

***Central State
University***

*Financial Statements for the Years Ended
June 30, 2003 and 2002 and Single Audit
Reports for the Year Ended June 30, 2003*



**Auditor of State
Betty Montgomery**

Board of Trustees
Central State University
1400 Brush Row Road
P. O. Box 1004
Wilberforce, Ohio 45384

We have reviewed the Independent Auditor's Report of the Central State University, Greene County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2002 through June 30, 2003. 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 Central State University is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

November 24, 2003

This Page is Intentionally Left Blank.

CENTRAL STATE UNIVERSITY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2 – 5
FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2003 AND 2002 (RESTATED):	
Financial Statements and Notes thereto	6 – 20
SINGLE AUDIT REPORTS FOR THE YEAR ENDED JUNE 30, 2003:	
Schedule of Expenditures of Federal Awards and Notes Thereto for the Year Ended June 30, 2003	21 – 24
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based Upon the Audit Performed in Accordance with Government Auditing Standards	25 – 26
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	27 – 28
Schedule of Findings and Questioned Costs	29 – 35
Summary Schedule of Prior Audit Findings	36 – 38
Corrective Action Plan	39

This Page is Intentionally Left Blank.



INDEPENDENT AUDITORS' REPORT

The President and Board of Trustees of Central State University
and Betty Montgomery, Auditor of State of Ohio

We have audited the accompanying statement of net assets of Central State University (the "University") as of June 30, 2003 and 2002, and the related consolidated statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the management of the University. Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central State University at June 30, 2003 and 2002, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note N, the accompanying 2002 financial statements have been restated.

Management's Discussion and Analysis on pages 2 – 5 are not a required part of the basic financial statements but are supplementary information required by the GASB. This supplemental information is the responsibility of the University's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Central State University taken as a whole. The accompanying Schedule of Expenditures of Federal Awards on pages 21 – 24, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule is the responsibility of the University's management. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 10, 2003, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

October 10, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis section provides an overview of Central State University's (the "University") activities for the years ended June 30, 2003 and 2002 from a financial perspective. This section should be considered in conjunction with the financial statements and footnotes.

Financial Highlights

For the fiscal year ended June 30, 2003, Central State University's expenses exceeded revenues by \$1.5 million and for the fiscal year ended June 30, 2002, revenues exceeded expenses by \$0.4 million creating respective changes in net assets for the years by the same amounts. Beginning net assets were restated from \$56.6 million to \$59.2 million due to a restatement of FY02 net capital assets. The change in net assets comparatively is partially attributable to some one-time adjustments that occurred in FY02, discussed in detail below.

Overview of the Financial Statements

Using Financial Reports

The University's financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") principles, including the incorporation of GASB Statements No. 34 and No. 35. These statements establish standards for external financial reporting that require a consolidated financial statement for the University as a whole.

Three consolidated financial statements are included: Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows.

Since GASB No. 35 was adopted by the University for the year ended June 30, 2002, comparative analysis is provided for the fiscal years ended June 30, 2003 and 2002.

Total assets decreased from \$70.5 million in FY02 to \$69.5 million in FY03. The decrease is primarily related to a decrease in restricted cash of \$1.2 million largely related to a transfer from endowments to the Central State University Foundation (the "Foundation"), a \$0.8 million decrease in capital assets due to depreciation exceeding capital expenditures, a \$0.6 million decrease in cash and a \$0.2 million decrease in investments; these amounts were partially offset by an increase in accounts receivable for restricted funds of \$1.7 million. The accounts receivable increase is primarily attributable to subcontractor payments associated with the Family and Community Violence Prevention (FCVP) program.

Capital asset additions included planning for the new University Center, design for the Center for Education and Natural Science, roof replacements on various campus facilities, renovations in the Mercer Cafeteria, HVAC upgrades in the Hunter and Williamson residence halls, and site preparation for a new academic building including razing of buildings. Details of the capital asset breakdown and associated long-term debt are presented in Notes C and E to the financial statements.

Total liabilities increased from \$11.3 million in FY02 to \$11.8 million in FY03. This increase is primarily related to a \$1.3 million increase in accounts payable for restricted funds, a \$0.3 million increase in accrued salaries, wages, and benefit, and was partially offset by a \$0.7 million decrease in debt and other non-current liabilities, as well as a \$0.1 million benefit liability reduction due to a workers compensation accrual change at the state level.

The University's total net assets decreased \$1.5 million in FY03, from \$59.2 million to \$57.7 million. This decrease was primarily related to a \$1.0 million transfer from endowments to the Foundation, which served to close out University endowment funds to allow the Foundation to manage all endowments.

	Net Assets (in millions)	
	2003	2002
Current	\$ 14.2	\$ 13.0
Other noncurrent assets	1.0	2.4
Capital assets	<u>54.3</u>	<u>55.1</u>
Total assets	<u>69.5</u>	<u>70.5</u>
Current liabilities	8.8	7.8
Long-term liabilities	<u>3.0</u>	<u>3.5</u>
Total liabilities	<u>11.8</u>	<u>11.3</u>
Net assets:		
Invested in capital assets	51.6	51.9
Restricted:		
Expendable	0.2	0.8
Unexpendable	1.9	2.9
Unrestricted	<u>4.0</u>	<u>3.6</u>
Total net assets	<u><u>\$ 57.7</u></u>	<u><u>\$ 59.2</u></u>

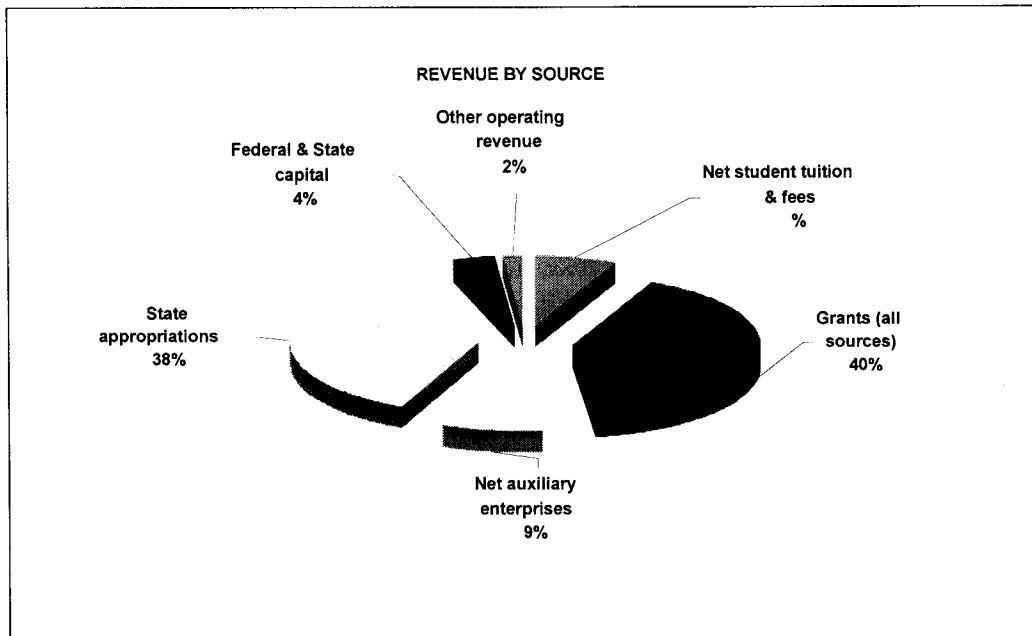
Statement of Revenue, Expenses and Changes in Net Assets

The decrease in net assets for FY03 was \$1.5 million. Operating revenue increased \$4.6 million in FY03. The increase was primarily related to a \$2.6 million increase in federal grants and contracts, a \$0.8 million increase in auxiliary enterprises, a \$0.4 increase in net student tuition and fees, a \$0.5 million increase in other operating revenue, and a \$0.1 increase in indirect cost recovery. Tuition increased 7% during FY03; fees, room and board increased at an average of 10%. Auxiliary revenue and expenses increased due to the addition of Foundation Hall, a new residence facility for students. (See Note L to the financial statements.)

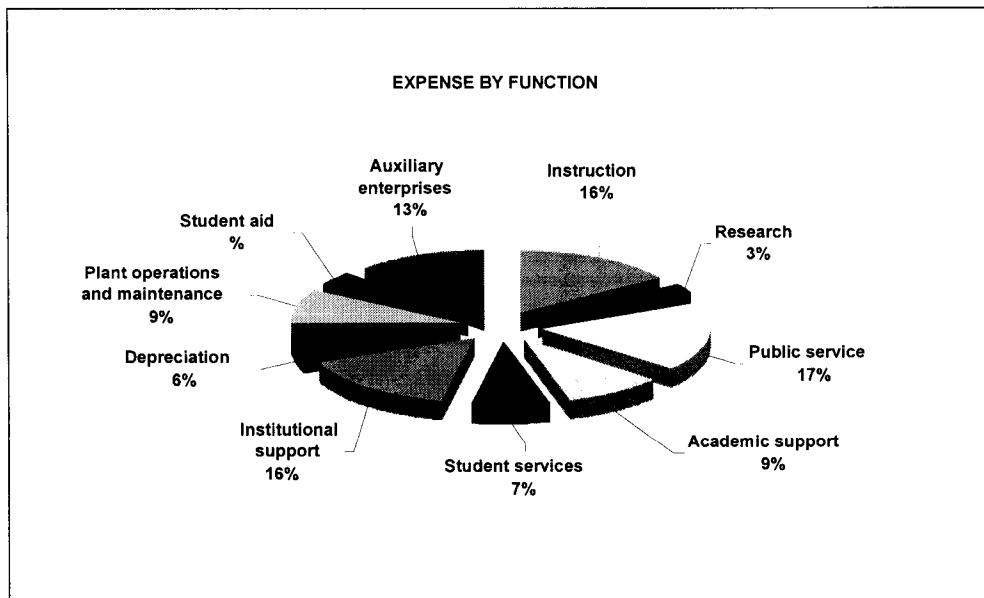
The increased revenues for federal grants resulted to a large degree in the associated expense increases in research \$0.7 million, public service \$1.7 million, and to a lesser degree in institutional support. Other comparative increases in institutional support included the \$1.0 million endowment transfer to the Foundation, one-time expense reductions in FY02 for close-out of grant funds and other totaling \$1 million, and workers compensation accrual reversal of \$0.4 million due to an accounting change at the state level. Student bad debt was reduced \$0.3 million from the prior year.

	2003	2002
Revenues—operating:		
Student tuition and fees, net	\$ 3.1	\$ 2.8
Federal grants and contracts	15.0	12.4
State and local grants and contracts	2.6	2.3
Auxiliary enterprises, net	3.9	3.0
Indirect cost recovery	0.7	0.6
Other	<u>0.7</u>	<u>0.3</u>
Total operating revenue	<u>26.0</u>	<u>21.4</u>
Expenses—operating:		
Instruction	7.3	7.5
Research	1.3	0.6
Public service	8.4	6.7
Academic support	4.4	4.2
Student services	3.4	3.1
Institutional support	7.3	4.3
Depreciation	2.8	2.8
Plant operations and maintenance	4.2	4.3
Student aid	1.8	1.7
Auxiliary enterprises	<u>5.9</u>	<u>5.0</u>
Total operating expenses	<u>46.8</u>	<u>40.2</u>
Non-operating and other revenues:		
Federal and state capital	1.7	1.0
State appropriations	17.2	17.7
Senate Bill 6 appropriations	0.4	0.4
Investment income and net increase in fair value of investments	0.1	0.2
Interest on capital-related debt	<u>(0.1)</u>	<u>(0.1)</u>
	<u>19.3</u>	<u>19.2</u>
Increase (Decrease) in net assets	<u>\$ (1.5)</u>	<u>\$ 0.4</u>

The following is a graphic representation of the University's total revenue by source:



The following is a graphic representation of our total expenditures by function:



Future Economic Factors

During fiscal year 2003, the capacity for student housing increased as a result of the construction of a new, 300-bed resident hall. However, the fall 2003 enrollment projections suggest that the student housing may again need to be increased in order to avoid the need for supplemental local student housing; planning has begun to address this need. Design for the new center for Education and Natural Sciences facility also has been initiated.

Student enrollment at Central State University is continuing on a positive trend; conversely, the State funding reductions that have occurred due to economic conditions in the State and nation also have continued. Increased resources for State funding of higher education are unlikely in the immediate future.

CENTRAL STATE UNIVERSITY

STATEMENTS OF NET ASSETS

JUNE 30, 2003 AND 2002

ASSETS	2003	2002 (as restated see Note N)
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,917,407	\$ 9,508,744
Accounts receivable (net of allowance of \$5.1 million-2003 and \$5.4 million-2002)	4,883,466	3,148,364
Prepaid expenses and other assets	341,082	318,939
Notes receivable	43,027	51,932
Total current assets	<u>14,184,982</u>	<u>13,027,979</u>
NONCURRENT ASSETS:		
Restricted cash and cash equivalents	976,861	2,136,925
Investments		203,275
Capital assets, net	<u>54,331,543</u>	<u>55,120,480</u>
Total noncurrent assets	<u>55,308,404</u>	<u>57,460,680</u>
Total assets	<u>\$ 69,493,386</u>	<u>\$ 70,488,659</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,926,462	\$ 1,655,489
Accrued salaries, wages and benefits	2,217,468	2,116,353
Deferred student fee revenue	104,613	136,624
Other deferred revenue	2,938,500	3,100,147
Deposits	240,368	179,584
Current portion of long-term debt	182,089	243,941
Other liabilities	<u>188,757</u>	<u>330,335</u>
Total current liabilities	<u>8,798,257</u>	<u>7,762,473</u>
NONCURRENT LIABILITIES:		
Long-term debt	2,521,340	2,948,503
Accrued salaries, wages, benefits and other liabilities	<u>514,825</u>	<u>582,329</u>
Total noncurrent liabilities	<u>3,036,165</u>	<u>3,530,832</u>
Total liabilities	<u>11,834,422</u>	<u>11,293,305</u>
NET ASSETS:		
Invested in capital assets—net of related debt	51,628,114	51,928,036
Restricted—expendable	182,185	789,554
Restricted—unexpendable	1,850,277	2,911,171
Unrestricted	<u>3,998,388</u>	<u>3,566,593</u>
Total net assets	<u>57,658,964</u>	<u>59,195,354</u>
Total liabilities and net assets	<u>\$ 69,493,386</u>	<u>\$ 70,488,659</u>

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

CENTRAL STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2003 AND 2002

REVENUES	2003	2002
Operating revenues:		
Student tuition and fees	\$ 4,935,932	\$ 4,507,445
Less grants and scholarships	<u>(1,800,172)</u>	<u>(1,730,847)</u>
Student tuition and fees net of grants and scholarships	3,135,760	2,776,598
Federal grants and contracts	14,934,376	12,433,193
State and local grants and contracts	2,627,550	2,351,413
Auxiliary enterprises (net of grants and scholarships of \$2.1 million-2003, \$1.9 million-2002)	3,883,892	3,034,956
Indirect cost recovery	722,128	582,032
Other operating revenues	<u>744,109</u>	<u>258,010</u>
Total operating revenues	<u>26,047,815</u>	<u>21,436,202</u>
EXPENSES		
Operating expenses:		
Education and general:		
Instruction	7,325,797	7,477,960
Research	1,246,899	551,161
Public service	8,389,750	6,725,382
Academic support	4,413,494	4,157,284
Student services	3,416,927	3,183,246
Institutional support	7,324,868	4,341,965
Depreciation	2,829,481	2,775,851
Plant operations and maintenance	4,243,069	4,350,110
Student aid	1,747,025	1,666,450
Auxiliary enterprises	<u>5,892,849</u>	<u>4,953,702</u>
Total operating expenses	<u>46,830,159</u>	<u>40,183,111</u>
Operating loss	<u>(20,782,344)</u>	<u>(18,746,909)</u>
Nonoperating revenues (expenses):		
State appropriations	17,196,608	17,634,888
Senate Bill 6 appropriations	353,191	399,150
Investment income	143,945	217,218
Interest on capital-related debt	<u>(151,799)</u>	<u>(156,221)</u>
Total nonoperating revenues net of nonoperating expenses	<u>17,541,945</u>	<u>18,095,035</u>
Other revenues:		
Federal capital grants		233,558
State capital grants	<u>1,704,009</u>	<u>783,089</u>
Total other revenue	<u>1,704,009</u>	<u>1,016,647</u>
CHANGE IN NET ASSETS	<u>(1,536,390)</u>	<u>364,773</u>
NET ASSETS:		
Beginning of year as previously reported		104,253,713
Cumulative effect of change in accounting principle (as restated, see Note N)		<u>(45,423,132)</u>
Beginning of year as restated	<u>59,195,354</u>	<u>58,830,581</u>
End of year	<u>\$ 57,658,964</u>	<u>\$ 59,195,354</u>

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

CENTRAL STATE UNIVERSITY

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 3,002,974	\$ 2,842,439
Grants and contracts	16,247,779	15,063,875
Payments to vendors and employees	(36,902,704)	(33,327,567)
Auxiliary enterprise charges	(2,164,939)	(1,845,300)
Other receipts	1,145,819	713,345
	<u>(18,671,071)</u>	<u>(16,553,208)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State appropriations	17,196,608	17,634,888
Senate Bill 6 appropriations	353,191	399,150
Federal family education loan receipts	5,340,892	1,303,569
Federal family education loan disbursements	<u>(5,340,892)</u>	<u>(1,303,569)</u>
	<u>17,549,799</u>	<u>18,034,038</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital appropriations	1,704,009	783,089
Capital grants		233,558
Purchases of capital assets	(2,040,544)	(1,404,136)
Principal paid on capital debt and leases	(489,015)	(240,496)
Interest paid on capital debt and leases	<u>(151,799)</u>	<u>(156,221)</u>
	<u>(977,349)</u>	<u>(784,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	143,945	230,026
Sale of investments	<u>203,275</u>	<u> </u>
	<u>347,220</u>	<u>230,026</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,751,401)	926,650
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>11,645,669</u>	<u>10,719,019</u>
End of year	<u>\$ 9,894,268</u>	<u>\$ 11,645,669</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES—		
Operating loss	\$ (20,782,344)	\$ (18,746,909)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation	2,829,481	2,775,851
Changes in net assets:		
Accounts receivable	(1,735,102)	1,604,267
Prepaid expenses and other	(22,143)	(97,695)
Notes receivable	8,905	272,452
Accounts payable	1,270,973	(298,890)
Accrued salaries, wages and benefits	33,611	65,372
Deferred revenue	(193,658)	(1,580,464)
Other liabilities	<u>(80,794)</u>	<u>(547,192)</u>
	<u>\$ (18,671,071)</u>	<u>\$ (16,553,208)</u>
NON-CASH TRANSACTIONS—Capital lease	\$ -	\$ 86,020

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

CENTRAL STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2003 AND 2002

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Entity—Central State University (the “University”), is a coeducational, degree-granting university, located in Wilberforce, Ohio. The University was originally established in 1887 by the General Assembly of the State of Ohio. The University continued to expand degree programs, which resulted in a granting of University status in 1965 by Statutory Act under Chapter 3343 of the Ohio Revised Code and is a component unit of the State of Ohio as a state university. The University is governed by a Board of Trustees appointed by the Governor with the advice and consent of the State Senate. The University offers undergraduate degrees in Arts and Science, Business, Teacher Education, and Technology. The University also has a branch facility, CSU-West, located in Dayton, Ohio.

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

Accrual Accounting—The accompanying financial statements have been prepared on the full accrual basis of accounting, whereby revenue is recognized in the period earned, or in the case of advances from other governments, when all eligibility requirements are met in accordance with Government Accounting Standards Board (“GASB”) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Expenditures are recognized when the related liabilities are incurred.

Financial Statements—The University reports as “business type activities,” as defined by GASB Statement No 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. In accordance with GASB Statement No. 35, *the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows* are reported on a consolidated basis.

Pursuant to GASB Statement No. 35, *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities*, the University follows GASB guidance as applicable to its business-type activities, and Financial Accounting Standards Board (“FASB”) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Net Asset Classifications—In accordance with GASB Statement No. 35 guidelines, the University’s resources are classified into the following four net asset categories:

Invested in Capital Assets—capitalized physical assets, net of accumulated depreciation and related debt (see Note C).

Restricted—Expendable—net assets related to grants and contracts activity, whose use is subject to externally-imposed restrictions. Also, debt related trust funds and other assets.

Restricted—Unexpendable—net assets represent endowment contributions from donors that are permanently restricted as to principle. Income generated from these funds may be used for student scholarships, loans, instruction, research and other specific university needs.

Unrestricted—net assets that are not subject to externally-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Trustees.

Operating Versus Non-operating Revenues and Expenses—The University defines operating activities as reported on the Statement of Revenues, Expenses and Changes in Net Assets as those that generally result from exchange transactions such as payments received for providing goods or services and payments made for goods or services received. All of the University’s expenses are from exchange transactions. Certain significant revenue streams relied on for operations are reported as non-operating revenues as required by GASB Statement No. 35, including state appropriations, investment income, and state capital grants.

Cash and Cash Equivalents can include cash, certificates of deposit, and money market funds, stated at cost, which approximates market.

Deferred Student Fee Income consists of the unearned portion of student tuition and fees for the Summer 2003 session.

Capital Assets are recorded at cost or, if acquired by gift, at fair value at the date of the gift. When capital assets are sold or otherwise disposed of, the net carrying value of such assets is removed from the accounts and the Invested in Capital Assets component of Net Assets is adjusted as appropriate. Capital assets, with the exception of land, are depreciated on the straight-line method over the following estimated useful lives:

Buildings	40 years
Building improvements	20 years
Automobiles, machinery and equipment	5-15 years

Grants and Scholarships—Student tuition and fees and auxiliary revenues are presented net of grants and scholarships applied directly to student accounts. Grants and scholarships consist primarily of awards to students from the Federal Pell Grant Program, Federal Supplemental Educational Opportunity Grant Program and the Ohio Instructional Grant Program. Payments made directly to students from grants and scholarships are presented as student aid.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Reclassification—Certain reclassifications have been made to conform balances to the 2003 presentation.

Income Taxes—The University is a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. The University is subject to taxes on unrelated business income. The University did not have unrelated business income for the years ended June 30, 2003 and 2002.

Risk Management—The University is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; national disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The University is self-insured for student health insurance claims; the recorded liability for these claims is \$35,000 as of June 30, 2003 and 2002.

Accounting Pronouncements—Effective July 1, 2001, the University adopted GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis –for Public Colleges and Universities – an amendment of GASB Statement No. 34*. Also effective July 1, 2001, the University adopted two related Statements: No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements establish comprehensive new financial reporting requirements for governmental colleges and universities throughout the United States. Much of the reporting of the University has been restructured and includes management discussion and analysis.

GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*, was issued in May 2002. This Statement amends Statement No. 14 to provide additional guidance to determine whether certain organizations, such as not-for-profit foundations, for which the primary institution is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the primary entity. Generally, this statement requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of an institution. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2003. The University believes, based on a preliminary assessment of the Statement, that the Central State University Foundation will be included as a component unit of the University in its financial statements beginning in fiscal year 2004.

B. CASH AND CASH EQUIVALENTS AND INVESTMENTS

In accordance with the State of Ohio’s and the University’s policy, the University is authorized to invest in obligations of the U.S. Treasury, Agencies and Instrumentalities, municipal and state bonds, certificates of deposit collateralized at market value, repurchase agreements, reverse repurchase agreements and forward commitments. Statutes also authorize the University to invest Endowment funds in the above investments, as well as commercial paper rated A-1 by Standard and Poor’s Corporation or P-1 by Moody’s Commercial Paper Record, banker’s acceptances, eurodollars, corporate bonds, common and preferred stock, mutual funds and real estate upon specific authorization of the Board of Trustees. The classification of cash and cash equivalents, and investments in the financial statements is based on the criteria set forth in GASB Statement No. 3. Cash equivalents are defined to include investments with original maturities of three months or less.

The carrying amounts at June 30, 2003 of the University’s cash deposits were \$9,161,829. At June 30, 2003, bank balances for the cash deposits were \$9,967,582. Of this amount, \$201,917 was covered by federal depository insurance and \$9,765,665 was covered by collateral held in single financial institutions’ collateral pools with securities being held by the pledging financial institutions’ agent in the pool’s name at June 30, 2003. These arrangements are in compliance with Ohio Revised Code.

GASB Statement No. 3 requires government entities to categorize investments to give an indication of the level of risk assumed by the entity at year-end.

These categories are as follows:

Category 1—Investments that are insured or registered or for which securities are held by the University or its agent in the name of the University.

Category 2—Uninsured and unregistered investments for which securities are held by the broker's or dealer's trust department or agent in the name of the University.

Category 3—Uninsured and unregistered investments for which securities are held by the broker or dealer, or by its trust department or agent but which are not in the University's name.

The fair value of investments at June 30, 2003 and 2002 are as follows:

	<u>June 30</u>	
	<u>2003</u>	<u>2002</u>
Money market account (included in restricted cash and cash equivalents)	\$ 732,439	\$ 1,799,945
Mutual funds		197,918
Common stock		5,357
	<u>\$ 732,439</u>	<u>\$ 2,003,220</u>

The money market investments are held by the custodial banks or their agents who internally designate the investments as owned by or pledged to the University (Category 3). The money market account held at June 30, 2003, is restricted for debt reserve payments.

C. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2003 and 2002, is summarized as follows:

	<u>2003</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Land and improvements	\$ 308,650	\$ -	\$ -	\$ 308,650
Buildings and improvements	91,812,880	1,268,057		93,080,937
Automobiles, machinery and equipment	10,721,790	221,446	175,000	10,768,236
Construction in progress	57,617	551,041		608,658
Total	<u>102,900,937</u>	<u>2,040,544</u>	<u>175,000</u>	<u>104,766,481</u>
Less accumulated depreciation:				
Buildings and improvements	39,955,706	1,952,234		41,907,940
Automobiles, machinery and equipment	7,824,751	877,247	175,000	8,526,998
Total accumulated depreciation	<u>47,780,457</u>	<u>2,829,481</u>	<u>175,000</u>	<u>50,434,938</u>
Capital assets, net	<u>\$ 55,120,480</u>	<u>\$ (788,937)</u>	<u>\$ -</u>	<u>\$ 54,331,543</u>

	2002			
	Beginning Balance	Additions	Retirements	Ending Balance
Land and improvements	\$ 308,650	\$ -	\$ -	\$ 308,650
Buildings and improvements	89,690,481	2,122,399		91,812,880
Automobiles, machinery and equipment	10,267,351	701,199	246,760	10,721,790
Construction in progress	1,391,059	42,617	1,376,059	57,617
Total	101,657,541	2,866,215	1,622,819	102,900,937
Less accumulated depreciation:				
Buildings and improvements	38,010,190	1,945,516		39,955,706
Automobiles, machinery and equipment	7,241,176	830,335	246,760	7,824,751
Total accumulated depreciation	45,251,366	2,775,851	246,760	47,780,457
Capital assets, net	\$ 56,406,175	\$ 90,364	\$ 1,376,059	\$ 55,120,480

D. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2003 and 2002, is summarized as follows:

	2003				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$1,121,176	\$ 893,086	\$ 787,891	\$ 1,226,371	\$ 787,891
Other liabilities	54,885	21,460		76,345	
Long-term debt	3,192,444		489,015	2,703,429	182,089
Workers' compensation	135,400		135,400		
	<u>\$4,503,905</u>	<u>\$ 914,546</u>	<u>\$1,412,306</u>	<u>\$ 4,006,145</u>	<u>\$ 969,980</u>
	2002				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$1,163,019	\$ 678,465	\$ 720,308	\$1,121,176	\$ 720,308
Other liabilities	47,285	7,600		54,885	
Long-term debt	3,346,920	86,020	240,496	3,192,444	243,941
Workers' compensation	665,216		529,816	135,400	8,824
	<u>\$5,222,440</u>	<u>\$ 772,085</u>	<u>\$1,490,620</u>	<u>\$4,503,905</u>	<u>\$ 973,073</u>

E. LONG-TERM DEBT

Long-term debt consists of the following:

	June 30		Current Portion
	2003	2002	
Central State University Revenue Bonds of 1962	\$ -	\$ 73,000	\$ -
Central State University Revenue Bonds of 1970: Revenue Bonds, Series F, 3.0%, payable in varying installments through December 1, 2010	<u>272,550</u>	<u>575,000</u>	<u>60,000</u>
Total bonds payable	<u>\$ 272,550</u>	<u>\$ 648,000</u>	<u>\$ 60,000</u>
Note payable to HUD, 3.0%, payable in varying installments through June 12, 2010	\$ 171,682	\$ 193,415	\$ 22,390
Note payable to the Department of Education, 5.5%, payable in varying installments through November 1, 2021	<u>2,208,047</u>	<u>2,275,509</u>	<u>71,224</u>
Total notes payable	<u>\$ 2,379,729</u>	<u>\$ 2,468,924</u>	<u>\$ 93,614</u>
Central State University Capital Lease— Capital lease, 6.91%, payable in varying installments through September 1, 2004	<u>\$ 51,150</u>	<u>\$ 75,520</u>	<u>\$ 28,475</u>

At June 30, 2003, maturities of long-term debt, including interest payments are as follows:

Fiscal Year	Principal			Interest	Total
	Notes	Bonds	Capital Leases		
2004	\$ 93,614	\$ 60,000	\$ 28,475	\$ 135,546	\$ 317,635
2005	98,262	60,000	22,675	127,077	308,014
2006	103,152	60,000		119,599	282,751
2007	108,297	65,000		112,579	285,876
2008	113,710	27,550		105,778	247,038
2009—2013	574,935			438,316	1,013,251
2014—2018	684,917			273,585	958,502
2019—2023	<u>602,842</u>			<u>68,110</u>	<u>670,952</u>
	<u>\$ 2,379,729</u>	<u>\$ 272,550</u>	<u>\$ 51,150</u>	<u>\$ 1,380,590</u>	<u>\$ 4,084,019</u>

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

The University is required to maintain a debt service payment account and a debt service reserve account under the Department of Education note. The University is required to deposit \$23,923 semi-annually in the debt service payment account for the principal and interest payments. The University has accumulated the required reserve in the debt service reserve account (\$191,704). The University is now required to deposit \$28,010 annually into a repair and replacement reserve account until \$280,100 has been accumulated in that account (\$147,807 accumulated at June 30, 2003).

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

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

The University is required to provide the trustees and the original purchasers of the bonds with an annual report of the accounts and operations of the dormitory facilities within 120 days after year-end.

F. COMPENSATED ABSENCES FOR VACATION AND SICK LEAVE

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

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

Contract Employees are nonacademic, contracted, full-time employees. Contract employees are entitled to vacation leave based upon length of service. The employee may accumulate up to a maximum of 30 days of vacation leave. Vacation leave not to exceed 240 hours becomes payable upon termination or retirement. Contract employees accrue sick leave at a rate of 15 days per year. One-third of accumulated sick leave, not to exceed one-third of 120 days, is payable to contract employees with ten years or more of service upon retirement.

Faculty Employees are full-time academic employees. Faculty employees accrue sick leave at a rate of 15 days per year. Faculty employees accruing vacation in excess of 30 days shall forfeit it. One-third of accumulated sick leave, not to exceed one-third of 120 days, is payable to faculty employees with ten years or more of service upon retirement.

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

G. STATE SUPPORT

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

In March 1997, the Ohio General Assembly approved a bill providing \$10.3 million in additional appropriations for emergency aid to the University to pay past due bills and provide operating funds. The University made draws for \$781,814 and \$449,983 during the year ended June 30, 2003 and 2002, respectively, leaving an undrawn balance of zero as of June 30, 2003. By approval of this bill, the State also forgave a \$1.5 million loan that was made in April 1995 by the State to the University.

In addition to the student subsidies and the special supplement, the State of Ohio provides the funding for construction of major plant facilities on the University campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn results in construction and subsequent transfer of the facility to the University by the Ohio Board of Regents.

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

As a result of the above-described financial assistance provided by the State of Ohio to the University, outstanding debt issued by OPFC is not included on the University's balance sheet. In addition, the appropriations by the State's General Assembly to the Board of Regents for payment of debt service are not recorded as appropriation revenue received by the University, and the related debt service payments are not recorded in the University's accounts.

H. RETIREMENT PLANS

University faculty participate in either the State Teachers Retirement System of Ohio ("STRS") or an alternative retirement plan ("ARP"). Substantially all other employees participate in either the Ohio Public Employees Retirement System ("OPERS") or the ARP.

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

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

OPERS
227 East Town Street
Columbus, Ohio 43215
Telephone (614) 466-2085

STRS
275 East Broad Street
Columbus, Ohio 43215
Telephone (614) 227-4090

The Ohio Revised Code provides OPERS and STRS statutory authority for employee and employer contributions. The required, actuarially determined contribution rates for the University and for the employee are:

	Retirement System	University Share	Employee Share
Classified, contract Faculty	OPERS	13.31 %	8.5 %
	STRS	14.00 %	9.3 %

The University's contributions, representing 100% of employer contributions, for the periods ended June 30, 2003, 2002 and 2001, are as follows:

	OPERS	STRS
2003	\$ 629,161	\$ 755,319
2002	575,363	447,857
2001	581,702	670,303

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

Under the provisions of ARP, the required contribution rates for plan participants are 9.3% and 8.5% of employees' covered compensation for employees who would otherwise participate in STRS and OPERS, respectively. The University contributes 8.24% of a participating faculty members' compensation and 13.31% of a participating contract staff member's compensation to the participant's account. The University is also required to contribute an additional 3.5% of employees' covered compensation to STRS. Plan participants' contributions were \$252,407 and \$281,203 and the University's contributions to the ARP were \$393,179 and \$416,001 for the years ended June 30, 2003 and 2002, respectively. In addition, the amounts contributed to STRS by the University on behalf of ARP participants were \$49,118 and \$32,000 for the years ended June 30, 2003 and 2002, respectively.

I. OTHER POSTEMPLOYMENT BENEFITS

OPERS currently provides post employment health care benefits to retirees with ten or more years of qualifying service credit and to primary survivors of those retirees. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code ("ORC"), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. The contributions allocated to retiree health benefits, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to other post employment health benefits. Under the new method, effective January 1, 1998, employer contributions, equal to 5.0% of member covered payroll, are used to fund healthcare expenses. Under the prior method, accrued liabilities and the normal cost rates were determined for retiree health care coverage.

The actuarial value of OPERS net assets available for these benefits at December 31, 2001 were \$11.6 billion. There were 402,041 active contributing members. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively. For the year ended June 30, 2003 and 2002, the University contributed \$363,120 and \$185,880, respectively to OPERS for OPEB funding, which is equal to the actuarially required contributions of the plan.

STRS currently provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. Pursuant to ORC, STRS has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS are included in the employer contribution rate. For the fiscal year ended June 30, 2001, STRS allocated employer contributions equal to 4.5% of covered payroll to a Health Care Reserve Fund ("HCRF") from which payments for health care benefits are paid. The balance in the HCRF was \$3.011 billion at June 30, 2002. For the fiscal year ended June 30, 2001, STRS allocated employer contributions equal to 4.5% of covered payroll to the HCRF. There were 105,300 benefit recipients eligible for post employment benefits at that date. For the year ended June 30, 2003 and 2002, the University contributed \$16,372 and \$143,954, respectively to fund these benefits.

J. GRANTS AND CONTRACTS

The University receives grants and contracts from certain federal, state and local agencies to fund research and other activities. The costs, both direct and indirect, which have been charged to their grants or contracts, are subject to examination and approval by the granting agency. It is the opinion of University administration that any potential disallowance or adjustment of such costs would not have a material effect on the accompanying financial statements.

K. COMMITMENTS AND CONTINGENCIES

Commitments—The University has encumbered approximately \$7,445,000 and \$3,279,000 of funds as of June 30, 2003 and 2002, respectively. These encumbrances represent purchase orders and other commitments for materials or services not received as of fiscal year-end. These are not included as liabilities in the statement of net assets.

Litigations—The University is involved in various litigation and regulatory matters. Based upon management review, the ultimate disposition of these matters are uncertain; therefore, no adjustments have been made to the financial statements relative to these matters. The University's administration believes that the ultimate disposition of these matters would not have a material adverse effect upon the financial statements of the University.

L. RELATED ORGANIZATION

The University is the sole beneficiary of the Central State University Foundation (the "Foundation"), a separate not-for-profit entity governed by a separate Board of Trustees, organized for the purpose of promoting educational and research activities. Net assets totaling approximately \$4.1 million and \$2.6 million as of June 30, 2003 and 2002, respectively, are held by the Foundation and are not recorded in the accompanying statement of net assets. Amounts received by the University from the Foundation in the form of private gifts, grants, and contracts amounted to approximately \$187,400 and \$217,600 for the years ended June 30, 2003 and 2002, respectively.

The Foundation established and owns Marauder Development LLC, which owns a new residence hall (Foundation Hall) located on the University's campus. The University has revenue for the annual management fee, a reimbursement of operating expenses, from Marauder Development LLC of \$213,110 for the year ended June 30, 2003. The University paid Marauder LLC \$1,246,804 for the year ended June 30, 2003. These payments were primarily student residence hall fees, and some reimbursable construction interest and furniture expenses.

M. BUREAU OF WORKERS' COMPENSATION

The University participates in a state plan that pays workers' compensation benefits to beneficiaries who have been injured on the job with any of certain state agencies and state universities. The Ohio Bureau of Workers' Compensation (the "Bureau") calculates the estimated amount of cash needed in the subsequent fiscal year to pay the claim for these workers and sets rates to collect this estimated amount from these participating state agencies and universities in that subsequent one-year period. As these already-injured workers' claims will be paid out over a period of time, the Bureau also actuarially calculates estimated amounts that will be paid in future periods for the entire pool of state agencies and state universities.

As part of the State of Ohio's implementation of GASB Statement No. 34 and 35 for the fiscal year 2002, the State had allocated the unfunded workers' compensation liabilities for public employer state agencies to the individual agencies. Effective for fiscal year 2003, the State of Ohio did not require the state universities to record this liability on its financial statements, thus the \$135,400 liability was reversed in fiscal year 2003.

N. RESTATEMENT

Subsequent to the issuance of the University's fiscal 2002 financial statements, management determined that the amount of the adjustment to beginning net assets previously reported for the cumulative effect of the adoption of GASB Statement No. 35 was not correct. Accordingly, the June 30, 2002 financial statements have been restated to correct that adjustment. The effects of the restatement are:

	As Previously Reported	As Restated
Combined fund balances, at June 30, 2001	\$ 104,253,713	\$ 104,253,713
Cumulative effect of change in accounting principle	<u>(47,988,963)</u>	<u>(45,423,123)</u>
Combined fund balances, as restated at June 30, 2001	<u>\$ 56,264,750</u>	<u>\$ 58,830,590</u>
Capital assets, net at June 30, 2002	<u>\$ 52,554,649</u>	<u>\$ 55,120,480</u>
Invested in capital assets, net of related debt at June 30, 2002	<u>\$ 49,362,205</u>	<u>\$ 51,928,036</u>
Net assets at June 30, 2002	<u>\$ 56,629,523</u>	<u>\$ 59,195,354</u>

* * * * *

CENTRAL STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003**

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number	Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER:		
U.S. Department of Education Direct Programs:		
Federal Work Study	84.033	\$ 469,408
Federal SEOG	84.007	647,844
Federal Pell Grant	84.063	<u>2,567,646</u>
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER		<u>3,684,898</u>
HIGHER EDUCATION—INSTITUTIONAL AID:		
U.S. Department of Education Direct Programs:		
Accreditation of Social Work Program	84.031B	\$ 6,291
Comprehensive Science Enhancement	84.031B	13,403
Development Experiential Learning	84.031B	16,700
Early Start	84.031B	1,378
Enhancement Criminal Justice Program	84.031B	1,856
Faculty Development	84.031B	166,267
Faculty Development Travel	84.031B	91,163
Financial Aid Services	84.031B	18,220
First Year Experience	84.031B	154,688
Honors Program	84.031B	68,780
Improving Administrative Management	84.031B	34,861
Improving Services to Students	84.031B	103,745
Institutional Advancement	84.031B	80,824
International Studies Center	84.031B	15,244
International Studies Center Enhancement	84.031B	24,207
Library Acquisition Enhancement	84.031B	157,172
One Stop Student Service Center	84.031B	20,658
Planning for Pharmacy Program	84.031B	5,880
Program Administration	84.031B	89,124
Strengthen Administrative Management	84.031B	10,489
Strengthen Administrators	84.031B	1,264
Strengthen Development Office	84.031B	77,662
Strengthening the Honors Program	84.031B	12,654
Student Leadership	84.031B	43,446
Student Success Support	84.031B	165,435
Supplemental Instruction	84.031B	34,917
Technology Upgrade	84.031B	1,165
Transfer Articulation	84.031B	<u>50,157</u>
Total U.S. Department of Education Direct Programs		<u>1,467,650</u>
TOTAL HIGHER EDUCATION—INSTITUTIONAL AID		<u>1,467,650</u>
See notes to the Schedule of Expenditures of Federal Awards		(Continued)

CENTRAL STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number	Expenditures
TRIO CLUSTER:		
U.S. Department of Education Direct Programs:		
TRIO: MISP Project	84.120A	\$ 87,186
TRIO: Student Support Services	84.042A	308,548
TRIO: Upward Bound	84.047A	<u>348,795</u>
TOTAL TRIO CLUSTER		<u>744,528</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
National Aeronautics and Space Administration:		
Sic Piezoresistive Probe	43.001	84,761
Ohio Space Grant	43.001	12,801
Ohio View	43.001	43,128
Oak Ridge National Laboratory	43.001	1,201
Renewable Energy Laboratory	43.001	<u>45,864</u>
Total National Aeronautics and Space Administration		<u>187,755</u>
National Oceanic and Atmospheric Administration— Identification of Soil	11.432	<u>2,693</u>
TOTAL RESEARCH AND DEVELOPMENT CLUSTER		<u>190,448</u>
U.S. Department of Health and Human Services:		
Family and Community Violence Prevention	93.910	7,326,290
Family Life Center	93.910	205,490
Project Succeed	93.000	21,105
Project Alpha	93.000	12,392
Health Care/Other Facilities	93.144	<u>1,652</u>
Total U.S. Department of Health and Human Services		<u>7,566,929</u>

See notes to the Schedule of Expenditures of Federal Awards

(Continued)

CENTRAL STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

Federal Grant/Pass Through Grant/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Transportation-- Summer Transportation Program	20.000	\$ <u>50,107</u>
U.S. Department of Defense:		
Programming Environment Training	12.000	86,426
Integrated Product/Process Design	12.000	132,453
SEMAC Urban Education	12.300	<u>473,343</u>
Total U.S. Department of Defense		<u>692,222</u>
National Science Foundation:		
QUEST	47.076	281,138
Scholarships for Academic Recruitment	47.076	<u>53,835</u>
Total National Science Foundation		<u>334,973</u>
U.S. Department of Housing and Urban Development-- Tawawa Development Corporation	14.237	<u>114,951</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 14,846,707</u></u>

See notes to the Schedule of Expenditures of Federal Awards.

(Concluded)

CENTRAL STATE UNIVERSITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of Central State University (the "University") under programs financed by the U.S. government for the year ended June 30, 2003, and is prepared on the accrual basis of accounting.

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

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

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

B. FEDERAL FAMILY EDUCATION LOANS

Federal Family Education Loans (Federal CFDA Number 84.032) processed for students by the University during the year ended June 30, 2003, are summarized as follows:

Federal Stafford Loans	\$2,680,854
Federal Unsubsidized Stafford Loans	1,975,300
Federal Parental Loans for Undergraduate Students (PLUS)	<u>684,737</u>
	<u>\$5,340,891</u>

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

C. PERKINS LOAN PROGRAM

The University administers the Perkins Loan Program (Federal CFDA Number 84.038). Outstanding loans as of June 30, 2003 were \$1,060,407.



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

The President and Board of Trustees of Central State University
and Betty Montgomery, Auditor of State of Ohio

We have audited the financial statements of Central State University (the "University") as of and for the year ended June 30, 2003, (on which we have issued our report dated October 10, 2003, which includes an explanatory paragraph relating to a restatement). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

However, we have communicated other observations involving the internal control over financial reporting to the management of the University in a separate letter dated October 10, 2003.

* * * * *

This report is intended solely for the information and use of the Board of Trustees, the management of the University, the U.S. Department of Education, other applicable U.S. Government Agencies, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

October 10, 2003



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

The President and Board of Trustees of Central State University
and Betty Montgomery, Auditor of State of Ohio

Compliance

We have audited the compliance of Central State University (the "University") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The University's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to 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, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2003-1 through 2003-5.

Internal Control Over Compliance

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

Our consideration of the University's internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the University's internal control over compliance and its operation that we consider to be material weaknesses.

* * * * *

This report is intended solely for the information and use of the Board of Trustees, the management of the University, the U.S. Department of Education, other applicable U.S. Government Agencies, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

October 10, 2003

CENTRAL STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2003

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued—Unqualified with explanatory paragraph relating to a restatement.

Internal control over financial reporting:

- Material weaknesses identified—None
- Reportable conditions identified that are not considered to be material weaknesses—Not applicable

Noncompliance material to the financial statements noted—None

Federal Awards

Internal control over major programs:

- Material weaknesses identified—None
- Reportable conditions identified that are not considered to be material weaknesses—Not applicable

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

Audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133—Yes

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
84.031B	Institutional Aid
12.300	SEMAC Urban Education
84.007, 84.032, 84.033, 84.038 and 84.063	Student Financial Aid

Dollar threshold used to distinguish between type A and type B programs: \$445,401.

Auditee qualified as low-risk auditee—Yes

CENTRAL STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2003 (Continued)

Section II—Financial Statement Findings

None

Section III—Federal Award Findings

2003-1

Federal Program:

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

Requirement:

The amount of earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment or period of enrollment as of the student withdrawal date. A student earned 100% if his or her withdrawal date is after the completion of 60% percent of (1) the payment period or period of enrollment for a program measured in credit hours; or (2) the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours. Otherwise, the percentage is equal to the percentage of the payment period or period of enrollment that was completed as of the student's withdrawal date.

The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student from the amount of Title IV aid that was disbursed to the student as of the date of the institution's determination that the student withdrew.

The institution must return the lesser of (1) the total amount of unearned Title IV assistance to be returned as described above; or (2) an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student.

CENTRAL STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2003 (Continued)

Condition:

It was noted that the University charges had been excluded from the DOE calculation. If the institutional charges had been included in the calculation the University would have been required to return the funds and not the student.

Context:

Auditor noted two errors in a total population of 25 returns.

Cause:

The use of an external software program for the return calculations does allow for human error in the data entry process while calculating the amounts to be returned. The University uses the DOE program for the calculation, which requires all the student information to be entered manually. In these two cases, data entry errors did occur.

Recommendation:

Refund calculations should be reviewed by appropriate management on a regular basis to ensure accurate calculations are being performed and data entry is accurate.

Management Response:

We agree and address this in the corrective action plan on page 39.

2003-2

Federal Program:

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

Requirement:

Returns of Title IV funds are required to be deposited to the SFA accounts or returned to the appropriate FFEL lender within 30 days after the date the institution determines that a student receiving this withdrew. An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment (2) academic year in which the student withdrew (3) or educational program from which the student withdrew.

CENTRAL STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2003 (Continued)

Condition:

It was noted that the refund calculation and the returning of funds was not being performed within 30 days of the date that the University determined a withdrawal took place.

Context

Auditor noted sixteen errors approximating \$13,110 in refunds in a total population of twenty-five students that were not returned within the 30-day requirement.

Cause:

Student financial aid office is not timely completing the refund calculation when the office becomes aware of a withdraw.

Recommendation:

The student financial aid department should implement procedures to ensure that when a student withdraws the refund calculation is completed and funds returned within the required timeframe.

Management Response:

We agree and address this in the corrective action plan on page 39.

CENTRAL STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2003 (Continued)

2003-3

Federal Program:

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

Requirement:

An institution shall require each applicant whose application is selected by the central processor, based on edits specified by ED, to verify the information specified in 34 CFR section 668.56. The institution is not required to verify the applications of more than 30 percent of its total number of applicants. The institution shall also require applicants to verify any information used to calculate EFC it has reason to believe is inaccurate. The institution is required to establish written policies and procedures that incorporate provisions of 34 CFR section 668.53 for verifying this information. The University's policy states a time period for providing documentation, the consequences for failure to turn in the requested documentation, the method by which the University will notify the student of any changes, the procedures required by the student to obtain the requested documentation, the documentation needed to satisfy the verification requirement, and all of the students' responsibilities for verification.

Condition:

Two students did not have completed verification files in the Financial Aid office. These students were awarded and disbursed aid during FY 2003.

Context:

Auditor noted two errors in a total population of 25 students tested.

Cause:

A Financial Aid counselor failed to verify that the student's files were complete before disbursing SFA funds to the student's accounts.

Recommendation:

Student files selected for verification should be completed by the student and maintained by the SFA office.

Management Response:

We agree and address this in the corrective action plan on page 39.

CENTRAL STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2003 (Continued)

2003-4

Federal Program:

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

Requirement:

First time FFEL Loan Borrowers Requirements: The earliest an institution may disburse SFA funds for FFEL loans to first year undergraduates who are first time borrowers is 30 days after the student's first day of classes.

Condition:

It was noted that a student received a disbursement of FFEL funds before the 30-day mandatory waiting period for first time borrowers. The Sub and Unsub FFEL funds were disbursed on January 31, 2003, for the winter quarter. The 30-day window for compliance was to last until February 5, 2003, for the winter quarter.

Context:

Auditor noted one error in a total population of 25 students tested.

Cause:

Student financial aid did not have any reasoning for overlooking the FFEL first time requirement.

Recommendation:

First time SFA borrowers should be identified and prepared separately from returning SFA loan recipients in order to more easily identify their account information and disbursement requirements.

Management Response:

We agree and address this in the corrective action plan on page 39.

CENTRAL STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2003 (Concluded)

2003-5

Federal Program:

Student Financial Assistance Cluster, CFDA Numbers 84.002, 84.032, 84.033, 84.038 and 84.063.

Requirement:

Under the FFEL and Direct Loan programs, the institution must complete and return within 30 days of receipt the Roster file sent by the NSLDS. The Roster file is to accurately report the enrollment status of the students. The institution determines how often it receives the Roster file, but the minimum is twice a year. If it is discovered that a student reported on the latest Roster file who received a loan, either did not enroll or ceased to be enrolled on at least a half-time basis, the institution must notify NSLDS electronically within 30 days of the last submitted Roster file, or resubmit a Roster file within 60 days of the last submission.

Condition:

It was noted that students were reported with an incorrect enrollment status to the NSLDS, and the NSLDS was not properly notified.

Context:

Auditor noted 25 errors in a testing population of 25 students.

Cause:

The Roster File report submitted by the University to the NSLDS was not being updated with the most recent and correct information. The University had submitted the roster file twice a quarter within the required timeframe, but the enrollment status codes were not being updated appropriately.

Recommendation:

The University should update the Roster file with the most recent enrollment status information available prior to sending the roster file to the NSLDS. The Roster files should be randomly tested to ensure students who changed their status have been updated with the proper enrollment codes.

Management Response:

We agree and address this in the corrective action plan on page 39.

CENTRAL STATE UNIVERSITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2003

2002-1

Federal Program:

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

Condition:

Per review of the students who were eligible to receive SFA funds, it was noted that one student received more SFA funds than was allowed as determined by the number of semester hours earned by the student. Only one error was found out of a population of 25 students selected. Per the A-133 supplement, an independent sophomore student's annual loan limits should have been \$3,500 subsidized and \$4,000 unsubsidized. Per review of the University records, this student was awarded and disbursed \$5,142, which is \$1,642 more than the allowed subsidized amount. The student was also awarded and disbursed \$5,358 in unsubsidized aid, which is \$1,358 more than the allowed amount. This student was awarded and disbursed \$3,300 more than the amount stated in the A-133 compliance supplement.

Current Year Status:

The financial aid officers verify the student grade level according to University records before the students' financial aid is packaged. If there is a difference between what the University has and what the ISIR states the University will use the number of credit hours earned at the University when awarding aid to the student. By using the number of credit hours earned at the University, the University avoids the possibility of awarding too much aid based on the grade level the student enters on their FAFSA. The University appears to have implemented the appropriate process to maintain compliance with the applicable requirements.

2002—2

Federal Program:

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

Condition:

It was noted that a student had received \$23,043 in Stafford subsidized loans, which exceeds the aggregate loan limits per the A-133 supplement. The aggregate limits for subsidized and unsubsidized loans are \$23,000 for a dependent undergraduate student.

Current Year Status:

The financial aid officers review the aggregate loan amounts provided by the NSLDS before the student's financial aid is packaged. If the student has reached their loan limit, then the aid would be adjusted accordingly. The University appears to have implemented the appropriate process to maintain compliance with the applicable requirements.

CENTRAL STATE UNIVERSITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2003 (Continued)

2002-3

Federal Program:

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

Condition:

It was noted that refunds are not being calculated in a consistent method.

Current Year Status:

The University noted that the return calculations were not being performed by the appropriate individual, and corrected the finding during the current year, subsequent to the discovery of additional findings. This finding has been reported again.

2002-4

Federal Program:

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

Condition:

Returns of Title IV funds are required to be deposited to the SFA accounts or returned to the appropriate FFEL lender within 30 days after the date the institution determines that the student withdrew. An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment (2) academic year in which the student withdrew (3) or educational program from which the student withdrew.

Current Year Status:

The University noted that the return calculations were not being performed by the appropriate individual, and corrected the finding during the current year, subsequent to the discovery of additional findings. This finding has been reported again.

2002-5

Federal Program:

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

Condition:

It was noted that no support for the original return calculation was available and the original return calculation was incorrect.

CENTRAL STATE UNIVERSITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2003 (Concluded)

Current Year Status:

The University includes a copy of the return calculation in each student's file, and also sends a copy of the return calculation to the Cash Management office once the student account had been adjusted. The University appears to have the appropriate procedures in place to ensure supporting documentation is maintained to support the amount of Title IV funds returned.

CENTRAL STATE UNIVERSITY

CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2003

2003 Finding	Action Step	Individual Responsible	Estimated Completion Date
1. Errors in the calculation returns.	The SFA office has implemented a process of calculating the return by one individual with 100% management review. Management will explore the possibility of using the Banner calculation of returns, but until that can be implemented they will use the DOE program with management review to ensure accuracy.	V. Leech	November 2003
2. R2TIV calculations not being completed within 30-day requirement.	One individual has been assigned to calculate the returns.	V. Leech	November 2003
3. Verification files not completed or maintained.	Staff development training sessions are held on a regular basis to review verification process and procedures to ensure that all verifications are completed accurately. The Roster file is printed monthly to assure that all students selected for verification have appropriate supporting documentation.	V Leech	November 2003
4. First time disbursements made prior to the 30 waiting period has expired.	Disbursement dates will be made available to all Financial Aid Officers. Officers will not assign disbursement dates earlier than the posted dates.	V Leech	October 2003
5. The Roster file report submitted by the University to the NSLDS was not being updated with the most recent and correct information.	The Financial Aid Office, Information Technology Department, and Registrar's Office will meet to discuss what testing will be done to resolve this matter.	V Leech	December 2003

This Page is Intentionally Left Blank.

WCSU-FM
(A Public Telecommunications
Entity Operated by Central
State University)

*Financial Statements for the Years Ended
June 30, 2003 and 2002 and Independent
Auditors' Report*

WCSU-FM
(A Public Telecommunications Entity Operated By Central State University)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2-4
FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2003 AND 2002:	
Statements of Net Assets	5
Statements of Revenues, Expenses and Changes in Net Assets	6
Statements of Cash Flows	7
Notes to Financial Statements	8-10
SCHEDULE OF FUNCTIONAL EXPENSES	11
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	12



INDEPENDENT AUDITORS' REPORT

The Board of Trustees of Central State University

We have audited the accompanying statements of net assets of WCSU-FM, a public telecommunications entity operated by Central State University as of June 30, 2003 and 2002, and the related consolidated statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the management of WCSU-FM. Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WCSU-FM at June 30, 2003 and 2002, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2-4 are not a required part of the basic financial statements but are supplementary information required by the GASB. This supplemental information is the responsibility of WCSU-FM management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2003, on our consideration of WCSU-FM's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

October 28, 2003

WCSU—FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The Management's Discussion and Analysis section provides an overview of WCSU-FM Radio Station ("WCSU-FM") activities for the years ended June 30, 2003 and 2002 from a financial perspective. This section should be considered in conjunction with the financial statements and footnotes.

Using Financial Reports

WCSU-FM's financial statements were prepared in accordance with Governmental Accounting Standards Board (GASB) principles. These statements establish standards for external financial reporting that require consolidated financial statements for WCSU-FM as a whole.

Since GASB No. 35 was adopted by WCSU-FM for the year ended June 30, 2002, comparative analysis is provided for the fiscal years ended June 30, 2003 and 2002.

Assets

Total assets increased \$22,025 (9%) during fiscal year 2003. Current assets increased 24% primarily due to an increase in cash resulting in timing of receipt of grant revenue. Noncurrent equipment assets decreased slightly due to accumulated depreciation.

There were no capital assets purchased during the year.

Total liabilities increased by \$53,512 (40%) due to an increase in deferred revenue and a slight increase in accounts payable.

WCSU-FM's total net assets decreased by \$31,487 primarily due to depreciation.

A summary of net assets is as follows (in thousands):

	2003	2002
Current and non-current assets	\$ 202	\$ 163
Capital assets	<u>58</u>	<u>75</u>
Total assets	<u>\$ 260</u>	<u>\$ 238</u>
Total liabilities	<u>\$ 189</u>	<u>\$ 135</u>
Net assets:		
Invested in capital assets	58	75
Unrestricted	<u>13</u>	<u>28</u>
Total net assets	<u>71</u>	<u>103</u>
Total liabilities and net assets	<u>\$ 260</u>	<u>\$ 238</u>

The statement of cash flows shows a \$29,070 net increase in cash for operations.

Statement of Revenue, Expenses and Changes in Net Assets

The decrease in net assets for fiscal 2003 was \$31,487, which was a \$6,555 decrease from the prior year. Revenue decreased 8% due to grant funding reductions. Grant funding from the state was reduced due to state budget cuts.

University support revenue increased 3% from year to year. Expenditures for program services decreased by 15%, and support expenditures increased by 5%. Total operating expense decreased 7%, primarily due to program expenditures decrease.

REVENUES, EXPENSES AND CHANGES IN NET ASSETS
(in thousands)

	2003	2002
Operating revenue	\$ 228	\$ 297
Non-operating revenue:		
Miscellaneous revenues	6	4
University support	<u>403</u>	<u>398</u>
Total non-operating revenue	<u>409</u>	<u>402</u>
Total revenue	<u>\$ 637</u>	<u>\$ 699</u>
Expenses:		
Program services	\$ 373	\$ 438
Supporting services	<u>295</u>	<u>286</u>
Total operating expenses	<u>668</u>	<u>724</u>
Decrease in net assets	<u>\$ (31)</u>	<u>\$ (25)</u>

Total Revenue by source is summarized as follows:

Corporation for Public Broadcasting 14%, State of Ohio Network Commission 6%, contributed services 15%, and University support 65%.

Future Economic Factors

The State of Ohio funding reductions that have occurred as a response to the economic downturn experienced in Ohio and nationally have resulted in reductions in state support for WCSU-FM. Resources for State funding for WCSU-FM appear equally limited in the near future.

WCSU-FM
(A Public Telecommunications Entity Operated by Central State University)

STATEMENTS OF NET ASSETS
JUNE 30, 2003 AND 2002

ASSETS	2003	2002
CURRENT ASSETS:		
Due from University	\$ 192,483	\$ 163,413
Accounts receivable	<u>9,349</u>	<u> </u>
Total current assets	<u>201,832</u>	<u>163,413</u>
 CAPITAL ASSETS—Net of accumulated depreciation	 <u>58,144</u>	 <u>74,538</u>
 TOTAL	 <u>\$259,976</u>	 <u>\$ 237,951</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 16,645	\$ 15,615
Deferred revenues	<u>171,938</u>	<u>119,456</u>
Total current liabilities	<u>188,583</u>	<u>135,071</u>
 NET ASSETS:		
Invested in capital assets	58,144	74,538
Unrestricted	<u>13,249</u>	<u>28,342</u>
Total net assets	<u>71,393</u>	<u>102,880</u>
 TOTAL	 <u>\$259,976</u>	 <u>\$ 237,951</u>

See notes to financial statements.

WCSU-FM**(A Public Telecommunications Entity Operated by Central State University)****STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2003 AND 2002**

	2003	2002
REVENUES:		
Corporation for Public Broadcasting	\$ 91,873	\$ 112,616
State Network Commission	40,513	47,668
Contributed services	<u>95,599</u>	<u>136,443</u>
Total revenues	<u>227,985</u>	<u>296,727</u>
EXPENSES:		
Operating expenses:		
Programs services:		
Programming, production and broadcasting	345,496	410,293
Public information and promotion	<u>27,428</u>	<u>27,599</u>
Total program services	372,924	437,892
Supporting services—management and general	<u>295,455</u>	<u>286,070</u>
Total operating expenses	<u>668,379</u>	<u>723,962</u>
Operating loss	<u>(440,394)</u>	<u>(427,235)</u>
NON-OPERATING REVENUES:		
Miscellaneous	<u>5,825</u>	<u>3,905</u>
University support:		
Direct	182,490	182,336
Indirect	<u>220,592</u>	<u>216,062</u>
Total University support	<u>403,082</u>	<u>398,398</u>
TOTAL NON-OPERATING REVENUES	<u>408,907</u>	<u>402,303</u>
DECREASE IN NET ASSETS	(31,487)	(24,932)
NET ASSETS:		
Beginning year	<u>102,880</u>	<u>127,812</u>
End of year	<u>\$ 71,393</u>	<u>\$ 102,880</u>

See notes to financial statements.

WCSU-FM**(A Public Telecommunications Entity Operated by Central State University)****STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002**

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 271,118	\$ 307,399
Payments to vendors and employees	<u>(656,910)</u>	<u>(725,976)</u>
Net cash used in operating activities	<u>(385,792)</u>	<u>(418,577)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES—		
Other receipts	<u>414,862</u>	<u>402,303</u>
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	29,070	(16,274)
CASH EQUIVALENTS:		
Beginning of year	<u>163,413</u>	<u>179,687</u>
End of year	<u>\$ 192,483</u>	<u>\$ 163,413</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES—Operating loss	\$ (446,349)	\$ (427,235)
ADJUSTMENTS TO RECONCILE NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation	16,394	17,933
Changes in net assets:		
Accounts receivable	(9,349)	
Accounts payable	1,030	(19,947)
Deferred revenues	<u>52,482</u>	<u>10,672</u>
Net cash used in operating activities	<u>\$ (385,792)</u>	<u>\$ (418,577)</u>

See notes to financial statements.

WCSU-FM
(A Public Telecommunications Entity Operated by Central State University)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2003 AND 2002

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statements—WCSU-FM reports as “business type activities,” as defined by GASB Statement No 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. In accordance with GASB Statement No. 35, the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows are reported on a consolidated basis.

The financial statements of the stations have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when related liability has been incurred.

Net Asset Classifications—In accordance with GASB Statement No. 35 guidelines, WCSU-FM’s resources are classified into the following two net asset categories:

Invested in Capital Assets—Capitalized physical assets net of accumulative depreciation.

Unrestricted—Net assets that are not subject to externally-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Trustees.

Operating Versus Nonoperating Revenues and Expenses—WCSU-FM defines operating activities as reported on the Statement of Revenues, Expenses and Changes in Net Assets as those that generally result from exchange transactions such as payments received for providing goods or services and payments made for goods or services received.

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

Capital Assets are recorded at cost or, if acquired by gift, at fair value at the date of the gift. When capital assets are sold or otherwise disposed of, the net carrying value of such assets is removed from the accounts and the invested in capital assets component of net assets is adjusted as appropriate. Capital assets, with the exception of land, are depreciated on the straight-line method over their estimated useful lives, ranging from five to ten years.

D. CORPORATION FOR PUBLIC BROADCASTING GRANTS

WCSU-FM receives grant funding from the Corporation for Public Broadcasting (“CPB”) to assist in the operations of WCSU-FM. The CPB grants consist of a Radio Community Service Grant (“CSG”), which is unrestricted in its use, and a National Program Production and Acquisition Grant (“NPPAG”), which is restricted to national programming activities. Recognition of CPB grant revenue is deferred until the expenses are incurred. The CPB grants must be used within a specified two-year period, which for fiscal year 2001 grants was October 1, 2000 to September 30, 2003. The fiscal year 2003 grant period is from October 1, 2002 to September 30, 2003. Any unused grant amounts at the end of the spending period must be returned to the granting agency.

E. STATE NETWORK COMMISSION GRANT

WCSU-FM receives unrestricted radio station funding through the Ohio Educational Telecommunications Network Commission. For the years ended June 30, 2003 and 2002, WCSU-FM received cash support of \$40,513 and \$47,668, respectively. WCSU-FM received in-kind contributed services support of \$90,325 and \$131,169 during the years ended June 30, 2003 and 2002, respectively.

F. UNIVERSITY SUPPORT ALLOCATION

The operations of WCSU-FM are primarily supported by the general revenues of the University. The University effectively covers all operating costs of WCSU-FM in excess of direct support received through grant awards and contributions attributable to WCSU-FM’s operations. During 2003, the University’s support allocation amounted to \$409,037: \$182,490 in direct support and \$226,547 in indirect administrative support. During 2002, the University’s support allocation amounted to \$398,398: \$182,336 in direct support and \$216,062 in indirect administrative support.

G. COMMITMENTS

WCSU-FM encumbered approximately \$3,493 of funds for purchase orders and other commitments for materials and services not received at June 30, 2003. These items are not included as liabilities on the statement of net assets.

* * * * *

WCSU-FM**(A Public Telecommunications Entity Operated by Central State University)****SCHEDULES OF FUNCTIONAL EXPENSES****YEARS ENDED JUNE 30, 2003 AND 2002**

	2003				
	Programming Production and Broadcasting	Public Information and Promotion	Total Program Services	Supporting Services Management and General	Total Expenses
Salaries and wages	\$137,750	\$19,679	\$157,429	\$ 39,357	\$196,786
Payroll taxes and fringe benefits	45,063	6,437	51,500	12,875	64,375
Professional services	62,990		62,990	4,398	67,388
Supplies	3,545		3,545	1,773	5,318
Travel				63	63
Miscellaneous expenses	549	1,312	1,861	3	1,864
Broadcasting transmission	90,325		90,325		90,325
Volunteer service	5,274		5,274		5,274
Depreciation expense				16,394	16,394
Indirect administrative support:					
Occupancy				66,667	66,667
Institutional support				153,925	153,925
TOTAL	<u>\$345,496</u>	<u>\$27,428</u>	<u>\$372,924</u>	<u>\$295,455</u>	<u>\$668,379</u>
	2002				
	Programming Production and Broadcasting	Public Information and Promotion	Total Program Services	Supporting Services Management and General	Total Expenses
Salaries and wages	\$136,278	\$19,468	\$155,746	\$ 38,937	\$194,683
Payroll taxes and fringe benefits	43,177	6,168	49,345	12,336	61,681
Professional services	75,398		75,398	800	76,198
Supplies	15,685		15,685		15,685
Travel	2,573		2,573		2,573
Awards		354	354		354
Miscellaneous expenses	739	1,609	2,348	1	2,349
Broadcasting transmission	131,169		131,169		131,169
Volunteer service	5,274		5,274		5,274
Depreciation expense				17,934	17,934
Indirect administrative support:					
Occupancy				66,667	66,667
Institutional support				149,395	149,395
TOTAL	<u>\$410,293</u>	<u>\$27,599</u>	<u>\$437,892</u>	<u>\$286,070</u>	<u>\$723,962</u>



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

To the Board of Trustees of Central State University

We have audited the financial statements of WCSU-FM as of and for the years ended June 30, 2003 and 2002, on which we have issued our report thereon dated October 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

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

Internal Control Over Financial Reporting

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

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

Deloitte & Touche LLP

October 28, 2003



INDEPENDENT AUDITORS' REPORT

Central State University and
Betty Montgomery, Auditor of State of Ohio

We have audited the statement of net assets of Central State University (the "University") as of June 30, 2003, and the related statement of revenues, expenses and changes in net assets and cash flows for the year then ended and issued our report thereon dated October 10, 2003. We have also audited as of and for the year ended June 30, 2003 the accompanying Ohio Office of Budget and Management standard worksheet forms A.xls and B.xls ("Forms") for the University relative to the State of Ohio Basic Financial Statements as of June 30, 2003 and for the year then ended. The Forms are the responsibility of the University's management. Our responsibility is to express an opinion on the Forms based on our audit.

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

The accompanying Forms have been prepared in accordance with the Ohio Office of Management and Budget's instructions, dated April 30, 2003, solely to enable the State of Ohio Office of Budget and Management to prepare the State of Ohio Basic Financial Statements and not to report on the University as a separate entity. Such Forms are not intended to present fairly the financial position and results of operations of the University in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit, the accompanying Forms relative to the University as of June 30, 2003 and for the year then ended present fairly, in all material respects, the information required by and in accordance with the instructions referred to in the preceding paragraph.

Our audit was conducted for the purpose of forming an opinion on the basic Forms taken as a whole. The additional information in the Forms for the State of Ohio Comprehensive Annual Financial Report (Schedules A through T) is presented for the purpose of additional analysis and is not a required part of the basic Forms. This information is the responsibility of the University's management. Such information has been subject to the auditing procedures applied in our audit of the basic Forms and, in our opinion, is fairly stated in all material respects when considered in relation to the basic Forms taken as a whole.

This report is intended solely for the information and use of University management, the Auditor of State, and the Ohio Office of Budget and Management, in the audit of the Basic Financial Statements of the State of Ohio, and is not intended to be and should not be used by anyone other than this specified party.

Deloitte & Touche LLP

October 10, 2003

State of Ohio
 College and University
 Statement of Net Assets
 As of June 30, 2003
 (Dollars in thousands)

CURRENT ASSETS:

Cash on Hand.....	==>	<u>3</u>
		Line 1
Cash and Cash Equivalents.....	==>	<u>8,914</u>
		Line 2
Investments.....	==>	<u>0</u>
		Line 3
Intergovernmental Receivable.....	==>	<u>0</u>
		Line 4
Loans Receivable, Net.....	==>	<u>43</u>
		Line 5
Other Receivables.....	==>	<u>4,725</u>
		Line 6
Receivable from Primary Government (State of Ohio).....	==>	<u>159</u>
		Line 7
Inventories.....	==>	<u>46</u>
		Line 8
Other Assets.....	==>	<u>295</u>
		Line 9
Total Current Assets.....		<u>14,185</u>

NONCURRENT ASSETS:

Restricted Cash and Cash Equivalents.....	==>	<u>244</u>
		Line 10
Restricted Investments.....	==>	<u>733</u>
		Line 11
Investments.....	==>	<u>0</u>
		Line 12
Loans Receivable, Net.....	==>	<u>0</u>
		Line 13
Other Receivables.....	==>	<u>0</u>
		Line 14
Capital Assets Being Depreciated, Net.....	==>	<u>53,283</u>
		Line 15
Capital Assets Not Being Depreciated.....	==>	<u>1,048</u>
		Line 16
Other Assets.....	==>	<u></u>
		Line 17
Total Noncurrent Assets.....		<u>55,308</u>

Total Assets.....

69,493

CURRENT LIABILITIES:

Accounts Payable.....	==>	<u>2,926</u>
		Line 18
Accrued Liabilities.....	==>	<u>2,218</u>
		Line 19
Payable to Primary Government (BWC Obligation only).....	==>	<u>0</u>
		Line 20
Intergovernmental Payable.....	==>	<u>0</u>
		Line 21
Deferred Revenue.....	==>	<u>3,043</u>
		Line 22
Other Liabilities.....	==>	<u>458</u>
		Line 23
Revenue Bonds & Notes.....	==>	<u>153</u>
		Line 24
Certificates of Participation.....	==>	<u>0</u>
		Line 25
Total Current Liabilities.....		<u>8,798</u>

NONCURRENT LIABILITIES:

Payable to Primary Government (BWC Obligation only).....	==>	<u>0</u>
		Line 26
Intergovernmental Payable.....	==>	<u>0</u>
		Line 27
Deferred Revenue.....	==>	<u>0</u>
		Line 28
Other Liabilities.....	==>	<u>537</u>
		Line 29
Revenue Bonds & Notes.....	==>	<u>2,499</u>
		Line 30
Certificates of Participation.....	==>	<u>0</u>
		Line 31
Total Noncurrent Liabilities.....		<u>3,036</u>
Total Liabilities.....		<u>11,834</u>

NET ASSETS:

Invested in Capital Assets, Net of Related Debt.....	==>	<u>51,628</u>
		Line 32
Restricted for:		
Nonexpendable.....	==>	<u>1,850</u>
		Line 33
Expendable.....	==>	<u>182</u>
		Line 34
Unrestricted (Deficits).....	==>	<u>3,999</u>
		Line 35
Total Net Assets.....		<u><u>57,659</u></u>

Name of College.....	==>	<u>Central State University</u>
		Line 36
Name of Preparer.....	==>	<u>Therese J Krupp</u>
		Line 37
Phone Number.....	==>	<u>937-376-6686</u>
		Line 38
E-Mail Address (if applicable).....	==>	<u>tkrupp@csu.ces.edu</u>
		Line 39

QUESTIONS?????

If you have any questions about completing this worksheet, please call Jane Snipes, Financial Reporting Manager, Ohio Office of Budget and Management at (614) 466-2561 or e-mail her at jane.snipes@obm.state.oh.us.

State of Ohio
 College and University
 Statement of Revenues, Expenses, and Changes in Net Assets
 For the Year Ended June 30, 2003
 (Dollars in thousands)

REVENUES:**Operating Revenues:**

Student Tuition and Fees (net of scholarship allowances).....	==>	<u>3,136</u>
		Line 1
Federal Grants and Contracts.....	==>	<u>14,934</u>
		Line 2
State Grants and Contracts.....	==>	<u>2,628</u>
		Line 3
Local Grants and Contracts.....	==>	<u>0</u>
		Line 4
Private Grants and Contracts.....	==>	<u>0</u>
		Line 5
Sales and Services.....	==>	<u>0</u>
		Line 6
Auxiliary Enterprises.....	==>	<u>3,884</u>
		Line 7
Hospital.....	==>	<u>0</u>
		Line 8
Other Operating Revenues	==>	<u>1,466</u>
		Line 9
Total Operating Revenues.....		<u>26,048</u>

EXPENSES:**Operating Expenses:**

Educational and General:		
Instruction and Departmental Research.....	==>	<u>7,326</u>
		Line 10
Separately Budgeted Research.....	==>	<u>1,247</u>
		Line 11
Public Service.....	==>	<u>8,390</u>
		Line 12
Academic Support.....	==>	<u>4,413</u>
		Line 13
Student Services.....	==>	<u>3,417</u>
		Line 14
Institutional Support.....	==>	<u>7,325</u>
		Line 15

Operation and Maintenance of Plant.....	==>	<u>4,243</u>
		Line 16
Scholarships and Fellowships.....	==>	<u>1,747</u>
		Line 17
Total Educational and General.....		<u>38,108</u>
Auxiliary Enterprises.....	==>	<u>5,893</u>
		Line 18
Hospitals.....	==>	<u>0</u>
		Line 19
Other Operating Expenses.....	==>	<u>0</u>
		Line 20
Depreciation.....	==>	<u>2,829</u>
		Line 21
Total Operating Expenses.....		<u>46,830</u>
Operating Income (Loss).....		<u>(20,782)</u>

Nonoperating Revenues (Expenses):

State Appropriations.....	==>	<u>17,197</u>
		Line 22
Local Appropriations.....	==>	<u>0</u>
		Line 23
Federal Grants.....	==>	<u>0</u>
		Line 24
State Grants.....	==>	<u>0</u>
		Line 25
Local Grants.....	==>	<u>0</u>
		Line 26
Gifts.....	==>	<u>0</u>
		Line 27
Investment Income (Net of Investment Expense).....	==>	<u>144</u>
		Line 28
Interest on Capital-Related Debt.....	==>	<u>(152)</u>
		Line 29
Other Nonoperating Revenues	==>	<u>353</u>
		Line 30A
Other Nonoperating Expenses.....	==>	<u>0</u>
		Line 30B
Net Nonoperating Revenues/(Expenses).....		<u>17,542</u>
Income Before Other Revenues, Expenses, Gains or Losses.....		<u>(3,240)</u>

Capital Appropriations from the State of Ohio.....	==>	<u>1,704</u>
		Line 31
Capital Grants and Gifts.....	==>	<u>0</u>
		Line 32
Additions to the Principal of Permanent and Term Endowments.....	==>	<u>0</u>
		Line 33
Special Items.....	==>	<u>0</u>
		Line 34
Extraordinary Items.....	==>	<u>0</u>
		Line 35
Increase in Net Assets.....		<u>(1,536)</u>

NET ASSETS:

Net Assets--Beginning of Year.....	==>	<u>59,195</u>
		Line 36
Prior Period Adjustments.....	==>	<u>0</u>
		Line 37
Net Assets--End of Year.....		<u><u>57,659</u></u>

Name of College.....	==>	<u>Central State University</u>
		Line 38
Name of Preparer.....	==>	<u>Therese J Krupp</u>
		Line 39
Phone Number.....	==>	<u>937-376-6686</u>
		Line 40
E-Mail Address (if applicable).....	==>	<u>tkrupp@csu.ces.edu</u>
		Line 41

QUESTIONS?????

If you have any questions about completing this worksheet, please call Jane Snipes, Financial Reporting Manager, Ohio Office of Budget and Management at (614) 466-2561 or e-mail her at jane.snipes@obm.state.oh.us.



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CENTRAL STATE UNIVERSITY

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 4, 2003**