

OHIO UNIVERSITY

(a component unit of the State of Ohio)

Financial Statements

For the year ended June 30, 2000

(With Independent Auditors' Report Thereon)



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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The President and The Board of Trustees of
Ohio University

We have reviewed the Independent Auditor's Report of the Ohio University, Athens County, prepared by KPMG LLP, for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

April 18, 2001

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Independent Auditors' Report

The President and The Board of Trustees of
Ohio University

and

The Honorable Jim Petro
Auditor of State of Ohio:

We have audited the accompanying balance sheet of Ohio 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 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. 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, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2000, and the changes in its fund balances and its current funds revenues, expenditures and other changes for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 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.

KPMG LLP

October 10, 2000

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OHIO UNIVERSITY

Balance Sheet

June 30, 2000 With Comparative Figures At June 30, 1999

<u>Assets</u>	<u>2000</u>	<u>1999</u>
Current funds		
Unrestricted		
Educational and general		
Cash	\$ 3,102,523	\$ 2,249,783
Investments, at fair value	49,244,849	48,893,736
Accounts receivable, less allowance for doubtful accounts of \$ 1,430,700 and \$1,429,700, respectively	10,275,940	9,562,768
Accrued interest receivable	616,623	599,408
Inventories	999,412	1,045,169
Prepaid expenses and deferred charges	9,294,177	8,406,448
Due from agency funds	0	17,369
Due from endowment funds	1,305,887	132,058
Total educational and general	<u>74,839,411</u>	<u>70,906,739</u>
Auxiliary enterprises		
Cash	4,988,329	3,478,686
Investments, at fair value	3,885,879	4,680,822
Accounts receivable, less allowance for doubtful accounts of \$93,300 and \$163,800, respectively	587,775	714,561
Inventories	754,719	732,605
Prepaid expenses and deferred charges	223,332	87,004
Due from agency funds	8,042	4,201
Total auxiliary enterprises	<u>10,448,076</u>	<u>9,697,879</u>
Total unrestricted	<u>85,287,487</u>	<u>80,604,618</u>
Restricted		
Cash	0	3,597
Investments, at fair value	72,765	373,894
Accounts receivable	7,951,390	7,533,392
Due from educational and general	6,354,675	4,879,171
Total restricted	<u>14,378,830</u>	<u>12,790,054</u>
Total current funds	<u>99,666,317</u>	<u>93,394,672</u>

<u>Liabilities and Fund Balances</u>	<u>2000</u>	<u>1999</u>
Current funds		
Unrestricted		
Educational and general		
Accounts payable	\$ 2,953,661	\$ 4,683,437
Accrued liabilities	30,695,941	29,294,149
Deposits	237,698	304,097
Deferred credits	13,623,106	13,394,063
Due to restricted funds	6,354,675	4,879,171
Due to loan funds	36,853	48,982
Due to agency funds	90,787	0
Fund balances		
Allocated	20,646,690	18,102,840
Unallocated (Exhibit B)	200,000	200,000
Total educational and general	<u>74,839,411</u>	<u>70,906,739</u>
Auxiliary enterprises		
Accounts payable	2,528,515	1,396,010
Accrued liabilities	1,946,642	2,198,370
Deposits	802,253	798,527
Deferred credits	364,380	349,199
Due to retirement of indebtedness	178,991	196,055
Fund balances		
Allocated	3,442,344	3,098,788
Unallocated (Exhibit B)	1,184,951	1,660,930
Total auxiliary enterprises	<u>10,448,076</u>	<u>9,697,879</u>
Total unrestricted	<u>85,287,487</u>	<u>80,604,618</u>
Restricted		
Accounts payable	1,171,318	920,662
Accrued liabilities	94,656	153,574
Due to endowment funds	363,559	116,694
Fund balances (Exhibit B)	12,749,297	11,599,124
Total restricted	<u>14,378,830</u>	<u>12,790,054</u>
Total current funds	<u>99,666,317</u>	<u>93,394,672</u>

(continued)

OHIO UNIVERSITY
Balance Sheet, Continued

<u>Assets, Continued</u>	<u>2000</u>	<u>1999</u>
Loan funds		
Cash	\$ 723,325	\$ 514,864
Investments, at fair value	103,544	97,929
Accounts receivable	90,024	99,687
Notes receivable, less allowance for doubtful accounts of \$913,600 and \$905,800, respectively	9,496,053	9,132,238
Due from agency funds	397,941	348,064
Due from educational and general	36,853	48,982
Total loan funds	<u>10,847,740</u>	<u>10,241,764</u>
Endowment funds		
Investments, at fair value	50,852,089	48,947,266
Due from restricted funds	363,559	116,694
Total endowment funds	<u>51,215,648</u>	<u>49,063,960</u>
Plant funds		
Unexpended		
Cash	22,492	1,090,874
Investments, at fair value	31,192,630	44,978,229
Accrued interest receivable	314,468	313,847
Total unexpended	<u>31,529,590</u>	<u>46,382,950</u>
Renewals and replacements		
Cash	185,899	21,411
Investments, at fair value	4,112,404	4,259,758
Total renewals and replacements	<u>4,298,303</u>	<u>4,281,169</u>

Liabilities and Fund Balances, Continued

	<u>2000</u>	<u>1999</u>
Loan funds		
Fund balances		
U. S. Government grants refundable	\$ 8,647,549	\$ 8,158,012
University funds		
Restricted	1,080,944	1,019,751
Allocated	1,119,247	1,064,001
Total fund balances (Exhibit B)	<u>10,847,740</u>	<u>10,241,764</u>
Total loan funds	<u><u>10,847,740</u></u>	<u><u>10,241,764</u></u>
Endowment funds		
Due to educational and general	1,305,887	132,058
Fund balances (Exhibit B)		
Restricted - endowment	36,702,373	35,903,364
Unrestricted quasi-endowment	13,207,388	13,028,538
Total fund balances (Exhibit B)	<u>49,909,761</u>	<u>48,931,902</u>
Total endowment funds	<u><u>51,215,648</u></u>	<u><u>49,063,960</u></u>
Plant funds		
Unexpended		
Accounts payable	132,965	863,609
Loan from the State of Ohio	516,321	798,768
Deposits	75,000	25,000
Due to retirement of indebtedness	224,980	346,161
Fund balances		
Unrestricted - allocated	18,613,599	38,390,358
Allocated for encumbrances	11,966,725	5,959,054
Total fund balances (Exhibit B)	<u>30,580,324</u>	<u>44,349,412</u>
Total unexpended	<u><u>31,529,590</u></u>	<u><u>46,382,950</u></u>
Renewals and replacements		
Fund balances (Exhibit B)		
Unrestricted - allocated	4,298,303	4,281,169
Total renewals and replacements	<u><u>4,298,303</u></u>	<u><u>4,281,169</u></u>

(continued)

OHIO UNIVERSITY
Balance Sheet, Continued

<u>Assets, Continued</u>	<u>2000</u>	<u>1999</u>
Plant funds, continued		
Retirement of indebtedness		
Deposits with trustee	\$ 0	\$ 96,914
Due from auxiliary enterprises	178,991	196,055
Due from unexpended plant	224,980	346,161
Total retirement of indebtedness	<u>403,971</u>	<u>639,130</u>
Investment in plant		
Land	10,656,462	10,531,462
Improvements other than buildings	55,123,672	53,221,888
Buildings	353,451,620	344,194,375
Movable equipment, furniture and library books	150,817,853	143,589,962
Construction in progress	28,156,149	4,276,513
Total investment in plant	<u>598,205,756</u>	<u>555,814,200</u>
Total plant funds	<u>634,437,620</u>	<u>607,117,449</u>
Agency funds		
Cash	218,271	312,916
Investments, at fair value	1,034,646	942,267
Due from educational and general	90,787	0
Total agency funds	<u>\$ 1,343,704</u>	<u>\$ 1,255,183</u>

See accompanying notes to financial statements.

Liabilities and Fund Balances, Continued

	<u>2000</u>	<u>1999</u>
Retirement of indebtedness		
Accrued liabilities	\$ 0	\$ 450,361
Fund balances (Exhibit B)		
Restricted	403,971	188,769
Total retirement of indebtedness	<u>403,971</u>	<u>639,130</u>
Investment in plant		
Bonds payable (Note 2)	77,185,000	79,370,000
Notes payable (Note 2)	6,800,000	0
Capital lease payable (Note 3)	118,403	326,363
Net investment in plant (Exhibit B)	514,102,353	476,117,837
Total investment in plant	<u>598,205,756</u>	<u>555,814,200</u>
Total plant funds	<u>634,437,620</u>	<u>607,117,449</u>
Agency funds		
Deposits held in custody for others	937,721	885,549
Due to educational and general	0	17,369
Due to auxiliary enterprises	8,042	4,201
Due to loan funds	397,941	348,064
Total agency funds	<u>\$ 1,343,704</u>	<u>\$ 1,255,183</u>

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OHIO UNIVERSITY

Statement of Changes in Fund Balances

Year Ended June 30, 2000

	Current Funds						
	Unrestricted			Restricted			
	Educational and General	Auxiliary Enterprises	Total Unrestricted	Educational and General	Auxiliary Enterprises	Total Restricted	
Revenues and other additions							
Unrestricted current fund revenues	\$ 301,924,645	\$ 50,490,663	\$ 352,415,308	\$ 0	\$ 0	\$ 0	\$
State appropriations - restricted	0	0	0	5,243,144	0	5,243,144	
Federal grants and contracts - restricted	0	0	0	32,003,835	38,883	32,042,718	
State grants and contracts - restricted	0	0	0	11,285,076	0	11,285,076	
Local grants and contracts - restricted	0	0	0	730,296	0	730,296	
Private gifts, grants, and contracts - restricted	0	0	0	11,090,587	96,430	11,187,017	
Investment income:							
Endowment income - restricted	0	0	0	905,761	0	905,761	
Change in fair value of investments	0	0	0	0	0	0	
Other temporary investment income	0	0	0	0	0	0	
Interest on notes receivable	0	0	0	0	0	0	
Expended for plant facilities (includes \$9,052,531 charged to current fund expenditures)	0	0	0	0	0	0	
Retirement of indebtedness - bonds and notes	0	0	0	0	0	0	
Retirement of indebtedness - capital lease	0	0	0	0	0	0	
Land lease income	0	0	0	0	0	0	
Proceeds from notes issuance	0	0	0	0	0	0	
Interest on bonds during paid during construction	0	0	0	0	0	0	
Other	0	0	0	0	0	0	
Total revenues and other additions	<u>301,924,645</u>	<u>50,490,663</u>	<u>352,415,308</u>	<u>61,258,699</u>	<u>135,313</u>	<u>61,394,012</u>	
Expenditures and other deductions							
Educational and general expenditures	282,877,915	0	282,877,915	55,882,143	0	55,882,143	
Auxiliary enterprises expenditures	0	59,414,564	59,414,564	0	135,313	135,313	
Indirect costs recovered	0	0	0	4,387,139	0	4,387,139	
Refunded to grantor	0	0	0	261,320	0	261,320	
Loan cancellations and write-offs	0	0	0	0	0	0	
Administrative and collection costs	0	0	0	0	0	0	
Expended for plant facilities (includes noncapitalized expenditures of \$8,372,991)	0	0	0	0	0	0	
Retirement of indebtedness - bonds and notes	0	0	0	0	0	0	
Retirement of indebtedness - capital lease	0	0	0	0	0	0	
Interest on indebtedness - bonds and notes	0	0	0	0	0	0	
Interest on indebtedness - capital lease	0	0	0	0	0	0	
Issuance of notes	0	0	0	0	0	0	
Disposal and write-offs of plant facilities	0	0	0	0	0	0	
Total expenditures and other deductions	<u>282,877,915</u>	<u>59,414,564</u>	<u>342,292,479</u>	<u>60,530,602</u>	<u>135,313</u>	<u>60,665,915</u>	
Transfers among funds - additions (deductions)							
Mandatory							
Principal and interest - bonds	(12,091)	(4,389,093)	(4,401,184)	0	0	0	
Principal and interest - capital lease	(219,273)	0	(219,273)	0	0	0	
Loan funds	(57,212)	0	(57,212)	0	0	0	
Nonmandatory							
Current allocated fund balance - net	(2,543,850)	(343,556)	(2,887,406)	0	0	0	
Current restricted funds	167,063	0	167,063	(167,063)	0	(167,063)	
Endowment unexpended income	0	0	0	589,139	0	589,139	
Support to auxiliary enterprises	(13,725,186)	13,725,186	0	0	0	0	
Renewals and replacements	(5,000)	255,223	250,223	0	0	0	
Unexpended plant funds	(3,415,447)	(799,838)	(4,215,285)	0	0	0	
Quasi-endowment	764,266	0	764,266	0	0	0	
Total transfers	<u>(19,046,730)</u>	<u>8,447,922</u>	<u>(10,598,808)</u>	<u>422,076</u>	<u>0</u>	<u>422,076</u>	
Net increase (decrease) for the year	0	(475,979)	(475,979)	1,150,173	0	1,150,173	
Fund balance at beginning of year	200,000	1,660,930	1,860,930	11,599,124	0	11,599,124	
Fund balance at end of year	\$ <u>200,000</u>	(a)\$ <u>1,184,951</u>	(a)\$ <u>1,384,951</u>	\$ <u>12,749,297</u>	\$ <u>0</u>	\$ <u>12,749,297</u>	\$

(a) Unallocated fund balance.

See accompanying notes to financial statements.

Exhibit B

Total Current Funds	Plant Funds					
	Loan Funds	Endowment Funds	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant
352,415,308	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
5,243,144	0	0	15,649,128	0	0	0
32,042,718	311,090	0	211,414	0	0	0
11,285,076	0	0	2,205,920	0	0	0
730,296	0	0	0	0	0	0
11,187,017	0	8,441	836,621	0	0	165,465
905,761	36,853	0	0	0	0	0
0	0	2,392,214	2,100	0	0	0
0	24,486	0	2,350,998	267,357	163,042	0
0	178,714	0	0	0	0	0
0	0	0	0	0	0	45,677,049
0	0	0	0	0	0	4,185,000
0	0	0	0	0	0	207,958
0	0	0	527,835	0	0	0
0	0	0	8,800,000	0	0	0
0	0	0	0	0	0	2,143,485
0	29,606	0	0	0	0	0
413,809,320	580,749	2,400,655	30,584,016	267,357	163,042	52,378,957
338,760,058	0	0	0	0	0	0
59,549,877	0	0	0	0	0	0
4,387,139	0	0	0	0	0	0
261,320	0	69,391	0	0	0	0
0	31,233	0	0	0	0	0
0	752	0	0	0	0	0
0	0	0	44,997,510	0	0	0
0	0	0	0	0	4,185,000	0
0	0	0	0	0	207,958	0
0	0	0	0	0	3,734,903	0
0	0	0	0	0	11,314	0
0	0	0	0	0	0	8,800,000
0	0	0	0	0	0	5,594,441
402,958,394	31,985	69,391	44,997,510	0	8,139,175	14,394,441
(4,401,184)	0	0	(3,570,879)	0	7,972,063	0
(219,273)	0	0	0	0	219,272	0
(57,212)	57,212	0	0	0	0	0
(2,887,406)	0	0	0	0	0	0
0	0	0	0	0	0	0
589,139	0	(589,139)	0	0	0	0
0	0	0	0	0	0	0
250,223	0	0	0	(250,223)	0	0
(4,215,285)	0	0	4,215,285	0	0	0
764,266	0	(764,266)	0	0	0	0
(10,176,732)	57,212	(1,353,405)	644,406	(250,223)	8,191,335	0
674,194	605,976	977,859	(13,769,088)	17,134	215,202	37,984,516
13,460,054	10,241,764	48,931,902	44,349,412	4,281,169	188,769	476,117,837
14,134,248	\$ 10,847,740	\$ 49,909,761	\$ 30,580,324	\$ 4,298,303	\$ 403,971	\$ 514,102,353

OHIO UNIVERSITY

Statement of Current Funds Revenues, Expenditures and Other Changes

Year Ended June 30, 2000 With Comparative Totals For The Year Ended June 30, 1999

	Unrestricted		
	Educational and General	Auxiliary Enterprises	Total Unrestricted
Revenues			
Tuition, fees and other student charges	\$ 144,942,606	\$ 0	\$ 144,942,606
State appropriations	137,546,661	0	137,546,661
Federal grants and contracts	3,668,357	0	3,668,357
State grants and contracts	216,571	0	216,571
Local grants and contracts	0	0	0
Private gifts, grants and contracts	626,214	0	626,214
Endowment income	318,454	0	318,454
Sales and services of educational activities	5,738,653	49,473,766	55,212,419
Investment income:			
Change in fair value of investments	38,291	0	38,291
Other temporary investment income	3,579,874	340,960	3,920,834
Other sources	5,248,964	675,937	5,924,901
Total revenues	<u>301,924,645</u>	<u>50,490,663</u>	<u>352,415,308</u>
Expenditures and mandatory transfers			
Educational and general			
Instruction and departmental research	143,883,037	0	143,883,037
Separately budgeted research	5,422,893	0	5,422,893
Public service	3,794,287	0	3,794,287
Academic support	35,487,673	0	35,487,673
Student services	17,864,938	0	17,864,938
Institutional support	37,646,184	0	37,646,184
Operation and maintenance of plant	28,638,399	0	28,638,399
Scholarships and fellowships	10,140,504	0	10,140,504
Total educational and general expenditures	<u>282,877,915</u>	<u>0</u>	<u>282,877,915</u>
Auxiliary enterprises	0	59,414,564	59,414,564
Mandatory transfers for			
Principal and interest - bonds	12,091	4,389,093	4,401,184
Principal and interest - capital lease	219,273	0	219,273
Loan funds	57,212	0	57,212
Total expenditures and mandatory transfers	<u>283,166,491</u>	<u>63,803,657</u>	<u>346,970,148</u>
Nonmandatory transfers and additions (deductions)			
Nonmandatory transfers for			
Current allocated fund balance - net	(2,543,850)	(343,556)	(2,887,406)
Support to auxiliary enterprises	(13,725,186)	13,725,186	0
Current restricted funds	167,063	0	167,063
Endowment unexpended income	0	0	0
Renewals and replacements	(5,000)	255,223	250,223
Unexpended plant funds	(3,415,447)	(799,838)	(4,215,285)
Retirement of indebtedness	0	0	0
Quasi-endowment	764,266	0	764,266
Indirect costs recovered	0	0	0
Refunded to grantor	0	0	0
Excess of restricted receipts over transfers to revenue	0	0	0
Net increase in fund balances	<u>\$ 0</u>	<u>(a)\$ (475,979)</u>	<u>(a)\$ (475,979)</u>

(a) Net increase in unallocated fund balance.

See accompanying notes to financial statements.

Restricted				
Educational and General	Auxiliary Enterprises	Total Restricted	Total 2000	Total 1999
\$ 0	\$ 0	\$ 0	\$ 144,942,606	\$ 136,752,334
4,411,348	0	4,411,348	141,958,009	133,764,532
28,468,597	38,883	28,507,480	32,175,837	31,906,795
10,860,917	0	10,860,917	11,077,488	6,816,366
629,090	0	629,090	629,090	586,044
10,726,374	96,430	10,822,804	11,449,018	12,169,984
356,974	0	356,974	675,428	911,999
0	0	0	55,212,419	51,354,747
0	0	0	38,291	(543,548)
0	0	0	3,920,834	3,834,837
0	0	0	5,924,901	6,600,747
<u>55,453,300</u>	<u>135,313</u>	<u>55,588,613</u>	<u>408,003,921</u>	<u>384,154,837</u>
11,118,133	0	11,118,133	155,001,170	148,591,190
14,620,328	0	14,620,328	20,043,221	19,407,004
7,340,832	0	7,340,832	11,135,119	9,824,040
4,315,918	0	4,315,918	39,803,591	37,208,350
596,024	0	596,024	18,460,962	17,334,372
1,380,844	0	1,380,844	39,027,028	33,243,609
0	0	0	28,638,399	27,170,615
16,510,064	0	16,510,064	26,650,568	25,798,938
<u>55,882,143</u>	<u>0</u>	<u>55,882,143</u>	<u>338,760,058</u>	<u>318,578,118</u>
0	135,313	135,313	59,549,877	52,213,219
0	0	0	4,401,184	4,321,383
0	0	0	219,273	478,760
0	0	0	57,212	51,408
<u>55,882,143</u>	<u>135,313</u>	<u>56,017,456</u>	<u>402,987,604</u>	<u>375,642,888</u>
0	0	0	(2,887,406)	10,718,111
0	0	0	0	0
(167,063)	0	(167,063)	0	0
589,139	0	589,139	589,139	558,716
0	0	0	250,223	(1,011,694)
0	0	0	(4,215,285)	(6,740,588)
0	0	0	0	0
0	0	0	764,266	(10,814,027)
(4,387,139)	0	(4,387,139)	(4,387,139)	(3,922,906)
(261,320)	0	(261,320)	(261,320)	(250,300)
5,805,399	0	5,805,399	5,805,399	4,360,286
<u>\$ 1,150,173</u>	<u>\$ 0</u>	<u>\$ 1,150,173</u>	<u>\$ 674,194</u>	<u>\$ 1,409,547</u>

OHIO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

(1) Summary of Significant Accounting Principles

Reporting Entity

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all the organizations, activities, functions and component units for which Ohio University (University) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the 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 University is a public institution established by the State of Ohio in 1804 under Chapter 3337 of the Ohio Revised Code. As such it is a component unit of the State of Ohio.

The Ohio University Foundation (Foundation) is a legally separate nonprofit organization, exempt from federal income tax, formed for the purpose of promoting educational and research activities for the benefit of the University. The Foundation maintains a self-appointing board of trustees. The Foundation's financial activity is not included in the University's financial statements. Amounts received by the University from the Foundation are included in private gifts, grants and contracts in the accompanying financial statements. Capital equipment assets received by the Foundation are recorded directly in the University's records.

The Ohio University Osteopathic Medical Center, Inc. (MCI) is a legally separate for profit organization, formed for the purpose of organizing licensed physicians and surgeons, who are faculty of Ohio University College of Osteopathic Medicine (the College) into a multi-specialty faculty group practice. MCI and the College are bound by a clinical practice agreement in which MCI pays the College a negotiated annual payment. MCI's financial activity is not included in the University's financial statements. In the opinion of the University's management, the University is not legally liable for any obligations of MCI. However, the University may be required to indemnify a physician who would be found negligent under the state's indemnification laws for public employees, if claims are in excess of insurance available, and/or MCI was not able to indemnify the physician.

(1) Summary of Significant Accounting Principles, Continued

Fund Accounting

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

Basis of Accounting

The financial statements of the University have been prepared on the accrual basis except for depreciation accounting. 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 expenditures.

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 provisions for debt amortization and interest; and (3) transfers of a nonmandatory nature for all other cases.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds. Externally restricted funds may be utilized only in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds, over which the Board of Trustees retains full control to use in achieving any of its institutional purposes. Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and that only the income be utilized.

Generally, all unrestricted revenues are accounted for in the current unrestricted funds. Restricted gifts, grants, appropriations, endowment income and other restricted resources are accounted for in the appropriate restricted funds. Current restricted funds are reported as revenues and expenditures when expended for current operating purposes.

OHIO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2000

(1) Summary of Significant Accounting Principles, Continued

Use of Estimates

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

Investments

Investments are recorded at fair value at the date of acquisition or donation. All gains and losses from the sale or other disposition of investments and other non-cash assets, and the change in fair value of investments held are accounted for in the fund owning the related assets from which the income was generated, except for income derived from investments of Endowment funds, which is accounted for in the fund to which it is restricted.

Inventories

Inventories are stated at lower of weighted average cost or net realizable value.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. When plant assets are sold or otherwise disposed of, the carrying value of such assets is removed from the accounts and the investment in plant is reduced accordingly. Depreciation on plant and equipment is not recorded.

Income Taxes

The University is an organization described in Section 115 of the Internal Revenue Code of 1986 (the Code), and has further been classified as an organization which is not a private foundation in accordance with Sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code. However, certain revenues are considered unrelated business income and are taxable under Internal Revenue Code Sections 511 through 513.

Accounting Pronouncements

Effective July 1, 2000, the University will adopt GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. In general,

Accounting Pronouncements, Continued

GASB No. 33 establishes accounting and financial reporting standards for non-exchange transactions involving financial or capital resources.

Effective July 1, 2001, the University will adopt GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. In general, GASB No. 35 establishes a new financial reporting model for public colleges and universities.

The provisions of these Statements, which are effective for fiscal years beginning after June 15, 2000 and 2001, respectively, will be reflected in the University’s financial reports for the years ended June 30, 2001 and June 30, 2002. University management has not yet determined the impact that implementation of GASB Nos. 33 and 35 will have on the University’s financial statements.

(2) Bonds, Notes, and Loans Payable

During the year ended June 30, 2000, the University issued a series of General Receipts Bond Anticipation Notes totaling \$8,000,000, the proceeds of which are being used to finance replacement of major administrative systems, including human resources, payroll and financial systems, and to purchase an enterprise imaging system. Notes outstanding of \$6,800,000 at June 30, 2000, of which \$5,000,000 mature on January 25, 2001, and \$1,800,000 mature on March 29, 2001, bear interest rates of 4.75%.

On April 7, 1999, the University issued \$32,520,000 in General Receipts Bonds, Series 1999 in order to pay construction costs on various building projects.

On January 13, 1994, the University issued \$55,450,000 in General Receipts Bonds, Series 1993, in order to advance refund the Series 1972, Series 1977, Series 1978 General Receipts Bonds. The remaining proceeds from this issue were used for the payment of construction costs on the Student Recreation Center.

The 1999 and 1993 issues are bound by the provisions of the 1972 Trust Agreement, and its supplements, as described below. Provisions of the 1972 Trust Agreement, and its supplements, relating to the General Receipts Bonds, include the pledge to such bonds, on a gross pledge and first lien basis, of the “General Receipts” of the University which include the full amount of every type and character of campus receipts, except for State appropriations and those receipts previously pledged or otherwise restricted. The University has complied with all covenants of the Trust Agreement and its supplements.

OHIO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2000

(2) Bonds and Loans Payable, Continued

Details of the series are as follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Maturity Fiscal Year</u>	<u>Initial Issue Amount</u>	<u>Outstanding at June 30, 2000</u>
1993	4.10 % - 5.00%	2000-2019	\$55,450,000	\$44,665,000
1999	3.40 % - 5.25%	2001-2025	32,520,000	32,520,000

Principal and interest payment requirements for the bonded debt for the years subsequent to June 30, 2000 are summarized as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 3,015,000	\$ 3,633,711	\$ 6,648,711
2002	3,150,000	3,510,091	6,660,091
2003	3,275,000	3,376,222	6,651,222
2004	3,415,000	3,232,633	6,647,633
2005	3,570,000	3,079,392	6,649,392
Thereafter	<u>60,760,000</u>	<u>25,135,455</u>	<u>85,895,455</u>
	<u>\$77,185,000</u>	<u>\$41,967,504</u>	<u>\$119,152,504</u>

Bonds payable does not include \$1,075,000 of outstanding Ohio University Housing and Dining Revenue Bonds, Series G that were fully defeased on December 3, 1974 and \$1,710,000 of outstanding Ohio University General Receipts Bonds, Special Obligation Series 1987, that were fully defeased when they were issued. U. S. Treasury obligations in an amount sufficient to pay at maturity the principal of and interest on these defeased obligations are on deposit with Bank One of Columbus, Columbus, Ohio.

The amount reported as Loan from the State of Ohio represents the balance of an interest-free Research Facility Investment Loan from the Ohio Board of Regents which was used to partially fund construction of the Biotechnology and Bioengineering Research Center and the Edwards Accelerator Laboratory.

(3) Leases

The University has \$118,403 in capital lease obligations that have varying maturity dates through 2002 and carry implicit interest rates ranging from 4.25 percent to 7.00 percent. Lease arrangements are being used to provide partial financing for certain machinery and equipment. The scheduled maturities of

(3) Leases, Continued

these leases as of June 30, 2000, are:

	<u>Minimum Lease Payments</u>
2001	105,224
2002	<u>17,559</u>
Total minimum lease payments	122,783
Less amount representing interest	<u>4,380</u>
Net minimum capital lease payments	<u>\$118,403</u>

(4) Retirement Plans

All University employees are eligible to participate in contributory retirement plans administered by the Public Employees Retirement System of Ohio (PERS) and the State Teachers Retirement System of Ohio (STRS). Both PERS and STRS are cost-sharing, multiple-employer defined benefit pension plans. The payroll for employees covered by PERS and STRS for the year ended June 30, 2000 was \$84,752,967 and \$71,396,839 respectively; the University's total payroll was \$206,568,659.

PERS and STRS provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

Both PERS and STRS issue a stand-alone financial report. Interested parties may obtain a copy of PERS by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, and of STRS by making a written request to 275 East Broad Street, Columbus, Ohio 43215-3771.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for PERS, 9.0% for law enforcement employees, and 9.3% for STRS. The 1999 employer contribution rate for state employers was 13.31% of covered payroll for PERS, 16.7% of covered payroll for law enforcement, and 14.0% of covered payroll for STRS.

Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records.

The University's contributions each year are equal to its required contributions.

OHIO UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 JUNE 30, 2000

(4) Retirement Plans, Continued

University contributions for the current and two preceding years are summarized as follows:

	Employer Contribution	
	STRS	PERS
2000	9,995,557	11,313,823
1999	10,093,932	10,776,110
1998	11,536,499	11,034,647

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.02) became effective March 31, 1998, authorizing an alternative retirement system for academic and administrative university employees of public institutions of higher education, who are currently covered by the State Teachers Retirement System or Public Employees Retirement System. The Ohio University Board of Trustees adopted such a plan effective April 18, 1998. This plan is a defined contribution plan under IRS Section 401(a).

Eligible employees (those who are full-time and salaried) have ninety days from their date of hire to make an irrevocable election to participate in the alternative retirement plan. Under this plan, employees who would have otherwise been required to be in STRS or PERS and who elect to participate in the alternative retirement plan must contribute the employee's share of retirement contributions (9.3% STRS or 8.5% PERS) to one of eight private providers approved by the State Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount was 0% for PERS and 5.76% for STRS for the year ended June 30, 2000. The employer also contributes what would have been the employer's share of the appropriate retirement system, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting. The payroll for employees covered by the alternative retirement system for the years ended June 30, 2000 and June 30, 1999 was \$27,911,659 and \$19,230,720 respectively. The number of employees participating in the alternative retirement system for the years ended June 30, 2000 and June 30, 1999 was 679 and 526, respectively.

(5) Other Postemployment Benefits

In addition to the pension benefits described in Note 4, Ohio Law provides that the University fund postretirement health care benefits through employer contributions to the Public Employees Retirement System (PERS) of Ohio and the State Teachers Retirement System (STRS) of Ohio.

(5) Other Postemployment Benefits, Continued

The Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for state employers was 13.31% of covered payroll; 4.2% was the portion that was used to fund health care for the year 1999. The law enforcement employer rate for 1999 was 16.70% and 4.2% was used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

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

Expenditures for OPEB during 1999 were \$524 million. As of December 31, 1999, the estimated net assets available for future OPEB payments were \$9.9 billion. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. The University's actual contribution to fund postemployment benefits for 2000 was \$3,559,625. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

The State Teachers Retirement System provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

OHIO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2000

(5) Other Postemployment Benefits, Continued

The ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The board allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. The University's actual contributions to fund postemployment benefits amounted to \$5,711,747 during the 2000 fiscal year. The balance in the Health Care Reserve Fund was \$2,783 million at June 30, 1999. For the year ended June 30, 1999, the net health care costs paid by STRS were \$250 million. There were 95,796 eligible benefit recipients.

(6) Risk Management

The University provides medical and dental coverage for its employees on a self-insurance basis. Expenses for claims are recorded on an accrual basis based on the date claims are incurred. The University, applies GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and accounts for such activity in the Current Funds.

A summary of changes in self-insurance claims liability for the periods ending June 30, 2000, June 30, 1999, and June 30, 1998 follows:

	Years Ended		
	<u>6/30/00</u>	<u>6/30/99</u>	<u>6/30/98</u>
Claims liability at beginning of period	\$ 3,909,000	\$ 3,909,000	\$ 3,483,000
Incurred claims, net of favorable settlements	21,709,000	17,527,000	16,608,000
Claims paid	<u>(20,459,000)</u>	<u>(17,527,000)</u>	<u>16,182,000</u>
Claims liability at end of period	<u>\$ 5,159,000</u>	<u>\$ 3,909,000</u>	<u>\$ 3,909,000</u>

Claims are accrued based upon estimates of the claims liabilities made by management and the third party administrator of the University. These estimates are based on past experience and current claims outstanding. Actual claims experience may differ from the estimate. In addition, the University has the

(6) Risk Management, Continued

following commercial insurance policies.

<u>Type</u>	<u>Deductible</u>	<u>Coverage</u>
Property	\$ 100,000	\$1,112,000,000
Crime	25,000	2,500,000
General liability	250,000	1,000,000
Educators legal liability	100,000	5,000,000
Excess liability	0	95,000,000
Automobile	0	1,000,000
Aircraft and airport liability	50,000	5,000,000 to 50,000,000
Medical malpractice	250,000	5,000,000 each physician

The University participates in the Ohio Worker's Compensation Program.

(7) Grants and Contracts

The University received grants and contracts from certain Federal and State agencies to fund research and other activities. The costs, both direct and indirect which have been charged to the grant or contract, are subject to examination and approval by the granting agency.

It is the opinion of the University administration that any disallowance or adjustment of such costs would not have a material effect on the accompanying financial statements.

(8) Commitments

At June 30, 2000 the University is committed to future capital expenditures as follows:

Contractual commitments –	
To be paid by Ohio University	\$11,967,000
To be paid by the Auditor of State of Ohio	23,075,000
Estimated cost of projects not yet committed	<u>48,804,000</u>
	<u>\$83,846,000</u>

These projects will be funded by:

State appropriations	\$51,359,000
Local operating funds	27,382,000
Gifts, federal grants, etc.	<u>5,105,000</u>
	<u>\$83,846,000</u>

OHIO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2000

(9) Related Party Transactions

Summary financial information (000's) of the Foundation at June 30, 2000 is as follows:

<u>Class</u>	<u>UNAUDITED</u>			Revenues and Other	
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Asset</u>	<u>Support</u>	<u>Expenses</u>
Unrestricted	\$ 18,831	\$ 246	\$ 18,585	\$17,636	\$16,394
Temporarily Restricted	112,596	978	111,618	13,164	
0 Permanently Restricted	81,259	2,941	78,318	5,072	
5					
Agency	270	270	0	0	0
Enterprise	7,043	2,215	4,828	4,263	3,963
Eliminations	<u>(4,828)</u>	<u>0</u>	<u>(4,828)</u>	<u>(500)</u>	<u>(200)</u>
Combining Total	<u>\$215,171</u>	<u>\$6,650</u>	<u>\$208,521</u>	<u>\$39,635</u>	<u>\$20,162</u>

At June 30, 2000, the Foundation's endowment investments had a cost basis of \$153,907,121 and a fair value of \$169,487,994.

(10) State Support

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

In addition to the student subsidies, the State of Ohio provides funding for construction of major academic plant facilities, except for Auxiliary Enterprises. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC).

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 General Assembly to the Board of Regents for payment of debt service are not reflected as appropriation revenue received by the University and the related debt service payments are not recorded in the University's accounts.

(11) Contingencies

The University is a defendant in various lawsuits. In the opinion of management and in-house counsel, the effects, if any, of such lawsuits are not expected to be material to the University's financial position.

(12) Deposits with Financial Institutions and Investments

The University makes investments in accordance with the Board of Trustees' policy which conforms with the authority granted in the Ohio Revised Code. The purchase of specific investment instruments is at the discretion of the University Treasurer within these policy guidelines.

Deposits: At year-end, the carrying amount of Ohio University's deposits, excluding cash on hand of \$82,656, was \$9,158,183 and the bank balance was \$20,428,914. Of the bank balance:

1. \$607,855 was covered by federal depository insurance or by collateral held by a qualified third party trustee in the name of Ohio University.
2. \$19,821,059 was covered by collateral held by third party trustees pursuant to Section 135.181 of the Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

Investments: Ohio University's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or securities held by Ohio University or its agent in Ohio University's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty or its trust department in Ohio University's name. Category 3 includes investments that are uninsured and unregistered with securities held by the counterparty or its trust department but not in Ohio University's name. All long-term investments, except for certain fixed income holdings reported in Category 2 are deposited in mutual funds with various managers. The investments are registered in each manager's name and Ohio University's ownership is recorded in the managers' internal records. The investments in mutual funds and Star Ohio are not required to be categorized due to their nature.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities 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

OHIO UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 JUNE 30, 2000

(12) Deposits with Financial Institutions and Investments, Continued

is the price the investment could be sold for on June 30, 2000.

	<u>Fair Value</u>
Category 2:	
U. S. Treasury Obligations	\$ 10,386,531
U. S. Agency Obligations	22,278,091
U. S. Corporate Obligations	36,505,753
Category 3:	
Money Market Funds	7,662,031
Mutual Funds	52,220,436
State Treasury Asset Reserve	11,445,965
Total	<u>\$140,498,807</u>

(13) State Funded Capital Expenditures

The Uniform Manual of Accounts and Financial Reports for State-Assisted Colleges and Universities-State of Ohio dictates that revenue and expenditures for The Ohio Public Facilities Commission funded projects are to be reported in the unexpended plant fund subgroup only after State warrants have been issued by the Auditor of the State of Ohio for payment to the various contractors and suppliers. A corresponding entry is then required to be made to the assets, Buildings and Construction in Progress, and to fund additions in the Investment in Plant Fund subgroup. Expenditures as of June 30, 2000 for which state warrants had not been issued totaled \$2,073,250.

(14) Compensated Absences

Salaried faculty and staff earn vacation per University policy at the rate of 22 days per year with a maximum accrual of 32 days and upon termination are entitled to a payout of their accumulated balance. Hourly classified employees earn vacation at rates per years of service ranging from 10 to 25 days per year with a maximum accrual equal to the amount earned in three years, which is subject to payout upon termination. The liability for accrued vacation at June 30, 2000 amounted to \$7,418,000.

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro-rata monthly basis for salaried employees and on a pro-rata hourly basis for classified hourly employees). Salaried employees with more than 10 years of service are eligible to receive a payout upon retirement of up to 25% of unused days (maximum of 30 days). Hourly classified employees with more than 10 years of service are eligible for payout upon retirement of up to 50% of unused days (maximum of 60 days). The liability for accrued sick leave at June 30, 2000 amounted to \$4,338,000.

(15) Reclassifications

Certain reclassifications of prior year comparative amounts have been made to conform to the 2000 presentation.

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OHIO UNIVERSITY

(a component unit of the State of Ohio)

Reports Issued Pursuant to the OMB Circular A-133

For the Year ended June 30, 2000

(With Independent Auditors' Report Thereon)

OHIO UNIVERSITY

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

The President and The Board of Trustees of
Ohio University

and

The Honorable Jim Petro
Auditor of State

We have audited the financial statements of Ohio University (the University), a component unit of the State of Ohio, as of and for the year ended June 30, 2000, and have issued our report thereon dated October 10, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the University in a separate letter dated October 10, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other

matters involving the internal control over financial reporting that we have reported to management of the University in a separate letter dated October 10, 2000.

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

KPMG LLP

October 10, 2000



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**Report on Compliance With Requirements Applicable to
Each Major Program, Internal Control Over Compliance in Accordance
With OMB Circular A-133, and Schedule of Expenditures of Federal Awards**

The President and The Board of Trustees of
Ohio University

and

The Honorable Jim Petro
Auditor of State

Compliance

We have audited the compliance of Ohio University (the University), a component unit of the State of Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000, except those requirements discussed in the third following paragraph. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 00-1.

We did not audit the University's compliance with requirements governing student loan repayments. Those requirements govern functions that are performed by EFG Technologies, Inc. Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements.

EFG Technologies, Inc.'s compliance with the requirements governing the functions that it performs for the University was examined by other accountants whose report has been furnished to us. The report of the other accountants indicates that compliance with those requirements was examined in accordance with the Department of Education's Audit Guide, *Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institutions Servicers*. Based on our review of the service organization accountants' report, we have determined that all of the compliance requirements included in the *Compliance Supplement* that are applicable to the major programs in which the University participates are addressed in either our report or the report of the service organization accountants. Further, based on our review of the service organization accountants' report, we have determined that it does not contain any findings of noncompliance that would have a direct and material effect on the University's major programs.

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.

Requirements governing student loan repayments are performed by EFG Technologies, Inc. Internal control over compliance relating to such functions was reported on by other accountants in accordance with the Department of Education's Audit Guide, *Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institutions Servicers*. A copy of the service organization accountants' report has been furnished to us. However, the scope of our work did not extend to internal control maintained at EFG Technologies, Inc.

We noted one item involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the University's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 00-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition referred to above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the University as of and for the year ended June 30, 2000, and have issued our report thereon dated October 10, 2000. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

KPMG LLP

October 10, 2000

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
STUDENT AID CLUSTER:				
U.S. DEPARTMENT OF EDUCATION				
Supplemental Educational Opportunity Grants	84.007	E-P007A973342	7/1/99 - 6/30/00	\$ 907,055
College Work-Study Program (JLD)	84.033	E-P033A973342	7/1/99 - 6/30/00	37,873
College Work-Study Program	84.033	E-P033A973342	7/1/99 - 6/30/00	866,851
Perkins (Capital Contribution)	84.038	E-P038A973342	7/1/99 - 6/30/00	135,878
Federal Direct Student Loan	84.268		7/1/99 - 6/30/00	69,549,355
Pell Grant Program	84.063	E-P063P975170	7/1/99 - 6/30/00	10,176,074
Total U.S. Department of Education				\$ 81,673,086
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Primary Care Loans	93.342	N/A	7/1/99 - 6/30/00	\$ 211,056
TOTAL STUDENT AID				\$ 81,884,142
RESEARCH & DEVELOPMENT CLUSTER:				
AIR FORCE OFFICE OF SCIENTIFIC RESEARCH				
GPS Range Safety Tech System	12.	F29601-99-C-0176	10/01/99 - 01/15/01	\$ 65,125
Total Air Force Office of Scientific Research				\$ 65,125
DEPARTMENT OF THE ARMY				
U.S. Army Aberdeen - Signal Processing Methods	12.	DAAD05-97-P-2776	06/04/99 - 01/30/00	\$ 93,460
U.S. Army Corp of Engineers - Flood Analysis - Scioto River	12.	DACW69-99-P-0313	05/10/99 - 09/24/99	18,067
U.S. Army Medical Research Acquisition Activity	12.	DAMD17-95-1-5053	09/01/95 - 03/31/99	236,903
Dietary Energy Requirements in Physically Active Men & Women				\$ 348,430
Total Department of the Army				\$ 348,430

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
DEPARTMENT OF TRANSPORTATION				
Federal Aviation Administration	20.108	95-G-014	06/06/95 - 06/03/99	\$ 78,484
Aviation Research Grants	20.108	98-G-002	11/05/97 - 11/03/99	1,158,429
Aviation Research Grants				
Navigational Systems Performance Analysis	20.	DTFA02-D-97036	08/30/99 - 08/04/00	16,499
Navigational Systems Performance Analysis	20.	DTFA-02-D-97036	06/01/00 - 08/04/00	12,362
Navigational Systems Performance Analysis	20.	DTFA-02-D-97036	06/01/00 - 08/04/00	14,276
Navigation and Landing Aids Branch	20.	DTFA01-95-C-00046	09/25/95 - 09/30/00	601,662
Navigation and Landing Aids Branch	20.	DTFA01-95-C-00046	03/08/99 - 05/04/99	2,563
Navigation and Landing Aids Branch	20.	DTFA01-96-C-00019	09/23/96 - 05/20/01	217,837
Navigation and Landing Aids Branch	20.	DTFA01-96-C-00019	09/23/96 - 05/20/01	30,205
Navigation and Landing Aids Branch	20.	DTFA01-96-C-00019	07/16/96 - 05/20/01	6,405
Navigation and Landing Aids Branch	20.	DTFA01-96-C-00019	07/16/96 - 05/20/01	81,427
Navigation and Landing Aids Branch	20.	DTFA01-96-C-00019	07/16/96 - 05/20/01	442
Navigation and Landing Aids Branch	20.	DTFA01-96-C-00019	07/16/96 - 05/20/01	59
Navigation and Landing Aids Branch	20.	DTFA01-96-C-00019	07/16/96 - 05/20/01	61,633
Navigation and Landing Aids Branch	20.	DTFA01-96-C-00019	07/16/96 - 05/20/01	7,946
Navigation and Landing Aids Branch	20.	DTFA01-96-C-00019	07/16/96 - 05/20/01	32,888
Navigation and Landing Aids Branch	20.	DTFA01-96-C-00019	02/25/98 - 05/20/01	79,620
Navigation and Landing Aids Branch	20.	DTFA01-97-C-00078	10/02/97 - 09/30/98	20,461
Navigation and Landing Aids Branch	20.	DTFA01-97-C-00078	05/07/98 - 09/30/98	48,402
Navigation and Landing Aids Branch	20.	DTFA01-96-C-00019	05/20/96 - 05/19/01	172,538
Navigation and Landing Aids Branch	20.	DTFA01-97-C-00078	04/09/99 - 10/02/99	532,705
Navigation and Landing Aids Branch	20.	DTFA01-95-C-00046	05/20/99 - 06/05/00	60,536
Navigation and Landing Aids Branch	20.	DTFA-02-D-97036	09/21/98 - 08/04/99	25,820
Federal Highway Administration	20.	DTFH61-099-P-00335	09/21/99 - 03/13/00	97,862
Sub-total Direct Programs			\$	3,361,059

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
Pass-Through Programs from: Dallas-Fort Worth International Airport - Navigation & Landing Aids Branch	20.	DFW/ADD-98-8500139-	11/10/98 - 02/08/99 \$	(75)
Ohio Department of Transportation - Highway Planning & Construction	20.205	AC SPR-PL-1(30)	03/20/95 - 03/20/00	3,784
Ohio Department of Transportation - Highway Planning & Construction	20.205	AC SPR-PL-1(32)	03/31/97 - 09/30/99	39,302
Ohio Department of Transportation - Highway Planning & Construction	20.205	AC SPR-PL-1(32)	05/05/97 - 05/05/99	4,880
Ohio Department of Transportation - Highway Planning & Construction	20.205	AC SPR-PL-1(32)	06/20/97 - 12/20/99	138,881
Ohio Department of Transportation - Highway Planning & Construction	20.205	AC SPR-PL-1(33)	12/01/97 - 12/01/99	95,363
Ohio Department of Transportation - Highway Planning & Construction	20.205	8521	11/04/96 - 11/04/98	15,562
Ohio Department of Transportation - Highway Planning & Construction	20.205	8523	11/04/96 - 11/04/98	30,097
Ohio Department of Transportation - Highway Planning & Construction	20.205	8490	09/03/96 - 09/03/01	148,938
Ohio Department of Transportation - Highway Planning & Construction	20.205	8446	06/17/96 - 06/17/98	12,367
Ohio Department of Transportation - Highway Planning & Construction	20.205	8891	03/30/98 - 03/30/00	9,828
Ohio Department of Transportation - Highway Planning & Construction	20.205	8903	04/14/98 - 04/14/00	20,536
Ohio Department of Transportation - Highway Planning & Construction	20.205	8951	05/18/98 - 05/18/00	27,572
Ohio Department of Transportation - Highway Planning & Construction	20.205	AC SPR-PL-1(33)	03/30/98 - 03/30/00	46,823
Ohio Department of Transportation - Highway Planning & Construction	20.205	AC SPR-PL-1(33)	07/01/98 - 06/30/99	8,117
Ohio Department of Transportation - Highway Planning & Construction	20.205	AC SPR-2(34)	03/19/99 - 03/19/01	117,050
Ohio Department of Transportation - Highway Planning & Construction	20.205	AC SPR-2(34)	08/01/97 - 11/01/98	16,268
Pennsylvania Department of Transportation	20.	510991	10/21/99 - 09/20/00	50,000
Port of Seattle - Navigation & Landing Aids Branch	20.	P-V0303539	02/12/99 - 03/31/99	2,274
Trandes Corp.	20.	N00244-95-D-5001	03/15/00 - 05/15/00	13,000
Shutt Moen Association	20.		9/14/99 - 12/31/99	7,193
University of Cincinnati - Field Performance Evaluation	20.205	PC99B-02230	05/03/99 - 05/03/01	39,335
Subtotal Pass-Through Programs			\$	847,095
Total Department of Transportation			\$	4,208,154
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Ames Research Center				
Distributed & Cooperative Problem-Solving in the				
National Aviation System	43.	NCC-2-827	09/01/93 - 05/31/99 \$	35,576
Distributed & Cooperative Problem-Solving in the Nat'l Aviation System	43.	NCC2-1130	07/15/99 - 07/14/00	51,219
Weather-Related Pilot Decision-Making Context Categorization	43.	NCC-2-1030	02/01/98 - 12/31/98	23,516
				<u>110,311</u>
Glenn Research Center				
Weather Datalink Research	43.	NAG3-2385	03/01/00 - 09/30/00	45,848

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
Langley Research Center	43.	NAG-1-2036	03/01/98 - 02/28/99	\$ 209,862
ATC Controller Interface	43	NCC-1-351	08/01/99 - 12/31/02	186,835
NASA Synthetic Vision	43.	NAG-1-2299	05/16/00 - 12/15/00	3,274
Haptics - Augmented Science Ed.	43.	NAG-1-2099	09/01/98 - 09/30/99	18,508
Haptics-Augmented NASA				<u>418,579</u>
Lewis Research Center	43.	NCC3-680	03/01/99 - 12/31/99	56,791
High-Performance TCP/IP Application				<u>56,791</u>
Subtotal Direct Programs				<u>\$ 631,529</u>
Pass-Through Programs from:				
Space Telescope Science Institute - Chemical Evolution of OSOS	43.	AR07988.02-96A	05/01/98 - 04/30/01	8,891
Space Telescope Science Institute - IR Spectrograph/Lowest Luminos	43.	N/A	05/01/97 - 04/30/99	4,358
Space Telescope Science Institute - Revolving Starts - Seyfert 1	43.	GO-06464.03-95A	01/01/98 - 12/31/99	24
Space Telescope Science Institute - Nuclear Activity - Nearby Galaxies	43.	GO07361.03-96A	12/01/97 - 11/30/00	36,678
Subtotal Pass-through Programs				<u>\$ 49,851</u>
Total National Aeronautics and Space Administration				<u>\$ 681,480</u>
NATIONAL INSTITUTE OF HEALTH				
Nat'l Insstit. on Deafness & Oth. Communic. Disorders	93.173	2-R01DC00618-06A1	12/01/98 - 11/30/99	116,373
Nat' Insstit. on Deafness & Oth. Communic. Disorders	93.173	5-R01DC00618-06	12/01/97 - 11/30/98	5,551
Nat' Insstit. on Deafness & Oth. Communic. Disorders	93.173	5-R01DC00618-06	12/01/97 - 11/30/98	36,827
Nat' Insstit. on Deafness & Oth. Communic. Disorders	93.173	5-R01DC00618-07	12/01/98 - 11/30/99	32,566
Nat' Insstit. on Deafness & Oth. Communic. Disorders	93.173	5-R01DC00618-08	12/01/99 - 11/30/00	31,813
Nat' Insstit. on Deafness & Oth. Communic. Disorders	93.173	1-R03DC04129-01	05/01/99 - 04/30/00	44,202
Nat' Insstit. on Deafness & Oth. Communic. Disorders	93.173	1K08DC00153-02	09/01/99 - 08/31/00	54,867
Nat' Insstit. on Deafness & Oth. Communic. Disorders	93.173	1-K08DC00153-01A1	09/01/98 - 08/31/99	21,895
				<u>344,094</u>
Mental Health Clinical or Service Related Training Grants	93.242	5-R29MH51081-04	08/01/97 - 07/31/99	67
Mental Health Clinical or Service Related Training Grants	93.242	5-R29MH51081-05	08/01/98 - 07/31/00	39,709
Mental Health Clinical or Service Related Training Grants	93.242	5-R01MH57832-02	03/01/99 - 02/29/99	123,371
				<u>163,147</u>
	93.756	1R15A145520-01	09/01/99 - 08/31/01	2,392
				<u>2,392</u>

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
Risk for Hypertension	93.837	1R01HL64794-01	05/01/00 - 04/30/01	\$ 15,863
Behavioral Treatment of Fibromyalgia	93.846	7-R01AR44064-03	01/01/98 - 06/30/98	3,076
Behavioral Treatment of Fibromyalgia	93.846	5-R01AR44064-04	07/01/98 - 06/30/99	189,817
Cognitive Behavioral Treatment for Arthritis Pain	93.846	1-R01AR46305-01	09/06/99 - 06/30/00	21,957
Cognitive Behavioral Treatment for Arthritis Pain	93.846	7-R01AR42261-06	01/01/98 - 07/31/99	230,713
Clinical Research Related to Neurological Disorders	93.853	5R01NS32374-03	08/01/96 - 07/31/98	61,207
Clinical Research Related to Neurological Disorders	93.853	5R01NS32374-04	08/01/97 - 07/31/99	90,800
Clinical Research Related to Neurological Disorders	93.853	5R01NS32374-05	08/01/98 - 07/31/99	152,008
Nat'l Institute of Neurological Disorders & Stroke	93.854	1R01NS38526-01	04/01/99 - 03/31/01	162,322
Nat'l Institute of Neurological Disorders & Stroke	93.854	1-R15NS35344-01	05/01/96 - 04/30/99	1,286
				163,608
	93.856	1R15AI47165-01	06/01/00 - 05/30/02	9,500
	93.866	1R03AG17741-01	09/30/99 - 08/31/00	33,542
				43,042
Pharmacology, Physiology, and Biorelated Chemistry	93.859	7R15GM57640-02	01/01/00 - 04/30/01	8,139
Pharmacology, Physiology, and Biorelated Chemistry	93.859	5R01GM48858-07	09/01/98 - 08/31/99	100,521
				108,661
Vision Research	93.867	5-R01EY10677-03	07/01/96 - 06/30/99	17,315
Vision Research	93.867	5-R01EY10677-04	07/01/97 - 06/30/99	3,547
				20,863
Division of Medicine	93.896	5-D05PE80024-06	07/01/98 - 6/30/00	22,778
				22,778
Subtotal Direct Programs			\$	1,251,305

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
Pass-Through Programs From:				
Case Western University	93.969	5D31AH70041-06	09/01/99 - 08/31/00	\$ 34,560
Duke University Medical Center - Flouxetine in Behavior Therapy	93.242	2R10MH49339-05A1	12/01/98 - 08/31/99	20,705
Duke University Medical Center - Flouxetine in Behavior Therapy	93.242	5R10MH49339-04	01/01/98 - 8/31/98	14,865
Duke University Medical Center -	93.	303-609	10/01/99 - 06/30/00	40,356
University of Georgia - Preventing Sexual Assault	93.	RR274-160/7607034	09/30/98 - 09/29/99	120,492
University of North Carolina - Transgenic Mice	93.	5-R01NUJODDO430-02	01/01/98 - 11/30/99	4,291
University of Virginia - School of Medicin - Near-Infrared Chemical Sensors	93.	DK45126-06	08/10/98 - 06/30/99	42,760
University of Iowa -- Nat'l Institute of Diabetes & Digestive & Kidney Diseases	93.847	P11003	08/12/99 - 06/30/00	41,622
Subtotal Pass-Through Programs				<u>319,652</u>
Total National Institute of Health				\$ <u>1,570,957</u>
NATIONAL INSTITUTE OF STANDARDS				
Measurement & Engineering Research & Standards	11.609	70NANB8H0087	09/01/98 - 09/30/99	\$ 19,517
Subtotal Direct Programs				<u>19,517</u>
Pass-Through Programs from:				
OAI/NIST	11.612	70NANB9H3026	11/01/99 - 10/31/00	\$ 90,090
Subtotal Pass-Through Programs				<u>90,090</u>
Total National Institute of Standards				\$ <u>109,607</u>
NATIONAL OCEANIC & ATMOSPHERIC ADMINISTRATION				
SOS99-Nashville NM/HC Measurement	33.	40RANR901073	02/16/99 - 01/01/00	\$ 41,681
Subtotal Direct Programs				<u>41,681</u>
Pass-Through Programs From:				
University of Michigan - U.S. GLOBEC	33.	PO A22651	11/01/96 - 12/31/98	\$ 76,805
Subtotal - Pass-Through Programs				<u>76,805</u>
Total National Oceanic and Atmospheric Administration				\$ <u>118,486</u>

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
NATIONAL SCIENCE FOUNDATION				
Engineering Grants	47.041	EEC-9817958	03/15/99 - 02/29/00	\$ 43,791
				43,791
Mathematical & Physical Sciences	47.049	ATM-9905738	09/01/99 - 08/31/00	41,809
Mathematical & Physical Sciences	47.	ATM-0071376	07/01/00 - 06/30/01	690
Mathematical & Physical Sciences	47.	ANI9876396	07/01/99 - 06/30/00	234,800
Mathematical & Physical Sciences	47.049	DBI-9904799	10/01/99 - 09/30/00	23,477
Mathematical & Physical Sciences	47.049	DMR-9604921	07/15/97 - 06/30/99	76,947
Mathematical & Physical Sciences	47.049	DMR-9618789	04/01/97 - 03/31/99	44,789
Mathematical & Physical Sciences	47.049	DMR-9623246	06/15/96 - 03/31/99	6,711
Mathematical & Physical Sciences	47.049	DMR-9805848	07/15/98 - 06/30/99	38,228
Mathematical & Physical Sciences	47.049	DMR-9983816	06/01/00 - 05/31/01	730
Mathematical & Physical Sciences	47.049	DMR-9909059	07/01/99 - 12/31/99	1,594
Mathematical & Physical Sciences	47.049	AST-9703036	09/01/97 - 08/31/99	76,308
Mathematical & Physical Sciences	47.049	PHY-9722538	07/01/97 - 06/30/99	113,676
Mathematical & Physical Sciences	47.049	PHY-9722642	07/15/97 - 03/31/99	19,662
Mathematical & Physical Sciences	47.049	PHY-9722642	07/15/97 - 03/31/99	57,513
Mathematical & Physical Sciences	47.049	PHY-9722654	06/01/97 - 12/31/99	31,042
Mathematical & Physical Sciences	47.049	PHY-0072226	06/01/00 - 05/31/01	856
Mathematical & Physical Sciences	47.049	PHY-0074853	06/01/00 - 11/13/01	4,543
Mathematical & Physical Sciences	47.049	PHY-0072226	06/01/00 - 05/31/01	19,977
Mathematical & Physical Sciences	47.049	PHY-9722654	06/01/97 - 12/31/99	73,101
				<u>866,452</u>

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
Biological Sciences	47.074	DEB-9973958	08/01/99 - 07/31/02	\$ 42,685
Biological Sciences	47.074	DEB-9907373	09/15/99 - 08/31/00	33,372
Biological Sciences	47.074	IBN-9601174	08/01/96 - 07/31/99	34,147
Biological Sciences	47.074	IBN-9723768	08/15/97 - 07/31/00	24,026
Biological Sciences	47.074	IBN-9724123	08/01/98 - 07/31/99	44,505
Biological Sciences	47.074	IBN-9724123	07/09/98 - 07/31/99	14,040
Biological Sciences	47.074	IBN-9727757	04/01/98 - 03/31/99	(474)
Biological Sciences	47.074	IBN-9730882	03/15/98 - 02/28/01	6,869
Biological Sciences	47.074	IBN-9727757	04/01/98 - 03/31/00	3,862
Biological Sciences	47.074	IBN-9727757-002	04/01/99 - 03/31/00	92,872
Biological Sciences	47.074	IBN-9807907	08/01/98 - 07/31/00	39,875
Biological Sciences	47.074	IBN-9807907-001	08/01/98 - 07/31/99	3,438
Biological Sciences	47.074	IBN-9807925	09/15/98 - 08/31/99	24,188
Biological Sciences	47.074	IBN-9724123-003	08/01/99 - 07/31/00	63,499
Biological Sciences	47.074	IBN-9904633	06/01/00 - 05/31/01	103
Biological Sciences	47.074	IBN-9807907-002	08/01/99 - 7/31/00	60,739
Biological Sciences	47.074	IBN-9983561	06/01/00 - 05/31/01	182
Biological Sciences	47.074	MCB-9733210	04/15/98 - 03/31/99	6,744
Biological Sciences	47.074	MCB-9733210-001	04/01/99 - 03/31/00	80,461
Biological Sciences	47.074	MCB-9874744	07/01/99 - 06/31/01	68,610
Biological Sciences	47.074	MCB-9733210-002	04/01/00 - 03/31/01	2,262
Biological Sciences	47.074	MCB-9805960	06/15/98 - 05/31/99	(2,631)
				<u>643,375</u>
Social, Behavioral, and Economic Sciences	47.075	SBR-9515424	08/01/96 - 02/28/99	7,400
Social, Behavioral, and Economic Sciences	47.075	SBR-9728635	06/15/98 - 05/31/99	83,398
Social, Behavioral, and Economic Sciences	47.075	SBR-9815332	08/17/98 - 08/16/99	115,443
Social, Behavioral, and Economic Sciences	47.075	INT-9909089	12/15/99 - 11/30/00	10,589
Social, Behavioral, and Economic Sciences	47.075	INT-9726624	03/15/98 - 02/29/00	5,987
				<u>222,817</u>
Polar Programs	47.078	OPP-9416870	05/01/95 - 04/30/99	39,443
				<u>39,443</u>
Subtotal Direct Programs				\$ <u>1,815,878</u>
Pass-Through Programs From:				
Applied Sciences, Inc. - Microstructure Modification	47.	DMI-9960480	01/01/00 - 12/31/00	\$ 1,157
Kentucky Science & Technology Council	47.076	KSTC108-9554465-00	01/01/00 - 08/31/00	6,983
University of Connecticut - Biomedical Engineering	47.	BES-9812042	09/15/98 - 08/31/03	8,401
				\$
Subtotal Pass-Through Programs				16,541
Total National Science Foundation				<u>\$ <u>1,832,419</u></u>

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
U.S. AIR FORCE				
Air Force Office of Scientific Research	12.800	F49620-96-1-0368	07/15/96 - 12/14/98	\$ 43,733
Air Force Office of Scientific Research	12.800	N/A	07/01/98 - 08/31/99	35,001
Air Force Office of Scientific Research	12.800	F33615-98-2-5155	09/30/98 - 02/28/01	<u>128,226</u>
Subtotal Direct Programs				\$ 206,960
Pass-Through Programs From:				
Austral Engineering & Software - Development & Integration	12.910	F33615-98-C-5114-S000701/98	- 12/31/98	\$ 35,134
Modern Computational Technologies, Inc. - Simulation Based Design System	12.800	MCT-PO-98-001-F336108/1698	- 08/15/99	38,229
Rome Laboratories - Air Force Office of Scientific Research	12.800	F30602-96-C-0176	07/09/96 - 09/08/99	25,377
Rome Laboratories - Air Force Office of Scientific Research	12.800	FE0602-99-C-0064	03/18/99 - 09/30/99	15,856
Technical Management Concepts, Inc. - Air Force Office of Scientific Research	12.800	TMC96-5835-19-08	09/01/98 - 08/31/00	58,437
University of Cincinnati-Air Force Defense Research Sciences Program	12.800	F33615-96-2-1945	03/24/98 - 11/30/99	11,895
Subtotal Pass-Through Programs				\$ 184,927
Total U.S. Air Force				<u>\$ 391,888</u>
U.S. DEPARTMENT OF AGRICULTURE				
Cooperative State Research Service	10.206	99-35401-7870	11/15/99 - 11/30/00	\$ 306
Grants for Agricul. Res-Competitive Res. Grants	10.206	95-37304-2375	09/15/97 - 09/30/99	21,136
Grants for Agricul. Res-Competitive Res. Grants				<u>21,441</u>
Research Grants				
Forestry Research	10.652	N/A	03/15/00 - 02/15/01	10,174
Forestry Research	10.652	23-99-0063	07/15/99 - 07/15/00	1,735
Fire & Fire Surrogate Research	10.653	1580	05/01/00 - 04/30/01	851
Subtotal - Direct Programs				\$ 12,760
Subtotal - Pass-Through Programs				\$ 34,202
Pass-Through Programs From:				
University of Kentucky - Service Sector Penetration '99	10.	UKRF 4-29231-97-83	09/01/98 - 08/31/99	\$ 5,694
Subtotal - Pass-Through Programs				\$ 5,694
Total U.S. Department of Agriculture				<u>\$ 39,896</u>

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Schedule of Expenditures of Federal Awards
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Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
U.S. DEPARTMENT OF DEFENSE				
Defense Personnel Support Agency	12.	SP0100-95-D-1014	12/06/97 - 12/04/99	\$ 14,190
Software Systems Integration for the Apparel Mfg Industry	12.300	N00014-94-1-0395	01/01/94 - 09/30/98	34,593
Basic and Applied Scientific Research	12.300	N00014-96-1-0782	05/01/96 - 04/03/01	333,139
Basic and Applied Scientific Research	12.300	N00014-96-1-0782	05/01/96 - 04/03/01	1,103
Basic and Applied Scientific Research	12.300	N00014-96-1-0782	05/01/96 - 04/03/01	3,787
Basic and Applied Scientific Research	12.300	N00014-96-1-0782	05/01/96 - 04/03/01	2,303
Basic and Applied Scientific Research	12.300	N00014-96-1-0782	05/01/96 - 04/03/01	2,902
Basic and Applied Scientific Research	12.300	N00014-96-1-1060	07/01/96 - 06/30/99	12,724
Basic and Applied Scientific Research	12.300	N00014-97-1-0740	06/01/97 - 05/31/00	24,617
Basic and Applied Scientific Research	12.300	N00014-97-1-0742	06/01/97 - 05/31/00	36,371
Basic and Applied Scientific Research	12.300	N00014-97-1-0693	06/01/97 - 05/31/00	21,175
Basic and Applied Scientific Research	12.300	N00014-99-1-0528	03/15/98 - 03/14/00	67,652
Basic and Applied Scientific Research	12.300	N00014-99-1-0975	08/01/99 - 07/31/00	145,961
Basic and Applied Scientific Research	12.300	N00014-94-1-0395-P00	10/01/99 - 09/30/00	45,520
Basic and Applied Scientific Research	12.300	N00014-99-1-0025	12/01/98 - 11/30/01	123,863
				<u>855,711</u>
Subtotal Direct Programs				\$ 869,901
Pass-Through Programs From:				
Marshall University Research Corp. - Office of the Chief of Naval Research	12.	N66001-97-C-8520	08/15/99 - 12/31/99	\$ 84,705
University of Texas @ Arlington				\$ 84,705
Subtotal Pass-Through Programs				<u>954,606</u>
Total U.S. Department of Defense				<u>954,606</u>
U.S. DEPARTMENT OF EDUCATION				
International - Overseas Faculty Research Abroad	84.019A	PO19A990035	07/01/99 - 12/31/00	\$ 47
Pass-Through Programs From:				
Zanesville City Board of Education - Zanesville Even Start Evaluation	84.	045179-EV-S297	06/01/98 - 11/30/98	\$ 992
Subtotal Pass-Through Programs				\$ 992
Total U.S. Department of Education				<u>1,038</u>

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
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Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
U.S. DEPARTMENT OF ENERGY				
High Energy & Nuclear Physics	81.049	DE-FG02-87ER40370	07/01/97 - 10/31/98	\$ 860
High Energy & Nuclear Physics	81.049	DE-FG02-87ER40370	11/01/98 - 10/31/99	64,759
High Energy & Nuclear Physics	81.049	DE-FG02-93ER40756	11/01/97 - 10/31/99	5,880
High Energy & Nuclear Physics	81.049	DE-FG02-93ER40756-1	11/01/98 - 10/31/99	29,023
High Energy & Nuclear Physics	81.049	DE-FG02-87ER45334	11/15/97 - 11/14/98	2,178
High Energy & Nuclear Physics	81.049	DE-FG02-87ER45334	11/15/98 - 11/14/99	64,969
High Energy & Nuclear Physics	81.049	450001219B	10/01/99 - 12/31/99	5,564
High Energy & Nuclear Physics	81.049	DE-FG02-87ER45334	11/15/99 - 11/14/00	25,036
High Energy & Nuclear Physics	81.049	DE-FG02-88ER40387	12/01/99 - 11/30/00	158,793
High Energy & Nuclear Physics	81.	DE-FG03-99SF21897	08/15/99 - 8/14/00	86,548
High Energy & Nuclear Physics	81.	DE-FG26-99FT40592	09/01/99 - 08/31/00	29,300
High Energy & Nuclear Physics	81.	DE-AF26-99-FT00762	06/10/99 - 07/31/01	1,309
High Energy & Nuclear Physics	81.049	DE-FG02-88ER40387	12/01/98 - 11/30/99	111,406
Subtotal Direct Programs				<u>\$ 585,625</u>
Pass-Through Programs From:				
Fluor Daniel Fernald - Invasive Plant Species	81.	DE-AC24-92OR21972	04/15/98 - 12/31/00	\$ 14,287
Advanced Technology Systems	81.	DE-AC26-98FT40456	07/01/99 - 04/30/00	13,518
CONSOL, Inc.	81.	DE-FC26-00-NT40771	04/01/00 - 12/31/02	218
S. E. Universities Research Association	81.	DE-AC05-84ER40150	07/31/98 - 06/30/00	13,869
Lawrence Livermore National Laboratory - Neutron Imaging	81.049	W-7405-ENG-48	10/24/97 - 06/30/99	128
Lawrence Livermore National Laboratory - Neutron Imaging	81.049	B503000	12/01/98 - 11/30/99	47,835
Lawrence Livermore National Laboratory - Neutron Imaging	81.049	B505943	10/01/99 - 09/30/00	101,793
Lawrence Livermore National Laboratory - Neutron Imaging	81.049	B508136	02/11/00 - 02/11/01	401
Subtotal Pass-Through Programs				<u>\$ 192,049</u>
Total U.S. Department of Energy				<u><u>\$ 777,675</u></u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Pass-Through Programs From:				
Association of Teachers of Preventive Medicine - Surveillance of Vaccine-Preventable Diseases in Ohio	93.	U50/CCU300860	09/30/98 - 09/29/99	\$ 16,187
Athens Co. Children Svcs - Ohio Department Human Svcs	93	N/A	09/01/99 - 06/30/00	26,105
Ohio Department of Health - Health Services Research Project	93.	A-98-07-001	10/01/98 - 12/31/99	139,057
Total U.S. Department of Health & Human Services				<u><u>\$ 181,348</u></u>

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
U.S. DEPARTMENT OF INTERIOR				
Pass-Through Programs From:				
U.S. Geological Survey - Geological Mapping - Stewart Quad	15.	98HQAG2097	06/15/98 - 10/14/99	\$ 1,974
Total U.S. Department of Interior				\$ 1,974
U.S. DEPARTMENT OF JUSTICE				
Development of New Analytical Buffer System	16.	1999-IJ-CX K014		\$ 105,123
Pass-Through Programs From:				
Jackson Police Department - School Violence Partnership	16.	99SBWX0016	01/01/00 - 08/31/00	30,215
Jackson Police Department - School Based Partnership	16.	0000040443	09/01/98 - 08/31/99	2,680
Total U.S. Department of Justice				\$ 138,019
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through Programs From:				
Miami University - Lowland Forest Restoration	66.	96SS000294	06/16/98 - 12/31/98	\$ 5,509
Nature Conservancy - TNC Edge of Appalachia Study	66.	CR824598-01-02	04/01/97 - 07/31/97	2,928
Ohio Environmental Protection Agency - Monday Creek Restoration Phase 2	66.600	97(H)EPA-13	10/01/97 - 09/30/00	61,103
Rural Action - Comprehensive Watershed Management Plan Of Monday Creek	66.606	CX825717-01-0	07/01/97 - 06/30/99	750
Total U.S. Environmental Protection Agency				\$ 70,291
U.S. GEOLOGICAL SURVEY				
Development of Statewide Monitoring Program	15.808	99CRAG0015	09/01/99 - 08/31/00	\$ 113,721
Total U.S. Geological Survey				\$ 113,721
U.S. POSTAL SERVICE				
Pass-Through Programs From:				
URS Greiner	N/A	47540-98-B-0197	07/21/99 - 07/29/99	\$ 25,101
Total U.S. Postal Service				\$ 25,101
TOTAL RESEARCH & DEVELOPMENT CLUSTER				\$ 11,630,215

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Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
OTHER PROGRAMS:				
APPALACHIAN REGIONAL COMMISSION				
Academic Career Training	23.011	OH-12744	04/01/98 - 12/31/99	\$ 27,418
Subtotal Direct Programs				<u>\$ 27,418</u>
Pass-Through Programs From:				
Corporation for Ohio Appalachian Development	23.011		10/01/99 - 09/30/00	\$ 114
Subtotal Pass-Through Programs				<u>\$ 114</u>
Total Department of Appalachian Regional Commission				<u><u>\$ 27,532</u></u>
CORPORATION FOR NATIONAL & COMMUNITY SERVICE				
Pass-Through Programs From:				
Ohio Campus Compact - Learn & Serve America: Higher Education Programs	94.005	97LHEAZ047	08/01/98 - 07/30/99	\$ 4,147
Ohio Campus Compact - Learn & Serve America: Higher Education Programs	94.005	97LHEAZ047	08/01/99 - 07/30/00	8,818
Total Corporation for National and Community Service				<u><u>\$ 12,965</u></u>
CORPORATION FOR NATIONAL SERVICE				
Pass-Through Programs From:				
Governor's Community Service Commission - Ohio Appalcorps '00	94.005	94ASCOH036-Y6-F-03	08/01/99 - 12/31/00	262,852
Governor's Community Service Commission - Ohio Appalcorps '00	94.005	94ASCOH036-Y6-F-03	08/01/99 - 12/31/00	54,607
Governor's Community Service Commission - Ohio Appalcorps '99	94.005	94ASCOH36-Y5-F-03	08/01/98 - 12/31/99	23,001
Governor's Community Service Commission - Ohio Appalcorps '99	94.005	94ASCOH36-Y5-F-03	08/01/98 - 12/31/99	38,823
Governor's Community Service Commission - Learn & Serve America	94.005	97LHEOH022	10/01/98 - 09/30/99	40,191
Governor's Community Service Commission - Learn & Serve America	94.005	97LHEOH022-2	10/01/98 - 09/30/99	521
Governor's Community Service Commission - Learn & Serve America	94.005	97LHEOH022-2	10/01/99 - 09/30/00	37,338
Governor's Community Service Commission - Comcorps	94.006	94ASCOH036-Y6-P-28	09/01/99 - 08/31/00	30,510
Governor's Community Service Commission - Comcorps	94.007	97EDOH0010-Y3-E4	09/01/97 - 08/31/98	34
Total Corporation for National Service				<u><u>\$ 487,877</u></u>
DEPARTMENT OF TRANSPORTATION				
Pass-Through Programs From:				
Ohio Department of Public Safety	20.601	01304.0	10/01/99 - 09/30/00	\$ 776
Ohio Department of Public Safety	20.601	01171.0	10/01/99 - 09/30/00	23,352
Subtotal Pass-Through Programs				<u>\$ 24,128</u>
Total Department of Transportation				<u><u>\$ 24,128</u></u>

OHIO UNIVERSITY
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Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Pass-Through Programs From:				
Ohio Humanities Council - Wired for Books: Community Reconsidered	45.129	OHC-M97-114	04/07/97 - 07/31/98	\$ 100
Ohio Humanities Council - Countdown to the Millennium '99	45.129	OHC-V99-008	12/05/98 - 02/21/00	11,223
				<u>\$ 11,323</u>
Total National Endowment for the Humanities				
NATIONAL SCIENCE FOUNDATION				
Teacher Empowerment for Success				
Teacher Empowerment for Success - Participants	47.076	DUE-9850350	07/01/98 - 06/30/99	\$ 31,729
	47.076	DUE-9850350	07/01/98 - 06/30/99	73
				<u>\$ 31,803</u>
Subtotal Direct Programs				
Pass-Through Programs From:				
Kentucky Science & Tech Council - ARSI	47.076	101-9554465-98-01	01/01/99 - 04/30/99	\$ 21,681
Kentucky Science & Tech Council - ARSI	47.076	KSTC108-9554465-00-1	01/01/00 - 09/31/00	1,993
				<u>\$ 23,674</u>
				<u>\$ 55,477</u>
Total National Science Foundation				
NATIONAL SECURITY AGENCY				
Conference on Algebra	12.901	MDA904-98-1-0046	08/01/98 - 07/31/99	\$ 5,000
				<u>\$ 5,000</u>
Total National Security Agency				
PEACE CORPS				
Recruitment/Publicity Program				
Recruitment/Publicity Program	08.	161-99-3090	09/01/99 - 06/15/00	\$ 11,964
	08.	161-98-3081	08/04/98 - 09/30/99	3,774
				<u>\$ 15,737</u>
Total Peace Corps				
SMALL BUSINESS ADMINISTRATION				
Small Business Development Center				
Small Business Development Center	59.037	ECDD 99-034	10/01/98 - 09/30/99	\$ 68,620
Small Business Development Center	59.037	ECDD-00-051	10/01/99 - 09/30/00	97,834
Small Business Development Center	59.037	ECDD-00-051	10/01/99 - 09/30/00	32,889
Ohio Women's Business Resource Network	59.043	SBAHQ-96-W-0006	09/09/96 - 06/30/98	1,838
Ohio Women's Business Resource Network	59.043	SBAHQ-96-W-0006	09/01/98 - 06/30/00	3,600
Ohio Women's Business Resource Network	59.043	SBAHQ-96-W-0006	01/01/98 - 08/31/98	428
				<u>\$ 205,209</u>

OHIO UNIVERSITY
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Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
Pass-Through Programs From: Systems & Processes Engineering Corp. - Growth of SIC Using Seeded Supersonic Beams	12.630	DSWA01-97-C-00149	12/09/97 - 09/25/99	\$ 30,191
Subtotal Pass-Through Programs:				\$ 30,191
Total Small Business Administration				\$ 30,191
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT				
Pass-Through Programs From: Institute for International Research - Namibia BES Project	02.	673-0006-C-00-5066-0C 08/15/96 - 09/30/98	\$ 15	\$ 15
Total U.S. Agency for International Development				\$ 15
U.S. AIR FORCE				
Maxwell AFB - Commutation Funds	12.401	N/A	07/01/89 - 12/31/99	\$ 15,199
Total U.S. Air Force				\$ 15,199
U.S. DEPARTMENT OF AGRICULTURE				
Food and Nutrition Service - Child & Adult Care Food Program	10.558	0960606	10/01/79 - 12/31/99	\$ 8,368
USDA - Distance Learning & Telecommunications	10.855	99-38411-8030	09/15/99 - 09/14/01	\$ 53,718
USDA - Distance Learning & Telecommunications	10.855	OH703-A17	03/26/97 - 03/16/00	\$ 5,505
Subtotal Direct Programs				\$ 67,591
Pass-Through Programs From: Ohio Department of Education - Kids on Campus Rural Action - Sowing Seeds of Self-Sufficiency	10.559 10.225	IRN 123331 99-33800-8111	06/13/99 - 08/08/99 10/01/99 - 09/30/00	\$ 39,389 \$ 2,400
Subtotal Pass-Through Programs				\$ 41,789
Total U.S. Department of Agriculture				\$ 109,380

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Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
U.S. DEPARTMENT OF COMMERCE				
WOUB TV Video Server	11.550	N/A	10/01/98 - 12/31/24	\$ 211,414
EDA University Center	11.302	06-06-02827-98	10/01/98 - 09/30/99	176
Subtotal Direct Programs				\$ 211,590
Pass-Through Programs From:				
Bowling Green State University - EDA University Center	11.303	06-66-01008	10/01/99 - 09/30/00	\$ 19,074
Ballet Arts Minnesota - Dance Partners Assistance Program	11.552		10/01/99 - 09/30/00	102
Subtotal Pass-Through Programs				\$ 19,176
Total U.S. Department of Commerce				\$ 230,766
U.S. DEPARTMENT OF EDUCATION				
Student Support Services	84.042	PO42A970237-99	09/01/99 - 08/31/00	\$ 197,916
Student Support Services	84.042	PO42A70237-98	09/01/98 - 08/31/99	26,616
				224,532
Upward Bound	84.047	PO47A990189	09/01/99 - 08/31/00	163,614
Upward Bound	84.047	PO47A50550-9804	09/01/98 - 08/31/99	159,479
				323,093
Fund for the Improvement of Postsecondary Education	84.116N	P116N960018-98	10/01/98 - 09/30/99	24,173
Fund for the Improvement of Postsecondary Education	84.116J	P116J70041-97	09/10/97 - 09/09/98	29,665
Fund for the Improvement of Postsecondary Education	84.116J	P116J970041-99-03	09/10/99 - 09/09/00	14,082
Fund for the Improvement of Postsecondary Education	84.116J	P116J990004	09/01/99 - 08/31/00	8,205
Fund for the Improvement of Postsecondary Education	84.116J	P116J970041-98A	09/10/98 - 09/09/99	9,689
				85,815
Problem Solving	84.327A	H327A990023	09/01/99 - 08/31/00	41,998

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Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
National Resource Centers & Fellowships Program for Language and Area or Language and International Studies	84.015	P015A70006-98	08/15/98 - 08/14/99	\$ 75,220
National Resource Centers & Fellowships Program for Language and Area or Language and International Studies	84.015	P015A70006-98	08/15/98 - 08/14/99	34,010
National Resource Centers & Fellowships Program for Language and Area or Language and International Studies	84.015	PO15A970006-99A	08/15/99 - 08/14/00	105,084
National Resource Centers & Fellowships Program for Language and Area or Language and International Studies	84.015	PO15A970148-99	08/14/99 - 08/14/00	87,954
National Resource Centers & Fellowships Program for Language and Area or Language and International Studies	84.015	PO15A970006-99	08/15/99 - 08/14/00	109,452
National Resource Centers & Fellowships Program for Language and Area or Language and International Studies	84.015	PO21A0000041	04/01/00 - 09/30/00	25,751
				<u>437,471</u>
Subtotal Direct Programs			\$	<u>1,112,908</u>
Pass-Through Programs From:				
Columbus State Community College - Tech-Prep Education	84.243	42053-1	07/01/99 - 06/30/00	13,803
Columbus State Community College - Tech-Prep Education	84.243	42054-8	07/01/99 - 06/30/00	90,572
Columbus State Community College - Tech-Prep Education	84.243	42054-9	07/01/99 - 06/30/00	10,078
Columbus State Community College - Tech-Prep Education	84.243	N/A	07/01/98 - 06/30/99	253
				<u>114,705</u>
Corporation for Public Broadcasting - Ready to Learn	84.295	N/A	09/08/99 - 08/31/00	4,607
Corporation for Public Broadcasting - Ready to Learn	84.295	N/A	09/01/98 - 08/31/99	774
				<u>5,381</u>
Massachusetts Institute of Technology - Construction of a BLAST Neutron Detector Unit	81.049	PO570000589	11/01/97 - 10/31/98	6,783
Ohio Board of Regents - Eisenhower Professional Development Program	84.281	8-48	09/21/98 - 12/31/99	15,775
Ohio Board of Regents - Eisenhower Professional Development Program	84.281	8-47	09/21/98 - 12/31/99	18,595
Ohio Board of Regents - Eisenhower Professional Development Program	84.281	8-46	09/21/98 - 12/31/99	84,942
Ohio Board of Regents - Eisenhower Professional Development Program	84.281	7-50	09/15/97 - 12/31/98	35
Ohio Board of Regents - Eisenhower Professional Development Program	84.281	9-45	09/20/99 - 12/31/00	13,289
Ohio Board of Regents - Eisenhower Professional Development Program	84.281	9-46	09/20/99 - 12/31/00	5,548
Ohio Board of Regents - Eisenhower Professional Development Program	84.281	9-47	09/20/99 - 12/31/00	14,092
Ohio Board of Regents - Eisenhower Professional Development Program	84.281	8-43	09/21/98 - 12/31/99	35,887
				<u>188,164</u>

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
Ohio Board of Regents - Environment/Next Millennium	84.281	N/A	09/15/97 - 12/31/98	\$ 53
Ohio Board of Regents - Gear UP	84.334	N/A	01/03/00 - 08/31/00	58,665
Ohio Board of Regents - Meeting Foreign Language Needs	84.116	N/A	07/01/99 - 08/31/00	102,014
Ohio Bureau of Vocational Rehabilitation	84.	N/A		1,473
Ohio Department of Education - Adult Education - State-Administered Basic Grant Prog.	84.002	063024-AB-SS-98C	01/05/99 - 08/31/99	11,550
Ohio Department of Education - Adult Education - State-Administered Basic Grant Prog.	84.002	063024-AB-SL-00	07/01/99 - 08/31/00	273,679
Ohio Department of Education - ABLE '97 Carryover	84.002	063024-AB-SS-99	08/31/98 - 08/31/99	71,502
				<u>356,731</u>
Ohio Department of Education - Goals 2000 Sch/Higher Education	84.276	045898-G2-S3-97	03/20/97 - 09/30/98	1,923
Ohio Department of Education - Goals 2000 State Grants	84.276	N/A	10/01/98 - 09/30/99	60,836
Ohio Department of Education - Goals 2000 Sch/Higher Education	84.276	045898-G2-S3-98	04/01/98 - 09/30/99	22,021
Ohio Department of Education - Goals 2000 State Grants	84.276	N/A	09/01/99 - 06/30/00	29,618
Ohio Department of Education - Goals 2000 NBPTS	84.276	N/A	07/01/98 - 06/30/99	7,598
				<u>121,996</u>
Ohio Department of Education - Vocational Education '99	84.048	99-SS-0014	07/01/98 - 06/30/99	2,499
Ohio Department of Education - Vocational Education '00	84.048	2000-SS-0009	07/01/99 - 06/03/00	171,888
Ohio Department of Education - Transforming Learning Communication	84.276	063024-G2-SP-00P	02/01/99 - 06/30/99	2,630
Ohio Department of Education - Ohio's Systematic Initiative	84.821	N/A	05/24/99 - 06/30/99	65,952
Ohio Department of Education - Ohio's Systematic Initiative	84.821	N/A	05/24/99 - 06/30/00	8,151
Ohio Department of Education - SIG Behavior	84.323A	063024-ST-S1-00	02/01/00 - 01/31/01	46
				<u>251,165</u>
Ohio State University Research Foundation - School-to-Work	84.276	735532	09/01/98 - 12/31/98	288
Washington County Career Center - School To Work Evaluation	84.276	N/A	05/01/99 - 12/31/99	11,939
Subtotal Pass-Through Programs				\$ 1,219,358
Total U.S. Department of Education				\$ 2,332,266

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Special Hlth Career Opportunity Grants - Health Careers Opportunity Program	93.822	5-D18MB01439-12	09/01/88 - 08/31/99	45,887
Special Hlth Career Opportunity Grants - Health Careers Opportunity Program	93.822	1D18 MB02889-01	09/01/89 - 08/31/00	131,967
Special Hlth Career Opportunity Grants - Health Careers Opportunity Program	93.822	1D18MB02889-01	09/01/89 - 08/31/00	15,645
Special Hlth Career Opportunity Grants - Health Careers Opportunity Program	93.822	5-D18MB01439-12	09/01/88 - 08/31/99	46,109
				<u>239,607</u>
EFN - Scholarships for Students of Exceptional Financial Need	93.820	6084206-98	07/01/88 - 06/30/99	5,746
EFN - Scholarships for Students of Exceptional Financial Need	93.820	6084206E-105	07/01/89 - 06/30/00	50,027
EFN - Scholarships for Students of Exceptional Financial Need	93.139	6084207-99	07/04/89 - 06/30/00	72,781
EFN - Sch. for Health Professions Students from Disadvantaged Backgrounds	93.925	6084209-99	07/01/89 - 06/30/00	185,014
				<u>313,568</u>
Grants for Faculty Development in Family Medicine - Division of Medicine	93.895	5D15PE10438-02	07/01/89 - 06/30/00	100,476
Grants for Predoctoral Training in Family Medicine - Division of Medicine	93.896	5-D15-PE10438-01	07/01/88 - 06/30/99	14,149
				<u>14,149</u>
Programs of Excellence in Hlth Professions Education for Minorities - Division of Medicine	93.157	2-D34MB042027-04	09/01/88 - 08/31/99	69,056
Programs of Excellence in Hlth Professions Education for Minorities - Division of Medicine	93.157	5-D34MB04027-05	09/01/87 - 08/31/98	98
Programs of Excellence in Hlth Professions Education for Minorities - Division of Medicine	93.157	2-D34MB04027-07	09/01/89 - 08/31/00	189,602
Programs of Excellence in Hlth Professions Education for Minorities - Division of Medicine	93.157	2-D34MB04027-17	09/01/89 - 08/31/00	8,493
Programs of Excellence in Hlth Professions Education for Minorities - Division of Medicine	93.157	6D34JP04027-07 R2	10/25/89 - 08/31/00	75
Programs of Excellence in Hlth Professions Education for Minorities - Division of Medicine	93.157	5-D34MB04027-06	09/01/88 - 08/31/99	28,116
				<u>295,439</u>
Rehabilitation Agency	93.773	N/A	07/01/89 - 06/30/00	45,573
Rehabilitation Agency	93.773	05-9351	07/01/88 - 06/30/99	(925)
				<u>44,648</u>
			\$	1,007,889
Subtotal Direct Programs				
Pass-Through Programs From:				
Athens Board of County Commissioner-Appalachian Partnership for Welfare Reform	93.558	N/A	06/01/88 - 06/30/99	420,653
Athens County DHHS - Athens County DHS Evaluation	93.558	N/A	04/01/89 - 06/30/00	46,346
Athens County DHHS - Kids on Campus Evaluation	93.558	N/A	05/01/89 - 05/31/00	34,829
Athens County DHHS - ACDHS Kids on Campus	93.558	N/A	01/01/89 - 06/30/99	4,300
Athens County DHHS - ACDHS Kids on Campus - Summer '99	93.558	N/A	03/11/89 - 06/30/00	89,841
Athens County DHHS - ACDHS Kids on Campus	93.558	N/A	07/01/89 - 06/30/00	1,046,282
Athens County DHHS - ACDHS Kids on Campus	93.558	N/A	03/25/89 - 06/30/00	25,696
Athens County DHHS - Regional Organization Development	93.558	N/A	01/01/00 - 06/30/00	46,012
				<u>1,713,959</u>

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
Beimont County DHHS - Beimont County DSH Community Plan	93.558	N/A	06/01/99 - 10/31/99 \$	14,950
Columbus State Community College - JOBS/Student Retention Program	93.561	N/A	09/01/98 - 06/30/99	(429)
Columbus State Community College - JOBS/Student Retention Program	93.561	N/A	07/01/97 - 06/30/98	(78)
Columbus State Community College - JOBS/Student Retention Program	93.561	N/A	09/01/98 - 06/30/99	2,460
Columbus State Community College - JOBS/Student Retention Program	93.561	N/A	09/01/98 - 06/30/99	272
Columbus State Community College - JOBS/Student Retention Program	93.561	N/A	07/01/99 - 06/30/00	62,891
Columbus State Community College - JOBS/Student Retention Program	93.561	N/A	07/01/99 - 06/30/00	53,216
Columbus State Community College - JOBS/Student Retention Program	93.561	N/A	07/01/99 - 09/30/00	27,732
				<u>146,063</u>
Carol County DHHS - Carol County Department of Human Services Transportation Study	93.558	N/A	03/15/99 - 05/31/99	431
Case Western Reserve University - Grants for Geriatric Education Centers	93.969	5-D31AH70041-5	09/01/98 - 08/31/99	4,056
				<u>4,056</u>
Coshocdon County DHHS	93.558	N/A	04/01/99 - 08/31/99	6,914
Fairfield County DHHS - Fairfield Collaborative OWF Evaluation	93.558	N/A	07/01/99 - 06/30/00	6,718
Hocking County DHHS - Meeting Facilitation Services	93.558	N/A	10/15/99 - 11/15/99	1,600
Jefferson County DHHS - Jefferson County DHS Community Plan	93.558	N/A	02/01/99 - 06/30/99	7,653
Lawrence County DHHS - Lawrence Co. Transportation Demographics	93.558	N/A	06/15/99 - 08/15/99	1,500
Medical College of Ohio - Division of Medicine	93.824	F2000-19PO00-21318	09/30/99 - 09/29/00	8,443
Medical College of Ohio - Division of Medicine	93.824	N/A	09/30/98 - 9/29/99	38,650
				<u>47,093</u>
Meigs County DHHS - Evaluation of TANF Funded Economic Development & Tourism Efforts	93.558	N/A	05/15/99 - 07/31/99	4,318
Monroe County DHHS - Monroe County DHS Transportation	93.558	N/A	01/15/99 - 06/30/99	1,078
Monroe County DHHS - Monroe County DHS Plan Management	93.558	N/A	04/17/00 - 07/17/01	128
Morgan County DHHS - Morgan County DHS Plan Management	93.558	N/A	09/15/99 - 02/15/00	16,014
Nobel County DHHS - Noble County DHS Community Plan	93.558	N/A	04/15/00 - 07/15/01	125
Nobel County DHHS - Noble County DHS Community Plan	93.595	N/A	01/15/98 - 06/30/99	282

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
Ohio Department of Health - Elderhealth Promotion Project	93.991	05-4-01-P-AP-387	01/01/00 - 12/31/00	\$ 12,158
Ohio Department of Health - Elderhealth Promotion Project	93.991	N/A	01/01/99 - 12/31/99	19,493
				<u>31,651</u>
Ohio Department of Human Services - North Central OH Aids Fndt	93.145	N/A	05/01/99 - 10/31/99	8,000
Ohio Department of Human Services - Training Opportunities for Program Staff	93.558	C-99-04-007	07/01/98 - 06/30/99	(2,754)
Ohio Department of Human Services - Training Opportunities for Program Staff	93.558	C-00-04-485	07/11/99 - 12/31/99	399,004
Ohio Department of Human Services - Training Opportunities for Program Staff	93.558	C-00-04-486	07/01/99 - 12/31/99	1,064,342
Ohio Department of Human Services - Training Opportunities for Program Staff	93.558	C-00-04-487	07/01/99 - 12/31/99	25,484
Ohio Department of Human Services - Training Opportunities for Program Staff	93.558	906007	07/01/98 - 06/30/99	6,605
				<u>1,492,682</u>
Perry County DHHS - Perry County DHS Plan Management	93.558	N/A	11/01/99 - 01/31/01	15,345
Southern Consortium for Children - Behavioral Medicine for Children	93.912		09/30/98 - 09/29/99	30,645
Southern Consortium for Children - Behavioral Medicine for Children	93.912		01/25/99 - 09/29/99	87,182
				<u>117,827</u>
Vinton County DHHS	93.595		04/01/99 - 12/31/99	5,504
Subtotal Pass-Through Programs				\$ 3,643,891
Total U.S. Department of Health & Human Services				\$ 4,651,780
U.S. INFORMATION AGENCY				
CELTJ Program 1999	82.	IA-PSJL-G919108	04/28/99 - 10/31/00	\$ 89,232
Schools & Democratic Societies	19.406	IA-ASLJ-G9190295	08/13/99 - 07/31/02	10,413
Subtotal Direct Programs				<u>99,645</u>
Pass-Through Programs From:				
Institute for International Education - Fulbright '99	19.418	N/A	06/30/99 - 09/30/99	\$ 117,887
Subtotal Pass Through Programs				\$ 117,887
Total U.S. Information Agency				\$ 217,532
U.S. DEPARTMENT OF JUSTICE				
Pass-Through Programs From:				
Jackson Police Department - Problem-Solving Partnerships Project Evaluation	16.710	OHO400	07/01/97 - 06/30/98	\$ 380
Ohio Bureau of Justice Assistance	16.607	N/A	07/31/99 - 07/30/00	4,755
Total U.S. Department of Justice				\$ 5,135

OHIO UNIVERSITY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2000

Federal Agency	Federal Catalogue Number	Federal Grant Number	Project Period	Expenditures (1)
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through Programs From:				
Vinton County Soil & Water District	66.460	N/A	10/01/99 - 06/30/00	\$ 3,000
North East Ohio Areawide Coordinating Agency - NOACA	66.606	PO1683	01/01/00 - 12/31/00	380
North East Ohio Areawide Coordinating Agency - NOACA	66.606	N/A	02/26/99 - 12/31/99	24,143
Total U.S. Environmental Protection Agency				\$ 27,523
TOTAL OTHER PROGRAMS				\$ 8,465,035
TOTAL FEDERAL AWARDS				\$ 101,979,392
NON-CASH ASSISTANCE:				
U.S. Department of Education Perkins Loan (NDSL)	84.038	N/A	N/A	\$ 7,386,555
U.S. Department of Health & Human Services Health Professional Student Loan (HPSL) & Primary Care Loans (PCL)	93.342	N/A	N/A	1,505,425
Total Non-Cash Federal Financial Assistance				<u>8,891,980</u>

N/A = Not Available
(1) Column may not add down due to rounding
See accompanying independent auditors' report

OHIO UNIVERSITY

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2000

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented using the cash basis of accounting in which expenditures are recognized when paid.

(2) Subrecipients

Of the federal expenditures presented in the schedule, the University provided federal awards to subrecipients as follows:

<u>CFDA #</u>	<u>Program Title</u>	<u>Expended</u>
10.225	Rural Action- Sowing Seeds of Self- Sufficiency	\$ 300
12.800	Air Force Office of Scientific Research	50,000
15.808	Development of Statewide Monitoring Program	42,798
20.108	Aviation Research Grants	33,463
20.205	ODOT-Highway Planning & Construction	121,952
47.041	Engineering Grants	10,000
47.074	Biological Sciences	48,715
59.037	Small Business Development Center	117,327
59.043	Women's Business Ownership Assistance	3,000
66.600	Monday Creek Restoration Phase 2	34,761
66.606	Surveys, Studies, Investigations and Special Purpose	
84.002	Ohio Department of Education- Adult Education	5,390
84.015	National Resource Centers & Fellowships Program for Language and Area or Language and International Studies	148,599
84.116J	Fund for the Improvement of Postsecondary Education	38,161
84.327A	Problem Solving	14,720
93.846	Arthritis, Multiskeletal, and Skin Diseases Research	95,642
93.853	Clinical Research Related to Neurological Disorders	61,207
93.867	Vision Research	9,107
94.005	Learn and Serve American Higher Education	7,287
12.	Dietary Energy Requirements in Physically Active Men & Women	28,153
20.	Pennsylvania Department of Transportation	47,033
20.	Federal Highway Administration	20,952
20.	Navigation and Landing Aids Branch	219
33.	U.S. Globec	21,542
43.	National Aviation System	5,000
43.	ATC Controller Interface	46,348
43.	Distributed & Cooperative Problem-Solving in the National Aviation System	22,518
66.	North East Ohio Areawide Coordinating Agency	11,000
81.	Novel Invest of IRN Cross Section	37,149
84.	Washington County Career Center- School to Work Evaluation	9,038
93.	Health Services Research Project	76,436
93.	North Central Ohio Aids Foundation	2,365
93.	Regional Organization Development	22,375
93.	Elderhealth Promotion Project	2,057
	Total	\$ <u><u>1,194,614</u></u>

OHIO UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year ended June 30, 2000

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **Unqualified opinion**
- (b) Reportable conditions in internal control were disclosed by the audit of the financial statements: **None Reported**

Material weaknesses: **None Reported**

- (c) Noncompliance which is material to the financial statements: **None**
- (d) Reportable conditions in internal control over major programs: **Yes- see 00-1**

Material weaknesses: **None Reported**

- (e) The type of report issued on compliance for major programs: **Unqualified opinion**
- (f) Any audit findings which are required to be reported under section .510(a) of OMB Circular A-133: **Yes**

(g) Major programs: **Student Financial Aid Cluster and Temporary Assistance for Needy Families**

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$968,423**
- (i) Auditee qualified as a low-risk auditee under section .530 of OMB Circular A-133: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance With *Government Auditing Standards*:

None

OHIO UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year ended June 30, 2000

(3) Findings and Questioned Costs Relating to Federal Awards:

Finding 00-1; Student Financial Aid Cluster, Department of Education

Criteria:

“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 students who received HEA Title IV Student Financial Assistance. Under the FFEL program, the school pays the original lender the portion of the refund that is allocable to the loan. All loan proceeds under the FFEL and Direct Loan programs should be returned to the lender within 30 days of the first day of the period of enrollment.”

Condition:

Ohio University does have a refund policy. However, the University does not perform refund calculations for those students who unofficially withdraw from the University. Unofficial withdrawals are considered to be those students who leave the University without properly notifying the University Registrar Office. Without proper notification, the University will not perform a refund calculation for those students.

Questioned Costs:

The exact questioned cost for this issue is unknown. However, based on estimates provided by the University, the maximum liability for the current year unofficial withdrawals is approximately \$230,000. This estimate assumes each student was entitled to have 100% of Federal Aid refunded.

The amount of refunds the University could be liable for in prior years is not known. However, it is management’s belief that such amounts would not have a material impact on the financial position of the University.

Context:

Based on estimates provided and management’s representation, it is not believed the questioned costs identified would have a material impact on the financial position of the University. However, had an in-depth review of this issue been conducted, this finding may potentially have a significant impact on the University Federal Financial Aid programs.

Effect:

The University is not properly calculating and refunding amounts owed to lending institutions for students considered to be unofficial withdrawals.

OHIO UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year ended June 30, 2000

Cause:

The University does not have in place procedures to properly identify and capture in a timely manner all students that unofficially withdraw from the University.

Recommendation:

We recommend the University continue to build on the steps taken during the current fiscal year to identify those students who have unofficially withdrawn from the University and for whom a refund calculation may be required.

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**OHIO UNIVERSITY
INTERCOLLEGIATE ATHLETICS DEPARTMENT
NATIONAL COLLEGIATE ATHLETIC ASSOCIATION**

Agreed-Upon Procedures Report

Year ended June 30, 2000

OHIO UNIVERSITY
Intercollegiate Athletics Department
National Collegiate Athletic Association

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Two Nationwide Plaza
Columbus, OH 43215-2577

Telephone 614 249 2300
Fax 614 249 2348

Independent Accountants' Report

Dr. Robert Glidden, President
Ohio University:

We have performed the procedures enumerated below, which were agreed to by Ohio University, solely to assist you in evaluating (1) whether the Statement of Revenues and Expenditures of the Intercollegiate Athletics Department of Ohio University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1, for the year ended June 30, 2000 and (2) the effectiveness of The Ohio University Intercollegiate Athletics Department's internal control over financial reporting as of and for year ended June 30, 2000. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Related to Statement of Revenues and Expenditures

- A. We obtained the statement of revenues and expenditures (the Statement) (Exhibit A) of the Intercollegiate Athletics Department for the year ended June 30, 2000, as prepared by management. We recalculated the addition of the amounts on the Statement and agreed the amounts on the Statement to the University's general ledger.

We found such amounts to be in agreement.

- B. The total dollar amount of current restricted fund gifts revenue per Exhibit A was compared to the corresponding total dollar amount in the general ledger of the Ohio University Foundation.

We found such amounts to be in agreement.

- C. We obtained the ticket sales recap reports completed by the Intercollegiate Athletics Department for the University's football and basketball home games. We compared the total amount of ticket sales, including away game receipts per the reports, to the Statement.

We were unable to agree total dollar sales per the "Event Audit and Recap for Events" report for men's football and men and women's basketball home games to the Statement. A difference of \$6,578 was noted for football and \$1,042 for men's basketball. A difference of only \$6 was noted for women's basketball. Ohio University was unable to explain the differences.

- D. We obtained monthly budget reports, which are prepared by the respective athletic department's assistant, and inquired of the Assistant Athletic Director, whether budget reports are being reviewed on a monthly basis.

We were informed that budget reports are reviewed on a monthly basis.

- E. We obtained Ohio University Intercollegiate Athletics guarantees (receipts and expenditures) for fiscal year 2000 and obtained management explanations regarding the source of guarantees for all amounts.

We found no exceptions as a result of this procedure.

- F. We agreed individual contributions representing more than 10% of the total contributions received directly by the Department of Intercollegiate Athletics to the original documentation that accompanied the gift and agreed amounts to the bank statement.

We found no exceptions as a result of these procedure.

- G. We examined the dollar amount of NCAA revenue sharing for the NCAA men's basketball tournament and compared the revenue per the Statement to the corresponding sum of amounts per copies of the checks and related correspondence received by Ohio University.

We found such amount to be in agreement.

Procedures Related to Outside Organizations

- H. We obtained from the management of Ohio University the following list of outside organizations and their related financial activities for the year ended June 30, 2000, as they relate to the intercollegiate athletics programs of the University:

	Beginning Cash Balance	Add: Cash Receipts	Other	Less: Contributions to or on Behalf of Program	Ending Cash Balance
The Ohio University Foundation	\$ 1,136,628	576,133	36,869	1,029,974	719,656
Green and White Club	<u>38,154</u>	<u>71,247</u>	<u>(48,409)</u>	<u>19,109</u>	<u>41,883</u>
	<u>\$ 1,174,782</u>	<u>647,380</u>	<u>(11,540)</u>	<u>1,049,083</u>	<u>761,539</u>

- I. We confirmed directly with the treasurers of the outside organizations the financial activities related to Ohio University and the NCAA.

We found no exceptions as a result of this procedure.

- J. We noted cash receipts received directly from the Green and White Club (the booster group) by Ohio University totaling \$19,109, and numerous cash receipts, totaling \$96,340, received directly from The Ohio University Foundation (the Foundation). We reconciled these cash receipts to the accounting records of the University.

We found no exceptions as a result of these procedures.

- K. We noted that expenditures made by the Foundation and the booster group on behalf of the University are not included in the accompanying statement of revenues and expenditures. During the year ended June 30, 2000, these expenditures totaled \$933,634 and \$0 for the Foundation and the booster group, respectively.

Procedures Related to Internal Control Over Financial Reporting

- L. Reviewed the general control environment by evaluating departmental organization, control consciousness of the staff, competency of the department, adequate safe guarding and control of records and assets.
- M. Obtained an understanding of the relationship of the Athletic Department to specific systems (i.e. cash receipts) and accounting controls reviewed in connection with the audit of the University.

We found the following controls that were not in place:

- The ticket sales per the Event Audit and Recap report were not reconciled to the deposit slips by the Athletic Department for all events.
- There was no reconciliation performed to agree the ticket check out sheets to the Event Audit and Recap report for all events.

We also performed the following procedures related to internal controls:

- N. We selected all football games and ten Men's Basketball games and obtained the computerized ticketing system Event Audit and Recap for Event reports. We recalculated the gross revenue for each category of tickets sold on the Event Audit and Recap for Event reports, footed the reports, and traced the individual game ticket sales to validated deposit tickets.

We have no findings as a result of our recalculations of gross revenue and footing of the reports. However, for all home events tested, we were not able to trace individual game ticket sales to a validated deposit ticket. We were only able to agree individual tickets sold the day of the event to a validated deposit ticket.

- O. We attempted to agree the amount of ticket sales per the Event Audit and Recap for Event report to the general ledger.

We were unable to perform this procedure as the general ledger is updated based on information on the deposit tickets and the deposit tickets did not contain a breakdown by events.

- P. We attempted to agree the amount of tickets sold on the Event Audit and Recap for Event report to the ticket check out sheet to determine that all printed tickets were either sold or returned to the ticket office.

We were unable to agree the amount of individual game sales per the Event Audit and Recap for Event report to the ticket check out sheet for all events tested, because no reconciliation was performed by the athletic department.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenditures of the Intercollegiate Athletics Department of Ohio University or the effectiveness of Ohio University Intercollegiate Athletics Department's internal control over financial reporting as of June 30, 2000. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of Ohio University and authorized representatives of the National Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 10, 2000

OHIO UNIVERSITY

Intercollegiate Athletics Department

Statement of Revenues and Expenditures

Year ended June 30, 2000 (unaudited)

	Football	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Revenues:						
Ticket sales	\$ 732,523	318,441	11,445	11,211	—	1,073,620
Post-season proceeds	—	—	—	—	340,000	340,000
Program sales	1,297	1,146	1,790	58,057	479,208	541,498
Concessions	—	—	—	—	—	—
Parking	18,862	26,671	70	—	35,264	80,867
Restricted gifts—Ohio University Foundation	17,217	10,888	1,533	66,792	14,342	110,772
Restricted—federal grants and contracts	—	—	—	—	—	—
Total revenues	769,899	357,146	14,838	136,060	868,814	2,146,757
Expenditures:						
Coaches' salaries	708,629	245,793	203,535	870,239	—	2,028,196
Other salaries	37,162	30,673	18,833	73,393	1,551,833	1,711,894
Films	939	451	124	215	4,512	6,241
Travel:						
Team	168,636	126,203	62,804	373,944	18,286	749,873
Recruiting	64,127	30,746	24,594	57,750	—	177,217
Financial aid	1,182,522	158,890	136,843	1,510,625	138,446	3,127,326
Maintenance and general administration	267,689	62,944	49,588	283,256	1,018,833	1,682,310
Equipment purchases	107,008	—	6,258	9,153	36,691	159,110
Publicity	550	—	—	2,100	110,229	112,879
Insurance	60	—	—	—	5,083	5,143
Telephone	30,031	8,577	7,499	21,077	77,122	144,306
Entertainment	442	—	264	2,466	15,079	18,251
Total expenditures	2,567,795	664,277	510,342	3,204,218	2,976,114	9,922,746
Deficiency of revenues over expenditures	\$ (1,797,896)	(307,131)	(495,504)	(3,068,158)	(2,107,300)	(7,775,989)

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THE OHIO UNIVERSITY OSTEOPATHIC MEDICAL CENTER, INC.

Financial Statements

January 31, 2000 and 1999

(With Independent Auditors' Report Thereon)



Two Nationwide Plaza
Columbus, OH 43215-2577

Telephone 614 249 2300
Fax 614 249 2348

Independent Auditors' Report

To The President and Board of Trustees of
Ohio University

and

The Board of Directors
of The Ohio University Osteopathic Medical Center, Inc.

and

The Honorable Jim Petro
Auditor of State of Ohio:

We have audited the accompanying balance sheets of The Ohio University Osteopathic Medical Center, Inc. ("Corporation") as of January 31, 2000 and 1999, and the related statements of operations and cash flows for the year ended January 31, 2000. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ohio University Osteopathic Medical Center, Inc., as of January 31, 2000 and 1999, and the results of its operations and its cash flows for the year ended January 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2001 on our consideration of the Corporation'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.

KPMG LLP

March 22, 2001

THE OHIO UNIVERSITY OSTEOPATHIC MEDICAL CENTER, INC.

Balance Sheets

January 31, 2000 and 1999

Assets	2000	1999
Cash and cash equivalents	\$ 77,143	140,828
Receivables (note 10):		
Patient and other professional services, less allowance for doubtful receivables of \$2,151,460 in 2000, and \$5,702,854 in 1999	1,860,228	2,288,187
Employees	<u>5,593</u>	<u>5,072</u>
Total receivables, net	1,865,821	2,293,259
Prepaid expenses	<u>150,957</u>	<u>4,910</u>
Total current assets	2,093,921	2,438,997
Equipment under capital lease, net of accumulated depreciation of \$42,500 in 2000 and \$27,500 in 1999 (note 8)	32,500	47,500
Investment in affiliate (note 4)	<u>52,097</u>	<u>34,906</u>
Total assets	<u>\$ 2,178,518</u>	<u>2,521,403</u>
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities:		
Payroll	\$ 555,185	714,750
Legal and professional fees	70,266	142,066
Contractual obligation to Ohio University	517,756	600,000
Other	<u>150,126</u>	<u>163,205</u>
Total accounts payable and accrued liabilities	1,293,333	1,620,021
Current portion of capital lease obligation (note 8)	<u>17,818</u>	<u>16,197</u>
Total current liabilities	1,311,151	1,636,218
Non-current portion of capital lease obligation (note 8)	<u>23,103</u>	<u>40,921</u>
Total liabilities	<u>1,334,254</u>	<u>1,677,139</u>
Stockholder's equity:		
Common stock (note 5)	500	500
Additional paid-in-capital	2	2
Retained earnings	<u>843,762</u>	<u>843,762</u>
Total stockholder's equity	844,264	844,264
Commitments and contingencies (notes 8 and 9)	<u> </u>	<u> </u>
	<u>\$ 2,178,518</u>	<u>2,521,403</u>

See accompanying notes to financial statements

THE OHIO UNIVERSITY OSTEOPATHIC MEDICAL CENTER, INC.

Statement of Operations and Retained Earnings

Year ended January 31, 2000

Revenues:	
Net patient service revenue	\$ 6,742,915
Other professional service revenue	1,838,019
Investment income	31,295
Equity in earnings of affiliate (note 4)	17,191
Managed care organization administrative fees (note 3)	<u>1,414</u>
Total revenues	<u>8,630,834</u>
Expenses:	
Human resources	6,083,432
Ohio University contractual obligation	1,708,694
Settlement of malpractice claim (note 9)	250,000
Medical services	222,541
Physical resources	178,036
General and administrative	<u>231,425</u>
Total expenses	<u>8,674,128</u>
Operating loss	(43,294)
Other income -	
Gain on sale of managed care organization (note 3)	<u>43,294</u>
Income before income taxes	—
Income tax expense	<u>—</u>
Net income	—
Retained earnings, beginning of year	<u>843,762</u>
Retained earnings, end of year	<u>\$ 843,762</u>

See accompanying notes to financial statements

THE OHIO UNIVERSITY OSTEOPATHIC MEDICAL CENTER, INC.

Statement of Cash Flows

Year ended January 31, 2000

Cash flows from operating activities:	
Net income	\$ —
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation	15,000
Equity in earnings of affiliate	(17,191)
Change in assets and liabilities:	
Receivables, net	427,438
Prepaid expenses	(146,047)
Accounts payable and accrued liabilities	<u>(326,688)</u>
Net cash used in operating activities	<u>(47,488)</u>
Cash flows from financing activities –	
Repayments under capital lease obligation	<u>(16,197)</u>
Net decrease in cash	(63,685)
Cash and cash equivalents, beginning of year	<u>140,828</u>
Cash and cash equivalents, end of year	\$ <u><u>77,143</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for –	
Interest	\$ <u><u>4,424</u></u>

See accompanying notes to financial statements

THE OHIO UNIVERSITY OSTEOPATHIC MEDICAL CENTER, INC.

Notes to Financial Statements

January 31, 2000 and 1999

(1) Description of Business

The Ohio University Osteopathic Medical Center, Inc. (MCI) is a professional association formed under Chapter 1785 of the Revised Code of Ohio for the purpose of organizing licensed physicians and surgeons, who are faculty members of the Ohio University College of Osteopathic Medicine (the College), into a multi-specialty faculty group practice. The sole purpose for which this professional association is formed is to render medical care, consultation, diagnosis and treatment through physicians and surgeons licensed to practice medicine in the State of Ohio.

For a significant portion of MCI's operations, MCI utilizes the College's services, facilities, tangible personal and real property, office space, equipment, personnel, library, research facilities and records, and the goodwill attendant to affiliation with the College. In accordance with the Clinical Practice Agreement, MCI has agreed to pay Ohio University, designated for the College, for these benefits. The payment is to be made annually based upon the formula specified in the Clinical Practice Agreement.

Effective January 2, 1999, MCI entered into a contract with Emergency Medicine Physicians of Athens County, Ltd. (EMP), as an independent contractor, to provide physician coverage and perform certain administrative duties for O'Bleness Memorial Hospital Emergency Room and Urgent Care Center (Emergency Room). This agreement between EMP and MCI is for a two-year period with a right to renew on a year-to-year basis thereafter. Under this agreement, EMP performs all services associated with operation of the Emergency Room. EMP retains all amounts billed and collected for the Emergency Room services. EMP reimburses MCI for emergency/urgent care physicians services furnished by MCI's physicians. MCI maintains malpractice insurance coverage for its physicians.

For the year ended January 31, 2000, EMP reimbursed \$790,733 to MCI under this contractual agreement. This revenue was classified as a component of other professional services in the accompanying statement of operations and retained earnings.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

MCI's financial statements are prepared on the accrual basis of accounting. Revenues are recognized when services are rendered, and expenses are recognized when incurred.

(b) Cash Equivalents

Cash equivalents of \$10,951 and \$10,007 as of January 31, 2000 and 1999, respectively, consist of highly-liquid investments with original maturity of three months or less.

(c) Investment in Affiliate

The investment in affiliate is accounted for by the equity method.

THE OHIO UNIVERSITY OSTEOPATHIC MEDICAL CENTER, INC.

Notes to Financial Statements

January 31, 2000 and 1999

(d) Contractual Obligation to Ohio University

For the year ended January 31, 2000, MCI is obligated to pay Ohio University \$1 million and the excess of gross receipts over expenses, as defined, pursuant to MCI's Clinical Practice Agreement.

(e) Equipment Under Capital Lease

Equipment under capital lease is stated at the lesser of the present value of future minimum lease payments or fair market value. Depreciation is calculated on a straight-line basis over the lesser of the life of the lease or the useful life of the equipment. The estimated useful life of equipment is five years.

(f) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. For the year ended January 31, 2000, MCI remitted the excess of gross receipts over expenses to Ohio University pursuant to the Clinical Practice Agreement. Therefore, no income taxes were paid as of January 31, 2000. There are no significant differences in revenues and expenses for financial and tax reporting purposes for fiscal years 2000 and 1999. As of January 31, 2000, MCI does not have any net operating loss carryforwards for tax purposes.

(g) Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(3) Income from Sale of Managed Care Organization

During fiscal year 1998, MCI began to process and manage workers' compensation claims on behalf of the Ohio Bureau of Workers' Compensation as one of the Bureau's managed care organizations (MCO). MCI sold the MCO operations to Medical Benefits MCO effective February 17, 1999. The gain on the sale of MCO is reflected in the statement of operations and retained earnings.

(4) Investment in Unconsolidated Affiliate

During fiscal year 1998 MCI purchased a 25% interest in Southeastern Ohio Health Alliance (the Alliance), an Ohio Limited Liability Corporation, for \$55,000. During fiscal year 2000, the Alliance reported net income of \$68,764.

THE OHIO UNIVERSITY OSTEOPATHIC MEDICAL CENTER, INC.

Notes to Financial Statements

January 31, 2000 and 1999

(5) Common Stock

MCI has 500 authorized shares of common stock, no par value, of which 251 shares were issued and outstanding during fiscal years 2000 and 1999. The stated value of the outstanding shares of common stock is \$500.

No share of common stock shall be issued to any person who is not a physician duly licensed to practice medicine in the State of Ohio. Shareholders have no pre-emptive right to subscribe for additional issues of stock, and issued shares are held subject to the rights of purchase and transfer restrictions contained in MCI's Code of Regulations. During fiscal years 2000 and 1999 all of the outstanding shares of common stock were held by the President of MCI.

(6) Deferred Profit Sharing Plan

Effective February 1, 1984, MCI established a deferred profit-sharing plan under Section 401(k) of the Internal Revenue Code covering substantially all employees. Eligibility requirements are one year of service defined as a 12 month period with more than 1,000 hours of service, and a minimum of 21 years of age. MCI's annual contribution is 50% of each eligible employee's elected contribution up to 3% of the employee's total salary. Total profit-sharing contribution was \$113,104 for the fiscal year ended January 31, 2000.

(7) Promissory Note Payable

During fiscal year 2000, MCI had a revolving promissory note agreement with a bank having an available credit limit of \$600,000. This agreement currently matures on September 21, 2000. On January 31, 2000 and 1999, MCI had no borrowings outstanding under the revolving promissory note agreement. Interest on borrowings under this agreement is paid at the prime rate which was 8.5% at January 31, 2000. The promissory note is collateralized by accounts receivable. Interest expense paid in fiscal year 2000 was \$1,253.

THE OHIO UNIVERSITY OSTEOPATHIC MEDICAL CENTER, INC.

Notes to Financial Statements

January 31, 2000 and 1999

(8) Leases

MCI leases certain clinical facilities and equipment under operating and capital lease agreements. Facility leases are primarily on a month-to-month basis except for one lease that expires in June 2000, with monthly lease payments of \$2,500. The equipment lease is a capital lease that expires in April 2002. Lease payments for this lease are based on the number of patient studies performed each month. MCI pays \$50 per patient study plus taxes and, if applicable, service fees and other charges. The minimum number of patient studies is 35 per month. Total lease expense was \$175,197 for the year ended January 31, 2000. Future minimum payments, by year and in the aggregate, with initial terms of one year or more consist of the following at January 31, 2000:

	<u>Capital lease</u>	<u>Operating lease</u>
2001	\$ 21,000	59,600
2002	21,000	60,150
2003	<u>3,500</u>	<u>16,550</u>
Total minimum lease payments	45,500	\$ <u><u>136,300</u></u>
Less amount representing interest	<u>(4,579)</u>	
Present value of minimum lease payments	40,921	
Less current portion of capital lease obligation	<u>(17,818)</u>	
Non-current portion of capital lease obligation	\$ <u><u>23,103</u></u>	

(9) Commitments and Contingencies

(a) Regulation

The healthcare industry is subject to numerous laws and regulations of Federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Recently, government activity has increased with respect to investigation and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Specifically, the U.S. Department of Health and Human Services' PATH Initiative (Physicians At Teaching Hospitals) has undertaken a project to audit Medicare billings by teaching physicians. Currently, MCI has not been notified it will be subject to such an audit.

The Board of Directors has adopted a policy regarding compliance and integrity, and management believes that MCI is in compliance with fraud and abuse as well as other applicable government laws and regulations. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws

THE OHIO UNIVERSITY OSTEOPATHIC MEDICAL CENTER, INC.

Notes to Financial Statements

January 31, 2000 and 1999

and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management believes that the results of any regulatory actions, if any, will not be material to MCI's financial position.

(b) *Physician Contractual Agreements*

All of the physicians employed by MCI are under contractual arrangements which include three basic types: 1) fixed annual salary, 2) fixed rate per shift and 3) fixed rate per hour. The expenses paid related to these contracts are classified as human resource expenses on the accompanying statement of operations and retained earnings.

(c) *Professional Liabilities*

There are several lawsuits, pending claims and incidents that occurred in the past whereby claims have been made and may be asserted against MCI for which the ultimate liability, if any, has not been determined. MCI carries malpractice insurance on a claims made basis with annual coverage limits of \$5,000,000 per occurrence and \$5,000,000 in the aggregate per physician.

Management believes that the future costs relating to all pending malpractice claims and incidents are within the scope of MCI's insurance coverages and subject to reimbursement by the insurance carrier to the extent costs are within the coverage limitations. However, management cannot currently predict the amount of future costs, if any, that may be outside the coverage limitations. Any such unreimbursed costs would be borne by MCI and recorded in the accompanying financial statements when paid.

MCI's former insurance carrier, which insured MCI's malpractice claims on an occurrence basis for the eleven year period ended January 31, 1997, has been placed into liquidation by the Ohio Department of Insurance. As a result, claims may not be totally reimbursed by the former insurance carrier and/or covered by the Ohio Department of Insurance.

In August 1999, MCI settled a malpractice claim for \$2,750,000. Of this settlement MCI paid \$250,000, which is reflected in the accompanying financial statement, and \$2,500,000 was paid by the insurance company.

As part of the efforts to address the issues relating to the liquidation of MCI's previous medical malpractice carrier, tail coverage for all former clinical faculty was purchased by Ohio University. The tail coverage was purchased from CNA-Transportation Insurance. A \$250,000 deductible covers the period of time clinical faculty was covered under the prior carrier and was paid in conjunction with the settlement of a medical claim in fiscal year 2000 as described above.

THE OHIO UNIVERSITY OSTEOPATHIC MEDICAL CENTER, INC.

Notes to Financial Statements

January 31, 2000 and 1999

(10) Concentrations of Credit Risk

Most of MCI's patients are local residents and are insured by third-party payor agreements. As of January 31, 2000, approximately 26%, 20%, 21% and 33% of patient accounts receivable are represented by self-pay, Medicare, Medicaid, and other third party payors, respectively. As of January 31, 1999, approximately 17%, 23%, 13% and 48% of patient accounts receivable are represented by self-pay, Medicare, Medicaid, and other third party payors, respectively.

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**THE OHIO UNIVERSITY OSTEOPATHIC
MEDICAL CENTER, INC.**

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

For the Year ended January 31, 2000

(With Independent Auditors' Report Thereon)



Two Nationwide Plaza
Columbus, OH 43215-2577

Telephone 614 249 2300
Fax 614 249 2348

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

The President and The Board of Trustees of
Ohio University

and

The Board of Directors of The
Ohio University Osteopathic
Medical Center, Inc.

and

The Honorable Jim Petro
Auditor of State:

We have audited the financial statements of The Ohio University Osteopathic Medical Center, Inc. (the Center), as of and for the year ended January 31, 2000, and have issued our report thereon dated March 22, 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center'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 and management of Ohio University and the Center, and the Auditor of State of Ohio, and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

March 22, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
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OHIO UNIVERSITY

ATHENS 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
MAY 1, 2001**