



WRIGHT STATE
UNIVERSITY

Financial Statements and Single Audit Reports
For Federal Awards
For the Year Ended June 30, 2001

Office of the Controller
3640 Colonel Glenn Hwy.
Dayton, OH 45435-0001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Wright State University
Dayton, Ohio 45435

We have reviewed the Independent Auditor's Report of the Wright State University, Greene County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2000 to June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

January 3, 2002

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WRIGHT STATE UNIVERSITY

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**Deloitte
& Touche**

INDEPENDENT AUDITORS' REPORT

The President and The Board of Trustees of
Wright State University and
Mr. Jim Petro, Auditor of State,
State of Ohio:

We have audited the accompanying balance sheet of Wright State University (the "University"), a component unit of the State of Ohio, as of June 30, 2001, and the related statements of changes in fund balances and current funds revenues, expenditures and other changes for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 University at June 30, 2001, and the changes in fund balances and the current funds revenues, expenditures and other changes for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued a report dated October 19, 2001 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

DELOITTE & TOUCHE LLP

October 19, 2001

**Deloitte
Touche
Tohmatsu**

WRIGHT STATE UNIVERSITY
Financial Statements
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June 30, 2001

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WRIGHT STATE UNIVERSITY
Balance Sheet
June 30, 2001
With Comparative Balances at June 30, 2000

ASSETS	June 30, 2001	June 30, 2000	LIABILITIES AND FUND BALANCES	June 30, 2001	June 30, 2000
CURRENT FUNDS			CURRENT FUNDS		
Unrestricted:			Unrestricted:		
Educational and General:			Educational and General:		
Cash and Cash Equivalents (Note 2)	\$ 342,247	\$ 530,060	Accounts Payable:		
Investments (Note 2)	49,396,927	43,836,463	Trade	\$ 2,793,181	\$ 2,706,512
Accounts Receivable, Less Allowance for Doubtful Accounts of \$250,000 in 2001 and \$200,000 in 2000	5,316,217	4,995,050	Outstanding Checks (Note 2)	4,423,045	3,510,927
Interest Receivable	513,455	478,088	Accrued Liabilities (Note 7)	9,936,615	9,467,861
Inventories	565,412	521,100	Accrued Compensated Absences	11,100,000	10,400,000
Prepaid Expenses and Deferred Charges	5,231,842	5,175,810	Deferred Credits - primarily deferred fee income	9,541,849	9,189,193
Due from Other Funds	11,092,078	8,969,116	Fund Balances (Deficits):		
			Allocated	40,147,624	35,228,997
			Unallocated:		
			Unfunded Compensated Absences	(11,100,000)	(10,400,000)
			Other	5,615,864	4,402,197
			Total Unallocated Fund Deficits	<u>(5,484,136)</u>	<u>(5,997,803)</u>
			Total Fund Balances	<u>34,663,488</u>	<u>29,231,194</u>
Total Educational and General	<u>72,458,178</u>	<u>64,505,687</u>	Total Educational and General	<u>72,458,178</u>	<u>64,505,687</u>
Auxiliary Enterprises:			Auxiliary Enterprises:		
Cash and Cash Equivalents (Note 2)	39,789	586,629	Accounts Payable	937,539	910,803
Investments (Note 2)	500,000		Deferred Credits	641,954	444,425
Accounts Receivable, Less Allowance for Doubtful Accounts of \$80,000 in 2001 and 2000	1,949,405	1,409,469	Due to Other Funds	944,639	683,833
Inventories	107,450	120,477	Unallocated Fund Balance	355,654	440,972
Prepaid Expenses and Deferred Charges	283,142	363,458			
Total Auxiliary Enterprises	<u>2,879,786</u>	<u>2,480,033</u>	Total Auxiliary Enterprises	<u>2,879,786</u>	<u>2,480,033</u>
Total Unrestricted	<u>75,337,964</u>	<u>66,985,720</u>	Total Unrestricted	<u>75,337,964</u>	<u>66,985,720</u>
Restricted:			Restricted:		
Cash and Cash Equivalents (Note 2)	186,124	226,684	Accounts Payable	2,197,599	401,728
Investments (Note 2)	16,450,390	12,893,017	Due to Other Funds	9,948,379	8,161,937
Interest Receivable		33,500	Fund Balance	16,315,924	13,213,932
Accounts Receivable	9,805,647	8,586,426			
Prepaid Expenses and Deferred Charges	2,019,741	37,970			
Total Restricted	<u>28,461,902</u>	<u>21,777,597</u>	Total Restricted	<u>28,461,902</u>	<u>21,777,597</u>
TOTAL CURRENT FUNDS	<u><u>\$ 103,799,866</u></u>	<u><u>\$ 88,763,317</u></u>	TOTAL CURRENT FUNDS	<u><u>\$ 103,799,866</u></u>	<u><u>\$ 88,763,317</u></u>

WRIGHT STATE UNIVERSITY
Balance Sheet
June 30, 2001
With Comparative Balances at June 30, 2000
(Continued)

ASSETS	June 30, 2001	June 30, 2000	LIABILITIES AND FUND BALANCES	June 30, 2001	June 30, 2000
LOAN FUNDS			LOAN FUNDS		
Cash and Cash Equivalents (Note 2)	\$ 665,766	\$ 311,455	Due to Other Funds	\$ 183,520	\$ 105,989
Notes Receivable, Less Allowance for Doubtful Loans of \$1,650,000 in 2001 and \$1,466,000 in 2000	15,149,579	14,455,992	Fund Balances:		
Interest Receivable	4,113	4,195	U.S. Government Grants Refundable:		
			Perkins Loans	8,573,594	8,369,906
			Nursing Student Loans	848,457	803,960
			Health Professions Loans	319,550	477,453
			Other	1,772,345	1,191,806
			University Funds:		
			Restricted	3,181,012	3,000,626
			Unrestricted	940,980	821,902
			Total Fund Balances	<u>15,635,938</u>	<u>14,665,653</u>
TOTAL LOAN FUNDS	<u><u>\$ 15,819,458</u></u>	<u><u>\$ 14,771,642</u></u>	TOTAL LOAN FUNDS	<u><u>\$ 15,819,458</u></u>	<u><u>\$ 14,771,642</u></u>
ENDOWMENT AND SIMILAR FUNDS			ENDOWMENT AND SIMILAR FUNDS		
Cash and Cash Equivalents (Note 2)	\$ 154,525	\$ 24,835	Accounts Payable	\$ 143,250	\$
Investments (Note 2)	5,933,611	5,872,797	Fund Balances:		
Accounts Receivable	146,256		Endowment	1,363,881	1,363,881
Interest Receivable	48,017	28,652	Term Endowment	252,000	252,000
			Quasi-Endowment, Unrestricted	1,775,778	1,842,777
			Quasi-Endowment, Restricted	2,747,500	2,467,626
			Total Fund Balances	<u>6,139,159</u>	<u>5,926,284</u>
TOTAL ENDOWMENT AND SIMILAR FUNDS	<u><u>\$ 6,282,409</u></u>	<u><u>\$ 5,926,284</u></u>	TOTAL ENDOWMENT AND SIMILAR FUNDS	<u><u>\$ 6,282,409</u></u>	<u><u>\$ 5,926,284</u></u>
PLANT FUNDS			PLANT FUNDS		
Unexpended:			Unexpended:		
Cash and Cash Equivalents (Note 2)	\$ 88,524	\$ 602,129	Accounts Payable	\$ 375,895	\$ 194,083
Investments (Note 2)	2,600,000	2,000,000	Fund Balance - Unrestricted	2,312,629	2,408,046
Total Unexpended	2,688,524	2,602,129	Total Unexpended	2,688,524	2,602,129

WRIGHT STATE UNIVERSITY
Balance Sheet
June 30, 2001
With Comparative Balances at June 30, 2000
(Continued)

ASSETS

LIABILITIES AND FUND BALANCES

	<u>June 30, 2001</u>	<u>June 30, 2000</u>		<u>June 30, 2001</u>	<u>June 30, 2000</u>
Renewal and Replacement:			Renewal and Replacement:		
Cash and Cash Equivalents (Note 2)	\$ 29,019	\$ 693,948	Accounts Payable	\$ 42,037	\$ 165,074
Investments (Note 2)	6,000,000	5,000,000	Fund Balance - Unrestricted	5,986,982	5,529,211
Prepaid Expenses		337			
	<hr/>	<hr/>		<hr/>	<hr/>
Total Renewal and Replacement	6,029,019	5,694,285	Total Renewal and Replacement	6,029,019	5,694,285
Retirement of Indebtedness:			Retirement of Indebtedness:		
Cash and Cash Equivalents (Note 2)	326,124	348,262	Accrued Liabilities	87,654	93,767
Deposits Held by Trustee (Note 3)	84,483	83,650	Fund Balance - Restricted	358,922	357,634
Prepaid Expenses	35,969	19,489			
	<hr/>	<hr/>		<hr/>	<hr/>
Total Retirement of Indebtedness	446,576	451,401	Total Retirement of Indebtedness	446,576	451,401
Investment in Plant:			Investment in Plant:		
Land and Land Improvements	25,303,004	21,833,651	Note Payable (Note 4)		81,102
Buildings	233,213,188	228,555,557	Bonds Payable (Note 4)	10,629,000	11,464,000
Movable Equipment, Furniture, and Library Books	89,312,393	85,856,627	Lease Purchase Obligations (Note 4)	2,603,584	2,893,886
	<hr/>	<hr/>	Net Investment in Plant	334,596,001	321,806,847
Total Investment in Plant	347,828,585	336,245,835	Total Investment in Plant	347,828,585	336,245,835
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TOTAL PLANT FUNDS	\$ 356,992,704	\$ 344,993,650	TOTAL PLANT FUNDS	\$ 356,992,704	\$ 344,993,650
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AGENCY FUNDS			AGENCY FUNDS		
Cash (Note 2)	\$ 918,504	\$ 197,440	Accounts Payable	\$ 1,665	\$ 1,779
Accounts Receivable	249	249	Due to Other Funds	15,540	17,357
	<hr/>	<hr/>	Deposits Held in Custody for Others	901,548	178,553
TOTAL AGENCY FUNDS	\$ 918,753	\$ 197,689	TOTAL AGENCY FUNDS	\$ 918,753	\$ 197,689
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See Accompanying Notes to Financial Statements

WRIGHT STATE UNIVERSITY
Statement of Changes in Fund Balances
Year Ended June 30, 2001

	Current Funds Unrestricted			Current Funds Restricted			Total Current Funds	Loan Funds	Endowment and Similar Funds	Plant Funds			
	Educational and General	Auxiliary Enterprises	Total	Educational and General	Auxiliary Enterprises	Total				Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant
Revenues and Other Additions:													
Unrestricted Current Fund Revenues	\$ 186,489,026	\$ 11,317,879	\$ 197,806,905	\$ 14,898,624	\$ 85,091	\$ 14,898,624	\$ 197,806,905	\$ 658,033	\$ 76,284	\$ 10,585,830	\$ 363,929	\$ 4,895	\$ 290,737
State Appropriations - Restricted				26,061,429		26,146,520	26,146,520						
Federal Grants and Contracts - Restricted				2,759,805		2,759,805	2,759,805			503,389			
State Grants and Contracts - Restricted				1,039,139		1,039,139	1,039,139						
Local Grants and Contracts - Restricted													
Nongovernmental Grants and Contracts - Restricted				14,431,349	354,542	14,785,891	14,785,891	76,284		68,349			290,737
Endowment Income - Restricted				163,997		163,997	163,997	211					
Investment Income - Restricted				698,601		698,601	698,601	20,413		190,092		4,895	
Interest on Loans Receivable								278,603					
Expended for Plant Facilities (Includes \$6,929,182 Current Fund Expenditures)													19,721,985
Retirement of Indebtedness													1,589,853
Other Fund Additions											128,862		
Total Revenues and Other Additions	186,489,026	11,317,879	197,806,905	60,052,944	439,633	60,492,577	258,299,482	1,033,544	217,642	11,347,660	492,791	4,895	21,602,575
Expenditures and Other Deductions:													
Educational and General Expenditures	172,026,196		172,026,196	50,715,075		50,715,075	222,741,271						
Auxiliary Enterprises Expenditures		16,004,440	16,004,440		439,633	439,633	16,444,073						
Indirect Costs Recovered				4,439,180		4,439,180	4,439,180						
Loan Cancellations and Write-Offs								276,131					
Refunds to Grantors				16,030		16,030	16,030	19,099					
Administrative and Collection Costs								89,772	44,010			9,721	
Expended for Plant Facilities (Includes \$2,243,262 Noncapitalized Expenditures)										13,084,203	1,951,862		
Retirement of Indebtedness													1,589,853
Interest on Indebtedness													687,215
Net Decrease in Fair Value of Investments									173,632				
Disposals and Write-Offs of Plant Assets													8,429,971
Total Expenditures and Other Deductions	172,026,196	16,004,440	188,030,636	55,170,285	439,633	55,609,918	243,640,554	385,002	217,642	13,084,203	1,951,862	2,286,789	8,429,971
Transfers Among Funds - Additions (Deductions):													
Mandatory:													
Principal and Interest	(1,805,089)	(478,093)	(2,283,182)				(2,283,182)					2,283,182	
Loan Fund Matching Grants	(125,326)		(125,326)				(125,326)	125,326					
Nonmandatory:													
Support to Auxiliary Enterprises	(6,331,107)	6,331,107											
Restricted Funds	962,070		962,070	(962,070)		(962,070)							
Renewal and Replacement Funds	(1,083,288)	(1,251,771)	(2,335,059)				(2,335,059)			2,335,059			
Unexpended Plant Funds	(384,171)		(384,171)				(384,171)			384,171			
Other Interfund	(263,625)		(263,625)	(818,597)		(818,597)	(1,082,222)	196,417	430,517	1,256,955	(418,217)		(383,450)
Total Transfers	(9,030,536)	4,601,243	(4,429,293)	(1,780,667)		(1,780,667)	(6,209,960)	321,743	430,517	1,641,126	1,916,842	2,283,182	(383,450)
Net Increase (Decrease) for the year	5,432,294	(85,318)	5,346,976	3,101,992		3,101,992	8,448,968	970,285	212,875	(95,417)	457,771	1,288	12,789,154
Fund Balances, beginning of year	29,231,194	440,972	29,672,166	13,213,932		13,213,932	42,886,098	14,665,653	5,926,284	2,408,046	5,529,211	357,634	321,806,847
Fund Balances, end of year	\$ 34,663,488	\$ 355,654	\$ 35,019,142	\$ 16,315,924		\$ 16,315,924	\$ 51,335,066	\$ 15,635,938	\$ 6,139,159	\$ 2,312,629	\$ 5,986,982	\$ 358,922	\$ 334,596,001

See Accompanying Notes to Financial Statements.

WRIGHT STATE UNIVERSITY
Statement of Current Funds Revenues,
Expenditures and Other Changes
Year Ended June 30, 2001
With Comparative Totals for the Year Ended June 30, 2000

	Unrestricted			Restricted			Total Current Funds	
	Educational and General	Auxiliary Enterprises	Total	Educational and General	Auxiliary Enterprises	Total	2001	2000
Revenues:								
Tuition, Fees, and Other Student Charges	\$ 74,869,614	\$	\$ 74,869,614	\$	\$	\$ 14,828,403	\$ 74,869,614	\$ 71,824,612
State Appropriations	86,454,585		86,454,585	14,828,403		14,828,403	101,282,988	97,719,311
Federal Grants and Contracts	3,797,029		3,797,029	22,225,980	85,091	22,311,071	26,108,100	23,130,138
State Grants and Contracts	132,973		132,973	2,635,085		2,635,085	2,768,058	2,360,799
Local Grants and Contracts	138,468		138,468	770,836		770,836	909,304	626,762
Nongovernmental Grants and Contracts	480,276		480,276	10,090,366	354,542	10,444,908	10,925,184	11,225,785
Endowment Income	67,208		67,208	164,405		164,405	231,613	209,223
Sales and Services	14,027,724	8,334,347	22,362,071				22,362,071	22,443,940
Other Sources	6,521,149	2,983,532	9,504,681				9,504,681	9,700,512
Total Revenues	186,489,026	11,317,879	197,806,905	50,715,075	439,633	51,154,708	248,961,613	239,241,082
Expenditures and Mandatory Transfers:								
Educational and General Expenditures:								
Instruction and Departmental Research	78,254,306		78,254,306	3,987,054		3,987,054	82,241,360	78,610,042
Separately Budgeted Research	3,782,804		3,782,804	18,147,179		18,147,179	21,929,983	19,153,593
Public Service	4,370,980		4,370,980	3,871,245		3,871,245	8,242,225	7,753,355
Academic Support	28,666,121		28,666,121	11,908,711		11,908,711	40,574,832	37,331,616
Student Services	11,804,228		11,804,228	199,358		199,358	12,003,586	11,698,816
Institutional Support	20,297,493		20,297,493	735,845		735,845	21,033,338	20,082,772
Operation and Maintenance of Plant	13,538,190		13,538,190	1,179		1,179	13,539,369	12,781,399
Scholarships and Fellowships	11,312,074		11,312,074	11,864,504		11,864,504	23,176,578	22,603,300
Total Educational and General Expenditures	172,026,196		172,026,196	50,715,075		50,715,075	222,741,271	210,014,893
Auxiliary Enterprises Expenditures		16,004,440	16,004,440		439,633	439,633	16,444,073	15,845,947
Mandatory Transfers for:								
Principal and Interest	1,805,089	478,093	2,283,182				2,283,182	2,233,509
Loan Fund Matching Grants	125,326		125,326				125,326	84,214
Total Expenditures and Mandatory Transfers	173,956,611	16,482,533	190,439,144	50,715,075	439,633	51,154,708	241,593,852	228,178,563
Other Transfers and Additions (Deductions):								
Nonmandatory Transfers for:								
Support to Auxiliary Enterprises - Net	(6,331,107)	6,331,107						
Restricted Funds	962,070		962,070	(962,070)		(962,070)		
Renewal and Replacement Funds	(1,083,288)	(1,251,771)	(2,335,059)				(2,335,059)	(2,559,733)
Unexpended Plant Funds	(384,171)		(384,171)				(384,171)	(3,630,911)
Other Interfund	(263,625)		(263,625)	(818,597)		(818,597)	(1,082,222)	(276,639)
Refunds to Grantors				(16,030)		(16,030)	(16,030)	(48,152)
Excess of Restricted Receipts over Transfers to Revenue				9,337,869		9,337,869	9,337,869	7,381,852
Indirect Costs Recovered				(4,439,180)		(4,439,180)	(4,439,180)	(4,122,767)
Net Increase (Decrease) in Fund Balances	\$ 5,432,294	\$ (85,318)	\$ 5,346,976	\$ 3,101,992	\$	\$ 3,101,992	\$ 8,448,968	\$ 7,806,169

See Accompanying Notes to Financial Statements.

WRIGHT STATE UNIVERSITY

Notes to Financial Statements

Year Ended June 30, 2001

(1) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Wright State University (University) have been prepared on the accrual basis, in accordance with generally accepted accounting principles for colleges and universities within the United States. The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund. In the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated for specific purposes by action of the governing board. 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 governing board retains full control to use in achieving any of the University's institutional purposes.

All gains and losses from the sale or other disposition of investments and other noncash assets are accounted for in the fund owning such assets. Ordinary income is accounted for in the fund owning the related assets from which the income was generated, except for income realized from investments of endowment and similar funds which is accounted for in the fund to which it is restricted or, if unrestricted, as revenue in the current unrestricted funds.

Restricted gifts, grants, endowment income and other restricted resources are accounted for in the appropriate restricted funds. Current restricted funds, including government grants and contracts, are reported as revenues and

WRIGHT STATE UNIVERSITY

Notes to Financial Statements (continued)

expenditures when expended for current operating purposes. All other unrestricted revenue is accounted for in the current unrestricted funds.

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

Description of Funds

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

Loan Funds include resources available for loans to students. Loans granted are accounted for as receivables until repaid. As these loans are repaid, the principal and accumulated interest become available for future student loans.

Endowment and Similar Funds are comprised primarily of resources which are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and that only the income be utilized. The Board of Trustees may also set aside other funds of the University for the same purpose as endowment funds (quasi-endowment). Future expenditures of these funds are only permitted upon board action.

Plant Funds include those resources used to account for transactions relating to investment in University properties and are comprised of four self-balancing subgroups: unexpended funds, renewal and replacement funds, retirement of indebtedness funds, and investment in plant funds.

Unexpended funds include resources derived from various sources to finance the acquisition of long-life assets. Renewal and replacement funds include resources set aside for future renewal and replacement of long-life assets and other capital projects. Retirement of indebtedness funds include resources specifically accumulated for the payment of principal and interest on debt incurred in connection with the acquisition of properties. Investment in plant funds include the total of all long-life assets in the service of the University and construction in progress as well as all related liabilities.

WRIGHT STATE UNIVERSITY

Notes to Financial Statements (continued)

Agency Funds include resources held by the University on behalf of others in the capacity of custodian or fiscal agent.

Cash Equivalents

Cash equivalents consist primarily of money market funds.

Investments

Investments are reported at fair value, except for money market investments (U.S. Treasury and agency obligations) that have a remaining maturity of one year or less at the time of purchase, which are reported at amortized cost and approximate fair value. If contributed, investments are valued at market value at the date of donation.

The University uses the proportionate share method, based on market value, of allocating pooled investment income to funds. Investment income is recognized on an accrual basis.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Investment in Plant

Land, buildings, and equipment are recorded at cost at date of acquisition or fair value at date of donation in the case of gifts. To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books, (2) mandatory transfers, in the case of required provision for principal and interest payments and equipment renewal and replacement, and (3) as transfers of a non-mandatory nature for all other cases. When plant assets are sold or otherwise disposed of, the carrying value of such assets is removed from the accounts and the net investment in plant is reduced accordingly.

Accounting Pronouncements

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" became effective July 1, 2000. This statement sets accounting

WRIGHT STATE UNIVERSITY

Notes to Financial Statements (continued)

and financial reporting standards for nonexchange transactions involving financial or capital resources. It primarily addresses the timing of recognition of these transactions. A nonexchange transaction would exist when the University gives or receives value without directly receiving or giving essentially equal value in return. Although the University adopted GASB Statement No. 33 for the year ended June 30, 2001, it had no material impact on the University's financial statements.

In November 1999, GASB issued Statement No. 35, "Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities." This statement requires public colleges and universities to adopt GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments." Statement No. 35 will significantly change certain accounting and financial reporting standards for public colleges and universities. This new standard is designed to provide financial information that responds to the needs of primary users of general purpose external financial reports. The Statement is effective for fiscal years beginning after June 15, 2001. It is expected that the adoption of GASB Statement No. 35 will have a material effect on the University's financial statements. Among other things, net assets (currently referred to as fund balances) will be reduced due to the requirement of this Statement to recognize depreciation on all capital assets.

Income Taxes

The University is exempt from federal income taxes under Section 115 of the Internal Revenue Code. However, certain revenues are considered unrelated business income and are taxable under Internal Revenue Code Sections 511 through 513.

Previous Year's Financial Information

The financial information shown for 2000 in the accompanying financial statements is included to provide a basis for comparison with 2001 and presents summarized totals only. Certain amounts have been reclassified in the 2000 comparative figures to conform with the current year presentation.

(2) Cash, Cash Equivalents and Investments

At June 30, 2001 the carrying amount of cash and cash equivalents of all funds totaled (\$1,672,423) as compared to bank balances of \$1,281,263. The

WRIGHT STATE UNIVERSITY

Notes to Financial Statements (continued)

difference in the carrying amount and bank balances is caused by items in-transit (primarily outstanding checks). The bank balances are comprised of \$1,281,263 demand accounts, cash on hand and money market funds. Of the bank balances, \$185,277 is insured by the Federal Deposit Insurance Corporation, \$435,076 is uninsured but collateralized by pools of government securities pledged by the depository banks and held by Federal Reserve Banks in the member bank's name, and \$660,910 is uninsured and uncollateralized.

Statement No. 3 of the Government 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 follow:

- 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- Investments that are uninsured and unregistered, with securities held by the broker's trust department or agent in the University's name.
- Category 3- Investments that are uninsured and unregistered, with the securities held by the broker or dealer, or by its trust department or agent but not in the University's name.

The cost and fair value of investments at June 30, 2001 by total and fund are:

WRIGHT STATE UNIVERSITY

Notes to Financial Statements
(continued)

<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>
Repurchase Agreements	\$ 3,950,390	\$ 3,950,390
State Treasury Asset Reserve of Ohio	28,359,816	28,359,816
Other	<u>3,200</u>	<u>3,200</u>
	32,313,406	32,313,406
Managed under Trust Agreements:		
U.S. Agency Securities	10,114,095	10,277,181
U.S. Treasury Securities	12,531,657	12,621,172
Corporate Bonds	10,420,392	10,571,619
State & Municipal Bonds	27,706	28,590
Common & Preferred Stock	7,711,875	7,655,446
Small Capital Value Fund	1,710,387	2,468,021
Small Capital Growth Fund	1,716,721	1,961,078
International Equity Fund	<u>3,538,441</u>	<u>2,984,415</u>
	<u>47,771,274</u>	<u>48,567,522</u>
Total	\$ <u>80,084,680</u>	\$ <u>80,880,928</u>

<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>
Current Funds:		
Unrestricted Educational and General	\$ 49,087,892	\$ 49,396,927
Auxiliary Enterprises	500,000	500,000
Restricted Educational and General	16,450,390	16,450,390
Endowment and Similar Funds	5,446,398	5,933,611
Unexpended Plant Funds	2,600,000	2,600,000
Renewal and Replacement Funds	<u>6,000,000</u>	<u>6,000,000</u>
Total	\$ <u>80,084,680</u>	\$ <u>80,880,928</u>

The U.S. Government and Agency securities are invested with banks which 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 the securities as owned by or pledged to the University (Category 3). Corporate bonds, state and municipal bonds and common and preferred stock investments are in safekeeping with Depository Trust Co., in the custodial bank's name but who also internally designate the investments as owned by or

WRIGHT STATE UNIVERSITY

Notes to Financial Statements (continued)

pledged to the University (Category 3). The collateral for the repurchase agreements, which consist of U.S. government securities, is held by the Federal Reserve Bank of Cleveland in the member bank's name (Category 3).

The University also invests funds in the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2001. STAROhio is not required to be categorized by GASB Statement No. 3.

(3) Deposits Held by Trustee

Deposits held by trustee recorded in the plant funds - retirement of indebtedness consist of cash with a carrying amount of \$84,483. The cash balance is uninsured but collateralized by pools of government securities pledged by the trustee bank and held by the Federal Reserve Bank in the trustee bank's name. Such deposits are retained in the trust for future payments of principal and interest on the Series 1971 General Receipts Serial bonds (see note 4).

(4) Plant Fund Indebtedness

Plant fund indebtedness consists of bonds payable and equipment lease purchase obligations.

Bonds payable consist of Series 1971 General Receipts Serial bonds and Series 1993 General Receipts Serial and Term bonds. The maturity dates, interest rates, and the outstanding principal balances of plant fund indebtedness at June 30, 2001 are as follows:

WRIGHT STATE UNIVERSITY

Notes to Financial Statements
(continued)

<u>Description</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
Bonds Payable:			
Series 1971	2002-2009	3.00%	\$ 519,000
Series 1993	2002-2011	4.60%-5.50%	<u>10,110,000</u>
			10,629,000
Equipment Lease Purchase Obligations	2002-2009	4.40%-5.25%	2,603,584
			<u>\$ 13,232,584</u>

The scheduled maturities of plant fund indebtedness for the five years subsequent to June 30, 2001 are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 1,623,694	\$ 631,434	\$ 2,255,128
2003	1,475,702	560,835	2,036,537
2004	1,281,918	496,238	1,778,156
2005	1,207,732	440,021	1,647,753
2006	1,242,140	383,411	1,625,551
Thereafter	<u>6,401,398</u>	<u>956,572</u>	<u>7,357,970</u>
Total	<u>\$13,232,584</u>	<u>\$ 3,468,511</u>	<u>\$16,701,095</u>

All general receipts of the University, except for State appropriations, are pledged for payment of both the 1971 and 1993 bonds.

(5) Interfund Borrowings

All interfund borrowings have been made from the unrestricted educational and general fund and are payable currently.

(6) Grants and Contracts

The University receives grants and contracts from certain federal, state, local, and nongovernmental agencies to fund research and other activities. The costs, both direct and indirect, which have been charged to the grant or contract are

WRIGHT STATE UNIVERSITY

Notes to Financial Statements (continued)

subject to examination and approval by the granting agency. It is the opinion of University administration that any potential disallowance or adjustment of such costs would not have a material effect on the accompanying financial statements.

(7) Retirement Plans

University faculty participate in either the State Teachers Retirement System of Ohio (STRS) or an alternative retirement plan (ARP). Substantially all other employees participate in either the Public Employees Retirement System of Ohio (PERS) or the ARP. Both STRS and PERS are statewide cost-sharing multiple employer plans. Both plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits for both STRS and PERS is provided by state statute per the Ohio Revised Code.

Both STRS and PERS issue stand-alone financial reports. Interested parties may obtain a copy by making a written request to STRS at 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090 or making a written request to PERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)466-2085.

Plan participants are required to contribute 9.3% and 8.5% and the University 14.0% and 13.31% of the employees' covered compensation for STRS and PERS, respectively. For the year ended June 30, 2001 PERS temporarily reduced the University's contribution rate to 10.65%. The Ohio Revised Code provides statutory authority for both employee and employer contributions. The University's contributions to STRS were \$6,631,924, \$6,498,978, and \$7,543,008 and to PERS were \$4,335,404, \$5,237,156, and \$5,733,103 for the years ended June 30, 2001, 2000, and 1999 respectively, equal to the required contributions for each year.

Certain full-time University faculty and unclassified staff have the option to choose the ARP in place of STRS or PERS. The ARP is a defined contribution plan which provides employees with the opportunity to establish individual retirement accounts with a defined group of investment options, with each participant having control of the assets and investment options associated with those assets. The administrators of the plan are the providers of the plan investment options. Authority to establish and amend benefits and contribution requirements for the ARP is provided by state statute per the Ohio Revised Code.

WRIGHT STATE UNIVERSITY

Notes to Financial Statements (continued)

Under the provisions of ARP, the required contribution rates for plan participants are 9.3% and 8.5% of employees' covered compensation for employees who would otherwise participate in STRS and PERS, respectively. The University contributes 8.24% of a participating faculty member's compensation and 13.31% of a participating unclassified staff member's compensation to the participant's account. The University is also required to contribute an additional 5.76% of employees' covered compensation to STRS. Plan participants' contributions were \$1,615,807, \$1,336,598 and \$107,452, and the University's contributions to the plan providers amounted to \$1,746,576, \$1,780,512 and \$92,151, respectively, for the years ended June 30, 2001, 2000, and 1999. In addition, the amounts contributed to STRS by the University on behalf of ARP participants were \$567,181, \$443,405 and \$41,236, respectively, for the years ended June 30, 2001, 2000, and 1999.

(8) Other Postemployment Benefits (OPEB)

STRS provides OPEB to all retirees and their dependents, while PERS provides postretirement health care coverage to age and service retirees (and dependents) with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available under PERS. A portion of each employer's contributions is set aside for the funding of postretirement health care. For STRS, this rate was 4.5% of the total 14.00% (see note 7), while the PERS rate was 4.3% of the total 10.65% (see note 7) for the year ended June 30, 2001.

The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to STRS and PERS. Postretirement health care under STRS is financed on a pay-as-you-go basis. Assets available in the health care reserve fund for STRS amounted to \$3.419 billion at June 30, 2000. The number of benefit recipients eligible for OPEB was 99,011 for STRS at June 30, 2000. The amount contributed by the University to STRS to fund these benefits was \$2,131,690 for the year ended June 30, 2001.

Postretirement health care under PERS is advance-funded on an actuarially determined basis. The actuarial value of PERS net assets available for OPEB at December 31, 1999 is \$10.805 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12.474 billion and \$1.668 billion, respectively. The number of PERS active contributing participants was 401,339 for the year ended December 31, 1999. For the year ended June 30, 2001, the University

WRIGHT STATE UNIVERSITY

Notes to Financial Statements (continued)

contributed \$1,750,636 to PERS for OPEB funding, which is equal to the actuarially required contributions of the plan.

(9) Related Organization

The University is the sole beneficiary of the Wright State University Foundation, Inc., a separate, not-for-profit entity governed by a separate Board of Trustees, organized for the purpose of promoting educational and research activities. Assets of the Foundation totaled approximately \$43,000,000 at June 30, 2001. Such assets relate principally to donor restricted funds and are not recorded in the accompanying financial statements. Amounts transferred to the University from the Foundation are recorded as nongovernmental gifts, grants and contracts in the accompanying financial statements.

(10) State Support

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

In addition to student enrollment-based subsidies, the State of Ohio provides funding for construction of major plant facilities. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn results in construction and subsequent transfer of the facility to the University by the Ohio Board of Regents. Costs incurred during construction are included in construction in progress. Upon completion of a facility, the Board of Regents turns control over to the University.

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

As a result of the above described financial assistance provided by the State to the University, outstanding debt issued by OPFC is not included on the University's balance sheet. In addition, the appropriations by the State's General Assembly to the Board of Regents for payment of debt service are not

WRIGHT STATE UNIVERSITY

Notes to Financial Statements
(continued)

reflected as appropriation revenue received by the University, and the related debt service payments are not recorded in the University's accounts.

(11) Commitments and Contingencies

At June 30, 2001, the University is committed under contractual obligations for:

Capital expenditures	\$ 12,129,906
Non-capital goods and services	<u>3,060,570</u>
Total contractual commitments	\$ <u>15,190,476</u>

These commitments are being funded from the following sources:

State appropriations requested and approved	\$ 10,616,768
University funds	<u>4,573,708</u>
Total sources	\$ <u>15,190,476</u>

The contractual commitments above include \$12,316,650 for various capital projects, of which, \$10,616,768 are funded by state capital appropriations and \$1,699,822 by University funds.

The University is presently involved as a defendant or codefendant in various matters of litigation. The University's administration believes that the ultimate disposition of these matters would not have a material adverse effect upon the financial condition of the University.

WRIGHT STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001**

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER:		
U.S. Department of Education Direct Programs:		
Federal Supplemental Educational Opportunity Grant	84.007	\$ 498,968
Federal Family Education Loans (Note B)	84.032	
Federal Work Study	84.033	728,799
Federal Perkins Loan (Note C)	84.038	89,598
Federal Pell Grant	84.063	<u>5,213,486</u>
Total U.S. Department of Education Direct Programs		<u>6,530,851</u>
U.S. Department of Health and Human Services Direct Programs:		
Loans to Disadvantaged Students (Note C)	93.342	
Health Professions Student Loans (Note C)	93.342	
Primary Care Loans (Note C)	93.342	
Nursing Student Loans (Note C)	93.364	
Scholarships for Disadvantaged Students (Medicine)	93.925	193,774
Financial Assistance for Disadvantaged Students (Medicine)	93.139	37,718
Scholarships for Disadvantaged Students Program (SOPP)	93.925	<u>71,902</u>
Total U.S. Department of Health and Human Services Direct Programs		<u>303,394</u>
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER		<u>6,834,245</u>

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

WRIGHT STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001**

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER:		
National Institute of Standards and Technology, Subcontract -		
Development of a Thermo-Mechanically Induced Geometric Variation Estimator	11.609	\$ 129
National Oceanic and Atmospheric Administration, Subcontract:		
Immunological Biomarkers and Contaminant-Associated Immunosuppression in Fish-Eating Birds	11.417	(6)
Effects of Round Goby Yellow Perch-Amphipod Interactions	11.NA86RG0053	17,606
Total National Oceanic and Atmospheric Administration, Subcontract		17,600
U.S. Department of Education, Prime:		
Lower-Limb Prosthetic Socket CAD System	84.133	33,746
Rehabilitation Research and Training Centers (RRTC) on Drugs and Disability	84.133	611,064
Rehabilitation Engineering and Technology Training	84.129E	44,138
Total U.S. Department of Education, Prime		688,948
U.S. Department of Education, Subcontract:		
A Research Study on the Effectiveness of the PALS Approach	84.186A	66,625
Addressing Disability Rehabilitation Issues Among Racial Minorities: A Focus on HIV and/or Substance Use	84.133B	26,092
Effective Primary and Elementary School Reading Instruction	84.USDE Dept of Ed	40,000
Evaluation of the Phonics Demonstration	84.USDE Dept of Ed	43,927
The PALS Prevention Approach for Youth with Learning Disabilities	84.027	25,125
Total U.S. Department of Education, Subcontract		201,769
Total U.S. Department of Education		890,717
U.S. Department of Health and Human Services, Prime:		
Active Potassium Transport Across Colonic Epithelium	93.848	109,192
Aging and Pilot Time-Sharing Performance	93.866	152,509
Analysis of the Human c-myc Gene Replication Origin	93.862	232,338
Antiphospholipid Antibodies and Disorders of Pregnancy	93.865	99,251
Baroreceptor/Hormonal Interactions	93.837	4,447
Cell Volume Regulation and Maintenance in Neurons	93.854	94,561
Continuing Study of Case Management Treatment Enhancements	93.279	400,719
Crack and Health Service Use - A Natural History Approach	93.279	555,021
Environmental Light and Retinal Membrane Development	93.867	301,760
Genetic Epidemiology of Aging and Body Composition	93.866	175,002
Genetic Epidemiology of Childhood Skeletal Maturation	93.865	490,802
Genetics of Adipose Tissue Deposition During Childhood	93.865	(25,258)
Intracellular pH Responses of Central Chemoreceptors	93.838	135,899
Magnesium Sulfate Effects on Pregnant Human Uterus	93.865	102,448
MdmX Regulation of the p53 Tumor Suppression Protein	93.NCC9-58	164,763
Mechanisms of Cellular Taurine Transport in Brain Edema	93.854	138,657
Mechanisms of Mammalian DNA Repair	93.395	2,161
Mechanisms of Mammalian Neuronal Integration	93.854	217,341
Molecular Mechanisms of Retinal GABA Receptor/Channel	93.867	143,086
Molecular Mechanisms of Retroviral Variation	93.393	68,349
Multifrequency Impedance and Body Composition	93.821	84,026
Neurologic Resource in the QuickTime Streaming Format	93.879	12,533
Novel Delivery System for a Herpesvirus DNA Vaccine	93.121	(1,252)
Prediction of Irritation Based on Exposure Duration	93.262	279,015
Recognition and Repair of Cisplatin-DNA Damage	93.395	246,085
Regulation of Spinal Interneuron Input-Output Functions	93.854	90,982
Scabies: Biology, Culture, Host Specificity and Antigens	93.855	318,019
Sexual Maturity for U.S. Children: Relationship with Growth	93.865	55,760
Signal Transduction in Neutrophil-Mediated Heart Injury	93.837	106,880
Small Equipment Purchase - NIH/NINDS Infrastructure Program	93.854	50,000
Statistical Analysis of Body Composition Risk Factors	93.865	211,879
Subcutaneous Fat, Blood Lipids and Subsequent Outcome	93.865	955,685
Synaptic Mechanisms of Spinal Cord Sensory Fibers	93.854	27,971
Total U.S. Department of Health and Human Services, Prime		6,000,631

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

WRIGHT STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)		
U.S. Department of Health and Human Services, Subcontract:		
A Randomized Calcium Trial in High Risk Pregnancies	93.865	\$ 11,930
Anti-Resorptive Bone Therapy for Osteopenia in Gaucher Disease	93.103	33,896
Case Management for TBI Survivors with Alcohol Problems	93.136	2,236
Cataloging and Modeling the Results from Reproducible-Noise	93.173	10,320
Divergence in Blood Pressure by Race in Adolescent Girls	93.837	17,377
Increasing Substance Abuse Treatment Compliance for Persons with Traumatic Brain Injury	93.144	111,097
Medicaid Expansion: Outreach Evaluation	93.978	89,116
PRIME Curricular Reform Project	93.230-99-001	1,417
Structures of Antibiotics and Related Compounds	93.2R01GM54063-38A1	2,689
The Epidemiology of Body Mass Index Rebound	93.837	5,639
		<hr/>
Total U.S. Department of Health and Human Services, Subcontract		285,717
		<hr/>
Total U.S. Department of Health and Human Services		6,286,348
U.S. Department of Defense, Air Force, Prime:		
A Study of World Class Suppliers: Their Characteristics and Role in the Procurement Process	12.N00244-00-C-0096	40,767
Advanced Device Structures	12.F33615-95-C-1619	(1,606)
Aircraft Mechanical/Thermal Technology Research	12.800	63,683
Cellular Mechanisms of Oxygen Toxicity in the Mammalian Central Nervous System	12.300	149,375
Cognitive Workload-Complex Synthetic Task Environment	12.800	17,257
Computational Mechanics Approach for Multidisciplinary Nonlinear Sensitivity Analysis	12.800	13,432
Current Status of Procurement Strategy and Outsourcing in U.S. Industrial Firms	12.N00244-99-C-0031	1,524
Decision Support for the Army's Digital Tactical Operations Center (TOC)	12.DAAG0-00-P0327	12,743
Digital Symbolology for the Army's Digital Tactical Operations Center (TOC)	12.DAAG60-00-P-0626	11,679
Evolving Pattern Recognition Systems	12.F33615-99-C-1441	89,808
Identification and Elimination of Defects and Impurities in GaN	12.800	154,303
Intelligent Distributed Group and Team Training in AWACS Simulation	12.630	20,758
Intergovernmental Personnel Agreement - Dilsavor	12.IPA/DILSAVOR	129,924
Intergovernmental Personnel Agreement - Minardi	12.IPA/MINARDI	142,917
Intergovernmental Personnel Agreement - Specialized Research	12.IPA/D. DOLSON	11,780
Low Level Chemical Toxicity: Relevance to Chemical Agent Defense (Modules 2 - 4)	12.DAMD17-00-0020	1,701,079
Materials for High Speed Devices	12.F33615-00-C-5402	742,411
Mathematical Modeling, Simulation and Control of Physical Processes	12.800	26,950
Multidisciplinary Nonlinear Sensitivity Analysis	12.800	60,838
Multiplatform Cooperative Fire Control	12.F33615-95-C-1750	23,390
Neutrophils in Cardiovascular Disease	12.800	68,518
Object-Oriented Multidisciplinary Design	12.F33615-94-C-3211	106,170
Performance Prediction of ATR Technologies	12.F33615-98-C-1315	87
Precision Design, Modeling and Instrumentation in Turbomachinery	12.F33615-98-C-2895	221,479
Visual Displays Research	12.IPA-GALLIMORE	2,283
		<hr/>
Total U.S. Department of Defense, Air Force, Prime		3,811,549
		<hr/>
U.S. Department of Defense, Air Force, Subcontract:		
A Frontal Attack on Limiting Defects in GaN	12.300	18,117
Algorithms for High-Range Resolution Automatic Target Recognition	12.F33615-96-C-1810	35,494
Analogue-to-Digital Converter Development	12.SBIR	24,586
Automatic Target Recognition Systems	12.F33615-94-D-1406	85,140
CAREER: Direct Measurement of Mesoscopic Stress Fields in Polycrystalline Ceramics	12.F33615-96-D-5835	26,019
Characterization of Carbon Materials	12.F33615-97-D-5009	10,902
CMOS Integrated Circuit Design	12.F33615-96-2-1945	50,613
Concentration Effects of Simulated Random Realistic Damage	12.F33615-98-3210	39,065
Controlling the Apparent Vocal Effort of Synthetic Speech	12.F41624-97-D6004/D018	7,148
Development Environment for Reconfigurable Computing (DERC)	12.F33615-00-C-1672	11,072
Development of a Tiered Risk Assessment Model, Phase II	12.F41624-97-C-912	21,397
Forced Response Enhancements to the Engine Structural Integrity Program	12.F33615-98-2807	12,753
Handheld One-Way Voice Communication System	12.910	300
Higher Order Mechanisms in Color Discrimination	12.F33615-01-C-1860	11,425
Impact Physics Research	12.F33601-97-DJ012	458
Intelligent Distributed Group and Team Training Systems	12.630	206,452
In-Situ Synthesis of Discontinuously Reinforced Titanium	12.800	378
Johnston Atoll Ocean and Reef Ecosystem Study	12.431	15,886
Large-Scale, Multi-Agent, Distributed Mission Planning and Execution in Complex Dynamic Environment	12.800	62,120
Mass Spectrometer Sample Analyses	12.F33615-97-D-5405	10,000
Microscopic Characterization of Carbon Materials	12.F33615-97-D-5009	18,416

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

WRIGHT STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001**

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)		
U.S. Department of Defense, Air Force, Subcontract (Continued):		
Modeling and Control Support for Pnuematic Muscle Actuator	12.F33615-98-D-6000	\$ 8,206
Nonlinear Brain Image Registration	12.F33615-98-2-6002	177,191
Plasma Transport Property Measurement for MACH 6 Wind Tunnel	12.F33601-98-DJ009	20,123
Professional Nurse Traineeship	12.DAAB07-01-C-J203	11,215
Query Optimizing Reconfigurable Computing System (QORCS)	12.F33615-00-C-1673	27,873
Rechargeable Lithium-ion Cells	12.SBIR	21,000
Registration of Deformed Images Using Elastic Surfaces	12.F33615-98-2-6002	(637)
REU Supplement: Cross-Modal Analysis of Signal and Sense	12.F33615-97-D-5403	1,486
Single Ionic Conducting Polymer Electrolyte	12.F33615-98-D-2891	16,616
The Cultural Lens in Asymmetrical Operations	12.DAAH01-00-C-R094	74,665
Training and Experimentation Environment for Cooperative Use	12.DAAH04-96-C-0086	38,415
Turbomachinery Dynamics Experimentation	12.F33615-98-C-2807	99
Total U.S. Department of Defense, Air Force, Subcontract		<u>1,063,993</u>
Total U.S. Department of Defense, Air Force		<u>4,875,542</u>
U.S. Department of Energy, Prime:		
Continuous Severe Plastic Deformation Processing of Aluminum Alloys	81.086	13,407
Development of Dopamine Receptor Radiopharmaceuticals for the Study of Neurological Disorders	81.DE-FG02-98ER62540	191,379
Total U.S. Department of Energy, Prime		<u>204,786</u>
U.S. Department of Energy, Subcontract:		
Advanced Adaptive Optical Coating Process Technology	81.F33615-00-C-5521	29,368
Fast Opto-Electronic Floating Point Multiplication	81.DE-AC05-00OR22725	18,899
Total U.S. Department of Energy, Subcontract		<u>48,267</u>
Total U.S. Department of Energy		<u>253,053</u>
Total U.S. Department of Transportation, Prime:		
Controller Pilot Data Link Communications (CPDLC) Program	20.DTFA0301P10146	27,265
Human Factors Engineering in Air Traffic Control	20.108	136,213
Total U.S. Department of Transportation, Prime		<u>163,478</u>
U.S. Department of Transportation, Subcontract:		
Identifying Potential Collapse Features Under Highways	20.205	3,087
Passenger Orientation and Situation Sensor System	20.DTRS57-00-C-10049	29,957
Total U.S. Department of Transportation, Subcontract		<u>33,044</u>
Total U.S. Department of Transportation		<u>196,522</u>
U.S. Environmental Protection Agency, Prime:		
Biomarkers for Organochlorine-Associated Immunosuppression in Birds: Field Investigations	66.501	77,894
Development of Human Biomarkers for Cyanobacterial Toxins-the Cyanotoxins	66.500	15,272
Factors Controlling the Dust Mite Population in the Indoor Environment	66.501	(35,279)
Intraspecies Genetic Diversity Measures of Environmental Impacts	66.500	141,600
PCDDs, PCDFs in Soil	66.PO# OX-0376-NTEX	24,200
Sediment Contamination Assessment Methods: Validation of Standardized and Novel Approaches	66.500	72,471
Total U.S. Environmental Protection Agency, Prime		<u>296,158</u>

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

WRIGHT STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001**

Federal Grant/Pass Through Grant/Program Title RESEARCH AND DEVELOPMENT CLUSTER (Continued)	Federal CFDA Number or Primary Grant Number	Expenditures
U.S. Environmental Protection Agency, Subcontract:		
Analyses of Environmental Samples for PCBs and PCDDs/PCDFs	66.68-W7-0026	\$ (4,777)
Assessment of Blue-Green Algae Toxins	66.507	1
Assessment of in Situ Stressors and Sediment Toxicity in the Lower Housatonic River	66.68-W7-0026	(38,798)
Enhancement of Environmental Communication in the Lower Great Miami Basin: A Pilot Demonstration	66.469	17,733
Investigation of the Cause of Eared Grebe Mortality at the Salton Sea: Algal Blooms and Biotoxins	66.R826552-01-0	53,120
PCDDs/PCDFs in Industrial Wastestreams	66.000	<u>56,653</u>
Total U.S. Environmental Protection Agency, Subcontract		<u>83,932</u>
Total U.S. Environmental Protection Agency		<u>380,090</u>
U.S. Federal Highway Administration, Subcontract -		
Identification of Pavement Marking Colors	20.205	<u>3,234</u>
U.S. Department of Justice, Subcontract:		
Community AOD Case Management Project - F02: Community Corrections	16.200	472,921
Institutional AOD Case Management Project - F01: Residential Corrections	16.200	<u>362,304</u>
Total U.S. Department of Justice, Subcontract		<u>835,225</u>
National Aeronautics and Space Administration, Prime:		
Distributed Work in Complex, Dynamic Domains	43.001	31,523
Dynamic Calibration of Pressure Sensors at Elevated Temperatures	43.PO C76170-N	785
Model Studies of Excited States of N2 and N+2 in the Thermosphere/Ionosphere	43.001	25,137
NASA Graduate Student Researchers Program	43.001	1,498
Roles for Technology in the Facilitation of Distributed Work in Complex, Dynamic Domains	43.001	<u>52,307</u>
Total National Aeronautics and Space Administration, Prime		<u>111,250</u>
National Aeronautics and Space Administration, Subcontract:		
Characterization of Sub-Micron Grains	43.PO S000482	(11)
Investigate the Feasibility of Fabricating Large Scale Dual Microstructure YBCO Toroid	43.NAS8-99090	9,511
Manufacturing Integration Document, Low-Cost Design and Manufacturing	43.NCA1-106	10,493
Parallel Solutions of the Navier Stokes Equations	43.NCC3-742	11,105
Visual Orientation and 3D Spatial Memory	43.NCC9-58	<u>16,791</u>
Total National Aeronautics and Space Administration, Subcontract		<u>47,889</u>
Total National Aeronautics and Space Administration		<u>159,139</u>
National Science Foundation, Prime:		
Arrays over Small Phase Having Desirable Correlation Properties	47.049	43,835
Calcium Homeostasis Modeled on the Freshwater Crayfish Molting Cycle	47.074	24,807
CAREER - Maturation of Synaptic Properties During Early Postnatal Development	47.074	72,560
Collaborative Research: Impacts of a Strong Interactor Along a Productivity Gradient	47.074	2,469
Computational Models for Sensor-Based Machine Olfaction	47.070	28,179
Creep Fracture of Graphite/Polymer Composites	47.041	10,140
Cross-Modal Analysis of Signal and Sense	47.075	521,793
Design of High-Efficiency Microwave Power Amplifiers with Polyharmonic Operation	47.075	2,132
Geostatistical Anatomy of Buried-Valley Aquifers - III	47.050	58,925
Gesture, Speech, and Gaze in Discourse Management	47.070	192,293
Harmonic Analysis and Partial Differential Equations	47.049	21,862
Interval Polytope of Characteristic Polynomials	47.041	29,217
Localization of Peptide Hormone Action in Kidney	47.074	7,360
Maternal Influences on Hormonal Activity and Behavior of Juveniles	47.075	5,478
Physiological and Molecular Characterization of Ca Pump and Exchanger; An Integrated Approach	47.074	94,172
Pierce's Semiotic for the 21st Century	47.070	38,594
Bioengineering Design Projects for the Disabled	47.041	<u>33,366</u>

See notes to the Schedule of Expenditures of Federal Awards.

(continued)

WRIGHT STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001**

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)		
National Science Foundation, Prime (Continued):		
RUI: Effect of Dietary Protein on Structure and Function of the Avian Nephron	47.074	\$ 24,190
Social Influences on Endocrine and Behavioral Responses During Development	47.074	40,143
Solute Transport in Multimodal, Heterogeneous Geological Formations	47.050	11,681
Specialized Communication and Terminal Equipment	47.070	19,730
Speech Driven Facial Animation	47.070	96,812
Strategic Control of Time-Sharing Performance	47.075	3,776
Supplement - Research in Undergraduate Institutions	47.075	3,480
Trajectory Networks in Human Motion Processes	47.075	23,556
U.S.: Brazil Cooperation - NSF POWRE	47.074	2,998
		<hr/>
Total National Science Foundation, Prime		1,413,548
National Science Foundation, Subcontract:		
Expansion of Alliance for Research in Community Health	47.041	17,960
Intellistitch AI: Intelligent Computerized Embroidery Design	47.DMI-0060306	4,089
		<hr/>
Total National Science Foundation, Subcontract		22,049
		<hr/>
Total National Science Foundation		1,435,597
U.S. Department of Agriculture, Prime -		
Dioxins in Biological Samples	10.53-82HW-8-4	10,194
U.S. Fish and Wildlife Services, Subcontract -		
Chlorinated Compounds in Tissue and Sediments	15.605	393
International Development Corporation Agency, Prime -		
Standard Growth Curves for Egyptian Children and Adolescents	02.263-C-00-95-00105-00	52,860
U.S. Veterans Administration, Prime:		
Intergovernmental Personnel Agreement - Almeyda	64.IPA J. Almeyda	5,256
Biomedical Laboratory Support Services - Schnader	64.PO 552-D99002	14,955
Biomedical Laboratory Support Services - Baumann	64.VAMC PO	4,715
		<hr/>
Total U.S. Veterans Administration, Prime		24,926
		<hr/>
TOTAL RESEARCH AND DEVELOPMENT CLUSTER		15,421,569

See notes to the Schedule of Expenditures of Federal Awards.

(continued)

WRIGHT STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001

Federal Grant/Pass Through Grant/Program Title U.S. Department of Education Direct Programs:	Federal CFDA Number or Primary Grant Number	Expenditures
A Healthier Child is a Better Learner	84.252A	\$ 11,446
Accessible Arts Consortium	84.128J	98,501
Accessible ATOD and Violence Prevention for Youth with Disabilities	84.186	65,042
Adapting Prevention Education for Youth with Disabilities	84.186A	(1,051)
Capacity-Building Faculty Support	84.048	182,540
Computer Science, Engineering, and Mathematics Scholarships Program at Wright State University	84.186	8,039
G-TRADE	84.153A	(449)
I-NET: Internationalizing Networks through Education and Technology	84.153A	67,645
Inquiry-Based Integrated Physics and Mathematics Professional Development Program	84.281	28,825
Learning Communities for Tomorrow's Teachers	84.342A	39,807
Model Professional Development Program/Inquiry-Base Integrated Mathematics and Science	84.168	(63)
Ohio Career-Technical Education Leadership Institute	84.048	80,950
Physical Science Modular Professional Development Program	84.116	41,601
Preservice Training in Adapted Physical Education	84.029	5,397
Recreation Program for the Disabled Individuals	84.128J	1
Science Mentor Professional Development Institute	84.281	47,900
Transitioning Into the Primary Classroom: Hand in Hand	84.323A	8,645
		<hr/>
Total U.S. Department of Education Direct Programs		684,776
Corporation for National and Community Service, Prime:		
Health Professionals Learning and Serving Across Ohio	94.005	51,647
The Midwest Health Professions Service Learning Consortium	94.005	167,656
		<hr/>
Total Corporation for National and Community Service, Prime		219,303
U.S. Department of Health and Human Services, Prime:		
Acute Care Nurse Practitioner Program	93.299	143,735
Anatomical Resource in the QuickTime VR Format	93.879	6,865
Enhancing Community-Based Research Capacity in Family Medicine	93.984	66,773
Family Nurse Practitioner First and Second Master's	93.298	213,368
Grandparents/Grandchildren Initiative (GPGCI)	93.110	40,990
High School Student/K to 12 Teacher Science Enrichment	93.389	53,345
Online Nurses: RN-BSN Program via the Internet	93.359	255,373
Predoctoral Training in Primary Care	93.896	148,542
Professional Nurse Traineeship	93.358	67,250
Short-Term Training for Minority Students (STREAMS) at Wright State University	93.837	14,123
		<hr/>
Total U.S. Department of Health and Human Services, Prime		1,010,364
U.S. Department of Health and Human Services, Subcontract:		
Dayton-Columbus HIV Outreach/Intervention Project	93.959	256,110
Employer Connections and Career Development	93.630	(157)
HIV Early Intervention Project	93.949	36,484
Preventing Abuse in the Home (PATH)	93.591	49,000
Ryan White Consortium #4, Evaluation Analysis	93.917	12,497
Violence Prevention Training	93.959	62,717
		<hr/>
Total U.S. Department of Health and Human Services, Subcontract		416,651
Total U.S. Department of Health and Human Services		
		<hr/>
		1,427,015
U.S. Department of Defense, Air Force, Prime:		
Developing International Trade Management Competency	12.DASW01-97-1-0006	355
Intergovernmental Personnel Agreement - Lyons	12.IPA-LYONS	105,065
Uniform Commutation Allowance	12.AFROTCCR170-1	44,872
		<hr/>
Total U.S. Department of Defense, Air Force, Prime		150,292
U.S. Department of Labor, Subcontract:		
School-to-Work Integration Project: Preservice Teacher Education Planning and Implementation	17.200	8,730
Train the Trainer	17.200	27,893
		<hr/>
Total U.S. Department of Labor, Subcontract		36,623

See notes to the Schedule of Expenditures of Federal Awards.

(continued)

WRIGHT STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001**

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number or Primary Grant Number	Expenditures
U.S. Department of Housing and Urban Development, Prime:		
Dayton Community Outreach Partnership Center	14.511	\$ 137,112
Lead Hazard Reduction Project	14.900	<u>34,299</u>
Total U.S. Department of Housing and Urban Development, Prime		<u>171,411</u>
National Aeronautics and Space Administration, Prime -		
Aerospace Medicine Residency Program	43.001	<u>656,953</u>
National Science Foundation, Prime:		
Computer Science, Engineering, and Mathematics Scholarships Program at Wright State University	47.070	73,430
High Performance Connection	47.070	138,131
Laboratory-Based Courses on Firewalls and Internet Security	47.040	25,214
Making Biology Laboratories Effective Learning Environments for Students with Disabilities	47.074	142,008
Research Foundations on Successful Participation of Underrepresented Minorities in Information Technology	47.070	1,942
UMEB: Wright State University Partners with Wilberforce University to Yield RESULTS	47.074	<u>25,713</u>
Total National Science Foundation, Prime		<u>406,438</u>
Small Business Administration, Subcontract:		
Home Experimental Laboratory Program	59.037	20,973
Small Business Development Center	59.037	72,233
Small Business Institute	59.037	<u>362</u>
Total Small Business Administration, Subcontract		<u>93,568</u>
U.S. Department of Veterans Administration, Prime -		
Environmental Health Sciences Internship Program	64.103	<u>5,907</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 26,108,100</u>

See notes to the Schedule of Expenditures of Federal Awards.

(Concluded)

WRIGHT STATE UNIVERSITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of Wright State University under programs financed by the U.S. government for the year ended June 30, 2001.

For purposes of the Schedule, expenditures of federal awards include the following:

- Direct federal awards
- Pass-through funds received from non-Federal organizations made under Federally sponsored programs conducted by those organizations.

Awards are classified into major program and non-major program categories in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Catalog of Federal Domestic Assistance (CFDA) Numbers or Primary Grant Numbers are presented for those programs for which such numbers are available.

B. FEDERAL FAMILY EDUCATION LOANS

Federal Family Education Loans (Federal CFDA Number 84.032) processed for students by the University during the year ended June 30, 2001, are summarized as follows:

Federal Stafford Loans	\$ 19,751,776
Federal Unsubsidized Stafford Loans	18,440,452
Federal Parental Loans for Undergraduate Students (PLUS)	<u>6,654,601</u>
	<u>\$ 44,846,829</u>

The University is responsible only for the performance of certain administrative duties with respect to the Federal Family Education Loan programs and, accordingly, these loans are not included in the University's financial statements.

C. FEDERAL LOAN PROGRAMS

The University administers the following federal loan programs:

	CFDA Number	Outstanding Balance at June 30, 2001
Federal Perkins Loan Program	84.038	\$ 10,128,862
Loans to Disadvantaged Students	93.342	299,420
Health Professions Student Loan Program	93.342	333,712
Nursing Student Loan Program	93.364	820,133
Primary Care Loan Program	93.342	1,331,688

Total loan expenditures and disbursements of the U.S. Department of Education and the Department of Health and Human Services student financial assistance loan programs for the fiscal year are identified below:

Federal Perkins Loan Program	84.038	\$ 1,925,132
Loans to Disadvantaged Students	93.342	
Health Professions Student Loan Program	93.342	
Nursing Student Loan Program	93.364	155,938
Primary Care Loan Program	93.342	405,810

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

The Board of Trustees of Wright State University
and Mr. Jim Petro, Auditor of State, State of Ohio:

We have audited the financial statements of Wright State University (the "University") as of and for the year ended June 30, 2001, and have issued our report thereon dated October 19, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the University in a separate letter dated October 19, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific 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 University's 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 19, 2001.

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

DELOITTE & TOUCHE LLP

October 19, 2001

**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**

The Board of Trustees of Wright State University
and Mr. Jim Petro, Auditor of State, State of Ohio:

Compliance

We have audited the compliance of Wright 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, 2001. The University's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; 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 consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

Our consideration of the University's 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 the 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 University's internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the University as of and for the year ended June 30, 2001, and have issued our report thereon dated October 19, 2001. Our audit was performed for the purpose of forming an opinion on the basic 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 basic financial statements. 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.

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

DELOITTE & TOUCHE LLP

October 19, 2001

WRIGHT STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2001

Part I – Summary of Auditors’ Results

1. The independent auditors’ report on the financial statements expressed an unqualified opinion.
2. There were no material weaknesses in internal control over financial reporting identified.
3. No reportable conditions in internal control over financial reporting were identified which are considered to be material weaknesses.
4. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
5. There were no material weaknesses in internal control over compliance with requirements applicable to major federal awards programs identified.
6. No reportable conditions in internal control over compliance with requirements applicable to major federal awards programs were identified which are considered to be material weaknesses.
7. The independent auditors’ report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
8. The audit disclosed no audit findings required to be reported by the OMB Circular A-133.
9. The major program was student financial assistance, which encompasses those Department of Education programs and Department of Health and Human Services programs included in this cluster as shown on the Schedule of Expenditures of Federal Awards.
10. A threshold of \$783,243 was used to distinguish between Type A and Type B programs as terms are defined in OMB Circular A-133.
11. The Organization did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

Part II – Financial Statement Findings

Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*:

No matters are reportable

Part III – Federal Award Findings and Questioned Costs

Findings and questioned costs for Federal Awards:

No matters are reportable



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WRIGHT STATE UNIVERSITY

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 22, 2002**