

***Central State
University***

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



STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Trustees
Central State University

We have reviewed the Independent Auditor's Report of the Central State University, Greene County, prepared by Deloitte & Touche LLP for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted this report 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 Central State University is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 16, 2001

CENTRAL STATE UNIVERSITY

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INDEPENDENT AUDITORS' REPORT

To the President and Board of Trustees of
Central State University and Mr. Jim Petro,
Auditor of State, State of Ohio:

We have audited the accompanying balance sheet of Central State University (the "University"), a component unit of the State of Ohio, as of June 30, 2000, and the related statements of changes in fund balances and current fund 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. The financial statements of the University for the year ended June 30, 1999 were audited by other auditors whose report, dated December 8, 1999, expressed an unqualified opinion on those statements.

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

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Central State University taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2000 is presented for the purpose of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. The information in such schedule is the responsibility of the University's management. Such information has been subjected to the auditing procedures applied in our audit of the 2000 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2000 basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2000, 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

December 12, 2000

CENTRAL STATE UNIVERSITY

BALANCE SHEETS

JUNE 30, 2000 AND 1999

	LIABILITIES AND FUND BALANCES			
	ASSETS		2000	1999
PLANT FUNDS:				
Retirement of indebtedness -				
Cash and cash equivalents (Note D)		\$ 904,070	\$ 1,019,081	\$ 1,019,081
Total retirement of indebtedness		<u>904,070</u>	<u>1,019,081</u>	<u>1,019,081</u>
Investment in Plant:				
Land		308,650	308,650	2,712,127
Building and improvements (Note F)		85,168,763	85,168,763	1,068,000
Equipment		<u>8,648,481</u>	<u>8,408,061</u>	<u> </u>
Total investment in plant		<u>94,125,894</u>	<u>93,885,474</u>	<u>93,885,474</u>
TOTAL PLANT FUNDS		<u>\$ 95,029,964</u>	<u>\$ 94,904,555</u>	<u>\$ 94,904,555</u>

See notes to financial statements.

(Concluded)

CENTRAL STATE UNIVERSITY

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2000

	<u>Current Funds</u>		Perkins Loan Funds	Endowment and Similar Funds	Plant Funds
	Unrestricted	Restricted			
REVENUES AND OTHER ADDITIONS:					
Unrestricted current fund revenues	\$26,914,700	\$	\$	\$	\$
Endowment income				44,597	
State appropriations		1,062,984			
Federal grants and contracts		11,514,866			
Private gifts, grants and contracts		251,096			
Additions of plant facilities					750,420
Other			23,205		48,558
Total revenues and other additions	26,914,700	12,828,946	23,205	44,597	798,978
EXPENDITURES AND OTHER DEDUCTIONS:					
Educational and general expenditures	22,047,830				
Auxiliary enterprise expenditures	3,645,820				
Current restricted grant fund		11,912,725			
Expended for plant facilities and debt					171,764
Disposal of plant facilities					510,000
Excess liquid capital			179,958		
Reduction of loan loss reserve			(88,122)		
Other				186	3,675
Total expenditures and other deductions	25,693,650	11,912,725	91,836	186	685,439
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):					
Mandatory transfers - principal and interest	(219,075)				219,075
Nonmandatory - restricted funds	524,541	(524,541)			
Total transfers	305,466	(524,541)			219,075
NET INCREASE (DECREASE) IN FUND BALANCE (DEFICIT):					
	1,526,516	391,680	(68,631)	44,411	332,614
FUND BALANCE (DEFICIT):					
June 30, 1999	684,928	(1,486,970)	462,902	2,793,909	91,124,428
June 30, 2000	<u>\$ 2,211,444</u>	<u>\$ (1,095,290)</u>	<u>\$394,271</u>	<u>\$2,838,320</u>	<u>\$91,457,042</u>

See notes to financial statements.

CENTRAL STATE UNIVERSITY

STATEMENT OF CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1999

	<u>Current Funds</u>		Perkins Loan Funds	Endowment and Similar Funds	Plant Funds
	Unrestricted	Restricted			
REVENUES AND OTHER ADDITIONS:					
Unrestricted current fund revenues	\$26,196,113	\$	\$	\$	\$
Endowment income				43,052	
State appropriations		997,679			
Federal grants and contracts		10,445,197			
Private gifts, grants and contracts		727,332			
Additions of plant facilities				308	1,639,091
Other		8,406	74,819		42,688
Total revenues and other additions	26,196,113	12,178,614	74,819	43,360	1,681,779
EXPENDITURES AND OTHER DEDUCTIONS:					
Educational and general expenditures	22,546,879				
Auxiliary enterprise expenditures	3,038,934				
Current restricted grant fund		11,112,706			
Loan cancellations and write-offs			28,650		
Expended for plant facilities and debt					183,470
Building impairment					2,330,000
Disposal of plant facilities					308,616
Excess liquid capital			137,823		
Other			1,460	1,140	
Total expenditures and other deductions	25,585,813	11,112,706	167,933	1,140	2,822,086
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS) - Mandatory transfers - principal and interest	(451,832)				451,832
Total transfers	(451,832)				451,832
NET INCREASE (DECREASE) IN FUND BALANCE (DEFICIT)	158,468	1,065,908	(93,114)	42,220	(688,475)
FUND BALANCE (DEFICIT):					
June 30, 1998	526,460	(2,552,878)	556,016	2,751,689	91,812,903
June 30, 1999	<u>\$ 684,928</u>	<u>\$ (1,486,970)</u>	<u>\$462,902</u>	<u>\$2,793,909</u>	<u>\$91,124,428</u>

See notes to financial statements.

CENTRAL STATE UNIVERSITY

STATEMENT OF CURRENT FUNDS, REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2000

	Unrestricted	Restricted	Total Funds
REVENUES AND OTHER ADDITIONS:			
Tuition and fees	\$ 4,785,121	\$	\$ 4,785,121
Senate Bill 6 revenue	527,917		527,917
Federal grants and contracts	39,833	11,485,474	11,525,307
State appropriations	17,665,248	1,062,984	18,728,232
Private gifts and grants		280,488	280,488
Sales and services	2,966,955		2,966,955
Indirect costs	480,467		480,467
Other sources	449,159		449,159
	<u>26,914,700</u>	<u>12,828,946</u>	<u>39,743,646</u>
Total revenues			
EXPENDITURES AND MANDATORY TRANSFERS:			
Educational and general:			
Instruction	5,627,134	240,511	5,867,645
Research	78,797	198,308	277,105
Public service	478,316	6,318,437	6,796,753
Academic support	1,899,683	1,426,086	3,325,769
Student service	2,214,727	652,715	2,867,442
Institutional support	6,343,808	37,057	6,380,865
Operation and maintenance of plant	3,762,484	513	3,762,997
Scholarships and fellowships	1,642,881	3,039,098	4,681,979
	<u>22,047,830</u>	<u>11,912,725</u>	<u>33,960,555</u>
Total educational and general			
Auxiliary Enterprises:			
Student services	3,645,820		3,645,820
Mandatory transfers for principal and interest	219,075		219,075
	<u>3,864,895</u>		<u>3,864,895</u>
Total auxiliary enterprises			
Total expenditures and mandatory transfers			
	<u>25,912,725</u>	<u>11,912,725</u>	<u>37,825,450</u>
NONMANDATORY TRANSFERS:			
	<u>524,541</u>	<u>(524,541)</u>	
NET INCREASE IN FUND BALANCE			
	<u>\$ 1,526,516</u>	<u>\$ 391,680</u>	<u>\$ 1,918,196</u>

See notes to financial statements.

CENTRAL STATE UNIVERSITY

STATEMENT OF CURRENT FUNDS, REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1999

	Unrestricted	Restricted	Total Funds
REVENUES AND OTHER ADDITIONS:			
Tuition and fees	\$ 4,333,058	\$	\$ 4,333,058
Senate Bill 6 revenue and loan cancellation	2,406,648		2,406,648
Federal grants and contracts		10,445,197	10,445,197
State appropriations	16,197,445	997,679	17,195,124
Private gifts and grants		727,332	727,332
Sales and services	2,351,819		2,351,819
Indirect costs	518,791		518,791
Other sources	<u>388,352</u>	<u>8,406</u>	<u>396,758</u>
 Total revenues and other additions	 <u>26,196,113</u>	 <u>12,178,614</u>	 <u>38,374,727</u>
EXPENDITURES AND MANDATORY TRANSFERS:			
Educational and general:			
Instruction	6,078,638	434,350	6,512,988
Research	93,805	642,013	735,818
Public service	520,176	4,368,523	4,888,699
Academic support	1,064,298	1,121,406	2,185,704
Student service	1,918,385	840,677	2,759,062
Institutional support	8,099,895	797,390	8,897,285
Operation and maintenance of plant	3,496,840	60,641	3,557,481
Scholarships and fellowships	<u>1,274,842</u>	<u>2,847,706</u>	<u>4,122,548</u>
 Total educational and general	 <u>22,546,879</u>	 <u>11,112,706</u>	 <u>33,659,585</u>
Auxiliary Enterprises:			
Student services	3,038,934		3,038,934
Mandatory transfers for principal and interest	<u>451,832</u>		<u>451,832</u>
 Total auxiliary enterprises	 <u>3,490,766</u>		 <u>3,490,766</u>
 Total expenditures and mandatory transfers	 <u>26,037,645</u>	 <u>11,112,706</u>	 <u>37,150,351</u>
 NET INCREASE IN FUND BALANCE	 <u>\$ 158,468</u>	 <u>\$ 1,065,908</u>	 <u>\$ 1,224,376</u>

See notes to financial statements.

CENTRAL STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2000

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Entity – Central State University (the “University”), is a coeducational, degree-granting university, located in Wilberforce, Ohio. The University was established by the General Assembly of the State of Ohio in 1965 by Statutory Act under Chapter 3343 of the Ohio Revised Code and is a component unit of the State of Ohio as a state university. The University is governed by a Board of Trustees appointed by the Governor with the advice and consent of the State Senate. The University offers undergraduate degrees in Arts and Science, Business, Teacher Education, and Technology. The University also has a branch facility, CSU-West, located in Dayton, Ohio.

The accompanying financial statements follow the provision of Governmental Accounting Standards Board (GASB) Statement No. 14, “The Financial Reporting Entity,” in that the financial statements include all organizations, activities, functions and component units for which the University is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit’s board, and either (1) the University’s ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the University.

The Central State University Foundation (the “Foundation”) is a legally separate nonprofit organization formed for the purpose of promoting educational and research activities for the benefit the University. The Foundation maintains a self-appointing Board of Trustees and therefore is not a component unit of the University.

Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures and other changes in fund balances during the reporting period. Actual results could differ, although management believes that such estimates and assumptions are reasonable.

Basis of Presentation – The accompanying financial statements of the University have been prepared on an accrual basis in accordance with the principles of fund accounting. The accounts of the University are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts.

Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. For reporting purposes, funds with similar characteristics are combined in fund groups and all financial transactions are recorded by such fund groups, described as follows:

Current Funds:

Unrestricted: The unrestricted fund is used to account for transactions related to the primary and supporting missions of an educational institution. Assets of the unrestricted fund include operating resources that are not restricted to use by either a donor or an external agency.

Restricted: The restricted fund accounts for resources that are available to finance current operations of the University, but whose use has been restricted to some designated activity by donors and other external agencies.

Auxiliary Enterprises: An auxiliary enterprise is an accounting entity within the current fund for activities conducted primarily to provide goods, facilities and services to and generate revenue from students, faculty, and staff and, to a lesser extent, the general public. The distinguishing characteristic of an auxiliary enterprise is that it is managed as, and intended to be, an essentially self-supporting activity.

Loan Funds include resources available for loans to students. Loans granted are receivables of the Fund until repaid, at which time the money becomes available for new loans. At June 30, 2000 and 1999, all outstanding loans are Perkins loans.

Endowment Funds include resources invested with only the investment income available for purposes established by the donor, or in the case of funds functioning as endowment, by the University. These purposes include loans, scholarships, and departmental support. All realized gains and losses of investments in this fund group are treated as principal transactions.

Plant Funds include funds restricted or designated for retirement of indebtedness incurred in connection with the acquisition of properties, reserves for repairs and replacements, and the University's investment in institutional properties and related indebtedness.

Cash and Cash Equivalents include cash on hand, interest bearing money market accounts, and short-term investments with an original maturity of three months or less from the date of acquisition.

Accounts and Notes Receivable include student accounts receivable, notes receivable (Perkins Loans) and other receivables recorded net of allowances for doubtful accounts. Below is a summary of the allowances for doubtful accounts by fund:

	June 30, 2000	June 30, 1999
Student accounts receivable - Current Unrestricted fund	\$4,697,003	\$ 4,440,644
Notes receivable - Loan Fund	1,136,521	1,234,379
Accounts receivable - Restricted Fund	850,987	1,048,917

In 1999 the Board authorized write-off of uncollectible student accounts receivable. The total write-offs in 1999 were \$3,622,714.

Transactions between funds outstanding at June 30, 2000 and 1999 are referred to as "due to/from other funds."

Property, Plant and Equipment are recorded at cost or, if acquired by gift, at an appraisal value at the date of the gift. Subsequent additions are recorded at cost. When assets are sold or otherwise disposed of, the net investment in the plant fund is reduced accordingly. The University follows the predominant present public educational institution practice of not providing for depreciation.

Deferred Fee Income consists of student tuition and fees for the summer quarter received prior to commencement of classes. It is based on students who are registered or have pre-registered for the summer quarter prior to fiscal year-end.

Inventories are valued at the lower of cost and market using the first-in/first-out (FIFO) method. The cost of the University's inventories is recorded as expenditures when consumed rather than when purchased.

Income Taxes – The University is a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. The University is subject to taxes on unrelated business income. The University did not have unrelated business income for the year ended June 30, 2000. The University did have an unrelated business loss from the health care center of approximately \$47,600 for the year ended June 30, 1999.

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. The provisions of this statement, which is effective for fiscal years beginning after June 15, 2000, will be reflected in the University's financial reports for the year ended June 30, 2001. University management has not yet determined the impact that implementation of GASB No. 33 will have on the University's financial statements.

In November 1999, the Governmental Accounting Standards Board (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. The University is currently in the process of determining the effect of this pronouncement.

Risk Management – The University is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; national disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The University is self-insured for student health insurance claims; the recorded liability for these claims is \$44,421 and \$33,325 as of June 30, 2000 and 1999, respectively.

Reclassifications – Certain amounts in the 1999 financial statements have been reclassified to conform with the 2000 financial statement presentation.

B. ENDOWMENT FUND LOANS

Due to cash flow shortages and operating deficits, the Board approved borrowing from the Endowment Fund to the Current Unrestricted Fund in fiscal 1993, fiscal 1994, and fiscal 1995 that totaled approximately \$1,900,000. Repayments have been made to the Endowment Fund in the form of cash transfers and the funding of Endowment Fund expenses by the Current Unrestricted Fund. As of June 30, 2000 and 1999, the net amount due to the Endowment Fund from the Current Unrestricted fund is \$1,919,381. No finalized repayment plan has been approved by the University's Board of Trustees.

C. STATE SUPPORT

The University is a state-assisted institution of higher education that receives a student-based subsidy determined annually using a formula devised by the Ohio Board of Regents.

In March 1997, the Ohio General Assembly approved a bill providing \$10.3 million in additional appropriations for emergency aid to the University to pay past due bills and provide operating funds. The University has an undrawn balance of \$1,624,819 as of June 30, 2000.

In addition to the student subsidies and the special supplement, the State of Ohio provides the funding for construction of major plant facilities on the University campus. 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.

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

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS

In accordance with the State of Ohio's and the University's policy, the University is authorized to invest in obligations of the U.S. Treasury, Agencies and Instrumentalities, Municipal and State Bonds, Certificates of Deposit collateralized at market value, Repurchase Agreements, Reverse Repurchase Agreements and Forward Commitments. Statutes also authorize the University to invest Endowment funds in the above investments, as well as Commercial Paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, Banker's Acceptances, Eurodollars, Corporate Bonds, Common and Preferred Stock, Mutual Funds and Real Estate upon specific authorization of the Board of Trustees. The classification of cash and cash equivalents, and investments in the financial statements is based on the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 3. Cash equivalents are defined to include investments with original maturities of three months or less.

The carrying amounts at June 30, 2000 and 1999 of the University's cash deposits, exclusive of money market funds, mutual funds and common stock for all funds, were \$5,992,676 and \$4,374,975. At June 30, 2000 and 1999, bank balances for all funds, exclusive of money market funds, mutual funds and common stock, were \$7,689,521 and \$6,064,012, respectively. Of this amount, \$311,550 and \$300,634 were covered by federal depository insurance and \$7,377,971 and \$5,763,378 were covered by collateral held in single financial institutions' collateral pools with securities being held by the pledging financial institutions' agent in the pool's name at June 30, 2000 and 1999, respectively. These arrangements are in compliance with Ohio Revised Code.

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 are as follows:

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 securities are held by the broker or dealer, or by its trust department or agent but which are not in the University's name

The fair value of investments at June 30, 2000 and 1999 are as follows:

	<u>June 30, 2000</u>	<u>June 30, 1999</u>
Money market account	\$ 1,725,268	\$ 1,798,250
Mutual Funds	148,800	176,135
Common stock	<u>49,673</u>	<u>19,770</u>
	<u>\$ 1,923,741</u>	<u>\$ 1,994,155</u>

The money market investment accounts are held by the custodial banks or their agents who internally designate the investments as owned by or pledged to the University (Category 3). Of the money market accounts held at June 30, 2000 and 1999, \$935,587 and \$1,050,598, respectively, are restricted for debt reserve payments.

Money market accounts (before netting of outstanding checks) and common stock are allocated among the various funds of the University as follows:

	<u>June 30, 2000</u>			<u>June 30, 1999</u>		
	Money Market Accounts	Mutual Funds	Common Stock	Money Market Accounts	Mutual Funds	Common Stock
Endowment and similar funds	\$ 789,681	\$148,800	\$49,673	\$ 747,652	\$176,135	\$19,770
Plant funds	<u>935,587</u>	<u> </u>	<u> </u>	<u>1,050,598</u>	<u> </u>	<u> </u>
Total	<u>\$1,725,268</u>	<u>\$148,800</u>	<u>\$49,673</u>	<u>\$1,798,250</u>	<u>\$176,135</u>	<u>\$19,770</u>

E. INTERFUND RECEIVABLES AND PAYABLES

All interfund borrowings, except the transaction noted in Footnote B, have been made from the unrestricted educational and general fund and are payable currently.

F. IMPAIRED VALUE OF ASSETS

In accordance with Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and For Long-Lived Assets to Be Disposed Of", the University identified six buildings, mainly dormitories, that had been impaired and recognized a loss for their impairment. In 1996, the State of Ohio architect indicated that several buildings were in violation of numerous safety code requirements. The impairment amount was based upon the expected future cash flows of the impaired assets. The impairment loss was recorded in the year ended June 30, 1999. The impairment reserve recorded at June 30, 2000 and 1999 for these buildings is \$2,330,000.

G. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>June 30, 2000</u>	<u>June 30, 1999</u>
Central State University Revenue Bonds of 1962		
Revenue Bonds, Series D, 3.5%, payable in varying installments through December 1, 2002	\$ 135,000	\$ 175,000
Revenue Bonds, Series E, 3.4%, payable in varying installments through December 1, 2002	118,000	158,000
Central State University Revenue Bonds of 1970		
Revenue Bonds, Series F, 3.0%, payable in varying installments through December 1, 2010	<u>685,000</u>	<u>735,000</u>
Total bonds payable	<u>\$ 938,000</u>	<u>\$ 1,068,000</u>
Note payable to HUD, 3.0%, payable in varying installments through June 12, 2010	\$ 234,988	\$ 254,864
Note payable to the Department of Education, 5.5%, payable in varying installments through November 1, 2021	<u>2,399,934</u>	<u>2,457,263</u>
Total notes payable	<u>\$ 2,634,922</u>	<u>\$ 2,712,127</u>

At June 30, 2000, maturities of long-term debt, excluding interest payments of approximately \$1,984,588, are as follows:

Fiscal Year	Notes	Bonds
2001	\$ 81,002	\$ 145,000
2002	84,996	145,000
2003	89,196	128,000
2004	93,614	60,000
2005	98,263	60,000
2006 and thereafter	<u>2,187,851</u>	<u>400,000</u>
	<u>\$ 2,634,922</u>	<u>\$ 938,000</u>

Revenues from student housing, dining facilities and the student union are pledged for the redemption of the notes and bonds.

The University is required to maintain a Debt Service Payment account and a Debt Service Reserve account under the Department of Education note. The University is required to deposit \$23,923 semi-annually in the Debt Service Payment account for the principal and interest payments. The University has accumulated the required reserve in the Debt Service Reserve account (\$191,704). The University is now required to deposit \$28,010 annually into a Repair and Replacement Reserve account until \$280,100 has been accumulated in that account (\$29,366 accumulated at June 30, 2000).

The University is required to provide the Department of Education with audited financial statements within 90 days after year-end.

The University is required to maintain an operating reserve under the provisions of the revenue bonds. This reserve is required to be maintained at an amount adequate to provide working capital for the operation and maintenance of the dormitories; however, it should not exceed one-fourth of the operating and maintenance expenses of the dormitory facilities for the preceding 12 months, plus a reasonable amount for operating and maintenance expenses of dormitory facilities under construction which are to be placed in operation during the ensuing three months. Once the operating reserve is adequately funded, the University is required to maintain the following funds, in the order of priority.

- a. The University is required to make deposits on May 15 and November 15 of each year to the Debt Service Fund, in an amount equal to the principal plus interest payments due in the current year for certain series of revenue bonds.
- b. The Debt Service Reserve Fund is equal to the maximum principal and interest requirements for any consecutive two-year certain series of dormitory revenue bonds.
- c. The Contingency Repair and Replacement Fund is equal to one quarter of one percent of the cost of construction on all dormitory facilities then under construction plus three percent of the cost of movable equipment for all dormitory facilities.

The University is required to provide the trustees and the original purchasers of the bonds with an annual report of the accounts and operations of the dormitory facilities within 120 days after year-end. The University violated this covenant, as this report was not submitted. Because of this violation, the University's lending institutions may declare the University's debt to be immediately due and payable.

H. COMPENSATED ABSENCES FOR VACATION AND SICK LEAVE

The University has three classifications of employees: Classified, Contract, and Faculty:

Classified Employees are nonacademic, permanent, full-time employees. Classified employees are entitled to vacation leave based upon length of service. The employees may accumulate up to a maximum of 30 to 75 days of vacation leave, depending on number of years of service. Vacation leave becomes payable upon termination or retirement. Employees may accumulate an unlimited amount of sick leave. One-third of accumulated sick leave is payable to classified employees with ten years or more of service upon termination or retirement.

Contract Employees are nonacademic, contracted, full-time employees. Contract employees are entitled to vacation leave based upon length of service. The employee may accumulate up to a maximum of 20 days of vacation leave. Vacation leave becomes payable upon termination or retirement.

Faculty Employees are full-time academia employees. Faculty employees accrue sick leave at a rate of 15 days per year. One-third of accumulated sick leave, with a maximum of 120 days, is payable to faculty employees with ten years or more of service upon retirement.

Vested or accumulated leave is recorded as an expenditure and liability of the current funds as the benefits accrue to employees.

I. 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.

The PERS and STRS plans are statewide cost sharing, multiple employer, defined benefit retirement plans. Each provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The PERS and STRS plans also provide health care benefits to vested retirees. Authority to establish and amend benefits for PERS and STRS is provided by state statute by Chapters 145 and 3307, respectively, of the Ohio Revised Code.

Each of the plans issue separate, publicly available financial reports that include balance sheets and required supplementary information. These reports may be obtained by contracting each System as follows:

<p>PERS 227 East Town Street Columbus, Ohio 43215 Telephone (614) 466-2085</p>	<p>STRS 275 East Broad Street Columbus, Ohio 43215 Telephone (614) 227-4090</p>
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The Ohio Revised Code provides PERS and STRS statutory authority for employee and employer contributions. The required, actuarially determined contributions rates for the University and for the employee are:

	Retirement System	University Share (%)	Employee Share (%)
Classified, Contract Faculty	PERS	13.31 %	8.5 %
	STRS	14.00 %	9.3 %

The University's contributions, representing 100% of employer contributions, for the periods ended June 30, 2000, June 30, 1999 and June 30, 1998, are as follows:

	PERS	STRS
2000	\$ 514,817	\$ 516,516
1999	999,126	721,499
1998	758,326	683,521

Certain full-time University faculty and 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 of the ARP is provided by state statute per the Ohio Revised Code.

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 members' compensation and 13.31% of a participating contract 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 \$232,114 and zero, and the University's contributions to the ARP were \$257,869 and zero, respectively, for the years ended June 30, 2000 and 1999. In addition, the amounts contributed to STRS by the University on behalf of ARP participants were \$12,881 and zero, respectively, for the years ended June 30, 2000 and 1999.

J. OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

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

K. GRANTS AND CONTRACTS

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

L. COMMITMENTS AND CONTINGENCIES

Commitments – The University has encumbered \$5,729,120 and \$4,230,577 of funds as of June 30, 2000 and 1999, respectively. These encumbrances represent purchase orders and other commitments for materials or services not received as of fiscal year-end. These are not included as liabilities in the balance sheet.

Litigations – The University is involved in various litigation and regulatory matters. Based upon management review, there were three matters that were recorded as an estimated liability at June 30, 2000. In the first matter, the court has awarded a total of \$36,729 to two former employees for wrongful termination. Secondly, damages were assessed the University on December 2, 1999, in the amount of \$697,850 related to water services provided by The City of Xenia. Subsequent to June 30, 2000, the University appealed the judgment for these assessments and won in district court. Since then, the City of Xenia has filed a petition with the Ohio Supreme Court, which the University has filed an opposing petition. Lastly, the damages in a wrongful termination case were settled in the amount of \$25,000. All of these incidents were accrued as of June 30, 2000. In addition, these settlements will be reimbursed by Senate Bill 6 Funds and have been recorded accordingly. The ultimate disposition of other matters are uncertain; therefore, no adjustments have been made to the financial statements relative to these matters.

M. RELATED ORGANIZATION

The University is the sole beneficiary of the Central State University Foundation (the “Foundation”), a separate not-for-profit entity governed by a separate Board of Trustees, organized for the purpose of promoting educational and research activities. Assets totaling approximately \$2,169,955 and \$1,660,981 as of June 30, 2000 and 1999, respectively, are held by the Foundation and are not recorded in the accompanying balance sheet. Amounts received by the University from the Foundation in the form of private gifts, grants, and contracts amounted to \$156,665 and \$83,401 for the year ended June 30, 2000 and 1999, respectively.

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CENTRAL STATE UNIVERSITY

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

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number	Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER:		
U.S. Department of Education Direct Programs:		
Federal Supplemental Educational Opportunity Grant	84.007	\$ 618,791
Federal Family Education Loans (Note B)	84.032	
Federal Work Study	84.033	598,886
Federal Perkins Loans (Note C)	84.038	
Federal Pell Grant	84.063	<u>1,418,268</u>
Total U.S. Department of Education - Student Financial Assistance		<u>2,635,945</u>
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER		<u>2,635,945</u>
HIGHER EDUCATION - INSTITUTIONAL AID:		
U.S. Department of Education Direct Programs:		
Early Start	84.031B	72,218
Enhancement Performing Arts Department	84.031B	55,961
Faculty Development	84.031B	136,165
Financial Aid Services	84.031B	5,039
First Year Experience	84.031B	108,432
Honors Program	84.031B	14,099
IAP Comp Assessment	84.031B	151
IAP Hospitality Management	84.031B	15,421
IAP Library Acquisitions	84.031B	21,233
IAP Linkage	84.031B	24,506
IAP NCATE Accreditation	84.031B	13,813
Institutional Advancement	84.031B	5,127
Library Acquisition Enhancement	84.031B	131,284
One Stop Student Service Center	84.031B	19,500
Program Administration	84.031B	95,971
Student Leadership	84.031B	100,200
Supplemental Instruction	84.031B	129,801
Technology Upgrade	84.031B	2,550
Transfer Articulation	84.031B	<u>74,182</u>
Total U.S. Department of Education Direct Programs		<u>1,025,653</u>
TOTAL HIGHER EDUCATION - INSTITUTIONAL AID		<u>1,025,653</u>

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

CENTRAL STATE UNIVERSITY

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

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number	Expenditures
TRIO CLUSTER:		
U.S. Department of Education Direct Programs:		
TRIO: Student Support Services	84.042A	\$ 212,968
TRIO: Upward Bound	84.047A	<u>391,463</u>
Total U.S. Department of Education Direct Programs		<u>604,431</u>
TOTAL TRIO CLUSTER		<u>604,431</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
National Aeronautics and Space Administration:		
Fisk University - NASA	43.002	19,328
Ohio Space Grant	43.001	10,507
MSU NRTS	43.001	<u>50,883</u>
Total National Aeronautics and Space Administration		<u>80,718</u>
National Oceanic and Atmospheric Administration:		
Global Warming	11.432	14,670
Identification of Soil	11.432	2,346
Oak Ridge National Laboratory	11.432	<u>2,074</u>
Total National Oceanic and Atmospheric Administration		<u>19,090</u>
TOTAL RESEARCH AND DEVELOPMENT CLUSTER		<u>99,808</u>
U.S. Department of Education Direct Programs:		
Rehabilitation Research Training	84.133A	33,535
MISP Project	84.120A	5,487
Minority Science Improvement	84.120	44,362
Center for African Studies	84.015A	<u>5,474</u>
Total U.S. Department of Education Direct Programs		<u>88,858</u>

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

CENTRAL STATE UNIVERSITY

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

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services:		
Center for Substance Abuse Prevention	93.144	\$ 12,466
Family and Community Violence Prevention	93.910	5,980,016
Family Life Center	93.910	190,824
Health Care/Other Facilities	93.887	<u>7,608</u>
Total U.S. Department of Health and Human Services		<u>6,190,914</u>
U.S. Department of Energy:		
Student Outreach with Renewable Energy Technology	81.087	52,917
HBCU Photovoltaic Association	81.087	12,710
HBCU Scholarship Fund	81.502	<u>10,000</u>
Total U.S. Department of Energy		<u>75,627</u>
U.S. Department of Defense:		
ROTC Enhanced Skills Program	12.550	13,159
Low Density African Training Module	12.900	(2,841)
SEMAC Urban Education	12.300	1,493
LEAN Transition	12.000	74,046
GRCI Mentor/Protégé Program	12.000	21,071
DISA - MITSS	12.000	<u>500</u>
Total U.S. Department of Defense		<u>107,428</u>
U.S. Department of Housing and Urban Development - HUD Program	14.237	<u>93,807</u>
U.S. Department of Transportation - Entrepreneurial Training	20.907	<u>38,386</u>
U.S. Environmental Protection Agency - U.S. EPA Training Program	66.607	<u>9,566</u>
U.S. Army Corp. of Engineers - Habitat Structures on the Kanawha		<u>17,409</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 10,987,832</u></u>

See notes to the Schedule of Expenditures of Federal Awards.

(Concluded)

CENTRAL STATE UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of Central State University under programs financed by the U.S. government for the year ended June 30, 2000.

For the 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, 2000, are summarized as follows:

Federal Stafford Loans	\$1,559,789
Federal Unsubsidized Stafford Loans	1,106,475
Federal Parental Loans for Undergraduate Students (PLUS)	<u>487,530</u>
	<u>\$3,153,794</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. PERKINS LOAN PROGRAM

The University administers the Perkins Loan Program (Federal CFDA Number 84.038). Outstanding loans as of June 30, 2000 were \$1,503,575.

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

To the President and Board of Trustees of
Central State University and Mr. Jim Petro,
Auditor of State, State of Ohio:

We have audited the financial statements of Central State University (the "University") as of and for the year ended June 30, 2000, and have issued our report thereon dated December 12, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 instances of immaterial noncompliance, which we have reported to management of the College, in a separate letter dated December 12, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we have communicated other observations involving the internal control over financial reporting to the management of the University in a separate letter dated December 12, 2000.

* * * * *

This report is intended solely for the information and use of the Board of Trustees and management of the University, the U.S. Department of Education, applicable pass-through agencies 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

December 12, 2000





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

To the President and Board of Trustees of
Central State University and Mr. Jim Petro,
Auditor of State, State of Ohio:

Compliance

We have audited the compliance of Central 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 its major federal programs for the year ended June 30, 2000. The University's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the 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 considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2000-1.

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, contract, 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 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.

* * * * *

This report is intended solely for the information and use of the Board of Trustees and management of the University, the U.S. Department of Education, applicable pass-through agencies 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

December 12, 2000

CENTRAL STATE UNIVERSITY

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

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued – Unqualified

Internal control over financial reporting:

- Material weaknesses identified – None
- Reportable conditions identified that are not considered to be material weaknesses – None

Noncompliance material to the financial statements noted – None

Federal Awards

Internal control over major programs:

- Material weaknesses identified – None
- Reportable conditions identified that are not considered to be material weaknesses – None

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

Audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 – Yes; See finding 2000-1.

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
84.007, 84.032, 84.033, 84.038, 84.063	Student Financial Assistance Cluster
84.031B	Higher Education – Institutional Aid
84.042A, 84.047A	TRIO Cluster
93.910	Family and Community Violence Prevention

Dollar threshold used to distinguish between type A and type B programs: \$329,635

Auditee qualified as low-risk auditee – No

CENTRAL STATE UNIVERSITY

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

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

2000-1

Federal Program:

Student Financial Assistance Cluster, CFDA Numbers 84.007, 84.032, 84.033, 84.038, and 84.063.

Requirement:

A school is required to have a fair and equitable refund policy under which the school shall make refunds of unearned tuition, fees, room and board and other charges to a student who received Title IV Student Financial Assistance. Under the FFEL program, the school pays to the original lender (or subsequent holder, if the loan has been transferred and the school knows the new holder's identity) the portion of the refund that is allocable to the loan. Refunds should be processed in accordance with established time frames (34 CFR section 668.22).

Calculation of Amounts

The refund policy should provide for a refund of at least the larger of the amount provided by: (1) applicable State law; (2) the standards established by the institution's nationally recognized accrediting agency if approved by the Secretary of Education; or (3) the pro rata refund calculation described below, for any student attending the school for the first time, and who withdrew on or before the 60 percent point in time of the period of enrollment for which the student has been charged. After calculating all possible refund amounts (State, accrediting agency, and statutory pro rata), the school must compare and use the calculation that provides the largest refund. If the pro rata refund calculation in (3) above does not apply (i.e., the student is not attending the institution for the first time or withdrew after the 60 percent point in time for the period of enrollment for which the student has been charged) and there are no standards for refunds established by State law or the accrediting agency, the refund should be at least the larger of the amount provided by (1) the Federal refund calculation described below or (2) the school's policy (the policy it uses for non-SFA students) (34 CFR section 668.22(b)).

The pro rata refund referred to above means a refund of not less than that portion of the tuition, fees, room, board, and other charges assessed the student by the institution equal to the portion of the period of enrollment for which the student has been charged that remains on the withdrawal date, rounded down to the nearest 10 percent of that period, less: (1) any unpaid amount of a scheduled cash payment; (2) a reasonable administrative fee not to exceed the lesser of 5 percent of tuition, fees, room, board, and other charges assessed the student; or \$100; and, (3) documented costs of equipment issued to the student that is unreturnable or not returned in good condition (34 CFR section 668.22(c)).

The Federal refund calculation referred to above means a refund of not less than the portion of institutional charges to be refunded, determined as follows (34 CFR section 668.22(d)):

1. If the student withdraws, drops out, or is expelled before the first day of classes:
 - (a) Any amount paid to the student under FPL, FSEOG and the Federal Pell grant programs are considered an overpayment and must be returned to the respective program (34 CFR section 668.21).
 - (b) All loan proceeds under the FFEL and Direct Loan programs should be returned to the lender (34 CFR section 682.604(d)(3) and 682.685.303(b)(3)).
2. If the institution can't document that a student attended any class during the period of enrollment:
 - (a) Any amount paid to the student under FPL, FSEOG and Pell Grant programs are considered an overpayment and must be returned to the respective program (34 CFR sections 668.21-22).
 - (b) The institution must return to FFEL or Direct Loan all loan proceeds directly credited to the student's account, and any amount paid by the student directly to the school, up to the amount of loan proceeds delivered to the student for that payment period (34 CFR sections 682.604(d)(4) and 685.303(b)(3)).
3. If the student withdraws on the first day of classes, the institution must refund 100 percent of institutional charges, less an administrative fee, if any, not to exceed the lesser of 5 percent or \$100.
4. If the student withdraws any time after the first day of classes up to and including the first 10 percent (in time) of the enrollment period, the institution must refund at least 90 percent of institutional charges, less an administrative fee, if any, not to exceed the lesser of 5 percent or \$100.
5. If the student withdraws any time after the end of the first 10 percent of the enrollment period up to and including the first 25 percent of the enrollment period, the institution must refund at least 50 percent of institutional charges, less an administrative fee, if any, not to exceed the lesser of 5 percent or \$100.
6. If the student withdraws any time after the end of the first 25 percent of the enrollment period up to and including the first 50 percent of the enrollment period, the institution must refund at least 25 percent of institutional charges, less an administrative fee, if any, not to exceed the lesser of 5 percent or \$100.

The withdrawal date used to calculate the refund is the earlier of: (a) the date that the student notifies an institution of the student's withdrawal, or the date of withdrawal specified by the student, whichever is later; or (b) if the student drops out of the institution without notifying the institution (does not withdraw officially), the last recorded date of class attendance by the student, as documented by the institution.

Condition:

During testing of the refund calculations, noted that several errors were made in the application of the refund calculation methodology. Errors noted were as follows:

- Misapplication of the pro-rata refund percentages for two students
- Failure to properly accumulate University charges for three students
- Refund calculation performed, but not posted to student's account

Questioned Costs:

\$3,079 known questioned costs

Context:

Auditor noted six errors in a total population of 19 students tested.

Cause:

Failure to apply the established policy and refund calculation methodology in an accurate and consistent manner due to inadequate employee training and lack of care in application process.

Recommendation:

Refund calculations and associated student account balances should be reviewed by appropriate management on a regular basis.

Management Response:

See corrective action plan on page 34.

CENTRAL STATE UNIVERSITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2000

99-1

Condition: Prior auditors' noted there was inadequate monitoring of compliance over grants during the audit period relating to grants from prior fiscal 1999. This led to the issuance of a disclaimer regarding compliance for major programs. Items noted include:

1. Grant revenue, cash receipts, and expenditures for a grant period were not always recorded in the appropriate fund.
2. Reconciliations of all grant receivable balances were not performed.
3. Inactive grant funds were not closed.
4. Deferred revenue was not recorded for cash advances received during the year.
5. Cash balances remaining in inactive funds.

Current Year Status: The University implemented the review of all funds on a bi-monthly basis in order to reconcile receivables. Grant sponsors are contacted for programs with outstanding receivables to resolve issues that may delay payment. The Grants Accounting Office review all incoming payments to ensure they are recorded to the correct fund.

The University began to defer revenues associated with restricted grants during the past fiscal year. Grants will continue to be reviewed on a case by case basis and deferred as appropriate.

The University is still working to review and reconcile revenues, receipts and expenditures for inactive grants that the University received prior to 1999. During the past year the Grants Accounting Office did resolve outstanding financial issues for several grant programs which resulted in adjustments and corrections of over \$138,000 and close-out of five inactive grants. Based on progress to date, anticipated completion of this process is within the next twelve months.

99-2

Condition: Prior auditors' noted there was inadequate monitoring controls over the fixed asset records during the audit period. This included:

1. Fixed assets were not maintained by item in a system or manually.
2. Additions were not being properly capitalized.
3. Notification of disposal were not being made in a timely manner.
4. Activity was not being recorded in accounting books in a timely manner.

Current Year Status: The University implemented procedures to log all capital assets and provide asset tags. Capital asset records are created during the purchasing process and a log of disposed capital assets is maintained. The University has contracted with an outside agency to conduct a campus-wide fixed asset physical inventory during December 2000. All conditions appear to have been addressed.

CENTRAL STATE UNIVERSITY

CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2000

Issue 2000-1	Action Step	Individual Responsible	Estimated Completion Date
1. Inadequate employee training	<ul style="list-style-type: none">Attend regional Department of Education training.	S. Meadows	Spring 2001
2. Lack of care in application of refund calculation	<ul style="list-style-type: none">Refund calculation software did not work and was replaced with manual calculations. New DOE refund policy for FY01 uses a percentage calculation, which is not dependent upon charges.In addition, a secondary review will be conducted quarterly by cash management to help ensure refund calculations are correct.	S. Meadows	Implement new process for Fall 2000

WCSU-FM

*A Public Telecommunications Entity
Operated by Central State University
Report on Audit of Financial Statements for
the Year Ended June 30, 2000*

WCSU-FM

A Public Telecommunications Entity Operated by Central State University

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Central State University:

We have audited the accompanying balance sheet of WCSU-FM, a public telecommunications entity operated by Central State University, as of June 30, 2000, and the related statements of revenues, expenses and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of WCSU-FM's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, which requires 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 WCSU-FM at June 30, 2000, and the changes in revenues, expenses and fund balance and financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in such schedule is the responsibility of WCSU-FM's management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2000, on our consideration of WCSU-FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

DELOITTE & TOUCHE LLP

November 20, 2000

WCSU-FM**A Public Telecommunications Entity Operated by Central State University****BALANCE SHEET****JUNE 30, 2000**

ASSETS	Unrestricted	Restricted	Total
Current assets - due from University	\$ 156,389	\$ 30,245	\$ 186,634
Property and equipment	<u>245,361</u>	<u> </u>	<u>245,361</u>
Total assets	<u>\$ 401,750</u>	<u>\$ 30,245</u>	<u>\$ 431,995</u>
LIABILITIES AND FUND BALANCE			
Current liabilities:			
Accounts payable	\$ 13,617		\$ 13,617
Deferred revenues	<u>79,279</u>	<u>\$ 30,245</u>	<u>109,524</u>
Total current liabilities	92,896	30,245	123,141
Fund balance	<u>308,854</u>	<u> </u>	<u>308,854</u>
Total liabilities and fund balance	<u>\$ 401,750</u>	<u>\$ 30,245</u>	<u>\$ 431,995</u>

See notes to financial statements.

WCSU-FM

A Public Telecommunications Entity Operated by Central State University

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2000

	Unrestricted	Restricted	Total
REVENUES:			
Corporation for Public Broadcasting	\$ 62,268	\$ 20,600	\$ 82,868
State Network Commission	52,559		52,559
Contributed services	56,909		56,909
Miscellaneous	<u>5,346</u>	<u> </u>	<u>5,346</u>
Total revenues	<u>177,082</u>	<u>20,600</u>	<u>197,682</u>
UNIVERSITY SUPPORT:			
Direct	145,877		145,877
Indirect	<u>130,333</u>	<u> </u>	<u>130,333</u>
Total University support	<u>276,210</u>	<u> </u>	<u>276,210</u>
TOTAL REVENUES AND UNIVERSITY SUPPORT	<u>453,292</u>	<u>20,600</u>	<u>473,892</u>
EXPENSES:			
Programs services:			
Programming, production and broadcasting	196,891	20,600	217,491
Public information and promotion	<u>31,116</u>	<u> </u>	<u>31,116</u>
Total program services	228,007	20,600	248,607
Supporting services - management and general	<u>183,291</u>	<u> </u>	<u>183,291</u>
TOTAL EXPENSES	<u>411,298</u>	<u>20,600</u>	<u>431,898</u>
INCREASE IN REVENUES AND UNIVERSITY SUPPORT OVER EXPENSES	41,994		41,994
FUND BALANCE:			
Beginning year	<u>266,860</u>	<u> </u>	<u>266,860</u>
End of year	<u>\$ 308,854</u>	<u>\$</u>	<u>\$ 308,854</u>

See notes to financial statements.

WCSU-FM

A Public Telecommunications Entity Operated by Central State University

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2000

FINANCIAL RESOURCES WERE PROVIDED BY:

Increase in revenues and University support over expenses	\$ 41,994
Adjustments to reconcile increase in revenues and University support over expenses to net cash provided by operating activities:	
Changes in assets - due from University	160,255
Changes in liabilities:	
Deferred revenues	17,445
Payable to the Corporation of Public Broadcasting	(192,444)
Accounts payable	<u>1,017</u>
Total resources provided by operating activities	<u>28,267</u>

FINANCIAL RESOURCES WERE USED FOR - Purchase of property and equipment

(28,267)

NET CHANGE IN CASH

CASH BALANCE:

Beginning of year	<u> </u>
End of year	<u>\$ <u> </u></u>

See notes to financial statements.

WCSU-FM

A Public Telecommunications Entity Operated by Central State University

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2000

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Entity – These financial statements reflect only the financial activities of WCSU-FM (the “Station”), a radio station owned and operated by Central State University (the “University”), a state supported public university. The Station is located on the campus of the University in Wilberforce, Ohio.

Basis of Accounting – The financial statements of the Station have been prepared on the accrual basis of accounting. The Station prepares its financial statements in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 29, *The Use of Not-for-Profit Accounting and Financial Accounting Principles by Government Entities*. This statement requires that governmental entities that had previously applied not-for-profit accounting and financial reporting principles by following Statement of Position (“SOP”) No. 78-10, as issued by the American Institute of Certified Public Accountants (“AICPA”) must either follow the AICPA not-for-profit model or the governmental model. The Station elected to use the not-for-profit model, which includes the accounting and financial reporting principles contained in SOP 78-10, as modified by all applicable Financial Accounting Standards Board pronouncements issued through November 30, 1989, and as modified by all GASB pronouncements issued after GASB Statement No. 1, *Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide*.

Fund Accounting – To ensure observance of limitations and restrictions placed on the use of resources available to the Station, the accounts of the Station are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds with similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities and fund balance of the Station are reported in two self-balancing operating funds, which include unrestricted and restricted resources. These funds represent resources available for support for Station operations. Restricted funds consist of funds received from the Corporation for Public Broadcasting, which are restricted for national programming activities.

Income Taxes – Under Internal Revenue Code Section 501(c)(3), the operations of the Station are exempt from income taxes as part of the overall operations of the University as a political subdivision of the State of Ohio.

B. DUE FROM UNIVERSITY

The financial records for the Station are maintained as a part of the operations of the University. Separate fund account activities are maintained to account for the operations of the Station. Separate cash accounts are not maintained for the Station. Consequently, funds deposited on account for the Station are reflected in the financial statements as due from the University.

C. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. In accordance with the practice of broadcasting stations affiliated with governmental educational institutions, depreciation of equipment is not recorded. Property and equipment balances at June 30, 2000, consist of the following:

Office equipment	\$ 15,082
Telecommunications equipment	<u>230,279</u>
	<u>\$245,361</u>

D. CORPORATION FOR PUBLIC BROADCASTING GRANTS

The Station receives grant funding from the Corporation for Public Broadcasting (“CPB”) to assist in the operations of the Station. The CPB grants consist of a Radio Community Service Grant (“CSG”), which is unrestricted in its use, and a National Program Production and Acquisition Grant (“NPPAG”), which is restricted to national programming activities. Recognition of CPB grant revenue is deferred until the expenses are incurred. The CPB grants must be used within a specified two-year period, which for fiscal year 1999 grants was October 1, 1998 to September 30, 2000. The fiscal year 2000 grant period is from October 1, 1999 to September 30, 2001. Any unused grant amounts at the end of the spending period must be returned to the granting agency.

E. STATE NETWORK COMMISSION GRANT

The Station receives unrestricted ratio station funding through the Ohio Educational Telecommunications Network Commission. During 2000, the Station received cash support of \$52,559 and in-kind contributed services support of \$56,909.

F. UNIVERSITY SUPPORT ALLOCATION

The operations of the Station are primarily supported by the general revenues of the University. The University effectively covers all operating costs of the Station in excess of direct support received through grant awards and contributions attributable to the Station’s operations. During 2000, the University’s support allocation amounted to \$276,210: \$145,877 in direct support and \$130,333 in indirect administrative support.

G. COMMITMENTS

The Station has encumbered approximately \$51,343 of funds for purchase orders and other commitments for materials and services not received at June 30, 2000. These items are not included as liabilities on the balance sheet.

* * * * *

WCSU-FM**A Public Telecommunications Entity Operated by Central State University****SCHEDULE OF FUNCTIONAL EXPENSES****YEAR ENDED JUNE 30, 2000**

	Programming Production and Broadcasting	Public Information and Promotion	Total Programs Services	Supporting Services Management and General	Total Expenses
Salaries and wages	\$ 83,362	\$ 11,909	\$ 95,271	\$ 23,818	\$119,089
Payroll taxes and fringe benefits	28,614	4,088	32,702	8,175	40,877
Supplies	324	1,931	2,255	158	2,413
Broadcasting transmission	56,909		56,909		56,909
Professional services	43,214	1,878	45,092	20,800	65,892
Travel	1,100		1,100		1,100
Miscellaneous expenses	3,968	11,310	15,278	7	15,285
Indirect administrative support:					
Occupancy				25,773	25,773
Institutional support				68,086	68,086
Physical plant operations				36,474	36,474
TOTAL	<u>\$217,491</u>	<u>\$ 31,116</u>	<u>\$248,607</u>	<u>\$183,291</u>	<u>\$431,898</u>



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

To the Board of Trustees of Central State University:

We have audited the financial statements of WCSU-FM as of and for the year ended June 30, 2000, and have issued our report thereon dated November 20, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered WCSU-FM'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.

This report is intended solely for the information and use of the Board of Trustees, management of WCSU-FM, and the Auditor of the State of Ohio, and is not intended to be used and should be not used by anyone other than these specified parties.

DELOITTE & TOUCHE LLP

November 20, 2000

WCSU-FM

A Public Telecommunications Entity Operated by Central State University

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2000

NONE

WCSU-FM

A Public Telecommunications Entity Operated by Central State University

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2000

Audit Finding 99-1: CPB Grant Noncompliance

Status:

1. WCSU-FM has historically not expended the full amount of the Corporation for Public Broadcasting ("CPB") grant awards by the end of the grant periods. During 2000, WCSU-FM repaid unexpended funds in the amount of \$192,444 to CPB for grant years 1998 and prior. Current unexpended amounts relate to grant periods 1999 and 2000 and have been properly classified as deferred. WCSU-FM has a budget in place that will allow for the spending of grant monies before the conclusion of the grant periods.

WCSU-FM

*Schedule of Nonfederal Financial Support
Attached to the Corporation for Public
Broadcasting Annual Financial Report for
the Year Ended June 30, 2000*

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**Deloitte
& Touche**

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Central State University:

We have examined management's assertion included in the accompanying Corporation for Public Broadcasting ("CPB") Schedule of Nonfederal Financial Support that WCSU-FM (a Public Telecommunications Entity operated by Central State University) complied with CPB's Fiscal Year 2000-2001 Annual Financial Report Handbook of Instructions governing the amounts reported as Nonfederal Financial Support for the year ended June 30, 2000. Management is responsible for WCSU-FM's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about WCSU-FM's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about WCSU-FM's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, WCSU-FM complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2000.

This report is intended solely for the information and use of the Corporation for Public Broadcasting and is not intended to be used and should be not used by anyone other than this specified party.

DELOITTE & TOUCHE LLP

November 20, 2000

**Deloitte
Touche
Tohmatsu**

WCSU-FM

SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT ATTACHED TO CPB ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2000

1.	Direct revenue	\$203,782
2.	Indirect administrative support	130,333
3.	In-Kind contributions:	
	a. Services and other assets	56,909
	b. Property and equipment	<u> </u>
4.	Total nonfederal financial support	<u>\$391,024</u>

NOTE TO SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT

All amounts included in the accompanying Schedule of Nonfederal Financial Support are also included in the station's audited financial statements. The elements of revenue and support included therein conform with the definition in the Communications Act of 1934, as amended, and relevant criteria described in the Corporation for Public Broadcasting's Fiscal Year 2000 Annual Financial Report Handbook of Instructions. Noncash support is included in conformity with guidelines in the aforementioned Handbook of Instructions and documentation is on file at the reporting station.



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OFFICE OF THE AUDITOR

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CENTRAL 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 30, 2001**