



The  
Ohio  
State  
University

**1999**

Financial Report

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**Financial Report**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
The Ohio State University  
Columbus, Ohio

We have audited the accompanying balance sheet of The Ohio State University, a component unit of The State of Ohio, as of June 30, 1999, and the related statement of revenues, expenditures and changes in fund equities for the year then ended. These financial statements are the responsibility of the University. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of The Ohio State University as of June 30, 1999, and the revenues, expenditures, and changes in fund equities for the year then ended in conformity with generally accepted accounting principles.

The year 2000 supplementary information on pages 40 – 43 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that The Ohio State University is or will become year 2000 compliant, that The Ohio State University's year 2000 remediation efforts will be successful in whole or in part, or that parties with which The Ohio State University does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 4, 1999 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

*Deloitte & Touche LLP*

October 4, 1999

## Financial Statements

### THE OHIO STATE UNIVERSITY BALANCE SHEET

June 30, 1999, with Comparative Financial Information for 1998  
(in thousands)

	CURRENT			
	UNRESTRICTED		RESTRICTED	
	1999	1998	1999	1998
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,092	\$ 31,191	\$ 7,893	\$ 3,601
Accounts receivable, net	181,471	138,558	59,197	50,747
State and federal receivables	-	-	2,850	7,838
Notes receivable, net	-	-	-	-
Accrued interest receivable	5,166	5,325	3,212	3,037
Inventories and prepaid expenses	44,759	43,696	714	699
Investments	490,491	486,053	20,474	18,522
Investment in plant	-	-	-	-
Interfund accounts	(158,406)	(158,138)	87,985	74,623
<b>TOTAL ASSETS</b>	<b>\$ 578,573</b>	<b>\$ 546,685</b>	<b>\$ 182,325</b>	<b>\$ 159,067</b>
<b>LIABILITIES AND FUND EQUITIES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 203,487	\$ 196,597	\$ 39,550	\$ 35,955
Deposits and deferred credits	72,721	69,774	18,253	16,943
Bonds, notes, and lease obligations payable	-	-	-	-
<b>Total liabilities</b>	<b>276,208</b>	<b>266,371</b>	<b>57,803</b>	<b>52,898</b>
<b>Fund equities:</b>				
Unrestricted	302,365	280,314	-	-
Restricted	-	-	124,522	106,169
U.S. Government grants	-	-	-	-
Net investment in plant	-	-	-	-
<b>Total fund equities</b>	<b>302,365</b>	<b>280,314</b>	<b>124,522</b>	<b>106,169</b>
<b>TOTAL LIABILITIES AND FUND EQUITIES</b>	<b>\$ 578,573</b>	<b>\$ 546,685</b>	<b>\$ 182,325</b>	<b>\$ 159,067</b>

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

LOAN		ENDOWMENT & ANNUITY		PLANT		AGENCY	
1999	1998	1999	1998	1999	1998	1999	1998
\$ 3,626	\$ 5,774	\$ 33,567	\$ 9,654	\$ -	\$ -	\$ 1,455	\$ 1,453
-	-	-	-	1,149	549	880	832
-	-	-	-	-	-	-	-
56,813	53,703	-	-	-	-	-	-
5,804	5,078	-	-	-	23	-	-
-	-	-	-	1,433	1,668	-	-
-	-	1,079,370	936,266	11,545	10,704	-	-
-	-	-	-	2,690,619	2,445,678	-	-
50	37	(13,107)	(4,037)	83,478	87,515	-	-
<u>\$ 66,293</u>	<u>\$ 64,592</u>	<u>\$ 1,099,830</u>	<u>\$ 941,883</u>	<u>\$ 2,788,224</u>	<u>\$ 2,546,137</u>	<u>\$ 2,335</u>	<u>\$ 2,285</u>
\$ -	\$ -	\$ 23,233	\$ 23,305	\$ 12,889	\$ 11,300	\$ 234	\$ 240
-	-	8,064	1,311	-	-	2,101	2,045
-	-	-	-	309,208	232,707	-	-
-	-	31,297	24,616	322,097	244,007	2,335	2,285
2,211	2,074	66,363	47,588	33,929	60,373	-	-
8,790	8,338	1,002,170	869,679	47,607	10,500	-	-
55,292	54,180	-	-	-	-	-	-
-	-	-	-	2,384,591	2,231,257	-	-
66,293	64,592	1,068,533	917,267	2,466,127	2,302,130	-	-
<u>\$ 66,293</u>	<u>\$ 64,592</u>	<u>\$ 1,099,830</u>	<u>\$ 941,883</u>	<u>\$ 2,788,224</u>	<u>\$ 2,546,137</u>	<u>\$ 2,335</u>	<u>\$ 2,285</u>

**THE OHIO STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITIES**

Year ended June 30, 1999, with Comparative Financial Information for 1998  
(in thousands)

	CURRENT			
	UNRESTRICTED		RESTRICTED	
	1999	1998	1999	1998
<b>REVENUES AND OTHER ADDITIONS</b>				
Educational and general:				
Tuition, fees and other student charges	\$ 326,576	\$ 308,180	\$ -	\$ -
State appropriations	333,365	322,710	75,629	74,248
Federal support	26,854	25,128	167,814	157,614
Other state support	3,128	3,273	24,201	28,416
Local support	-	10	19,224	15,678
Private support	15,645	16,069	159,508	132,336
Investment income	19,965	28,994	5,609	14,661
Net appreciation (depreciation) in fair value of investments	-	-	300	409
Sales and services	47,175	47,938	-	-
Other sources	11,752	10,825	-	-
Total educational and general current fund revenues	<u>784,460</u>	<u>763,127</u>	<u>452,285</u>	<u>423,362</u>
Auxiliary enterprises	137,682	123,156	12,398	8,052
Hospitals	494,182	457,217	12,789	12,416
Interest and penalties on loans receivable	-	-	-	-
Plant fund additions	-	-	-	-
Retirement of indebtedness	-	-	-	-
<b>TOTAL REVENUES AND OTHER ADDITIONS</b>	<u>1,416,324</u>	<u>1,343,500</u>	<u>477,472</u>	<u>443,830</u>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>				
Educational and general expenditures	741,856	703,348	405,205	391,096
Auxiliary enterprises expenditures	122,187	106,131	10,766	6,882
Hospitals expenditures	471,007	419,202	11,193	12,401
Administrative and collection	-	-	-	-
Indirect costs recovered	-	-	39,503	36,897
Refunded to grantors	-	-	9	24
Provision for uncollectible loans	-	-	-	-
Payment to annuitants	-	-	-	-
Expended for plant facilities	-	-	-	-
Retirement of indebtedness (including interest)	-	-	-	-
Disposal of plant facilities	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER DEDUCTIONS</b>	<u>1,335,050</u>	<u>1,228,681</u>	<u>466,676</u>	<u>447,300</u>
<b>TRANSFERS AMONG FUNDS</b>				
<b>- ADDITIONS/(DEDUCTIONS)</b>				
Mandatory	(25,176)	(25,295)	(9,103)	(6,044)
Non-mandatory	(34,047)	(20,282)	16,660	17,162
<b>TOTAL TRANSFERS</b>	<u>(59,223)</u>	<u>(45,577)</u>	<u>7,557</u>	<u>11,118</u>
<b>NET INCREASE FOR THE YEAR</b>	<u>22,051</u>	<u>69,242</u>	<u>18,353</u>	<u>7,648</u>
<b>FUND EQUITY, BEGINNING OF YEAR</b>	<u>280,314</u>	<u>211,072</u>	<u>106,169</u>	<u>98,521</u>
<b>FUND EQUITY, END OF THE YEAR</b>	<u>\$ 302,365</u>	<u>\$ 280,314</u>	<u>\$ 124,522</u>	<u>\$ 106,169</u>

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

LOAN		ENDOWMENT AND ANNUITY		PLANT	
1999	1998	1999	1998	1999	1998
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	63,068	66,211
78	137	-	-	-	203
-	-	-	-	-	27
-	-	-	-	-	-
29	8	39,619	34,561	10,446	10,343
419	388	611	201	4,995	3,490
-	-	121,744	134,384	24	(46)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,619	2,468	-	-	-	-
-	-	-	-	276,881	258,294
-	-	-	-	24,358	19,477
<u>3,145</u>	<u>3,001</u>	<u>161,974</u>	<u>169,146</u>	<u>379,772</u>	<u>357,999</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,116	1,089	-	-	-	-
-	-	-	-	-	-
-	-	-	-	229	190
300	230	-	-	-	-
-	-	479	437	-	-
-	-	-	-	203,960	217,656
-	-	-	-	34,925	29,550
-	-	-	-	38,584	53,720
<u>1,416</u>	<u>1,319</u>	<u>479</u>	<u>437</u>	<u>277,698</u>	<u>301,116</u>
12	16	-	-	34,267	31,323
(40)	-	(10,229)	(6,616)	27,656	9,736
<u>(28)</u>	<u>16</u>	<u>(10,229)</u>	<u>(6,616)</u>	<u>61,923</u>	<u>41,059</u>
<u>1,701</u>	<u>1,698</u>	<u>151,266</u>	<u>162,093</u>	<u>163,997</u>	<u>97,942</u>
<u>64,592</u>	<u>62,894</u>	<u>917,267</u>	<u>755,174</u>	<u>2,302,130</u>	<u>2,204,188</u>
<u>\$ 66,293</u>	<u>\$ 64,592</u>	<u>\$ 1,068,533</u>	<u>\$ 917,267</u>	<u>\$ 2,466,127</u>	<u>\$ 2,302,130</u>



**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES****Organization**

The Ohio State University is a land grant institution created in 1870 by the Ohio General Assembly under provisions of the Morrill Act. The University is one of several state-supported universities in Ohio. It is declared by statute to be a body politic and corporate and an instrumentality of the State. The University is governed by a nine member Board of Trustees which is granted authority under Ohio law to do all things necessary for the proper maintenance and continual successful operation of the University. The Trustees are appointed for staggered nine year terms by the Governor with the advice and consent of the State Senate. In addition, two non-voting student members are appointed to the Board of Trustees for staggered two year terms.

**Basis of Presentation**

The accompanying financial statements present the accounts of the following entities:

The Ohio State University and its hospitals and clinics;  
The Ohio State University Foundation, a not-for-profit organization operating exclusively for the benefit of The Ohio State University;

Two separate statutory entities for which the University has special responsibility

- Ohio Agricultural Research and Development Center
- Ohio Supercomputer Center


Eight legally independent corporations engaged in activities related to the University

- The Ohio State University Research Foundation
- The Ohio State University Student Loan Foundation, Inc.
- Transportation Research Center of Ohio, Inc.
- Campus Partners for Community Urban Redevelopment, Inc.
- University Affiliates, Inc.
- Reading Recovery and Early Literacy, Inc.
- Ohio State University Retirees Association
- OSU Managed Health Care Systems, Inc.

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

**Basis of Accounting**

The financial statements of the University have been prepared on the accrual basis in accordance with generally accepted accounting principles for state-assisted colleges and universities. Depreciation is not recognized for plant and equipment as it is not required for state-supported universities. The Statement of Revenues, Expenditures and Changes in



Fund Equities represents the financial activities of funds related to the current reporting period.

### **Management Estimates**

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

### **Fund Accounting**

Resources are classified for accounting and reporting purposes into funds that reflect the specific activities, objectives or restrictions of the resources. Separate accounts are maintained within each fund.

In the accompanying financial statements, funds that have similar characteristics are combined into fund groups, and all financial transactions have been recorded and reported by fund group. Fund equities restricted by outside sources are so indicated and are distinguished from unrestricted funds.

### **Description of Funds**

Each of the following fund groups is a self-balancing set of accounts:

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

Educational and general purposes include instruction, research, public service, academic support, student services, institutional support, scholarships, fellowships, and operation and maintenance of plant facilities.

Auxiliary enterprises are those activities designed to be substantially self-supporting. These activities primarily provide services for students, faculty and staff. Auxiliary enterprises include, but are not limited to, residence halls, food services, bookstores and intercollegiate athletics.

The Board of Trustees has responsibility for all the University's financial affairs and assets. The University operates largely on a decentralized basis by delegating this authority to its academic and support departments. The Board must approve the annual budgets for unrestricted academic and support functions, departmental earnings operations and restricted funds operations, but these budgets are managed at the department level. The

balances resulting from these operations are used by the individual departments to support working capital needs, fund related academic programs and internally sponsored research, and provide for unanticipated shortfalls in revenues and deviations in enrollment.

*Loan Funds* include resources available for loans to students. These funds are primarily composed of federal Perkins loans. As these loans are repaid, the principal and accumulated interest are available for further student loans.

*Endowment and Similar Funds* include endowment funds and quasi-endowment funds. Characteristics of these funds are as follows:

***Endowment Funds***

Principal is not expendable per donor's or external agency's instructions. Investment income may be expended or added to principal.

***Quasi-Endowment Funds***

Funds are University designated to be retained and invested. Principal and income may be utilized at discretion of Board of Trustees subject to any donor-imposed restrictions on use.

For all types of endowment funds, the principal includes the original gift value of the endowment, subsequent additions, reinvestments of income, and realized gains/losses resulting from invasions of endowment principal.

*Annuity and Life Income Funds* consist primarily of life income funds which are resources acquired by the University provided that periodic income be paid during the lifetime of the income beneficiary per the donor's instructions.

*Plant Funds* consist of four self-balancing sub-groups whose characteristics are as follows:

***Unexpended Funds***

Resources are derived from various sources to finance the acquisition of long-life assets.

***Renewals and Replacements Funds***

Resources are set aside for future renewal and replacement of current assets. The University maintains a program of regularly estimating future requirements for major maintenance and renovation of buildings and equipment. The cost of meeting those requirements is provided through regular transfers from current operating funds to funds reserved for renewals and replacements of plant.

For the year ended June 30, 1999, non-capitalized expenditures for plant facilities for the Unexpended and Renewals and Replacements funds are \$7,104.

***Retirement of Indebtedness Funds***

Resources are specifically accumulated for payment of principal and interest on debt incurred in connection with the acquisition of properties.

***Investment in Plant Funds***

All long-life assets in the service of the University and construction in progress are accounted for in this fund. Physical properties, which include land, buildings, improvements, equipment and library books, are principally stated at cost. In accordance with generally accepted accounting principles for state-assisted colleges and universities, depreciation is not provided.

To the extent current funds are used to finance plant assets, the amounts are accounted for during the year ended June 30, 1999 as (a) expenditures of current funds and additions to property and equipment in the plant fund of \$76,021, (b) mandatory transfers in the case of required provisions for debt amortization and interest, and (c) transfers of a non-mandatory nature in other cases, principally provisions for renewals and replacements.

*Agency Funds* include resources held by the University on behalf of others in the capacity of custodian or fiscal agent. Resources owned by academic or scholarly journals but managed by faculty who serve as the publications' editors are one type of agency fund.

**Cash and Investments**

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, and savings accounts.

Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The weighted average method is used for purposes of determining gains and losses on the sale of investments. The specific identification method is used for purposes of determining gains and losses on the sale of gifted securities.

Investment in real estate is carried at cost, if purchased, or appraised value at the date of the gift. The carrying and market values of real estate at June 30, 1999 are \$32,041 and \$57,614 respectively.

Investment income is recognized on an accrual basis. Interest and dividend income is recorded when earned.



## **Inventories**

The University's inventories, which consist principally of the bookstores, central food stores and general stores, are valued at the lower of moving average cost or market. The inventories of the hospitals, which consist principally of pharmaceuticals and operating supplies, are valued at cost on a first-in, first-out basis.

## **Deferred Credits**

Deferred credits in the current unrestricted fund primarily consist of receipts relating to tuition, room, board, and athletic events received in advance of the services to be provided. Tuition and fees relating to the summer academic quarter are recorded as revenue in the following fiscal year. The University will recognize unrestricted revenue to the extent these services are provided over the coming fiscal year.

## **Gifts and Pledges**

The University does not report pledges in the financial statements until the gifts are collected. The University's gift records indicate that approximately \$110,088 in pledges are outstanding at June 30, 1999. Since those pledges are often payable either at the discretion of the donors or through their estates, neither the realizable value nor the period of collection can be determined prior to actual receipt.

## **Government Grants and Contracts**

Government grants and contracts normally provide for the recovery of direct and indirect costs and are subject to audit by the appropriate government agency. Federal funds are subject to an annual OMB Circular A-133 audit. The University recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to three years.

## **Hospital Revenue**

Revenue received under third-party cost reimbursement agreements (primarily the federal Medicare and Medicaid programs) are subject to examination and retroactive adjustments by the agencies administering the programs. In the normal course of business, the hospitals contest certain issues resulting from examination of prior years' reimbursement reports. The accompanying financial statements include provisions for estimated retroactive adjustments arising from such examinations and contested issues. The hospitals recognize settlements of protested adjustments or appeals upon resolution of the matters.

## **Newly Issued Accounting Pronouncements**

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

accounting and financial reporting standards for nonexchange transactions involving financial or capital resources.

Effective July 1, 2001, the University will adopt GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as a component of the State of Ohio. In general, GASB No. 34 establishes a new financial reporting model for state and local governments. Currently, GASB No. 34 is not applicable to separately issued financial statements of public colleges and universities. However, GASB has proposed that Statement No. 34 be amended to include these separately issued financial statements as well.

The provisions of these Statements, which are effective for fiscal years beginning after June 15, 2000 and 2001, respectively, will be reflected in the University's financial reports for the years ended June 30, 2001 and June 30, 2002. University management has not yet determined the impact that implementation of GASB Nos. 33 and 34 will have on the University's financial statements.

#### **Other**

The University is exempt from income taxes as a non-profit organization under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

The financial information for the year ended June 30, 1998 has been presented for comparative purposes only and is not intended to be a complete presentation in accordance with generally accepted accounting principles. Certain reclassifications have been made to the 1998 comparative information to conform with the 1999 presentation.

#### **NOTE 2 — ACCOUNTS AND NOTES RECEIVABLE**

Accounts receivable at June 30, 1999 are net of allowances for doubtful accounts in current unrestricted and current restricted funds of \$83,116 and \$955, respectively.

Notes receivable at June 30, 1999 consist primarily of Perkins Loans and are net of an allowance for doubtful accounts of \$6,300. The fund equities related to this and other federal loan programs principally represent advances which are ultimately refundable to the federal government.

#### **NOTE 3 — CASH AND INVESTMENTS**

At June 30, 1999, the carrying amount of the University's cash and cash equivalents for all funds is \$61,633 as compared to bank balances of \$111,113. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of

the bank balances, \$1,799 is covered by federal deposit insurance and \$109,314 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

The University's investment policy authorizes the University to invest non-endowment funds in the following investments:

- Obligations of the US Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds and mutual fund pools
- Money market funds

The University's investment policy authorizes the University to invest endowment funds in the following investments:

- Obligations of the US Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- Certificates of deposit (domestic and eurodollar)
- Repurchase agreements
- Mutual funds
- Commercial paper
- Banker's acceptances
- Corporate bonds and notes
- Common and preferred stock
- Real estate
- Guaranteed investment contracts
- Collateralized mortgage obligations
- Asset-backed securities

Statement No. 3 of the Governmental Accounting Standards Board requires government entities to categorize investments to give an indication of the level of risk assumed by the entity at year end. These categories of risk are summarized below.

*Category 1* Insured or registered investments held by the University or its agent in the name of the University.

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

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

The values of investments at June 30, 1999 are as follows:

US Government securities	\$570,293
Common stocks	895,551
Corporate bonds	43,284
Real estate	32,041
Money market - deposit with trustee	2,848
Mutual funds	45,928
Other	<u>11,935</u>
Total Investments	<u>\$1,601,880</u>

The US Government securities are invested through trust agreements with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University (Category 2). Common stocks, corporate bonds, money market instruments, mutual funds and other investments are invested through trust agreements with banks who keep the investments in their safekeeping accounts at the Depository Trust Company, Bank One or National City Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University (Category 2).

Approximately \$468,333 of the investments are accounted for on a pooled basis and are recorded in the unrestricted educational and general fund. A portion of these investments is due to other fund groups and is reflected on the interfund accounts line of the balance sheet.

Approximately \$1,037,182 of the investments are accounted for on a pooled basis and are recorded in the endowment and annuity funds. The University employs the share method of accounting for pooled investments and for proportionate distribution of income to each fund which participates in the pool and reflects the ownership of such shares through the use of the interfund accounts. Based on this method, undistributed gains of \$22,307 from prior years were transferred from the endowment fund to current restricted funds.

Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the year ended June 30, 1999, the University realized a net gain of \$73,300 from the sale of investments. The calculation of realized gains is independent of the net appreciation in the fair value of investments held at year-end. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year includes the net appreciation (depreciation) of these investments reported in the prior year. The net appreciation in the fair value of investments during the year ended June 30, 1999, was \$122,068. This amount includes all changes in



fair value, both realized and unrealized, that occurred during the year. The unrealized appreciation during the year on investments held at year-end was \$48,768.

The components of the net appreciation of investments by fund group are as follows:

	Realized Gains/ Losses On Sale of Investments	Unrealized Appreciation/ (Depreciation)	Net Appreciation/ (Depreciation) in Market Value of Investments
Unrestricted E&G	\$ -	\$ -	\$ -
Hospitals	-	-	-
Restricted	-	300	300
Endowment	73,497	48,527	122,024
Annuity	(203)	(77)	(280)
Renewals and Replacements	-	18	18
Retirement of Indebtedness	6	-	6
Total 1999	<u>\$73,300</u>	<u>\$48,768</u>	<u>\$122,068</u>
Total 1998	<u>\$76,109</u>	<u>\$58,638</u>	<u>\$134,747</u>

#### NOTE 4 — INVESTMENT IN PLANT

Investment in plant at June 30, 1999 is composed of the following assets:

Land	\$34,722
Improvements other than buildings	147,771
Buildings and fixed equipment	1,474,648
Movable equipment and furniture	708,630
Library books	131,121
Construction in progress	193,727
Total	<u>\$2,690,619</u>

#### NOTE 5 — LONG-TERM OBLIGATIONS

The University may finance the construction, renovation and acquisition of certain facilities through the issuance of debt obligations which may include general receipts bonds, certificates of participation, commercial paper, capital lease obligations and other borrowings.

## Bonds and Notes Payable

Bonds and notes payable at June 30, 1999 consist of the following:

	<u>Interest Rate</u>	<u>Amount</u>
Commercial Paper	2.4%-3.4%	\$91,000
Ohio Board of Regents Note, due through 2006	0.00%	1,488
Ohio Board of Regents Note, due through 2001	0.00%	230
Ohio Department of Development, due through 2004	4.115%	750
Capital One Funding Corporation, due through 2014	5.7%	3,149
General Receipts Bonds:		
Series 1985B, due serially through 2002	Variable	2,800
Series 1986B, due serially through 2007	Variable	27,200
Series 1992A1, due serially through 2012	4.55%-5.88%	41,490
Series 1992A2, due serially through 2009	4.55%-5.75%	45,805
Series 1997, due serially through 2027	Variable	<u>74,340</u>
Total		<u>\$288,252</u>

General receipts bonds are backed by the unrestricted receipts of the University, excluding certain items as described in the bond indentures.

The bond indentures provide for mandatory reserves of \$5,579 for future payment of principal and interest. At June 30, 1999, the University is in compliance with these requirements. In addition, the University has set aside \$39,578 for future debt service which is included in unrestricted fund equities within the plant fund.

In prior years, the University defeased various bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The defeased bonds are as follows:

	<u>Amount Defeased</u>	<u>Amount Outstanding at June 30, 1999</u>
Revenue Bonds:		
Series A, C, E and I	\$5,951	\$3,655
Fixed Rate General Receipts Bonds:		
Series 1990	92,710	-
General Receipts Bonds:		
Series 1981 and 1983	<u>28,080</u>	<u>950</u>
Total	<u>\$126,741</u>	<u>\$4,605</u>

Neither the outstanding indebtedness nor the related trust account assets for the above bonds are included in the University's financial statements.

Series 1985B, 1986B, and 1997 variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 1999 are as follows:

Series:	<u>Interest Rate Not to Exceed</u>	<u>Effective Average Interest Rate</u>
1985B	15%	4.07%
1986B	15%	4.02%
1997	12%	3.20%

At the discretion of the University, the interest rate on the bonds can be converted to a fixed rate. The bonds may be redeemed by the University or sold by the bondholders to a remarketing agent appointed by the University at any time prior to conversion to a fixed rate at a price equal to the principal amount plus accrued interest. For the 1985B and 1986B bonds, a standby bond purchase agreement provides backup support in the event of a failed remarketing. For the 1997 bonds, the University will provide backup support in the event of a failed remarketing. In connection with the issuance of the bonds and the execution of the previously mentioned agreements, the University has agreed to certain restrictive covenants.

Total interest expense incurred on indebtedness for the year ended June 30, 1999 is \$10,051 and is reflected in the total retirement of indebtedness fund deduction of \$34,925. Interest of \$4,004 was capitalized in the investment in plant fund.

Transportation Research Center of Ohio, Inc. (TRC) entered into a promissory note agreement (Note) for \$3.2 million with Capital One Funding Corporation in January, 1999. The Note bears interest at a floating rate which is adjusted weekly by the lender. The lender financed the note from proceeds received from the sale of the lender's Floating Rate Option Notes, which are secured by a \$3.2 million letter of credit. TRC simultaneously entered into a reimbursement agreement with the bank that issued the letter of credit (LOC). TRC is required to make monthly principal and interest payments into a sinking fund account through 2014. The sinking fund is owned by TRC, but in order to secure the payment of the amounts due under the reimbursement agreement, TRC assigned its interest in certain assets to the issuer of the LOC. In 1999, TRC also entered into an interest rate swap agreement with a bank for \$3.2 million to mitigate potential interest rate fluctuations on the variable rate long-term debt.

### **Commercial Paper**

The University established a \$120,000 tax-exempt commercial paper program during fiscal year 1999. The General Receipts Commercial Paper Notes (the "Notes") are limited obligations of the University secured by a pledge of the General Receipts of the University. The Notes are not debts or bonded indebtedness of the State of Ohio and are not general obligations of the State of Ohio or the University, and neither the full faith and credit of the

State of Ohio nor the University are pledged to the payment of the Notes. The Notes have been issued to provide for interim financing of various projects approved by the Ohio Board of Regents.

The term of each Note is established at the time of issuance, but may not exceed 270 days and may not mature after January 15, 2000. It is the University's intention to roll each maturity into new Notes as they mature and to issue additional Notes as project expenditures are incurred. It is the University's intention ultimately to roll the Notes into permanent tax exempt bonds.

Commercial paper outstanding as of June 30, 1999 and the average interest rates are as follows:

Series:	Amount Outstanding	Average Interest Rate
A	\$62,000	3.102%
B	\$29,000	3.839%

#### Capital Leases

Computer equipment and the facilities for child care, stores/receiving and ATI residence hall are financed as capital leases. The original cost and lease obligations related to these capital leases as of June 30, 1999 are \$26,658 and \$20,956 respectively.

#### Debt and Lease Obligations

Obligations outstanding at June 30, 1999 are as follows (capital leases include principal and interest):

Year Ending June 30,	Bonds, Notes	Commercia l Paper	Capital Leases
2000	\$21,058	\$91,000	\$3,844
2001	20,173	-	4,154
2002	20,945	-	3,225
2003	16,093	-	3,244
2004	13,644	-	2,243
2005 and thereafter	<u>105,339</u>	-	<u>10,386</u>
Total future debt service	197,252	91,000	27,096
Less: interest	-	-	<u>(6,140)</u>
Principal portion of future payments	<u>\$197,252</u>	<u>\$91,000</u>	<u>\$20,956</u>

#### NOTE 6 — OPERATING LEASES

The University leases various buildings, office space, and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the balance

sheet. The total rental expense under these agreements was \$11,457 for the year ended June 30, 1999.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 1999 are as follows:

Year Ending June 30,	
2000	\$8,431
2001	6,368
2002	5,150
2003	1,423
2004	1,230
2005 and thereafter	<u>6,704</u>
Total minimum lease payments	<u>\$29,306</u>

#### **NOTE 7 — ENDOWMENT AND ANNUITY FUNDS**

The fund equities comprising the endowment and annuity funds at June 30, 1999 are as follows:

Endowments	\$827,781
Quasi-endowments	236,615
Annuity	<u>4,137</u>
Total	<u>\$1,068,533</u>

#### **NOTE 8 — STATE SUPPORT**

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

The State also provides line-item appropriations which partially support the current operations of various activities which include clinical teaching expenditures incurred at The Ohio State University Hospitals and other health sciences teaching facilities, The Ohio State University Extension, The Ohio Agricultural Research and Development Center, and the Center for Labor Research.

In addition to current operating support, the State of Ohio provides the funding for and constructs major plant facilities on the University's campuses. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC) which, in turn, initiates the construction and subsequent lease of the facility by the Ohio Board of Regents.

Such facilities are reflected as buildings or construction in progress in the accompanying balance sheet. The state appropriations for these facilities are recognized as fund additions in the plant funds of the financial statements when expended by the state. Neither the obligations for the revenue bonds issued by OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the University's financial statements. Debt service is funded through appropriations to the Ohio Board of Regents by the General Assembly.

These facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund and future payments to be received by such fund, which is established in the custody of the Treasurer of State.

**NOTE 9 — CURRENT FUNDS REVENUES AND EXPENDITURES**

Unrestricted revenues and other additions are considered revenue when earned. Restricted revenues and other additions are considered revenue when earned by satisfying the requirements for expenditure.

The current funds restricted revenues earned through expenditure for the year ended June 30, 1999 are as follows:

State appropriations	\$80,762
Federal support	139,480
Other state support	24,612
Local support	18,226
Private support	140,124
Endowment and investment income and realized gains	<u>23,958</u>
Total	<u>\$427,162</u>

Current funds expenditures for the year ended June 30, 1999 are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>
Educational and general:		
Instructional and departmental research	\$402,938	\$73,399
Separately budgeted research	27,580	185,951
Public service	15,695	76,479
Academic support	81,548	11,087
Student services	45,056	1,079
Institutional support	78,756	7,576
Operation and maintenance of plant	51,223	6,624
Scholarships and fellowships	<u>39,060</u>	<u>43,009</u>
Total educational and general	741,856	405,204
Auxiliary enterprises	122,187	10,766
Hospitals	<u>471,007</u>	<u>11,192</u>
Total	<u>\$1,335,050</u>	<u>\$427,162</u>

#### **NOTE 10 — RETIREMENT PLANS**

During fiscal year 1997, the Ohio General Assembly enacted legislation that authorized the creation of an Alternative Retirement Plan (ARP) for certain employees of Ohio public universities and colleges. The University's Board of Trustees approved the ARP on February 5, 1999. ARP adds a defined contribution pension plan to the existing defined benefit pension plans currently available to University employees. Employees meeting certain criteria were allowed during fiscal year 1999 to elect participation in ARP in lieu of the existing defined benefit plans.

##### **Defined Benefit Plans**

The University faculty is covered by the State Teachers Retirement System of Ohio (STRS). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (PERS). These retirement programs are statewide cost-sharing multiple-employer defined benefit pension plans. STRS and PERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute. Both STRS and PERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

STRS  
275 East Broad Street  
Columbus, OH 43215-3771  
(614) 227-4090

PERS  
277 East Town Street  
Columbus, OH 43215-4642  
(614) 466-2085  
(800) 222-PERS (7377)

In addition to the retirement benefits described above, STRS and PERS provide postemployment health care benefits.

PERS currently provides postemployment health care benefits to retirees with ten or more years of qualifying service credit and to primary survivors of those retirees. PERS determines the amount, if any, of the associated health care costs that will be absorbed by PERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of PERS is included in the employer contribution rate. For the fiscal year ended December 31, 1998, PERS allocated 4.2% (4.2% for law enforcement) of the employer contribution rate to fund the health care program for retirees. The contributions allocated to retiree health benefits, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

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

PERS expenditures for postemployment benefits during 1998 were \$440.6 million. The unaudited estimated net assets available for these benefits at December 31, 1998 were \$9.4 billion. There were 115,579 benefit recipients eligible for postemployment benefits at that date.

STRS currently provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare premiums. Pursuant to ORC, STRS has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS are included in the employer contribution rate. For the fiscal year ended June 30, 1998, STRS allocated employer contributions equal to 3.5% of covered payroll to a Health Care Reserve Fund (HCRF) from which payments for health care benefits are paid. The balance in the HCRF was \$2.16 billion at June 30, 1998. For the fiscal year ended June 30, 1999, STRS allocated employer contributions equal to 8.0% of covered payroll to the HCRF.

STRS expenditures for postemployment benefits during the year ended June 30, 1998 were \$219 million. There were 91,999 benefit recipients eligible for postemployment benefits at that date.

#### **Defined Contribution Plan**

The Alternative Retirement Plan (ARP) is a defined contribution pension plan. Full-time administrative and professional staff and faculty with less than five years of service (those not vested in the existing defined benefit plans) as of ARP's implementation date were



allowed to choose enrollment in ARP. Classified civil service employees are not eligible to participate in ARP. For those employees selecting participation in ARP, prior employee contributions to STRS and PERS were transferred from those plans and invested in individual accounts established with selected external providers.

ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

### Funding Policy

ORC provides STRS and PERS statutory authority to set employee and employer contributions. Contributions equal to those required by STRS and PERS are required for ARP. For employees enrolling in ARP, ORC requires a portion (which may be revised pursuant to periodic actuarial studies) of the employer contribution be contributed to STRS and PERS to enhance the stability of those plans. The required contribution rates (as a percentage of covered payroll) for plan members and the University are as follows:

	STRS	PERS	ARP
Faculty:			
Plan Member	9.3%		9.3%
University	14.0%		14.0%*
Staff:			
Plan Member		8.5%	8.5%
University		13.31%	13.31%*
Law Enforcement Staff:			
Plan Member		9.0%	9.0%
University		16.7%	16.7%*

\* Employer contributions include 6.0% paid to STRS or PERS.  
The remaining amount is credited to employee's ARP account.

The University's contributions, which represent 100% of required employer contributions, for the year ended June 30, 1999 and for each of the two preceding years are as follows:

Year Ended June 30,	STRS Annual Required Contribution	PERS Annual Required Contribution	ARP Annual Required Contribution
1997	\$33,800	\$59,216	\$ -
1998	\$35,307	\$62,697	\$ -
1999	\$36,364	\$64,204	\$1,274

**NOTE 11 — COMPENSATED ABSENCES**

University employees earn vacation and sick leave on a monthly basis.

Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the University with ten or more years of service with the State. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

The University accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the "termination payment method" which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*. Under the termination method, the University calculates a ratio, Sick Leave Termination Cost per Year Worked, that is based on the University's actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current employees.

The liability for the cost of vacation and sick leave benefits is approximately \$49,537 as of June 30, 1999.

**NOTE 12 — CAPITAL PROJECT COMMITMENTS**

At June 30, 1999, the University is committed to future contractual obligations for capital expenditures of approximately \$135,171.

These projects are funded by the following sources:

State appropriations	\$35,972
Internal and other sources	<u>99,199</u>
Total	<u>\$135,171</u>

**NOTE 13 — SELF-INSURANCE PROGRAMS**

The Hospitals have established a trustee self-insurance fund for professional liability claims. The estimated liability and the related contributions to the fund are based upon an independent actuarial determination as of June 30, 1999.

The Hospitals' estimate of professional malpractice liability includes provisions for known claims and actuarially determined estimates of incurred but not reported claims and incidents. This liability at June 30, 1999 of the anticipated future payments on gross claims is estimated at its present value of \$13,604 discounted at an estimated rate of 6.0%.

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of \$23,274 are in excess of the recorded liability at June 30, 1999, and the excess of \$9,670 is included in the Hospitals' fund equity.

The University is also self-insured with a stop-loss ceiling of \$75,374 for employee health insurance. As of June 30, 1999, \$9,000 is recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

Changes in the reported liabilities since June 30, 1997 result from the following activities:

	Malpractice		Health	
	1999	1998	1999	1998
Liability at Beginning of Fiscal Year	\$13,262	\$12,198	\$8,948	\$9,091
Current Year Claims, Changes in Estimates	416	1,302	52,157	53,134
Claim Payments	<u>(74)</u>	<u>(238)</u>	<u>(52,105)</u>	<u>(53,277)</u>
Balance at Fiscal Year End	<u>\$13,604</u>	<u>\$13,262</u>	<u>\$ 9,000</u>	<u>\$ 8,948</u>

#### **NOTE 14 — CONTINGENCIES**

The University is a party in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the University's financial position.

#### **NOTE 15 — FUNDS HELD IN TRUST BY OTHERS**

The University is the beneficiary of and annually receives income from funds held in trust by other trustees. These funds are administered by outside trustees and are neither in the possession nor under the control of the University. The principal amount of these funds is not determinable at the present time.



**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION**

To the Board of Trustees of  
The Ohio State University  
Columbus, Ohio

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the University's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Deloitte & Touche LLP*

October 4, 1999

## Supplemental Information

### THE OHIO STATE UNIVERSITY BALANCE SHEET

June 30, 1999

#### ASSETS

##### **CURRENT FUNDS**

###### **Unrestricted:**

###### Educational and general:

Cash and cash equivalents	\$	2,336,081
Real estate - at cost or contributed value		287,500
Investments		468,332,948
Accrued interest receivable		5,166,451
Accounts receivable, less allowance of \$4,749,413		34,180,287
Due from plant unexpended funds		19,249,630
Inventories		9,056,240
Prepaid expenses and deferred charges		<u>22,385,245</u>

Total educational and general \$ 560,994,382

###### **Auxiliary enterprises:**

Cash and cash equivalents	\$	250,111
Accounts receivable, less allowance of \$1,132,733		3,896,533
Due from unrestricted educational and general funds		31,988,810
Inventories		4,123,587
Prepaid expenses and deferred charges		<u>139,604</u>

Total auxiliary enterprises \$ 40,398,645

###### **Hospitals:**

Cash and cash equivalents	\$	12,505,703
Investments		21,869,650
Accounts receivable, less allowance of \$77,233,559		143,394,014
Due from unrestricted educational and general funds		18,653,122
Due from restricted funds		46,375
Inventories		7,014,458
Prepaid expenses and deferred charges		<u>2,039,360</u>

Total hospitals \$ 205,522,682

Total unrestricted \$ 806,915,709

**LIABILITIES AND FUND EQUITIES**

**CURRENT FUNDS**

**Unrestricted:**

Educational and general:

Accounts payable	\$	38,181,709
Accrued liabilities		77,621,163
Due to unrestricted auxiliary funds		31,988,810
Due to unrestricted hospital funds		18,653,122
Due to restricted funds		83,657,492
Due to loan funds		49,891
Due to plant renewal and replacement funds		27,098,327
Due to plant retirement of indebtedness funds		64,959,134
Deposits		936,185
Deferred credits		45,552,097
Deposits held in custody for others		790,040
Fund equities		<u>171,506,412</u>

Total educational and general \$ 560,994,382

**Auxiliary enterprises:**

Accounts payable	\$	2,820,156
Accrued liabilities		4,654,949
Deposits		845,790
Deferred credits		24,596,666
Due to plant unexpended		123,364
Due to plant renewals and replacements funds		308,060
Due to plant retirement of indebtedness funds		1,505,476
Fund equities		<u>5,544,184</u>

Total auxiliary enterprises \$ 40,398,645

**Hospitals:**

Accounts payable	\$	27,669,248
Accrued liabilities		52,539,358
Fund equities		<u>125,314,076</u>

Total hospitals \$ 205,522,682

Total unrestricted \$ 806,915,709

**THE OHIO STATE UNIVERSITY  
BALANCE SHEET, Continued**

**June 30, 1999**

**ASSETS**

**CURRENT FUNDS, Continued**

**Restricted:**

Cash and cash equivalents	\$	7,892,592
Real estate		40,000
Investments		20,434,088
Accrued interest receivable		3,211,971
Accounts receivable, less allowance of \$954,967		59,196,533
State and federal receivables		2,850,456
Due from unrestricted educational and general funds		83,657,492
Due from endowment and similar funds		4,373,629
Inventories		9,087
Prepaid expenses and deferred charges		705,151
Total restricted	\$	<u>182,370,999</u>
Total current funds	\$	<u><u>989,286,708</u></u>

**LOAN FUNDS**

Cash and cash equivalents	\$	3,626,176
Accrued interest receivable		5,804,345
Due from unrestricted educational and general funds		49,891
Notes receivable, less allowance of \$6,300,000		<u>56,812,812</u>
Total loan funds	\$	<u><u>66,293,224</u></u>

**LIABILITIES AND FUND EQUITIES**

**CURRENT FUNDS, Continued**

**Restricted:**

Accounts payable	\$	6,028,529
Accrued liabilities		33,520,977
Advances - sponsored programs		18,252,991
Due to unrestricted hospitals funds		46,375
Fund equities		<u>124,522,127</u>

Total restricted \$ 182,370,999

Total current funds \$ 989,286,708

**LOAN FUNDS**

Fund equities:

U.S. Government loan fund grants:

Perkins loan	\$	35,238,222
Other federal		20,054,125

University funds:

Unrestricted		2,210,855
Restricted		<u>8,790,022</u>

Total loan funds \$ 66,293,224



**THE OHIO STATE UNIVERSITY  
BALANCE SHEET, Continued**

**June 30, 1999**

**ASSETS**

**ENDOWMENT AND SIMILAR FUNDS**

Cash and cash equivalents	\$	32,573,661
Real estate - at cost or contributed value		31,713,232
Investments		<u>1,041,259,920</u>

Total endowment and similar funds	\$	<u><u>1,105,546,813</u></u>
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**ANNUITY AND LIFE INCOME FUNDS**

Cash	\$	993,709
Investments		<u>6,396,595</u>

Total annuity and life income funds	\$	<u><u>7,390,304</u></u>
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**PLANT FUNDS**

**Unexpended:**

Deposits with trustees	\$	2,106,648
Due from unrestricted auxiliary funds		<u>123,364</u>

Total unexpended	\$	<u><u>2,230,012</u></u>
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## LIABILITIES AND FUND EQUITIES

### ENDOWMENT AND SIMILAR FUNDS

Accrued liabilities	\$	19,979,946
Due to restricted funds		4,373,629
Due to plant retirement of indebtedness funds		8,733,360
Deposits held in custody for others		8,063,909
Fund equities:		
Unrestricted quasi-endowment		66,363,228
Restricted quasi-endowment		170,252,011
Restricted endowment		827,780,730
Total endowment and similar funds	\$	<u>1,105,546,813</u>

### ANNUITY AND LIFE INCOME FUNDS

Accrued liabilities	\$	3,253,260
Fund equities:		
Restricted		<u>4,137,044</u>
Total annuity and life income funds	\$	<u>7,390,304</u>

### PLANT FUNDS

#### Unexpended:

Lease obligations payable	\$	947,931
Bonds payable		2,231,868
Due to unrestricted educational and general funds		19,249,630
Due to plant retirement of indebtedness funds		1,273,739
Due to investment in plant funds		5,043,282
Fund equities:		
Unrestricted		<u>(26,516,438)</u>
Total unexpended	\$	<u>2,230,012</u>

**THE OHIO STATE UNIVERSITY  
BALANCE SHEET, Continued**

**June 30, 1999**

**ASSETS**

**PLANT FUNDS, Continued**

**Renewals and replacements:**

Investments	\$	517,636
Accounts receivable, less allowance of \$0		735,551
Due from unrestricted educational and general funds		27,098,327
Due from unrestricted auxiliary funds		<u>308,060</u>
Total renewals and replacements	\$	<u>28,659,574</u>

**Retirement of indebtedness:**

Deposits with trustees	\$	8,920,311
Accounts receivable, gross		413,750
Due from unrestricted educational and general funds		64,959,134
Due from unrestricted auxiliary funds		1,505,476
Due from endowment and similar funds		8,733,360
Due from unexpended plant		1,273,739
Due from renewals and replacements funds		672,964
Prepaid expenses and deferred charges		<u>1,434,118</u>
Total retirement of indebtedness	\$	<u>87,912,852</u>

**Investment in plant:**

Due from plant unexpended funds	\$	5,043,282
Due from renewals and replacements funds		4,144,714
Land		34,721,844
Improvements other than buildings		147,770,777
Buildings and fixed equipment		1,474,648,242
Movable equipment, furniture, library books		839,751,511
Construction in progress		<u>193,726,947</u>
Total investment in plant	\$	<u>2,699,807,317</u>
Total plant funds	\$	<u>2,818,609,755</u>

**AGENCY FUNDS**

Cash and cash equivalents	\$	1,454,138
Accounts receivable, gross		<u>880,183</u>
Total agency funds	\$	<u>2,334,321</u>

**LIABILITIES AND FUND EQUITIES**

**PLANT FUNDS, Continued**

**Renewals and replacements:**

Accounts payable	\$ 2,974,479
Due to plant retirement of indebtedness funds	672,964
Due to investment in plant funds	4,144,714
Fund equities:	
Unrestricted	20,867,417
Total renewals and replacements	<u>\$ 28,659,574</u>

**Retirement of indebtedness:**

Accrued interest	\$ 727,672
Fund equities:	
Unrestricted	39,578,032
Restricted	<u>47,607,148</u>

Total retirement of indebtedness \$ 87,912,852

**Investment in plant:**

Accounts payable	\$ 9,187,996
Notes payable	96,616,678
Lease obligations payable	20,008,544
Bonds payable	189,403,132
Net investment in plant	<u>2,384,590,967</u>

Total investment in plant \$ 2,699,807,317

Total plant funds \$ 2,818,609,755

**AGENCY FUNDS**

Accounts payable	\$ 233,736
Deposits held in custody for others	<u>2,100,585</u>
Total agency funds	<u>\$ 2,334,321</u>

**THE OHIO STATE UNIVERSITY**  
**STATEMENT OF CHANGES IN FUND EQUITIES**

Year Ended June 30, 1999

	UNRESTRICTED CURRENT FUNDS			
	Educational and General	Auxiliary Enterprises	Hospitals	Total Unrestricted
<b>REVENUES AND OTHER ADDITIONS</b>				
Unrestricted current funds revenues	\$ 784,459,245	\$ 137,682,085	\$ 494,182,319	\$ 1,416,323,649
State appropriations	-	-	-	-
Federal appropriations	-	-	-	-
Local appropriations	-	-	-	-
Federal grants and contracts	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Private grants and contracts	-	-	-	-
Endowment income	-	-	-	-
Investment income	-	-	-	-
Interest and penalties on loans receivable	-	-	-	-
Expended for plant facilities (including \$76,020,894 charged to current funds expenditures)	-	-	-	-
Retirement of indebtedness	-	-	-	-
Net appreciation / (depreciation) of market value of investments	-	-	-	-
<b>TOTAL REVENUES AND OTHER ADDITIONS</b>	<b>784,459,245</b>	<b>137,682,085</b>	<b>494,182,319</b>	<b>1,416,323,649</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>				
Educational and general expenditures	741,855,636	-	-	741,855,636
Auxiliary enterprises expenditures	-	122,186,686	-	122,186,686
Hospitals expenditures	-	-	471,007,180	471,007,180
Indirect costs recovered	-	-	-	-
Refunded to grantors	-	-	-	-
Loan cancellations and write-offs	-	-	-	-
Administrative and collection costs	-	-	-	-
Provision for uncollectible loans	-	-	-	-
Annuities paid	-	-	-	-
Expended for plant facilities (including non-capitalized expenditures of \$7,103,537)	-	-	-	-
Bond administrative expenditures	-	-	-	-
Retirement of indebtedness	-	-	-	-
Interest on indebtedness (including capitalized interest of \$4,003,537)	-	-	-	-
Disposal and write-offs of plant facilities	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER DEDUCTIONS</b>	<b>741,855,636</b>	<b>122,186,686</b>	<b>471,007,180</b>	<b>1,335,049,502</b>
<b>TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS)</b>				
Mandatory:				
Principal and interest	(15,130,359)	(4,189,514)	(5,844,209)	(25,164,082)
Matching grants	(11,471)	-	-	(11,471)
Non-mandatory:				
Support to auxiliary enterprises	(1,684,812)	1,684,812	-	-
Debt service	860,408	(206,582)	-	653,826
Capital improvements	(8,649,507)	(5,944,908)	(10,551,819)	(25,146,234)
Endowment principal	(3,689,447)	-	(30,000)	(3,719,447)
Interfund	8,541,605	(5,144,241)	(9,233,243)	(5,835,879)
<b>TOTAL TRANSFERS</b>	<b>(19,763,583)</b>	<b>(13,800,433)</b>	<b>(25,659,271)</b>	<b>(59,223,287)</b>
<b>NET INCREASE/ (DECREASE) FOR THE YEAR</b>	<b>22,840,026</b>	<b>1,694,966</b>	<b>(2,484,132)</b>	<b>22,050,860</b>
<b>FUND EQUITY, BEGINNING OF THE YEAR</b>	<b>148,666,386</b>	<b>3,849,218</b>	<b>127,798,208</b>	<b>280,313,812</b>
<b>FUND EQUITY, END OF THE YEAR</b>	<b>\$ 171,506,412</b>	<b>\$ 5,544,184</b>	<b>\$ 125,314,076</b>	<b>\$ 302,364,672</b>

RESTRICTED CURRENT FUNDS				
<u>Educational and General</u>	<u>Auxiliary Enterprises</u>	<u>Hospitals</u>	<u>Total Restricted</u>	<u>Total Current Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,416,323,649
75,629,924	-	9,490,242	85,120,166	85,120,166
15,286,744	-	-	15,286,744	15,286,744
16,988,085	-	-	16,988,085	16,988,085
152,528,118	89,900	18,678	152,636,696	152,636,696
24,200,516	-	-	24,200,516	24,200,516
2,235,416	-	-	2,235,416	2,235,416
159,507,793	11,839,344	1,928,988	173,276,125	173,276,125
4,845,386	467,746	1,350,775	6,663,907	6,663,907
763,706	-	-	763,706	763,706
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
299,658	-	-	299,658	299,658
<u>452,285,346</u>	<u>12,396,990</u>	<u>12,788,683</u>	<u>477,471,019</u>	<u>1,893,794,668</u>
405,203,636	-	-	405,203,636	1,147,059,272
-	10,765,985	-	10,765,985	132,952,671
-	-	11,192,571	11,192,571	482,199,751
39,504,041	-	-	39,504,041	39,504,041
8,513	-	-	8,513	8,513
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>444,716,190</u>	<u>10,765,985</u>	<u>11,192,571</u>	<u>466,674,746</u>	<u>1,801,724,248</u>
(1,155,226)	(7,947,607)	-	(9,102,833)	(34,266,915)
-	-	-	-	(11,471)
-	-	-	-	-
-	(117,127)	-	(117,127)	536,699
1,541,885	(160,000)	(195,000)	1,186,885	(23,959,349)
(12,183,922)	(142,455)	(265,965)	(12,592,342)	(16,311,789)
25,729,904	2,420,567	32,079	28,182,550	22,346,671
<u>13,932,641</u>	<u>(5,946,622)</u>	<u>(428,886)</u>	<u>7,557,133</u>	<u>(51,666,154)</u>
<u>21,501,797</u>	<u>(4,315,617)</u>	<u>1,167,226</u>	<u>18,353,406</u>	<u>40,404,266</u>
<u>101,492,069</u>	<u>1,545,145</u>	<u>3,131,507</u>	<u>106,168,721</u>	<u>386,482,533</u>
<u>\$ 122,993,866</u>	<u>\$ (2,770,472)</u>	<u>\$ 4,298,733</u>	<u>\$ 124,522,127</u>	<u>\$ 426,886,799</u>

**THE OHIO STATE UNIVERSITY  
STATEMENT OF CHANGES IN FUND EQUITIES**

Year Ended June 30, 1999

	Loan Funds	Endowment and Similar Funds	Annuity and Life Income Funds
<b>REVENUES AND OTHER ADDITIONS</b>			
Unrestricted current funds revenues	\$ -	\$ -	\$ -
State appropriations	-	-	-
Federal appropriations	-	-	-
Local appropriations	-	-	-
Federal grants and contracts	78,231	-	-
State grants and contracts	-	-	-
Local grants and contracts	-	-	-
Private grants and contracts	29,163	39,611,832	6,908
Endowment income	206,702	-	500,037
Investment income	212,446	111,382	-
Interest and penalties on loans receivable	2,618,416	-	-
Expended for plant facilities (including \$76,020,894 charged to current funds expenditures)	-	-	-
Retirement of indebtedness	-	-	-
Net appreciation / (depreciation) of market value of investments	-	122,023,272	(280,303)
<b>TOTAL REVENUES AND OTHER ADDITIONS</b>	<b>3,144,958</b>	<b>161,746,486</b>	<b>226,642</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>			
Educational and general expenditures	-	-	-
Auxiliary enterprises expenditures	-	-	-
Hospitals expenditures	-	-	-
Indirect costs recovered	-	-	-
Refunded to grantors	-	-	-
Loan cancellations and write-offs	255,661	-	-
Administrative and collection costs	860,197	-	-
Provision for uncollectible loans	300,000	-	-
Annuities paid	-	-	478,556
Expended for plant facilities (including non-capitalized expenditures of \$7,103,537)	-	-	-
Bond administrative expenditures	-	-	-
Retirement of indebtedness	-	-	-
Interest on indebtedness (including capitalized interest of \$4,003,537)	-	-	-
Disposal and write-offs of plant facilities	-	-	-
<b>TOTAL EXPENDITURES AND OTHER DEDUCTIONS</b>	<b>1,415,858</b>	<b>-</b>	<b>478,556</b>
<b>TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS)</b>			
Mandatory:			
Principal and interest	-	-	-
Matching grants	11,471	-	-
Non-mandatory:			
Support to auxiliary enterprises	-	-	-
Debt service	-	-	-
Capital improvements	-	(4,233,747)	-
Endowment principal	-	17,496,226	(1,184,437)
Interfund	(39,775)	(22,306,896)	-
<b>TOTAL TRANSFERS</b>	<b>(28,304)</b>	<b>(9,044,417)</b>	<b>(1,184,437)</b>
<b>NET INCREASE / (DECREASE) FOR THE YEAR</b>	<b>1,700,796</b>	<b>152,702,069</b>	<b>(1,436,351)</b>
<b>FUND EQUITY, BEGINNING OF THE YEAR</b>	<b>64,592,428</b>	<b>911,693,900</b>	<b>5,573,395</b>
<b>FUND EQUITY, END OF THE YEAR</b>	<b>\$ 66,293,224</b>	<b>\$ 1,064,395,969</b>	<b>\$ 4,137,044</b>

**PLANT FUNDS**

<u>Unexpended</u>	<u>Renewals and Replacements</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>
\$ -	\$ -	\$ -	\$ -
10,173,173	52,895,733	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,402,387	8,395,570	648,192	-
-	-	-	-
1,123,319	(358,106)	4,229,657	-
-	-	-	-
-	-	-	276,880,835
-	-	-	24,358,420
-	17,636	5,937	-
<u>12,698,879</u>	<u>60,950,833</u>	<u>4,883,786</u>	<u>301,239,255</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
38,592	190,679	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
38,410,718	165,549,223	-	-
-	-	516,411	-
-	-	24,358,421	-
-	-	10,050,628	-
-	-	-	38,584,204
<u>38,449,310</u>	<u>165,739,902</u>	<u>34,925,460</u>	<u>38,584,204</u>
-	-	-	-
(675,545)	(97,796)	35,040,256	-
-	-	-	-
-	-	-	-
-	-	(536,699)	-
4,681,400	26,660,624	-	(3,148,928)
-	-	-	-
1,168,513	65,253,354	39,750,001	(106,171,868)
<u>5,174,368</u>	<u>91,816,182</u>	<u>74,253,558</u>	<u>(109,320,796)</u>
<u>(20,576,063)</u>	<u>(12,972,887)</u>	<u>44,211,884</u>	<u>153,334,255</u>
<u>(5,940,375)</u>	<u>33,840,304</u>	<u>42,973,296</u>	<u>2,231,256,712</u>
<u>\$ (26,516,438)</u>	<u>\$ 20,867,417</u>	<u>\$ 87,185,180</u>	<u>\$ 2,384,590,967</u>



**THE OHIO STATE UNIVERSITY**  
**STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES**

Year Ended June 30, 1999

	UNRESTRICTED			Total Unrestricted
	Educational and General	Auxiliary Enterprises	Hospitals	
<b>REVENUES</b>				
Tuition, fees and other student charges	\$ 326,575,828	\$ -	\$ -	\$ 326,575,828
State appropriations	333,365,886	-	-	333,365,886
Federal appropriations	-	-	-	-
Local appropriations	-	-	-	-
Federal grants and contracts	26,854,141	-	-	26,854,141
State grants and contracts	3,127,563	-	-	3,127,563
Local grants and contracts	-	-	-	-
Private grants and contracts	15,644,870	-	-	15,644,870
Endowment income	4,396,628	-	-	4,396,628
Temporary investment income	15,568,099	-	-	15,568,099
Sales and services	47,174,716	126,696,151	456,893,207	630,764,074
Other sources	11,751,514	10,985,934	37,289,112	60,026,560
<b>TOTAL REVENUES</b>	<b>784,459,245</b>	<b>137,682,085</b>	<b>494,182,319</b>	<b>1,416,323,649</b>
<b>EXPENDITURES AND MANDATORY TRANSFERS</b>				
Educational and general:				
Instructional and departmental research	402,937,663	-	-	402,937,663
Separately budgeted research	27,580,401	-	-	27,580,401
Public service	15,695,431	-	-	15,695,431
Academic support	81,547,832	-	-	81,547,832
Student services	45,055,644	-	-	45,055,644
Institutional support	78,756,279	-	-	78,756,279
Operation and maintenance of plant	51,223,068	-	-	51,223,068
Scholarships and fellowships	39,059,318	-	-	39,059,318
Total educational and general	741,855,636	-	-	741,855,636
Auxiliary enterprises	-	122,186,686	-	122,186,686
Hospitals	-	-	471,007,180	471,007,180
Mandatory transfers:				
Principal and interest	15,130,359	4,189,514	5,844,209	25,164,082
Renewals and replacements	-	-	-	-
Matching grants	11,471	-	-	11,471
<b>TOTAL EXPENDITURES AND MANDATORY TRANSFERS</b>	<b>756,997,466</b>	<b>126,376,200</b>	<b>476,851,389</b>	<b>1,360,225,055</b>
<b>NON-MANDATORY TRANSFERS AND OTHER ADDITIONS/(DEDUCTIONS)</b>				
Non-mandatory transfers:				
Support to auxiliary enterprises	(1,684,812)	1,684,812	-	-
Debt service	860,408	(206,582)	-	653,826
Capital improvements	(8,649,507)	(5,944,908)	(10,551,819)	(25,146,234)
Endowment principal	(3,689,447)	-	(30,000)	(3,719,447)
Interfund	8,541,605	(5,144,241)	(9,233,243)	(5,835,879)
Excess of restricted receipts over transfers to revenue	-	-	-	-
Refunded to grantors	-	-	-	-
Indirect costs recovered	-	-	-	-
<b>NET INCREASE / (DECREASE) FOR THE YEAR</b>	<b>\$ 22,840,026</b>	<b>\$ 1,694,966</b>	<b>\$ (2,484,132)</b>	<b>\$ 22,050,860</b>

RESTRICTED				
Educational and General	Auxiliary Enterprises	Hospitals	Total Restricted	Total Current Funds
\$ -	\$ -	\$ -	\$ -	\$ 326,575,828
71,271,359	-	9,490,242	80,761,601	414,127,487
14,567,152	-	-	14,567,152	14,567,152
16,055,543	-	-	16,055,543	16,055,543
124,804,400	89,900	18,678	124,912,978	151,767,119
24,611,917	-	-	24,611,917	27,739,480
2,170,386	-	-	2,170,386	2,170,386
128,569,128	10,394,163	1,160,775	140,124,066	155,768,936
23,153,751	281,922	522,876	23,958,549	28,355,177
-	-	-	-	15,568,099
-	-	-	-	630,764,074
-	-	-	-	60,026,560
<u>405,203,636</u>	<u>10,765,985</u>	<u>11,192,571</u>	<u>427,162,192</u>	<u>1,843,485,841</u>
73,399,224	-	-	73,399,224	476,336,887
185,950,623	-	-	185,950,623	213,531,024
76,479,333	-	-	76,479,333	92,174,764
11,086,775	-	-	11,086,775	92,634,607
1,078,661	-	-	1,078,661	46,134,305
7,576,152	-	-	7,576,152	86,332,431
6,624,273	-	-	6,624,273	57,847,341
43,008,595	-	-	43,008,595	82,067,913
<u>405,203,636</u>	<u>-</u>	<u>-</u>	<u>405,203,636</u>	<u>1,147,059,272</u>
-	10,765,985	-	10,765,985	132,952,671
-	-	11,192,571	11,192,571	482,199,751
1,155,226	7,947,607	-	9,102,833	34,266,915
-	-	-	-	-
-	-	-	-	11,471
<u>406,358,862</u>	<u>18,713,592</u>	<u>11,192,571</u>	<u>436,265,025</u>	<u>1,796,490,080</u>
-	-	-	-	-
-	(117,127)	-	(117,127)	536,699
1,541,885	(160,000)	(195,000)	1,186,885	(23,959,349)
(12,183,922)	(142,455)	(265,965)	(12,592,342)	(16,311,789)
25,729,904	2,420,567	32,079	28,182,550	22,346,671
47,081,710	1,631,005	1,596,112	50,308,827	50,308,827
(8,513)	-	-	(8,513)	(8,513)
<u>(39,504,041)</u>	<u>-</u>	<u>-</u>	<u>(39,504,041)</u>	<u>(39,504,041)</u>
<u>\$ 21,501,797</u>	<u>\$ (4,315,617)</u>	<u>\$ 1,167,226</u>	<u>\$ 18,353,406</u>	<u>\$ 40,404,266</u>

## YEAR 2000 SUPPLEMENTAL INFORMATION (UNAUDITED)

### Summary of GASB Technical Bulletin

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, was issued in October 1998, and amended as Technical Bulletin 99-1 in March 1999. The technical bulletins state in part that:

- The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect a government's operations as early as fiscal 1999.
- Problems affecting a wide range of governmental activities will likely result if computers and other electronic equipment which are dependent upon date-sensitive coding are not corrected.
- These problems have a potential for causing a disruption to some government operations and may temporarily increase the cost of these operations.

In accordance with the requirements of Technical Bulletins 98-1 and 99-1, the University makes the following disclosures about the Year 2000 issue.

### Summary of the University's Plan for Y2K Readiness

The University has been involved in Y2K preparation for several years. In general, the University is taking a risk reduction approach to Y2K readiness. The University will use a combination of remediation and contingency planning steps in its risk reduction plan. The remediation steps will reduce risk by ensuring that mission critical systems will operate as expected. The contingency planning involves preplanned steps to continue operations and recover, should the systems not operate as expected. A Y2K task force has been established to:

- Provide recommendations for policies and procedures to the Coordinating Council (which consists of the president, provost, vice presidents and select deans)
- Provide monthly reports to the Coordinating Council and quarterly reports to the Board of Trustees
- Provide expertise and tools to assist the administrative units and colleges
- Provide quality assurance for reporting

The Y2K task force has identified five priority institutional processes. Within each of these processes are imbedded the University's mission critical systems. The priority institutional processes are as follows: Health Care Delivery Services, Safe and Healthy Environment, Teaching and Learning, Research, and University Administration.

## YEAR 2000 SUPPLEMENTAL INFORMATION (UNAUDITED)

### Stages of Work Necessary to Make the Processes Y2K Compliant

The University is submitting the mission critical systems to the following stages of work to address Year 2000 issues:

- *Awareness Stage* – Establishing a budget and project plan for dealing with the Year 2000 issue
- *Assessment Stage* – Identifying the systems and components for which Year 2000 compliance work is needed
- *Remediation Stage* – Making changes to systems and equipment
- *Validation / Testing Stage* – Validating and testing the changes that were made during the remediation stage

The University's Year 2000 remediation work for its mission critical systems (defined as human life threatening, health hazard or critical to carrying out the University's mission) are in the following stages of work as of June 30, 1999: A – needs to be addressed, P – in process, C – completed.

<b>Priority Institutional Process / Mission Critical Systems Requiring Year 2000 Remediation</b>	<b>Awareness Stage</b>	<b>Assessment Stage</b>	<b>Remediation Stage</b>	<b>Validation / Testing Stage</b>
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#### **Health Care Delivery Systems**

OARDC Animal Care	C	C	C	C
OSUMC BioMedical Engineering	C	C	C	P
OSUMC Dietetics	C	C	C	P
OSUMC Facilities	C	C	C	C
OSUMC Hospital Lab Services	C	C	C	C
OSUMC Patient Care Services	C	C	C	C
OSUMC Pharmacy	C	C	C	P
OSUMC Radiology	C	C	C	P
Patient Record Keeping	C	P	A	A
Patient Support Services	C	P	A	A
Providing Student Crisis Counseling	C	C	P	A
Student Health Care Services	C	C	C	P

## YEAR 2000 SUPPLEMENTAL INFORMATION (UNAUDITED)

### Safe and Healthy Environment

Alarms	C	P	A	A
Electricity	C	P	A	A
Enhanced 911 services	C	C	C	C
Facility Operations	C	P	A	A
Lima – Physical Facilities	C	P	A	A
Lima – Security	C	C	C	C
Lima – Telephone Services	C	C	C	P
Maintaining Conf Event Facilities	C	C	P	A
Maintaining Food Svc Operations	C	C	P	A
Maintaining Housing Operations	C	P	A	A
Maintaining Safe Housing Facilities	C	C	P	A
Mansfield - Physical Facilities	C	C	C	P
Mansfield – Security	C	C	C	C
Mansfield – Telephone Services	C	C	C	C
Marion – Physical Facilities	C	C	C	C
Marion – Security	C	C	C	C
Marion – Telephone Services	C	C	P	A
Natural Gas	C	P	A	A
Newark – Physical Facilities	C	C	C	C
Newark – Security	C	C	C	C
Newark – Telephone Services	C	C	P	A
Nuclear Reactor Lab	P	P	P	P
OARDC Public Safety	C	C	C	C
OARDC Radiation Safety	C	C	C	C
OSU Airport Operations	P	A	A	A
Provide Building Security	C	C	C	C
Provide EMS Response	C	C	C	P
Provide Fire Response	C	C	C	P
Provide Police Service	C	C	C	P
Providing BUCKID Card Services	C	C	P	A
Providing Food Services	C	C	P	A
Providing Housing Food Services	C	P	A	A
Steam-Heating Hot Water	C	P	A	A
Telecommunications	C	C	C	C
Transportation Traffic Signals	C	C	C	P
UNITS information systems	C	C	C	C
Water	C	P	A	A
Water-Chilled	C	P	A	A
Work Management System	C	C	P	A

## YEAR 2000 SUPPLEMENTAL INFORMATION (UNAUDITED)

### University Administration

Admissions Application Process	C	C	C	P
ARMS HR – Benefits	C	C	C	P
ARMS HR – Payroll	C	C	C	P
Fed Student Fin Aid Process	C	C	C	P
Mainframe hardware	C	C	P	A
Mainframe Software	C	C	P	A
Procurement – ARMS	C	C	C	P
Recruit Prospective Students Proc	C	C	C	C
SONNET Backbone	C	C	P	A
Student Fee Collection	C	C	C	C
Student Loan Services	C	C	C	C
Student record maintenance	C	C	C	C
University General Ledger – FAS	C	C	C	C

The University believes that its mission critical systems are in managed or acceptable stages of readiness as of June 30, 1999, and believes that it will be able to operate and provide mission critical services as of January 1, 2000. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the University is or will be Year 2000 ready, that the University's remediation efforts will be successful in whole or part, or that parties with whom the University does business will be Year 2000 ready.

As of June 30, 1999, the University has not entered into any significant contractual agreements with respect to making computer systems year 2000 compliant.

## Acknowledgments

The 1999 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller, Division of Accounting.

Ruth B. Allred - Budget Analyst

Suzanne M. Chizmar - Chief Accountant

Thomas F. Ewing - Associate Controller

Allan E. Freeman - Cost Analyst

Nancy J. Jacobs - Accountant

Abbey M. Martin - Accountant

Brenda K. Payne - Accountant

Patricia M. Privette – Tax Coordinator

Phil A. Schirtzinger – Senior Cost Analyst

Jan E. Soboslai - Senior Accountant

Janet G. Ashe - Vice President, Business and Finance

Greta J. Russell - University Controller

William J. Shkurti - Senior Vice President, Business and Finance

## Board of Trustees

The expiration date of each trustee's term is given in parentheses.

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George A. Skestos, Bexley - Vice Chair (2001)

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James F. Patterson, Chesterland (2003)

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Tamala Longaberger, Zanesville (2005)

Daniel M. Slane, Columbus (2006)

Robert M. Duncan, Columbus (2007)

Karen L. Hendricks, Cincinnati (2008)

Allyson M. Lowe, Columbus - Student Member (2000)

Jacylin M. Nowakowski, Broadview Heights - Student Member (2001)

William J. Napier, Columbus - Secretary

James L. Nichols, Columbus - Treasurer





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