



THE UNIVERSITY OF  
**TOLEDO**  
1872

## AUDITED FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2007





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
University of Toledo  
2801 W. Bancroft Street  
Mail Stop 325  
Toledo, Ohio 43606

We have reviewed the *Independent Auditor's Report* of the University of Toledo, Lucas County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2006 through June 30, 2007. 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 University of Toledo is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 11, 2008

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## PRINCIPAL OFFICIALS

As of June 30, 2007

### BOARD OF TRUSTEES

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Carroll L. Ashley	Secretary	May 1, 2012
Alfred A. Baker	Trustee	May 1, 2007
Thomas E. Brady	Trustee	May 1, 2014
George L. Chapman	Trustee	May 1, 2014
C. William Fall	Trustee	May 1, 2011
Susan E. Gilmore	Trustee	May 1, 2013
Marvin K. Himmelein	Trustee	May 1, 2011
David G. Huey	Vice Chairman	May 1, 2009
William C. Koester	Trustee	July 1, 2013
Richard B. McQuade, Jr.	Trustee	July 1, 2012
Susan Farrell Palmer	Trustee	July 1, 2014
Robert C. Redmond	Trustee	July 1, 2007
Richard B. Stansley, Jr.	Chairman	July 1, 2009
Olivia K. Summons	Trustee	July 1, 2010
John S. Szuch	Trustee	July 1, 2015
Cynthia B. Thompson	Trustee	May 1, 2010
Hernan A. Vasquez	Trustee	July 1, 2008
Kristen M. Kunklier	Student	July 1, 2008
Joel L. Todd, Jr.	Student	July 1, 2007

### OFFICERS OF THE UNIVERSITY

Dr. Lloyd A. Jacobs	President
Daniel J. Morissette	Senior Vice President for Finance & Strategy
Dawn M. Rhodes	Vice President for Finance
Larry J. Burns	Vice President, Enrollment, Marketing & Communications
Mark J. Chastang	Vice President & Executive Director, Medical Center
Jeffrey P. Gold	Executive Vice President and Provost for Health Affairs
William G. Logie	Vice President of Administration
Rosemary H. Haggett, Ph.D.	Provost and Executive Vice President for Academic Affairs and Enrollment Services
Peter John Papadimos	Interim Vice President, General Counsel
William McMillen	Vice President for Government Relations
Kaye Patten Wallace	Vice President for Student Life
Charles Vernon Snyder	Vice President for Institutional Advancement

### OFFICIALS ISSUING REPORT

Daniel J. Morissette	Senior Vice President for Finance & Strategy
Dawn M. Rhodes	Vice President for Finance
Thomas H. Page	Controller

REPORT PREPARED BY – Controller's Office

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## Independent Auditor's Report

To the Board of Trustees  
University of Toledo

We have audited the accompanying basic financial statements of University of Toledo and its discretely presented component units as of and for the year ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units of the University. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the component units, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of University of Toledo and its discretely presented component units as of June 30, 2007 and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 12, 2007 on our consideration of University of Toledo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters for the year ended June 30, 2007. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Trustees  
University of Toledo

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis presented on pages 3 through 10 is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

*Plante & Moran, PLLC*

October 12, 2007



# THE UNIVERSITY OF TOLEDO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Effective July 1, 2006, the General Assembly of the State Ohio enacted into law the combination of the University of Toledo (UT) and the Medical University of Ohio (MUO) known as the University of Toledo (the University). The following discussion and analysis provides a one-year overview of the financial position and activity of the University which includes the Main Campus (Main), formerly UT, and the Health Science Campus (HSC), formerly MUO, as of and for the fiscal year ended June 30, 2007. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion have been prepared by and are the responsibility of University management.

### Using the Annual Financial Report

The annual financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis--for Public Colleges and Universities*.

Financial statements prescribed by GASB Statement No. 35 (the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets, and the Statements of Cash Flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

GASB Statement No. 39 *Determining Whether Certain Organizations are Component Units*, amending GASB Statement No. 14, provides additional guidance for determining whether certain organizations, such as not-for-profit foundations, should be displayed in the University's financial report. The University has determined that the University of Toledo Foundation and the Medical University of Ohio at Toledo Foundation (the Foundations) and the University of Toledo Clinical Faculty, Inc. meet the GASB 39 criteria for inclusion in the University's financial statements as discretely presented component units.

The Statements of Net Assets include all assets and liabilities. Over time, the changes in net assets (the difference between assets and liabilities) are an indicator of the University's financial health when considered in conjunction with non-financial facts such as enrollment levels and the condition of facilities.

The Statements of Revenues, Expenses and Changes in Net Assets present the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. A public university's dependency on State support could result in operating deficits because State appropriations are required by GASB to be classified as non-operating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statements of Cash Flows present information related to cash inflows and outflows summarized by operating, non-capital financing, capital and related financing and investing activities, and helps measure the University's ability to meet financial obligations as they mature.

### Noteworthy Financial Activity

- The University total assets were \$924.4 million; total liabilities of \$374.2 million; and total net assets of \$550.2 million at June 30, 2007.
- Total net assets of \$550.2 million at June 30, 2007 were made up of categories: invested in capital assets (\$339.1 million); restricted nonexpendable (\$11 million); restricted expendable (\$88.9 million); and unrestricted (\$111.1 million).
- The University had total operating revenue of \$550 million and total operating expenses of \$668.2 million resulting in net operating loss of \$118.1 million for year ended June 30, 2007.
- The University received \$110.9 million in state share of instruction for fiscal year 2007. The University's net loss after state share of instruction was \$7.2 million for year ended June 30, 2007.
- For year ended June 30, 2007, the University had a total increase in net assets of \$29.9 million.

### Statements of Net Assets

The Statements of Net Assets (SNA) present the assets, liabilities, and net assets of the University as of the end of each fiscal year. The SNA presents a financial snapshot of the University of Toledo taken as a whole.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the University's equity in capital assets. The next category is restricted net assets, which is divided into nonexpendable and expendable. The corpus of the nonexpendable restricted net assets is only available for investment purposes. Expendable restricted net assets are available for expenditure by the University but must be spent for purposes as determined by donors or external entities that have placed time or purpose restrictions on the use of the assets. The last category is unrestricted net assets, which are available to the University for any lawful purpose of the institution.

From the data presented in the SNA, the readers are able to determine the assets available for continued operations. They are also able to determine how much the institution owes vendors, investors, and lending institutions. Finally, the SNA provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the University.

Following are condensed Statements of Net Assets of the University as of June 30 (in thousands).

	Main Campus 2007	HSC 2007	Eliminations 2007	Combined 2007
<b>Assets:</b>				
Current assets	\$ 102,647	\$ 72,439	\$ (750)	\$ 174,336
Capital assets, net	342,362	168,586		510,948
Other assets	128,662	110,428		239,090
<b>Total Assets</b>	<b>573,671</b>	<b>351,453</b>	<b>(750)</b>	<b>924,374</b>
<b>Liabilities</b>				
Current liabilities	56,915	40,943	(750)	97,108
Non-current liabilities	214,152	62,913		277,065
<b>Total Liabilities</b>	<b>271,067</b>	<b>103,856</b>	<b>(750)</b>	<b>374,173</b>
<b>Net Assets</b>				
Investment in capital assets, net of debt	174,074	165,058		339,132
Restricted – nonexpendable	10,070	969		11,039
Restricted – expendable	69,685	9,612		79,297
Unrestricted	48,775	71,958		120,733
<b>Total Net Assets</b>	<b>\$ 302,604</b>	<b>\$ 247,597</b>		<b>\$ 550,201</b>

At June 30, 2007, total University assets were \$924.4 million with Main and HSC contributing \$573.7 million and \$351.5 million, respectively. The University's largest assets were investment in capital assets totaling \$510.9 million. The University's current assets of \$174.3 million were above current liabilities of \$97.1 million (current ratio 1.8) indicating the University's ability to meet its current obligations.

University total liabilities were \$374.2 million at June 30, 2007 with Main and HSC obligations of \$271.1 and \$103.9, respectively. Non-current liabilities of \$277.1 million consisted of bonds, notes, and leases payable, of which \$258.6 million is related to bonds payable.

University total net assets were \$550.2 million at June 30, 2007 with Main and HSC net assets of \$302.6 million and \$247.6 million, respectively. Unrestricted net assets totaled \$111.1 million, of which \$16.2 million is internally designated for ongoing academic and research programs, capital projects, and other initiatives.

#### Statements of Revenues, Expenses, and Changes in Net Assets

Changes in total net assets are based on the activity reflected in the Statements of Revenues, Expenses, and Changes in Net Assets (SRECNA). These statements present operating and non-operating revenues and expenses recognized or incurred by the University.

In general, operating revenues and expenses result from providing goods and services to the various customers of the University in order to carry out the University mission. Non-operating revenues are received without an exchange of goods or services. For example, state appropriations are considered non-operating as they are provided by the Legislature to the University without the Legislature directly receiving commensurate goods and services for those revenues.

Following are condensed statements of revenues, expenses and changes in net assets for year ended June 30 (in thousands).

	Main 2007	HSC 2007	Eliminations 2007	Combined 2007
Operating revenues				
Student tuition and fees	\$ 149,246	\$ 26,506	\$ (2,028)	\$ 173,724
Hospital	-	216,212		216,212
Grants and Contracts	49,738	23,928		73,666
Auxiliary Enterprises	54,650	2,970		57,620
Other operating revenue	8,652	20,177		28,829
Total operating revenues	262,286	289,793	(2,028)	550,051
Operating expenses				
Salaries & Benefits	213,984	192,221		406,205
Supplies	17,883	52,963		70,846
Outside Purchased Services	32,363	38,906	(2,028)	69,241
Other Operating Expenses	57,618	26,678		84,296
Depreciation	20,699	16,899		37,598
Total operating expenses	342,547	327,667	(2,028)	668,186
Operating loss	(80,261)	(37,874)	-	(118,135)
Non-operating revenues, expenses and other changes				
State share of instruction	76,747	34,155		110,902
Other non-operating revenues	26,547	18,211		44,758
Capital appropriations	10,629	2,772		13,401
Non-operating expenses	(18,160)	(2,824)		(20,984)
Total non-operating revenues, expenses and other changes	95,763	52,314		148,077
Increase in net assets	15,502	14,440		29,942
Net assets at beginning of year	287,102	233,157		520,259
Net assets at end of year	\$ 302,604	\$ 247,597		\$ 550,201

As of June 30, 2007, the University had total operating revenue of \$550 million with Main and HSC contributing \$262.3 million and \$289.8 million, respectively. Significant sources of operating revenues for the University are tuition and fees of \$173.7 million and hospital revenue of \$216.2.

Operating expenses totaled \$668.2 million including Main expenses of \$342.5 million and HSC expenses of \$327.7 million. Salaries and Benefits were \$406.2 million making up approximately 61% of the operating expenses.

Non-operating revenue and other charges were \$148.1 million for 2007. State share of instruction was the most significant source of non-operating revenue totaling \$110.9 million. Other significant sources of non-operating revenue and other changes included investment income (\$25.5 million) and capital appropriations (\$13.4 million).

### Statements of Cash Flows

The primary purpose of the Statements of Cash Flows (Cash Flow) is to provide relevant information about the cash receipts and payments during the year. The Cash Flow helps users assess the University's ability to generate future net cash flows, meet its obligations as they come due, and the needs for external financing.

The Cash Flow is composed of five sections. The first section includes operating cash flows (the net cash provided/used in operating activities). The second section includes cash flows from non-capital financing activities, which reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section includes cash flows from capital and related financing activities including the cash used for capital acquisition and construction. The fourth section includes the cash flows from investing which reflects the purchases, proceeds, and interest received from investing activities. The last section reconciles the net cash to operating income (loss) as reflected in the SRECNA.

Following are condensed statements of cash flows for the three years ended June 30, (in thousands):

	Main 2007	HSC 2007	Combined 2007
Cash provided by (used in):			
Operating activities	\$ (62,270)	\$ (30,783)	\$ (93,053)
Non-capital financing activities	83,949	38,168	122,117
Capital and related financing activities	31,311	(27,054)	4,257
Investing activities	(48,567)	15,410	(33,157)
Net change in cash	4,423	(4,259)	164
Cash and cash equivalents at beginning of year	8,176	9,426	17,602
Cash and cash equivalents at end of year	\$ 12,599	\$ 5,167	\$ 17,766

Major sources of cash for the University in fiscal year 2007 included student tuition and fees (\$174.8 million); hospital revenue (\$209.8 million); state appropriations (\$110.9 million); and proceeds from bond issuance (\$96.5 million). Significant cash outlays for the University were for payments to suppliers and purchased services (\$261.3 million), and for payments to employees (\$346.2 million).

## Capital Assets and Debt Administration

### Capital Assets

The University has an ongoing capital improvement program consisting of new construction and the renovation of existing facilities. The University has planned capital improvements at June 30, 2007 with an estimated cost to complete of approximately \$68.1 million. Significant renovation projects are scheduled or are currently in progress for: Gilliam Hall, Center for Business Learning, Field House Classroom expansion, Savage Hall, Orthopedic Center, and Outpatient Procedure Center. Capital improvement projects are expected to be funded from a variety of sources including gifts, state capital appropriations, debt financing, and University funds.

The University had \$510.9 million in capital assets, net of accumulated depreciation of \$526.3 million at June 30, 2007. The charges for depreciation included in the SRECNA total \$37.6 million for the fiscal year ended June 30, 2007. Detailed information about the University's capital assets is presented in the notes to the financial statements.

### Debt Administration

The University has a strong financial position and manages its financial resources effectively, including the prudent use of debt to finance capital projects. Standard & Poor's Rating Services assigns an underlying rating ranging from AAA to BBB on investment grade insured bond issues. Moody's Investor Services, Inc. also assigns an underlying rating for investment grade long-term issues ranging from Aaa to Baa. The University's underlying ratings are A and A2, respectively.

### Economic Factors That Will Affect the Future

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by student enrollment, patient services, State support, and the cost of employee compensation, health care, utilities and unfunded State and Federal mandates.

Additional challenges include major capital needs, development of the Northwest Ohio Technology Park, and the continued investment in facility renewal and information system technology.

The economic position of the University is closely tied to the economic condition of the State, as all state universities in Ohio receive State financial assistance for both operations and designated capital improvements through appropriations by the Legislature. These appropriations contribute substantially to the successful maintenance and operation of the University.

### Requests for Information

This financial report is designed to provide a general overview of The University of Toledo finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Thomas Page, Controller, 2801 W. Bancroft Street, Mail Stop 325, Toledo, Ohio 43606.

**THE UNIVERSITY OF TOLEDO**  
**Statements of Net Assets**  
**June 30, 2007**  
**(Dollars in thousands)**

	<u>University</u>	<u>UT Foundation</u>	<u>MUO Foundation</u>	<u>UT Clinical Faculty, Inc</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 17,572	\$ 551	\$ 1,167	\$1,221
Short-term Investments	4,435		30,100	3,905
Accounts Receivable, net	83,898	438	1,042	13,067
Contributions Receivable, net		1,985		
Loans Receivable, net			6,563	
Inventories	7,135		16	
Investments Held by Bond Trustee	49,126			
Notes Receivable, net	7,914	26		
Other Assets	4,256	60	135	78
<b>Total Current Assets</b>	<b>174,336</b>	<b>3,060</b>	<b>39,023</b>	<b>18,271</b>
Non-Current Assets:				
Restricted Cash and Cash Equivalents	194			
Restricted Investments	53,064	125,110		
Notes Receivable, net	11,795			
Long-term Investments	157,493			515
Contributions Receivable, net		15,215		
Deferred Bond Issuance Costs	3,734			
Capital Assets, net	510,948	2,636	425	80
UT Medical Insurance Company	12,810			
Charitable Remainder Trusts and Annuity Contracts		6,143	86	
Asset Held for Sale		1,467	140	
Cash Surrender Value of Life Insurance Policies		1,101	161	
<b>Total Non-Current Assets</b>	<b>750,038</b>	<b>151,672</b>	<b>812</b>	<b>595</b>
<b>TOTAL ASSETS</b>	<b>\$ 924,374</b>	<b>\$ 154,732</b>	<b>\$ 39,835</b>	<b>\$ 18,866</b>

**THE UNIVERSITY OF TOLEDO**  
**Statements of Net Assets – Continued**  
**June 30, 2007**  
**(Dollars in thousands)**

	<u>University</u>	<u>UT Foundation</u>	<u>MUO Foundation</u>	<u>UT Clinical Faculty, Inc</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 21,329	\$ 908	\$ 7,178	\$ 2,130
Accrued Liabilities	28,596	42	102	10,410
Contribution Payable			136	
Deferred Revenue	18,371			
Medical Professional Liability – Current Portion	200			
Deposits	292			
Compensated Absences - Current Portion	21,324			
Long-term Liabilities - Current Portion	6,996	113		
Total Current Liabilities	<u>97,108</u>	<u>1,063</u>	<u>7,416</u>	<u>12,540</u>
Non-Current Liabilities:				
Compensated Absences	5,703			
Long-term Liabilities	262,558	5,157		
UT Medical Insurance Company	6,668			
Medical Professional Liability – Long-Term Portion	2,136			
Total Non-Current Liabilities	<u>277,065</u>	<u>5,157</u>		
<b>TOTAL LIABILITIES</b>	<b><u>374,173</u></b>	<b><u>6,220</u></b>	<b><u>7,416</u></b>	<b><u>12,540</u></b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	339,132	2,636	425	
Restricted for:				
Nonexpendable	11,039	52,567	12,764	
Expendable	79,297	81,989	18,923	
Unrestricted	120,733	11,320	307	6,326
<b>TOTAL NET ASSETS</b>	<b><u>\$ 550,201</u></b>	<b><u>\$ 148,512</u></b>	<b><u>\$ 32,419</u></b>	<b><u>\$ 6,326</u></b>

See notes to financial statements



**THE UNIVERSITY OF TOLEDO**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Year Ended June 30, 2007**  
**(Dollars in thousands)**

	<b>University</b>	<b>UT Foundation</b>	<b>MUO Foundation</b>	<b>UT Clinical Faculty, Inc</b>
<b>Revenues</b>				
Operating Revenues:				
Student Tuition and Fees, net of Student Aid of \$ 34,976	\$ 173,724			
Federal Grants and Contracts	49,335			
State Grants and Contracts	10,746			
Local Grants and Contracts	830			
Private Grants and Contracts	12,755			
Sales and Services	8,964			
Auxiliary Enterprises , net of Student Aid of \$ 3,370	57,620			
Gifts				
Hospital	216,212			
Other Patient Services Revenue				\$ 43,537
Contributions and Support		\$ 15,752	\$ 1,190	
Residency Reimbursement	4,047			
Interest on Student Loans	77		2,164	
Other Operating Revenues	15,741	755	2,133	7,879
<b>Total Operating Revenues</b>	<b>550,051</b>	<b>16,507</b>	<b>5,487</b>	<b>51,416</b>
<b>Expenses</b>				
Operating Expenses:				
Salaries and Wages	308,151			29,404
Benefits	98,054			8,622
Supplies	70,846			7,621
Travel and Entertainment	9,750			546
Information and Communication	13,759			98
Occupancy	14,767			
Scholarship	17,182			
Outside Purchased Services	69,241			1,007
Provision for Doubtful Accounts	13,699			
Support to University		7,773	4,938	928
Fund Raising and Development		783	150	
Management		1,499	1,753	14
Depreciation	37,598	138	27	49
Other	15,139			2,289
<b>Total Operating Expenses</b>	<b>668,186</b>	<b>10,193</b>	<b>6,868</b>	<b>50,578</b>
<b>Operating (Loss) Income</b>	<b>\$(118,135)</b>	<b>\$ 6,314</b>	<b>\$ (1,381)</b>	<b>\$ 838</b>

**THE UNIVERSITY OF TOLEDO**  
**Statements of Revenues, Expenses, and Changes in Net Assets – Continued**  
**Year Ended June 30, 2007**  
**(Dollars in thousands)**

	<b>University</b>	<b>UT Foundation</b>	<b>MUO Foundation</b>	<b>UT Clinical Faculty, Inc</b>
Operating (Loss) Income	\$(118,135)	\$ 6,314	\$ (1,381)	\$ 838
<b>Non-operating Revenues (Expenses)</b>				
State Share of Instruction	110,902			
Income (loss) after State Share of Instruction	(7,233)	6,314	(1,381)	838
Federal & State Grants and Contracts	10,865			
Excess (Deficiency) of Restricted Receipts	(702)			
Gifts	3,800			
Investment Income	25,488	19,281	4,297	763
Interest on Debt	(10,511)			(2)
Other Non-operating (Expense) Revenues	(4,353)	134		
Total Other Non-operating Revenues	24,587	19,415	4,297	761
Income (Loss) before Other Changes	17,354	25,729	2,916	1,599
<b>Other Changes</b>				
Capital Appropriations	13,401			
Additional Funding for Plant Facilities	1,140			
Capital Grants, Gifts, and Contracts	3,429			
Addition to Permanent Endowment	36	1,816		
Contributed Capital	(5,238)			
Asset Disposal	(180)			(7)
Total Other Changes	12,588	1,816	-	(7)
Increase in Net Assets	29,942	27,545	2,916	1,592
<b>Net Assets</b>				
Net Assets at Beginning of Year	520,259	120,967	29,503	4,734
Net Assets at End of Year	<b>\$ 550,201</b>	<b>\$ 148,512</b>	<b>\$ 32,419</b>	<b>\$ 6,326</b>

See notes to financial statements

**THE UNIVERSITY OF TOLEDO**  
**Statements of Cash Flows**  
**Year Ended June 30, 2007**  
(Dollars in thousands)

	<b>University</b>
<b>Cash Flows from Operating Activities</b>	
Tuition and Fees	\$ 174,849
Grants and Contracts	71,984
Hospital Revenues	209,770
Sales and Services of Educational Activities	7,033
Payments to Suppliers and Outside Purchased Services	(261,306)
Payments to Employees	(346,184)
Loans Issued to Students	(3,139)
Collection of Loans from Students	2,899
Auxiliary Enterprise Charges	61,315
Other	(10,274)
Net Cash Used in Operating Activities	(93,053)
<b>Cash Flows from Non-capital Financing Activities</b>	
State Share of Instruction	110,902
Student Direct Lending Receipts	124,808
Student Direct Lending Disbursements	(127,626)
Excess (Deficit) of Restricted Receipts	(702)
Gifts, Grants, and Contracts	14,701
Agency Transactions	34
Net Cash Provided by Non-Capital Financing Activities	122,117
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of Capital Assets	(47,560)
Principal Paid on Capital Debt	(51,899)
Capital Appropriations	13,270
Proceeds from Debt Issuance	96,495
Capital Grants and Gifts	4,686
Interest Paid on Capital Debt	(10,735)
Net Cash Provided by Capital and Related Financing Activities	4,257
<b>Cash Flows from Investing Activities</b>	
Net Change in HSC Investments	3,054
Income on HSC Investments	12,356
Proceeds from Sales and Maturities of Investments	120,556
Interest on Investments	4,663
Purchase of Investments	(173,786)
Net Cash Provided by Investing Activities	(33,157)
<b>Net Increase in Cash</b>	
Cash and Cash Equivalents – Beginning of Year	164
Cash and Cash Equivalents – End of Year	\$ 17,602
	\$ 17,766

See notes to financial statements

**THE UNIVERSITY OF TOLEDO**  
**Statements of Cash Flows – Continued**  
**Year Ended June 30, 2007**  
(Dollars in thousands)

	<b>University</b>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>	
Operating Loss	\$ (118,135)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	37,598
Provision for Patient Bad Debt	11,909
(Increase) Decrease in Assets:	
Accounts Receivable, net	(22,940)
Inventories	141
Other Current Assets	(828)
Notes Receivable, net	(240)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Liabilities	(3,646)
Deferred Revenue	2,625
Compensated Absences	2,549
Medical Professional Liability Accrual	(2,086)
 Net cash used in operating activities	 \$ (93,053)

See notes to financial statements

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended June 30, 2007

(Dollars in Thousands)

**Note 1 - Reporting Entity, Basis of Presentation, and Summary of Significant Accounting Policies**

Effective July 1, 2006 the General Assembly of the State of Ohio (State) enacted into law the combination of the University of Toledo (former UT) and the Medical University of Ohio (MUO) into one state university known as the University of Toledo (the University). The accompanying financial statements consist of the University and its component units: the University of Toledo Foundation and the Medical University of Ohio at Toledo Foundation (the Foundations), and the University of Toledo Clinical Faculty, Inc.

MUO was a component unit of the State and a non-profit state-supported medical school located in Toledo, Ohio. MUO consisted of the Medical University of Ohio, and its component units, the Medical University of Ohio at Toledo Foundation and the Medical College of Ohio Clinical Facility Inc. MUO is now referred to as the University of Toledo Health Science Campus (HSC).

The former UT was a component unit of the State, as established by the General Assembly of the State in 1967 by statutory act under Chapter 3360 of the Revised Code of the State. The former UT included the university and its component unit the University of Toledo Foundation, located in Toledo, Ohio. The former UT is referred to as the University of Toledo Main Campus (Main).

The University is a component unit of the State and is discretely presented in the State's financial statements. Transactions with the State relate primarily to appropriations, grants from various state agencies, Ohio workers' compensation program and payments to the State retirement programs for certain University employees.

The University is classified as a state instrumentality under Internal Revenue Code Section 115, and is also classified as a charitable organization under Internal Revenue Code Section 501 (c) (3), and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 through 514.

Governmental Accounting Standards Board (GASB) Statement No. 39 *Determining Whether Certain Organizations are Component Units*, requires the University to reflect the Foundations and the University of Toledo Clinical Faculty, Inc. (UTCf) as discretely presented component units in the financial statements based on the significance of its relationship with the University. The Foundations and UTCf are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' or UTCf financial information in the University's financial reporting entity for these differences.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended June 30, 2007

(Dollars in Thousands)

**Note 1 - Reporting Entity, Basis of Presentation, and Summary of Significant Accounting Policies (continued)**

The Foundations are legally separate, tax-exempt component units of the University. The Foundations act primarily as fund-raising organizations to supplement the resources that are available to the University in support of its programs. The boards of the Foundations are self-perpetuating and consist of graduates and community members of the University. Although the University does not control the timing or amount of receipt from the Foundation, the majority of resources, or income thereon, that the Foundations hold and invest are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundations can only be used by, or for the benefit of, the University, the Foundations are considered component units of the University and are discretely presented in the University's financial statements.

During the year ended June 30, 2007, the Foundations transferred approximately \$12.7 million to the University for both restricted and unrestricted purposes. Certain marketable investments of the University are pooled with marketable investments of the Foundation. The Foundations manage these funds and receive from the University a management fee equal to 1.35% of the fair market value of the University's share of the pooled investments. For the year ended June 30, 2007 the University incurred management fees paid or payable to the Foundations of \$574 thousand. Requests for additional information or financial statements should be addressed to The University of Toledo Foundation, Driscoll Center MS 318, 2801 W Bancroft Street, Toledo, Ohio 43606.

UTCF is a nonprofit organization affiliated with the University providing administrative support, billing, and collection services for physician services at the University. Because of the significance of its relationship with the University, UTCF is presented as a discretely presented component unit. Request for additional information or financial statements should be addressed to University of Toledo Clinical Faculty, Inc., 3355 Glendale Avenue, 3<sup>rd</sup> floor, Toledo, Ohio 43614.

Basis of Presentation

The financial statements have been prepared to incorporate all fund groups utilized by the University. These statements have been prepared in conformity with generally accepted accounting principles in the United States as prescribed by the GASB and require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The University has the option to apply all FASB pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended June 30, 2007  
(Dollars in Thousands)

**Note 1 - Reporting Entity, Basis of Presentation, and Summary of Significant Accounting Policies (continued)**

Operating revenues and expenses generally result from providing patient, educational, and instructional services in connection with the University's principal ongoing operations. The principal source of operating revenues of the University is patient revenue and student tuition. The University also recognizes as operating revenue auxiliary enterprises and exchange transactions. Operating expenses include patient service, educational, and instructional costs, administrative expenses, and depreciation expense. All items not meeting this definition are reported as non-operating revenues and expenses.

Basis of Presentation (continued)

When both restricted and unrestricted resources are available for use, it is the University's policy to use restricted resources first, then unrestricted as they are needed.

Summary of Significant Accounting Policies

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and demand deposits with banks. All investments with maturities less than 90 days are considered cash and cash equivalents.

**Investments**

Investments in marketable securities are carried at fair value as established by the major securities market. Investment income includes realized and unrealized gains and losses on investments, interest income, and dividends.

**Inventories**

Inventories are stated at the lower of cost or market. Cost is determined on an average cost basis.

**Patient Revenue and Accounts Receivable**

Patient accounts receivable and revenue are recorded at net realizable value when patient services are performed. The University has agreements with third-party payors that provide for payments to the University at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended June 30, 2007

(Dollars in Thousands)

**Note 1 - Reporting Entity, Basis of Presentation, and Summary of Significant Accounting Policies (continued)**

Summary of Significant Accounting Policies (continued)

**Patient Revenue and Accounts Receivable (continued)**

- Medicare and Medicaid

The University is a provider of services under the Medicare and Medicaid programs. The University is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient. The price varies depending on the type of illness or the patient's diagnostic related group classification. Capital costs, certain Medicare outpatient services, and Medicaid outpatient services are also reimbursed on prospectively determined fixed price. Graduate medical education is reimbursed on a per diem basis under the Medicare program. The University receives payment for other Medicare outpatient services and certain inpatient costs on a reasonable cost basis.

- Other Payors

The University has also entered into payments agreements with certain commercial carriers to provide health care services. Payment to the University under these agreements is based on prospectively determined fixed prices, fee screens, or on a percentage of billed charges.

Provision is made in the financial statements for the differences between the University's standard rate charged for services rendered and third-party reimbursements and for estimated settlements based on third-party reimbursement contracts. Retroactive settlements resulting from third-party audits of filed cost reports are reflected in the financial statements in the year of settlement. These provisions and settlements are included in deductions from patient service revenue. There is at least a reasonable possibility that recorded estimates will change in the near-term. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The University believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Charity care includes services provided to persons who cannot afford healthcare because of inadequate resources or who are uninsured or underinsured. In addition to charity care, services are provided under Medicaid and other Welfare programs. Certain payments received under these programs are less than the cost of providing the service.



**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended June 30, 2007  
(Dollars in Thousands)

**Note 1 - Reporting Entity, Basis of Presentation, and Summary of Significant Accounting Policies (continued)**

Summary of Significant Accounting Policies (continued)

**Patient Revenue and Accounts Receivable (continued)**

A summary of charity and uncompensated care, at cost, is as follows:

	<u>Year Ended June 30, 2007</u>
Traditional charity care	\$ 7,236
Unpaid costs of traditional Medicaid programs	4,910
Unpaid costs of other welfare programs	<u>468</u>
Total charity and uncompensated care	<u>\$ 12,614</u>

**Deferred Issuance Cost**

Deferred bond issuance costs for the General Receipts Bonds have been capitalized and are included on the Statements of Net Assets, and are being amortized over the life of the bonds on the straight-line method, which approximates the interest method.

**Capital Assets**

Capital assets are stated at historical cost or fair value at date of donation in the case of gifts. When capital assets are sold or otherwise disposed of, the carrying value of such assets is removed from the asset accounts, along with the related accumulated depreciation. Depreciation has been recorded in accordance with GASB. The University has a rare book collection and manuscript collection in the library that is not capitalized since it represents historical works of art that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

**Deferred Revenue**

Summer term tuition and fees, and corresponding expenses relating to various sessions falling in the fiscal year are recognized in the fiscal year they occur. The portion of sessions falling into the next fiscal year are recorded as deferred revenue and prepaid expenses in the Statements of Net Assets and will be recognized in the following year.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended June 30, 2007  
(Dollars in Thousands)

**Note 1 - Reporting Entity, Basis of Presentation, and Summary of Significant Accounting Policies (continued)**

Summary of Significant Accounting Policies (continued)

**Net Assets**

Net assets are classified into three following categories:

Invested in capital assets, net of related debt: Capital assets, net of accumulation depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement in those assets.

Restricted: Nets assets subject to externally imposed constraints that they may be maintained permanently by the University, or net assets whose use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time. Restricted net assets are classified further as nonexpendable and expendable. Expendable restricted net assets are available for expenditure by the University but must be spent for purposes as determined by donors or external entities that have placed time or purpose restrictions on the use of the assets.

Unrestricted: Net assets available to the University for any lawful purpose of the institution. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. The University has committed unrestricted net assets to provide for identified future needs, such as debt service, contractual obligations, capital outlay, academic programming, and post employment benefits.

**Compensated Absences**

University employees earn vacation and sick leave based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitation are forfeited. The liability and expense incurred are recorded at year-end as long-term and short-term liabilities in the Statements of Net Assets, and as a component of operating expense in the Statements of Revenues, Expenses, and Changes in Net Assets.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended June 30, 2007

(Dollars in Thousands)

**Note 1 - Reporting Entity, Basis of Presentation, and Summary of Significant Accounting Policies (continued)**

Summary of Significant Accounting Policies (continued)

**Compensatory Time**

Compensatory time may be given in lieu of overtime pay to classified employees who work in excess of the regular schedule. Management estimates that the future cost associated with the payment of compensatory time earned as of June 30, 2007 is not significant to the financial statements as a whole and will not have a material impact on the future operations when paid.

**Grants and Contracts**

The University receives grants and contracts from Federal, State, and private agencies to fund research and other activities. Grants and contracts generally provide for the recovery of direct and indirect costs. The University recognizes revenues associated with grants and contracts as the related costs are incurred. Indirect cost recovery is recorded as a percentage of direct costs at negotiated fixed rates. Revenues received under grants and contracts are subject to the examination and retroactive adjustments by the awarding agency.

**State Subsidies**

The University receives student-based subsidy and other subsidies from the State. These subsidies are determined biennially and released annually based upon allocations devised by the Ohio General Assembly and the Ohio Board of Regents

In addition to subsidies, the State provides capital appropriations for construction of major plant facilities on the campus. The financing of construction is obtained by the State through issuance of State revenue bonds. State funds are pledged for the repayment of the revenue bonds. In the event these funds are insufficient to retire the revenue bonds, a pledge exists to assess a special student fee to students of State assisted institutions of higher education. As a result of this financing arrangement, the outstanding debt relating to the revenue bonds is not included in the University's Statement of Net Assets. State appropriations are recognized when received. Restricted funds are recognized as revenue only to the extent expended.

**Capitalized Interest**

Interest on construction projects is capitalized until substantial completion of the project.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended June 30, 2007  
(Dollars in Thousands)

**Note 1 - Reporting Entity, Basis of Presentation, and Summary of Significant Accounting Policies (continued)**

Summary of Significant Accounting Policies (continued)

**Endowments**

The University's and the Foundation's Board of Trustees established an investment policy for the endowment and quasi endowments with the objectives of protecting principal and maximizing total investment return without assuming extraordinary risks. It is the goal of the University to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 5% of the three year market average, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings.

**Interest Rate Swap Agreements**

The University has entered into various interest rate swap agreements in order to manage and hedge risks associated with interest. Currently, GASB does not require the University to record the fair value or changes in the fair value of interest rate swaps in its financial statements. See Note 6 for relevant disclosures.

**Use of Estimates**

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

**Note 2 – Cash and Cash Equivalents**

Cash balances are combined into one pool for making daily cash and investment transactions. At June 30, 2007, the carrying amount of the University's cash and cash equivalents for all funds was \$17.6 million. Items in transit and outstanding checks cause the difference in the carrying amount of \$5.1 million and the bank balance of \$12.5 million. Of the bank balance, \$200 thousand was covered by federal depository insurance and the remainder was insured by a financial institution collateral pool (collateralized with securities held by the pledging financial institution's trust department or agent in the University's name).

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended June 30, 2007  
(Dollars in Thousands)

**Note 3 – Investments**

The Board approved revisions to the University's investment policy effective October 2006. The policy establishes investment objectives, strategies and measures for evaluation. The University's policy complies with the State of Ohio regulations provided by legislation. The University adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, which requires certain additional disclosures related to the interest rate, credit, foreign currency and custodial risks associated with interest-bearing investments as of June 30, 2007. At the present time, the University does not have formal policies addressing these types of risk.

The University's investment policy authorizes the investment of non-endowed funds in the following investments:

- Obligation of the US Treasury and other federal agencies
- Municipal and state bonds
- Certificate of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds
- Commercial paper
- Bankers acceptances
- Corporate bonds and stock
- Asset backed securities
- Mortgage pools and mortgage related securities
- Guaranteed investment contract
- Alternative investments

The University's investment policy authorizes the investment of endowed funds in the following investments:

- Obligation of the US Treasury and other federal agencies
- Municipal and state bonds
- Certificate of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds
- Corporate bonds and stocks
- Mortgages and collateralized mortgage obligations
- Alternative investments

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended June 30, 2007  
(Dollars in Thousands)

**Note 3 – Investments (continued)**

The cost and fair values, exclusive of accrued interest, of investments at June 30, consisted of the following:

	<b>2007</b>	
	Cost	Fair Value
Corporate bonds	\$ 32,628	\$ 32,055
Corporate stock	32,950	45,003
Mutual funds – fixed income	33,811	33,722
Mutual funds – equity	28,345	35,727
Municipal bonds	19,915	19,915
U.S. Government/agency Obligations	67,042	66,483
	214,691	232,905
Common and collective trust Funds	43,291	43,262
Real estate	1,107	1,107
	259,089	277,274
Less: Cash equivalents	13,156	13,156
Net Investments	\$ 245,933	\$ 264,118

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

As of June 30, 2007, the University had the following interest-bearing investments and maturities.

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1 Year	1 - 5	6 - 10	Greater than 10
US Government	\$ 28,932	\$ 8,160	\$ 6,524	\$ 2,063	\$ 12,185
US Government Agencies	37,551	4,491	19,453	5,367	8,240
Corporate Bonds	32,055	1,973	9,160	6,903	14,019
Municipal Bonds	19,915	19,915			
Total	\$ 118,453	\$ 34,542	\$ 35,137	\$ 14,333	\$ 34,444

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended June 30, 2007

(Dollars in Thousands)

**Note 3 – Investments (continued)**

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of the credit ratings issued by the nationally recognized statistical rating organizations (NRSRO's) such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

The credit ratings of the University's interest-bearing investments at June 30, 2007 are as follows:

Credit Rating (Moody's)	Total	U.S. Government Obligation	U.S. Agency Obligations	Corporate Bonds	Municipal Bonds
Aaa	\$ 108,389	\$ 28,932	\$ 37,522	\$ 22,020	\$ 19,915
Aa	3,826		29	3,797	
A	2,264			2,264	
Baa	3,919			3,919	
Ba	50			50	
B	5			5	
Total	<u>\$ 118,453</u>	<u>\$ 28,932</u>	<u>\$ 37,551</u>	<u>\$ 32,055</u>	<u>\$ 19,915</u>

*Concentration Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's cash investment policy provides that investment pool direct placements are to be sufficiently diversified and provides that no more than 10 percent of its assets can be in any particular issue. The foregoing restrictions do not apply to securities that are issued or fully guaranteed by the United States government. The University did not have investments in any single issuer that equaled 5 percent or more in 2007.

*Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At June 30, 2007, the University had no exposure to foreign currency risk.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended June 30, 2007

(Dollars in Thousands)

**Note 3 – Investments (continued)**

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investment of \$1.1 million in real estate and \$43.3 million in common and collective trusts are not evidenced by securities that exist in physical or book entry form. The remaining investments are uninsured and unregistered with securities held by the counter party's trust department or agent in the University's name.

**Note 4 – Accounts and Notes Receivable**

The accounts and notes receivable, shown net of allowances for uncollectible accounts at June 30, are summarized as follows:

	<u>2007</u>
Accounts receivable:	
Tuition and Fees	\$ 4,248
Patient Services	46,780
Sales and services	5,691
Auxiliary services	2,655
Grants and contracts	22,922
Interest receivable	830
Interest receivable – endowments	51
Plant fund	<u>721</u>
Total accounts receivable - net of allowances	83,898
Notes receivable:	
Current	7,914
Non current	<u>11,795</u>
Total notes receivable - net of allowances	<u>19,709</u>
Total accounts and notes receivables - net of allowances	<u>\$ 103,607</u>

Accounts receivable are for transactions relating to tuition and fees, patient services, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts totaling \$8.9 million for fiscal 2007. Student notes receivable are recorded net of allowance for uncollectible accounts of \$760 thousand.



**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended June 30, 2007

(Dollars in Thousands)

**Note 5 – Capital Assets**

Capital assets are recorded at cost or if acquired by gift at the fair market value as of the date of donation. Capital assets consist of the following as of June 30:

	<b>Balance</b> <b>June 30, 2006</b>	<b>Additions</b>	<b>Reallocation/ Reductions</b>	<b>Balance</b> <b>June 30, 2007</b>
Capital assets, not being depreciated:				
Land	\$ 20,659			\$ 20,659
Land improvements	1,705			1,705
Construction in progress	29,352	40,214	(32,899)	36,667
Total capital assets, not being depreciated	51,716	40,214	(32,899)	59,031
Capital assets, being depreciated:				
Land improvements	5,228	11	611	5,850
Infrastructure	92,188	264	3,878	96,330
Buildings	681,524	1,494	7,589	690,607
Equipment	172,368	9,373	3,713	185,454
Total capital assets, being depreciated	951,308	11,142	15,791	978,241
Less accumulated depreciation:	498,981	37,618	(10,275)	526,324
Total capital assets, being depreciated, net	452,327	(26,476)	26,066	451,917
<b>Capital Assets, net</b>	<b>\$ 504,043</b>	<b>\$ 13,738</b>	<b>\$ (6,833)</b>	<b>\$ 510,948</b>

Assets are capitalized on Main Campus with a cost of \$100 thousand or greater with the exception of equipment, which is capitalized at a cost of \$5 thousand or greater. Main Campus depreciation and amortization on capital leases are recognized on a straight-line basis over the estimated useful life of the asset, as follows:

<u>Classification</u>	<u>Life</u>
Infrastructure	15 to 25 years
Buildings	40 years
Building Additions	15 to 40 years
Equipment	5 years

Assets are capitalized on Health Science Campus (HSC) with a cost of \$1 thousand or greater for equipment and judgmentally for building and building additions based on increase of capacity, life, or operating efficiency of a capital asset. HSC depreciation and amortization on capital leases are recognized on a straight-line basis over the estimated useful life of the asset, as follows:

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended June 30, 2007

(Dollars in Thousands)

**Note 5 – Capital Assets (continued)**

<u>Classification</u>	<u>Life</u>
Infrastructure	2 to 40 years
Buildings	5 to 40 years
Building Additions	5 to 40 years
Equipment	3 to 20 years

In 2007 the University determined the Convocation Center, 401 Jefferson Avenue, Toledo, Ohio 43604, was no longer a necessary component of its academic and educational mission and purpose. Therefore, it was deemed in the University's best interest to transfer fee simple title to the Toledo-Lucas County Convention and Visitors Bureau, Inc. (CVB), an Ohio non-profit corporation. The Convocation Center had a net book value of \$5.2 million at the time of the title transfer and the transaction resulted in a reduction of capital assets on the Statement of Net Assets and contributed capital in other changes in net assets on the Statement of Revenues, Expenses, and Changes in Net Assets.

**Note 6 – Long-term Liabilities**

On April 26, 2007, the University issued \$49.9 million in General Receipts Bonds, Series 2007B, (Series 2007B) to finance the rehabilitation and improvement of a facility to provide classrooms for undergraduates; the rehabilitation and improvement of the main library; and improvements to athletic facilities. Series 2007B bears interest based on the Auction Period Rate (APR) for each 35-day auction period.

On April 17, 2007, the University entered into an interest rate swap agreement with JP Morgan, with an effective date of April 26, 2007, in the notional amount of \$32.25 million, to hedge the exposure against interest rate fluctuations arising from the variable interest rates on the Series 2007B. Based on the swap agreement, the University owes interest calculated at an average fixed rate of 3.66% to the counterparties to the swap agreement. In return, the counterparties owe the University interest at a variable rate based on 68% of the London Interbank Offered Rate (LIBOR). Only the net difference in interest payments is actually exchanged with the counterparties. The University continues to pay interest to the bondholders at the variable rate provided by the bonds; however, during the term of the swap agreement, the University effectively pays a fixed rate on the related debt. The swap agreement expires on June 1, 2036, but the University has termination rights to end the agreement upon election of the termination option. If the swap agreement terminated at June 30, 2007, the University would be liable for a termination payment of approximately \$1 million. The swap agreement's fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, then discounted using the spot rates implied by the current yield curve. The University will be exposed to variable rates only if the counter-parties to the swap default or if the University terminates the swap agreement.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended June 30, 2007

(Dollars in Thousands)

**Note 6 – Long-term Liabilities (continued)**

On January 23, 2007 the University issued \$47.1 million in General Receipts Bonds, Series 2007A, with an average interest rate of 4.43%, to advance refund the General Receipts Bonds Series 2001, with an average interest rate of 5.1% and current refund the General Receipt Bond Anticipation Notes Series 2006, with an interest rate of 4.25%. Proceeds of \$32.9 million were deposited into an escrow fund with Bank of New York Trust Company, N.A. to satisfy scheduled payments of principal and interest of Series 2001. The Series 2001 outstanding obligation of \$31.9 million is considered defeased and the liability from those bonds has been removed. The University has a cash flow savings of \$1.34 million and an economic gain of \$1.3 million from the advance refunding of Series 2001. Proceeds of \$13.66 million were used to extinguish Series 2006 outstanding obligations of \$13.1 million plus accrued interest.

On January 24, 2006, the University issued \$13.1 million in General Receipts Bond Anticipation Notes, Series 2006 to extinguish the General Receipt Bond Anticipation Notes, Series 2005A.

On March 29, 2005, the University issued \$50 million in General Receipts Bonds, Series 2005 (Series 2005), at a variable rate of interest, for the construction and equipping of certain major expansions, renovations, and improvements at HSC. These projects included but were not limited to an ambulatory care center, an orthopedics center, an outpatient surgical center, an upgrade to HSC clinical information system to provide for a fully digital environment, and miscellaneous routine capital expenditures.

The University entered into an interest rate swap agreement on March 29, 2005, effective April 1, 2005, which matures on July 1, 2030 and has a notional amount of \$33,465. Based on the swap agreements, the University pays a fixed rate of 3.564%. In return, the counterparties owe the University the variable rate on the Series 2005 based on 67% of LIBOR. Only the net difference in the interest payments is actually exchanged with the counterparties monthly. If the swap terminated June 30, 2006, the University would be liable for a termination payment of approximately \$567. The swap's fair market value is estimated using the Second Method and Market Quotation. The University will be exposed to variable rates only if the counterparties to the swap default or if the University terminates the swap agreement.

On March 1, 2004, the University issued \$14.1 million General Receipts Bonds, Series 2004 to refund and redeem the General Receipt Bonds, Series 1994 in the amount of \$13.2 million with the remainder of the issue being used to fund the bond issuance cost and the call premium.

On November 19, 2002, the University issued \$104.5 million General Receipt Bonds, Series 2002, with a variable interest rate, to finance the construction of a residence hall, improve dining facilities and currently refund and redeem the General Receipts Bonds, Series 1992A in the amount of \$46.1 million. A total of \$47 million of the proceeds was utilized to pay the call premium of \$921 and redeem all of the outstanding 1992 bonds on December 1, 2002.

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(Dollars in Thousands)

**Note 6 – Long-term Liabilities (continued)**

On December 1, 2002, the University entered into interest rate swap agreements with Bear Stearns & Co., Inc. and JP Morgan Chase (formerly Bank One N.A.) for \$104.5 million to hedge the exposure against interest rate fluctuations arising from the variable interest rates on the Series 2002 Bonds. Based on the swap agreements, the University owes interest calculated at an average fixed rate of 4.35% to the counterparties to the swap agreements. In return, the counterparties owe the University interest at a variable rate based on two indices: (1) 67% of LIBOR rate on 42% of the notional amount; and (2) 71% of LIBOR on 58% of the notional amount. Only the net difference in interest payments is actually exchanged with the counterparties. The University continues to pay interest to the bondholders at the variable rate provided by the bonds; however, during the term of the swap agreements, the University effectively pays a fixed rate on the debt. The swap agreements expire on June 20, 2020 (\$47.5 million) and June 1, 2032 (\$57 million) and can only be terminated by the University at its sole option. If the swap agreements terminated at June 30, 2006, the University would be liable for a termination payment of approximately \$2.7 million. The swap agreements fair value is estimated using the zero-coupon method, whereby the future net settlement payment as required by the swap is calculated, then discounted using the spot rates implied by the current yield curve. The University will be exposed to variable rates only if the counter-parties to the swap default or if the University terminates the swap agreement.

On February 1, 2001, the University issued \$35 million General Receipts Bonds, Series 2001 to finance construction of a residence hall.

On October 1, 1998, the University issued \$13.5 million General Receipts Bonds, Series 1998. Of this amount, \$10.4 million, with an average interest rate of 4.8%, were used to advance-refund \$9.5 million of outstanding Series 1992B Bonds with an average interest rate of 5.8%. The net proceeds of \$1.2 million (after payment of issuance costs of \$146) were deposited with an escrow trustee for all future debt service payments on the Series 1992B Bonds. As a result, the Series 1992B Bonds are considered defeased and the liability for those bonds has been removed from bonds outstanding as of June 30, 2004. The debt defeased remains outstanding as of June 30, 2006.

The University issued General Receipts Bonds in the amount of \$15.5 million in February 1994 to finance construction of student housing. Series 1992A and 1992B General Receipt Bonds were issued in August 1992. The Series 1992A Bonds financed the advance refunding of Series 1990 Bonds and a portion of Series 1988 Bonds, and the Series 1992B Bonds financed capital projects. The balance of debt issuance defeased in substance in prior years that remains outstanding as of June 30, 2006 is \$26.4 million.

The principal and interest payments of all of the 2007A, 2007B, 2005, 2004, 2002, and 1998 Series General Receipts Bonds are collateralized by the pledge of the general receipts of the University. The bond indentures have various restrictive covenants with which the University management believes they have complied.

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**Note 6 – Long-term Liabilities (continued)**

The University entered into three debt agreements and a refinancing agreement during fiscal 2003. In September 2002, the University entered into a debt agreement to complete funding for the athletic training facility on the Scott Park campus, which bears an interest rate of 200 basis points over LIBOR for an estimated 3.96%. In November 2002, the University entered into two debt agreements for the purchase of video equipment and land, which bear interest rates of 5.35% and 4.75% respectively. In April 2003, existing debt and lease agreements were refinanced at an interest rate of 2.98% for the fiber optic network and equipment purchases. The University entered into an agreement in September 1999 to finance the purchase of a scoreboard, which bears interest at 7.5%. These agreements are classified as notes payable.

The University has master lease obligations with financial institutions and other lease obligations relating to a linear accelerator, a building, fiber optic network, athletic turf, and other equipment at interest rates ranging from 2.98% to 5.5%. An asset of \$24.6 million, representing the cost of the building and equipment, and a corresponding liability for the lease obligation are recorded in the financial statements. The University has \$194 thousand of remaining funds in escrow related to master lease obligations, which is included in restricted cash and cash equivalents.

Interest expense, net of interest income, related to the borrowing is capitalized as part of the cost of construction. However, no interest was capitalized during fiscal 2007. Interest expense paid on indebtedness was \$10.7 million for year ended June 30, 2007.

**THE UNIVERSITY OF TOLEDO**  
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**Note 6 – Long-term Liabilities (continued)**

Long-term liabilities consist of the following as of June 30:

	Due Dates	Interest Rate	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007	Current
General Receipts, series 1998, serial and term bonds: Advance refund General Receipts Bonds, Series 1992A; Student Union Renovations	1999-2020	3.6 to 5.0%	9,755	-	525	9,230	555
General Receipts series 2001, serial and term bonds: Student housing	2002-2030	4.25 to 5.22%	31,915	-	31,915	-	-
General Receipts series 2002, serial and term bonds: Student housing and advance refund General Receipts Bonds, Series 1992B	2003-2032	Various	96,015	-	2,095	93,920	2,285
General Receipts series 2004, serial and term bonds: Advance refund General Receipts Bonds, Series 1994	2005-2025	2.0 to 4.125%	13,570	-	510	13,060	530
General Receipts series 2005, term bonds: HSC expansion and renovations	2030	3.25%	50,000	-	-	50,000	-
General Receipts series 2006, Anticipation Notes: Renovations	2007	4.25%	13,100	-	13,100	-	-
General Receipts series 2007A, serial and term bonds: Advance refund General Receipts Bonds, Series 2001 and Current refund Bond Anticipation Notes, Series 2006.	2008-2036	4.0% to 5.0%	-	46,595	-	46,595	775
General Receipts series 2007B, term bonds: Renovations for athletic facilities, classrooms, and library.	2036	Various	-	49,900	-	49,900	-
Main Campus Lease obligations	1996-2017	Various	6,451	-	1,752	4,699	1,611
HSC Lease obligations	2002-2009	Various	3,827	-	1,920	1,906	1,200
Notes payable	1999-2018	Various	328	-	84	244	40
Compensated absences			24,479	21,473	18,925	27,027	21,324
			<u>249,440</u>	<u>117,968</u>	<u>70,826</u>	<u>296,581</u>	<u>28,320</u>
Less current portion long-term liabilities						<u>28,320</u>	
Long-term liabilities						<u>268,261</u>	

**THE UNIVERSITY OF TOLEDO**  
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**Note 6 – Long-term Liabilities (continued)**

Principal and interest on long-term debt are payable from general receipts. The obligations are generally callable. The future amounts of principal and interest payments required by the bond agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 4,145	\$ 10,570	\$ 14,715
2009	9,410	10,344	19,754
2010	6,675	10,164	16,839
2011	7,985	9,680	17,665
2012	8,000	9,550	17,550
2013 – 2017	46,455	41,542	87,997
2018 – 2022	42,385	31,319	73,704
2023 – 2027	37,110	23,952	61,062
2028 – 2032	85,945	16,769	102,714
2033 – 2036	14,595	1,608	16,203
	<u>\$ 262,705</u>	<u>\$ 165,498</u>	<u>\$ 428,203</u>
Total	<u>\$ 262,705</u>	<u>\$ 165,498</u>	<u>\$ 428,203</u>

The future amounts of principal and interest payments required by the lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 2,810	\$ 226	\$ 3,036
2009	2,349	126	2,475
2010	440	60	500
2011	374	42	416
2012	118	28	146
2013 – 2017	514	54	568
	<u>\$ 6,605</u>	<u>\$ 536</u>	<u>\$ 7,141</u>
Total	<u>\$ 6,605</u>	<u>\$ 536</u>	<u>\$ 7,141</u>

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

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(Dollars in Thousands)

**Note 6 – Long-term Liabilities (continued)**

The future amounts of principal and interest payments required by the notes payable are as follows:

	Principal	Interest	Total
2008	\$ 40	\$ 14	\$ 54
2009	17	12	29
2010	17	11	28
2011	170	2	172
Total	\$ 244	\$ 39	\$ 283

Contracts have been entered into for capital construction projects in an amount approximating \$109.7 million. The estimated cost to complete construction in progress at June 30, 2007 is \$68.2 million.

The University leases certain facilities and data processing, patient care, and other equipment under various non-cancelable operating lease agreements. Total operating lease expense was \$404 in 2007. At June 30, 2007, the University is committed to future minimum operating lease payments of \$344 in 2008; \$318 in 2009; and \$102 in 2010.

At the expiration of various patient care equipment leases, the University has the option to make a termination payment, purchase the equipment at fair market value, or extend the lease term. Future minimum operating lease payments include \$41 in termination payments related to these lease agreements.

**Note 7 – Retirement Benefits**

The University contributes to two cost-sharing multiple-employer defined benefit plans: (1) Public Employees Retirement System of Ohio (PERS), and (2) State Teachers Retirement System of Ohio (STRS). Both plans provide retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code (ORC). PERS and STRS issue stand-alone financial reports. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio, 43215-4642 or by calling (614) 466-2085 for PERS, and 275 East Broad Street, Columbus, Ohio, 43215-3771 or by calling (614) 227-4090 for STRS.

The funding policy for the above plans is as follows:

*PERS*: The ORC provides statutory authority for employee and employer contributions and administers three separate pension plans as described below.



**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 7 – Retirement Benefits (continued)**

*Traditional Pension Plan* – A cost sharing, multiple-employer defined benefit pension plan.

*Member-Directed Plan* – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulated retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

*Combined Plan* – A cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by PERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulated retirement assets in a manner similar to the Member-Directed Plan.

During 2007, PERS employees contributed 9.0% of their salary to the plan and the University contributed 13.54% of covered payrolls to the plan. Law enforcement employees contributed 10.1% of their salary and the University contributed 16.93% of covered payrolls. The total employer contribution to PERS for the year ended June 30, 2007 was \$22,561 which is equal to 100% of the required contributions for each year.

*STRS*: STRS is a statewide retirement plan for licensed teachers and other faculty members and provides a choice of three retirement plan options.

*Defined Benefit Plan (DB Plan)* – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The maximum annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is determined by multiplying final average salary by 2.2% for the first 30 years of credited service. Each year over 30 years is incrementally increased by .1%, starting at 2.5% for the 31<sup>st</sup> year of contributing service up to a maximum allowance of 100% of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service is multiplied by 2.5% , and each year over 31 years in incrementally increased by .1% starting at 2.6% for the 32<sup>nd</sup> year. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to compute the maximum annual retirement allowance.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended June 30, 2007

(Dollars in Thousands)

**Note 7 – Retirement Benefits (continued)**

*Define Contribution Plan (DC Plan)* – Benefits are established under Sections 3307.80 to 3307.89 of the ORC. For members who select the DC Plan all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. The remaining 3.5% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

*Combined Plan* – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retire member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

The ORC provides statutory authority for employee and employer contributions. During 2007, STRS employees contributed 10% of their salary to the plan and the University contributed 14% of covered payrolls to the plan. The total employer contributions to STRS for the year ended June 30, 2007 was \$12,341 which is equal to 100% of the required contributions.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

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(Dollars in Thousands)

**Note 7 – Retirement Benefits (continued)**

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement system (ARP) for academic and administrative university employees of public institutions of higher education who are currently covered by the State Teachers Retirement System or Public Employees Retirement System. The University of Toledo board of trustees adopted such a plan effective April 1999.

This plan is a defined contribution plan under IRS section 401(a). The total employer contribution to ARP for the year ended June 30, 2007, was \$4,839.

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in STRS or PERS and who elect to participate in the alternate retirement program must contribute their share of retirement contributions (10% STRS or 9% PERS) to one of eight private providers approved by the State Department of Insurance. For employees who elect an ARP, employers are required to remit employer contributions to STRS Ohio at a rate of 3.5%. The employer contribution is the lower of a rate determined by independent actuarial study or the portion of the STRS Ohio DC Plan employer contribution rate that is allocated to the defined benefit unfunded liability. PERS does not require an employer contribution for employees electing an ARP. The University plan provides these employees with immediate plan vesting.

A retiree of STRS or PERS is eligible for reemployment following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

**Note 8 – Post-employment Benefits**

In addition to the pension benefits described in note 7, the Ohio Revised Code provides the statutory authority requiring the University to fund post-retirement health care through employer contributions to PERS and STRS.

PERS provides post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

**THE UNIVERSITY OF TOLEDO**  
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**Note 8 – Post-Employment Benefits (continued)**

The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB), as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2006 employer contribution rate for state employers was 13.54% of covered payroll; 4.5% was the portion that was used to fund health care for the year. The law enforcement employer rate for 2006 was 16.93% and 4% was used to fund health care.

OPEB's are advance-funded on an actuarially determined basis. Summary of assumptions are as follows:

*Actuarial Review* – The assumptions and calculations were based on the latest actuarial review performed as of December 31, 2005.

*Funding Method* – An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

*Assess Valuation Method* – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

*Investment Return* – The investment assumption rate for 2005 was 6.5%.

*Active Employee Total Payroll* – An annual increase of 4%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from .5% to 6.3%.

*Health Care* – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The amount of \$11.1 billion represents the actuarial value of PERS' net assets available for OPEB's at December 31, 2005. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2005, reported the actuarial accrued liability and the unfunded actuarial liability for OPEB at \$31.3 billion and \$20.2 billion, respectively.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

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(Dollars in Thousands)

**Note 8 – Post-Employment Benefits (continued)**

On September 9, 2004 the PERS retirement board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures PERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

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

By Ohio law, the health care benefits are not guaranteed and the cost of the coverage paid from STRS funds shall be included in the employers' contribution rate, currently 14% of covered payroll.

The STRS board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund, from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$3.5 billion at June 30, 2006.

For the year ended June 30, 2006, the net health care costs paid by STRS were \$300,690. There were 119,184 eligible benefit recipients.

**Note 9 – Termination Benefits**

The University offered a voluntary early retirement incentive program for certain faculty members effective prior to year-end. The incentive consisted of a one-time payout based on years of service and current annual salary, and a continuation of health care benefits through June 30, 2008. The University recorded a liability in accordance with GASB Statement No. 47, *Accounting for Termination Benefits* of approximately \$853 thousand for its obligation related to the early retirement incentive program as of June 30, 2007.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 10 - Contingencies and Commitments**

In the normal course of its activities, the University is a party to various legal actions. The University intends to vigorously defend itself against all claims and is of the opinion that the outcome of current legal actions will not have a material effect on the University's financial position.

The University carries commercial insurance to cover various general liability risks, property loss, and blanket business interruption and liability coverage through the Inter-University Council Insurance Consortium (IUCIC). Through this group, the University maintains a \$100 thousand deductible and a pre-funded group deductible of \$350 thousand per occurrence, with an annual aggregate stop loss of \$700 thousand. No material losses were reported during 2007.

The University participates in a State pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund on a pay-as-you-go basis (the Plan), which pays workers' compensation benefits to beneficiaries who have been injured on the job. Losses from asserted and unasserted claims for the participating state agencies and universities in the Plan are accrued by the Ohio Bureau of Workers' Compensation (the Bureau) based on estimates that incorporate the past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. Participants in the Plan annually fund the worker's compensation liability based on rates set by the Bureau to collect the cash needed in subsequent fiscal years to pay the worker's compensation claims of participating State agencies and universities.

The University is also self-insured for unemployment compensation and substantially all employee health benefits. Liabilities for estimates of losses retained by the University for outstanding claims and claims incurred but not reported under self-insurance programs have been based on the University's experience and actuarial valuation. Settlements have not exceeded insurance coverage in each of the past three years.

**Note 11 – Medical Professional Liability**

In August 2005, the University created a captive insurance company, The University of Toledo Medical Assurance Company (UTMAC), through a trust that is controlled by the Board of Trustees of the University. UTMAC was incorporated in the Cayman Islands and operates subject to the provisions of the Companies Law of the Cayman Islands. Under current Cayman Islands law, UTMAC is not obligated to pay taxes in the Cayman Islands on either income or capital gains. UTMAC provides an insurance vehicle for the insurance needs of the University, its staff, and affiliated physicians. UTMAC is blended in the University results for fiscal 2007.

UTMAC provides general and professional liability coverage to the University. The limit of liability is \$12 million per occurrence and \$14.5 million in aggregate for the policy period July 1, 2006 to July 1, 2007. The University has purchased reinsurance through UTMAC for its liabilities in excess of \$2 million per occurrence and \$4.5 million in aggregate.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**

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(Dollars in Thousands)

**Note 11 – Medical Professional Liability (continued)**

UTMAC also provides professional liability coverage to the University of Toledo Physicians, Inc. (UTP), which is an affiliated nonprofit, multi-specialty physician practice of the University. The primary professional liability limit of liability to each physician is \$1 million per occurrence and \$3 million in aggregate, with a group aggregate of \$10 million, for the policy period July 1, 2006 to July 1, 2007. UTMAC provides excess professional liability coverage for a group of physicians with limits of \$1 million per occurrence with a shared \$3 million aggregate. UTMAC also provides tail coverage to those physicians that require the coverage. UTMAC has purchased reinsurance for its physician liabilities in excess of \$500,000 per occurrence.

At June 30, 2007, the University has accrued \$9,004 discounted at 4% for asserted and unasserted claims based on the University experience and studies performed by a consulting actuary. With respect to pending malpractice claims and legal action where the University is a defendant, it is the opinion of management that any potential liability in such actions will not materially affect the financial position of the University. Settlements have not exceeded insurance coverage in each of the past three years.

	June 30, 2007	June 30, 2006
Medical Professional Liability at the Beginning of Year	\$ 7,097	\$ 4,000
Provision for Incurred Claims (UTMC and UTP)	2,293	3,226
Payments for Claims	(386)	(129)
Medical Professional Liability at the End of Year	\$ 9,004	\$ 7,097

The above liability includes insurance coverage for UTP and has been funded by premiums paid by UTP to UTMAC.

**Note 12 – University of Toledo Medical Center**

The audited financial statements include the activity of the University of Toledo Medical Center (UTMC) as of and for the year ended June 30, 2007. UTMC is a nonprofit teaching hospital located in Toledo, Ohio. UTMC is licensed to operate 258-bed acute and ambulatory care facility, a 25-bed child and adolescent psychiatric facility and a 36-bed rehabilitation facility. UTMC is operated as part of the University of Toledo, a non-profit, state-supported university, which is a component unit of the State of Ohio.

**THE UNIVERSITY OF TOLEDO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 13 – Functional Classification of Expenses**

Operating expenses by functional classification for the year ended June 30 are summarized as follows:

	<u><b>2007</b></u>
Patient Services	200,657
Instruction	169,672
Research	41,575
Public Service	5,290
Academic Support	39,778
Student Services	21,032
Institutional Support	33,579
Student Aid	16,785
Operation and Maintenance of Plant	30,387
Depreciation	37,598
Provision for Bad Debt	13,699
Auxiliary Enterprises	<u>58,134</u>
Total operating expenses	<u><u>668,186</u></u>



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

To the Board of Trustees  
University of Toledo

We have audited the financial statements of University of Toledo as of and for the year ended June 30, 2007 and have issued our report thereon dated October 12, 2007. We did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for University of Toledo for discretely presented component units, is based solely on the report of the other auditors. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered University of Toledo's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of University of Toledo's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of University of Toledo's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

To the Board of Trustees  
University of Toledo

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether University of Toledo's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

*Plante & Moran, PLLC*

October 12, 2007

Report on Compliance with Requirements Applicable to Each Major Program and  
on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Trustees  
University of Toledo

**Compliance**

We have audited the compliance of University of Toledo 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, 2007. The major federal programs of University of Toledo are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of University of Toledo's management. Our responsibility is to express an opinion on University of Toledo'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 University of Toledo'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 University of Toledo's compliance with those requirements.

In our opinion, University of Toledo 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, 2007.

To the Board of Trustees  
University of Toledo

## **Internal Control Over Compliance**

The management of University of Toledo 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 University of Toledo'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. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement for a major program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a major federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement for a major program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance that is material to a type of compliance requirement for a major program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses, as defined above.

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

*Plante & Moran, PLLC*

December 14, 2007

# University of Toledo

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>STUDENT FINANCIAL AID</b>			
Job Location & Development (Jld)	84.033	PO33A033313	\$ 396
Federal Supplemental Opportunity Grant	84.007	PO33A033313	(621)
Federal Supplemental Opportunity Grant	84.007	PO33A033313	960,981
Job Location And Development (Jld)	84.033	PO33A033313	25
Federal Workstudy Fy 2006	84.033	PO33A033313	241,742
Usdoed Jld Program	84.033	PO33A033313	50
Federal Workstudy Fy 2007	84.033	PO33A033313	903,730
Usdoed Jld Program	84.033	PO33A033313	39,811
College Work Study Program	84.033	PO33A033313	128
College Work Study Program	84.033	PO33A033313	42,399
College Work Study Program	84.033	PO33A033313	(52,272)
College Work Study Program	84.033	PO33A033313	209,460
Pell Grant - Fiscal Year 2006 Title Iv	84.063	PO33A033313	7,678
Pell Grant - Fiscal Year 2006 Title Iv	84.063	PO33A033313	11,680,857
Federal Perkins Loan Program	84.038	PO33A033313	104,911
Academic Competitiveness Grant Fy07	84.375	PO33A033313	534,862
Smart Grant Fy07	84.376	PO33A033313	92,000
<b>Total Financial Aid</b>			<b>14,766,137</b>

### Research and Development

#### Department of Agriculture

Natural Product Induction In Legumes And	10.001	586-43530073	469,546
Biomonitoring Of Nutritional And	10.001	58-3607-4-119	137,752
Enhancing Greenhouse Soilness Production	10.001	58-3607-1-193	310,979
Usda Support Project 06	10.001	(1)	16,205
Fate Of Agrochemicals In The Greenhouse	10.001	58-3607-5147	5,341
Environmental Effects Of Virus Infection	10.001	(1)	182,793
Support Of Agricultural Research Of	10.001	58-3067-7111	33,905
Phytoremediation Plant Research	10.200	2003-38894-02032	396,852
Agrobacterium-Mediated Transformation In	10.200	200338870-02061	57
A Partnership Of Pharmaceutical And Econ	10.200	200138873-011523	376,298
Monitoring Agricultural Sewage Sludge	10.200	200438898-02140	9,375
Dietary And Genetic Risk Factors In	10.200	200538903-02315	449,741
Monitoring Agricultural Sewage Sludge	10.200	200538898-03269	424,152
Phytoremediation Plant Research	10.200	200538894-02307	71,870
Monitoring Agricultural Sewage, Oh	10.200	200638898-03485	204,550
Special Research Grant For The Green	10.200	RF01010203	28,382
Enhancing The Economic Competiveness	10.200	RF01037938	301,542
Impacts Of Sewage Sludge	10.200	20053890302315	74,167
Dietary/Genetic Risk Factors	10.200	20053890302315	(25,494)
Monitor Agricult Sewage Sludge	10.200	RNUM13815	58,569
Dietary/Genetic Risk Factors	10.200	20053890302315	246,155
Interacting Microbial X Chemical X Nitro	10.206	2005-03156	42,359
A Partnership For Pharmaceutical And	10.206	(1)	467
Coherent Relationships Between Ecosystem	10.217	02JV11272164-005	197
Coupling The Effects Of Management And	10.652	SRS 04CA11301470	29,070
Farsite Model Input Data For The Eastern	10.652	43360440254	19,577
Using Gravity Models To Predict The Long	10.652	(1)	8,115
Maumee River Watershed Gis And Remote	10.921	(1)	101,766

See Notes to Schedule of  
Expenditures of Federal Awards.

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>Department of Agriculture (Continued)</b>			
Passed Through the University of Vermont: Effects Of Coleopteran-Active Bt Corn On	10.219	19572	\$ 1,989
Passed Through Heidelberg College: Watershed Modeling For Rock Creek	10.224	(1)	25,761
Passed Through the Edison Industrial Service Center: Solvent Screening In Mitigation Of Tomat	10.001	(1)	4,318
Solvent Screening In Mitigation Of The	10.001	PO 4381	26,393
Defining The Role Of Caustic In The	10.001	PO 4380	26,686
Passed Through Ohio State University: Northwest Ohio'S Greenhouse Nursery	10.001	P0#RF0092114	5,259
<b>National Institutes of Standards</b>			
Summer Undergraduate Research Fellowship	11.609	(1)	5,634
Nist-Summer Undergraduate Research	11.609	70NANB7H5102	14,240
<b>Office Of Naval Research</b>			
Energetic Materials - An Advanced	12.300	N00014-05-1-0397	9,554
Intermolecular Interactions In Energetic	12.300	N000014-07-10314	73,666
<b>US Navy Oceanographic</b>			
A Lithium Ion Battery Management System	12.300	N62306-06-P-7035	34,234
A Lithium Ion Battery Managemeny System	12.300	N6230607P9005	6,509
<b>Department Of Defense</b>			
Ultrasound Imaging Of Breast Cancer	12.420	W81XWH-06-1-0595	47,088
Novel Phosphorylation Sites	12.420	DAMD170210531	11,118
Uty/Tle Corepressors/Prostate	12.420	W81XWH0410062	209
Beclin-1 Tumor Suppressor	12.420	W8ASWH0410493	111,314
Distributed Focused Manufacturing For	12.431	DAAD19-03-1-0012	101,428
Design And Manufacturing Process Technol	12.431	W911NF-05-0542	449,195
Development Of Clean Sources Of Hydrogen	12.431	W909MY-06-C-0048	556,419
Novel Sensors For Chemical And Biodefens	12.910	HR0011-07-1-0003	226,819
Passed Through Teledyne: Non-Recurring Engineering (Nre)	12.114	PO6-01682	3,563
Small Turbine Institute Off Campus	12.118	P0-01599	31,718
Passed Through the University of Michigan: Integrating Uncertainty Analysis In The	12.114	M000269	51,928
Passed Through Advanced Technology Institute: Strategies And Innovative Procedures Of	12.910	(1)	66,069
<b>ARFLX</b>			
Flexible And Light-Weight Thin-Film Sola	12.800	F29601-02-C-0304	369,732

See Notes to Schedule of  
Expenditures of Federal Awards.

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>National Security Agency</b>			
Representation Theory And Cohomology Of	12.901	H98230-05-1-0023	\$ 12,738
<b>Bureau Land Mgmt</b>			
Pzp Immunocontraception	15.222	AA040011	40,720
<b>Department Of The Interior</b>			
Desalination Pretreatment Using Control	15.506	05FC81149	76,243
Passed Through Central State University: Ohio View Assistance Of Bureau Of	15.506	04FC811041	1,507
<b>Geological Survey</b>			
Surficial Geology Of The Oak Openings	15.810	06HQAG0092	2,426
<b>National Park Service</b>			
Research Expertise Catalog Of Biological	15.812	J23400040044	41
Digital Geomorphic And Hydrogeomorphic	15.915	2306-0101NII	4,458
<b>Department Of Justice</b>			
Problems And Needs Of Mothers Who Enter	16.580	2005DD-BX-1066	124,223
Passed Through Ohio Criminal Justice: Batterer Intervention Research	16.579	(1)	2,376
Passed Through Lucas County Commissioners Lucas County Juvenile Treatment Court	16.592	06-CO196	7,267
<b>Department Of Labor</b>			
Workforce Technology Preparedness In	17.261	AF- 14587-05-60	30,678
<b>NASA Goddard</b>			
Effects Of Age And Metallicity On Be	43.001	NGT5-50469	5,003
Oscillator Strengths For Ultraviolet	43.002	NAG5-11440	(119)
Fuse Observations Of Molecular Hydrogen	43.002	NNG04GD31G	29,434
Mars Water Ice Clouds...	43.002	NNG05GA97G	34,912
Effects Of Land Use On The Energy And	43.002	NNG06GA70G	179,343
Oscillator Strengths For Ultraviolet	43.002	05-APRA05-77	89,948
<b>NASA Glenn</b>			
Extension Of Nasa Broadband Aeronautics	43.002	NNLO7AB12P	900
Small Turbine Institute On Campus	43.002	NNC04AA74A	834,950
Off Campus Validation And Enhancement Of	43.002	NCC3925	157
Off Campus Reserach In Controls For	43.002	NCC3924	133,099
Damping Concepts For Rotating Blades And	43.002	(1)	269
Experimental Studies Of Traction Drives	43.002	NCC3954	1,654
Microstructural Analysis Of Advanced	43.002	NCC3995	(291)

See Notes to Schedule of  
Expenditures of Federal Awards.

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
Off Campus Investigation Of Journal Bear	43.002	NCC3102	\$ (21,037)
Off Campus Elevated Temperature Structure	43.002	(1)	655
Extreme Temperature Magnetic Bearings	43.002	NNC04AA24A	51,848
Ignition Characteristics Of Aviation	43.002	NNC04GA24G	82,772
Aeroelastic Analysis Of Turbin Rotor In	43.002	NNC04AA38A	1,502
Computed Tomography And Digital Radiogra	43.002	NNC04AA53A	107,112
Development Of Fuel/Cell Reformers	43.002	NNC04AA67A	171,549
Off Campus 20% Tech Validation And Risk	43.002	NCC3916	30
Further Development Of Computational	43.002	NAG3-2859	748
Elevated Temperature Testing And	43.002	BBC05AA04A	(19,501)
Life Prediction Modeling And Structural	43.002	NNC05AA08A	255,067
Particulate Measurements And Measurement	43.002	NNC05AA09A	134,380
Nasa-Grc Solid Oxide Fuel Cell	43.002	NNC05AA10A	361,470
Extended Durability Materials In Advance	43.002	NNC05AA12A	173,779
Evaluation Of Several Space Lubricants	43.002	NNC05AA18A	119,037
Development And Investigation Of Multiple	43.002	NNC05GA52G	168,766
Microstructural Analysis Of Advanced	43.002	NNC05AA37A	204,039
Advanced Structural Seal Development	43.002	NNC05AA42A	110,397
Cfd Simulation Of Turbomachinery	43.002	NNC05GA69G	246,149
Technology Validation And Risk Reduction	43.002	NNC05AA45A	116,296
Improved Modeling For Turbine Cooling	43.002	NNC05AA48A	11,646
Experimental Study Of Traction Drives	43.002	NNC05AA51A	34,371
Damping Concepts Of Rotating Blades And	43.002	NNC05AA57A	70,929
Research Initiatives Involving Advanced	43.002	NNC05AA52A	65,218
Component Development For Structural	43.002	NNC05AA21A	95,563
Validation, Enhancement, And Application	43.002	NNC06AA047A	4,808
Modeling Of Advanced High Temperature	43.002	NNC06AA03A	171,736
Investigation Of A Heavy Loaded Journal	43.002	NNC06AA06A	195,447
Quantom Dot Solar Cells	43.002	NNC06GA04G	6,224
Bass Computational Aerocoustics Code To	43.002	NNC06GA07G	154,876
Development Of An Information Exchange	43.002	NNC06AA17A	131,322
Development Of Foundation Of Tech For Cold Coupling In An Integrated	43.002	NNC06AA16A	139,467
Passed Through the Space Telescope Institute:			
Surveying Interstellar Carbon Monoxide	43.002	HST AR09921.01-A	403
<b>NASA Marshall</b>			
Optimization Of Cryogenic Cooling Of	43.002	NAG8-1838	1
<b>National Science Foundation</b>			
Molecular Assembling For The Development	47.041	ECS-0403930	(1,493)
Engineering Senior Design Projects To Ai	47.041	BES-078748	2,833
Membrane Surface Modifications By Ion Be	47.041	CTS-0331778	31,361
Collaborative Research: Finite Element	47.041	DMI-0323679	38,551
Career: Micromachined Surface Conduction	47.041	ECS-0238779	70,238
Small Grant For Exploratory Research (Sg	47.041	BES-0448377	25,810
Planning Meeting Proposal: Formation Of	47.041	EEC-0531983	12
Development Of Bacterial-Sensing Ultrafi	47.041	CTS-610624	47,773

See Notes to Schedule of  
Expenditures of Federal Awards.



# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>National Science Foundation (Continued)</b>			
Undergraduate Senior Design Projects To	47.041	BES-0625023	\$ 13,641
A Novel Approach To Antibiotic-Biofiling	47.041	CTS-0626022	38,223
Development Of Silver/Copper Coated Memb	47.041	CBET0714539	5,559
Theory And Applications Of Cold-Atom	47.049	PHY-0140295	11,304
Monte Carlo Nlte Radiation Transfer In	47.049	AST-0307686	95,774
The Smallest Interstellar Grains:Optical	47.049	AST-0307307	71,574
Collaborative Research Of Proton Trans-	47.049	MCB-0314034	24,706
Research Experiences For Undergraduates	47.049	PHY-0353899	43,687
Nsf-Europe: Highly Anisotropic	47.049	DMR-0355171	43,319
A Research And Training Center For	47.049	040784	109,068
Quantum Theory Of Two-Atom, Few-Atom And	47.049	PHY-0457060	41,167
Real Time Optics For Thin Film Materials	47.049	DMR-0137240	(2,651)
Career Exploration Of Negative Thermal	47.049	DMR-0545517	127,272
Career: Syntheses Of Hyaluronan Oligacch	47.049	CHE-0547504	75,226
Semiparametric Statistical Inferences	47.049	DMS-0603873	21,956
The Smallest Interstellar Grains: Optica	47.049	AST-0606756	567
Simulating Non-Equilibrium Processes Ove	47.049	0606307	52,877
Cohomology And Representation Theory	47.049	DMS 055626000000	3,677
Reu: Site: Research Expenditures For	47.049	PHY0648963	69,070
Integrated Assessment Of Physical Ecolog	47.050	(1)	57,570
Deglaciation Chronology Of The Des Moine	47.050	(1)	29,990
International Study On Research Challeng	47.070	CNS-0437586	116
Triggered Approach And Applications To A	47.070	CCF-0515263	71,269
Workshop On Theoretical And Alogrithmic	47.070	CCF0549227	1,721
Sger: Theoretical Foundation And Advance	47.070	CNS 0650409	4,681
Transcription Activators	47.074	MCB0516692	133,807
Career: Structural Analysis Of Branched	47.074	MCB-0346960	126,150
Ret For FsmI: Planning Proposal For The	47.074	DBI0627254	609
Co2 Induced Changes In Heat-Shock	47.074	IBN-0344105	81,216
Molecular Systematics Bieography And	47.074	DEB-0456972	82,018
Solvent Structure And Function In	47.074	MCB-0446218	247,084
An Integrated Assessment Of Physical Eco	47.075	SES-0243872	9,429
International Us-Turkey Cooperative Rese	47.075	OISE-352974000	16,087
Individual Differences In Risk Perceptio	47.075	SES-0620094	32,726
Northwest Ohio Partnership On	47.076	EHR-0227899	28,066
Medical Engineering Technology Online	47.076	DUE-0510769	68,688
Pass Through US Civilian Research Development Foundation			
High Resolution Spectropolarimetry: Appl	47.075	RUP12687NA05	1,978
Pass Through the Jet Propulsion Laboratory:			
Compact, Lightweight Flexible Fuel	47.041	0548677	78,408
Major Research Instrumentation	47.041	TA&MCTS-0421310	4,256
Pass Through Kansas State University:			
Parallel Data Mining For Nanoscale Kinetic Monte Carlo Simulation Mode	47.070	(1)	50,907
<b>Department of Veterans Affairs</b>			
Finite Element Analysis For The Cervical	64.008	VETERNASAFF	978

See Notes to Schedule of  
Expenditures of Federal Awards.

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>Environmental Protection Agency</b>			
Design Optimization And Control Of The	66.034	XA-083276001	\$ 115,989
Maumee Aoc Stage Ii Strategic Planning	66.469	GL965518-010	1,045
Genetics Of Lake Erie Fish Stocks	66.511	CR83281401-0	179,094
The University Of Toledo Pollution	66.708	NP- 96502901-0	65,911
The University Of Toledo Pollution	66.708	NP- 00E00701-0	16,668
A Multi-Criteria Decision Analysis Tool	66.808	X1-96590101	41,525
Pass Through Ohio Environmental Protection Agency:			
Assessment Of Buis For Ohio Areas Of	66.469	L873-B	10,608
Pass Through Ohio Department of Health:			
Indoor Radon Website	66.032	4-4-002-BA06	18,363
Radon Website 07	66.032	4840022BA07	4,862
Pass Through Los Alamos National Lab:			
Support For Eci Conference On "Green	66.607	CH#1012565	252
<b>Department Of Energy</b>			
Production Of Hydrogen For Clean And Re-	81.087	DEF 3605GO85025	625,680
Pass Through The University of Mexico:			
Mechanisms Controlling Soil Carbon	81.049	(1)	17,133
Pass Through US Automotive Materials:			
Joining-Rsw Low Temperature Dynamic	81.086	(1)	135
Pass Through Edison Materials Technology:			
Spiral Stackable Reactor For Low Cost Hy	81.087	(1)	48,345
Scalable Steam Methane Reformer System	81.087	EFC H1-09-01-A	12,697
Hydrogen Generation Va Metal Steam	81.087	EFC H3-35-1B	11,977
Fabrication Of Metal-Carbon-Nanostructur	81.119	EFC-H2-22	14,225
Development Of Improved Materials For Ph	81.121	(1)	15,354
Pass Through National Renewable Energy Laboratory:			
Fabrication And Physics Of High Efficien	81.087	NDS-1-30630-02	98
Sputtered Ii-Vi Alloys And Structures	81.087	XAT-4-33624-06	102,348
Fabrication And Physics Of High	81.087	ZXL54420501	275,693
Fabrication And Characterization Of Adva	81.087	ZXL544205-01	438,298
Pass Through Ohio Department of Development:			
Utility Vehicles For Hydrogen Economy	81.117	(1)	54,731
<b>Department Of Education</b>			
Utah'S Improving Teacher Quality	84.305	R305M050005	248,047
Affects Of Parent Mediated Television	84.324	H32N040046	77,687
Project Need To Read: Evaluation Of Comp	84.327	H327A040103	131,767

See Notes to Schedule of  
Expenditures of Federal Awards.

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>Department Of Education (Continued)</b>			
Pass Through Ohio Department of Education:			
Itinerant Ecse Service Delivery Model	84.173	063099-ECAD-2006	\$ 15,888
Electronic Assessment System For Coe	84.336	EP-AG-06	(2,672)
Pass Through the University of Virginia:			
Print Referencing Efficacy	84.305	GM10019-123125	219,667
Pass Through the University of Connecticut Health Center:			
Personnel Preparation Research And Polic	84.325	(1)	78
<b>National Cancer Institute</b>			
Chemopreventive Agents Ws#82	93.000	CN05109	529
Ovarian Cancer/Dmba Sutures	93.000	CN25103	24,702
Lung Tumors In Mice Ws90	93.000	CN25106	80,335
Aom Colon Cancer Ws96	93.000	CN25117	50,528
Colon Lesions & Normal Mucosa	93.000	CN25126	31,111
Chemopreventive Agentss Ws#92	93.000	CN35116	28,896
Wa #1/Contract Administration	93.000	HHSN261200433000C	28,371
Wa #2/U Of C, Irvine Sub	93.000	261200433000C	25,708
Wa #3/Wash U Sub	93.000	261200433000C	67,876
Wa #4/U Of C Irvine Sub	93.000	261200433000C	139,949
Wa #5 Columbia U Sub	93.000	261200433000C	233,382
Surrogate Biomarker Study Ws#6	93.000	261200433000C	13,705
Screening Assays Wa #7	93.000	261200433000C	103,721
In Vitro Screening Wa#8	93.000	N01-CN-43300	108,157
<b>National Institutes Of Health</b>			
Chromatin Remodeling	93.113	ES01298101	10,725
Chromatin Remodeling	93.113	ES01298102	118,298
Tcdd-Induced Oxidative Stress In The	93.113	1R15ES11048-01	31
Electrophysiologic Properties Of Dcn	93.173	1R03DC00532501A1	12,638
Developing Techniques For Studying	93.173	1R21DC00662901A2	102,078
Farm Family Noise Exposure	93.262	R03OH00800001A1	(255)
Farm Family Noise Exposure	93.262	OH00800002	(6,971)
Mechanical Lifting Assist	93.262	19277404	378
Procurement Agreement	93.263	2630005090705	12,768
Nicotinic Acetylcholine	93.279	DA1555303	43,683
Neuronal Acetylcholine	93.279	DA01533617	(769)
Neuronal Acetylcholine	93.279	DA015336-18	242,796
Glutamate Receptor Plasticity	93.279	DA01832401A1	1,143
Glutamate Receptor Plasticity	93.279	DA01834202	278,579
Glutamate Receptor Plasticity	93.279	DA01834203	161,394
Altering Gene Expression	93.279	DA02228001	32,307
Chronic Benzodiazepine	93.279	DA0407515	(15,015)
Regulation Of Nf-Kappab Transactivation	93.390	1R15GM071405-01	58,702
Dna Damange And Repair	93.393	CA08441206	(11,930)
Tumor Target/Steroid Receptors	93.393	CA10396401	(2,189)
Tumor Target/Steroid Receptors	93.393	CA10396402	(8,490)

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# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>National Institutes Of Health (Continued)</b>			
Tumor Target/Steroid Receptors	93.393	CA10396403	\$ 130,419
Tumor Target/Steroid Receptors	93.393	CA10396404	72,802
Regulation Of Mismatch Repair	93.393	CA10657502	(2,360)
Regulation Of Mismatch Repair	93.393	CA106575-03	198,726
Regulation Of Mismatch Repair	93.393	CA10657504	122,015
Gene Expression Facility	93.394	CA09580604	3,303
Gene Expression Facility	93.394	CA09580605	134,466
Validation In Rna Specimens	93.394	CA103594-01A1	(2)
Gene Expression Facility	93.394	CA95806	(508)
Photo Therapy Prostate Cancer	93.395	CA09052405	49,694
Pai 1 For Anti Cancer Therapy	93.395	CA10962501	(436)
Pai 1 For Anti Cancer Therapy	93.395	CA10962502	18,520
Role Of Hgbp-1 In The Inhibition Of Cell	93.395	1R15CA10638001A1	52,218
Expression Of New Tumor Target	93.396	CA8018305A1	(85,140)
Expression Of New Tumor Target	93.396	CA08018306	246,329
Expression Of New Tumor Target	93.396	CA080183-07	54,933
Gtp Binding Proteins	93.396	CA3456923	69,853
Bhlh/Prostate Cancer	93.396	CA09814102	(19)
Bhlh/Prostate Cancer	93.396	CA09814103	(3,194)
Bhlh/Prostate Cancer	93.396	CA09814104	215,529
Bhlh/Prostate Cancer	93.396	CA09814105	33,983
Potential Of Nf-Kb2 P100	93.396	CA10655001A2	(8,447)
Potential Of Nf-Kb2 P100	93.396	CA10655002	277,799
Potential Of Nf-Kb2 P100	93.396	CA10655003	66,168
Ri Alpha/Riaz On Cell Growth	93.396	CA10220401A2	(18,369)
Ri-Alpha/Riaz On Cell Growth	93.396	CA10220402	256,546
Molecular Mediators Of Interferon-	93.396	7R01CA90837-02	26,526
Negative Regulation Of Signal Transduc	93.396	7R01CA092172-02	153,281
Effect Of Blood Flow Pattern On Endothel	93.837	1F31HL07799601A1	31,025
Mechanosensory Role Of Endothelial Cilla	93.837	7R2 HL084451-02	122,138
Bio & Genetics Of Hypertension	93.837	HL2017628	(2,379)
Bio & Genetics Of Hypertension	93.837	HL2017628	182,395
Bio & Genetics Of Hypertension	93.837	HL02017630	225,412
Aerobic Running Qtl'S	93.837	HL06727604	(13,077)
Ros And Na K Atpase In Uremic	93.837	GL6796302	(1)
Ros And Na K Atpase In Uremic	93.837	HL06796303	(43)
Ros And Na K Atpase In Uremic	93.837	HL06796304	6,885
Ros And Na K Atpase In Uremic	93.837	HL06796305	240,046
Identifying Chromosome 3 Bp	93.837	HL06899403	(86)
Identifying Chromosome 3 Bp	93.837	HL06899404	74,504
Coral	93.837	HL07155602	309
Coral	93.837	HL07155603	1,781,722
Coral	93.837	HL07155604	291,461
Cardio Outcomes/Renal Lesions	93.837	HL07155601A1	22,597
Functional Genomic Dissection	93.837	HL07541401A1	37,255
Functional Genomic Dissection	93.837	HL07541402	(53,226)
Functional Genomic Dissection	93.837	HL07541403	554,404
Control Mechanisms Of Cardiac	93.837	HL03657317	(85)

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# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>National Institutes Of Health (Continued)</b>			
Control Mechanisms Of Cardiac	93.837	HL03657318	\$ (2,251)
Control Mechanisms Of Cardiac	93.837	HI03657319	831,671
Control Mechanisms Of Cardiac	93.837	HI03657320	619,744
Lps Signaling	93.838	HL06942504	64,078
Dynamics Of Langerhans Cells	93.846	AR05335502	208,233
T Cell Dependent Cells	93.846	AR04377711	194,298
Diagnosis Of Crystalopathies Via	93.846	1R21AR052629-01	5,278
Insulin Receptor Endocytosis	93.847	DK5425405	(1,004)
Insulin Receptor Endocytosis	93.847	R01DK05425406	266,028
Insulin Receptor Endocytosis	93.847	DK05425407	174,240
Dissection Of Reg Adiposity	93.847	DK06499202	(15)
Tpr Proteins In Signaling	93.847	DK07012701A1	(10,414)
Tpr Proteins In Signaling	93.847	DK07012702	388,792
C-Jun And Androgen Signaling In Prostate	93.847	1R15DK067059-01	57,367
Role Of The Servine Threonine Kinase Pak1 In Prolactin	93.847	7R21DK074689-02	95,992
Functional Analysis Of Smaf-1	93.848	DK06605502	73,340
Entertic Nervous System	93.848	DK06706401A2	11,628
Entertic Nervous System	93.848	DK06706402	331,848
Binding Of Xenoantigens	93.848	DK06616001A2	24,756
Binding Of Xenoantigens	93.848	DK06616002	259,672
New Methods For Evaluating Cholinergic	93.853	2R15NS35305-02	10,096
Muscarinic Agonists For Neurological	93.853	2R01NS03117308A1	248,357
Probing The Enzymatic Basis Of	93.853	1R01NS04564401A2	191,231
Goal Activation, Expectations, And	93.853	1R03NS05168701A1	46,021
Neurosteroid Modulation Of Gaba(A)	93.853	7R01MS043345-05	17,299
Regulation Of Gaba-A Receptor	93.853	1R01NS04938901A1	147,731
Regulation Of Gaba-A Receptor	93.853	NSO493890	203,693
Sympathetic Neuron Development	93.853	NS4064405	1,110
Sympathetic Neuron Development	93.853	NS4064406	147,612
Biomarker In Ms	93.853	N10125001	27
Aav Rep Protein Function	93.855	R01AI05147105	188,873
Moraxella Catarrhalis Adherenc	93.855	AI05147704	68,954
Transcription Activation	93.855	AI043524	(78)
Transcription Activation	93.855	AI04352408	57,250
Alphavirus Minus Strand Rna	93.855	AI05757102	155,323
Alphavirus Minus Strand Rna	93.855	AI057571-03	110,900
Rna Virus Evolution	93.855	AI06596002	231,226
Rna Virus Evolution	93.855	AI06596003	164,763
Dendritic Biosensor System	93.855	AI05588504	23,217
Structure And Dynamics Of Mhc Bound	93.855	1R15AI068758-01	35,224
Molecular Mediators Of Interferon-	93.855	2R01AI06813307A1	149,019
The Role Of T Cell Repertoire In Mog-	93.855	1R15A107275501A1	4,298
Aav Rep Protein Function	93.856	AI05147104	3
Moraxella Catarrhalis Adherenc	93.856	AI5147702	(1,246)
Moraxella Catarrhalis Adherenc	93.856	AI05147705	14,960
Regulon Across Genera	93.856	AI054716-01A2	(15,132)
Regulon Across Genera	93.856	AI05471602	14,137
Regulon Across Genera	93.856	AI05471603	312,545

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# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>National Institutes Of Health (Continued)</b>			
Alphavirus Minus Strand Rna	93.856	AI05757101A2	\$ (614)
Rna Virus Evolution	93.856	AI06596001	(133)
B Pseudomallei/B Mallei	93.856	AI06277501	7,329
B. Pseudomallei/B Mallei	93.856	AI062777502	95,812
Culimovirus P6 Protein Self-Association	93.856	1R15AI50641-01A1	33,483
Regulation Of Pharyngela Pumping In	93.856	2R01AI045147-06	220,499
Chitinases In Parasitic Helminths	93.856	1R15AI0642890-01	84,254
Cyclic & Linear Antagonists	93.859	GM02528033	217,176
Protein Inhibitor Raf-1 Kinase	93.859	GM06476706	644
Aav Helper Virus Host Cell	93.859	GM06476504	112,596
Lipoxygenase In Lipid Metabolism	93.859	1R01GM62140-01	(7,105)
Tissue Fragility Genes In C Elegans	93.859	1R15GM072529-01	68,885
Development Of New Carbohydrate	93.859	1R01GM072667	258,594
Transcriptional Repression In Response	93.859	1R15GM073758-01	66,489
Fertilization Antigen (Fa-1)	93.865	HD02442515	(84)
Somatosensory Plasticity	93.865	HD03979104	330
Somatosensory Plasticity	93.865	HD03979105	46,596
The Influence Of Naming On	93.865	1R15HD045296-01	10,521
Elderly Immune Response	93.866	AG015978-06A2	224,909
Pass Through the University of Rochester:			
Parotid Acinar Cells	93.121	DE1475604	(7,416)
Parotid Acinar Cells	93.121	DE1475605	96,098
Parkinson Collaborative Study	93.853	R01NS037167-08	26
Parkinson Collaborative Study	93.853	NS03716709	14
Postcept	93.853	NS05009502	80
Postcept	93.853	NS05009503	32
Sad Pd	93.853	NS04648702	1,314
Pass Through Washington University:			
Damage Trigeminal Organization	93.121	DE0773419	2,096
Thalamocortical Boundary Mark	93.852	NS4904820A2	175,813
Thalamocortical Boundary Mark	93.852	NS04904820A2	88,899
Pass Through the University of Cincinnati:			
Computational Fluid Dynamics	93.173	SAP1003873	26,168
Evaluating Vapor Intrusion	93.262	OH00843201	(1,481)
Hepa Filter Efficiency	93.262	OH00843201	734
Genetic Epidemiology	93.393	5 U01CA076293-07	(67)
Genetic Epidemiology	93.393	4500011469	55,819
Pass Through Cognitive Pharmaceuticals:			
Utility Of Muscarinic Agonists In	93.242	1R43MH06743001A2	(645)
Utility Of Muscarinic Agonists In	93.866	(1)	47,365
Pass Through Ctr. Protect Workers:			
Silica Exposure	93.262	051PS	(2,734)

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# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>National Institutes Of Health (Continued)</b>			
Pass Through the University of Louisville: Effect On Prehabilitation On Rehabilitat	93.361	(1)	\$ 9,232
Pass Through St. Louis University: Heterocyclic Amines	93.393	CA07261306	(539)
Pass Through National Childrens Cancer: 2005 Chairman'S Cgop Award	93.395	C10087403	18
Pass Through Ohio State University Research Foundation: Liposomal Doxorubicin	93.395	CA09567301A1	1,836
Pass Through the University of Michigan: Hsv Tk Substrates	93.395	CA7658108	2,618
Pass Through Biomide Corporation: Purification And Crystallization Of	93.396	(1)	4,340
Pass Through Ridgeway Bio Systems: 2-5A Antisense Targeting Of Telomerase	93.396	CH#003286	(16)
Pass Through TCHOP: Community Clinical Oncology	93.399	2U10CA3541517	2,965
Pass Through Duke University: HF-Action	93.837	HL6374701A2	15,066
Action	93.837	03MYO011	1,575
The Scot Trial	93.855	N01AI05419	1,336
Pass Through Mt Sinai School of Medicine Freedom	93.837	HL07198801A1	12
Pass Through Road Island Hospital Clever Committee	93.837	HL07722101A1	4,184
Pass Through Case Western University: Prevention Of Cvd In Diabetes	93.838	NO1HC9518106	(60)
Prevention Of Cvd In Diabetes	93.838	HC95181	94,869
Prevention Of Cvd In Diabetes	93.838	HC95181	171,558
Pass Through Hospital for Joint Dis: Pride Study	93.846	AR2626503	462
Pass Through Indiana University: Androgen Signaling	93.849	R01DK073402	58,242
Androgen Signaling	93.849	R01DK073402	29,477
Pass Through Texas Tech University: Na, K-Pump Diversity	93.849	RR1079910A 2	(511)
Na, K-Pump Diversity	93.849	RR10799-11	84,717

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## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
Pass Through Emory University: Study Of Warfarin Vs Aspirin	93.853	NS3664301A1	\$ 1,473
Pass Through Mt Sinai School of Med Multiple Sclerosis-Combix	93.853	NS045719	(7,232)
Pass Through Rush Presby Hospital: Study Stroke Prevention	93.853	NS3343009	6,340
Pass Through Univ Med & Dent NJ: Crest Trial	93.853	NS3838405	141
Pass Through the University of Virginia: Neurosteroid Reg Of Seizures	93.853	NS04437001A2	(2,379)
Pass Through Yale University: IRIS	93.853	NS04487603	252
Pass Through University Geogia Athens: ID Of B Pseudomallei/Bmallei	93.855	AI06277503	15,033
Pass Through University of Alabama: Herpes Simplex Encephalitis	93.855	N01AI30025	(471)
Pass Through University of Texas: Coccidioides Cell Types	93.856	AI1914920	(387)
Pass Through OSU RSCH FDN: Computational Approaches	93.888	6D1BTH03740101	18,941
<b>Department Transportation</b>			
Transportation And Economic Security And	20.760	DTRT06-G0039	166,657
Pass Through the Ohio Department of Transportation:			
Effectiveness Of Thin Hot Mix Overlay	20.205	11236	15,568
Pavement Forecasting Models	20.205	20313	95,319
Evaluation Of Stay In Place Metal Forms	20.205	20336	6,296
Pass Through Toledo Metropolitan Area Council of Governments: Biodiesel Study	20.505	(1)	75,090
Pass Through Midwest Regional Transportation Service: Upper Midwest Freight Corridor Study	20.701	997B732	4,158
<b>Department of Navy</b>			
Passed Through Orbital Research: An Active Destructive Expendable Counter	12.300	M6833506C0212	13,051
Passed Through Impact Engineering: P0# 2004-Vet-001 Hydraulic Hybrid Vehicl	12.630	W56HZV0430006SC2	9,619

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## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>Department of Air Force</b>			
Passed Through Anteor Corp: Dak06A0439 Life Prediction And Durabili-	12.800	(1)	\$ 2,169
Passed Through AVETeC: Zooming Methodologies For Gas Turbine	12.800	AV07-U-001	867
<b>U.S. Air Force Research Lab</b>			
Passed Through the Green Tree Group: Advanced Virtual Engine Test Cell	12.800	(1)	29,826
Passed Through MacAuley-Brown Inc. Development Of Fpca Based Hardware For	12.800	PO#24484	17,591
Passed Through Orbital Research: Thrust Vectoring Control	12.800	FA 930005C0010	45,567
Dex Control	12.800	FA8650-05-C-1834	33,766
Wind Tunnel Evaluation Of Plasma Flow	12.800	FA8650-04-C-3405	10,606
Passed Through Universal Technology Corporation: Photovoltaic Hydrogen For Portable, On	12.800	(1)	115,100
Numerical Propulsion System Simulation	12.800	07- S53000710C1	10,265
<b>National Oceanic and Atmospheric Administration</b>			
Passed Through the University of Michigan Temporal Resolution Of The Maumee River	11.432	(1)	8,683
Passed Through the Toledo Metropolitan Area Council of Government Maumee Valley State Park Shoreline And	15.614	PO 11873	1,085
<b>National Aeronautics and Space Administration</b>			
Passed Through the Jet Propulsion Laboratory Mapping The Structure Of Dark Filaments	43.002	1281300	8,022
A Fresh Look At Distributed Vs Clustered	43.002	13713	58,341
<b>Department of Health and Human Service</b>			
Passed Through K.I.D. Program Anticipating And Preventing Glucose Excu	83.283	CH#142	2,644
<b>Total Research and Development</b>			<b>32,963,618</b>

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# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>WIA Cluster</b>			
<b>Department of Jobs &amp; Family Services</b>			
Wia – 1284	17.260	(1)	\$ 75,622
<b>Department of Labor</b>			
Pass Through Northwest Ohio Workforce Investment:			
N.O. Wia – 1285	17.260	(1)	36,052
<b>Total WIA Cluster</b>			<b>111,674</b>
<b>Trio Cluster</b>			
<b>Department of Education</b>			
Ut Student Support Services Trio	84.042	P042A051096	243,714
Student Support Services Program Trio	84.042	P042A010487	29
Upward Bound 04	84.047	P047A030119	352,027
<b>Total Trio Cluster</b>			<b>595,770</b>
<b>Other Programs</b>			
<b>Department of Health and Human Services</b>			
The Promise Institute	93.191	D37HP0085603	(1,032)
Occup Health Training Grant	93.262	OCCT52399901	(67)
Niosh Training Grant	93.283	OH00860501	5,288
Niosh Training Grant	93.283	OH00860502	71,787
Scholarships Disadv Stdnt Sds	93.925	HP047470200	31,400
Pass Through Ohio Department of Health:			
Search Program	93.288	WP13HJ03142006	32,407
Genetics Svcs Nwo Prgm	93.994	4840011AU06	5,444
Genetics Svcs Nwo Prgm	93.994	4840011AU07	212,872
Women'S Health Month	93.994	WP10Z609192005	5,741
Pass Through the Ohio Department of Alcohol and Drug Addiction:			
High Risk Binge Drinking	93.959	9908203HEDUCP069	27
Alcohol And Substance Abuse Program	93.959	99 08203HEDUC	16,580
<b>Department of Labor</b>			
Pass Through Ohio Department of Development:			
State Capacity Building Program For Dbe	17.267	(1)	396,947
Pass Through Bureau of Workforce Services:			
State Of Ohio Funding For Capacity	17.267	G-04-15-0313	74

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## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	NUMBER	FY2007
<b>Department of State</b>			
Critical Infrastructure Protection Ipa	27.013	10266170215	\$ 118,220
<b>Department of Justice</b>			
Fatality Review Initiative	16.580	2006DD-BX-0243	79,779
Implementation Services Budget - Ohio	16.712	2001-POR088	277
Ohio Police Corps - Program Fund Budget	16.712	2001-PO-R008	12,562
Us Department Of Justice Asset	21.000	(1)	63,853
<b>Department of Education</b>			
Javits Fellowships-Tech Teacher - 1257	84.170	(1)	6,537
Javits Gifted And Talented Students	84.206	S206A040096	258,449
Project Assure	84.325	H325A020104	179,992
Personal Preparation For Teachers Of Stu	84.325	H029A80107	(145)
Personal Preparation For Teachers Of Stu	84.325	H325A980107	(54)
New Roles For Esc Teachers:	84.325	H325N990053	(49)
The U.T. Post-Secondary Education Suppor	84.333	P333A020055	15,103
Gear Up Toledo Students -Guts	84.334	P334A000134	378,844
Utoledo,Uteach,Utouch,The Future Ut3	84.336	P336B040031	908,771
2006 Asme Summer Conference Nidr Funds	84.133	ED06PO0738	3,000
Pass Through Ohio Department of Education			
Special Funding For Engineering For Migrant Students	84.011	(1)	498
Special Funding For Engineering For	84.011	(1)	5,633
Special Funding For Engineering For	84.011	(1)	65,004
Ut Vision Program Special Project	84.027	CL 08262006	130,259
Training Licensed Educators To Become	84.027	0630996BSE06	4,394
Intervention Specialist Institute	84.027	063099-6B-SE-07	187,950
Carl Perkins Grant Fy 07	84.038	FUND#524	53,775
Tech Prep Technical Services Perkins	84.048	VECPTPCS-2006	(3,348)
Tech Prep Technical Services Perkins	84.048	VECPTPCS2007	63,611
Capacity-Building Faculty Support Grant	84.048	(1)	34,396
Capacity-Building Faculty Support	84.048	VEPDCB06UT	6,091
Capacity Building Faculty Support Grant	84.048	(1)	2,553
Dual Enrollment	84.243	VETPPD-DE-2006-2	190
Tech Prep Federal Fy 05	84.243	(1)	511
Pass Through Ohio Department of Education (Continued)			
Tech Prep Federal Fy 07	84.243	(1)	313,499
Tech Prep Fy05	84.243	(1)	13,936
Tech Prep State Retreat	84.243	VETPDC-2006-FB	880
Tech Prep Technical Serives	84.243	VETPC2006STP	(96)
Mwosci+	84.330	CI1667-OSCI-1406	263,615
Pass Through Bureau of Vocational Rehab:			
Bvr – 1265	84.126	(1)	305,413

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## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>Department of Education (Continued)</b>			
Pass Through Ohio Department of Health:			
Hosp Based Svcs Coordination	84.181	484001HB05	\$ 6,697
Hosp Based Svcs Coordination	84.181	4840011HB05	26,141
Pass Through Toledo Public Schools:			
Fitness Program Testing & Data	84.215	(1)	33,184
College Enhancement Transition Programs	84.048	PO 608347	641
Pass Through Bowling Green State University:			
The Midwest Education Reform Consortium:	84.334	(1)	110,560
Pass Through Ohio Board of Regents			
Msat-DI Math And Science Activities For	84.011	04-39	(3,098)
A River Runs Through It: Inquiry Based	84.281	01-59	1
Teachers Applying Math And Science Via	84.336	05-40	115,365
Sattellites: Using Geospatial Technology	84.336	05-34	43,634
K-5 Algebraic Thinking Initiative	84.336	06-39	18,523
Imagine	84.336	05-36	26,929
A River Runs Through It: Exploring	84.336	05-41	55,857
Pass Through National Writing Project:			
National Writing Project - Toledo Area	84.928	92-OH02 #8	18,394
<b>Office of Naval Research</b>			
Onr Nams Conference	12.300	N00014061151	5,000
<b>National Science Foundation</b>			
Umecss-University Math, Engineering,	47.076	DUE-0220796	71,900
2006 Summer Bioengineering Conference	47.041	BES0622823	5,000
Student Travel Support For The 2007	47.041	(1)	5,000
Support Of The 2006 Membranes: Materials	47.041	CTS0622658	7,500
Anatomy Revealed - Sensory	47.076	DUE0442779	873
Pass Through Georgia Institute of Technology:			
Middle School Curriculum Materials: Mee	47.076	C36-A98-G1	39,243
Pass Through Stark State College of Technology:			
Engineering Power Technologies Project	47.076	(1)	46,024
<b>National Science Foundation (continued)</b>			
Pass Through Ohio State University Research Foundation:			
Ohio Consortium For Undergraduate Resear	47.049	63630	9,821
The Ohio Science And Engineering	47.076	HRD-0331560	33,133

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AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>National Institutes of Health</b>			
Vip/Gabaa Receptors	93.279	DA01414205	\$ (4,784)
Vip/Gabaa Receptors	93.279	DA1414206	4,224
Asv Travel	93.855	AI6967602	30,000
2006 Summer Bioengineering Conference	93.286	1R13EB006257-01	13,000
Gap Junction And Cancer Drug	93.398	CA117242-01	8,336
Aav Inhibition Of Andenovirus	93.855	AI06412902	2,918
Aav Inhibition Of Andenovirus	93.856	F31AI06412901A1	58
Pass Through Hosp Council of NWO: First Spending Plan Hospital	93.000	HRSAFY0301	20,875
Pass Through Lucas County FAM COUNC: Regional Child Find	93.000	N10148601	15,935
Pass Through Lucas CTY JOB & FAM: Reach Out And Read/Odjfs	93.558	4806OWF24	35,601
Reach Out And Read/Odjfs	93.558	4807OWF08	26,370
Pass Through Lucas County Department of Jobs and Family Services: Education In Training	93.853	(1)	(282)
Pass Through Lucas CO REG Health: Healthy Relationships	93.940	N10130301	13,958
Hiv Prevention	93.940	N10130701	14,035
Muo Hiv Testing Program	93.940	R1073711	20,837
Pass Through Office of Aging NWO: Caregiver Education Project	93.052	S2006105	(1,488)
Pass Through Ohio State University: P H Workforce Scholarship	93.283	(1)	37,764
Pass Through St Vincent Med Ctr: Positive Choices	93.995	APHPA0008360600	12,862
Pass Through Office of Ohio Dept. of Jobs and Family Services: Professional Education Jobs And Family	93.187	(1)	56,567
Pass Through Case Western University: Geriatric Education Center	93.969	2D31HP7011306	19,997
Pass Through BGSU/NIEHS: Project Excite	93.113	5R25ES1070503	11,582
<b>NASA Glenn</b>			
Ipa Mobility Program Assignment Agree-	43.002	(1)	36,323
Aerospace Education Services Program	43.001	(1)	45,572
Pass Through Ohio aerospace Institute:			

See Notes to Schedule of  
Expenditures of Federal Awards.

# University of Toledo

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2007

AGENCY	CFDA #	AGENCY NUMBER	FY2007
<b>HRSA</b>			
Model State Supported Ahec	93.107	U77HP030291201	\$ 296,016
Model State Supported Ahec	93.107	HP0302913	405,290
Nursing Traineeships	93.358	OHP0000407	26,348
Predoctoral Training Prim Care	93.884	D56HP000200600	9,868
Geriatric And End-Of-Life Care	93.884	HP0336902	(3,097)
Geriatric And End-Of-Life Care	93.884	HP033690301	88,715
Imaging Center	93.887	C76HF05622	(1)
Ryan White Title Iv Program	93.153	H12HA230120500	(79)
Ryan White Title Iv Program	93.153	H12HA230120600	76,022
Ryan White Title Iv Program	93.153	HA2301207	354,613
Ryan White Title Iii	93.918	HA007320300	1,136
Ryan White Title Iii	93.918	H76HA007320400	447
Ryan White Title Iii	93.918	H76HA0073205	341,843
Ryan White Title Iii	93.918	H76HA0073206	88,125
<b>Department of Veterans Affairs</b>			
All Volunteer Educational Assistance	64.124	(1)	103,724
<b>Department of Defense</b>			
Us Marine – 1246	64.120	(1)	10,500
Us Army Rotc – 1251	64.120	(1)	332,431
Coast Guard – 1246	64.120	(1)	19,805
Bgsu Usaf Rotc – 1246	64.120	(1)	38,398
Army/Army Tank – 1299	64.120	(1)	23,984
Aces – 1246	64.120	(1)	62,431
<b>National Oceanic and Atmospheric Administration</b>			
Pass Through Ohio State University Research Foundation: Walleye And Yellow Perch Stock Structure	11.417	PORF0102644	25,246
<b>National Endowment for the Humanities</b>			
Pass Through Ohio Humanities Council: The Nature Of Shakespear: The Shakespear	45.129	OHC01-027	1,598
The Way We Were:Art, Life & Death In Anc	45.129	OHC 01-030	11
<b>Department of Housing and Urban Development</b>			
Pass Through Lucas County Metropolitan Association: Hud Neighborhood Networks	14.870	(1)	18,730
<b>Total Other</b>			<b>7,701,370</b>
Community Mental Health Services Federal	93.958	(1)	856,538
<b>Total Expenditures of Federal Awards</b>			<b>\$ 56,995,107</b>

(1) No agency or pass-through entity identifying number is available for this program.

See Notes to Schedule of  
Expenditures of Federal Awards.

# University of Toledo

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## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of University of Toledo, EIN #34-6401483, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### 2. Federal Direct Student Loan Program (CFDA No. 84.268)

The University acts as the intermediary for students obtaining direct loans from the U.S. Department of Education. The U.S. Department of Education is responsible for billings and collections of the loans. The University assists the U.S. Department of Education by processing the applications and disbursing the funds from the U.S. Department of Education to the students. Loans advanced to students during the fiscal year ended June 30, 2007 totaled \$80,923,998.

### 3. Family Education Loan Program (CFDA No. 84.032)

University of Toledo acts as the intermediary for students obtaining family education loans from lending institutions. The lending institution is responsible for billings and collections of the loans. University of Toledo assists the lending institutions by processing the applications and forwarding checks from the lending institutions to the students. Loans advanced to students during the fiscal year ended June 30, 2007 totaled \$34,321,629.

### 4. Health Professions Student Loan Program (CFDA No. 93.342)

Revolving loan funds are established to maintain health professions student loans. Repayment of principal and interest is deposited back into the program for new loans. University of Toledo is responsible for administering the program, including the approving, disbursing, and collecting of the loans. Since July 1, 1993, health professions student loan funds have been awarded in the form of primary care loans and loans for disadvantaged students. As of June 30, 2007, outstanding loans under both programs totaled \$837,365.

### 5. Federal Perkins Loan Program (CFDA No. 84.038)

Revolving loan funds are also established to maintain Perkins loans. Repayments of principal and interest are deposited back into the program for new loans. University of Toledo is responsible for administering the program, including the approving, disbursing, and collecting of the loans. As of June 30, 2007, outstanding Perkins loans totaled \$18,946,757.

# University of Toledo

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

### 6. Subrecipient Awards

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

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
<b>Research and Development Cluster:</b>		
Alogrithmic Workshop	47.070	\$ 627
Pollution Prevention	66.708	17,625
Pollution Prevention	66.708	2,314
Inner Mangolia Land	43.002	18,330
Triple-Junction Silicon	81.087	191,732
Infancy Categorization	93.865	5,000
Sewage Sludge	10.200	71,527
Biomonitoring	10.001	8,078
Pollution Prevention	66.708	16,837
Pollution Prevention	66.708	2,575
Turbine Institute	43.002	548,553
Economic Competitive	10.200	30,000
Sludge Applications	10.200	22,273
Monitoring Sewage	10.200	98,979
Utah's Improving Teaching	84.305	27,826
CFD Simulation	43.002	59,750
Oscillator Strength	43.002	7,067
Phytoremediation Pla	10.200	48,660
Phytoremediation	10.200	4,376
Project Need to Read	84.327	70,216
Fuel Cells Task 10	12.431	96,981
Obesity and Diabetes	10.200	237,349
Cyclic & Linear Antagonists	93.859	78,995
Elderly Immune Response	93.866	20,000



# University of Toledo

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

### 6. Subrecipient Awards (Continued)

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
<b>Research and Development Cluster (Continued):</b>		
CORAL	93.837	\$ 593,786
Regulon Across Genera	93.856	178,990
Functional Genomic Dissection	93.837	142,597
Glutamate Receptor Plasticity	93.279	18,257
RNA Virus Evolution	93.855	85,565
TPR Proteins in Signaling	93.847	111,145
Binding of Xenoantigens	93.848	58,823
Control Mechanisms of Cardiac	93.837	295,878
Lung Tumors in Mice WS90	93.000	80,335
Chemopreventive Agents WS#92	93.000	80,016
WA #2/U of C, Irvine Sub	93.000	25,708
WA #3/Wash U Sub	93.000	56,126
WA #4/U of C Irvine Sub	93.000	139,949
WA #5 Columbia U Sub	93.000	221,632
Screening Assays WA #7	93.000	91,646
In Vitro Screening WA#8	93.000	96,082
<b>Other Financial Awards:</b>		
NWOSCI+	84.330	58,770
TAMS-DL	84.336	1,450
Imagine	84.336	11,919
UT3	84.336	6,000
Javits Gifted Ed.	84.206	107,590
Model State Supported AHEC	93.107	581,193
Geriatric and End-of-Life Care	93.884	1,325
Women's Health Month	93.994	6,069
SEARCH Program	93.288	12,737
Genetics Svcs NWO Prgm	93.994	29,700
		<b>\$ 4,778,958</b>

# University of Toledo

## Schedule of Findings and Questioned Costs Year Ended June 30, 2007

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

#### Federal Awards

Internal control over major program(s):

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

Identification of major program(s):

CFDA Number(s)	Name of Federal Program or Cluster
Various	Student Financial Aid Cluster
Various	Research and Development Cluster

Dollar threshold used to distinguish between type A and type B programs: \$1,709,853

Auditee qualified as low-risk auditee?  Yes  No

# University of Toledo

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## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2007

### Section II - Financial Statement Audit Findings

Reference Number	Findings
	None

### Section III - Federal Program Audit Findings

Reference Number	Findings
	None

# University of Toledo

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## Summary Schedule of Prior Year Findings Year Ended June 30, 2007

Reference Number	Findings
2006-01	<p data-bbox="423 506 1127 537"><b>Program Name</b> - Research and Development Cluster</p> <p data-bbox="423 573 919 604"><b>Pass-through Entity</b> - Not applicable</p> <p data-bbox="423 640 1162 672"><b>Finding Type</b> - Reportable condition and noncompliance</p> <p data-bbox="423 699 1435 808"><b>Condition</b> - The University did not review to ensure vendors with which they entered into procurement transactions were not a suspended or debarred party.</p> <p data-bbox="423 835 1435 980"><b>Status</b> - The University improved the controls on the review process this year. When a subcontract was issued, the grants accounting office checked the <a href="http://www.epls.gov">http://www.epls.gov</a> website to ensure a subcontractor is not on the excluded list of government vendors.</p>

# University of Toledo

## Summary Schedule of Prior Year Findings (Continued) Year Ended June 30, 2007

Reference Number	Findings
2006-02	<p><b>Program Name</b> - Research and Development Cluster</p> <p><b>Pass-through Entity</b> - Not applicable</p> <p><b>Finding Type</b> - Reportable condition and noncompliance</p> <p><b>Condition</b> - The University did not properly review the time cards to ensure total hours being paid totaled appropriately nor did the University properly review to ensure that correct pay rates were included in the payroll system. As a result, payroll expenses were inappropriately charged to the grant.</p> <p><b>Status</b> - The University reviewed all time cards to ensure they are properly reviewed and approved by the supervisors.</p> <p>The University also improved the approval process on change of payroll rate. A personnel action form which contains the rate of pay, the accounts to be charged, and the effective dates of the salary distribution was reviewed and approved by the appropriate approvers prior to payroll processing.</p> <p>In addition, during the year, the University has been instituting a new ERP system. As part of that system, the payroll office has requested a report be written that will aid in the comparing of the personal action salary information and to flag potential set-up problems.</p>

**University of Toledo  
National Collegiate Athletics Association**

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**Report on the Application of Agreed-upon Procedures  
Related to NCAA Bylaw 6.2.3**

**June 30, 2007**

# **University of Toledo National Collegiate Athletics Association**

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Independent Accountant's Report on  
the Application of Agreed-upon Procedures

Dr. Lloyd A. Jacobs, Ph. D, President  
University of Toledo  
Toledo, Ohio

We have audited the financial statements of University of Toledo (the "University") as of and for the year ended June 30, 2007 and have issued our unqualified report thereon dated October 12, 2007. At your request, we have also applied certain agreed-upon procedures listed in Attachment A, which were agreed to by you as the president of the University, solely to assist you in evaluating whether the accompanying statement of revenues and expenditures of the University's intercollegiate athletics program is in compliance with National Collegiate Athletics Association (NCAA) bylaw 6.2.3 for the year ended June 30, 2007. The University's management is responsible for the statement of revenues and expenditures included in Attachment B and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures listed in Attachment A either for the purpose for which this report has been requested or for any other purpose.

The results of our procedures are also listed in Attachment A. We have discussed the results of the procedures with management of the University.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the controls and procedures documented in Attachment A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Plante & Moran, PLLC*

January 7, 2008



# **University of Toledo**

## **National Collegiate Athletics Association**

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### **Attachment A**

#### **Agreed-upon Procedures**

#### **Intercollegiate Athletics Accounting Systems**

- I. **Procedures:** We will obtain and document an understanding of the accounting systems in place for the intercollegiate athletics department. We will perform the following procedures:
- Meet with the director of intercollegiate athletics and inquire about the general control environment over intercollegiate athletic finances, the level of control consciousness in the University, the competence of personnel, and the protection of records and equipment
  - Obtain and inspect an organization chart for the intercollegiate athletics department prepared by management
  - Obtain and inspect documentation of the accounting systems and procedures unique to the intercollegiate athletics department that have not been addressed in connection with the audit of the University's financial statements
  - For those accounting systems unique to the intercollegiate athletics department, select three transactions from each system - cash disbursements, payroll, and cash receipts - that occurred during the year ended June 30, 2007 and verify that they were processed in accordance with the intercollegiate athletics department procedures
  - At a minimum, perform the following:
    - Inquire as to the methods and practices used for ticket reconciliation
    - Select one football game, one women's basketball game, and one men's basketball game during the year and compare the total receipts for such events, as documented by the University's ticket reconciliation procedures, to documentation of the related cash deposit amount with the bank

# **University of Toledo**

## **National Collegiate Athletics Association**

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### **Attachment A (Continued)**

#### **Agreed-upon Procedures**

**Results:** We obtained and documented an understanding of the accounting systems in place for the intercollegiate athletics department. We performed the following procedures: we met with the director of intercollegiate athletics and inquired about the general control environment over intercollegiate athletic finances, the level of control consciousness in the University, the competence of personnel, and the protection of records and equipment; we obtained and inspected an organization chart for the intercollegiate athletics department prepared by management; and we obtained and inspected documentation of the accounting systems and procedures unique to the intercollegiate athletics department that have not been addressed in connection with the audit of the University's financial statements. We determined that the ticket collection and receipting process was the only system deemed unique to athletics; therefore, we selected one football game, one women's basketball game, and one men's basketball game during the year and compared the total receipts for such events, as documented by the University's ticket reconciliation procedures, to documentation of the related cash deposit amount with the bank. We found no discrepancies between the total receipts for each event and the related cash deposit amount with the bank.

#### **Intercollegiate Athletics Additional Financial Information**

2. **Procedure:** We will obtain the capital expenditure survey for the reporting period prepared by management and perform the following procedures:
- Agree the data provided on the capital expenditure survey to the University's general ledger
  - Obtain the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets to disclose in the report
  - Obtain repayment schedules for all outstanding intercollegiate athletics debt maintained by the University during the reporting period
  - Recalculate the annual maturities (consisting of principal and interest) provided in the schedules obtained
  - Agree the total annual maturities to supporting documentation and the University's general ledger, as applicable, and disclose in the report

# University of Toledo

## National Collegiate Athletics Association

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### Attachment A (Continued) Agreed-upon Procedures

**Result:** We obtained the capital expenditure survey for the reporting period and agreed the data to the University's general ledger. We obtained the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets. We obtained repayment schedules for all outstanding intercollegiate athletics debt for the reporting period. We recalculated the annual maturities and agreed to supporting documentation and the University's general ledger.

#### Statement of Intercollegiate Athletics Revenues and Expenditures

3. **Procedure:** We will obtain the Intercollegiate Athletics Program statement of revenues and expenditures for the year ended June 30, 2007, prepared by management. We will perform the following procedures:

- Recalculate the amounts on the statement
- Compare the amounts on the statement to management's worksheets supporting the preparation of the statement
- Agree the amounts on such worksheets to the University's general ledger

**Result:** We obtained the Intercollegiate Athletics Program statement of revenues and expenditures for the year ended June 30, 2007, as prepared by management. We recalculated the amounts on the statement, compared the amounts on the statement to management's worksheets supporting the preparation of the statement, and agreed the amounts on such worksheets to the University's general ledger and found them to be in agreement.

4. **Procedure:** We will compare operating revenue and expenditure category for the intercollegiate athletics program with the respective prior year amounts and will inquire of management with regard to available explanations for any changes exceeding 10 percent and \$100,000 of the prior year balance.

**Result:** We compared the revenue and expenditure amounts for the intercollegiate athletics program reflected in the statement of revenues and expenditures to amounts for the preceding year and inquired of management with regard to any changes exceeding 10 percent and \$100,000 of the prior year's balance. We obtained supporting documentation for the variations noted.

# University of Toledo

## National Collegiate Athletics Association

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### Attachment A (Continued) Agreed-upon Procedures

#### Revenues

5. **Procedure:** We will compare and agree a sample of operating revenue receipts obtained from the above operating revenue supporting schedules to supporting documentation.

**Result:** We compared and agreed a sample of 10 operating revenue receipts obtained from the operating revenue supporting schedules to supporting documentation.

In addition to the revenue procedure above, we will perform the following specific procedures:

- Ticket Sales

**Procedures:** We will perform the following specific procedures related to ticket sales:

- Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the institution in the statement and related attendance figures and recalculate totals. Also, compare ticket reconciliation to cash amount deposited with the bank

**Results:** We compared and agreed tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the institution in the statement and related attendance figures and recalculated totals. We also agreed the ticket reconciliation to the cash amount deposited with the bank.

- Contributions

**Procedures:** We will perform the following specific procedures related to contributions:

- Compare each major contribution revenue account to prior period amounts
- Obtain and document any significant variations (over 10 percent)
- Obtain supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals that constitute 10 percent or more of all contributions received for intercollegiate athletics during the reporting period
- Obtain a summary of significant additions (over 10 percent of total additions) to restricted funds related to intercollegiate athletics, as well as significant changes (over 10 percent of total endowment funds) to endowment funds related to intercollegiate athletics

# University of Toledo

## National Collegiate Athletics Association

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### Attachment A (Continued) Agreed-upon Procedures

**Results:** We compared each major contribution revenue account to prior period amounts. We obtained supporting documentation for any significant variations (over 10 percent). We obtained and agreed supporting documentation, including the copies of the checks, for contributions comprising greater than 10 percent of the total annual contributions received by the program from outside organizations, agency, or group of individuals. We obtained a summary of significant additions to restricted funds (over 10 percent of total additions) related to intercollegiate athletics, as well as significant changes to endowment funds (over 10 percent of total endowment funds) related to intercollegiate athletics, prepared by management and noted that there were no significant additions to restricted funds related to intercollegiate athletics and no significant changes to endowment and plant funds related to intercollegiate athletics.

#### Expenditures

6. **Procedure:** We will compare and agree a sample of operating expenses obtained from the above operating expense supporting schedules to supporting documentation.

**Result:** We compared and agreed a sample of 10 operating expenses obtained from the operating expense supporting schedules to supporting documentation.

In addition to the expense procedure above, we will perform the following specific procedures:

- Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

#### **Procedures:**

- We will obtain and inspect a listing of coaches employed by the University and related entities during the reporting period.
- We will select a sample of four coaches' contracts that include football, men's and women's basketball, and volleyball from the above listing.
- We will compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the statement during the reporting period.
- We will obtain and inspect W-2s, 1099s, etc. for each selection.
- We will compare and agree the related W-2s, 1099s, etc. to the related salaries, benefits, and bonuses paid by the institution in the statement during the reporting period.
- We will recalculate totals.

# University of Toledo

## National Collegiate Athletics Association

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### Attachment A (Continued) Agreed-upon Procedures

**Results:** We obtained and inspected a listing of coaches employed by the University and related entities during the reporting period of December 31, 2006. We selected a sample of four coaches' contracts that included football, men's and women's basketball, and volleyball from the above listing. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the statement during the reporting period of December 31, 2006. We obtained and inspected W-2s from December 31, 2006 and contracts for each selection. We compared and agreed related W-2s from December 31, 2006 and contracts to the related coaching salaries, benefits, and bonuses paid by the institution in the statement during the reporting period. We recalculated totals. We noted no salaries, benefits, or bonuses paid by related entities.

#### Affiliated and Outside Organizations

7. **Procedure:** We will inquire and obtain documentation as to the University's practices and procedures for monitoring the following affiliated and outside organizations:

- Booster organizations established by or on behalf of an intercollegiate athletics program
- Independent or affiliated foundations or other organizations that have as a principal purpose the generating or maintaining of grants-in-aid or scholarship funds, gifts, endowments, or other monies, goods, or services to be used entirely or in part by the intercollegiate athletics program
- Alumni organizations that have as one of their principal purposes the generating of monies, goods, or services for or on behalf of an intercollegiate athletics program that contributes monies, goods, or services directly to an intercollegiate athletics program, booster group, or independent or affiliated foundation as previously noted

**Result:** We inquired and obtained documentation as to the University's practices and procedures for monitoring affiliated and outside organizations.

8. **Procedure:** We will obtain a listing of all identified affiliated and outside organizations prepared by the University and will compare that list to the activities recorded in the University's financial statements and to the Intercollegiate Athletics Program statement of revenues and expenditures. If it is determined that the activity is not included in the University's financial statements and the Intercollegiate Athletics Program statement of revenues and expenditures, we will obtain a schedule of revenues and expenditures to include in our report and will perform the required testing on that schedule as outlined in the NCAA minimum agreed-upon procedures guidelines.

# University of Toledo National Collegiate Athletics Association

## Attachment A (Continued) Agreed-upon Procedures

**Result:** We obtained the following listing of all identified affiliated and outside organizations prepared by the University and compared that list to the activities recorded in the University's financial statements and to the intercollegiate athletics program statement of revenues and expenditures. There was one activity, Downtown Coaches Association, noted in the listing of affiliated and outside organizations that was not recorded in the University's financial statements or the intercollegiate athletics program statement of revenues and expenditures.

	Beginning Cash Balance	Cash Receipts	Contributions To or On Behalf of Program	Other	Ending Cash Balance
The Rocket Fund	\$ 46,652	\$ 25,953	\$ 143,872	\$ -	\$ (71,267)
The Varsity T-Group	79,472	11,204	35,914	-	54,762
Downtown Coaches Association	3,137	140,513	124,982	8,697	27,365
Dugout Club	32,299	16,669	48,628	-	340
Total All Funds	<u>\$ 161,560</u>	<u>\$ 194,339</u>	<u>\$ 353,396</u>	<u>\$ 8,697</u>	<u>\$ 11,200</u>

- Down Town Coaches Association

**Procedures:**

- We will compare and agree five operating revenue categories reported in the University's statement during the reporting period to supporting schedules provided by the University.
- We will compare and agree five operating revenue receipts obtained from the above operating revenue schedule to supporting documentation.
- We will compare and agree each operating expense category reported in the University's statement during the reporting period to supporting schedules provided by the University.
- We will compare and agree five operating expenses obtained from the above operating expenses supporting schedules to supporting documentation.
- We will directly confirm cash balances recorded at the end of the reporting period by the University and compare to the related year-end bank reconciliation(s).

# University of Toledo

## National Collegiate Athletics Association

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### Attachment A (Continued) Agreed-upon Procedures

- We will obtain and inspect minutes of the University's governing bodies during the reporting period and select one financial transaction discussed in the minutes.
- We will select one financial transaction discussed in the minutes and compare and agree to the University's accounting records, as applicable.
- We will obtain and document the internal controls in place surrounding revenues and expenses related to the University.

**Results:** We compared and agreed five operating revenue categories reported in the University's statement during the reporting period to supporting schedules provided by the University. We compared and agreed five operating revenue receipts obtained from the above operating revenue schedule to supporting documentation. We compared and agreed each operating expense category reported in the University's statement during the reporting period to supporting schedules provided by the University. We compared and agreed five operating expenses obtained from the above operating expenses supporting schedules to supporting documentation. We directly confirmed cash balances recorded at the end of the reporting period by the University and compared them to the related year-end bank reconciliation. We obtained and inspected minutes of the University's governing bodies during the reporting period and selected one financial transaction discussed in the minutes. We selected one financial transaction discussed in the minutes and compared and agreed each selection to the University's accounting records, as applicable. We obtained and documented the internal controls in place surrounding revenues and expenses related to the University.



# University of Toledo

## National Collegiate Athletics Association

### Attachment B

### Intercollegiate Athletics Program Statement of Revenues and Expenditures Year Ended June 30, 2007

	Football	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
<b>Operating Revenues</b>						
Ticket sales	\$ 1,035,765	\$ 256,210	\$ 31,883	\$ 11,974	\$ 16,265	\$ 1,352,097
Student fees	-	-	-	-	9,510,542	9,510,542
Guarantees	350,000	101,000	5,000	11,650	-	467,650
Contributions	41,440	11,350	4,495	87,207	2,236,114	2,380,606
Direct institutional support	-	-	-	-	1,266,335	1,266,335
Indirect facilities and administrative support	-	-	-	-	65,000	65,000
NCAA/Conference distributions including all tournament revenues	60,000	149,654	-	-	665,647	875,301
Broadcast, television, radio, and internet rights	-	-	-	-	2,010	2,010
Program sales, concessions, novelty sales, and parking	102,131	33,675	8,798	792	73,615	219,011
Royalties, advertisements, and sponsorships	2,877	-	-	-	731,070	733,947
Sports camp revenues	47,599	89,945	29,180	194,522	29,829	391,075
Endowment and investment income	-	-	-	-	144,266	144,266
Other	507	48	-	5,984	162,758	169,297
Total operating revenue	1,640,319	641,882	79,356	312,129	14,903,451	17,577,137
<b>Operating Expenditures</b>						
Athletic student aid	1,977,635	278,263	306,164	2,526,475	584,898	5,673,435
Guarantees	375,000	5,000	1,500	-	-	381,500
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,239,969	466,445	393,700	1,088,741	-	3,188,855
Other salaries and benefits	105,518	-	-	-	1,683,678	1,789,196
Recruiting	192,947	78,076	42,719	76,464	377	390,583
Team travel	301,501	225,631	95,535	457,456	88,895	1,169,018
Equipment, uniforms, and supplies	207,838	33,784	19,932	181,998	27,792	471,344
Game expenses	216,551	89,443	53,165	98,051	49,012	506,222
Fund-raising, marketing, and promotion	-	1,005	357	6,704	147,615	155,681
Sports camp expenses	9,604	75,318	24,240	142,249	-	251,411
Direct facilities, maintenance, and rental	-	-	-	-	1,188,462	1,188,462
Spirit groups	-	-	-	-	51,748	51,748
Indirect facilities and administrative support	-	-	-	-	65,000	65,000
Medical expenses and medical insurance	180	72	-	144	245,501	245,897
Memberships and dues	3,275	459	1,613	4,756	87,855	97,958
Other operating expenses	68,720	29,122	21,444	53,031	602,450	774,767
Total operating expenditures	4,698,738	1,282,618	960,369	4,636,069	4,823,283	16,401,077
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (3,058,419)</b>	<b>\$ (640,736)</b>	<b>\$ (881,013)</b>	<b>\$ (4,323,940)</b>	<b>\$ 10,080,168</b>	<b>\$ 1,176,060</b>

# University of Toledo

## National Collegiate Athletics Association

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### Attachment B (Continued)

#### Notes to Intercollegiate Athletics Program

#### Statement of Revenues and Expenditures

#### Year Ended June 30, 2007

#### Note 1 - Contributions

University of Toledo's National Intercollegiate Athletics Program received no individual contributions of monies, goods, or services from an anonymous outside organization, agency, or individual, which constituted 10 percent or more of all contributions received for Intercollegiate Athletics during the year ended June 30, 2007.

#### Note 2 - Intercollegiate Athletics-related Assets

Property and equipment are recorded at cost or, if donated, the fair value at the time of donation. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. Estimated service lives range from 5 to 40 years depending on class.

The current year capitalized additions and deletions to athletic facilities and the University as a whole during the year ended June 30, 2007 are as follows:

	<u>Additions</u>	<u>Deletions</u>
Football athletic facilities	\$ -	\$ -
Basketball athletic facilities	-	-
Other athletic facilities	-	-
	<u>          </u>	<u>          </u>
Total athletics facilities	<u>\$ -</u>	<u>\$ -</u>
Other University facilities	<u>\$ 13,738,000</u>	<u>\$ 6,833,000</u>

**University of Toledo**  
**National Collegiate Athletics Association**

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**Attachment B (Continued)**  
**Notes to Intercollegiate Athletics Program**  
**Statement of Revenues and Expenditures**  
**Year Ended June 30, 2007**

**Note 2 - Intercollegiate Athletics-related Assets (Continued)**

The total estimated book values of property and equipment, net of depreciation, of the University of Toledo athletic facilities and the University as a whole as of June 30, 2007 are as follows:

	Estimated Book Value
Athletics-related property and equipment facilities	\$ 15,000,000
Total University property and equipment facilities	\$ 511,000,000

**Note 3 - Intercollegiate Athletics-related Debt**

The annual debt service and debt outstanding for the University of Toledo athletic facilities and the University as whole as of June 30, 2007 are as follows:

	Annual Debt Service (Principal and Interest)	Debt Outstanding
Athletics-related facilities	\$ -	\$ 15,000,000
Total University facilities	\$ 28,320,000	\$ 268,261,000

**University of Toledo**  
**National Collegiate Athletics Association**

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**Attachment B (Continued)**  
**Notes to Intercollegiate Athletics Program**  
**Statement of Revenues and Expenditures**  
**Year Ended June 30, 2007**

**Note 3 - Intercollegiate Athletics-related Debt (Continued)**

The repayment schedule for all outstanding intercollegiate athletics debt maintained by the University of Toledo during the year ended June 30, 2007 is as follows:

Years	Athletics- related Portion of the 2001 Bond
2008	\$ -
2009	-
2010	247,996
2011	345,691
2012	300,601
2013-2017	1,893,788
2018-2022	2,344,689
2023-2027	2,878,257
2028-2032	3,562,124
2033-2036	<u>3,426,854</u>
Total	<u>\$ 15,000,000</u>



**Mary Taylor, CPA**  
Auditor of State

**UNIVERSITY OF TOLEDO**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 24, 2008**