and use the new PM/PA system while learning new tasks and procedures.

Patient Accounting Management continues to meet with representatives from information systems, admissions/registration, charge entry and medical records as part of the multidisciplinary "Revenue Cycle Committee" created to resolve issues affecting patient accounts receivable which has resulted in continued improvement of patient accounts receivable since June 1999. Many issues have been addressed and resolved.

Medicaid Registration

Within the overall patient accounts receivable increase of \$23,200,000, the balance of Medicaid accounts receivable for The Ohio State University Hospitals has increased by more than \$9,500,000 (balance at June 30, 1999 is \$19,994,050). Management believes the increase is primarily attributable to high rejection rates of Medicaid billings as Medicaid patients were misclassified as elective cases instead of urgent cases during the registration process. This error in the registration process began with the implementation of the new Shared Medical Systems (SMS) software in January 1999. Since Medicaid typically only pays for urgent cases, the bills classified as elective are rejected.

Procedures should be implemented to ensure that Medicaid billings are properly classified. Management should also review all changes to the registration process related to the SMS conversion to determine if any other corrections need to be made.

Management Response

The significant increase in Medicaid accounts receivable has been identified as a result of a misclassification for the type of admission during the patient registration process. Registrars had been routinely registering Medicaid patients as elective admissions, when in fact these admissions should have been coded as urgent or elective which requires precertification by the Medicaid program. Patient Access Services has instructed all departments to code new admissions in the proper manner.

Patient Accounting has also created edits in HDS, the electronic billing system, to flag any accounts improperly coded. Those accounts with errors will be corrected and Patient Access Services will be notified of clerical error.

Finally, all previously improperly billed Medicaid accounts are being reviewed for rebilling in the correct manner.

Patient Accounts Receivable Billing and Medical Record Information

During our testing of accounts receivable, we noted two patient account selections (approximately 13% of the total selections) that were never billed. These patients had discharge dates of September 30, 1997 and May 27, 1999. Additionally, the related medical records for these patients were not readily available and thus, the Hospitals were unable to bill the accounts without the required diagnosis codes.

Management should implement procedures to ensure that all patient medical records are retained and that the patient is billed on a timely manner.

Management Response

The Patient Accounts Department working with the Medical Information Department located one of the missing records within the last week and found significant documents supporting the admission and care of the other patient. The Medical Information Department has developed a plan to better control medical records throughout the Hospitals, which is in the process of implementation. The Patient Accounts Department also in working with the Medical Information Department has created an interactive database to monitor all patient records for required diagnosis and CPTs that need to be included on patient bills. Regarding the missing medical record, the Medical Information Department continues to search for the missing record and has instituted the policy requiring the receipt of records that are removed from the department by medical staff.

Accounts Receivable Credit Balances

The credit balances in accounts receivable for The Ohio State University Hospitals and the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute have increased \$3,656,110 and \$691,375, respectively (a combined 320%) at June 30, 1999 in comparison to June 30, 1998.

Management should develop a plan to resolve these credit balances in a timely manner. Additionally, when calculating the allowance for doubtful accounts, consideration should be given to excluding credit balances in the patient accounts receivable total so that these credit balances do not inappropriately reduce the amount of the required reserve.

Management Response

The unusually high credit balances is the result of the implementation of the new Patient Accounting System which resulted in posting errors made by clerical staff, electronically posted payment errors and a delay in charge reversal errors.

The largest number of credit balances are the electronic posted payments and the charge reversal errors. Cash Management has been working with Information Systems to correct the electronic posting error problem. A task force has been implemented to correct the timeliness of charge reversal errors and any double posting of charges.

Clerical staff within the Cash Management section has been retrained, which is resulting in significantly less clerical errors.

Logical Security Standards

The Information Systems (IS) department has not developed logical security standards that cover all of the platforms and applications supported by the IS department. The IS department is responsible for maintaining the logical security of the Novell network, the IBM mainframe, NT servers and the various applications that run in these environments. While logical security standards do exist for the CAPI application, these same standards do not apply to the Novell, NT and Mainframe environments.

The logical security function of the IS department should become more centralized with the security team being responsible for setting the standards that are applied to the various platforms and applications. Security standards may differ between platforms and applications, but the security standards for all the platforms and applications should be developed by the security team.

Management Response

Currently, the LAN, VAX, Systems and Network groups oversee account creations/deletions in their areas. The Data Security group is responsible for the logical standards that these areas follow for accounts (username standards, password lengths, password expirations, etc.). The Data Security Team will work with the LAN group to take over the account creation/deletion process during the first quarter of 2000. The Data Security group will work with the VAX group to become more involved with their account creation/deletion process during the second quarter of 2000. The Data Security group will work with the Systems group to address the issues with the access to the mainframe job scheduler and mainframe dataset security during the fourth quarter of 1999. The Data Security group will work with the Network group to review existing network configurations and the firewall from a security perspective. The Data Security group will work closely with the Clinical Applications group to develop standards for our SMS system during the fourth quarter of 1999.

Network Backup Tapes

Network server backups created in Battelle are not rotated offsite. The LAN support team reviewed each network server to determine whether the server's processor could withstand performing a daily backup without significant performance degradation. They determined that several servers could be backed up without significant performance issues. These servers are located in the Starling-Loving computer room and the backup tapes are taken offsite with the mainframe backup tapes. The servers that cannot be

backed up on their own are backed up by a centralized backup server located in Battelle. By using the backup server, the performance of the servers is not significantly degraded. These backup tapes are kept in an office in Battelle.

The backup tapes from the backup server located in Battelle should be taken offsite for storage.

Management Response

The LAN support team will be purchasing a backup server. This server will be used to centralize the backup tape process for offsite storage. We will develop a process to move the server backup tapes into the normal rotation of storing tapes offsite by October 1, 1999.

Mainframe Dataset Security

The IBM mainframe does not utilize dataset security. Currently, the datasets stored on the IBM mainframe are not individually secured. TSO access to the mainframe is limited to application and system programmers, operators and support technicians. This results in approximately 150 users having access to all of the data and source code stored on the mainframe. There is a potential risk that an unauthorized change to the data or source code may be made by a user having TSO access. There is exposure that the unauthorized change will not be detected due to the number of users having TSO access and the volume of data stored on the mainframe.

The IS department should implement a security package, such as RACF, that will allow the security team to appropriately restrict access to the mainframe datasets. TSO users should only have access to the datasets needed to perform their job function.

Management Response

The Data Security Team will work with the IBM mainframe group to determine the appropriate level of access for its users during the fourth quarter of 1999. This will enable us to restrict access to the mainframe datasets. RACF is scheduled to be implemented on the mainframe by the second quarter of 2000.

Access to the Mainframe Job Scheduler

Approximately 50 IS employees have the ability to modify the IBM mainframe job schedule. The mainframe job schedule for the Hospitals is quite extensive. Whenever possible, jobs are configured to run from the job schedule. Currently, the systems support team, operations team, and certain IS management have the ability to modify the IBM mainframe job schedule. All changes to the job schedule are forwarded to the systems support team for processing. There is a potential risk that an unauthorized change to the job schedule could be made due to the extensiveness of the schedule.

Management should consider the following:

- IS department should restrict access to the IBM mainframe job schedule to only a select few employees.
- A review of the changes to the job schedule should be performed by IS management on a regular basis.

Management Response

New clinical and financial systems going live had prompted the increased access. The Data Security Team plans to work with the Systems and Applications groups and set up a process to restrict this access during the first quarter of 2000.

Auditing Functionality of PM/PA

The PM/PA (patient management/patient accounting) application does not have a transaction based audit feature. In any computer environment, changes to critical or sensitive data should be logged and monitored. Currently, the PM/PA application does not have the functionality available to log changes that are made to the data.

During 1999, Congress is considering legislation that may force health care institutions to become more accountable for their patients' health care information. The Health Information Privacy Act (HIPA) is one such piece of legislation that is currently being debated. The outcome of the congressional debate may force the Hospitals to become more accountable for their patients' information.

The Hospitals should be proactive in preparing for possible health information legislation. In particular, management should continue to insist that SMS implement a transaction based audit feature for its PM/PA application. If SMS continues to be unresponsive, then the IS department should investigate alternative ways to add auditing functionality to its applications.

Management Response

The SMS PM/PA system provides some of the auditing functionality requested. However, it does have its limitations.

The SMS Patient Management system does allow for tracking of changes by user identification on an inpatient level. Through its census history functionality, as an inpatient is admitted, transferred or discharged, a user identification is stamped with that particular transaction. Reports can be run from that census history segment to determine changes made to that particular account. The SMS PM/PA system does provide some limitation on an outpatient basis. Although patients are re-registered each time they visit the Hospital and a user identification is stamped on the original registration, SMS does not stamp a user identification on any activity occurring on that account after the initial registration has occurred. Many other SMS facilities have asked SMS to add this as part of their core system.

From the SMS Patient Accounting system, tank file transactions are used to track any changes with the user identification. SMS does provide the capability to run reports from these tank file transactions. These tank file transactions are stored for 5 days. SMS also provides daily transaction logs which logs any activity on an account. The limitation of these logs is that it does not store the user identification. However, the tank file could be referenced. These logs are kept 7 days.

PM/PA Security

The PM/PA system does not currently provide security reporting features. This limitation prevents an efficient review of access not only externally, but internally, as well. Due to this limitation, we were unable to determine the adequacy of access provided within the PM/PA system based upon user job function. Additionally, an internal periodic review of security to ensure the ongoing pertinence of the access provided cannot be performed unless this documentation is made available.

The Hospitals should work with SMS to develop security reporting features. After implemented, periodic reviews of security should be performed to ensure that users are only provided the access deemed necessary to perform their current job functions.

Management Response

The Data Security Team plans to set up a meeting with SMS Facilities to create security features during the fourth quarter of 1999.

Year 2000

The approach of the year 2000 presents significant issues for many financial, information, and operational systems. Many systems in use today may not be able to appropriately interpret dates after December 31, 1999, because such systems allow only two digits to indicate the year in a date. As a result, such systems are unable to distinguish January 1, 2000, from January 1, 1900, which could have adverse consequences on the operations of the entity and the integrity of information processing, causing safety, operational, and financial issues.

Our audit of the Hospitals' trial balances for the year ended June 30, 1999, did not provide any assurances, nor did we express any opinion, that the Hospitals' systems or any other systems, such as those of the Hospitals' vendors, service providers, customers, unconsolidated subsidiaries or joint ventures in which the Hospitals' have an investment, or other third parties, are year 2000 compliant. In addition, we were not engaged to perform, nor did we perform as part of our audit engagement, any procedures to test whether the Hospitals' systems or any other systems are year 2000 compliant or whether the plans and activities of the Hospitals or any third parties are sufficient to address and correct system or any other problems that might arise because of the year 2000, nor did we express any opinion or provide any other assurances with respect to these matters.

However, during the week ended August 9, 1999, we made limited inquiries about the Hospitals' activities to address the year 2000 issue. We have not performed any procedures to test the accuracy or completeness of the responses to our inquiries, but we have included our observations resulting from those inquiries in the following table. Because year 2000 activities are currently in process, we may have had additional observations had we made inquiries after the date of this letter. Accordingly, we encourage the management and Boards of Trustees to continue its oversight of the Hospitals' year 2000 activities.

Topic Area	Response
Status of Written Plan	A Hospital plan was developed and approved by senior administration the 1 st quarter of 1998. The goal of the plan was to ensure that all Hospital software, hardware, and equipment are year 2000 ready and to develop contingency plans to deal with issues related to the potential failure of any internal or external systems. It also identified membership of a Hospital year 2000 steering committee charged with ensuring that the goals outlined in the plan were followed by Hospital staff.
Resources	Existing personnel are supporting the majority of Hospital year 2000 efforts. In some departments, staffing resources have been supplemented by consultants. Those expenses were included in the appropriate areas expense budget.
Timetable and Status	The Hospitals' initial plan called for all year 2000 related activities to be completed by the second quarter of 1999. The plan was revised and the completion date changed to the 4 th quarter of 1999. As of August 1999, the majority of areas which have major year 2000 responsibilities have either completed their year 2000 activities or are scheduled to be done by the end of October 1999. As an example, less than 10% of the Biomedical Engineering Department's equipment inventory remains to be tested. Information Services has 12 LAN-based departmental systems that are scheduled for testing and they are expected to be completed by the end of October 1999. The testing of our PeopleSoft Finance application is 98% completed for which final testing should be completed by the end of September 1999. The Hospitals' major financial and clinical information systems have been tested and found to be year 2000 ready.
Inventory of Systems	The Hospitals have completed the inventory of equipment of its facilities, information services, biomedical engineering, patient care services, dietary, and security departments. The inventories are maintained at the departmental level but the status of the departments' remediation and testing processes are reported at the monthly medical center year 2000 steering committee.

Critical Systems Identified	All systems and equipment were identified during the inventory phase of our process. Once the inventory was completed, systems were ranked based on the criticality of their impact on patient care activities. The status of those systems is reported monthly at the medical center year 2000 steering committee meetings.
Procedures to Identify Systems with Problems	Individual departments are responsible for reporting and resolving any year 2000 related issues associated with equipment they support.
Plan for Fixing Critical Systems	Each area is responsible for developing a remediation plan for systems they support or use.
Date for Compliance	Areas that have a critical impact on patient care activities have developed and submitted a remediation plan to the Hospitals' year 2000 steering committee. The plan includes dates when either remediation or replacements are scheduled to be in place. In addition, they are asked to provide monthly updates to the remediation plans. All areas are on target.
Tests Procedures for Compliant Systems	As part of the year 2000 plan, formal university industry standard procedures have been developed with respect to conducting process inventories, assessing risks, remediation, testing, contingency planning and quality assurance. Following the completion of a process's inventory, risk assessment and analysis, the process owner determines the appropriate remediation, testing approach and contingency planning procedures to be used. Additionally, the Hospitals elected to use Test 2000 to test the year 2000 status of their desktop computers. An inventory of all desktop systems was completed and the Hospitals' IS staff are in the process of continuing to check each system to validate its year 2000 status. In addition, a suite of year 2000 software tools was identified and recommendations made that all staff should either upgrade or replace non-compliant software applications. A testing process was identified for all enterprise and departmental applications. It included the development of a year 2000 Testing Lab as well as recommendations for dates that should be tested. Detail documentation of the testing process and results is maintained for each application.

Vendor, Service Providers, Customers, Subsidiaries, Etc.	Letters were sent to all major Hospital vendors and suppliers asking for the year 2000 status of their products or operation. The vendor responses are maintained centrally by the Hospitals.
Litigation and Regulations	One of the Hospitals' attorneys is a member of the year 2000 Steering Committee. The attorney has been instrumental in providing advice and language for vendors' letters, readiness issues and contingency planning activities.
Contingency Plans	Hospital departments that support or provide critical patient care services were asked to develop contingency plans which outline how they will continue to provide support should an emergency situation occur. The plans were reviewed by a committee whose membership included: senior Hospital administration, Hospital legal council, Hospital accreditation coordinator, and university year 2000 task force members. The plans were reviewed and in some cases modifications recommended. A year 2000 issues list was developed to track ongoing issues requiring resolution.
Management Oversight	The Hospitals' year 2000 oversight committee is chaired by the chief operating officers of University Hospitals and The Arthur G. James Cancer Hospital and Richard J. Solove Research Institute. Also, appropriate briefings were provided to physicians at selected meetings of the Hospitals' Medical / Administrative Committee meetings.
Reporting To Senior Management	Monthly updates on the status of year 2000 activities are provided to senior Hospital management.
Impact on Operations and Financial Reporting	None
Client Concerns	External forces out of our control (e.g. utilities, etc.).

This report is intended solely for the information and use of the Boards of Trustees, management, and others within the organizations and is not intended to be and should not be used by anyone other than these specified parties.

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

Yours truly,

Deloitte & Touche LLP

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

**FINANCIAL STATEMENTS
For the Year Ended June 30, 1999 and 1998
With
Independent Auditors' Report Thereon**



PARMS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

**FINANCIAL STATEMENTS
For the Year Ended June 30, 1999 and 1998
With
Independent Auditors' Report Thereon**

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PARMS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 1999 and 1998, 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, 1999 and 1998, 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.

The Year 2000 supplementary information on page 11 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the Required Supplementary Schedule.

Parms & Company, Inc.

August 6, 1999

CAMPUS PARTNERS FOR COMMUNITY
 URBAN REDEVELOPMENT, INC.
 BALANCE SHEET

As of June 30, 1999 and 1998

	<u>As of June 30, 1999</u>		<u>As of June 30, 1998</u>	
	<u>Current Funds</u>	<u>Plant</u>	<u>Current Funds</u>	<u>Plant</u>
<u>ASSETS</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>
Current Assets:				
Cash	\$137,309	-	258,834	\$ -
Accounts receivable	-	-	2,500	-
Deposits	<u>10,000</u>	-	-	-
Total Current Assets	147,309	-	<u>261,334</u>	-
Investment in Plant (Note 2)	-	8,997,985	-	<u>1,951,970</u>
Total Assets	<u>\$147,309</u>	<u>8,997,985</u>	<u>261,334</u>	<u>\$1,951,970</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Current Liabilities				
Accounts payable	\$ 12,800	-	45,316	\$ -
Accrued expense	67,901	-	44,018	-
Rent deposits	19,446	-	-	-
Deferred revenue	-	-	116,445	-
Current portion of payable due to OSU (Note 5)	<u>17,500</u>	-	<u>17,500</u>	-
Total Current Liabilities	117,647	-	223,279	-
Long Term Liabilities:				
Non-current portion of payable due to OSU (Note 5)	-	-	<u>17,500</u>	-
Total Liabilities	<u>117,647</u>	-	<u>240,779</u>	-
Fund Balances:				
Unrestricted	29,662	-	20,555	-
Net Investment in Plant	-	8,997,985	-	<u>1,951,970</u>
Total Fund Balances	<u>29,662</u>	<u>8,997,985</u>	<u>20,555</u>	<u>1,951,970</u>
Total Liabilities & Fund Balances	<u>\$147,309</u>	<u>8,997,985</u>	<u>261,334</u>	<u>\$1,951,970</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, 1999 and 1998

	As of June 30, 1999		As of June 30, 1998	
	Current Funds	Plant	Current Funds	Plant
	Unrestricted	Fund	Unrestricted	Fund
Support and Revenue:				
The Ohio State University	\$7,555,250	-	736,977	\$ -
City of Columbus	4,867	-	50,000	-
Acquisition of Plant Assets	-	7,046,015	-	95,779
Rental Income	142,280	-	-	-
Miscellaneous	32,330	-	23,573	-
Interest Income	6,494	-	9,936	-
Total Support and Revenue	<u>7,741,221</u>	<u>7,046,015</u>	<u>820,486</u>	<u>95,779</u>
Expenses:				
Wages	311,488	-	270,980	-
Payroll taxes and Benefits	73,069	-	63,415	-
Professional services	24,916	-	26,480	-
Travel and conferences	10,131	-	12,076	-
Postage and delivery	4,097	-	4,861	-
Printing	25,833	-	14,307	-
Office expenses	8,707	-	8,787	-
Occupancy	26,950	-	27,900	-
Utilities	15,176	-	19,678	-
Public relations	5,406	-	7,180	-
Consulting	41,486	-	200,000	-
Real estate	39,946	-	50,677	-
Rental Expenses	56,642	-	-	-
Campus Collaborative	25,000	-	-	-
Miscellaneous expenses	17,252	-	7,516	-
Property & equipment purchases	<u>7,046,015</u>	-	<u>95,779</u>	-
Total Expenses	<u>7,732,114</u>	-	<u>809,636</u>	-
Change in Fund Balance	\$ <u>9,107</u>	<u>7,046,015</u>	<u>10,850</u>	\$ <u>95,779</u>

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, 1999 and 1998

	<u>As of June 30, 1999</u>		<u>As of June 30, 1998</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>
Fund Balance, Beginning of Year	\$20,555	1,951,970	9,705	\$1,856,191
Change in Fund Balance	<u>9,107</u>	<u>7,046,015</u>	<u>10,850</u>	<u>95,779</u>
Fund Balance, End of Year	<u>\$29,662</u>	<u>8,997,985</u>	<u>20,555</u>	<u>\$1,951,970</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, 1999 and 1998

	June 30, 1999 Current Funds <u>Unrestricted</u>	June 30, 1998 Current Funds <u>Unrestricted</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Fund Balances	\$ 9,107	\$ 10,850
Adjustments to reconcile increase in fund balances to net cash provided by operations:		
Decrease/(Increase) in grants receivable	2,500	(2,500)
Increase in deposits	(10,000)	-
(Decrease)/Increase in accounts payable	(32,516)	41,816
Increase in accrued benefits	23,883	1,401
Increase in rent deposits	19,446	-
(Decrease)/Increase in deferred revenue	(116,445)	116,445
Decrease in due to others	<u>(17,500)</u>	<u>(17,500)</u>
Net Adjustments	<u>(130,632)</u>	<u>139,662</u>
NET (DECREASE) INCREASE IN CASH FROM OPERATING ACTIVITIES	(121,525)	150,512
CASH AT BEGINNING OF YEAR	<u>258,834</u>	<u>108,322</u>
CASH AT END OF YEAR	<u>\$137,309</u>	<u>\$258,834</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, 1999 and 1998

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, 1999 and 1998

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, 1999, or 1998.

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, 1999 and 1998, Campus Partners derived 98% and 96%, 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, 1999 and 1998, \$100,000 of Campus Partners' cash balance of \$137,309 and \$258,834 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, 1999 and 1998

1. Summary of Significant Accounting Policies: (Continued)

Concentration of Risk (Continued)

At June 30, 1999 and 1998, Campus Partners had \$37,309 and \$158,834, respectively, that was unsecured and uninsured. However, to mitigate risk of loss, Campus Partners has placed its deposits in a large financial institution. 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:

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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, 1999</u>	<u>June 30, 1998</u>
Land and Buildings	\$8,952,496	\$1,906,481
Office Furniture and Equipment	<u>45,489</u>	<u>45,489</u>
Total Plant Fund	<u>\$8,997,985</u>	<u>\$1,951,970</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:

2000	\$27,720
2001	16,170

CAMPUS PARTNERS FOR COMMUNITY
URBAN REDEVELOPMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 1999 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, 1999 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, 1999 and each of the preceding two years, are as follows:

1999	\$39,957
1998	38,336
1997	32,815

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, 1999 and 1998

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 4.29% of covered payroll to fund the health care program for retirants.

5. Payable to OSU

Campus Partners has an unpaid liability to OSU resulting from \$70,000 in consulting expenses paid by OSU on behalf of Campus Partners in 1995. Consequently, an agreement between Campus Partners and OSU was reached where Campus Partners will pay OSU back in four annual installments of \$17,500, beginning fiscal year 1997. The scheduled maturity for the unpaid portion of this liability is as follows:

2000	<u>\$17,500</u>
Total	<u>\$17,500</u>

CAMPUS PARTNERS FOR COMMUNITY
URBAN REDEVELOPMENT, INC.

REQUIRED SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 1999 and 1998

YEAR 2000 DISCLOSURE

The year 2000 issue is the result of shortcomings in many electronic data-processing systems and other equipment to process dates, especially years, that may adversely affect Campus Partners' operations as early as fiscal year 1999.

Campus Partners has identified the following system necessary to conducting operations.

General Office Computers

Campus Partners has identified five office computers that are used for various word processing, spreadsheet and bookkeeping tasks. These systems have or our will be remediated and validated before the end of the year. Since these efforts are being completed by staff, any expenditures to complete this process will not be material.

General Accounting and Payroll

Campus Partners uses an outside accounting firm to prepare its monthly financial statements and The Ohio State University to process and pay its payroll. These organizations are responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that Campus Partners will be Year 2000 ready, that remediation efforts will be successful in whole or in part, or that parties with whom Campus Partners does business will be year 2000 ready.