

University of Cincinnati

*Office of Management and Budget
Circular A-133 Reports for the
Year Ended June 30, 2006*



Mary Taylor, CPA
Auditor of State

Board of Trustees
University of Cincinnati
51 Goodman Drive
540 University Hall
Cincinnati, Ohio 45221-0257

We have reviewed the *Independent Auditors Report* of the University of Cincinnati, Hamilton County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2005 through June 30, 2006. 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 Cincinnati is responsible for compliance with these laws and regulations.

Mary Taylor

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February 7, 2007

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UNIVERSITY OF CINCINNATI

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
the University of Cincinnati:

We have audited the accompanying statements of net assets of the University of Cincinnati ("University"), a component unit of the State of Ohio, as of June 30, 2006 and 2005, and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the University of Cincinnati Foundation, a discretely presented component unit. 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 University of Cincinnati Foundation, is based solely on the report of such other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2006 and 2005, and the results of its operations and its cash flows, as applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the University. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. 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 in relation to the basic financial statements taken as a whole.

Management's Discussion and Analysis on pages 3 through 11 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the University's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and we do not express opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2006, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 an opinion on the internal control over financial reporting 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 audits.

Deloitte & Touche LLP

November 28, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the University of Cincinnati (the "University") for the year ended June 30, 2006, with selected comparative information for the years ended June 30, 2005 and 2004. Comments relate only to the University and do not pertain to the University of Cincinnati Foundation, a component unit of the University. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University was founded in 1819 and was city owned until becoming a state university in 1977. The University is composed of 14 colleges, one division and one school and operates on three campuses in southwest Ohio. It has an enrollment of approximately 35,000 students. There are approximately 2,000 full-time faculty members and a total faculty of 4,000. The University has been designated in long-range planning by the Ohio Board of Regents as one of only two comprehensive graduate public universities in the state. In total, the University employs more than 14,000 people and is the largest employer in the Cincinnati region.

The University and its Board of Trustees are declared by statute to be a public body performing essential governmental functions serving public purposes and an instrumentality of the State of Ohio.

The University is affiliated with a number of health-care, educational, cultural and governmental institutions. Through such affiliations, the University is able to broaden its curricular offerings.

USING THE FINANCIAL STATEMENTS

The University's financial report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements 37 and 38. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements focus on the University as a whole, with resources classified for accounting and reporting purposes into three net asset categories.

Revenues and expenses are categorized as either operating or non operating. Significant recurring sources of the University's revenues, including state appropriations, gifts and investment income are considered non operating.

Scholarship allowances applied to student accounts are shown as a reduction of student tuition and fee revenues, while stipends and other payments made directly to students are presented as scholarship and fellowship expense.

Capital assets, including general infrastructure assets, are shown net of depreciation. However, there is no requirement to fund the accumulated depreciation. Instead, capital assets are largely funded by state capital appropriations, issuance of debt, and by major gifts that support the academic, research and student services missions of the institution. Gifts and capital appropriations are reflected on the financial statements as non operating revenue and other revenue, respectively. The corresponding annual depreciation expense is reflected as an operating expense.

Accounts of the University of Cincinnati Foundation have been consolidated in the accompanying financial statements in a discrete columnar format.

FINANCIAL HIGHLIGHTS

The University's financial position remained strong at June 30, 2006, with total assets of \$ 3.1 billion and liabilities of \$1.2 billion. Net assets, which represent the residual interest in the University's assets after liabilities are deducted, increased by \$44 million in fiscal 2006 to \$1.9 billion, or 61% of total assets as a result of the following:

- Total assets increased by \$153 million, or 5%, primarily due to increases in the value of endowment investments and the addition of capital assets.
- Total liabilities increased by \$108 million, primarily due to the issuance of additional debt.

Income before other revenues, expenses, gains or losses includes the effect of several significant transactions, including fluctuations in the market value of investments; non cash depreciation; losses on the disposal of assets; federal financial aid program liabilities; increased benefit costs primarily due to retirement contributions and health care; and expenses incurred related to bringing major projects on line. The net effect of these significant transactions on income (loss) before other revenues, expenses, gains or losses is shown below.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Change in investment value	\$ 130	\$ 65	\$ 152
Depreciation	(79)	(72)	(62)
Loss on asset disposal	(11)	(15)	(6)
Uncollectible receivables	-	-	(7)
Federal financial aid liability	(8)	-	-
Benefit costs	(13)	-	-
Expenses related to major capital projects	(13)	-	-
	<u>\$ 6</u>	<u>\$ (22)</u>	<u>\$ 77</u>

Because of a flat level of state appropriations, increases in tuition ranging from 6% to 11% were implemented in 2006 and 2005. The effects of the flat level of state appropriations were also partially offset by 3% and 2% increases in enrollment in 2006 and 2005 respectively. Revenues from sponsored research decreased \$3 million in 2006, compared with a \$7 million increase in 2005. Auxiliary enterprise revenues decreased by \$7 million, primarily due to the outsourcing of the University Bookstores, which was partially offset by reduced expenses.

Operating expenses increased by \$77 million in 2006, including \$7 million for increased depreciation expense; \$8 million for a one-time accrual of federal financial aid liability, \$13 million for increased benefit costs primarily due to retirement contributions and health care; and \$13 million of expenses incurred related to bringing major projects on line, such as training costs for the new finance system that was implemented during the year, and for moveable equipment below the University's capitalization threshold. The balance of the increase was the result of inflation and increased energy costs. The increase in operating expenses occurred despite over \$11 million in operating expense budget reductions that were necessitated by the lack of increased state appropriations. In 2005, operating expenses increased by \$60 million, primarily due to increases in research activities, increased depreciation and new capital facilities, despite an \$8 million operating budget reduction.

The University's Master Plan was set into motion in 1989 and has transformed the Uptown Campus into a cohesive community that enhances the student experience by providing improved teaching, research and quality of student life facilities. The University continues its journey of improved facilities on the Uptown Campus through the Medical College capital projects, renovation of the Edwards One building, and improvements to Jefferson Grid.

Finally, in 2006 the University's endowment exceeded \$1 billion for the second year in a row. According to the National Association of College and University Business Officers Endowment Study, the value of the endowment ranks in the top 10% of all US institutions of higher education, both public and private.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The statement of revenues, expenses and changes in net assets presents the University's results of operations. A summarized comparison for the years ended June 30 follows (*in thousands*):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<i>Operating revenues:</i>			
Student tuition and fees, net	\$ 230,778	\$210,937	\$ 169,993
Grants and contracts	190,666	193,877	186,738
Auxiliary enterprises, net	73,815	81,250	81,716
Other	<u>61,873</u>	<u>60,375</u>	<u>52,540</u>
	557,132	546,439	490,987
<i>Operating expenses:</i>			
Instruction	281,857	264,736	243,226
Research	144,764	143,848	131,637
Auxiliary enterprises	80,397	83,167	74,041
Depreciation	79,096	71,708	61,685
Other	<u>342,591</u>	<u>288,281</u>	<u>280,717</u>
	928,705	851,740	791,306
Operating loss	(371,573)	(305,301)	(300,319)
<i>Non-operating revenues (expenses):</i>			
State appropriations	179,857	179,007	181,139
Gifts	49,151	37,686	29,157
Investment income, net	54,443	53,448	52,816
Increase in fair value of investments	130,169	65,480	152,363
Interest expense, net	(31,005)	(25,115)	(22,780)
Other	<u>(6,909)</u>	<u>(15,026)</u>	<u>(3,643)</u>
	375,706	295,480	389,052
Income (loss) before other revenues, expenses, gains or losses	4,133	(9,821)	88,733
Capital appropriations	19,344	44,024	13,006
Capital grants and gifts	7,587	12,026	8,263
Additions to permanent endowments	<u>13,414</u>	<u>15,203</u>	<u>12,442</u>
Increase in net assets	<u>\$ 44,478</u>	<u>\$ 61,432</u>	<u>\$ 122,444</u>

One of the University's greatest strengths is the diverse stream of revenues that supplement its student tuition and fees, including voluntary private support from individuals, foundations and corporations along with government and other sponsored programs; state appropriations and investment income. The University has aggressively sought, and will continue to seek, funding from all possible sources consistent with its mission to supplement student tuition, and will prudently manage the financial resources realized from these efforts to fund its operating activities.

Tuition and state appropriations are the primary sources of funding for the University. During 2006, tuition rate increases ranged from 6% to 11%, depending upon the category of student. These increases were in response to a flat level of state appropriations. In addition, a 3% increase in overall enrollment was achieved by increased recruitment and retention efforts. These increases, as well as changes in the mix of students, resulted in increases in tuition and fee income in 2006 of \$20 million, or 9%, over 2005. Similar tuition increase were implemented in 2005, supplemented by a 2% increase in enrollment that resulted in increases in tuition and fee revenue of \$41 million, or 24%, in 2005 compared to 2004.

Although state appropriations for higher education were flat in 2006 versus 2005, both 2006 and 2005 represented an improvement over the trend toward decreasing state support in prior years. State appropriations now contribute a significantly lower percentage of the overall funding of University operations. Nonetheless, such resources remain a vital source of funding for academic programs and administrative costs. If future tuition increases are to be minimized, the level of state appropriation support will need to be increased.

Revenues from grants and contracts with governmental and private entities provide for the recovery of direct and indirect costs. Such revenues declined slightly in 2006, compared to an increase of \$7 million, or 4%, in 2005. In a time of heightened competitiveness, especially for federal research funding, the university is maintaining its research base.

The results of fund raising efforts have been an important component of financial resources during the past two fiscal years. Expendable gifts to the University totaled \$57 million and \$50 million in 2006 and 2005, respectively. It will be difficult to sustain the current level of operations without continued increases in donor support. Accordingly, plans are being implemented for a fund raising campaign to increase the number of substantial recurring gifts that are available for operations.

Increases in interest rates were partially offset by lower operating cash balances in 2006. These factors and reductions in distributions of income under the University's endowment spending policy resulted in investment income in 2006 increasing modestly compared to 2005 and 2004.

Although higher education must compete with other state demands for increased state capital appropriations, the decrease in capital appropriations in 2006 compared to 2005 reflects the biennial nature of the state capital appropriation process.

STATEMENT OF NET ASSETS

The statement of net assets presents the financial position of the University at the end of the fiscal year. Net assets represent the difference between total assets and total liabilities. Net assets are one indicator of the overall financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summarized comparison of the University's assets, liabilities and net assets at June 30 follows (*in thousands*):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Current assets	\$ 154,435	\$ 192,641	\$ 254,908
Noncurrent assets:			
Endowment, life income and other investments	1,442,060	1,341,637	1,328,224
Capital assets, net	1,420,479	1,330,172	1,216,525
Other	<u>57,648</u>	<u>57,519</u>	<u>63,579</u>
Total assets	<u>3,074,622</u>	<u>2,921,969</u>	<u>2,863,236</u>
Current liabilities	288,353	209,951	214,849
Noncurrent liabilities	<u>920,620</u>	<u>890,847</u>	<u>888,648</u>
Net assets	<u>\$ 1,865,649</u>	<u>\$ 1,821,171</u>	<u>\$ 1,759,739</u>

Current Assets

Current assets consist primarily of cash, short-term investments and receivables. Cash and short-term investment balances include both operating cash and capital debt proceeds. In 2006, the level of cash and short-term investments decreased by \$47 million, reflecting both operating expenditures and the expenditure of proceeds borrowed for capital projects. A \$4 million increase in receivables, primarily from sponsored research billings, also

contributed to the decrease in cash. These factors contributed to an overall decrease of \$38 million, or 20%, in total current assets.

Endowment, Life Income and Other Investments

The University invests its endowment to maximize total return over the long term with an appropriate level of risk. The success of this long-term investment strategy is evidenced by strong returns sustained over long periods of time and the University's ability, in the face of current challenging markets, to limit losses. Changes in the fair value of the endowment portfolio will not have a meaningful immediate impact on the portion of investment income available to support current-year operating expenses because the University makes such distributions pursuant to its spending rate policy.

The assets of the University's endowment increased by \$69 million in 2006. This increase resulted from investment returns of \$118 million, the establishment of new endowments of \$13 million and distributions of \$62 million to beneficiary units within the University. In 2005, investment returns, new funds and distributions were \$82 million, \$15 million and \$53 million respectively. Under its endowment spending policy, the University uses its endowment to support current operations in a way that generates a predictable stream of support, while at the same time maintaining the purchasing power of endowment funds adjusted for inflation. The spending policy provides for annual distributions of five percent of the three-year quarterly moving-average market value of assets in the investment pool. Due to the changes in valuation of these assets over the last three years, actual distributions to beneficiary units were 4.2 % and 4.4% of the beginning market value of these assets in 2006 and 2005, respectively.

Non current investments decreased by \$32 million in 2006 reflecting the expenditure of prior years' debt proceeds for capital projects during fiscal year 2006. In 2005, such expenditures decreased non current investments by \$62 million.

Other long-term investments primarily represent the University's equity interest in the Health Alliance of Greater Cincinnati, valued at \$324.6 million and \$257.0 million in 2006 and 2005 respectively. The University and the Alliance entered into an operating and affiliation agreement in 2006, under which the Alliance provides support to the University's academic health center. Such support increased to \$12.1 million in 2006, compared to \$6.6 million in 2005, providing a return on asset of 3.7% and 2.6% respectively.

Capital Assets

Development and renewal of capital assets are critical factors in continuing the quality of the University's academic mission, research programs and student life. Capital asset additions are acquired with University funds, state capital appropriations, gifts, debt and federal grants. Capital additions totaled \$181 million in 2006, \$201 million in 2005, and \$200 million in 2004 before depreciation expense of \$79 million, \$72 million, and \$62 million in 2006, 2005 and 2004, respectively. Total capital additions primarily comprised capital projects that were either completed during the fiscal year or are in either the construction or the programming/design phase at June 30 of each fiscal year, respectively. During 2006, the University scaled down or canceled certain capital projects, focusing its capital program on Academic Health Center projects and renovation of existing facilities.

Major capital projects completed in 2006 include:

- Clermont College Expansion
- MainStreet Recreation Center and Open Space
- Van Wormer Rehabilitation
- Richard E. Lindner Varsity Village
- Raymond Walters College Veterinary Technology Building

- Zimmer Garden

Major projects in the construction phase at June 30, 2006, will be completed in stages from 2006 through 2008 and include the following:

- Edwards Renovation includes updates to portions of all seven levels of the Edwards One building to accommodate new tenants that will be displaced during phase II of the rehabilitation of Teachers College/Dyer.
- Jefferson Grid includes Stadium Drive improvements, Schmidlapp Plaza construction, restoration of Corry Boulevard, and the installation of new walkways and curbs.
- Medical College capital projects include Phase 1 of the rehabilitation of the Medical Sciences Building, the construction of the CARE (Center for Academic Research Excellence)/Crawley Building, and construction of the Eden Quadrangle; which will create state-of-the-art instructional and research space for the College of Medicine, as well as open space for the academic medical campus.

Major projects in programming/design, described below, have various completion dates.

- Clifton Court Garage Renovation includes structural repairs to the garage and upgrades ventilation, electrical and fire protection systems.
- Jefferson Quad focuses on the completion of the green space between Jefferson Avenue and Corry Boulevard.
- Kettering Renovation/Lab Animal Medicine (LAM) includes renovation of the current LAM facility in the Kettering Complex to accommodate planned research needs for the Department of Education.
- Medical Sciences Building Rehabilitation, Phases 2-5 will continue the major rehabilitation of the Medical Sciences Building.
- Scioto/Morgens Life Safety includes installation of an automatic sprinkler system in both Scioto Hall and Morgens Hall.
- Teachers College/Dyer Rehabilitation Phase II will continue the major rehabilitation of Teachers College, the Teachers College Addition, and Dyer Hall begun in 1997.
- Zimmer Rehabilitation will rehabilitate Zimmer Auditorium and the corridor/lounge spaces that surround it.

Debt

Total debt representing bonds, notes and certificates of participation, was increased by \$90 million in 2006 as a result of issuing new debt of \$165 million and by decreasing outstanding debt by \$75 million. New debt of \$165 million was issued to fund various capital projects and to refund \$20 million of existing debt. As a result of refunding the existing debt, the University will realize a net economic gain of \$.9 million over 14 years. Debt was decreased by \$15 million in 2005, due to the issuance of new debt of \$204 million and decreasing outstanding debt by \$219 million. That new debt was also used to fund capital projects and to refund \$121 million of existing debt. As a result of that refunding, the University will realize a net economic gain of \$6.4 million over 20 years.

Subsequent to June 30, 2006, the University issued \$20 million in Series 2006D BANS and \$15 million in Series 2006E BANS to fund various capital projects.

Also subsequent to June 30, 2006, the University entered into two capital leases in connection with the issuance of economic development revenue bonds for the benefit of King Highland Community Urban Redevelopment Corporation (KHCURC) in order to assist in the financing of two buildings. The KHCURC-Stetson Office Building capital lease is for \$32.7 million and the KHCURC-Turner Center capital lease is for \$10 million. Both leases have a 32 year term.

Standard & Poors (S&P) downgraded the rating of the University's general receipts bonds from AA- to A+ in 2006. S&P also lowered its rating on the University's certificates of participation from A+ to A. The note rating of SP-1+ was affirmed through 2006 and 2005. S&P revised the outlook for the University from negative to stable during 2006. Moody's ratings of A1 for the general receipts bonds, A2 for certificates of participation and MIG1 for notes were affirmed through 2006 and 2005, as was the stable outlook for the University. Series 2006D and 2006E BANS,

issued subsequent to June 30, 2006 to fund various capital projects, maintained the same note ratings and outlooks as those received during 2006.

The University's repositioning of student activity facilities, expansion of research and educational facilities without State capital appropriations, technological upgrades, and restructured parking system all resulted in a significant amount of new debt. The extensive investment in these physical facilities was necessary to attract high quality students, faculty, and research funding in an increasingly competitive environment. With the completion of the Main Street and Varsity Village projects, the University's debt financing activity will proceed at a slower pace than in the last decade, focusing on Academic Health Center projects and renovations of existing facilities.

Net Assets

Net assets represent the residual interest in the University's assets after liabilities are deducted. The University's net assets at June 30 are summarized below (*in thousands*):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Invested in capital assets, net of related debt	\$ 516,992	\$ 541,205	\$ 546,659
Restricted:			
Nonexpendable	1,115,611	997,531	932,258
Expendable	398,304	400,182	356,745
Unrestricted:	<u>(165,258)</u>	<u>(117,747)</u>	<u>(75,923)</u>
Total net assets	<u>\$1,865,649</u>	<u>\$1,821,171</u>	<u>\$1,759,739</u>

Capital assets, net of related debt, represent the University's depreciated buildings, equipment and infrastructure less the outstanding principal balances of debt attributable to the acquisition, construction and improvement of those assets. The decreases of \$24 million in 2006 and \$5 million in 2005, respectively, reflect the University's continued development and renewal of its capital assets in accordance with the Master Plan, net of depreciation expense and long term debt.

Restricted nonexpendable net assets include, as a primary component, the University's permanently invested endowment funds. It also includes the University's equity interest in The Health Alliance of Greater Cincinnati. The \$118 million increase in restricted nonexpendable net assets in 2006 and the \$65 million increase in 2005 reflect the changes in the fair value of investments, net of gifts.

Restricted expendable net assets are subject to externally imposed provisions governing their use. This category of net assets includes restricted gifts of \$303 million in 2006 and \$286 million in 2005 that were temporarily invested in the endowment.

Although unrestricted net assets are not subject to externally imposed stipulations, substantially all of the University's unrestricted net assets have been designated for various academic and research programs and initiatives, as well as capital projects. In addition, unrestricted net assets include \$7 million invested in the endowment at the direction of the Board of Trustees.

The deficit position of the unrestricted net assets is being addressed through budget cuts and the implementation of a multi-year funding program, using a combination of departmental and central budget sources that have been established for the purpose of resolving these fund deficits over time. The primary contributors to the deficit position are rising health benefit costs and rising energy costs, in combination with flat state appropriations. Specific measures to address the deficit position include aggressive management of health care costs, increased employee contribution to health care premiums and co-pays, elimination of salary increases and bonuses for non-represented employees, and heating and cooling temperature adjustments to reduce energy costs. In addition, the University's endowment spending policy distribution will be temporarily increased from 5% to 6% in 2007 and 2008. Finally, the University announced an early retirement incentive program for employees in the OPERS retirement system, to take place over the next year. During 2006, a series of structural management changes were initiated, under which the University has reorganized around principles of greater accountability, disciplined financial activities, and integrated budget planning.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the University's financial results by reporting the major sources and uses of cash. A comparative summary of the statement of cash flows for the years ended June 30 follows (*in thousands*):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cash received from operations	\$ 569,088	\$ 549,726	\$ 500,528
Cash expended for operations	<u>847,806</u>	<u>785,417</u>	<u>729,117</u>
Net cash used in operating activities	(278,718)	(235,691)	(228,589)
Net cash provided by non-capital financing activities	225,608	231,699	222,391
Net cash from (used for) capital and related financing activities	(79,431)	(181,077)	35,382
Net cash from (used for) investing activities	<u>118,435</u>	<u>179,125</u>	<u>(2,008)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (14,106)</u>	<u>\$ (5,944)</u>	<u>\$ 27,176</u>

The disparity between cash used in operating activities and cash provided by non capital financing activities results from the required financial reporting classification of state appropriations. Although state appropriations are used primarily for operating expenses of the University, GASB Statement 35 requires that they be reported as non operating revenues. Had these resources been reported as operating revenue, the net cash used in operating activities would have been deficits of \$87 million 2006 and \$57 million in 2005.

ECONOMIC FACTORS AFFECTING THE FUTURE

Following several years of weakness, the Ohio economy is now in a period of modest expansion, with improving reserve levels based on restrained spending and strong revenues. State support to the University declined for several years, and flattened in 2006 and 2005. Even though the University is a state-supported institution, such appropriations accounted for only 19% and 24% of the total revenues of the University in 2006 and 2005, respectively. The depressed level of state support has resulted in an increasing reliance on tuition and fees as a primary funding source. There is a direct relationship between the level of state appropriations and the ability of the University to manage tuition growth. While the improving Ohio economy may provide cautious optimism for increased state support, unless the mechanism for providing funding for statewide services can be modified to recognize the priority of funding higher education, the scope of statewide academic activities will be adversely impacted further.

Considering the increasing reliance on tuition revenue to fund operations, it is of vital importance to the future of the University to increase the current levels of student enrollment and student retention. Increasing enrollment is a critical part of an institutional strategic plan titled "UC 21" that lays out ambitious goals and an action plan to define the role of an urban research university in the new century. The plan defines a set of core values to guide the institution in its rapid transformation and enable it to compete for students from a diverse cohort of learners, as it deals with an escalating need to bring intellectual capital to bear on societal issues and to meet the rising call to serve as the economic engine in a knowledge-based environment. While national demographic trends are generally favorable for higher education, Ohio faces a predicted decline in high school graduates in the future. The University's investment in its Main Street complex, Varsity Village, and other quality of life facilities are key to attracting students from outside Ohio's borders. These on-campus facilities will be supplemented by an extensive partnership among the University and various neighborhood residential and business groups. The resulting entities will seek to upgrade and enhance residential and commercial facilities on the borders of the campus. Two student residential projects, University Park and Stratford Heights, opened during the year. The facilities and additional anticipated improvements to the nearby neighborhoods should result in a more enjoyable and more convenient environment that will supplement the on-campus educational experience and serve as a magnet for prospective students. The University has supported these efforts by making approximately \$100 million in loans from its endowment to these neighborhood partnerships.

The University has long maintained a position of national prominence among leading research institutions. While research funding has become an increasingly competitive environment, the university maintained a stable research base. The University's existing and planned investments in research facilities provide a competitive edge. The Academic Health Center capital projects will be completed over the next decade and will enable the University to remain a leader in biotechnology medical research for the region. The focus of the current capital projects is to upgrade and add research facilities, improve the quality of student life, and upgrade infrastructure and utilities. These initiatives are in an effort to remain competitive and provide the best possible educational experience for the students and promote quality of student life. While the University has scaled down or even canceled many of its planned capital projects, renovating existing facilities to keep them operable is critical. The traditional source of capital for such projects—the State of Ohio Capital Bill—is declining in both value and absolute level with each new biennium. This trend must be reversed if the University is to sustain the required academic facilities.

Private gifts will continue to be a critically important financial resource and a significant factor in the growth of both academic and research activities. The University's fund-raising strategy, as well as economic factors affecting donors' ability to contribute, will have a significant impact on the ability to tap this important financial resource. In this regard, fundraising budgets have been increased in order to support an aggressive program that includes a national fundraising network focused on increasing the level of private gifts to the University. Under the guidance of the first new president in almost 20 years, the University will soon begin a new all University fund raising campaign.

The University will continue to employ its long-term investment strategy to maximize total return at a reasonable level of risk. The ability to sustain a level of investment return which is compatible with the endowment spending policy will be strained given the anticipated performance of national and international financial markets. The temporary increase in the endowment spending policy for 2007 and 2008 will provide further strain. As a result, such investment strategies will be continually reviewed in order to insure the most efficient use of these important financial resources. In this regard, a full-time chief investment officer was recruited during the year, and the investment committee was restructured with a volunteer membership consisting of investment industry professionals.

This effort will be extended to all phases of cash management. Therefore, cash collection and investment policies and procedures will be evaluated and reengineered as necessary. Internal administrative reorganizations have been implemented to achieve this goal.

A significant component of both graduate and undergraduate enrollment consists of international students. International visitors also hold numerous teaching and research positions. The ability of these individuals to achieve or maintain international visitor status in the face of increased scrutiny by the Immigration and Naturalization Service will be a key factor in maintaining this cross section of the academic community.

The University exists in an increasingly competitive higher education environment. Colleges and universities throughout the region and across the country are investing heavily in marketing and public relations programs to establish or maintain favorable reputations and to build enrollment to optimum levels. With these factors in mind, the University continues to develop strategies that will achieve a reputation commensurate with the University's excellence and increase enrollment where appropriate.

Looking forward, the University is well positioned to maintain its financial condition, its high standards of service to students and its stature in the national research community. In order to enable the University to support this level of excellence, the University is committed to obtaining new financial resources, to maintaining revenue diversification and to successfully containing costs.

University of Cincinnati
Statement of Net Assets
As of June 30, 2006 and 2005
(in thousands)

	University		University Related Foundation	
	2006	2005	2006	2005
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 58,715	\$ 72,821	\$ 10,891	\$ 7,625
Investments	10,969	43,586		
Accounts and pledges receivable, net	56,907	53,072	25,785	29,366
Inventories	1,481	4,294		
Deposits with bond trustees	10,246	5,689		
Notes receivable, net	2,994	3,224		
Other assets	13,123	9,955	136	144
Total current assets	<u>154,435</u>	<u>192,641</u>	<u>36,812</u>	<u>37,135</u>
Noncurrent assets:				
Investments	19,082	51,531		
Accounts and pledges receivable, net	24,720	14,851	14,579	18,889
Deposits with bond trustees	2,583	12,373		
Endowment investments	1,093,218	1,027,850	18,125	26,939
Notes receivable, net	30,345	30,295		
Other long-term investments	329,760	262,256		
Capital assets, net	1,420,479	1,330,172	522	665
Total noncurrent assets	<u>2,920,187</u>	<u>2,729,328</u>	<u>33,226</u>	<u>46,493</u>
Total assets	<u>3,074,622</u>	<u>2,921,969</u>	<u>70,038</u>	<u>83,628</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	148,375	139,912	21,277	10,732
Deferred revenue	23,977	19,644		
Long-term liabilities - current portion	116,001	50,306		
Total current liabilities	<u>288,353</u>	<u>209,862</u>	<u>21,277</u>	<u>10,732</u>
Noncurrent liabilities:				
Deposits	9,187	4,768	754	733
Accrued liabilities	31,980	31,322	270	232
Refundable advances for federal loans	25,987	25,895		
Long-term liabilities	853,466	828,951		
Total noncurrent liabilities	<u>920,620</u>	<u>890,936</u>	<u>1,024</u>	<u>965</u>
Total liabilities	<u>1,208,973</u>	<u>1,100,798</u>	<u>22,301</u>	<u>11,697</u>
NET ASSETS				
Invested in capital assets, net of related debt	516,992	541,205	522	665
Restricted for:				
Nonexpendable	1,115,611	997,531	22,801	28,185
Expendable	398,304	400,182	20,663	39,395
Unrestricted	(165,258)	(117,747)	3,751	3,686
Total net assets	<u>\$ 1,865,649</u>	<u>\$ 1,821,171</u>	<u>\$ 47,737</u>	<u>\$ 71,931</u>

See accompanying notes to financial statements.

University of Cincinnati
Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2006 and 2005
(in thousands)

	University		University Related Foundation	
	2006	2005	2006	2005
REVENUES				
Operating revenues:				
Student tuition and fees, net	\$ 230,778	\$ 210,937	\$ -	\$ -
Federal grants and contracts	166,459	169,971		
State and local grants and contracts	10,864	13,379		
Nongovernmental grants and contracts	13,343	10,527		
Sales and services of educational departments	56,008	53,635		
Auxiliary enterprises:				
Residential life	25,671	25,985		
Athletics, net	11,665	10,594		
Other Auxiliary enterprises	36,479	44,671		
Other operating revenues	5,865	6,740	-	104
Total operating revenues	557,132	546,439	-	104
EXPENSES				
Operating expenses:				
Instruction	281,857	264,736		
Research	144,764	143,848		
Public Service	55,566	52,656		
Academic Support	67,501	63,165		
Student Services	38,041	36,577		
Institutional Support	75,269	59,613	15,455	7,146
Operation Maintenance and Plant	88,322	56,156		
Scholarships and Fellowships	17,892	20,114		
Auxiliary Expenses	80,397	83,167		
Depreciation	79,096	71,708	270	295
Total operating expenses	928,705	851,740	15,725	7,441
Operating loss	(371,573)	(305,301)	(15,725)	(7,337)
NONOPERATING REVENUES (EXPENSES)				
State appropriations	179,857	179,007		
Gifts, including \$32,306 in FY06 and \$31,657 in FY05				
from the University Foundation	49,151	37,686	15,609	36,336
Investment income	54,443	53,448	4,454	3,097
Increase in fair value of investments	130,169	65,480	2,653	2,365
Interest on capital asset-related debt	(31,005)	(25,115)		
Loss on disposal of assets	(11,164)	(15,461)		
Payments to University of Cincinnati	-	-	(32,306)	(31,657)
Other nonoperating revenues	4,255	435	1,121	1,758
Net nonoperating revenue	375,706	295,480	(8,469)	11,899
Income (loss) before other revenues, expenses, gains or losses	4,133	(9,821)	(24,194)	4,562
Capital appropriations	19,344	44,024		
Capital grants and gifts	7,587	12,026		
Additions to permanent endowments	13,414	15,203		
Increase (decrease) in net assets	44,478	61,432	(24,194)	4,562
NET ASSETS				
Net assets - beginning of year	1,821,171	1,759,739	71,931	67,369
Net assets - end of year	\$ 1,865,649	\$ 1,821,171	\$ 47,737	\$ 71,931

See accompanying notes to financial statements.

University of Cincinnati
Statements of Cash Flows
Years Ended June 30, 2006 and 2005
(in thousands)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 235,805	\$ 209,118
Grants and contracts	181,664	183,912
Sales and services	131,496	143,212
Expenditures and other deductions:		
Compensation	(579,052)	(554,695)
Payments for materials, services and other	(261,323)	(222,324)
Loans issued	(7,431)	(8,398)
Loan principal collected	6,950	7,330
Other revenue	13,173	6,154
Cash used for operating activities	(278,718)	(235,691)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	179,857	179,007
Gifts for other than capital purposes	45,659	52,575
Interest on loans receivable	92	117
Cash from noncapital financing activities	225,608	231,699
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
State appropriations	11,259	43,804
Private gifts for capital purposes	7,965	13,341
Grants for capital purposes	6,499	-
Other	2,333	4,669
Proceeds from capital debt	164,845	203,749
Purchases of capital assets	(157,014)	(190,845)
Principal paid on capital debt	(74,635)	(219,085)
Interest paid on capital debt	(40,683)	(36,710)
Cash used for capital financing activities	(79,431)	(181,077)
CASH FLOWS FROM INVESTING ACTIVITIES		
Endowment income	32,024	38,694
Income from deposits with trustees	21,173	27,132
Transfer UC Foundation investments to UC Pool	0	0
Other endowment expenditures	(45)	(207)
Realized gains on investments	33,519	7,951
Purchase of investments	(742,861)	(904,230)
Sale of investments	771,626	1,004,541
Investment income	2,999	5,244
Cash from investing activities	118,435	179,125
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,106)	(5,944)
Cash and cash equivalents - beginning of the year	72,821	78,765
Cash and cash equivalents - end of the year	\$ 58,715	\$ 72,821

See accompanying notes to financial statements.

University of Cincinnati
Statements of Cash Flows - continued
Years Ended June 30, 2006 and 2005
(in thousands)

	2006	2005
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	\$ (371,573)	\$ (305,301)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	79,096	71,708
Changes in assets and liabilities:		
Receivables, net	(6,381)	(5,181)
Inventories	2,813	644
Other assets	(3,167)	(3,871)
Accounts payable and accrued liabilities	7,960	317
Deferred revenue	7,145	4,062
Compensated absences	963	2,834
Deposits	4,426	(903)
Net cash used for operating activities	\$ (278,718)	\$ (235,691)
Non cash transactions:		
Capital asset acquired by incurring note payable	\$ 3,100	\$ -
Accrued liabilities for construction in progress	21,349	19,323

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2006 and 2005

1. Organization and Summary of Significant Accounting Policies

A) Organization

The University of Cincinnati (the University) was founded in 1819 with the first charter granted by the State of Ohio in 1870. The University, formerly city owned, became a State University on July 1, 1977. As such, it is a component unit of the State of Ohio. Under provisions of the Internal Revenue Code, Section 115, and the applicable income tax regulations of the State of Ohio, the University, as a state institution, is exempt from taxes on income other than unrelated business income. Since the University has no material net unrelated business income during the year ended June 30, 2006, no provision for income taxes has been made.

The accompanying financial statements consist of the accounts of the University and the accounts of the University of Cincinnati Foundation (the Foundation). The Foundation, which is a component unit of the University in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, is described more fully in Note 17. The Foundation is exempt from Federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

B) Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The University has elected not to apply those Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

The University's financial resources are classified for accounting and reporting purposes into the following three net asset categories:

Invested in Capital Assets Net of Related Debt—Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted—Nonexpendable restricted net assets are subject to externally imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

Expendable restricted net assets are subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

Unrestricted—Net assets that are not subject to externally imposed stipulations. 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. Substantially all unrestricted net assets are designated for academic and research programs and initiatives and for capital programs.

C) Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The University reports as a Business Type Activity as defined by GASB Statement No. 35. A Business Type Activity is financed in whole or in part by fees charged to external parties for goods or services.

Investments in marketable securities are carried at fair value as established by the major securities markets. Investment income is recorded on the accrual basis. Realized and unrealized gains and losses are reported as nonoperating revenues (expenses).

The majority of alternative investments, such as limited partnerships, are carried at estimated fair value provided by the management of the alternative investment funds as of March 31, 2006 and 2005, as adjusted by cash receipts, cash disbursements and securities distributions through June 30, 2006 and 2005. The University believes that the carrying amount of its alternative instruments is a reasonable estimate of fair value as of June 30, 2006 and 2005. Because alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. The University's commitment to alternative investments is \$31,044,000 and \$33,925,000 as of June 30, 2006 and 2005 respectively.

The University considers all highly liquid investments purchased with an original maturity of three months or fewer to be cash equivalents.

Inventories are held primarily by the central store and are stated at the lower of cost or net realizable market value. The moving-average basis for all inventories is used to determine inventory cost. In 2005 the inventories were primarily held by the book store and were valued using the retail basis.

Capital Assets—Land, land improvements, infrastructure, buildings and equipment are recorded at cost at date of acquisition, or market value at date of donation. The University's capitalization threshold is \$100,000 for major capital projects and \$5,000 for all other capitalized items. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction. University and Foundation property and equipment are depreciated using the straight-line method over the estimated useful lives (from five to fifty years) of the respective assets. When plant assets are sold or disposed of, the carrying value of such assets and the associated depreciation are removed from the University's records.

The University does not capitalize works of art or historical treasures that are held for public exhibition, education or research in furtherance of public service. These collections are neither disposed of for financial gain nor encumbered in any way. In addition, the University requires the proceeds from the sale of collection items be used to acquire other collection items. Accordingly, such collections are not recognized or capitalized for financial statement purposes. All other works of art or historical treasures are capitalized at historical or fair value at date of donation.

Gift Pledges—The University receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In the absence of such promise, revenue is recognized when the gift is received.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using a discount rate commensurate with the risks involved. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts. The determination includes such factors as prior collection history, type of gift and nature of fundraising.

Deferred Revenue includes amounts received in advance of an event.

Endowment Spending Policy—For donor restricted endowments, the Uniform Management of Institutional Funds Act permits the University to distribute an amount of realized and unrealized endowment appreciation as the Board of Trustees determines to be prudent. The University's policy is to accumulate the undistributed realized and unrealized appreciation within the endowment, which is discussed in Note 2.

Student Tuition and Residence Fees are presented net of scholarship and fellowship allowances of \$81,367,000 in 2006 and \$77,341,000 in 2005 and bad debt provisions of \$2,955,000 in 2006 and \$1,959,000 in 2005. Payments made directly to students are presented as scholarship and fellowship expenses.

Auxiliary Enterprise Revenues primarily represent revenues generated by bookstores, parking, the conference center, athletics, housing, and dining.

Operating Activities, as reported on the Statement of Revenues, Expenses, and Changes in Net Assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded

as non-operating revenues, as defined by GASB Statement 35, including state appropriations, gifts and investment income.

Management Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates. The use of management's estimates relate most significantly to self-insurance reserves.

Reclassifications—Certain prior-year amounts have been reclassified to conform to current-year presentations.

2. Cash and Investments

Summary—The University maintains centralized management for substantially all of its cash and investments. With the exception of insurance reserves, charitable remainder trusts, and other trust funds the terms of which require separate management, the University invests its reserves and relatively short-duration assets in the Temporary Investment Pool, and invests substantially all of the assets of the University endowment in the Endowment Investment Pool.

Distributions are made from the University endowment to the University entities that benefit from those funds. The endowment spending policy provides for an annual distribution of five percent of the twelve-quarter moving-average market value of endowment units.

Authorizations—The Temporary Investment Pool is invested principally in investment-grade money-market and fixed-income securities. Balances in the Temporary Investment Pool are primarily for operating expenses or for funding capital projects.

The University investment policies are governed and authorized by University rules. The approved asset allocation policy for the endowment investments sets a general target of 85 percent equities and 15 percent fixed-income securities within broader ranges set at the discretion of the Investment Committee.

Diversification is a fundamental risk-management strategy for the endowment portfolio. Accordingly, the portfolio includes investments in domestic and non-U.S. stocks, bonds and bond-like loans; real estate; and limited partnerships consisting of venture capital, private equity and real estate.

Off-Balance-Sheet Risk—The University's investment strategy incorporates certain financial instruments which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations embodied in forward, futures, and commodity or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the Statement of Net Assets and is not represented by the contract or notional amounts of the instruments.

Cash and Cash Equivalents—At June 30, 2006, the carrying amount of the University's cash and cash equivalents for all funds is \$58,715,000 as compared to bank balances of \$70,971,000. The University considers cash equivalents to be short-term, highly liquid investments that have original maturities of three months or less. The difference between the carrying amount and the bank balances is caused primarily by deposits in transit and outstanding checks.

Of the University's bank balances, \$389,000 is covered by federal depository insurance; mutual funds hold cash equivalents of \$9,693,000; \$37,226,000 is in public funds collateralized pools; and the balance of \$23,663,000 is uncollateralized. The University does not have a policy for custodial credit risk.

Investments — The fair value of University investments at June 30 is (in thousands):

	<u>2006</u>	<u>2005</u>
U. S. government securities	\$ 45,564	\$ 87,693
Corporate notes and bonds	20,071	55,803
Corporate stocks	272,812	311,916
Mutual funds	426,864	345,649
Other securities	109,870	79,351
Real estate	<u>12,749</u>	<u>18,067</u>
Total investments	887,930	898,479
Less current investments	<u>10,969</u>	<u>43,586</u>
Non current investments	<u>\$876,961</u>	<u>\$854,893</u>

At June 30, 2006 and 2005, other securities included \$104,471,000 and \$74,711,000, respectively, of loans made to certain nonprofit entities for the purpose of developing residential and commercial facilities on the borders of the campus. Currently, these loans are secured primarily by mortgages on parcels of land purchased by these nonprofit entities. Some of these mortgages are subordinated to external financing arranged by these entities. These loans bear interest at 6%. The University expects repayment once the residential and commercial facilities have streams of rental income.

The University has recorded the investments in the table above in the following categories: \$30,051,000 of investments and \$857,879,000 of endowment investments. Also, included in endowment investments as reported on the Statement of Net Assets are \$235,339,000 invested predominately in equities held in donor-stipulated irrevocable trusts.

GASB Statement 40 requires government entities to categorize investments by interest rate risk, credit risk, and custodial credit risk.

Interest Rate Risk – The University's investments total \$887,930,000 and \$898,479,000 as of June 30, 2006 and 2005, respectively. The segmented time distribution method is used to portray interest rate risk of \$203,173,000 and \$252,911,000 for bond and other fixed income investments as of June 30, 2006 and 2005, respectively. Investments for the years ended June 30, 2006 and 2005 is summarized as follows (in thousands):

Investment Type	Fair Value	Investment Maturities (In Years) 2006			
		Less than 1	1-5	6-10	More than 10
US Treasury Obligations	\$ 15,322	\$ 5,054	\$ 3,835	\$ 2,719	\$ 3,714
US Government Agencies	25,443	5,056	10,205	7	10,175
US Treasury STRIPS	4,799	828	3,506	465	-
Corporate Bonds and Notes	20,071	1,216	15,357	3,498	-
Bond Mutual Funds	28,592	-	17,833	10,759	-
Local mortgage secured loans	105,011	-	540	-	104,471
Other	<u>3,935</u>	<u>367</u>	<u>1,468</u>	<u>1,285</u>	<u>815</u>
Total	<u>\$203,173</u>	<u>\$12,521</u>	<u>\$52,744</u>	<u>\$18,733</u>	<u>\$119,175</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years) 2005</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
US Treasury Obligations	\$ 21,499	\$ 3,027	\$10,441	\$ 3,059	\$ 4,972
US Government Agencies	60,522	19,429	28,884	2,861	9,348
US Treasury STRIPS	5,672	839	3,063	1,770	-
Corporate Bonds and Notes	55,803	34,352	16,554	4,897	-
Bond Mutual Funds	30,384	-	-	30,384	-
Local mortgage secured loans	75,251	-	540	-	74,711
Other	<u>3,780</u>	<u>367</u>	<u>1,468</u>	<u>1,652</u>	<u>293</u>
Total	<u>\$252,911</u>	<u>\$58,014</u>	<u>\$60,950</u>	<u>\$44,623</u>	<u>\$89,324</u>

The University's investment policy stipulates that the weighted average maturity of investments in the Temporary Investment Pool shall be no longer than 5 years. The weighted average of fixed income maturities in the Endowment portfolio shall not exceed 20 years.

Credit Risk - The Temporary Investment Pool permits investments in securities rated A or higher at the time of purchase. Securities which are downgraded below an A rating after purchase are permitted to be retained. Endowment investment-grade bonds are limited to those in the first four grades of any rating system. Below-investment grade high yield bond investments and certain unrated investments having strategic value to the University are permitted. In accordance with the University's investment policy, the University's \$203,173,000 and \$252,911,000 bond and other fixed income investments are rated by nationally recognized rating organizations as follows as of June 30 (in thousands):

<u>Rating</u>	<u>2006</u>	<u>2005</u>
US Treasury Obligations – equivalent of AAA	\$ 15,322	\$ 21,499
AAA	48,075	85,944
AA	2,469	12,679
A	14,566	31,979
BBB	13,794	16,755
BB	-	5,024
Not Rated	<u>108,947</u>	<u>79,031</u>
Total	<u>\$203,173</u>	<u>\$252,911</u>

Custodial Credit Risk – Of the University's \$887,930,000 total investments, \$350,018,000 are uninsured, not registered in the name of the University, and are held by trust departments or agents in the University's name, and thus are exposed to custodial credit risk. The University does not have a policy for custodial credit risk.

University Investment Pools—Of the University investments, approximately \$46,858,000 are separately invested by donor stipulation. The remaining funds are invested in one of three pools. The Temporary Investment Pool represents the investment of substantially all University cash not otherwise invested in the endowment.

The Endowment Investment Pool A is the principal investment pool for the University endowments that may be pooled legally or by donor concurrence. The University employs the share method of accounting for the Endowment Investment Pool A investments and for proportionate distribution of income to each fund that participates in the pool. At June 30, 2006, the Endowment Investment Pool A consisted of 7,554,000 shares. Effective July 1, 2002, substantially all endowments held in trust, by donor stipulation, by the University of Cincinnati Foundation were invested in the University's Endowment Investment Pool A. At June 30, 2006, such endowments own 1,563,000 pool shares with a market value of \$169,267,000, equating to approximately

20% of the Endowment Investment Pool A. The Endowment Investment Pool B comprises real estate holdings received by bequest.

The following tabulation summarizes the changes in relationships between cost and fair values of the Endowment Investment Pool A assets for the year (*in thousands*):

	<u>Net Cost</u>	<u>Fair Value</u>	<u>Net Gains/ (Losses)</u>	<u>Fair Value Gain/(Loss) Per Share</u>
End of year	\$717,968	\$818,001	\$100,033	\$108.28
Beginning of year	660,952	742,360	<u>81,408</u>	102.30
Unrealized net gain/(loss) for year			18,625	
Realized net gain/(loss) for year			<u>24,632</u>	
Total net gain/(loss) for year			<u>\$ 43,257</u>	\$ 5.98

The University has adopted a spending rate policy which limits the distribution of endowment income earned in the investment pool to five percent of the moving-average market value for the twelve-quarter period ending each December. During 2006, income earned was approximately \$18,529,000 less than the amount allocated for spending. In accordance with the Ohio Uniform Management of Institutional Funds Act, the cumulative shortfall of \$129,065,000 as of June 30, 2006, is funded by capital appreciation of the investment pool.

Income allocated for spending during 2006 amounted to \$4.27 per share of the Endowment Investment Pool A. The average annual earnings per share, exclusive of capital appreciation, amounted to \$2.51.

3. Accounts, Pledges and Notes Receivable

Accounts, pledges and notes receivable as of June 30, are as follows (*in thousands*):

	<u>2006</u>	<u>2005</u>
Accounts receivable	\$50,247	\$40,522
Pledges receivable	18,023	18,331
Notes receivable	33,339	33,519
Accrued interest receivable	<u>13,357</u>	<u>9,070</u>
Total	114,966	101,442
Less current receivables	<u>59,901</u>	<u>56,296</u>
Noncurrent receivables	<u>\$55,065</u>	<u>\$45,146</u>

Allowances for uncollectible receivables have been provided in the amount of approximately \$7,105,000 and \$8,923,000 for accounts receivable, \$1,169,000 and \$576,000 for pledges receivable, \$4,749,000 and \$4,407,000 for notes receivable as of June 30, 2006 and 2005, respectively.

Pledges have been discounted at a rate of four percent to net present value, which approximates the fair value of the receivables as follows (*in thousands*):

	<u>2006</u>	<u>2005</u>
Less than one year	\$ 3,589	\$ 3,481
One to five years	9,061	8,441
More than five years	<u>6,542</u>	<u>6,985</u>
Subtotal	19,192	18,907
Less allowance for uncollectible pledges	<u>1,169</u>	<u>576</u>
Total	<u>\$18,023</u>	<u>\$18,331</u>

Pledges receivable due from one donor approximated 38% and 43% of total pledges receivable, as of June 30, 2006 and 2005, respectively.

4. Capital Assets

Capital assets activity for the years ended June 30, 2006 and 2005 is summarized as follows (*in thousands*):

	Balance July 1, 2005	Additions	Retirements/ Transfers	Balance June 30, 2006
Land	\$ 21,305	\$ 618	\$ -	\$ 21,923
Land improvement	34,752	-	43,262	78,014
Buildings	1,313,888	19	217,863	1,531,770
Construction in progress	295,625	158,037	(312,367)	141,295
Infrastructure	78,399	-	11,269	89,668
Building equipment	15,167	-	26	15,193
Moveable equipment	136,867	12,775	(3,796)	145,846
Computer Software	162	-	28,585	28,747
Books	133,718	9,087	(11,121)	131,684
Art objects	4,469	30	(143)	4,356
	<u>2,034,352</u>	<u>180,566</u>	<u>(26,422)</u>	<u>2,188,496</u>
Less accumulated depreciation	<u>704,180</u>	<u>79,096</u>	<u>(15,259)</u>	<u>768,017</u>
Net assets	<u>\$1,330,172</u>	<u>\$101,470</u>	<u>\$ (11,163)</u>	<u>\$ 1,420,479</u>

	Balance July 1, 2004	Additions	Retirements/ Transfers	Balance June 30, 2005
Land	\$ 19,976	\$ 1,329	\$ -	\$ 21,305
Land improvement	27,927	3,184	3,641	34,752
Buildings	1,276,318	22,222	15,348	1,313,888
Construction in progress	199,798	146,482	(50,655)	295,625
Infrastructure	76,801	868	730	78,399
Building equipment	15,167	-	-	15,167
Moveable equipment	129,577	16,739	(9,287)	137,029
Books	125,588	9,931	(1,801)	133,718
Art objects	4,408	61	-	4,469
	<u>1,875,560</u>	<u>200,816</u>	<u>(42,024)</u>	<u>2,034,352</u>
Less accumulated depreciation	<u>659,035</u>	<u>71,708</u>	<u>(26,563)</u>	<u>704,180</u>
Net assets	<u>\$1,216,525</u>	<u>\$129,108</u>	<u>\$(15,461)</u>	<u>\$1,330,172</u>

5. Accounts Payable and Accrued Liabilities

Accounts payable and the current portion of accrued liabilities as of June 30, 2006 and 2005 are as follows (*in thousands*):

	2006	2005
Compensated absences (Current portion)	\$ 35,428	\$ 35,550
Compensation	40,177	56,299
Accrued liabilities	30,022	16,147
Vendors payable	<u>42,748</u>	<u>31,916</u>
Total	<u>\$148,375</u>	<u>\$139,912</u>

6. Compensated Absences

University employees earn vacation and sick leave on a monthly basis. Vacation benefits may be accrued up to a maximum of three years' credit, and earned but unused days are payable upon termination. Sick leave may be accrued without limit; however, earned but unused days are payable only upon retirement from the University, subject to 30- or 60-day limits depending upon the date of hire. The liability for the costs of such benefits approximated \$66,021,000 and \$65,057,000 as of June 30, 2006 and 2005, respectively.

7. Bonds and Notes Payable

Bonds and notes payable at June 30, comprise the following (*in thousands*):

Bond Series – Fixed Rate Debt	Issue Date	Maturity Dates Through	Interest Rate	Outstanding Debt	
				2006	2005
R-11, T, X, Y, AA, AG, AH, AI	1998	2018	3.70-5.50%	\$ 21,125	\$ 36,745
Z, AC	1997	2012	4.15-5.15%	3,435	4,995
AB	1997	2007	4.40-5.10%	170	225
AD	1997	2010	4.65-5.05%	2,665	2,665
AL, AM, AN	1998	2018	3.45-4.75%	4,910	5,250
AL-1, AO	1999	2013	4.20-5.50%	5,320	12,365
AQ, AT, AU, AV, AZ	2000	2020	4.60-5.75%	5,150	5,595
2001A	2001	2031	3.60-5.50%	144,275	151,575
2002A	2002	2022	2.25-4.875%	4,935	5,150
2002D	2002	2022	2.40-5.00%	3,975	4,275
2002F	2003	2024	2.50-5.375%	42,995	44,560
2002G	2003	2031	1.80-5.00%	13,415	15,510
2003C	2003	2026	3.00-5.00%	78,540	82,660
2004A	2004	2031	2.00-5.00%	64,435	64,620
2004D	2004	2026	2.00-5.00%	50,985	50,985
2004E	2005	2021	2.25-5.00%	23,740	23,740
2005A	2005	2020	3.10-5.00%	69,410	69,410
2005D	2006	2019	4.00-5.00%	20,410	-
2006A	2006	2031	3.50-5.00%	<u>54,870</u>	<u>-</u>
Total bonds payable – fixed rate debt				<u>614,760</u>	<u>580,325</u>
			Weighted Average Interest Rate		
Bond Series – Variable Rate Debt					
2004B – Auction Mode	2004	2031	2.17%	40,000	40,000
2004B – Weekly Mode	2004	2031	2.12%	<u>103,755</u>	<u>103,755</u>
Total bonds payable – variable rate debt				<u>143,755</u>	<u>143,755</u>
Total bonds payable				<u>\$ 758,515</u>	<u>\$ 724,080</u>

Note Series	Issue Date	Maturity Dates Through	Interest Rate	Outstanding Debt	
				2006	2005
General Receipts Bond					
Anticipation Notes:					
2005C	March 2005	March 2006	4.00%	\$ 0	\$ 23,980
2006B	January 2006	January 2007	4.50%	40,000	0
2006C	March 2006	March 2007	4.50%	41,065	0
Certificates of Participation—Center					
For Information Technology	1993	2008	2.40-5.50%	180	270
Ohio Board of Regents					
Notes Payable	1994	2006	0.00%	\$ 0	\$ 141
Capital Lease Obligations					
University Center	1996	2011	4.125-5.10%	16,570	18,530
Edwards Center	1998	2011	4.00-5.75%	12,215	13,910
Residence Halls	2000	2028	4.40-5.50%	40,540	41,540
University Center Refunding	2005	2024	3.50-5.00%	52,815	52,815
Loans Payable-Equipment	2003	2014	2.86-4.41%	4,616	2,182
Other		2006	1.40-8.00%	0	5
Total notes payable				208,001	153,373
Total bonds and notes payable				966,516	877,453
Plus discounts/premiums/loss on refunding				2,951	1,804
Total bonds and notes payable, net				\$969,467	\$879,257

A) Debt Issuances and Permanent Fundings

General Receipt Bonds-Fixed Rate Debt – During the year ended June 30, 2006, the University issued two general receipt fixed rate bonds totaling \$75,280,000 that bear interest at rates ranging from 3.50% to 5.00% and mature in years 2019 and 2031. The proceeds were used to refund portions of Series AA, AC, AL-1, AO and T bonds, to pay associated bond issue costs and to finance all or a portion of the costs of the following projects: MainStreet, Human Resources System Replacement and Zimmer Garden, along with the associated bond issue costs and capitalized interest.

The refunded Series AA bonds had been issued to finance a portion of the University Center project, infrastructure and site access and will be called June 2008; the refunded Series AC bonds had been issued to finance CFC unit replacements and will be called June 2007; the refunded Series AL-1 bonds had been issued to bridge the receipt of gifts for a portion of the Vontz Center for Molecular Studies and will be called December 2009; the refunded Series AO bonds had been issued to finance a portion of the expansion and renovation of the College Conservatory of Music and will be called December 2009; and the refunded Series T bonds had been issued to finance Office of Residence Life strategic plan capital improvements and will be called June 2008.

General Receipt Bonds-Variable Rate Debt – The University issued general receipt variable rate bonds, Series 2004B in 2004.

The initial interest rate for the Series 2004B – auction rate reset mode was .85%. Auction rate bonds call for the interest rate to be reset and paid every 35 days. Interest paid to date has been based on rates that have fluctuated from a low of .85% to a high of 3.55%. The maximum interest rate on the auction rate bonds is 12%. Series 2004B auction rate bonds do not have a permanent put feature. The University does not have an obligation to purchase any Series 2004B auction rate bonds that a holder wishes to sell on an auction date, or to purchase any Series 2004B auction rate bonds that a holder has tendered for purchase on a mandatory tender date in connection with a change in mode. Accordingly, the University has classified

the outstanding principal balance on its auction rate bonds that matures after June 30, 2007 as a long-term liability.

The initial interest rate for the Series 2004B – weekly reset mode bonds was .92%. The interest rate for the weekly mode bonds resets every week, with interest due the first business day of each calendar month. Interest paid to date has been based on weekly rates that have fluctuated from a low of .87% to a high of 3.80%. The maximum interest rate on the weekly reset mode bonds is 12%. The University has entered into a standby bond purchase agreement with a liquidity provider for Series 2004B weekly reset mode bonds. Series 2004B weekly rate bondholders may tender any of these bonds for repurchase every seven days. Any bonds so tendered will be purchased either by the proceeds of the remarketing of such bonds or, if not successfully remarketed, by the liquidity provider. Accordingly, the University has classified the outstanding principal balance on its auction rate bonds that matures after June 30, 2007 as a long-term liability. As of June 30, 2006, there has not been a failed remarketing for the weekly reset mode variable rate bonds.

The University has the option to convert the variable rate bonds from one rate mode to another, as well as the option to redeem these bonds in whole or in part. The University's variable rate bonds mature at various dates, beginning in fiscal year 2007 through 2031. It is the University's intent to repay its variable rate bonds in accordance with the maturities set forth in the bond offering circulars.

Bond Anticipation Notes – During the year ended June 30, 2006, the University issued the following Bond Anticipation Notes: Series 2006B for \$40,000,000, issued to bridge the receipt of gifts for a portion of the Varsity Village project and to fund Early Project Expenditures for various construction and renovation projects; and Series 2006C for \$41,065,000, issued to refinance existing bond anticipation notes (a portion of Series 2005C) as well as fund new construction and renovation projects. Series 2005C bond anticipation notes were retired on March 28, 2006. Series 2006B and 2006C notes are outstanding and each bear interest at a rate of 4.50%.

Loans Payable for Equipment – During the year ended June 30, 2006, the University borrowed \$3,100,000, at an interest rate of 4.41%, for the purchase of various scoreboards for the Athletic department. All of the outstanding loans bear interest rates between 2.86% and 4.41%.

B) Defeasance

General Receipts Bonds—Series 2005D general receipt bonds were issued July 7, 2005 in the amount of \$20,410,000. A portion of the Series 2005D bonds, \$3,555,000, were issued for the purpose of advance refunding \$3,610,000 of the outstanding Series AA general receipts bonds, stated to mature on June 1, 2014 through June 1, 2018. Another portion of the Series 2005D bonds, \$840,000, were issued for the purpose of advance refunding \$860,000 of the outstanding Series AC general receipts bonds, stated to mature on June 1, 2013 through June 1, 2017. Further, \$2,235,000 of the Series 2005D bonds were issued for the purpose of advance refunding \$2,140,000 of the outstanding Series AL-1 general receipts bonds, stated to mature on June 1, 2014 through June 1, 2019. Another, \$4,470,000 of the Series 2005D bonds were issued for the purpose of advance refunding \$4,285,000 of the outstanding Series AO general receipts bonds, stated to mature on June 1, 2014 through June 1, 2019. Finally, \$9,310,000 of the Series 2005D bonds were issued for the purpose of advance refunding \$9,460,000 of the outstanding Series T general receipts bonds, stated to mature on June 1, 2014 through June 1, 2018. The purpose of the refunding was to reduce future debt service payments. Net proceeds of \$21,615,000 were used to purchase United States government securities that were placed in irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded Series AA, AC, AL-1, AO and T general receipts bonds. The economic gain (difference between the present value of the old and new debt service payments) to the University will be \$859,000. As a result of the refunding, \$1,334,000 has been recorded as Deferred Loss on Refunding and will be amortized from 2006 through 2019. The deferred loss on refunding reflects the difference between the refunding reacquisition price for the respective portion of Series 2005D and the net carrying amount of the outstanding principal balances of the refunded debt issues.

C) Collateralization and Debt Reserves

The general receipts bonds and general receipts bond anticipation notes are collateralized by a pledge of general receipts of the University. The certificates of participation are collateralized by the capital assets purchased under the respective financing agreements and by certain insurance covering repayment of the proceeds. Loans Payable is collateralized by specified equipment.

At June 30, 2006, the required debt service reserve amounted to \$12,418,000. As provided for in the Amended and Restated Trust Agreement, this reserve is solely for the payment of debt service charges on the pre-amended bonds, with the exception that excess amounts may be transferred pursuant to Section 4.03 of the Amended and Restated Trust Agreement.

D) Debt Service Commitments

For bonds and notes payable at June 30, 2006, scheduled annual debt service payments subsequent to June 30, 2006 are as follows (*in thousands*):

Fiscal			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$108,835	\$ 38,418	\$ 147,253
2008	34,550	33,580	68,130
2009	29,390	32,229	61,619
2010	29,725	31,001	60,726
2011	29,925	29,685	59,610
2012-2016	167,135	127,205	294,340
2017-2021	185,100	84,977	270,077
2022-2026	148,750	44,604	193,354
2027-2031	<u>106,350</u>	<u>14,024</u>	<u>120,374</u>
Total	<u>\$839,760</u>	<u>\$435,723</u>	<u>\$1,275,483</u>

The University has \$143.8 million of variable rate bonds. \$103.8 million of this variable rate debt bears interest that is reset weekly based on the market with a maximum rate of 12% per year. \$40 million of the variable rate debt bears interest that is reset every 35 days based on an auction rate, subject to a maximum of 12% per year. The interest rate used to determine future interest payments in the debt service repayment table above is the rate in effect at July 1, 2006 of 3.97% for the variable weekly rate and 3.90% for the variable 35-day rate. The bonds were issued in February 2004 and, since the date of issuance; the variable weekly rate has ranged from .87% to 3.80% and the variable 35-day rate has ranged from .85% to 3.55%.

Scheduled principal and interest payments on capital lease obligations and loans payable subsequent to June 30, 2006 are (*in thousands*):

Fiscal			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 6,303	\$ 6,321	\$ 12,624
2008	6,432	6,061	12,493
2009	7,745	5,739	13,484
2010	7,675	5,348	13,023
2011	6,942	4,954	11,896
2012-2016	33,799	19,755	53,554
2017-2021	27,060	12,064	39,124
2022-2026	24,995	4,726	29,721
2027-2028	<u>5,805</u>	<u>450</u>	<u>6,255</u>
Total	<u>\$126,756</u>	<u>\$65,418</u>	<u>\$192,174</u>

E) Defeased Debt

Debt defeased by the University for which amounts remain outstanding at June 30, 2006, are *(in thousands)*:

<u>Bond Series</u>	<u>Maturity Dates</u>	<u>Interest Rate(s)</u>	<u>Amount Outstanding</u>
Residence Hall and Dining Facility Bonds:			
Series D and H	1970-2007	5.50%	\$ 960
Series F	1972-2009	5.00-6.00%	1,850
General Receipts Bonds:			
Series T	2014-2018	5.00%	9,460
Series Z	2011-2017	5.00-5.375%	6,185
Series AA	2014-2018	5.00%	3,610
Series AB	2008-2020	5.20-5.45%	21,055
Series AC	2013-2017	5.00%	860
Series AD	2011-2020	5.00-5.15%	12,055
Series AL-1	2014-2019	5.60-5.75%	2,140
Series AO	2014-2019	5.60-5.75%	4,285
Series 2001A	2015-2019	5.75%	29,245
Capital Lease Obligations:			
1996 UCP COPS	2012-2024	5.125-5.45%	<u>52,860</u>
Total			<u>\$144,565</u>

Neither the outstanding indebtedness nor the related trust accounts are reflected in the accompanying financial statements for the fully defeased bonds listed above. United States Treasury obligations in an amount sufficient to pay principal and interest on the defeased obligations, when due, have been deposited with a trustee in accordance with the defeasance of the debt.

F) Other

Subsequent to June 30, 2006, the University has issued \$20 million in Series 2006D BANS and \$15 million in Series 2006E BANS to fund various new construction/renovation projects and to fund a portion of the Center for Academic Research Excellence building.

Also subsequent to June 30, 2006, the University has entered into two capital leases in connection with the issuance of economic development revenue bonds for the benefit of King Highland Community Urban Redevelopment Corporation in order to assist in the financing of two buildings. The KHCURC-Stetson Office Building capital lease is for \$32.7 million, and the KHCURC-Turner Center capital lease is for \$10 million. Both leases have a 32 year term.

Interest expense incurred on indebtedness for the years ended June 30, 2006 and 2005, is \$31,005,000 and \$25,115,000 respectively. In 2006, interest expense on construction-related debt of \$9,615,000, net of \$2,204,000 interest earned on invested funds, was capitalized. In 2005, interest expense on construction-related debt of \$11,558,000, net of \$3,357,000 interest earned on invested funds, was capitalized.

G) Long-Term Liability

Long-term liabilities as of June 30, 2006 and 2005 are as follows (*in thousands*):

	Year Ended June 30, 2006					
	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006	Current Portion	Noncurrent Portion
Bonds, notes and capital leases:						
Bonds and notes payable	\$748,201	\$156,345	\$ 64,966	\$839,580	\$108,745	\$730,835
Certificates of participation	270	-	90	180	90	90
Loans payable-equipment	2,182	3,100	666	4,616	978	3,638
Capital lease obligations	126,800	-	4,660	122,140	5,325	116,815
Issue costs, premiums and discounts	<u>1,804</u>	<u>5,400</u>	<u>4,253</u>	<u>2,951</u>	<u>863</u>	<u>2,088</u>
Total bonds, notes and capital leases	<u>879,257</u>	<u>164,845</u>	<u>74,635</u>	<u>969,467</u>	<u>116,001</u>	<u>853,466</u>
Other long-term liabilities:						
Compensated absences	65,057	1,657	693	66,021	35,428	30,593
Refundable advances, federal loans	25,895	167	75	25,987	-	25,987
Other Liability	2,226	-	412	1,814	427	1,387
Deposits held in trust for others	<u>4,768</u>	<u>88,938</u>	<u>84,519</u>	<u>9,187</u>	<u>-</u>	<u>9,187</u>
Total other long-term liabilities	<u>97,946</u>	<u>90,762</u>	<u>85,699</u>	<u>103,009</u>	<u>35,855</u>	<u>67,154</u>
Total	<u>\$977,203</u>	<u>\$255,607</u>	<u>\$160,334</u>	<u>\$1,072,476</u>	<u>\$ 151,856</u>	<u>\$920,620</u>

	Year Ended June 30, 2005					
	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Current Portion	Noncurrent Portion
Bonds, notes and capital leases:						
Bonds and notes payable	\$759,479	\$149,674	\$160,952	\$748,201	\$44,611	\$703,590
Certificates of participation	840	-	570	270	30	240
Loans payable-equipment	1,534	1,044	396	2,182	666	1,516
Capital lease obligations	131,151	52,816	57,167	126,800	4,659	122,141
Issue costs, premiums and discounts	<u>1,592</u>	<u>212</u>	<u>-</u>	<u>1,804</u>	<u>340</u>	<u>1,464</u>
Total bonds, notes and capital leases	<u>894,596</u>	<u>203,746</u>	<u>219,085</u>	<u>879,257</u>	<u>50,306</u>	<u>828,951</u>
Other long-term liabilities:						
Compensated absences	62,223	2,928	94	65,057	35,550	29,507
Refundable advances, federal loans	25,126	824	55	25,895	-	25,895
Other Liability	-	2,226	-	2,226	411	1,815
Deposits held in trust for others	<u>5,672</u>	<u>79,080</u>	<u>79,984</u>	<u>4,768</u>	<u>-</u>	<u>4,768</u>
Total other long-term liabilities	<u>93,021</u>	<u>85,058</u>	<u>80,133</u>	<u>97,946</u>	<u>35,961</u>	<u>61,985</u>
Total	<u>\$987,617</u>	<u>\$288,804</u>	<u>\$299,218</u>	<u>\$977,203</u>	<u>\$86,267</u>	<u>\$890,936</u>

8. State Support

The University is a state-assisted institution of higher education and receives from the State of Ohio a state share of instruction that is student-enrollment based. This subsidy is determined annually by the Ohio Board of Regents. The State also provides line-item appropriations that support, in part, the current operations of various activities including clinical teaching expenditures.

In addition to the operating subsidies, the State of Ohio provides funding for and constructs major plant facilities on the University's campuses. The state passes a capital-appropriations bill biannually for both major capital projects and basic renovation projects of which the University receives a share. Such facilities are reported as capital assets on the Statement of Net Assets.

9. Retirement Plans and Other Post Employment Benefits

A) Public Employee Retirement Plans

Retirement benefits are available for substantially all employees under one of several contributory retirement plans. Prior to July 1, 1977, when the University became a state institution, employees were covered by either the City of Cincinnati Retirement System (CRS) or the Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Certified teachers appointed on or after July 1, 1977, are covered by the State Teachers' Retirement System (STRS). Non-certified employees appointed on or after that date are covered by the Public Employees Retirement System (PERS). Both STRS and PERS are statewide systems.

The PERS, STRS and CRS plans are cost-sharing, multiple-employer, defined-benefit, public-employee retirement systems. Each provides retirement, disability and death benefits to plan members and beneficiaries. These plans also provide health-care benefits to vested retirees. Benefits provided under the plans are established by State statute or the Cincinnati Municipal Code.

All three plans issue separate, publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by contacting each system as follows: Public Employee Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215, Telephone (614) 466-2085; State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215, Telephone (614) 227-4090; and City of Cincinnati Retirement System, 801 Plum Street, Cincinnati, Ohio 45202, Telephone (513) 352-3227.

The Ohio Revised Code and the Cincinnati Municipal Code provide PERS, STRS and CRS statutory authority, respectively, over employer and employee contributions. The required, actuarially determined contribution rates for the University and for employees are 13.54% (4.50% relating to health-care benefits) and 9% of covered payroll, respectively, for PERS; 14% (1% relating to health-care benefits) and 10%, respectively, for STRS; and 17% and 7%, respectively, for CRS for the year ended June 30, 2006. The University's contributions, representing 100% of employer contributions for the year ended June 30, 2006, and for each of the two preceding years are as follows (*in thousands*):

<u>Fiscal Year</u>	<u>PERS \$</u>	<u>STRS \$</u>	<u>CRS \$</u>
2004	16,769	14,686	408
2005	18,217	15,404	417
2006	19,811	16,417	361

PERS and STRS provide postretirement and postemployment health-care benefits in addition to the retirement benefits described above. PERS Other Post Employment Benefits (OPEB) is advance funded on an actuarially determined basis. The assumptions and calculation below were based on the system's latest actuarial review performed as of December 31, 2004. An entry-age normal actuarial-cost method of valuation is used in determining the present value. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The actuaries' assumptions were as follows: investment return, 8%; annual wage increase (compounded annually), 4%; and health care costs, 4%. At December 31, 2004, the actuarial value of the Retirement System's net assets available for OPEB was \$10,800,000,000. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29,500,000,000 and \$18,700,000,000, respectively. There are 376,109 active contributing participants. Of the \$19,811,000 of University employer contributions to PERS for 2006, \$5,953,000 was to fund OPEB.

STRS has discretionary authority, pursuant to the Ohio Revised Code, over how much, if any, of the health-care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health-care cost in the form of a monthly premium. The balance in the Health Care Reserve Fund was \$3.3 billion at June 30, 2005 (the latest information available). For the year ended June 30, 2005, the net health-care costs paid by STRS were \$254,780,000. There were 115,395 eligible benefit recipients.

In addition to the pension benefits described above, the University provides postretirement health-care and dental benefits (under its labor agreement with the American Association of University Professors) to all

retirees who are participants of TIAA-CREF when they retire. During 2006, 2005, and 2004 the net cost of these benefits recorded on a pay-as-you-go basis totaled approximately \$2,945,000, \$2,972,000, and \$2,906,000 respectively.

B) Ohio Alternative Retirement Plan

On June 23, 1998, pursuant to Ohio House Bill 586, the University created an Ohio Alternative Retirement Plan (ARP), which is designed to aid the University in recruiting and retaining employees by offering a portable retirement option. The ARP is a defined-contribution plan that provides full and immediate vesting of all contributions made on behalf of the participants. Contributions are directed to one of eight investment management companies, which allows the participant to manage the investment of all retirement funds. New employees who qualify for the ARP have 90 days from the date of hire to elect the ARP option. Once this window has passed, the employee does not have the option to elect into the ARP.

At June 30, 2006, there were 1,825 members of the plan. During 2006, 2005, and 2004 the employer contributions were \$11,310,000, \$10,349,000, and \$9,194,000 respectively. During 2006 and 2005, the employer contribution rate for participants electing out of PERS was 12%, and 10.5% for employees electing out of STRS.

10. Restricted Net Assets

Restricted net assets are either nonexpendable or expendable. Nonexpendable restricted net assets consist primarily of endowments whose corpus is held in perpetuity. Only the income earned on the invested principal is used for the purpose specified by the donor. The principal of expendable restricted net assets may be used for the donor-specified purpose. Restricted nonexpendable and expendable net assets are held for the following purposes (*in thousands*):

	<u>2006</u>	<u>2005</u>
Restricted nonexpendable:		
Instruction	\$ 145,004	\$135,783
Research	80,398	77,025
Academic support	48,945	46,089
College/programs	312,011	288,569
Scholarships	129,004	114,946
Equity interest in Alliance	324,639	257,050
Other	<u>75,610</u>	<u>78,069</u>
Total	<u>\$1,115,611</u>	<u>\$997,531</u>
Restricted expendable:		
Instruction	\$ 31,621	\$ 29,085
Research	111,013	106,316
Academic support	30,234	28,539
College/programs	135,172	124,314
Scholarships	35,546	34,916
Student loans	9,021	9,119
Grants and contracts	6,327	9,131
Capital projects	31,160	50,987
Other	<u>8,210</u>	<u>7,775</u>
Total	<u>\$ 398,304</u>	<u>\$400,182</u>

11. Unrestricted Net Assets

Unrestricted net assets, as defined by GASB Statement 35, are not subject to externally imposed stipulations; however, they are subject to internal restrictions imposed by action of management or the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties.

12. Equity Interest in Alliance

Effective January 1, 1995, the University, acting on its own behalf and on behalf of University Hospital (the Hospital), entered into a Joint Operating Agreement (the Agreement) with The Christ Hospital, St. Luke Hospital, Inc. and The Health Alliance of Greater Cincinnati (the Alliance) for the purpose of forming an alliance of hospitals, physicians and other health-care providers in an integrated health-care delivery system. Jewish Health Systems, Inc. (Jewish Hospital) and Fort Hamilton Hospital Holding Company LLC (Fort Hamilton Hospital) also executed the Agreement effective January 1, 1996, and July 1, 1998, respectively. Under the terms of the Agreement, the Hospital, The Christ Hospital, Fort Hamilton Hospital, Jewish Hospital and St. Luke Hospital (collectively referred to as the Participating Entities) are managed by Alliance management, and their operating results are combined and allocated to the Participating Entities based on their calculated equity interests in the Alliance. The University's equity interest in the Alliance of 29.09% is based on the Hospital's pro rata portion of the Participating Entities' net assets. The University has recognized its equity interest in the Alliance of \$324,639,000 and \$257,050,000 for the years ended June 30, 2006 and 2005, respectively, in Other Long-term Investments and Restricted Nonexpendable Net Assets. Separate financial information regarding the Alliance may be obtained by contacting the Alliance at the Health Alliance of Greater Cincinnati, 3200 Burnet Avenue, Cincinnati, Ohio 45229.

Hospital revenues and expenditures are recorded by the Alliance. The University has reported its pro rata share (\$67,589,000 and \$33,695,000 for the years ended June 30, 2006 and 2005, respectively) of the Alliance's net gain as part of the change in the fair value of investments.

The University provides various shared services, consisting mainly of security and various administrative services, to the Health Alliance for which the University is reimbursed on a cost basis. The total cost of these services for the years ended June 30, 2006 and 2005 were approximately \$5,304,000 and \$4,033,000 respectively.

Also pursuant to the Agreement, the Hospital transferred to the University, as trustee, \$60 million of its unrestricted reserves into a separate quasi-endowment for the account of the Alliance to support academic programs of the University's College of Medicine. This amount was not considered in the calculation of the University's equity interest in the Alliance. The current market value of this fund was \$83,993,000 and \$79,672,000 as of June 30, 2006 and 2005, respectively.

Pursuant to the Operating and Affiliation Agreement between the Health Alliance and the University dated January 25, 2006, the Health Alliance provides financial support to the University for academic programs that directly or indirectly support patient care at the University Hospital or the Health Alliance. The Health Alliance also pays the University an annual education and research payment that must be used exclusively for academic health center purposes. The total of these payments for the years ended June 30, 2006 and 2005 were \$12,139,000 and \$6,567,000, respectively.

13. Capital Project Commitments

At June 30, 2006, the University is committed to future capital expenditures as follows (*in thousands*):

Contractual commitments	\$ 73,865
Estimated completion costs of projects	<u>56,090</u>
Total	<u>\$129,955</u>

These projects are being funded through various resources, including the State of Ohio, as follows (*in thousands*):

Approved state appropriations requested and released as of June 30, 2006	\$ 7,197
Approved state appropriations not yet requested	1,238
Gifts and Pledges	958
University funded prior to June 30, 2006	40,916
Funds to be provided subsequent to June 30, 2006, from various available sources	<u>79,646</u>
Total	<u>\$129,955</u>

The \$79,646,000 of funding to be provided subsequent to June 30, 2006 will come from state funds, federal funds, debt, gifts and University funds.

14. Self-Insurance Funds

The University currently provides for medical professional and general liability insurance through a combination of actuarially funded self-insurance and purchased commercial insurance in excess of the self-insurance amount. The medical professional liability insurance program also includes several qualified not-for-profit departmental (physician) practice corporations. Medical professional self-insurance limits were \$4 million per occurrence for 2006. An additional \$15 million in commercial excess professional liability insurance was provided above the self-insured retention. General liability coverage was provided as part of a group purchase arrangement of Ohio state universities through the Inter-University Council of Ohio (IUC). This program provided for \$250,000 retention per occurrence with the first \$100,000 funded by UC, and the remaining \$150,000 funded by pool funds held through the IUC. Excess commercial coverage for general liability was provided with total limits of \$50 million, of which \$45 million was shared with the other participating four-year universities in the state of Ohio. In addition, educators' legal liability coverage was provided through the IUC program with \$25 million in total limits, of which \$20 million was shared among the participating institutions.

The University's self-insurance funding is based on calculations by independent actuaries and funds are deposited directly into two irrevocable self-insurance trust funds, one for medical professional liability and one for general liability. In the opinion of management, trust assets totaling approximately \$20,338,000 are adequate to cover IUC estimated liabilities resulting from known claims and incidents and incurred-but-not-reported incidents as of June 30, 2006. The University has reported self-insurance trust assets of \$3,728,000 in other assets and liabilities, representing its interest in the two trust funds. IUC self-insurance pools are funded by an agreed formula among the participating four-year universities in the state of Ohio.

The University is also self-insured for a portion of medical and dental benefits provided to employees. The cost of such self-insured benefits provided during 2006 and 2005, respectively, was approximately \$21,197,000 and \$17,450,000, including \$1,861,000 and \$1,345,000 accrued for estimated claims incurred but not reported.

15. Commitments and Contingencies

The University is currently a defendant in various legal actions. Additional legal action regarding the Health Alliance of Greater Cincinnati but not involving the University could negatively affect a portion of the education and research payment received from the Health Alliance. Although the final outcome of such actions cannot currently be determined, the University's administration is of the opinion that the eventual liability, if any, will not have a material effect on the financial position or operations of the University.

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

In 2005 the Department of Education conducted a program audit of certain aspects of the University's Student Financial Aid Program. As a result of various findings of the Department of Education, the University has estimated a liability to the Department of Education approximating \$8 million.

The University's utility plant is exposed to market price fluctuations on its purchase of natural gas. The University has purchase commitments with certain suppliers of natural gas whereby the University can lock into the price of natural gas for a specified amount of natural gas that the University will take delivery of. As of June 30, 2006, the University has purchase commitments for 813,491 decatherm of gas at a price based on NYMEX, plus a surcharge on the date of the purchase commitment.

16. University of Cincinnati Foundation

The University of Cincinnati Foundation is a legally separate, tax-exempt component unit of the University. The principal function of the Foundation is to solicit, reserve, hold, invest and administer funds and to make distributions to or for the benefit of the University. Since these resources held by the Foundation can be used only by or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Accounts of the Foundation have been consolidated in the accompanying financial statements in accordance with generally accepted accounting principles for state-assisted colleges and universities which differ somewhat from generally accepted accounting principals for not-for-profit organizations. Pledges receivable for the benefit of the University totaling \$18,671,000 in 2006 and \$16,742,000 in 2005, and funds held in trust by the Foundation for the University of \$191,001,000 in 2006 and \$169,177,000 in 2005, have been recorded by the University and have, therefore, been eliminated from the amounts reported for the Foundation as of June 30, 2006 and 2005. Of these amounts, \$171,491,000 and \$148,815,000 has been invested as of June 30, 2006 and 2005 respectively in the University endowment pool investment pool.

A) Cash & Cash Equivalents

The carrying amount of the Foundation's cash and cash equivalents is \$10,891,000 as compared to bank balances of \$10,712,000. The difference between the carrying amounts and the bank balances is caused primarily by deposits in transit and outstanding checks.

Of the Foundation's bank balances, \$829,000 is covered by federal depository insurance, \$7,268,000 is uninsured and mutual funds hold \$2,615,000 in cash equivalents.

B) Investments

The fair value of investments at June 30 is *(in thousands)*:

	<u>2006</u>	<u>2005</u>
U. S. government securities	\$ 77	\$ 3,520
Corporate notes and bonds	-	4,424
Corporate stocks	928	1,120
Mutual funds	15,267	15,683
Other securities	875	1,360
Real estate	<u>978</u>	<u>832</u>
Total investments	<u>\$18,125</u>	<u>\$26,939</u>

GASB Statement 40 requires government entities to categorize investments of interest rate risk, credit risk, and custodial risk.

Interest Rate Risk

The Foundation's investments total \$18,125,000 and \$26,939,000 as of June 30, 2006 and 2005 respectively. The segmented time distribution method is used to portray interest rate risk for \$14,085,000 and \$21,533,000 of bond and other fixed income investments as of June 30, 2006 and 2005, respectively. Investments for the years ended June 30, 2006 and 2005 are summarized as follows (in thousands):

Investment Type	Investment Maturities (In Years) 2006				
	Fair Value	Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury Obligations	\$ 867	\$ 5	\$ 34	\$ 828	\$ 0
U.S. Government Agency Obligations	1,965	59	669	635	602
Corporate Bonds	2,845	291	1,782	741	31
Bond Mutual Funds	8,290	0	728	7,447	115
Other	<u>118</u>	<u>10</u>	<u>0</u>	<u>21</u>	<u>87</u>
Total Investments	<u>\$ 14,085</u>	<u>\$ 365</u>	<u>\$ 3,213</u>	<u>\$ 9,672</u>	<u>\$ 835</u>

Investment Type	Investment Maturities (In Years) 2005				
	Fair Value	Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury Obligations	\$ 1,830	\$ 1,108	\$ 444	\$ 0	\$ 278
U.S. Government Agency Obligations	4,629	266	3,784	173	406
Corporate Bonds	7,048	1,657	4,757	555	79
Bond Mutual Funds	7,890	0	1,116	6,599	175
Other	<u>136</u>	<u>0</u>	<u>11</u>	<u>125</u>	<u>0</u>
Total Investments	<u>\$ 21,533</u>	<u>\$ 3,031</u>	<u>\$ 10,112</u>	<u>\$ 7,452</u>	<u>\$ 938</u>

The Foundation does not have a policy for interest rate risk.

Credit Risk – Bond and other fixed income investments are rated by nationally recognized rating organizations as follows, as of June 30 (in thousands):

	2006	2005
U.S. Government Obligations	\$ 867	\$ 1,830
AAA	2,789	10,252
AA	4,520	2,396
A	1,817	4,080
BBB	209	452
BB	488	0
Not Rated	<u>3,395</u>	<u>2,523</u>
Total	<u>\$14,085</u>	<u>\$21,533</u>

Foundation investment grade bonds are limited to those in the first four grades of any rating system. The average rating of the portfolio of investment grade bonds must be in the top two grades of any rating system. Limited investments having strategic value to the University are permitted.

Custodial Credit Risk

Of the Foundation's \$18,125,000 total investments, approximately \$14,467,000 are uninsured, not registered in the name of the Foundation, and are held in trust departments or assets in the Foundation's name and are thus not exposed to custodial credit risk. The Foundation does not have a policy for custodial credit risk.

C) Endowment Investments

These funds represent separately invested endowments and split interest trusts where the Foundation is the remainderman.

D) Pledges Receivable

Contributors to the Foundation have made unconditional pledges totaling \$50,949,000 and \$70,026,000 as of June 30, 2006 and 2005, respectively. These pledges receivable have been discounted at a rate of six percent to a net present value of \$26,839,000 and \$46,991,000 as of June 30, 2006 and 2005, respectively, which represents fair market value. As of June 30, these pledges are due as follows (*in thousands*):

	<u>2006</u>	<u>2005</u>
Less than one year	\$11,621	\$25,959
One to five years	4,581	8,370
More than five years	<u>10,637</u>	<u>12,662</u>
Subtotal	26,839	46,991
Less allowance for uncollectibles pledges	<u>640</u>	<u>2,143</u>
Total	<u>\$26,199</u>	<u>\$44,848</u>

Separate financial information regarding the Foundation may be obtained by contacting the Foundation at University of Cincinnati Foundation, University Hall, Suite 100, 51 Goodman Drive, Cincinnati, Ohio 45221-0064.

17. Unconsolidated Related Organization

Prior to 2006, the University's Board of Trustees and the Board of County Commissioners of Hamilton County, Ohio (the County) constituted the membership of Drake center, Inc. (the Center), a nonprofit corporation created to operate a rehabilitation hospital and a skilled nursing facility. The Center was governed by a Board of Trustees, the majority of which were appointed by the University Board of Trustees. In addition, certain University officers/employees served on the Center's Board and in Center officer/employee positions under contractual arrangements.

In May 2006 the Health Alliance of Greater Cincinnati (the Health Alliance), the University, the Center and the County entered into a reorganization agreement for the Center. Under the terms of the agreement, the Health Alliance assumed ownership of the Center as of July 1, 2006 and became the sole member of the Center. The existing Board of Trustees of the Center, including those appointed by the University, resigned and the Health Alliance elected a new Board of Trustees. Accordingly, the prior relationship between the University and the Center ceased to exist as of July 1, 2006.

18. New Accounting Standards

Governmental Accounting Standards Board (GASB) Statement Number 45, *Accounting and Financial Reporting of Employers for Post Employment Benefits Other than Pensions* was issued in June 2004 and requires systematic measurement and recognition of other postemployment benefit expense and improved disclosure of accrued liabilities associated with such expenses. The provisions of this Statement are effective for fiscal periods beginning after December 15, 2006.

GASB Statement Number 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* was issued in September 2006 and establishes criteria to ascertain whether certain transactions should be regarded as sales or collateralized borrowings. The provisions of the Statement are effective for fiscal periods beginning after December 15, 2006.

Although not yet required to implement the aforementioned Statements for the year ended June 30, 2006, the University does not think that there will be a material effect on its financial statements when implementation does occur.

UNIVERSITY OF CINCINNATI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
STUDENT FINANCIAL AID CLUSTER			
STUDENT FINANCIAL AID—Direct—			
Department of Education:			
Office of Student Financial Assistance	84.007	USED SEOG P007A043379 04-05	\$ (557.00)
Office of Student Financial Assistance	84.007	USED SEOG P007A053379 05-06	1,763,721.00
Office of Student Financial Assistance	84.033	USED FWS-MAINP033A033379 03-04	140.28
Office of Student Financial Assistance	84.033	USED FWS-MAINP033A043379 04-05	(5,308.79)
Office of Student Financial Assistance	84.033	USED FWS-JL&DP033A043379 04-05	101.81
Office of Student Financial Assistance	84.033	USED FWS-MAINP033A053379 05-06	1,280,515.27
Office of Student Financial Assistance	84.033	USED FWS-READP033A053379 05-06	689.28
Office of Student Financial Assistance	84.033	USED FWS-JL&DP033A053379 05-06	46,535.17
Office of Student Financial Assistance	84.033	USED FWS-RWC P033A043379 04-05	(129.63)
Office of Student Financial Assistance	84.033	USED FWS-RWC P033A053379 05-06	14,343.44
Office of Student Financial Assistance	84.033	USED FWS-CLR P033A043379 04-05	398.30
Office of Student Financial Assistance	84.033	USED FWS-CLR P033A053379 05-06	38,771.01
Office of Student Financial Assistance	84.063	USED PELL P063P011340 01-02	(625.00)
Office of Student Financial Assistance	84.063	USED PELL P063P032017 03-04	(754.25)
Office of Student Financial Assistance	84.063	USED PELL P063P042017 04-05	611,175.00
Office of Student Financial Assistance	84.063	USED PELL P063P052017 05-06	<u>16,251,578.75</u>
Total Department of Education			<u>20,000,594.64</u>
Total Student Financial Aid-Direct Cluster			<u>20,000,594.64</u>
TOTAL STUDENT FINANCIAL AID CLUSTER			<u>\$ 20,000,594.64</u>
RESEARCH AND DEVELOPMENT CLUSTER			
RESEARCH AND DEVELOPMENT—Direct:			
Department of Agriculture:			
Cooperative State Research, Education,	10.206	USDA 02-35200-12313	\$ 12,343.29
Cooperative State Research, Education,	10.206	USDA 02-35200-12235	112,884.90
Cooperative State Research, Education,	10.206	USDA 2006-35320-1656	<u>34,183.54</u>
Total Department of Agriculture			<u>159,411.73</u>
Department of Commerce:			
National Institute of Standards and	11.609	NIST IPA #IP0509	57,393.63
National Institute of Standards and	11.609	NIST RA134105SE669	<u>13,022.18</u>
Total Department of Commerce			<u>70,415.81</u>
Department of Defense:			
Department of Defense	12	AIR FORCE-WPAFB-IP	47,482.45
Department of Defense	12	AFOSR FA9550-05-1-01	27,872.87
Department of Defense	12	DAAD19-02-2-0014 ARMY	(0.15)
Department of Defense	12	ARMY W9132T-06-2-001	11,477.47
Department of Defense	12	DACA72-03-C-0019 ARMY	384,409.88
Department of Defense	12	ARMY W9132T-04-C-001	94,264.16
Department of Defense	12	ARMY W81XWH-05-1-041	6,325.26
Department of Defense	12	ARMY W81XWH-05-2-008	102,437.92
Department of Defense	12	ARMY W81XWH-06-1-008	33,535.34
Department of Defense	12	ARMY W81XWH-06-2-001	52,822.36
Department of Defense	12	ARMY W81XWH-06-1-017	36,032.98
Department of Defense	12	DAMD17-02-1-0342 ARMY	43,550.69
Department of Defense	12	ARMY W81XWH-04-1-018	132,575.78
Department of Defense	12	ARMY W81XWH-04-C-000	212,865.62
Office of Naval Research	12.3	ONR N00014-04-1-0059	61,915.16
Office of Naval Research	12.3	ONR N00014-04-1-0229	2,585.43
Office of Naval Research	12.3	ONR N00014-05-1-0436	440,612.65
Office of Naval Research	12.3	ONR N00014-02-1-0756	(489.15)
Office of Naval Research	12.3	ONR N00014-02-1-0837	27,238.04
Office of Naval Research	12.3	ONR N00014-03-1-0706	68,576.00
Department of Army	12.42	ARMY W81XWH-06-2-001	63,217.04
Department of Army	12.42	ARMY W81XWH-06-2-001	51,087.32
Department of Army	12.42	ARMY W81XWH-04-1-049	181,854.84
Department of Army	12.42	DAMD17-01-1-0243 ARMY	<u>(1,478.00)</u>

(Continued)

UNIVERSITY OF CINCINNATI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Department of Army	12.42	DAMD17-01-1-0704 ARMY	\$ 0.39
Department of Army	12.42	DAMD17-01-1-0705 ARMY	37,009.59
Department of Army	12.42	DAMD17-01-1-0723 ARMY	9,909.64
Department of Army	12.42	DAMD17-03-1-0351 ARMY	243,279.41
Department of Army	12.42	DAMD17-02-1-0510 ARMY	168,326.65
Department of Army	12.42	ARMY W81XWH-04-1-030	6,573.53
Department of Army	12.42	ARMY W81XWH-04-1-032	19,413.45
Department of Army	12.42	ARMY W81XWH-04-1-066	10,855.94
Department of Army	12.42	ARMY W81XWH-05-1-023	199,735.30
Department of Army	12.42	ARMY W81XWH-06-1-0098	24,580.91
Department of Army	12.42	ARMY W81XWH-06-1-037	19,299.51
Department of Army	12.42	ARMY W81XWH-06-1-035	10,231.80
Department of Army	12.42	ARMY W81XWH-06-10433	15,932.06
Department of Army	12.42	ARMY W81XWH-06-1-037	16,742.21
Department of Army	12.42	ARMY W81XWH-06	81,464.11
Army Research Office	12.431	ARMY DAAD19-02-1-0227	115,783.96
Army Research Office	12.431	ARMY DAAD19-02-1-0227	617,053.68
Army Research Office	12.431	ARMY DAAD19-02-1-0227	191,726.95
Army Research Office	12.431	ARMY DAAD19-02-1-0227	87,652.43
Army Research Office	12.431	ARMY DAAD19-02-1-0227	2,366.91
Army Research Office	12.431	ARMY DAAD19-03-1-0101	58,925.85
Army Research Office	12.431	ARMY W911NF-04-1-016	158.36
Army Research Office	12.431	ARMY W911NF-04-1-038	71,016.52
Department of the Air Force	12.8	AF F33615-03-2-5210	8,697.50
Department of the Air Force	12.8	AF F49620-02-C-0039	4,363.63
Department of the Air Force	12.8	AF F9550-05-1-0386 A	47,074.78
National Security Agency	12.901	NSA H98230-05-1-0045	14,358.79
National Security Agency	12.901	NSA H98230-05-1-0066	20,662.46
Total Department of Defense			<u>4,183,968.28</u>
Department of Housing and Urban Development:			
Department of Housing and Urban Development	14	HUD OHLHT0106-05	75,592.13
Department of Housing and Urban Development	14	HUD OHLHT0103-04	205,580.27
Office of Healthy Homes and Lead Hazard	14.9	HUD OHLTS0098-03	39,333.61
Total Department of Housing and Urban Development			<u>320,506.01</u>
Department of Interior—			
Department of Interior	15	DEPT OF INTERIOR #01	158.19
Total Department of Interior			<u>158.19</u>
Department of Justice:			
Department of Justice	16	PROJECT 3 MISC FED	71,629.10
Department of Justice	16	OCJS DRUG COURT	40,563.38
Department of Justice	16	OCJS CRIME OPP PREV	80,351.88
National Institute of Justice	16.560	NIJ 2005-IJ-CX-0030	39,779.77
National Institute of Justice	16.560	DOJ 2005-DA-BX-K102	61,614.86
Criminal Justice Research and Development_ Graduate Research Fellowships	16.562	NIJ 2006-IJ-CX-0001	5,007.03
Corrections_ Research and Evaluation and Policy Formulation	16.602	NIC 05C38GJF8	121,753.49
Corrections_ Research and Evaluation and Policy Formulation	16.602	NIC 06W0101GJL0	13,665.10
Community Prosecution and Project Safe Neighborhoods	16.609	DOJ 2002-GP-CX-0223	14,286.09
Total Department of Justice			<u>448,650.70</u>
Department of State:			
Bureau of Intelligence and Research	19.3	NFSAT-CRDF AP1-03220	(0.28)
Educational Exchange_ University Lecturers (Professors) and Research Scholars	19.401	DEPT OF STATE FOSTER	95,322.73
Total Department of State			<u>95,322.45</u>
National Aeronautics and Space Administration:			
Aerospace Education Services Program	43.001	NNC04CB44C NASA	7,596.05
Aerospace Education Services Program	43.001	NAG5 13426 NASA	28,595.57
Aerospace Education Services Program	43.001	NAG5-13242 NASA	688.50
Aerospace Education Services Program	43.001	NGT5-30453 NASA	4,860.00
Aerospace Education Services Program	43.001	NAG2-1581 NASA	3,249.20
Aerospace Education Services Program	43.001	NASA NAG3-2669	(1,663.48)

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Aerospace Education Services Program	43.001	NNC04GA11G NASA	\$ 22,959.70
Aerospace Education Services Program	43.001	NAG3-2451 NASA	31,732.01
Aerospace Education Services Program	43.001	NNC04GB46G NASA	12,552.39
Aerospace Education Services Program	43.001	NAG9-01475 NASA	71,450.19
Aerospace Education Services Program	43.001	NNA06CB04G APPROACH	18,292.61
Technology Transfer	43.002	NAG5-10384 NASA	0.01
Technology Transfer	43.002	NCC5-728 NASA	21,947.39
Total National Aeronautics and Space Administration			222,260.14
National Science Foundation:			
Engineering Grants	47.041	NSF CTS-0403897	81,432.88
Engineering Grants	47.041	NSF EEC-0139438	7,035.17
Engineering Grants	47.041	NSF EEC-0139438	2,387.50
Engineering Grants	47.041	NSF EEC-0139438	1,568.26
Engineering Grants	47.041	NSF CMS-0210351	8,812.50
Engineering Grants	47.041	NSF BES-0428600	10,932.17
Engineering Grants	47.041	NSF CMS-0432992	103,916.37
Engineering Grants	47.041	NSF EEC-0341842	2,935.33
Engineering Grants	47.041	NSF EEC-0120823	61,093.82
Engineering Grants	47.041	NSF EEC-0120823	22,723.44
Engineering Grants	47.041	NSF DMR-0200839	49,578.18
Engineering Grants	47.041	NSF CMS-0210351	176,248.08
Engineering Grants	47.041	NSF CTS-0237172	53,165.17
Engineering Grants	47.041	NSF CTS-0238962	131,151.18
Engineering Grants	47.041	NSF CTS-0320695	32,362.24
Engineering Grants	47.041	NSF CTS-0403897	68,644.94
Engineering Grants	47.041	NSF CTS-0403897	49,561.51
Engineering Grants	47.041	NSF CTS-0403897	12,225.63
Engineering Grants	47.041	NSF CTS-0457453	35,349.14
Engineering Grants	47.041	NSF BES-0238858	99,921.58
Engineering Grants	47.041	NSF BES-0229135	60,410.86
Engineering Grants	47.041	NSF OCE-0304171	(1,880.26)
Engineering Grants	47.041	NSF BES-0428600	53,778.58
Engineering Grants	47.041	NSF BES-0448117	91,556.15
Engineering Grants	47.041	NSF CMS-0210351	39,654.12
Engineering Grants	47.041	NSF DMI-0400264	34,802.76
Engineering Grants	47.041	NSF BES-0428600	26,372.59
Engineering Grants	47.041	NSF ECS-0439074	19,085.70
Engineering Grants	47.041	NSF DMI-0099735	(0.03)
Engineering Grants	47.041	NSF ECS 0233284	45,113.83
Engineering Grants	47.041	NSF CMS-0301463	(0.06)
Engineering Grants	47.041	NSF EEC-0343171	(0.02)
Engineering Grants	47.041	NSF EEC-0540582	92,756.51
Engineering Grants	47.041	NSF EEC-0541600	16,400.59
Engineering Grants	47.041	NSF EEC-0541601	4,460.45
Engineering Grants	47.041	NSF CMS-0508232	9,437.42
Engineering Grants	47.041	NSF EEC-0531945	4,312.92
Engineering Grants	47.041	NSF BES-0529217	30,273.34
Engineering Grants	47.041	NSF CMS-0510823	37,363.02
Engineering Grants	47.041	NSF CTS 0548364	52,334.91
Engineering Grants	47.041	NSF ECS-0524166	24,781.38
Engineering Grants	47.041	NSF BES-0238858	18,270.16
Engineering Grants	47.041	NSF EEC-0533321	7,308.91
Engineering Grants	47.041	NSF EEC-0532495	61,086.65
Engineering Grants	47.041	NSF BES-0529063	46,246.26
Engineering Grants	47.041	NSF BES-0529217	24,358.52
Engineering Grants	47.041	NSF DMI-0555962	6,979.63
Engineering Grants	47.041	NSF CTS-0320695	606.98
Engineering Grants	47.041	NSF DMI-0220833 REU	(0.01)
Engineering Grants	47.041	NSF EEC-0552786 REU	4,526.32
Mathematical and Physical Sciences	47.049	NSF CHE-0093622	22,019.77
Mathematical and Physical Sciences	47.049	NSF CHE 0112322	(84.37)
Mathematical and Physical Sciences	47.049	NSF CHE-0134975	108,544.71
Mathematical and Physical Sciences	47.049	NSF CHE-0243731	98,960.66
Mathematical and Physical Sciences	47.049	NSF DMR-0314760	150,419.72
Mathematical and Physical Sciences	47.049	NSF CHE-0400539	79,817.98
Mathematical and Physical Sciences	47.049	NSF CHE-0449774	51,445.35
Mathematical and Physical Sciences	47.049	NSF DMS-0355027	25,510.47
Mathematical and Physical Sciences	47.049	NSF AST-0094050	85,221.02

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Mathematical and Physical Sciences	47.049	NSF DMR-0113574	\$ 31,691.93
Mathematical and Physical Sciences	47.049	NSF PHY-0203262	222,495.44
Mathematical and Physical Sciences	47.049	NSF DMR-0216374	9,517.85
Mathematical and Physical Sciences	47.049	NSF DMR-0244489	107,360.47
Mathematical and Physical Sciences	47.049	NSF DMR-0305076	86,662.27
Mathematical and Physical Sciences	47.049	NSF DMR-0312680	121,359.42
Mathematical and Physical Sciences	47.049	NSF PHY-0406400	43,282.32
Mathematical and Physical Sciences	47.049	NSF DMR-0200839	5,911.61
Mathematical and Physical Sciences	47.049	NSF DMR-0456472	105,404.96
Mathematical and Physical Sciences	47.049	NSF DMR-0407569	137,243.76
Mathematical and Physical Sciences	47.049	NSF PHY-0457336	32,975.40
Mathematical and Physical Sciences	47.049	NSF DMS-0504198	16,784.17
Mathematical and Physical Sciences	47.049	NSF DMS-0515989	1,477.39
Mathematical and Physical Sciences	47.049	NSF DMS-0515989	19,334.55
Mathematical and Physical Sciences	47.049	NSF CHE-0548150	1,074.49
Geosciences	47.050	NSF EAR-0001348	602.78
Geosciences	47.050	NSF EAR 0518511	20,576.50
Geosciences	47.050	NSF EAR-0537580	29,497.81
Computer and Information Science and Engineering	47.070	NSF CCF-0429717	56,418.02
Computer and Information Science and Engineering	47.070	NSF CNS-0548866	14,977.45
Computer and Information Science and Engineering	47.070	NSF CNS-0521189	112,650.34
Computer and Information Science and Engineering	47.070	NSF CCF-0404001 REU	2,000.00
Computer and Information Science and Engineering	47.070	NSF CCF-0404001	52,378.92
Biological Sciences	47.074	NSF IBN-0323066	28,589.26
Biological Sciences	47.074	NSF IBN-0345752	18,785.73
Biological Sciences	47.074	NSF MCB-9733303	(1,620.90)
Biological Sciences	47.074	NSF DEB-0326957	24,689.31
Biological Sciences	47.074	NSF DEB-0317687	116,783.37
Biological Sciences	47.074	NSF DEB-0345990	98,461.29
Biological Sciences	47.074	NSF IBN-0423963	50,126.67
Biological Sciences	47.074	NSF MCB-0543910	3,898.34
Biological Sciences	47.074	NSF CCF-0541103	8,529.01
Biological Sciences	47.074	NSF CCF-0541103	2,074.89
Biological Sciences	47.074	NSF IBN-0239164	58,727.17
Biological Sciences	47.074	NSF IBN-0239164	1,645.25
Biological Sciences	47.074	NSF DEB-0317687	3,516.68
Biological Sciences	47.074	NSF EEC-0120823 REU	18.03
Social, Behavioral, and Economic Sciences	47.075	NSF BCS-0213857	5,419.53
Social, Behavioral, and Economic Sciences	47.075	NSF BCS-0241757	1,499.40
Social, Behavioral, and Economic Sciences	47.075	NSF INT-0332062	4,483.85
Social, Behavioral, and Economic Sciences	47.075	NSF OISE-436627	12,956.74
Education and Human Resources	47.076	NSF DGE-0333377 ADMIN	111,227.84
Education and Human Resources	47.076	NSF DGE-0333377	269,495.06
Education and Human Resources	47.076	NSF DUE-0511160	12,381.85
Education and Human Resources	47.076	NSF DUE-0536799	24,727.70
Education and Human Resources	47.076	NSF DGE-0538532	778.61
Polar Programs	47.078	NSF OPP-0094769	89,707.11
Polar Programs	47.078	NSF OPP-0240174	32,624.23
Polar Programs	47.078	NSF ARC 0539167	34,251.99
International Science and Engineering (OISE)	47.079	NSF OISE-0548564	57,109.68
Total National Science Foundation			4,745,864.12
Environmental Protection Agency:			
Environmental Protection Agency	66	IPA AGREEMENT HQ-53	58,251.30
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 47	88,722.35
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 66	59,705.66
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 64	11,295.53
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 69	32,073.36
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 68	2,714.42
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 71	64,611.96
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 67	81,136.94
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 70	(10,827.75)
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 61	16,896.74
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 81	581,828.84
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 63	113,240.73
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 52	4,735.39
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 82	121,667.72
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 83	60,528.65
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 73	32,438.29

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 85	\$ 254,196.83
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 88	125,583.48
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 86	104,769.24
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 84	131,848.10
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 89	54,483.90
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 87	137,484.50
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 90	133,039.01
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 91	71,346.44
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 92	91,619.24
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 93	75,030.90
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 95	116,376.13
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 94	26,537.67
Environmental Protection Agency	66	EPA 68-C-00-159 TO# 95	14,939.98
Environmental Protection Agency	66	EPA 4C-R310-NAEX	2,211.40
Environmental Protection Agency	66	EPA EP05C000247	30,521.13
Environmental Protection Agency	66	EPA X3-83266401	4,945.34
Environmental Protection Agency_Consolidated Research	66.500	EPA R82936001-0	14,483.14
Office of Research and Development	66.505	EPA R82957901-0	21,255.18
P3 Award: National Student Design Competition for Sustainability	66.516	EPA SU-83182401	923.11
P3 Award: National Student Design Competition for Sustainability	66.516	EPA SU-83181701	138.75
P3 Award: National Student Design Competition for Sustainability	66.516	EPA SU-83248201	6,439.37
Training and Fellowships for the Environmental Protection Agency	66.607	EPA T83056901	23,635.35
Training and Fellowships for the Environmental Protection Agency	66.607	EPA T83292901	12,467.49
Total Environmental Protection Agency			<u>2,773,295.81</u>
Department of Energy:			
Department of Energy	81	DE-FC01-06EH002	244,457.09
Department of Energy	81	IPA DOE OFF/SCIENCE	134,059.44
Office of Science Financial Assistance Program	81.049	CH DE-FC03-96SF21263	769,377.20
Office of Science Financial Assistance Program	81.049	CH DE-FC03-96SF21263 SUPPL	133,525.48
Office of Science Financial Assistance Program	81.049	CH DE-FG02-03ER63655	139,337.47
Office of Science Financial Assistance Program	81.049	CH DE-FG02-04ER46129	11,962.97
Office of Science Financial Assistance Program	81.049	CH DE-FG02-04ER15604	125,976.86
Office of Science Financial Assistance Program	81.049	CH DE-FG02-84ER40153 B	316,835.68
Office of Science Financial Assistance Program	81.049	CH DE-FG02-84ER40153 A	190,529.56
University Coal Research	81.057	NETL DE-FG26-03NT418	40,712.99
University Coal Research	81.057	NETL DE-FG26-03NT417	25,865.23
University Coal Research	81.057	DOE NETL-DE-FG26-04N	11,640.22
University Coal Research	81.057	DOE DE-FG26-06NT42	9,194.59
Renewable Energy Research and Development	81.087	GO DE-FG36-05GO15043	126,221.10
Renewable Energy Research and Development	81.087	GO DE-FG36-05GO15043	57,371.75
Fossil Energy Research and Development	81.089	NETL DE-FC26-04NT422	160,813.10
University Reactor Infrastructure and Education Support	81.114	ID DE-FG07-01ID14161	2,291.00
University Reactor Infrastructure and Education Support	81.114	ID DE-FG07-02ID14352	48,526.62
Nuclear Energy Research, Development and Demonstration	81.121	ID DE-FC07-05-ID1465	99,875.23
Total Department of Energy			<u>2,648,573.58</u>
Department of Education:			
Fund for the Improvement of Postsecondary Education	84.116	USED P116Z040087	90,617.86
Fund for the Improvement of Postsecondary Education	84.116	USED P116Z050329 FIPSE	146,189.67
Total Department of Education			<u>236,807.53</u>
Department of Health and Human Services:			
Department of Health and Human Services	93	NIOSH PO# 211-2005-M	37,177.85
Department of Health and Human Services	93	CDC PO#211-2004-M-09	8,579.01
Department of Health and Human Services	93	NIOSH PO# 212-2004-M	21,115.68
Department of Health and Human Services	93	NIOSH 212-2005-M-119	28,444.70
Department of Health and Human Services	93	CDC PO#212-2005-M-14	6,011.03
Department of Health and Human Services	93	NIOSH PO# 211-2006-M	16,021.61
Department of Health and Human Services	93	NIOSH PO# 211-2006-M	6,008.76
Department of Health and Human Services	93	NIOSH #211-2004-M-10	6,171.75
Department of Health and Human Services	93	N01-WH-4-2126-8.9.10	140,293.45
Department of Health and Human Services	93	N01-WH-4-2126-12.13,	54,252.13
Department of Health and Human Services	93	N01-WH-4-2126 FP	36,927.32
Department of Health and Human Services	93	N01-AI-25467	443,586.14
Department of Health and Human Services	93	N01-AR-2-2264	556,611.12
Department of Health and Human Services	93	N01-HD-4-3377 HHSN27	18,984.51

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Department of Health and Human Services	93	N01-HD-4-3377 HHSN27	\$ 207,771.62
Department of Health and Human Services	93	N01-DA-9-8095/TO 4	377,295.40
Department of Health and Human Services	93	N01-HB-47171 HOXWORTH	200,711.51
Centers for Disease Control and Prevention	93.061	1 R01 DP000113-01 GA	107,208.66
Centers for Disease Control and Prevention	93.061	1 R01 DP000113-01 D	1,513.20
Centers for Disease Control and Prevention	93.061	1 R01 DP000113-01 SU	4,364.97
Centers for Disease Control and Prevention	93.061	5 R01 DP000113-02 SU	5,289.88
Centers for Disease Control and Prevention	93.061	5 R01 DP000113-02 D	4,458.88
Centers for Disease Control and Prevention	93.061	5 R01 DP000113-02 MA	189,837.95
Food and Drug Administration	93.103	FD-R-00672-13,14,15	333,592.80
Health Resources and Services Administration	93.110	90DD0546/03	249,820.94
Health Resources and Services Administration	93.110	90DD0546/04	413,685.58
National Center for Research Resources	93.113	1 S10 RR019900	918,973.00
National Institute of Environmental Health Sciences	93.113	5 P42 ES04908-15S2	148,773.62
National Institute of Environmental Health Sciences	93.113	5 U01 ES11038-05	255,751.81
National Institute of Environmental Health Sciences	93.113	1 R21 ES01317-01.02	118,771.54
National Institute of Environmental Health Sciences	93.113	2 P42 ES04908-15S2	76,269.53
National Institute of Environmental Health Sciences	93.113	5 P42 ES04908-15S4	33,366.38
National Institute of Environmental Health Sciences	93.113	5 U01 ES012770-03	14,963.30
National Institute of Environmental Health Sciences	93.113	5 R01 ES10416-01.02.	263,937.65
National Institute of Environmental Health Sciences	93.113	5 R01 ES10133-01.02.	9,262.72
National Institute of Environmental Health Sciences	93.113	5 R01 ES10807-01.02.	187,315.17
National Institute of Environmental Health Sciences	93.113	5 R01 ES08147-05.06.	669,972.39
National Institute of Environmental Health Sciences	93.113	5 R01 ES10562-01A1	414,065.35
National Institute of Environmental Health Sciences	93.113	5 R01 ES09110-05A2	347,801.05
National Institute of Environmental Health Sciences	93.113	5 R01 ES012212-01.02	374,781.95
National Institute of Environmental Health Sciences	93.113	5 R01 ES12463-01.02.	308,045.29
National Institute of Environmental Health Sciences	93.113	5 R01 ES004203-15.16	269,945.21
National Institute of Environmental Health Sciences	93.113	5 R01 ES11798-01.02.	262,685.88
National Institute of Environmental Health Sciences	93.113	5 U01 ES012770-02	2,164.01
National Institute of Environmental Health Sciences	93.113	5 U01 ES012770-02	59,532.66
National Institute of Environmental Health Sciences	93.113	5 U01 ES012770-02	14,477.86
National Institute of Environmental Health Sciences	93.113	5 U01 ES012770-02	17,683.74
National Institute of Environmental Health Sciences	93.113	5 U01 ES012770-02	12,265.38
National Institute of Environmental Health Sciences	93.113	5 U01 ES12770-02	6,832.38
National Institute of Environmental Health Sciences	93.113	5 R01 ES06273-10.11.	453,906.08
National Institute of Environmental Health Sciences	93.113	5 U01 ES012770-02	12,899.37
National Institute of Environmental Health Sciences	93.113	1 R21 ES013524-02	54,488.41
National Institute of Environmental Health Sciences	93.113	5 U01 ES11038-05	5,409.68
National Institute of Environmental Health Sciences	93.113	5 U01 ES11038-05	90,264.45
National Institute of Environmental Health Sciences	93.113	5 U01 ES11038-05.05S	170,586.71
National Institute of Environmental Health Sciences	93.113	5 U01 ES11038-05	212,795.83
National Institute of Environmental Health Sciences	93.113	5 U01 ES11038-05	156,803.09
National Institute of Environmental Health Sciences	93.113	5 U01 ES11038-05	69,106.99
National Institute of Environmental Health Sciences	93.113	1 R21 ES013827-01	119,089.26
National Institute of Environmental Health Sciences	93.113	3 U01 ES012770-03S1	19,664.94
National Institute of Environmental Health Sciences	93.113	2 R01 FS010807-06	125,019.77
National Institute of Environmental Health Sciences	93.113	1 R01 ES014403-01	173,444.75
National Institute of Environmental Health Sciences	93.113	1 R03 ES014621-01	5,243.86
National Institute of Environmental Health Sciences	93.114	5 U45 ES06184-14	1,256,672.43
National Institute of Environmental Health Sciences	93.115	5 R01 ES011170-01.02	154,906.56
National Institute of Environmental Health Sciences	93.115	5 R01 ES011170-01.02	38,084.24
National Institute of Environmental Health Sciences	93.115	5 R01 ES011170-01.02	779,663.34
National Institute of Environmental Health Sciences	93.115	3 R01 ES011170-05S1	56,783.45
National Institute of Dental Research	93.121	1 R03 DE017089-01.0	54,996.22
National Institute of Dental Research	93.121	1 R01 DE016325-01A2	40,842.26
National Institute of Dental Research	93.121	5 R01 DE13823-01.02.	127,437.75
National Heart, Lung, and Blood Institute	93.123	1 R01 HL081859-02	259,358.80
National Institute of Environmental Health Sciences	93.123	5 U01 ES012770-03	37,377.87
National Institute of Environmental Health Sciences	93.123	5 U01 ES012770-03	58,195.69
National Institute of Environmental Health Sciences	93.123	5 U01 ES012770-03	24,408.15
National Institute of Environmental Health Sciences	93.123	5 U01 ES012770-03	343,896.03
National Institute of Environmental Health Sciences	93.123	5 U01 ES012770-03	73,471.59
National Institute of Environmental Health Sciences	93.123	5 U01 ES012770-02	85,675.11
National Institute of Environmental Health Sciences	93.123	5 U01 ES012770-03	98,401.77
National Institute of Environmental Health Sciences	93.123	5 U01 ES012770-03	452,350.51
Centers for Disease Control and Prevention	93.136	R49/CCR523225-02	49,829.70
Centers for Disease Control and Prevention	93.136	R49/CCR523225-02	26,421.03
Centers for Disease Control and Prevention	93.136	R49/CCR523225-02	6,453.19
Centers for Disease Control and Prevention	93.136	R49 CCR523225-03	85,490.25
Centers for Disease Control and Prevention	93.136	R49 CCR523225-03	56,558.50

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Centers for Disease Control and Prevention	93.136	R49 CCR523225-03	\$ 14,657.96
National Institute of Environmental Health Sciences	93.142	5 U45 ES06184	940.26
National Institute of Environmental Health Sciences	93.142	5 U45 ES06184	6,411.09
National Institute of Environmental Health Sciences	93.142	5 U45 ES06184-13	83,298.61
National Institute of Environmental Health Sciences	93.142	5 U45 ES06184-13	537,991.04
National Institute of Environmental Health Sciences	93.143	2 P42 ES04908-15S2	267,024.62
National Institute of Environmental Health Sciences	93.143	2 P42 ES04908-15S2	66,773.30
National Institute of Environmental Health Sciences	93.143	2 P42 ES04908-15S2	30,867.07
National Institute of Environmental Health Sciences	93.143	2 P42 ES04908-15S2	82,600.45
National Institute of Environmental Health Sciences	93.143	2 P42 ES04908-15S2	133,068.76
National Institute of Environmental Health Sciences	93.143	2 P42 ES04908-15S2	97,849.57
National Institute of Environmental Health Sciences	93.143	2 P42 ES04908-15S2	96,599.55
National Institute of Environmental Health Sciences	93.143	2 P42 ES04908-15S2	121,149.10
National Institute of Environmental Health Sciences	93.143	5 P42 ES04908-15	3,239.22
National Institute of Environmental Health Sciences	93.143	5 P42 ES04908-15	55.75
National Institute of Environmental Health Sciences	93.143	5 P42 ES04908-15	2,655.01
National Institute of Environmental Health Sciences	93.143	5 P42 ES04908-15S2	2,046.36
Centers for Disease Control and Prevention	93.161	U50 ATU573006-02	34,139.85
Centers for Disease Control and Prevention	93.161	U50 ATU573006-02	1,313.26
Centers for Disease Control and Prevention	93.161	U50 ATU573006-03	89,932.71
National Human Genome Research Institute	93.172	5 R21 HG002849-01.02	39,313.90
National Institute on Deafness and Other Communication Disorders	93.173	5 F31 DCO06121-03	4,067.62
National Institute on Deafness and Other Communication Disorders	93.173	5 R01 DC000926-08.09	243,992.65
National Institute on Deafness and Other Communication Disorders	93.173	5 R01 DC05250-01.02.	357,003.94
National Institute on Deafness and Other Communication Disorders	93.173	1 R15 DC04548-01A2	3,102.92
National Institute on Deafness and Other Communication Disorders	93.173	5 R21 DC006505-01.02	73,869.04
National Institute on Deafness and Other Communication Disorders	93.173	1 R21 DC06953-01	30,864.85
National Institute on Deafness and Other Communication Disorders	93.173	1 R03 DC006771-01A2	20,642.21
National Institute on Deafness and Other Communication Disorders	93.173	5 R01-DC04203-05	27,754.18
National Institute on Deafness and Other Communication Disorders	93.173	5 R01 DC03604-05.06.	40,428.02
National Institute on Deafness and Other Communication Disorders	93.173	7 R01 DC03577	276,824.01
National Institute on Deafness and Other Communication Disorders	93.173	5 K08 DC005421-03.04	210,445.65
Bureau of Health Professions	93.178	5 D19 HP40540-02-00	10,447.11
Bureau of Health Professions	93.178	5 D19 HP40540-03-00	268,419.70
Centers for Disease Control and Prevention	93.197	CDC 200-98-7010	1,528.80
Centers for Disease Control and Prevention	93.197	CDC PO 254-2006-M-15	713.64
National Center for Complementary and Alternative Medicine	93.213	5 R01 AT001147-01.02	221,255.78
National Center for Complementary and Alternative Medicine	93.213	5 R21 AT00567-01A1.0	104,961.22
National Center for Complementary and Alternative Medicine	93.213	1 R21 AT002110-01A1	115,466.06
National Center for Complementary and Alternative Medicine	93.213	1 K01 AT002637-01.0	106,653.92
National Center for Complementary and Alternative Medicine	93.213	5 K24 AT001676-01.02	76,152.74
Maternal and Child Health	93.226	5 T73 MC00032-14	21,764.99
Maternal and Child Health	93.226	5 T73 MC00032-15	740,675.49
Health Care Policy and Research	93.226	1 K08 HS013914-011A2	101,349.80
National Institute of Mental Health	93.242	5 R01 MH60781-01.02.	112,237.54
National Institute of Mental Health	93.242	5 R01 MH63798-01.02.	355,325.23
National Institute of Mental Health	93.242	5 R01 MH49698-11.12.	386,530.32
National Institute of Mental Health	93.242	1 R01 MH69860-02.03	312,785.68
National Institute of Mental Health	93.242	1 R01 MH66626-01A2.0	476,403.59
National Institute of Mental Health	93.242	1 R01 MH71931-01.02.	554,060.88
National Institute of Mental Health	93.242	1 R01 MH069725-01A2	240,890.03
National Institute of Mental Health	93.242	5 R01 MH068801-01A2.	388,181.68
National Institute of Mental Health	93.242	1 R34 MH071719-01A1	154,306.60
National Institute of Mental Health	93.242	1 R21 MH73704-01A1	89,866.95
National Institute of Mental Health	93.242	3 R01 MH66626-03S1	20,261.31
Substance Abuse and Mental Health Services Administration	93.243	1 H79 SP10829-01	132,276.76
Bureau of Health Professions	93.247	1 D09 HP00338-03	87,522.56
Bureau of Health Professions	93.247	1 D09 HP03559-01-00	3,071.00
Bureau of Health Professions	93.247	5 D09 HP03559-02-00	193,468.14
Bureau of Health Professions	93.247	1 D09HP05327-01-00	188,305.41
Centers for Disease Control and Prevention	93.262	NIOSH OH00096-22775	10,022.91
Centers for Disease Control and Prevention	93.262	NIOSH 5 R01 OH07364	15,466.09
Centers for Disease Control and Prevention	93.262	NIOSH 5 R01 OH07679	94,219.26
Centers for Disease Control and Prevention	93.262	NIOSH 5 R01 OH04085	3,709.97
Centers for Disease Control and Prevention	93.262	NIOSH 1 R01 OH07976	104,022.94
Centers for Disease Control and Prevention	93.262	5 R01 OH007529-01.02	303,884.95
Centers for Disease Control and Prevention	93.262	2 R01 OH007364-04	120,265.23
National Institute for Occupational Safety	93.263	NIOSH 200-2005-M-125	17,945.58
Centers for Disease Control and Prevention	93.263	T42/CCT510420-11 ADM	2,978.84
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11	24,491.81
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 S	6,700.90

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Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 H	\$ 25,286.79
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 I	2,376.63
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 N	21,226.06
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 O	22,446.20
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 O	1,618.54
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 O	9,697.44
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 P	1,857.26
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 V	5,608.76
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 P	864.00
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 P	3,054.64
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 P	2,055.36
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 P	3,827.16
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 P	575.20
Centers for Disease Control and Prevention	93.263	T42 CCT510420-11 N	5,694.05
National Institute for Occupational Safety	93.263	T42 OH008432-01 PI	23,383.22
National Institute for Occupational Safety	93.263	T42 OH008432-01	127,009.63
National Institute for Occupational Safety	93.263	T42 OH008432-01	196,519.39
National Institute for Occupational Safety	93.263	T42 OH008432-01 O	141,705.95
National Institute for Occupational Safety	93.263	T42 OH008432-01 A	48,467.58
National Institute for Occupational Safety	93.263	T42 OH008432-01 CO	58,334.46
National Institute for Occupational Safety	93.263	T42 OH008432-01 HS	51,063.06
National Institute for Occupational Safety	93.263	T42 OH008432-01 OCN	18,588.94
National Institute for Occupational Safety	93.263	T42 OH008432-01 OCC	185,458.71
National Institute for Occupational Safety	93.263	T42 OH008432-01 OC	144,844.18
National Institute for Occupational Safety	93.263	T42 OH008432-01 PI	1,495.11
National Institute for Occupational Safety	93.263	T42 OH008432-01 ER	2,330.77
National Institute for Occupational Safety	93.263	T42 OH008432-01 ER	6,480.00
National Institute for Occupational Safety	93.263	T42 OH008432-01 ER	1,218.47
National Institute for Occupational Safety	93.263	T42 OH008432-01 ER	3,150.49
National Institute for Occupational Safety	93.263	T42 OH008432-01 PI	1,191.95
National Institute for Occupational Safety	93.263	T42 OH008432-01 PI	855.94
National Institute on Alcohol Abuse and Alcoholism	93.271	5 K02 AA00319-02.02S	128,994.90
National Institute on Alcohol Abuse and Alcoholism	93.272	1 F31 AA15819-01	28,172.89
National Institute on Alcohol Abuse and Alcoholism	93.273	1 R01 AA13307-01A1.0	357,866.70
National Institute on Alcohol Abuse and Alcoholism	93.273	5 R01 AA13957-01A1.0	461,865.05
National Institute on Alcohol Abuse and Alcoholism	93.273	5 R21 AA 014014-03 N	138,600.43
National Institute on Drug Abuse	93.278	5 F32 DA16466-02	177.75
National Institute for Occupational Safety	93.278	NIOSH PO# 211-2005-M	13,764.88
National Institute on Drug Abuse	93.279	5 U10 DA13732-05	325,331.75
National Institute on Drug Abuse	93.279	5 U10 DA13732-05S1	254,553.32
National Institute on Drug Abuse	93.279	3 U10 DA13732-05S2 C	281,480.53
National Institute on Drug Abuse	93.279	2 U10 DA13732-06	1,907,767.25
National Institute on Drug Abuse	93.279	3 U10 DA13732-06S1	365,659.00
National Institute on Drug Abuse	93.279	3 U10 DA13732-06 SUP	539,764.72
National Institute on Drug Abuse	93.279	5 F32 DA16466-02	46,414.33
National Institute on Drug Abuse	93.279	5 R01 DA14644-01.02.	276,249.90
National Institute on Drug Abuse	93.279	5 R01 DA07427-07.08.	150,547.42
National Institute on Drug Abuse	93.279	5 R21 DA14189-01.02.	13,153.76
National Institute on Drug Abuse	93.279	5 R01 DA13471-01.02.	85,572.04
National Institute on Drug Abuse	93.279	5 R01 DA13471-01.02.	10,352.22
National Institute on Drug Abuse	93.279	5 R01 DA14591-01.02.	67,917.04
National Institute on Drug Abuse	93.279	1 R01 DA16778-01A1.0	311,522.57
National Institute on Drug Abuse	93.279	5 R01 DA13786-01.02.	(18,803.27)
National Institute on Drug Abuse	93.279	1 R01 DA17399-01.02	277,265.54
National Institute on Drug Abuse	93.279	5 R21 DA019261-0	165,617.92
National Institute on Drug Abuse	93.279	1 R01 DA017323-01A2	61,406.59
National Institute on Drug Abuse	93.279	5 R01 DA14644-05S1	29,107.11
National Institute of Mental Health	93.281	5 K23 MH63373-01.02.	185,012.89
National Institute of Mental Health	93.281	1 K23 MH67705-01A2.2	162,681.81
National Institute of Mental Health	93.281	1 K23 MH70849-01.2.3	162,996.17
National Institute of Mental Health	93.282	5 F32 MH65770-03	8,167.45
National Institute of Mental Health	93.282	5 K23 MH64086-01.02.	187,862.06
National Institute of Biomedical Imaging and Bioengineering	93.286	1 R21 EB02361-01.02	131,507.06
National Institute of Biomedical Imaging and Bioengineering	93.286	1 R21 EB003938-01	101,648.64
National Institute of Biomedical Imaging and Bioengineering	93.286	1 R21 EB003938	3,372.53
National Institute of Biomedical Imaging and Bioengineering	93.286	1 R21 EB003938	20,050.20
National Institute of Biomedical Imaging and Bioengineering	93.286	1 R21 EB003979	161,834.58
National Institute of Biomedical Imaging and Bioengineering	93.286	1 R21 EB004859-01A1	98,206.50
National Center for Research Resources	93.306	5 K26 RR17024-01A1	70,759.96
National Center for Research Resources	93.333	2 S07 RR18258-01.02	14,875.00
National Center for Research Resources	93.333	1 S10 RR19077-01	128,183.72

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Bureau of Health Professions	93.358	1 A10 HP00227-06-00 A	\$ 75,882.00
National Institute of Nursing Research	93.361	1 F31 NR009727-01 RA	17,290.42
National Institute of Nursing Research	93.361	1 R01 NR05352-01A1	26,410.89
National Institute of Nursing Research	93.361	5 K23 NR008716-01.02	119,712.68
National Center for Research Resources	93.389	1 K01 RR020360-01A1	80,520.73
National Center for Research Resources	93.389	1 S10 RR022509-01	6,600.00
National Center for Research Resources	93.389	1 K30 RR22273-01 CLI	105,184.81
National Center for Research Resources	93.389	1 K30 RR22273-01 Des	17,510.31
National Institute of General Medical Sciences	93.390	1 R15 GM067639-01	(136.39)
National Cancer Institute	93.393	5 U01 CA76293-05	11,632.87
National Cancer Institute	93.393	3 U01 CA76293-05S1	116,212.15
National Cancer Institute	93.393	2 U01 CA76293-06A2	256,865.93
National Cancer Institute	93.393	2 U01 CA76293-06A2	28,795.25
National Cancer Institute	93.393	5 R01 CA095925-01.02	353,310.57
National Cancer Institute	93.393	5 R01 CA50706-11.12.	31,181.60
National Cancer Institute	93.393	5 R03 CA10294-01.02	52,136.52
National Cancer Institute	93.393	5 R01 CA097099-02. 0	238,033.61
National Cancer Institute	93.393	5 P01 CA096964-02 CO	207.22
National Cancer Institute	93.393	5 P01 CA096964-02	7,117.01
National Cancer Institute	93.393	5 P01 CA096964-02	259,692.12
National Cancer Institute	93.393	5 P01 CA096964-02	(49.59)
National Cancer Institute	93.393	5 P01 CA096964-02	41,002.97
National Cancer Institute	93.393	5 P01 CA096964-02	(36,081.59)
National Cancer Institute	93.393	5 P01 CA096964-02	116,011.99
National Cancer Institute	93.393	5 P01 CA096964-03	152,370.96
National Cancer Institute	93.393	5 P01 CA096964-03	59,842.21
National Cancer Institute	93.393	5 P01 CA096964-03	56,568.40
National Cancer Institute	93.393	5 P01 CA096964-03	229,722.12
National Cancer Institute	93.393	5 P01 CA096964-03	305,748.09
National Cancer Institute	93.393	5 P01 CA096964-03	278,756.90
National Cancer Institute	93.393	5 P01 CA096964-03	96,575.86
National Cancer Institute	93.393	5 P01 CA096964-03	101,859.75
National Cancer Institute	93.393	5 P01 CA096964-03	265,483.97
National Cancer Institute	93.393	5 P01 CA096964-03	950.00
National Cancer Institute	93.393	5 P01 CA096964-04	11,283.98
National Cancer Institute	93.393	5 P01 CA096964-04	42,698.44
National Cancer Institute	93.393	5 P01 CA096964-04	4,197.12
National Cancer Institute	93.393	5 P01 CA096964-04	33,389.53
National Cancer Institute	93.393	5 R01 CA90934-01.02.	278,820.26
National Cancer Institute	93.393	5 R01 CA94221-04	10,966.05
National Cancer Institute	93.393	5 R01 CA62269-08	150,728.30
National Cancer Institute	93.393	2 R01 CA15776-24A1	161,066.57
National Cancer Institute	93.393	5 R01 CA112570-02.03	94,779.81
National Institute of Environmental Health Sciences	93.393	7 R21 ES0123071 - 03	88,906.36
National Cancer Institute	93.394	5 R24 CA095784-01.02	180,821.98
National Cancer Institute	93.395	NIH NCI PO#263-MQ-41	613.92
National Cancer Institute	93.395	5 R01 CA89748-01.02.	90,197.46
National Cancer Institute	93.395	5 R01 CA91878-01.02.	234,604.73
National Cancer Institute	93.395	5 R01 CA72039-05.06.	252,019.65
National Cancer Institute	93.395	5 R01 CA099996-01.02	338,712.26
National Cancer Institute	93.395	5 R01 CA104804-01.02	325,280.41
National Cancer Institute	93.395	5 R01 CA95074-01.02.	214,258.55
National Cancer Institute	93.396	2 U01 CA084291-06	25,726.45
National Cancer Institute	93.396	2 U01 CA084291-07	191,085.72
National Cancer Institute	93.396	5 R01 CA90522-01.02.	247,413.11
National Cancer Institute	93.396	5 R01 CA93404-01.02.	276,493.45
National Cancer Institute	93.396	5 R01 CA072597-06.07	430,007.99
National Cancer Institute	93.396	5 R01 CA095286-01.02	275,420.50
National Cancer Institute	93.396	5 R01 CA096613-01.02	266,818.67
National Cancer Institute	93.396	5 R01 CA104213-01.0	207,915.23
National Cancer Institute	93.396	5 R01 CA100002-01A1.	190,123.89
National Cancer Institute	93.396	5 R21 CA106257-01.02	128,948.23
National Cancer Institute	93.396	5 R01 CA106471-01.02	225,106.74
National Cancer Institute	93.396	2 R01 CA84463-05A1	122,925.21
National Cancer Institute	93.396	5 R01 CA096613-02.03	112,215.15
National Cancer Institute	93.396	5 R01 CA096613-02.03	17,185.20
National Cancer Institute	93.396	1 R03 CA115258-01A2	371.29
National Cancer Institute	93.396	5 R01 CA096613-02.03	1,603.96
National Cancer Institute	93.396	5 R01 CA78524-01.02.	139.60
National Cancer Institute	93.396	5 R01 CA82525-01.02.	(6,459.78)
National Cancer Institute	93.396	5 R01 CA63507-06.07.	(12,098.25)

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National Cancer Institute	93.396	5 R01 CA88041-01.02.	\$ 226,943.53
National Cancer Institute	93.396	5 R01 CA82525-05S1	1,206.01
National Cancer Institute	93.396	5 R01 CA88041-04 (RE	4,017.04
National Cancer Institute	93.396	3 R01 CA078524-05S1	10,379.67
National Cancer Institute	93.396	5 R01 CA078524-07 S1	209,582.27
National Cancer Institute	93.396	1 R01 CA116777-01A1	18,517.75
National Cancer Institute	93.397	5 R21 CA102497-01.02	45,934.80
National Cancer Institute	93.397	5 R21 CA102497-01.02	10,141.79
National Cancer Institute	93.398	5 T32 CA59268-09	2,811.53
National Cancer Institute	93.398	5 T32 CA59268-10	5,904.83
National Cancer Institute	93.398	5 K08 CA89403-05	161,892.41
National Cancer Institute	93.398	7 R01 CA098743-03.04	211,245.16
Administration on Children, Youth and Families	93.600	DHHS ACF 90YD0129/03	25,810.59
Administration on Children, Youth and Families	93.600	DHHS ACF 90YD0129/04	151,700.35
Administration on Children, Youth and Families	93.600	DHHS 90YD0191/01 A	848,399.69
National Heart, Lung, and Blood Institute	93.837	1 P50 HL 77101-01 SC	291,475.06
National Heart, Lung, and Blood Institute	93.837	5 T32 HL07571-20	43,806.28
National Heart, Lung, and Blood Institute	93.837	2 T32 HL007382-27	23,235.85
National Heart, Lung, and Blood Institute	93.837	5 T32 HL007382-28	86,506.09
National Heart, Lung, and Blood Institute	93.837	5 T32 HL007382-29 Tr	452,268.14
National Heart, Lung, and Blood Institute	93.837	5 F32 HL073614-02	(287.69)
National Heart, Lung, and Blood Institute	93.837	5 F32 HL073614-03	46,554.45
National Heart, Lung, and Blood Institute	93.837	1 F31 HL081923-01 Pr	29,299.09
National Heart, Lung, and Blood Institute	93.837	5 R01 HL66044-01.02.	157,899.06
National Heart, Lung, and Blood Institute	93.837	5 R01 HL66062-01.02.	1,913.54
National Heart, Lung, and Blood Institute	93.837	5 R01 HL66246-01A1.0	130,319.59
National Heart, Lung, and Blood Institute	93.837	5 R01 HL68171-01.02.	42,688.29
National Heart, Lung, and Blood Institute	93.837	5 R01 HL70174-01.02.	310,072.23
National Heart, Lung, and Blood Institute	93.837	5 R01 HL67965-01A1.0	340,988.36
National Heart, Lung, and Blood Institute	93.837	5 R01 HL67093-01A1.0	250,614.74
National Heart, Lung, and Blood Institute	93.837	5 R01 HL59888-08	253,129.94
National Heart, Lung, and Blood Institute	93.837	5 R01 HL074272-04	474,503.17
National Heart, Lung, and Blood Institute	93.837	5 R01 HL75297-01.02.	319,043.15
National Heart, Lung, and Blood Institute	93.837	2 R01 HL62542-08	186,081.02
National Heart, Lung, and Blood Institute	93.837	5 R01 HL026057-26	306,153.21
National Heart, Lung, and Blood Institute	93.837	1 R01 HL075633-03	335,558.73
National Heart, Lung, and Blood Institute	93.837	5 R01 HL61974-07.08	19,041.84
National Heart, Lung, and Blood Institute	93.837	2 R01 HL64018-06.07	367,246.04
National Heart, Lung, and Blood Institute	93.837	3 R01 HL068725-05S1	8,589.63
National Heart, Lung, and Blood Institute	93.837	5 R01 HL066062-06A1	428,266.58
National Heart, Lung, and Blood Institute	93.837	5 R01 HL066062-06A1	37,829.00
National Heart, Lung, and Blood Institute	93.837	1 R01 HL083236-01	83,316.86
National Heart, Lung, and Blood Institute	93.837	5 P01 HL22619-25 PRO	785.56
National Heart, Lung, and Blood Institute	93.837	5 P01 HL22619-25 PRO	1,005.45
National Heart, Lung, and Blood Institute	93.837	5 P01 HL22619-25 CO	(2,829.81)
National Heart, Lung, and Blood Institute	93.837	5 P50 HL52318-10 PR	(19,236.45)
National Heart, Lung, and Blood Institute	93.837	1 P50 HL 77101-01 SC	219,145.26
National Heart, Lung, and Blood Institute	93.837	1 P50 HL 77101-01 SC	388,308.66
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-01SCCOR	23,037.26
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-01SCCOR	364,270.78
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-01SCCOR	299,170.82
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-01SCCOR	111,357.48
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-01SCCOR	532,528.00
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-01SCCOR	76,495.07
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-01SCCOR	63,101.66
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-02SCCOR	251,249.18
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-02SCCOR	252,439.58
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-02SCCOR	193,314.72
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-02SCCOR	24,195.55
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-02SCCOR	14,551.56
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-02SCCOR	345,916.49
National Heart, Lung, and Blood Institute	93.837	1P50 HL77101-02SCCOR	8,727.04
National Heart, Lung, and Blood Institute	93.837	5 R01 HL023597-17.18	(3,980.55)
National Heart, Lung, and Blood Institute	93.837	5 R01 HL59915-01.02.	98,161.36
National Heart, Lung, and Blood Institute	93.837	5 R01 HL28573-18.19.	176,289.54
National Heart, Lung, and Blood Institute	93.837	5 R01 HL062490-01.02	(0.01)
National Heart, Lung, and Blood Institute	93.837	5 R01 HL65915-01.02.	198,278.81
National Heart, Lung, and Blood Institute	93.837	5 R01 HL70062-05	556,792.39
National Heart, Lung, and Blood Institute	93.837	5 R01 HL58010-05.06.	435,477.78
National Heart, Lung, and Blood Institute	93.837	5 R01 HL061332-08	518,527.08
National Heart, Lung, and Blood Institute	93.837	5 R01 HL071952-04	654,755.49

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
National Heart, Lung, and Blood Institute	93.837	5 R01 HL61974-06.07.	\$ 287,542.55
National Heart, Lung, and Blood Institute	93.837	5 R01 HL61974-06.07.	170,365.14
National Heart, Lung, and Blood Institute	93.837	5 R01 HL063034-08	401,336.05
National Heart, Lung, and Blood Institute	93.837	1 R01 HL080686-02	564,326.21
National Heart, Lung, and Blood Institute	93.837	1 K08 HL761939-01A1	70,765.14
National Heart, Lung, and Blood Institute	93.837	7 K08 HL068867-05	166,947.59
National Heart, Lung, and Blood Institute	93.837	1 K08 HL081472-02	95,406.26
National Heart, Lung, and Blood Institute	93.837	3 R37 HL074272-03S1	188,528.00
National Heart, Lung, and Blood Institute	93.838	7 R01 EY012486-01	34,013.89
National Heart, Lung, and Blood Institute	93.838	5 R01 HL64570-01.02.	20,138.42
National Heart, Lung, and Blood Institute	93.838	5 R01 HL63793-01A1.0	(5.24)
National Heart, Lung, and Blood Institute	93.838	5 R01 HL065212-01.02	90,220.52
National Heart, Lung, and Blood Institute	93.838	5 R01 HL058687.05.06	252,929.45
National Heart, Lung, and Blood Institute	93.838	5 R01 HL57281-05.06.	240,296.52
National Heart, Lung, and Blood Institute	93.838	5 R01 HL68861-05	398,608.64
National Heart, Lung, and Blood Institute	93.838	5 R01 HL58399-05A2.0	284,631.31
National Heart, Lung, and Blood Institute	93.838	5 R01 HL071609-01.02	45,485.16
National Heart, Lung, and Blood Institute	93.838	5 R01 HL72068-01A1.0	447,181.71
National Heart, Lung, and Blood Institute	93.838	5 R01 HL076955-04	338,487.48
National Heart, Lung, and Blood Institute	93.838	5 R01 HL059945-06A1	321,774.05
National Heart, Lung, and Blood Institute	93.838	2 R01 HL066312-07	345,504.47
National Heart, Lung, and Blood Institute	93.838	5 R01 HL068725-05	205,398.22
National Heart, Lung, and Blood Institute	93.838	1 R01 HL69428-01A2	69,627.94
National Heart, Lung, and Blood Institute	93.838	1 R01 HL079193-01.02	385,209.91
National Heart, Lung, and Blood Institute	93.838	1 R01 HL077763-01A1	58,159.48
National Heart, Lung, and Blood Institute	93.838	1 R01 HL084171 / SAR	55,108.14
National Heart, Lung, and Blood Institute	93.838	5 R37 HL33831-17.18.	221,825.73
National Heart, Lung, and Blood Institute	93.838	5 R37 HL45967-11.12.	33,664.13
National Heart, Lung, and Blood Institute	93.838	5 R21 HL72363-01.02.	118,821.10
National Heart, Lung, and Blood Institute	93.838	5 K02 HL072552-05	106,718.86
National Heart, Lung, and Blood Institute	93.839	5 R01 HL072382-01A1.0	269,856.39
National Heart, Lung, and Blood Institute	93.839	5 R01 HL068725-03S1	31,497.66
National Institute on Aging	93.846	5 R21 AG24484-01.02	96,884.63
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	5 R01 AR46574-01A1.0	3,786.00
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	5 R01 AR46574-02.03.	28,440.35
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	1 R21 AR051702-01.02	74,257.11
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	1 R21 AR051702-01.02	6,851.48
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	1 R13 AR051039-01	20,227.21
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	1 R13 AR053061-01	20,000.00
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	2 R01 AR46574-06	323,441.94
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	2 R01 AR46574-06	12,196.48
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-04	17,727.06
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-04	6,932.03
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-04	(159.29)
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-04	390.55
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-04	0.01
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-04	.00
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-04	19,626.62
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-05	206,190.11
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-05	126,456.24
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-05	344,186.71
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-05	115,149.16
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-05	152,763.24
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-05	54,131.26
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-05	7,418.91
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 U24 DK59630-05	3,277.57
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	1 R01 DK074361-1, 2	10,539.26
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 T32 DK59803-04	24,584.11
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 T32 DK59803-05	162,720.05
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 T35 DK60444-04	120,376.92
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 F32 DK65434-02	6,966.00
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 F32 DK67820-02	16,694.49
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 F32 DK065434-03	3,619.00
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	1 F32 DK75255-01	8,226.23
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK52134-5,6,7.	331,494.26
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK52134-05.06.	28,243.93
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK61689-01.02.	271,212.70
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK063088-01.02	234,469.34
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK61689-01.02.	3,028.47
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK063907-01.02	263,611.89
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK63088-03 J12	1,084.14

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK54216-06.07.	\$ 466,762.94
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	3 R01 DK52134-07S1	95,082.24
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	3 R01 DK017844-28.29	82,961.10
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK48010-12.13.	293,141.73
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	2 R01 DK57900-04A1.0	360,855.97
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK56029-06A1.	294,965.95
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	8 R01 DK054966-07.08	309,534.15
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK48061-10	106,613.07
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	7 R01 DK061659-04.5	323,531.79
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	7 R01 DK067555-02	293,075.01
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5 R01 DK061689-04	20,387.58
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	1 R01 DK073681-01	37,912.66
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	7 R01 DK66058-04.5	114,789.94
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	1 R01 DK069967-01A2	11,141.56
National Institute of General Medical Sciences	93.847	5 T32 GM63483-03	7,483.50
National Institute of General Medical Sciences	93.847	5 T32 GM63483-04	196,765.78
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 T32 DK64581-02	15,119.86
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 T32 DK64581-03	190,223.73
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 F32 DK67809-02	35,621.70
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 F32 DK67749-02	36,190.00
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 F32 DK67809-03	7,383.00
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	1 R01 DK069987-01A1.	242,567.52
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 P01 DK56863-05 ADM	47,256.49
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 P01 DK56863-05 ANI	66,523.33
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 P01 DK56863-05	181,912.67
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 P01 DK56863-05 PRO	271,531.85
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 P01 DK56863-05 PRO	69,131.37
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 P01 DK56863-05 PRO	88,205.72
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	2 P01 DK56863-06A1 A	3,052.64
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	2 P01 DK56863-06A1 A	13,368.53
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	2 P01 DK56863-06A1 P	23,614.04
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	2 P01 DK56863-06A1 A	7,153.02
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 R01 DK56910-01.02.	37,825.93
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 R01 DK51630-06.07.	57,878.09
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 R01 DK54080-05.06.	313,472.81
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 R01 DK053548-05	240,084.12
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 R01 DK66596-01.02.	376,125.34
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	1 R01 DK064885-01A1.	229,877.95
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	1 R01 DK66223-01A1.	247,973.93
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	1 R01 DK067416-01A1	485,693.34
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 R01 DK54890-04.05.	252,019.08
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 R01 DK17844-26.27.	334,222.50
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 R01 DK43816-09.10.	210,271.35
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	1 R13 DK072697-01	14,290.00
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	7 R01 DK054940-06. 0	273,323.79
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	9 R01 DK073552-06A1.	120,514.08
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	1 R01 DK68273-012A2	86,242.45
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	8 R01 DK67550-01A2 Y	30,568.28
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	1 K24 DK070528-01.02	112,945.47
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	5 R01 DK42457-11.12	301,164.98
National Institute of Diabetes and Digestive and Kidney Diseases	93.849	1 R21 DK063954-01.02	22,066.30
National Institute of Diabetes and Digestive and Kidney Diseases	93.849	1 R21 DK066589-01.02	66,138.54
National Institute of Diabetes and Digestive and Kidney Diseases	93.849	1 R01 DK062809-01A1.	357,240.34
National Institute of Diabetes and Digestive and Kidney Diseases	93.849	5 R37 DK50594-11 ADV	494,735.56
National Institute of Diabetes and Digestive and Kidney Diseases	93.849	5 R37 DK50594-11 ADV	60,647.32
National Institute of Diabetes and Digestive and Kidney Diseases	93.849	5 R01 DK57552-01.02.	32,606.97
National Institute of Diabetes and Digestive and Kidney Diseases	93.849	8 R01 DK057552-05A2.	141,955.61
National Institute of Diabetes and Digestive and Kidney Diseases	93.849	1 R01 DK068568-01A2	44,434.64
National Institute of Neurological Disorders	93.853	U01 NS052220-01 IMS	606,015.27
National Institute of Neurological Disorders	93.853	U01 NS052220-01 IMS	43,267.01
National Institute of Neurological Disorders	93.853	U01 NS052220-01 IMS	63,611.21
National Institute of Neurological Disorders	93.853	U01 NS52220 IMS III	28,181.50
National Institute of Neurological Disorders	93.853	U01 NS52220 IMS III	4,026.72
National Institute of Neurological Disorders	93.853	U01 NS52220 IMS III/	2,178.41
National Institute of Neurological Disorders	93.853	5 R01 NS39087-06	255,329.04
National Institute of Neurological Disorders	93.853	2 R01 NS030678-11A2	0.02
National Institute of Neurological Disorders	93.853	2 R01 NS030678-11A2	0.04
National Institute of Neurological Disorders	93.853	1 R34 NS049722 IMS I	62,692.83
National Institute of Neurological Disorders	93.853	1 R34 NS049722 IMS III	3,491.32
National Institute of Neurological Disorders	93.853	1 R34 NS049722 IMS III	1,255.26
National Institute of Neurological Disorders	93.853	5 R01 NS039087-07	786,407.82

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
National Institute of Neurological Disorders	93.853	5 T32 NS07453-07	\$ (30,019.07)
National Institute of Neurological Disorders	93.853	5 T32 NS07453-06	2,301.46
National Institute of Neurological Disorders	93.853	5 T32 NS07453-08	222,640.65
National Institute of Neurological Disorders	93.853	3 T32 NS004753-08S1	38,283.80
National Institute of Neurological Disorders	93.853	5 F31 NS047791-02	6,618.44
National Institute of Neurological Disorders	93.853	5 R01 NS044972-01,02	265,307.71
National Institute of Neurological Disorders	93.853	3 R01 NS042308-01A2S	28,028.06
National Institute of Neurological Disorders	93.853	5 R01 NS049172-01,02	60,078.30
National Institute of Neurological Disorders	93.853	5 R01 NS035313-05A2.	327,174.85
National Institute of Neurological Disorders	93.853	1 R01 NS049428-01, 0	407,934.58
National Institute of Neurological Disorders	93.853	1 R01 NS049428-01, 0	60,078.30
National Institute of Neurological Disorders	93.853	7 R03 NS048188-03 -	33,964.50
National Institute of Neurological Disorders	93.853	P50 NS44283-03/CORE	71,451.90
National Institute of Neurological Disorders	93.853	P50 NS44283-03/PROJ3	19,977.63
National Institute of Neurological Disorders	93.853	P50 NS44283-03/CORE	4,004.12
National Institute of Neurological Disorders	93.853	P50 NS44283-03/PROJ1	38,829.65
National Institute of Neurological Disorders	93.853	P50 NS44283-03/PROJ2	14,250.14
National Institute of Neurological Disorders	93.853	P50 NS44283-03/PROJ1	6,014.93
National Institute of Neurological Disorders	93.853	P50 NS44283-03/PROJ2	17,529.65
National Institute of Neurological Disorders	93.853	P50 NS44283-03/PROJ1	205,888.03
National Institute of Neurological Disorders	93.853	5 R01 NS39512-03 DEK	26,255.14
National Institute of Neurological Disorders	93.853	NS44283-03S1/TRAIN S	86,191.83
National Institute of Neurological Disorders	93.853	NS44283-03S1/TRAIN S	10,983.04
National Institute of Neurological Disorders	93.853	NS44283-03S2/D&T SUP	36,807.66
National Institute of Neurological Disorders	93.853	NS44283-03S2/D&T SUP	9,543.77
National Institute of Neurological Disorders	93.853	P50 NS044283-04 / CO	29,415.52
National Institute of Neurological Disorders	93.853	P50 NS044283-04, 05 / CO	274,242.05
National Institute of Neurological Disorders	93.853	P50 NS44283-04 / PRO	81,110.69
National Institute of Neurological Disorders	93.853	P50 NS44283-04 / PRO	157,597.25
National Institute of Neurological Disorders	93.853	P50 NS44283-04 / PRO	65,909.24
National Institute of Neurological Disorders	93.853	P50 NS44283-04 / PRO	60,976.20
National Institute of Neurological Disorders	93.853	P50 NS44283-04 / PRO	193,391.90
National Institute of Neurological Disorders	93.853	P50 NS44283-04 / PRO	30,811.08
National Institute of Neurological Disorders	93.853	P50 NS44283-04 / COR	20,020.48
National Institute of Neurological Disorders	93.853	5 R01 NS39160-03	1,360.32
National Institute of Neurological Disorders	93.853	5 R01 NS30652-08A1.0	236,433.88
National Institute of Neurological Disorders	93.853	5 R01 NS30652-08A1.0	9,900.56
National Institute of Neurological Disorders	93.853	5 R01 NS042798-01A1.	74,832.02
National Institute of Neurological Disorders	93.853	5 R01 NS042308-01A2.	447,734.01
National Institute of Neurological Disorders	93.853	7 R01 NS039128-04	216,333.90
National Institute of Neurological Disorders	93.853	5 R01 NS046609-01A1.	122,857.18
National Institute of Neurological Disorders	93.853	7 R21 NS45566-03.04	25,247.58
National Institute of Neurological Disorders	93.853	5 R01 NS36695-07	27,994.59
National Institute of Neurological Disorders	93.853	5 R01 NS36695-07/CHA	(0.02)
National Institute of Neurological Disorders	93.853	5 R01 NS36695-07/DEK	(5.77)
National Institute of Neurological Disorders	93.853	2 R01 NS30678-11A2 N	53,072.82
National Institute of Neurological Disorders	93.853	5 R01 NS39512-03	913,902.35
National Institute of Neurological Disorders	93.853	5 R01 NS047603-01.02	34,044.05
National Institute of Neurological Disorders	93.853	5 R01 NS047603-01.02	10,023.13
National Institute of Neurological Disorders	93.853	5 R01 NS047603-01.02	314,811.51
National Institute of Neurological Disorders	93.853	7 R01 NS040396-5	268,933.13
National Institute of Neurological Disorders	93.853	3 R01 NS047603-01S1	59,746.64
National Institute of Neurological Disorders	93.853	5 R01 NS030678-12	552,217.78
National Institute of Neurological Disorders	93.853	5 R01 NS36695-08	518,582.84
National Institute of Neurological Disorders	93.853	7 R01 NS045594-02, 0	286,779.65
National Institute of Neurological Disorders	93.853	5 R01 NS30678-12	42,374.85
National Institute of Neurological Disorders	93.853	5 R01 NS030678-12	40,283.68
National Institute of Neurological Disorders	93.853	2 R01 NS36695-08	28,709.60
National Institute of Neurological Disorders	93.853	2 R01 NS36695-08	280,458.03
National Institute of Neurological Disorders	93.853	3 R01 NS040396-05S1	55,499.82
National Institute of Neurological Disorders	93.853	1 R01 NS050569-01A1	270,868.20
National Institute of Neurological Disorders	93.853	1 R01 NS050569-01A1	10,560.83
National Institute of Neurological Disorders	93.853	5 R01 NS39512-04	1,772,152.80
National Institute of Neurological Disorders	93.853	5 R01 NS039512-04	170,540.04
National Institute of Neurological Disorders	93.853	7 R01 NS045132-03	204,131.94
National Institute of Neurological Disorders	93.853	1 K23 NS049463-01A2	44,933.62
National Institute of Neurological Disorders	93.853	3 R01 NS050569-01A1S	9,474.00
National Institute of Neurological Disorders	93.853	1 K23 NS052468 EEG-F	10,772.69
National Institute of Neurological Disorders	93.853	5 K23 NS02170-01.02.	20,105.58
National Institute of Neurological Disorders	93.853	5 K23 NS41325-01.02.	141,998.46
National Institute of Neurological Disorders	93.853	5 K23 NS045054-01.02	145,774.10

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
National Institute of Neurological Disorders	93.853	1 R13 NS055615-01	\$ 20,000.00
National Institute of Allergy and Infectious Diseases	93.855	1 R01 AI065256-01A1	12,691.37
National Institute of Allergy and Infectious Diseases	93.855	1 T32 AI060515-01	(461.31)
National Institute of Allergy and Infectious Diseases	93.855	5 T32 AI060515-02	96,915.23
National Institute of Allergy and Infectious Diseases	93.855	5 T32 AI060515-03	2,028.40
National Institute of Allergy and Infectious Diseases	93.855	5 R01 AI45766-01.02.	597.05
National Institute of Allergy and Infectious Diseases	93.855	5 R01 AI52175-01.02.	322,412.90
National Institute of Allergy and Infectious Diseases	93.855	1 R01 AI067903-01	67,208.31
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AG025881-01	289,440.12
National Institute of Allergy and Infectious Diseases	93.856	5 U01 AI25897-17	(1,362.00)
National Institute of Allergy and Infectious Diseases	93.856	3 U01 AI025897-17S1.	1,793,237.98
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI49508-01.02.	189,422.07
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI49508-01.02.	3,167.06
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI48406-01A2.0	(9,464.74)
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI49358-01.02.	345,509.75
National Institute of Allergy and Infectious Diseases	93.856	5 P01 AI061298-02	134,038.06
National Institute of Allergy and Infectious Diseases	93.856	5 P01 AI061298-02	240,221.41
National Institute of Allergy and Infectious Diseases	93.856	5 P01 AI061298-02	178,014.26
National Institute of Allergy and Infectious Diseases	93.856	5 P01 AI061298-02	164,456.92
National Institute of Allergy and Infectious Diseases	93.856	5 T32 AI055406-02	13,623.49
National Institute of Allergy and Infectious Diseases	93.856	5 T32 AI055406-03	258,491.66
National Institute of Allergy and Infectious Diseases	93.856	1 F31 AI064121-01	30,779.52
National Institute of Allergy and Infectious Diseases	93.856	5 F31 AI064121-02	5,193.00
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI23695-15.16.	186,374.98
National Institute of Allergy and Infectious Diseases	93.856	5 R03 AI53184-01.02	310.35
National Institute of Allergy and Infectious Diseases	93.856	5 R21 AI054762-01.02	57,462.66
National Institute of Allergy and Infectious Diseases	93.856	1 R01 AI57036-01	17,742.92
National Institute of Allergy and Infectious Diseases	93.856	5 R03 AI57915-01.02	59,482.63
National Institute of Allergy and Infectious Diseases	93.856	5 R21 AI60770-01.02	174,967.48
National Institute of Allergy and Infectious Diseases	93.856	1 R21 AI061495-01A1.	164,726.95
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI061497-01A1.	163,042.61
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI58159-01A2.0	161,292.46
National Institute of Allergy and Infectious Diseases	93.856	2 R01 AI36701-10A1.	302,001.20
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI064084-01A1.	145,693.50
National Institute of Allergy and Infectious Diseases	93.856	1 P01 AI61298-01 (PR	865.62
National Institute of Allergy and Infectious Diseases	93.856	1 P01 AI61298-01 (PR	0.01
National Institute of Allergy and Infectious Diseases	93.856	1 P01 AI61298-01 (PR	0.05
National Institute of Allergy and Infectious Diseases	93.856	1 P01 AI61298-01 (PR	40,725.62
National Institute of Allergy and Infectious Diseases	93.856	5 P01 AI061298-03	9,314.35
National Institute of Allergy and Infectious Diseases	93.856	5 P01 AI061298-03	6,915.56
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI48746-01.02.	425.85
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI45715-01A1.0	52,494.15
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AJ41119-05.06.	208,108.39
National Institute of Allergy and Infectious Diseases	93.856	5 R37 AI42747-06.07.	352,389.70
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI48455-03.04.	335,899.59
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI50450-01A1.0	310,045.38
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI052099-01A1.	293,939.65
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI055848-01.02	213,757.72
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI34361-11.12.	259,019.65
National Institute of Allergy and Infectious Diseases	93.856	5 R01 AI36701-05A1.0	2,350.99
National Institute of Allergy and Infectious Diseases	93.856	1 U56 AI057192-01 -	(24,238.54)
National Institute of Allergy and Infectious Diseases	93.856	3 R01 AI052099-03S1.	37,123.56
National Institute of Allergy and Infectious Diseases	93.856	1 R01 AI062492-01A1	114,864.99
National Institute of General Medical Sciences	93.859	5 T32 GM08478-12	36,227.92
National Institute of General Medical Sciences	93.859	5 T32 GM08478-13	184,718.72
National Institute of General Medical Sciences	93.859	7 R01 GM063559-04	52,017.10
National Institute of General Medical Sciences	93.859	5 R01 GM61194-01.02.	96,516.60
National Institute of General Medical Sciences	93.859	5 R01 GM62153-01.02.	24,041.52
National Institute of General Medical Sciences	93.859	5 R01 GM54775-06.07	113,424.53
National Institute of General Medical Sciences	93.859	5 R01 GM50509-09.10.	330,270.31
National Institute of General Medical Sciences	93.859	5 R01 GM 63855-01A1.	390,278.13
National Institute of General Medical Sciences	93.859	2 R01 GM041399-13.14	308,981.31
National Institute of General Medical Sciences	93.859	5 R01 GM041803-14.15	260,533.39
National Institute of General Medical Sciences	93.859	1 R01 GM069547-01.02	214,341.04
National Institute of General Medical Sciences	93.859	1 R01 GM069547-01.02	61,871.73
National Institute of General Medical Sciences	93.859	1 R01 GM69845-01A1.	321,443.13
National Institute of General Medical Sciences	93.859	5 R01 GM58843-05.06	278,262.48
National Institute of General Medical Sciences	93.859	1 R01 GM67991-01A2	211,682.60
National Institute of General Medical Sciences	93.859	5 R25 GM72834-01.02	66,069.13
National Institute of General Medical Sciences	93.859	1 R01 GM072760-01A1	180,644.71
National Institute of General Medical Sciences	93.862	1 R01 GM73169-01A1.	180,916.87

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
National Institute of Child Health and Human Development	93.864	5 R01 HD29773-04A2.0	\$ 0.21
National Institute of Child Health and Human Development	93.864	5 R01 HD39916-01.02.	111,536.29
National Institute of Child Health and Human Development	93.864	5 K12 HD01256-07 RS	90,802.56
National Institute of Child Health and Human Development	93.864	5 K12 HD01256-07 RS	91,759.37
National Institute of Child Health and Human Development	93.864	5 K12 HD01256-07 RS	89,351.90
National Institute of Child Health and Human Development	93.864	5 K12 HD01256-08 COR	9,843.58
National Institute of Child Health and Human Development	93.864	5 K12 HD01256-08 CHO	15,003.53
National Institute of Child Health and Human Development	93.864	5 K12 HD01256-08 TBN	985.20
National Institute of Child Health and Human Development	93.864	2 K12 HD01256-06 RS	(1,840.38)
National Institute of Child Health and Human Development	93.864	2 K12 HD01256-06 RS	(890.81)
National Institute of Child Health and Human Development	93.864	2 K12 HD01256-06 RS	0.02
National Institute of Child Health and Human Development	93.865	5 U01 HD40565-04	3,716.43
National Institute of Child Health and Human Development	93.865	5 U10 HD27853-15 BAS	168,679.97
National Institute of Child Health and Human Development	93.865	5 U10 HD27853-15 CAP	322,286.89
National Institute of Child Health and Human Development	93.865	5 U01 HD39939-03 / U	27,292.75
National Institute of Child Health and Human Development	93.865	1 R21 HD048512-02	181,133.07
National Institute of Child Health and Human Development	93.865	5 R01 HD39419-01A2.0	143,019.90
National Institute of Child Health and Human Development	93.865	5 R01 HD40285 1A1.02	214,089.69
National Institute of Child Health and Human Development	93.865	5 R01 HD40363-01.02.	46,270.12
National Institute of Child Health and Human Development	93.865	5 R01 HD34089-06.07.	227,429.06
National Institute of Child Health and Human Development	93.865	5 R01 HD26471-11A1.1	327,113.69
National Institute of Child Health and Human Development	93.865	5 R21 HD40050-01A1.0	18,050.77
National Institute of Child Health and Human Development	93.865	7 R01 HD36888-05	4,234.40
National Institute of Child Health and Human Development	93.865	5 R01 HD031514-10.11	269,611.89
National Institute of Child Health and Human Development	93.865	5 U01 HD40565-05	239,643.20
National Institute of Child Health and Human Development	93.865	1 R01 HD49777-01 C	84,617.17
National Institute of Child Health and Human Development	93.865	1 K12 HD051953-01 C	33,770.82
National Institute of Child Health and Human Development	93.865	1 K12 HD051953-01 CO	39,859.19
National Institute of Child Health and Human Development	93.865	1 R03 HD052838-01	5,042.73
National Institute of Child Health and Human Development	93.865	5 K23 HD44556-01.02.	135,228.52
National Institute of Child Health and Human Development	93.865	5 R13 HD051237-01.02	8,635.64
National Institute on Aging	93.866	5 R01 AG12853-07A1.0	226,020.12
National Institute on Aging	93.866	5 R01 AG12962-06A2.0	348,052.29
National Institute on Aging	93.866	3 R01 AG12962-09S1	48,626.84
National Institute on Aging	93.866	5 R01 AG20249-02.03.	335,584.02
National Eye Institute	93.867	5 R01 EY13755-01A1.0	301,613.57
National Eye Institute	93.867	5 R03 EY14207-01.02.	102,525.15
National Eye Institute	93.867	5 R01 EY015227-01.02	323,741.41
National Eye Institute	93.867	5 R01 EY13168-04.05.	323,675.68
National Eye Institute	93.867	3 R01 EY13755-02S1	21,916.75
National Eye Institute	93.867	5 R01 EY010556-05.06	389,311.70
National Library of Medicine	93.879	1 G08 LM07853-02	56,701.00
National Library of Medicine	93.879	5 G08 LM07853-03	355,364.13
National Library of Medicine	93.879	5 G08 LM07853-04	31,642.56
National Library of Medicine	93.879	1 R03 LM08248-01.02	36,210.43
National Library of Medicine	93.879	1 R03 LM08248-01.02	13,715.62
National Library of Medicine	93.879	1 K22 LM008534-03	114,156.97
National Human Genome Research Institute	93.879	1 R21 HG002849-03	4,252.05
Bureau of Health Professions	93.884	5 D16HP00137-03-00	(1,150.62)
Bureau of Health Professions	93.884	1 D55 HP 00236-02	356.12
Bureau of Health Professions	93.884	1 D58 HP 00368-02	907.07
Bureau of Health Professions	93.884	5 D12 HP 00168-03	6,212.30
Bureau of Health Professions	93.884	1 D55 HP 00236-02 SU	(0.06)
Bureau of Health Professions	93.884	3 D16 HP00137-03-01	(74.16)
Bureau of Health Professions	93.884	5 D55 HP 00236-03	134,350.13
Bureau of Health Professions	93.884	5 D55 HP 00236-03 SU	78,375.91
Bureau of Health Professions	93.884	5 D58 HP 00368-03	120,769.94
Bureau of Health Professions	93.884	3 D58 HP00368-03-01	81,641.54
Bureau of Health Professions	93.884	2 D54HP00168-04-00	35,403.74
National Library of Medicine	93.888	NLM PO# 467-MZ-50063	68,969.24
National Library of Medicine	93.888	NLM PO# 467-MZ-50063	27,611.13
National Institute of Environmental Health Sciences	93.894	5 T32 ES10957-04	38,266.52
National Institute of Environmental Health Sciences	93.894	5 T32 ES07250-17	(61,385.18)
National Institute of Environmental Health Sciences	93.894	1 T32 ES10957-01	2,377.00
National Institute of Environmental Health Sciences	93.894	5 T32 ES10957-05	346,044.23
National Institute of Environmental Health Sciences	93.894	5 T32 ES07250-18	450,914.11
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 ADM	213,942.95
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 TMB	49,819.60
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 BIO	68,009.22
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 BIO	146,741.99
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 COE	75,807.99

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UNIVERSITY OF CINCINNATI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 ECO	\$ 36,430.05
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 G E	81,728.22
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 GTR	15,274.25
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-13 GEN	192,798.86
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 HUM	24,709.46
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 PRO	107,127.43
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 RTC	51,440.22
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 RTC	32,434.13
National Institute of Environmental Health Sciences	93.894	2 P30 ES06096-13/PIL	29,008.08
National Institute of Environmental Health Sciences	93.894	2 P30 ES06096-14/PIL	40,545.00
National Institute of Environmental Health Sciences	93.894	2 P30 ES06096-14/PIL	38,890.69
National Institute of Environmental Health Sciences	93.894	2 P30 ES06096-14/PIL	29,924.48
National Institute of Environmental Health Sciences	93.894	2 P30 ES06096-14/PIL	25,722.55
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-14 RE	54,898.00
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-15 ADM	67,818.67
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-15 RES	4,120.44
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-15 INT	21,585.43
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-15 GEN	6,241.86
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-15 CEG	17,070.54
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-15 CAR	5,476.98
National Institute of Environmental Health Sciences	93.894	5 P30 ES06096-15 BIO	38,177.94
National Institute of Environmental Health Sciences	93.894	2 P30 ES06096	4,254.77
Bureau of Health Professions	93.896	5 D16 HP00137-03	(3,423.83)
Bureau of Health Professions	93.925	1 T08 HP04913-01-00	64,737.00
Centers for Disease Control and Prevention	93.946	1 U01 DP000188-01 CD	50,188.01
Centers for Disease Control and Prevention	93.946	5 U01 DP000188-02 CD	14,329.12
Bureau of Health Professions	93.984	5 D12 HP 00168-03	18,843.25
Bureau of Health Professions	93.984	3 D12 HP 00168-03-01	13,803.00
Bureau of Health Professions	93.984	2 D54 HP000168-04-00	127,767.43
Fogarty International Center	93.989	5 R03 TW01200-01.02.	1,468.98
Fogarty International Center	93.989	5 R03 TW006294-01.02	22,216.56
Total Department of Health and Human Services			<u>104,545,935.21</u>
Total Research and Development—Direct Cluster			<u>120,451,169.56</u>
RESEARCH AND DEVELOPMENT—Pass-through:			
Department of Commerce—			
Department of Commerce	11.419	U OF NH 04 - 844 SUB DOC	<u>10,618.70</u>
Total Department of Commerce			<u>10,618.70</u>
Department of Defense:			
Department of Defense	12	UNIV OF VA GG10306-1	118,297.01
Department of Defense	12	ROLLS-ROYCE - SUB AF	1,049.21
Department of Defense	12	THOR TECH #03161 S	22,699.85
Department of Defense	12	UNIV DAYTON UDRI RSC	373.01
Department of Defense	12	UNIV DAYTON UDRI RSC	24,235.71
Department of Defense	12	UES #S-709-009-003/	25,591.36
Department of Defense	12	ISSI #SB03014 E	45,217.56
Department of Defense	12	IOWA STATE 404-25-93	17,922.23
Department of Defense	12	WRIGHT STATE SUB AF	(0.02)
Department of Defense	12	UTC 05-S508-010-07-C	120,134.98
Department of Defense	12	UTC 05-S508-010-08-C	33,838.89
Department of Defense	12	UTC 05-S530-0002-34-	(12,708.00)
Department of Defense	12	ANTEON #5408-05-SC-0	38,248.36
Department of Defense	12	CHEMAT SUB AF FA9550	44,233.90
Department of Defense	12	MANTECH GEO CENTERS	111,786.00
Department of Defense	12	IOWA ST 421-25-92 SUB AIR FORCE	100,216.39
Department of Defense	12	UNIV DAYTON RI RSC05	23,410.36
Department of Defense	12	GENL ELEC GE PO#200-1Q-14U36188	18,791.73
Department of Defense	12	NOVA ENG #001145 SUB	(195.69)
Department of Defense	12	MCMaster UNIVERSITY	16,878.01
Department of Defense	12	INTUITIVE SURGICAL	11,779.31
Department of Defense	12	UNIV OF IOWA SUB ARMY	5,855.66
Department of Defense	12	SILOAM BIOSCIENCES S	21,309.30
Department of Defense	12	U OF DAY RES INST SUB ARMY RSC05030	113,614.88
Department of Defense	12	SILOAM BIO SUB ARMY W81XWH-05-0043	19,546.46
Department of Defense	12	GNL DYNAMICS /ARMY W81XWH-05-C-0008	4,298.30

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Department of Defense	12	CHARLES STARK DRAPER SUB DARPA	\$ 40,782.95
Department of Army	12.42	UKRF 4-65385-04-131	63,402.97
Department of Army	12.42	UKRF #4-65192-04-135	(808.34)
Department of Army	12.431	U of NEV LV SUB ARMY 05-50CP-UC-0001	70,299.22
Department of Army	12.431	NC A&T #41232E SUB	1,933.17
Department of Air Force	12.8	AVETEC 2005-U-0001 SUB AF FA9550-05-1-0345	185,307.84
Department of Air Force	12.8	VA TECH SUB ARMY CR-19275-430099	325,039.77
Total Department of Defense			<u>1,612,382.34</u>
Department of Housing and Urban Development— Office of Healthy Homes and Lead Hazard	14.9	CITY OF CINTI/HUD 27	102,433.66
Total Department of Housing and Urban Development			<u>102,433.66</u>
Department of Interior— Geological Survey	15.805	OSURF RF01022000 SUB USGS	14,638.06
Total Department of Interior			<u>14,638.06</u>
Department of Justice: Department of Justice	16	AMERICAN STAT ASSOC SUB DOJ	16,747.00
Office of Justice Programs	16.523	EVANSTON COMM COUNCIL	8,759.52
Office of Justice Programs	16.523	05-JB-010-FI36 SUB DOJ	10,444.53
Office of Justice Programs	16.595	MONT CTY DRUG COURT	30,000.00
Office of Justice Programs	16.595	MADISONVL S/DOJ 2005-WSQ5-0069	10,000.62
National Institute of Corrections	16.602	NIC 03C25CI22 SUB DOJ	1,881.14
National Institute of Corrections	16.602	05 P04183 SUB DOJ CI	69,712.65
Office of Justice Programs	16.738	ODPS SUB 2005-JG-EOR-6268	5,464.40
Total Department of Justice			<u>153,009.86</u>
Department of Labor— Department of Labor	17	CPWR J-9-E-3-0019 SU	13,466.63
Total Department of Labor			<u>13,466.63</u>
Department of Transportation: Department of Transportation	20	BAKER 11342 SUB ODOT	34,517.45
Department of Transportation	20	BAKER 11342 SUB ODOT	53,621.72
Federal Highway Administration	20.205	ODOT 10178 SUB FHWA	8,764.25
Federal Highway Administration	20.205	ODOT 10178 SUB FHWA	8,524.81
Federal Highway Administration	20.205	ODOT 11494 SUB FHWA	153.33
Federal Highway Administration	20.205	ODOT 11569 SUB FHWA	33,646.05
Federal Highway Administration	20.205	ODOT 11855 SUB FHWA	22,143.68
Federal Highway Administration	20.205	ODOT 20359 SUB FHWA	100,545.70
Federal Highway Administration	20.205	ODOT 20397 SUB FHWA	29,679.19
Federal Highway Administration	20.205	ODOT 20589 SUB FHWA	6,584.30
Federal Highway Administration	20.205	ODOT 20590 SUB FHWA	5,165.66
Federal Highway Administration	20.205	ODOT 9334 SUB FHWA	58,571.97
Federal Highway Administration	20.205	ODOT 9334 SUB FHWA	5,622.56
Federal Highway Administration	20.205	ODOT 9771 SUB FHWA	409.97
Federal Highway Administration	20.205	ODOT 9771 SUB FHWA	7,020.32
Federal Highway Administration	20.205	ODOT 9895 SUB FHWA	(50,670.00)
Federal Highway Administration	20.205	ODOT 11009 SUB FHWA	854.89
Federal Highway Administration	20.205	ODOT 11569 SUB FHA	17,282.56
Federal Highway Administration	20.205	ODOT 20979 SUB FHA	9,045.35
Federal Highway Administration	20.205	ODOT 21104 SUB FHA	9,096.02
Federal Highway Administration	20.205	ODOT 21104 SUB FHA	99.60
Federal Highway Administration	20.215	ODOT 20983 SUB FHA	16,444.05
Research and Special Programs	20.701	UNIV WIS A800295 SUB DOT	41,881.00
Research and Special Programs	20.701	UNIV WIS A800295 SUB DOT	58,757.70
Total Department of Transportation			<u>477,762.13</u>
National Aeronautics & Space Administration: National Aeronautics & Space Administration:	43.001	GE SUB NASA P014F35159	67,955.26
National Aeronautics & Space Administration:	43.001	DCES/NASA UGRAD RES	14,788.43
National Aeronautics & Space Administration:	43.001	NCC3 742 WRIGHT STATE	2,582.04

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
National Aeronautics & Space Administration:	43.001	OAI R30010027540106	\$ 1,143.57
National Aeronautics & Space Administration:	43.001	OAI NASA MOD#2 R3001	(14,060.57)
National Aeronautics & Space Administration:	43.001	OAI NASA MOD#3 R3001	31,301.57
National Aeronautics & Space Administration:	43.001	OSURF NASA-GUTMARK-J	25,768.99
National Aeronautics & Space Administration:	43.001	OSURF NASA PO RF00970493	187,897.41
National Aeronautics & Space Administration:	43.001	OSURF NASA PO RF00970493-NOISE	196,471.53
National Aeronautics & Space Administration:	43.001	OSURF NASA PO RF00970493-COMBUSTOR	246,495.78
National Aeronautics & Space Administration:	43.001	OSURF NASA PO RF00970493-LINERS	169,309.31
Total National Aeronautics & Space Administration			<u>929,653.32</u>
National Science Foundation:			
Engineering Grants	47.041	BRIGHTON SUB NSF SBI	(0.07)
Engineering Grants	47.041	ULRF SUB NSF BES-033	82,576.54
Engineering Grants	47.041	U OF MICH F013547 SUB NSF EEC-0122253	50,000.00
Engineering Grants	47.041	U OF MICH F014244 SUB NSF EEC-0132521	3,204.92
Engineering Grants	47.041	U OF VA SUB NSF CMS0301463	18,899.06
Mathematical and Physical Sciences	47.049	OSURF NSF SUB 60004	537.37
Geosciences	47.05	UKRF SUB NSF 4-67134	99.33
Geosciences	47.05	HARVARD SUB NSF DEB	27,570.50
Social, Behavioral, and Economic Sciences	47.075	UNIV OF NEBRASKA SUB NSF	53,080.24
Polar Programs	47.078	UNIV ALASKA SUB NSF	1,993.96
Total National Science Foundation			<u>237,961.85</u>
Environmental Protection Agency:			
Environmental Protection Agency	66	AWWA RF 02852	871.63
Environmental Protection Agency	66	AWWA RF 02852 SUPPL	1,212.85
Environmental Protection Agency	66	AEROMET TECH EPA EP-D-04-052	26,419.32
Environmental Protection Agency	66	MALCOLM PIRNIE SUB AWWARF	45,468.82
Environmental Protection Agency	66	BATTELLE 201086 SUB EPA 68-C-00-185	68,241.70
Environmental Protection Agency	66	PEGASUS TECH SVCS SUB EPA EP-C-05-056	303,793.07
Environmental Protection Agency	66	PEGASUS TECH SVCS SUB EPA EP-C-05-056	412.37
Environmental Protection Agency	66	PEGASUS TECH SVCS SUB EPA EP-C-05-056	4,309.62
Environmental Protection Agency	66	PEGASUS TECH SVCS SUB EPA EP-C-05-056	2,965.31
Environmental Protection Agency	66	PEGASUS TECH SVCS SUB EPA EP-C-05-056	3,518.86
Environmental Protection Agency	66	CHRF SUB EPA R82938901-0 PROJ1	20,759.78
Environmental Protection Agency	66	CHRF SUB EPA R82938901-0 PROJ3	134,550.26
Environmental Protection Agency	66	CHRF SUB EPA R82938901-0 PROJ4	87,128.52
Environmental Protection Agency	66	HEI 4701-RFA03-2/03	129,521.98
Environmental Protection Agency	66.5	HDR/ESS ENGINEERING	25,387.79
Environmental Protection Agency	66.5	MALCOLM PIRNIE SUB EPA 1700-26	37,610.38
Environmental Protection Agency	66.5	PURDUE/EPA 581-006-0	47,313.89
Environmental Protection Agency	66.5	PURDUE/EPA 581-006-1	(6,778.42)
Environmental Protection Agency	66.509	EMORY UNIV/EPA-RD-83	10,142.39
Environmental Protection Agency	66.509	UC BERKELEY SUB EPA SA4767-104	2,989.69
Environmental Protection Agency	66.509	EMORY UNIV/EPA-RD-83	65,156.28
Total Environmental Protection Agency			<u>1,010,996.09</u>
Department of Energy:			
Department of Energy	81	ORISE/DOE/AFRL/HEP F	30,834.49
Department of Energy	81	ORISE/DOE/AFRL/HEP F	40,196.80
Department of Energy	81	NC A&T / DOE	1,481.89
Department of Energy	81	UT BATTELLE/DOE PO#4	52,115.92
Department of Energy	81	UT-BATTELLE/DOE #400	19,271.07
Department of Energy	81	ARGONNE NATIONAL LAB	16,550.45
Department of Energy	81	HONEYWELL PO# S00001	15,331.35
Department of Energy	81	TUSKEGEE U #30-22420-139-62112 SUB DOE	45,525.72
Department of Energy	81	UNIV OF CAL-LLNL #B551019 SUB DOE	21,353.12
Office of Science	81.049	CPWR/DOE-SAVANNA #97	5,507.43
Office of Science	81.049	CPWR/DOE-HANFORD #96	(16,279.82)
Office of Science	81.049	SANDIA SUB DOE DOC #60998	46,516.27
Office of Science	81.049	UT-BATTELLE 40000310	1,866.32
Office of Science	81.049	UT-BATTELLE 4000035	(119.08)
Office of Science	81.049	UT-BATTELLE 40000383	17,184.99
Office of Science	81.049	OH UNIV #12214 SUB DEFG36-03-G013059	14,999.54
Office of Science	81.049	CPWR/DOE-HANFORD 96S	172,900.96
Office of Science	81.049	UT-BATTELLE #4000044	14,246.82
Office of Science	81.049	CPWR SUB DE-FC01-06EH06004	24,618.65

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Office of Science	81.049	STSI HST-GO-10172.01	\$ 3,931.47
Office of Science	81.049	CPWR SUB DOL J059E22270	17,332.72
Office of Science	81.049	CPWR SUB DOL J059E22270	3,976.70
Office of Fossil Energy	81.089	BRIGHAM YOUNG UNIV	64,500.33
Total Department of Energy			613,844.11
Department of Education:			
Department of Education	84	UNC CHAPEL HILL #5-3	47,741.23
Office of Educational Research and Improvement	84.215	CINTI PUB SCH/USED SUPPORT HLT	256,390.47
Office of Special Education and Rehabilitative Services	84.323	SCHL STUDY COUNCIL	9,745.22
Office of Elementary and Secondary Education	84.367	ODE TCAS-TITLE IIA S	16,173.86
Office of Elementary and Secondary Education	84.367	ODE TCAS TITLE IIA -	9,633.70
Total Department of Education			339,684.48
Department of Health and Human Services:			
Department of Health and Human Services	93	OWH NATL WOMENS HLTH WEEK	1,338.45
Department of Health and Human Services	93	UNC-CH SUB N01 MH900	80,085.71
Department of Health and Human Services	93	CPWR-NIOSH Y2	7,276.65
Department of Health and Human Services	93	RES TRI INST SUB N01-CP-01004	396.07
Department of Health and Human Services	93	RTI N01-CP-01004 CONTRACT 21788S	44,413.89
Department of Health and Human Services	93	UTHSC SUB N01-AR02251	24,488.44
Department of Health and Human Services	93	UNIV AL-BIRMNGHM SUB N01AI30025	2,087.03
National Heart, Lung, and Blood Institute	93.007	WAKE FOREST S/WHI-MS NHLBI	15,863.88
National Heart, Lung, and Blood Institute	93.007	WAKE FOREST S/WHI-MS NHLBI	5,202.07
Food and Drug Administration	93.103	JHU SUB FD-R-001693-03.04.05	21.41
Food and Drug Administration	93.103	MT SINAI SCHOOL MED SUB FD-R-002613-01	78,786.36
Food and Drug Administration	93.103	MT SINAI SCHOOL MED SUB FD-R-002613-02	5,772.60
Health Resources and Services Administration	93.107	MODEL STATE SUPPORTED AHEC	16,601.08
Health Resources and Services Administration	93.107	MODEL STATE SUPPORTED AHEC	53,315.67
Health Resources and Services Administration	93.110	HFM-6H30MC0015-16	10,557.31
National Institute of Environmental Health Sciences	93.113	UAC SUB 5 R25 ES0771	19,649.30
National Institute of Environmental Health Sciences	93.113	UAC SUB ES007717-07	8,422.41
National Institute of Environmental Health Sciences	93.113	ILLINOIS UNIV. SUB ES012281-3	41,137.02
National Institute of Environmental Health Sciences	93.115	CHMC SUB 5 P01 ES112	3,388.74
National Institute of Environmental Health Sciences	93.115	CHMC SUB 2 P01 ES112	10,183.56
National Institute of Environmental Health Sciences	93.115	CHRF SUB ES11261-04 LAB	26,474.19
National Institute of Environmental Health Sciences	93.115	CHMC SUB 2 P01 ES112	11,703.54
National Institute of Environmental Health Sciences	93.115	CHMC SUB ES14240	2,001.73
National Institute of Environmental Health Sciences	93.115	CHMC SUB ES 11261	98,579.53
National Institute of Environmental Health Sciences	93.115	CHMC SUB 5 P01 ES112	17,371.22
National Institute of Environmental Health Sciences	93.115	CHMC SUB ES14240	10,615.35
National Institute of Environmental Health Sciences	93.115	GCOH SUB ES12093-01.	55,683.43
National Institute of Environmental Health Sciences	93.115	CHMC SUB 1 R21 ES012952	10,646.19
National Institute of Environmental Health Sciences	93.115	CHRF SUB 1 R21 ES012952	31,382.78
Health Resources and Services Administration	93.134	LIFELINE OF OHIO SUB 5 H39 OT00096-03	64,700.22
Health Resources and Services Administration	93.134	U PITT SUB HRSA R38	369.95
Health Resources and Services Administration	93.134	U PITT SUB HRSA 5 R	33,202.74
Centers for Disease Control and Prevention	93.136	U PITTSBURGH SUB R30	5,015.00
National Institute of Environmental Health Sciences	93.142	ICWU SUB ES06162-13	18,233.19
National Institute of Environmental Health Sciences	93.142	ICWU SUB ES09758-13	339.71
National Institute of Environmental Health Sciences	93.142	ICWU SUB ES09758-14	4,838.88
National Institute of Environmental Health Sciences	93.142	ICWU SUB ES06162-13	40,532.93
National Institute of Environmental Health Sciences	93.142	ICWU SUB ES06162-HIDP	6,116.31
Health Resources and Services Administration	93.145	U PITT SUB 5 H4A HA0	33,233.87
Health Resources and Services Administration	93.145	U PITT SUB 5 H4A HA0	205,599.96
National Institute on Deafness and Other Communication Disorders	93.173	BGSU SUB 5 R01 DC03577	44,264.22
National Institute on Deafness and Other Communication Disorders	93.173	COMPUSNIFF SUB 7 R44 DC004139-06	11,546.22
National Institute on Deafness and Other Communication Disorders	93.173	COMPUSNIFF SUB 7 R44 DC004139-05	30,118.55
Centers for Disease Control and Prevention	93.185	CHMC SUB CDC U38CCU522352	42,741.94
Health Resources and Services Administration	93.211	CASE WES SUB 1 D18 T	141,832.33
Health Resources and Services Administration	93.211	CASE WES SUB 1 D18 T	126,339.85
National Institute of Child Health and Human Development	93.226	CMB NICHD/N01-HB-47171	(19,619.67)
National Heart, Lung, and Blood Institute	93.226	ENTERTECH SUB 1 R43	4,327.65
Health Care Policy and Research	93.226	AHRQ 1 UC 1 HS014237	6,236.43
National Institute of Mental Health	93.242	UCO SUB MH62456-01.0	36,050.81
Substance Abuse and Mental Health Services Administration	93.243	IDAHO SUPREME COURTS	53,561.86
Substance Abuse and Mental Health Services Administration	93.243	ODADAS SUB SAMHSA	432.55
Centers for Disease Control and Prevention	93.262	OSU SUB R01 OH07787	97,767.34

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Centers for Disease Control and Prevention	93.262	MSU SUB 1 R01 OH07495-02	\$ (3,264.71)
Centers for Disease Control and Prevention	93.262	MSU SUB 1 R01 OH07495-03	9,468.87
Centers for Disease Control and Prevention	93.262	U OF LOUISVILLE SUB R01 OH007650	81,605.21
Centers for Disease Control and Prevention	93.283	CINTI FND BIOMED RSC	81,111.71
Centers for Disease Control and Prevention	93.283	HFM-SUB CDC U27/CCU	5,060.54
Centers for Disease Control and Prevention	93.283	ODH 3140012AE05/BCCP	792.10
Centers for Disease Control and Prevention	93.283	ODH 3140012AE06 SUB CDC	168,204.36
Centers for Disease Control and Prevention	93.283	ODH 3140012AE06 SUB CDC	153.84
Centers for Disease Control and Prevention	93.283	HFM-SUB CDC U27/CCU	11,805.53
Centers for Disease Control and Prevention	93.283	ODH 3140012AE07 SUB CDC	610.90
Centers for Disease Control and Prevention	93.283	NCHH SUB CDC U59 CCU	23,011.23
Centers for Disease Control and Prevention	93.283	NCHH SUB CDC U59 CCU	22,150.10
National Institute of Biomedical Imaging and Bioengineering	93.286	U MICH SUB EB004527	25,468.12
National Institute of Biomedical Imaging and Bioengineering	93.286	U MICHIGAN SUB EB004	46,869.64
National Center for Research Resources	93.306	CINCY ZOO SUB R24 RR015388-03	44,800.65
National Center for Research Resources	93.333	CHMC SUB NIH RR08084	37,961.78
National Center for Research Resources	93.333	MIAMI UNIV SUB RR16301	3,611.27
National Center for Research Resources	93.333	CHMC/SUB 5 M01 RR008084	13,368.60
National Institute of Nursing Research	93.361	FOX CHASE SUB 2 R01 NR004573-04A1	33,973.56
National Institute of Nursing Research	93.361	FOX CHASE SUB 2 R01 NR004573-06	10,980.31
National Center for Research Resources	93.389	CHMC SUB 5 U54 RR019498	2,305.54
National Center for Research Resources	93.389	CHMC SUB 5 U54 RR019498	15,675.28
National Cancer Institute	93.393	UMDNJ sub CA113863-01A1	5,839.52
National Cancer Institute	93.393	YESHIVA UNIV SUB R01 CA77290	1,527.14
National Cancer Institute	93.393	YESHIVA UNIV SUB R01CA77290-07	21,622.39
National Cancer Institute	93.393	WASH UNIV SUB CA93643	177,199.25
National Cancer Institute	93.393	WASH UNIV SUB CA058554-11	120,005.41
National Cancer Institute	93.393	WASH UNIV SUB CA058554-12	26,459.82
National Cancer Institute	93.393	CHMC SUB R01 CA112182	32,938.39
National Cancer Institute	93.394	ACRIN 6652 SUB CA080	44,349.45
National Cancer Institute	93.394	ACRIN 6667 SUB CA080	3,601.12
National Cancer Institute	93.394	ACRIN 6666 SUB CA080	61,256.82
National Cancer Institute	93.394	BAYLOR SUB 5 R01 CA75432-07	(3,030.02)
National Cancer Institute	93.394	USC SUB-CA105145-02	24,993.54
National Cancer Institute	93.394	BAYLOR SUB 5 R01 CA75432-08	61,975.80
National Cancer Institute	93.395	SWOG04026 5 U10 CA32	(1,031.14)
National Cancer Institute	93.395	SWOG/CA32102-25 GI C	(1,582.80)
National Cancer Institute	93.395	RTOG SUB NIH CA21661	31,474.11
National Cancer Institute	93.395	UNIV N CAROLINA WHI SUB NCI	1,500.00
National Cancer Institute	93.395	SWOG 5 U10 CA32102-2	(1,582.81)
National Cancer Institute	93.395	GOG #27469-33 CA(04)	47,842.38
National Cancer Institute	93.395	CHMC SUB R21CA103486-01	666.26
National Cancer Institute	93.395	CHMC SUB R21CA103486-02	3,458.32
National Cancer Institute	93.395	UN MICH SUB SWOG CA	16,826.38
National Cancer Institute	93.395	UN MICH SUB SWOG CA	15,523.79
National Cancer Institute	93.395	UN MICH SUB SWOG CA	15,008.02
National Cancer Institute	93.395	UN MICH SUB SWOG CA	5,312.44
National Cancer Institute	93.395	UN MICH SUB SWOG CA	2,191.22
National Cancer Institute	93.395	UN MICH SUB SWOG CA	3,363.52
National Cancer Institute	93.395	UN MICH SUB SWOG CA	24,836.09
National Cancer Institute	93.395	UN MICH SUB SWOG CA	40,101.69
National Cancer Institute	93.395	NCCF SUB U10 CA9854	5,648.24
National Cancer Institute	93.395	NSAPB TFED 187	50,742.17
National Cancer Institute	93.396	OSU U01 CA84291-07	49,780.73
National Cancer Institute	93.396	OSU U01 CA84291	7,862.04
National Cancer Institute	93.396	OSU U01 CA84291	3,674.19
National Cancer Institute	93.396	SLOAN-KETTG INST SUB CA84292-01	(0.02)
National Cancer Institute	93.396	SLOAN-KETTG INST SUB CA84292-02	119,319.59
National Cancer Institute	93.396	SLOAN-KETTG INST SUB CA84292-03	22,228.97
National Cancer Institute	93.396	UNIV OF MICH SUB U24	308,741.38
National Cancer Institute	93.399	NSABP STAR PFEDERAL	34,233.91
National Cancer Institute	93.399	NSABP STAR PCAPITATI	2,970.00
National Cancer Institute	93.399	BC CANCER AGENCY SUB CA96109	9,577.69
National Cancer Institute	93.399	NSABP TIND 187	23,314.16
Administration on Children, Youth and Families	93.558	OH DEPT OF REHAB & CORR SUB TANF	121,865.56
Administration on Children, Youth and Families	93.558	ODE CORE CURR-FED HEAD START	(332.70)
Administration on Children, Youth and Families	93.558	TALBERT HOUSE SUB 2005 TANF	74,570.35
Administration on Children, Youth and Families	93.575	HCJFS/ODJFS SUB DHHS	23,927.32
Administration on Children, Youth and Families	93.6	HCJFS SUB WIA TANF 2	74,917.82
Administration on Children, Youth and Families	93.6	CHCCAA SUB HHS/HEAD	234,301.37
Administration on Children, Youth and Families	93.6	CHCCAA SUB HHS/HEAD	553,275.82

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Administration on Children, Youth and Families	93.6	HCJFS #97824 EMPLOY	\$ 46,583.96
National Institute of General Medical Sciences	93.821	NCSU SUB GM065156 01	71,393.31
Health Resources and Services Administration	93.822	CIN ST SUB HRSA 2D18HP10028-04-00	21,158.44
National Heart, Lung, and Blood Institute	93.837	DUKE SUB ACTION HL63	90,306.87
National Heart, Lung, and Blood Institute	93.837	CHMC SUB HL056370-07	51,732.30
National Heart, Lung, and Blood Institute	93.837	NWU 5R01 HL059586-6	81,876.28
National Heart, Lung, and Blood Institute	93.837	NRTHWSTRN UNIV S/HL74002-02	148,044.70
National Heart, Lung, and Blood Institute	93.837	U OF ILL SUB HL64942	39,866.52
National Heart, Lung, and Blood Institute	93.837	CHMC SUB HL056370-08	36,432.13
National Heart, Lung, and Blood Institute	93.837	NRTHWSTN UNIV S/HL74002-02	19,748.94
National Heart, Lung, and Blood Institute	93.837	WRIGHT ST SUB J R01 HL69319	(15.62)
National Heart, Lung, and Blood Institute	93.838	CHMC SUB HL058795-07	34,827.43
National Heart, Lung, and Blood Institute	93.838	CHMC SUB 1 R01 HL072987-02	4,536.55
National Heart, Lung, and Blood Institute	93.838	BRIG&WMS HOSP SUB HL65899-05	(20,703.16)
National Heart, Lung, and Blood Institute	93.838	CHMC SUB HL56285-09	11,624.35
National Heart, Lung, and Blood Institute	93.838	UNIV OF COLORADO SUB HL48013	(6,268.72)
National Heart, Lung, and Blood Institute	93.838	UPITT SUB R01HL074111-03	119,501.09
National Heart, Lung, and Blood Institute	93.838	U WISC-MAD SUB HL55949-10	62,448.54
National Heart, Lung, and Blood Institute	93.838	CHMC SUB HL56285-10	33,185.18
National Heart, Lung, and Blood Institute	93.838	CHMC SUB HL072987-03	23,467.67
National Heart, Lung, and Blood Institute	93.838	CHMC SUB HL058795-08	21,755.90
National Heart, Lung, and Blood Institute	93.839	CHMC SUB HL70871-03	199,274.88
National Heart, Lung, and Blood Institute	93.839	CHRF SUB HL69779-04	379,359.40
National Heart, Lung, and Blood Institute	93.839	CHRF SUB 3U54HL070871-03S1	32,332.75
National Heart, Lung, and Blood Institute	93.839	CHMC SUB HL70871-04	36,709.34
National Heart, Lung, and Blood Institute	93.839	CHMC SUB U54HL07087	6,080.25
National Heart, Lung, and Blood Institute	93.839	CHRF SUB HL69779-05	42,664.35
National Heart, Lung, and Blood Institute	93.839	CHMC SUB U54-HL70871	137,577.47
National Heart, Lung, and Blood Institute	93.839	CHMC SUB U54-HL70871	26,741.71
National Heart, Lung, and Blood Institute	93.839	NWU SUB HL691717-AME	0.17
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	UTHSC SUB AR44888-08	13,704.28
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	STANFORD SUB AR43584	22,315.85
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	CHMC SUB 5R01AR50028-02	19,945.72
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	UTHSC SUB AR44888-09	8,773.06
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	CARDIOENERGETICS SUB 1 R43 AR	23,535.30
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	CHMC SUB R01 DK59183	4,340.26
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	CHMC 482 DK074055-01	858.25
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	U OF PITTSBURGH SUB DK61451	8,200.00
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	ENTERA TECH SUB 1 R43 DK069780-01	154,295.03
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	CWRU SUB N01-HC-9518	219,261.58
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	CWRU SUB N01-HC-95181	141,954.81
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	BU SUB 5 R01 DK59642	104,028.28
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	CHRF SUB R01 DK068463	13,209.52
National Institute of Diabetes and Digestive and Kidney Diseases	93.848	CHRF SUB R01 DK068463-01A1.02	80,576.34
National Institute of Neurological Disorders	93.853	MAYO CLINIC ROCHSTR SUB NS42759-03	3,468.86
National Institute of Neurological Disorders	93.853	MAYO CLINIC ROCHSTR SUB NS42759-03	0.02
National Institute of Neurological Disorders	93.853	MAYO CLINIC ROCHSTR SUB NS42759-04	31,143.91
National Institute of Neurological Disorders	93.853	UNIV OF ROCHESTER SUB NS37167	1,400.27
National Institute of Neurological Disorders	93.853	YALE UNIV #05648 SUB NS0447876-02	29,594.75
National Institute of Neurological Disorders	93.853	UCLA SUB NS042372 ERSET STUDY	1,890.00
National Institute of Neurological Disorders	93.853	WASHINGTON UNIV SUB NS42167-03	44,327.19
National Institute of Neurological Disorders	93.853	JHU SUB R01 NS046309-01A2	28,968.19
National Institute of Neurological Disorders	93.853	UTHSC SUB NS43353-03	13,457.40
National Institute of Neurological Disorders	93.853	CHMC SUB 1 R01 NS45911-01A1	(6,654.23)
National Institute of Neurological Disorders	93.853	MAYO SUB NS039987	6,870.94
National Institute of Neurological Disorders	93.853	INDIANA UNIV/NS04207	21,619.30
National Institute of Neurological Disorders	93.853	U OF MED DTL NJ SUB NS38384	16.23
National Institute of Neurological Disorders	93.853	UKRF #4-68515-05-262	41,370.49
National Institute of Neurological Disorders	93.853	YALE UNIV #A05648 SUB NS044876	9,382.23
National Institute of Neurological Disorders	93.853	CHMC SUB R01 NS45911	26,484.48
National Institute of Neurological Disorders	93.853	U PENN SUB NS040554-04	72,422.29
National Institute of Neurological Disorders	93.853	YALE U #A06107 SUB NS044281-03	109,724.73
National Institute of Neurological Disorders	93.853	CHMC 486 SUB R21 NS51798	4,790.92
National Institute of Neurological Disorders	93.853	U OF FLORIDA SUB NS038455-06 #UF05083	24,481.82
National Institute of Neurological Disorders	93.853	CHMC SUB U01 NS045911	7,292.12
National Institute of Neurological Disorders	93.854	MED COLL GA SUB NS38455	33,640.21
National Institute of Allergy and Infectious Diseases	93.855	UCSF SUB AI052748	37,757.82
National Institute of Allergy and Infectious Diseases	93.855	DUKE U MED CTR SUB AI05419	1,260.00
National Institute of Allergy and Infectious Diseases	93.856	CHMC SUB AI32121-13	57,702.65
National Institute of Allergy and Infectious Diseases	93.856	CHRF SUB AI55338-02	23,450.89
National Institute of Allergy and Infectious Diseases	93.856	CHMC SUB AI25459	29,051.80

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Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
National Institute of Allergy and Infectious Diseases	93.856	UOM #6286208301 SUB AI57164	\$ 12,138.15
National Institute of Allergy and Infectious Diseases	93.856	U OF M/U56AI57164-02	2,285.70
National Institute of Allergy and Infectious Diseases	93.856	UNIV CHICAGO SUB U54 AI57153	4,216.34
National Institute of Allergy and Infectious Diseases	93.856	UNIV CHICAGO SUB U54 AI57153	39,029.26
National Institute of Allergy and Infectious Diseases	93.856	CHMC 430 SUB AI056927	14,805.34
National Institute of Allergy and Infectious Diseases	93.856	SSS SUB AI38858-SHER	4,211.32
National Institute of Allergy and Infectious Diseases	93.856	CHMC 201B-M1 S/AI25459	132,011.58
National Institute of Allergy and Infectious Diseases	93.856	U IOWA SUB AI57192	58,379.19
National Institute of Allergy and Infectious Diseases	93.856	CHMC 430 SUB AI056927	14,826.61
National Institute of Allergy and Infectious Diseases	93.856	CHMC 201-C SUB N01-AI25459	47,151.35
National Institute of Allergy and Infectious Diseases	93.856	U OF CA-SAN FRAN SUB AI052748-04	8,363.05
National Institute of Allergy and Infectious Diseases	93.856	CHMC SUB AI32121-14	29,213.04
National Institute of General Medical Sciences	93.859	U OF WASHINGTON SUB GM32165-22	25,070.08
National Institute of General Medical Sciences	93.859	U OF WASHINGTON SUB GM32165-22	49,621.60
National Institute of Child Health and Human Development	93.865	U PENN SUB T32 HD040135-04	47,640.08
National Institute of Child Health and Human Development	93.865	UTMB SUB HD40151-04	1,999.48
National Institute of Child Health and Human Development	93.865	WVU SUB HD17864-18	12,742.71
National Institute of Child Health and Human Development	93.865	CHRF SUB HD37249-07	13,015.92
National Institute of Child Health and Human Development	93.865	CHRF SUB IID37249-08	4,250.32
National Institute of Child Health and Human Development	93.865	CASE WESTRN U SUB 5R01HD49777-02	20,370.87
National Institute on Aging	93.866	UKRF SUB 2 P01 AG10832-11	9,258.37
National Institute on Aging	93.866	UKRF SUB 5 P01 AG10832-12	10,943.79
National Institute on Aging	93.866	LOTUS GRP S/AG023982-01A1	33,580.97
National Institute on Aging	93.866	CHMC SUB 1 AG025149-01A1	15,383.64
National Eye Institute	93.867	U PITT SUB 2 R01 EY09368-12	59,520.93
National Eye Institute	93.867	OREGON HLTH SCI SUB 2 R01 EY013139-05A2	12,043.94
National Eye Institute	93.867	U OF IL-CHI SUB NEI	9,014.47
Health Resources and Services Administration	93.888	OBR/HRSA 1 D1BTH03745-01-00	632,808.50
Centers for Disease Control and Prevention	93.94	CBOH SUB CDC 55	59,688.84
Centers for Disease Control and Prevention	93.94	CBOH 45X9252 SUB CDC	13,769.98
Centers for Disease Control and Prevention	93.94	CINTI STD/HIV PREVEN	10,987.01
Bureau of Health Professions	93.969	UKRF SUB D31 HP70120	99,602.38
Centers for Disease Control and Prevention	93.977	CBOH SUB CDC STD/HIV	38,285.85
Centers for Disease Control and Prevention	93.977	CBOH SUB CDC STD/HIV	12,810.34
Centers for Disease Control and Prevention	93.978	DALLAS SUB CDC STD/H	1,520.14
Centers for Disease Control and Prevention	93.991	ODH CVH STROKE	(134.01)
Centers for Disease Control and Prevention	93.991	ODH CARDIOVAS HEALTH	10,134.55
Centers for Disease Control and Prevention	93.991	ODH 3140012ED05/HEAR SUB CDC	77,604.83
Centers for Disease Control and Prevention	93.991	ODH 3140012ED06/HEAR SUB CDC	53,774.06
Centers for Disease Control and Prevention	93.994	ODH WOMENS HEALTH MONTH	9,008.15
Centers for Disease Control and Prevention	93.994	ODH WOMENS HEALTH MONTH	349.80
Bureau of Health Professions	93.996	OSU SUB T01HP01416-0	<u>10,012.26</u>
Total Department of Health and Human Services			<u>9,763,684.89</u>
Department of Homeland Security:			
Department of Homeland Security	97.065	NANOLYTICS/ SUB DOD	<u>90,386.49</u>
Total Department of Homeland Security			<u>90,386.49</u>
Total Research and Development—Pass-through Cluster			<u>15,370,522.61</u>
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			<u>\$ 135,821,692.17</u>
OTHER			
OTHER—Direct:			
Department of Defense:			
Department of Defense	12	AF COMMUTATION COM04	\$ 2,928.65
Department of Defense	12	AF COMMUTATION COM05	<u>11,610.90</u>
Total Department of Defense			<u>14,539.55</u>
Department of Education:			
Trio Cluster			
Office of Postsecondary Education	84.042	USED P042A011227B SSS	85,048.53
Office of Postsecondary Education	84.042	USED P042A051055 SSS	198,491.83
Office of Postsecondary Education	84.044	USED P044A020499 ED	<u>281,282.47</u>

(Continued)

UNIVERSITY OF CINCINNATI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Office of Postsecondary Education	84.047	USED P047A040244A UP	\$ 576,429.32
Office of Postsecondary Education	84.047	USED UPWARD BOUND	283,763.01
Office of Postsecondary Education	84.066	USED EOC PROG P066A0	<u>266,696.05</u>
Total Trio Cluster			<u>1,691,711.21</u>
Other Department of Education:			
Office of Postsecondary Education	84.116	USED FIPSE P116B0402	225,873.41
Office of Postsecondary Education	84.116	USED FIPSE P116N040013	13,992.09
Office of Postsecondary Education	84.116	USED P116J020017	19,402.42
Office of Postsecondary Education	84.116	USDE FIPSE	42,766.72
Office of Postsecondary Education	84.200	USED #P200A010440	51,024.94
Office of Postsecondary Education	84.217	USED P217A030205	195,618.02
Office of Vocational and Adult Education	84.243	TECH PREP FED 062927	29,443.42
Office of Special Education and Rehab Services	84.325	USED H325D030059	190,608.18
Office of Postsecondary Education	84.334	USED P334A990179 GEAR UP	306,858.77
Office of Postsecondary Education	84.334	USED P334A020113 GEAR UP	2,918,338.48
Office of Postsecondary Education	84.335	USED P335A010130 CCA	<u>58,465.58</u>
Total Other Department of Education			<u>4,052,392.03</u>
Total Department of Education			<u>5,744,103.24</u>
Department of Interior—			
Department of Interior	15	DEPT OF INTERIOR SUL	<u>32,511.03</u>
Total Department of Interior			<u>32,511.03</u>
Environmental Protection Agency:			
Environmental Protection Agency	66.607	EPA T83056901	78,044.22
Environmental Protection Agency	66.607	EPA T82916201	37,781.77
Environmental Protection Agency	66.607	EPA T83292901	121,520.67
Environmental Protection Agency	66.607	EPA T83041001	<u>26,903.33</u>
Total Environmental Protection Agency			<u>264,249.99</u>
National Endowment for the Humanities:			
National Endowment for the Humanities	45.163	NEH-EZ-50065-04 SMIT	24,870.15
National Endowment for the Humanities	45.167	NEH EE-50122-04 RIJOR	37,230.84
National Endowment for the Humanities	45.164	NEH GM-50299-04 HANC	<u>182,462.26</u>
Total National Endowment for the Humanities			<u>244,563.25</u>
National Science Foundation:			
Engineering Grants	47.041	NSF EEC-0227801-03 C	128,670.11
Engineering Grants	47.041	NSF BES-0229135 REU	503.15
Engineering Grants	47.041	NSF EEC 0601960 RET	21,196.10
Engineering Grants	47.041	NSF ESI-0552126 Dr.G	174,404.50
Engineering Grants	47.041	NSF BES-0448117 REU	6,000.04
Mathematical and Physical Sciences	47.049	NSF CHE-0452387 REU	56,353.22
Education and Human Resources	47.076	NSF DUE-0202994	0.04
Education and Human Resources	47.076	NSF DUE-0202994	9,967.98
Education and Human Resources	47.076	NSF DUE-0126919	37,230.19
Education and Human Resources	47.076	NSF DUE-0202994	47,650.05
Education and Human Resources	47.076	NSF DUE-0434086	12,840.21
Education and Human Resources	47.076	NSF DUE-0094875 CSEM	3,532.50
Education and Human Resources	47.076	NSF DGE-0139312	288,718.52
Education and Human Resources	47.076	NSF DGE-0139312	49,324.04
Education and Human Resources	47.076	NSF DUE 0139312 (STE)	23,796.58
Education and Human Resources	47.076	NSF DUE-0434086	<u>20,596.00</u>
Total National Science Foundation			<u>880,783.23</u>
Department of Energy—			
Department of Energy	81.104	DE-FG24-06CC02020	<u>287.44</u>
Total Department of Energy			<u>287.44</u>
Total Other—Direct			<u>7,181,037.73</u>

(Continued)

UNIVERSITY OF CINCINNATI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
OTHER—Pass-through:			
Department of Agriculture:			
Food and Nutrition Service	10.558	ODE CACFP SUB USDA	\$ 3,606.13
Food and Nutrition Service	10.558	ODE CACFP SUB USDA	<u>26,378.91</u>
Total Department of Agriculture			<u>29,985.04</u>
Department of Defense:			
Department of Defense	12	UTC PRATT & WHIT #23	7,182.20
Department of Defense	12	UTC PRATT & WHIT #23	24,381.05
Department of Defense	12	UTC PRATT & WHIT #23	6,759.90
Department of Defense	12	UTC PRATT & WHIT #23	26,428.11
Department of Defense	12	UTC PRATT & WHIT #23	19,961.86
Department of Defense	12	UTC PRATT & WHIT #23	17,939.58
Department of Defense	12	UTC PRATT & WHITNEY	368.69
Department of Defense	12	MICROPHASE #100504TB	39,579.11
Department of Defense	12	MICROPHASE #071905TB	17,789.20
Department of Defense	12	GE3201-LY-L4P40437-S	64,857.91
Department of Defense	12	HY-TECH RESEARCH SUB	12,279.21
Department of Defense	12	KEYSTONE SYNERGISTIC	10,950.43
Department of Defense	12	ACREE TECHNOLOGY	11,180.16
Army Research Office	12.431	ACADEMY OF APPLIED SCI	<u>5,177.08</u>
Total Department of Defense			<u>264,834.49</u>
Department of Housing and Urban Development:			
Department of Housing and Urban Development:	14	CMHA-2004 SUB HUD	14,956.92
Community Planning and Development	14.243	CWWPEP G-05-06-1482	24,006.02
Policy Development and Research	14.512	HUD CDWS OH-04-120	<u>52,338.12</u>
Total Department of Housing and Urban Development			<u>91,301.06</u>
Department of Justice:			
Department of Justice	16.007	ODE SUB FEMA	1,426.00
Office of Justice Programs	16.523	ODYS SUB OJJDP B-1016	851.02
Office of Justice Programs	16.523	203-JC-C00-6019 SUB	<u>85,476.35</u>
Total Department of Justice			<u>87,753.37</u>
Department of Transportation:			
National Highway Traffic Safety	20.6	BROWN CTY SAFE COMM	10,237.11
National Highway Traffic Safety	20.6	BROWN CTY SAFE COMM	<u>14,399.98</u>
Total Department of Transportation			<u>24,637.09</u>
National Science Foundation:			
Engineering Grants	47.041	UNIV. OF SOUTH FLA	22,500.00
Mathematical and Physical Sciences	47.049	IAS SUB NSF EHR-0314	148,422.54
Education and Human Resources	47.076	OSURF SUB NSF HRD-03	<u>24,736.59</u>
Total National Science Foundation			<u>195,659.13</u>
Small Business Administration:			
Small Business Administration	59.037	SBDC/CCCC/ODOD SUB	(562.91)
Small Business Administration	59.037	SBDC/CCCC/ODOD SUB	100,708.73
Small Business Administration	59.037	OHIO DEPT OF DEV	<u>110,185.75</u>
Total Small Business Administration			<u>210,331.57</u>
Department of Energy:			
Department of Energy	81	FERNALD PO# 05FF0079	34,347.09
Office of Science Financial Assistance Program	81.049	SC STATE/DOE ID14013	22,990.03
University Reactor Infrastructure and Education Support	81.114	SCSU SUB DOE 04-444205-NEP-UC-OH	<u>123,252.45</u>
Total Department of Energy			<u>180,589.57</u>
Federal Emergency Management Agency—			
Federal Emergency Management Agency:	83	FEMA-2003-CA-0307 SU	<u>3,040.18</u>
Total Federal Emergency Management Agency			<u>3,040.18</u>
Department of Education:			
Department of Education	84	ODE SUB USED SAELP	19,693.51

(Continued)

UNIVERSITY OF CINCINNATI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Agency	Federal CFDA	Federal Grant Number	Federal Expenditures
Office of Special Education and Rehab Services	84.027	ODE 062927-6B-SE-06	\$ 103,634.51
Office of Postsecondary Education	84.116	UWM PO# K012779/GCUF	10,625.00
Office of Special Education and Rehab Services	84.173	ODE CORE CURR-FED PR	75,325.95
Office of Safe and Drug-Free Schools	84.186	ODE/USED ORN TITLE I	2,230.20
Office of Safe and Drug-Free Schools	84.186	ODE SUB USED TITLE I	3,276.96
Office of Safe and Drug-Free Schools	84.186	ODE OPERC SUB USED	(2,230.20)
Office of Safe and Drug-Free Schools	84.186	OPERC SUB USED TITLE	640,768.45
Office of Safe and Drug-Free Schools	84.186	ODE SUB USED ODADAS	840,179.37
Office of Safe and Drug-Free Schools	84.186	ODE SUB USED BASE	16,396.41
Office of Elementary and Secondary Education	84.213	CHILD FOCUS CLERMONT	3,995.17
Office of Elementary and Secondary Education	84.213	THE CHILDRENS HOME	7,000.00
Office of Educational Research and Improvement	84.215	GTR CINTI ARTS & EDU	4,999.95
Office of Vocational and Adult Education	84.243	ODE/USED TECH PREP F	241,207.34
Office of Innovation and Improvement	84.282	EAST END COMMUNITY	15,000.01
Office of Elementary and Secondary Education	84.298	ODE ABC SCHOOL COMMU	35,941.32
Office of Special Education and Rehabilitative Services	84.323	ODE/USED SIG 062927-	96.28
Office of Special Education and Rehabilitative Services	84.323	ODE/USED SIG 062927-	(1,511.83)
Office of Special Education and Rehabilitative Services	84.323	ODE/USED SIG 062927-	77,142.63
Office of Special Education and Rehabilitative Services	84.323	ODE/USED STATE IMPRO	95,361.68
Office of Innovation and Improvement	84.330	ODE C1667-CAL-02-06	57,416.67
Office of Postsecondary Education	84.334	OBR/USED GEAR UP	16,457.50
Office of Postsecondary Education	84.334	OBR-OCAN SUB USED P3	99,999.36
Office of Vocational and Adult Education	84.346	ODE VEACRN-05-CINN-0	117,279.00
Office of Innovation and Improvement	84.350	CPS-DIVERSIFY TEACH	50,767.43
Office of Elementary and Secondary Education	84.367	OBR 04-08 ITQ GRANT	76,130.66
Office of Elementary and Secondary Education	84.367	OBR 04-09 ITQ GRANT	37,448.26
Office of Elementary and Secondary Education	84.367	ODE 062927-TRSP-2005	24,970.76
Office of Elementary and Secondary Education	84.367	OBR 05-08 ITQ / USED	10,565.15
Office of Elementary and Secondary Education	84.367	OBR 03-13 IMPRV TCHR	1,080.00
Office of Elementary and Secondary Education	84.367	OBR 03-14 IMPRV TCHR	584.12
Office of Elementary and Secondary Education	84.367	NORTHERN KY UNIV #NK	20,000.00
			<u>2,701,831.62</u>
Total Department of Education			<u>2,701,831.62</u>
Total Other—Pass-through			<u>3,789,963.12</u>
TOTAL OTHER			<u>\$ 10,971,000.85</u>
TOTAL FEDERAL AWARDS			<u>\$ 166,793,287.66</u>

(Concluded)

UNIVERSITY OF CINCINNATI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying schedule of expenditures of federal awards includes the federal grant transactions of the University of Cincinnati (“University”) and is recorded on the accrual basis of accounting.

Subrecipients—Certain funds are passed through to subgrantee organizations by the University. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the schedule of expenditures of federal awards. The University is also the subrecipient of federal funds which have been subjected to testing and are reported as expenditures and listed as federal pass-through funds.

Negative Expenditures—Certain grant expenditures are negative as a result of various adjustments made during the year.

2. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBERS

Catalog of Federal Domestic Assistance (“CFDA”) numbers are presented for those programs for which such numbers are available.

3. FEDERAL FAMILY EDUCATION LOAN PROGRAM

The University also participates in the Federal Family Education Loan Program. Loan awards under the Federal Family Education Loan Program for the year ended June 30, 2006 approximated \$148,499,000.

4. FEDERAL LOAN PROGRAMS

The University administers the Federal Perkins, Health Professions Student and Nursing Student Federal Loan Programs. Total loan expenditures and disbursements of the Department of Education and Department of Health and Human Services student financial assistance programs for the year ended June 30, 2006 are as follows:

Federal Perkins Loan Program (CFDA 84.038)	\$6,206,199
Health Professions Student Loan Program (CFDA 93.342)	93,963
Nursing Student Loan Program (CFDA 93.364)	<u>170,450</u>
Total	<u>\$6,470,612</u>

The above expenditures include disbursements and expenditures such as loans to students and administrative expenditures. The schedule of expenditures of federal awards only includes administrative costs of the loan programs.

Outstanding loans at June 30, 2006 include the following:

Federal Perkins Loans	\$26,974,183
Health Professions Student Loans	1,106,928
Nursing Student Loans	<u>598,418</u>
Total	<u>\$28,679,529</u>

5. INDIRECT COSTS

The University recovers indirect costs by means of predetermined indirect cost rates. The predetermined rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. On May 30, 2006, the University received approval for indirect cost recovery rate effective from July 1, 2005 through June 30, 2006. The indirect cost rates structure is as follows:

Rate Type	Effective July 1, 2005 through June 30, 2006
Organized research:	
On-campus	53.5 %
Off-campus	26.0 %
Instruction:	
On-campus	53.5 %
Off-campus	26.0 %
Public Service:	
On-campus	30.0 %
Off-campus	26.0 %



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**INDEPENDENT AUDITORS' 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 of
the University of Cincinnati:

We have audited the financial statements of the University of Cincinnati ("University"), a component unit of the State of Ohio, as of and for the year ended June 30, 2006, and have issued our report thereon dated November 28, 2006, which included a reference on our reliance on the other auditors' report that related to their audit of the University of Cincinnati Foundation. 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 the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the University's internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over financial reporting that, in our judgment, could adversely affect the University's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06-01 through 06-04.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the University, in a separate letter dated November 28, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 *Governmental Auditing Standards*.

We noted certain matters that we reported to management of the University in a separate letter dated November 28, 2006.

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

Deloitte & Touche LLP

November 28, 2006

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

To the Board of Trustees of
the University of Cincinnati:

Compliance

We have audited the compliance of the University of Cincinnati ("University"), a component unit of the State of Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit 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; 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

As described in items 06-01 through 06-04 in the accompanying Schedule of Findings and Questioned Costs, the University did not comply with requirements regarding refunds of Student Financial Aid that are applicable to its Student Financial Aid Program. Compliance with such requirements is necessary, in our opinion, for the University, to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 06-05.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the University's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06-01 through 06-04.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grant agreements that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 06-01 through 06-04 to be material weaknesses.

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

Deloitte & Touche LLP

November 28, 2006

UNIVERSITY OF CINCINNATI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2006

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____yes	___X___no
Reportable condition(s) identified not considered to be material weaknesses?	___X___yes	_____N/A
Noncompliance material to financial statements noted?	_____yes	___X___no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___X___yes	_____no
Reportable condition(s) identified not considered to be material weakness(es)?	_____yes	___X___N/A
Type of auditors' report issued on compliance for major programs:	Qualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (Section .510(a))?	___X___yes	_____no
Identification of major programs:	Student Financial Aid-Cluster Research and Development-Cluster Gear-Up	
Dollar threshold used to distinguish between Type A and Type B programs	\$3,000,000	
Auditee qualified as low-risk auditee?	_____yes	___X___no

UNIVERSITY OF CINCINNATI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2006 (Continued)

PART II – FINANCIAL STATEMENT FINDINGS SECTION

See findings 06-01 through 06-04 below.

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

06-01 Federal Program—Student Financial Assistance Cluster CFDA Numbers 84.007, 84.032 and 84.063

Requirement—When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of determination that the student withdrew, the difference must be returned to the Title IV programs as outlined and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (34 CFR sections 668.22(a) (1)-(3)).

The amount of earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of: (1) the payment period or period of enrollment for a program measured in credit hours; or (2) the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours. Otherwise, the percentage earned by the student is equal to the percentage of the payment period or period of enrollment that was completed as of the student's withdrawal date. The percentage of Title IV grant or loan assistance that has not been earned by the student is the complement of one of these calculations. Standard term-based institutions must always use the payment period as the basis for the determinations.

The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student from the amount of Title IV aid that was disbursed to the student as of the date of the institution's determination that the student withdrew (34 CFR section 668.22(e)).

Condition—The University does not correctly calculate the amount of Title IV assistance to be returned when students withdraw during the quarter.

Context—There were 18 errors noted in the calculations of the 25 returns selected for testing. Students did not receive the correct amount that they earned as of their withdrawal date.

Effect—The Title IV programs or federal lenders did not receive the correct amount of refunds after a student withdrawal.

Cause—The University does not calculate the amount to be returned to the lender by using the percentage earned method. The University gives the student 100% refund for the first week of attendance, a 50% reduction the second week and 25% the third week. In addition, for certain “unofficial withdrawals,” the University, in many cases, assumes the student completed the course rather than assuming that the student “unofficially withdrew,” and calculating the return as if the student withdrew at the midpoint of the period. The University may or may not have attendance records to support the withdrawal date assigned to “unofficial withdrawals.”

Questioned Costs—These 18 errors resulted in the University returning \$17,931 less than what should have been returned.

Recommendation—The University needs to calculate returns by using the percentage of Title IV grant or loan assistance earned method.

Views of Responsible Officials—The University has engaged an outside consultant to determine errors in Title IV refunds for the past four years, to correct the calculations, and to assist the University in revising procedures to be in compliance with Title IV regulations. In addition, the University has strengthened management by recreating the position of University Bursar, which had been eliminated in 1999 due to budget constraints. A national search is in process to fill this position.

06-2 Federal Program—Student Financial Assistance Cluster CFDA Numbers 84.007, 84.032 and 84.063

Requirement—When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student’s withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of determination that the student withdrew, the difference must be returned to the Title IV programs as outlined and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (34 CFR sections 668.22(a) (1)-(3)).

The amount of earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student’s withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of: (1) the payment period or period of enrollment for a program measured in credit hours; or (2) the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours. Otherwise, the percentage earned by the student is equal to the percentage of the payment period or period of enrollment that was completed as of the student’s withdrawal date. The percentage of Title IV grant or loan assistance that has not been earned by the student is the complement of one of these calculations. Standard term-based institutions must always use the payment period as the basis for the determinations.

The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student from the amount of Title IV aid that was disbursed to the student as of the date of the institution’s determination that the student withdrew (34 CFR section 668.22(e)).

Condition—When calculating the amount of returns, the University gives the student 100% refund for the first week of attendance, a 50% reduction the second week and 25% the third week. The institutional charges originally billed to the student are reversed when the student withdraws and if

the student is in his/her second or third week the University adds “forfeited tuition refund” charges to the account. After the third week, the student is responsible for all charges.

Context—There was 1 out of 25 students tested who was charged the “forfeited tuition refund” resulting in the student being overcharged for institutional charges by \$870.75.

Effect—The Title IV programs or federal lenders did not receive the correct amount of refunds after a student withdrawal.

Cause—The University does not use the Department of Education’s guidelines, as specified in 34 CFR section 668.22, to determine what are institutional charges nor do they use the percentage of completion method to determine the amount of institutional charges that the student must pay.

Recommendation—The University should use the Department of Education’s general guidelines for defining institutional charges which include all charges for tuition, fees, and room and board and use the percentage earned calculations in determining the amount of institutional charges that the student owes.

Views of Responsible Officials —The University has engaged an outside consultant to determine errors in Title IV refunds for the past four years, to correct the calculations, and to assist the University in revising procedures to be in compliance with Title IV regulations. In addition, the University has strengthened management by recreating the position of University Bursar, which had been eliminated in 1999 due to budget constraints. A national search is in process to fill this position.

06-3 Federal Program—Student Financial Assistance Cluster CFDA Numbers 84.007, 84.032 and 84.063

Requirements—Returns of Title IV funds must be disbursed in the order prescribed below. The prescribed order must be followed regardless of the school’s agreements with other State agencies or private agencies (34 CFR section 668.22 (i)).

- a. Unsubsidized Federal Stafford Loan
- b. Subsidized Federal Stafford Loan
- c. Unsubsidized Federal Direct Stafford Loan
- d. Subsidized Federal Direct Stafford Loan
- e. Federal Perkins Loan
- f. Federal PLUS
- g. Federal Direct PLUS
- h. Federal Pell Grant
- i. FSEOG
- j. Other SFA Programs

Condition—Pell funds were reversed out of the students’ accounts first leaving the students being responsible for paying back their loans instead of reversing out the loans first and allowing the students to keep the grant funds. Return of Title IV funds is not being performed in the order described above.

Context—There were 2 out of 25 students who had their funds returned in the wrong order.

Effect—The Title IV programs or federal lenders did not receive the correct amount of refunds after a student withdrawal.

Cause—The University sends back funds in the reverse order of the prescribed order.

Recommendation—The return of Title IV funds should be disbursed in the proper order.

Views of Responsible Officials—The University has engaged an outside consultant to determine errors in Title IV refunds for the past four years, to correct the calculations, and to assist the University in revising procedures to be in compliance with Title IV regulations. In addition, the University has strengthened management by recreating the position of University Bursar, which had been eliminated in 1999 due to budget constraints. A national search is in process to fill this position.

06-4 Federal Program—Student Financial Assistance Cluster CFDA Numbers 84.007, 84.032 and 84.063

Requirement—Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education or the appropriate FFEL lender as soon as possible, but no later than 30 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 30 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 45 days after the date the institution determined that the student withdrew (Federal Register, November 1, 2002 (67 FR 67074)).

Condition—In comparing the date of determination to the date that the funds were actually returned to the lender, the funds were not deposited within 30 days.

Context—There were 14 out of 25 students whose funds were not returned to the lender within 30 days.

Effect—The Title IV programs or federal lenders did not receive the correct amount of refunds on a timely basis after a student withdrawal.

Cause—The University’s student accounts department is not being notified of when students have withdrawn. In addition, since the University is not calculating refunds correctly, there are instances in which refunds are supposed to be made within 30 days, but because the University is not calculating a refund, nothing is being refunded within 30 days.

Recommendation—The University’s process for returns of Title IV funds should be modified such that the University’s student accounts department is notified timely when students have withdrawn so that returns can be made timely.

Views of Responsible Officials—The University has engaged an outside consultant to determine errors in Title IV refunds for the past four years, to correct the calculations, and to assist the University in revising procedures to be in compliance with Title IV regulations. In addition, the University has strengthened management by recreating the position of University Bursar, which had been eliminated in 1999 due to budget constraints. A national search is in process to fill this position.

06-5 Federal Program—GEAR UP CFDA Number 84.334

Requirement—This grant program is designed to increase the number of low-income students who are prepared to enter and succeed in post-secondary education. Only eligible students specifically from schools designated as GEAR UP schools may participate in programs sponsored with GEAR UP funds.

Condition—Under the GEAR UP program, the University conducts various programs and activities for students that are determined to be eligible based on the schools they are attending. The University receives information from Cincinnati Public Schools on students that are participating in the GEAR

UP program. Such information is included in a database that is maintained by the University. There was one instance in which support for the eligibility of a student could not be located. However, it was not clear that the student actually received any benefits provided under the GEAR UP program. Another instance was noted in which a student from a non GEAR UP school received benefits of the GEAR UP program. The University believes this student was eligible to participate, but it is unclear from the program language if the student was indeed eligible. Two instances were noted in which eligible GEAR UP students received benefits from the GEAR UP program, but they were not included in the database maintained by the University that monitors eligibility of students.

Context—There were two instances, out of fifteen tested, in which it was possible that ineligible students received benefits from the GEAR UP program.

Effect—It is possible that ineligible students could receive benefits from the GEAR UP program.

Cause—The University's internal controls over the database that supports the determination of eligible students could be improved.

Questioned Costs—Unknown.

Recommendation—The University should strengthen controls over the database that supports the determination of eligibility.

View of Responsible Officials—The University will review the controls around the database that is used to determine eligibility and revise them as necessary to ensure that only eligible students participate

UNIVERSITY OF CINCINNATI

SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

The summary below was provided by management of the University of Cincinnati and constitutes a summary of the current status of the findings reported in the Schedule of Findings and Questioned Costs from the Independent Auditors' Single Audit Reports for the years ended June 30, 2005, 2004 and 2003.

Conditions 05-2, 04-2 and 03-1 (Student Financial Assistance Cluster, CFDA Numbers 84.007, 84.032 and 84.063)

Errors were noted in the calculation of student financial assistance returns due to the University not utilizing proper charges in their calculation of refunds.

Management's Response—Similar errors were noted during the current year audit and the finding has been repeated. The University has engaged an outside consultant to determine errors in Title IV refunds for the past four years, to correct the calculations, and to assist the University in revising procedures to be in compliance with Title IV regulations. In addition, the University has strengthened management by recreating the position of University Bursar, which had been eliminated in 1999 due to budget constraints. A national search is in process to fill this position.

Conditions 05-1, 04-1 and 03-2 (Student Financial Assistance, CFDA Numbers 84.007, 84.032 and 84.063)

The University does not calculate student returns based upon the percentage of days attended.

Management's Response—Similar errors were noted during the current year audit and the finding has been repeated. The University has engaged an outside consultant to determine errors in Title IV refunds for the past four years, to correct the calculations, and to assist the University in revising procedures to be in compliance with Title IV regulations. In addition, the University has strengthened management by recreating the position of University Bursar, which had been eliminated in 1999 due to budget constraints. A national search is in process to fill this position.

Condition 05-3 and 04-3 (Student Financial Assistance, CFDA Numbers 84.007, 84.032 and 84.063)

Errors were noted in the return of Title IV funds that did not follow the prescribed order for applying the funds against the outstanding loans or grants.

Management's Response—Similar errors were noted during the current year audit and the finding has been repeated. The University has engaged an outside consultant to determine errors in Title IV refunds for the past four years, to correct the calculations, and to assist the University in revising procedures to be in compliance with Title IV regulations. In addition, the University has strengthened management by recreating the position of University Bursar, which had been eliminated in 1999 due to budget constraints. A national search is in process to fill this position.

Condition 05-4 and 04-4 (Student Financial Assistance, CFDA Numbers 84.007, 84.032 and 84.063)

Returns of Title IV funds were not deposited or transferred to the lender within the required 30 days.

Management's Response—Similar errors were noted during the current year audit and the finding has been repeated. The University has engaged an outside consultant to determine errors in Title IV refunds for the past four years, to correct the calculations, and to assist the University in revising procedures to be in compliance with Title IV regulations. In addition, the University has strengthened management by recreating the position of University Bursar, which had been eliminated in 1999 due to budget constraints. A national search is in process to fill this position.

*University of
Cincinnati*

*Financial Report for the Years Ended
June 30, 2006 and 2005*

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

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
The University of Cincinnati

We have audited the accompanying statements of net assets of the University of Cincinnati (the "University"), a component unit of the State of Ohio, as of June 30, 2006 and 2005 and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the University of Cincinnati Foundation, a discretely presented component unit. Those financial 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 University of Cincinnati Foundation, is based solely on the report of such other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, such financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2006 and 2005, and the results of its operations and its cash flows (where applicable) for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 9-17 is not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. The supplementary information is the responsibility of the University's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Deloitte & Touche LLP

November 28, 2006

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the University of Cincinnati (the "University") for the year ended June 30, 2006, with selected comparative information for the years ended June 30, 2005 and 2004. Comments relate only to the University and do not pertain to the University of Cincinnati Foundation, a component unit of the University. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University was founded in 1819 and was city owned until becoming a state university in 1977. The University is composed of 14 colleges, one division and one school and operates on three campuses in southwest Ohio. It has an enrollment of approximately 35,000 students. There are approximately 2,000 full-time faculty members and a total faculty of 4,000. The University has been designated in long-range planning by the Ohio Board of Regents as one of only two comprehensive graduate public universities in the state. In total, the University employs more than 14,000 people and is the largest employer in the Cincinnati region.

The University and its Board of Trustees are declared by statute to be a public body performing essential governmental functions serving public purposes and an instrumentality of the State of Ohio.

The University is affiliated with a number of health-care, educational, cultural and governmental institutions. Through such affiliations, the University is able to broaden its curricular offerings.

USING THE FINANCIAL STATEMENTS

The University's financial report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements 37 and 38. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements focus on the University as a whole, with resources classified for accounting and reporting purposes into three net asset categories.

Revenues and expenses are categorized as either operating or non operating. Significant recurring sources of the University's revenues, including state appropriations, gifts and investment income are considered non operating.

Scholarship allowances applied to student accounts are shown as a reduction of student tuition and fee revenues, while stipends and other payments made directly to students are presented as scholarship and fellowship expense.

Capital assets, including general infrastructure assets, are shown net of depreciation. However, there is no requirement to fund the accumulated depreciation. Instead, capital assets are largely funded by state capital appropriations, issuance of debt, and by major gifts that support the academic, research and student services missions of the institution. Gifts and capital appropriations are reflected on the financial statements as non operating revenue and other revenue, respectively. The corresponding annual depreciation expense is reflected as an operating expense.

Accounts of the University of Cincinnati Foundation have been consolidated in the accompanying financial statements in a discrete columnar format.

FINANCIAL HIGHLIGHTS

The University's financial position remained strong at June 30, 2006, with total assets of \$ 3.1 billion and liabilities of \$1.2 billion. Net assets, which represent the residual interest in the University's assets after liabilities are deducted, increased by \$44 million in fiscal 2006 to \$1.9 billion, or 61% of total assets as a result of the following:

- Total assets increased by \$153 million, or 5%, primarily due to increases in the value of endowment investments and the addition of capital assets.
- Total liabilities increased by \$108 million, primarily due to the issuance of additional debt.

Income before other revenues, expenses, gains or losses includes the effect of several significant transactions, including fluctuations in the market value of investments; non cash depreciation; losses on the disposal of assets; federal financial aid program liabilities; increased benefit costs primarily due to retirement contributions and health care; and expenses incurred related to bringing major projects on line. The net effect of these significant transactions on income (loss) before other revenues, expenses, gains or losses is shown below.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Change in investment value	\$ 130	\$ 65	\$ 152
Depreciation	(79)	(72)	(62)
Loss on asset disposal	(11)	(15)	(6)
Uncollectible receivables	-	-	(7)
Federal financial aid liability	(8)	-	-
Benefit costs	(13)	-	-
Expenses related to major capital projects	(13)	-	-
	<u>\$ 6</u>	<u>\$ (22)</u>	<u>\$ 77</u>

Because of a flat level of state appropriations, increases in tuition ranging from 6% to 11% were implemented in 2006 and 2005. The effects of the flat level of state appropriations were also partially offset by 3% and 2% increases in enrollment in 2006 and 2005 respectively. Revenues from sponsored research decreased \$3 million in 2006, compared with a \$7 million increase in 2005. Auxiliary enterprise revenues decreased by \$7 million, primarily due to the outsourcing of the University Bookstores, which was partially offset by reduced expenses.

Operating expenses increased by \$77 million in 2006, including \$7 million for increased depreciation expense; \$8 million for a one-time accrual of federal financial aid liability, \$13 million for increased benefit costs primarily due to retirement contributions and health care; and \$13 million of expenses incurred related to bringing major projects on line, such as training costs for the new finance system that was implemented during the year, and for moveable equipment below the University's capitalization threshold. The balance of the increase was the result of inflation and increased energy costs. The increase in operating expenses occurred despite over \$11 million in operating expense budget reductions that were necessitated by the lack of increased state appropriations. In 2005, operating expenses increased by \$60 million, primarily due to increases in research activities, increased depreciation and new capital facilities, despite an \$8 million operating budget reduction.

The University's Master Plan was set into motion in 1989 and has transformed the Uptown Campus into a cohesive community that enhances the student experience by providing improved teaching, research and quality of student life facilities. The University continues its journey of improved facilities on the Uptown Campus through the Medical College capital projects, renovation of the Edwards One building, and improvements to Jefferson Grid.

Finally, in 2006 the University's endowment exceeded \$1 billion for the second year in a row. According to the National Association of College and University Business Officers Endowment Study, the value of the endowment ranks in the top 10% of all US institutions of higher education, both public and private.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The statement of revenues, expenses and changes in net assets presents the University's results of operations. A summarized comparison for the years ended June 30 follows (*in thousands*):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<i>Operating revenues:</i>			
Student tuition and fees, net	\$ 230,778	\$210,937	\$ 169,993
Grants and contracts	190,666	193,877	186,738
Auxiliary enterprises, net	73,815	81,250	81,716
Other	<u>61,873</u>	<u>60,375</u>	<u>52,540</u>
	557,132	546,439	490,987
<i>Operating expenses:</i>			
Instruction	281,857	264,736	243,226
Research	144,764	143,848	131,637
Auxiliary enterprises	80,397	83,167	74,041
Depreciation	79,096	71,708	61,685
Other	<u>342,591</u>	<u>288,281</u>	<u>280,717</u>
	928,705	851,740	791,306
Operating loss	(371,573)	(305,301)	(300,319)
<i>Non-operating revenues (expenses):</i>			
State appropriations	179,857	179,007	181,139
Gifts	49,151	37,686	29,157
Investment income, net	54,443	53,448	52,816
Increase in fair value of investments	130,169	65,480	152,363
Interest expense, net	(31,005)	(25,115)	(22,780)
Other	<u>(6,909)</u>	<u>(15,026)</u>	<u>(3,643)</u>
	375,706	295,480	389,052
Income (loss) before other revenues, expenses, gains or losses	4,133	(9,821)	88,733
Capital appropriations	19,344	44,024	13,006
Capital grants and gifts	7,587	12,026	8,263
Additions to permanent endowments	<u>13,414</u>	<u>15,203</u>	<u>12,442</u>
Increase in net assets	<u>\$ 44,478</u>	<u>\$ 61,432</u>	<u>\$ 122,444</u>

One of the University's greatest strengths is the diverse stream of revenues that supplement its student tuition and fees, including voluntary private support from individuals, foundations and corporations along with government and other sponsored programs; state appropriations and investment income. The University has aggressively sought, and will continue to seek, funding from all possible sources consistent with its mission to supplement student tuition, and will prudently manage the financial resources realized from these efforts to fund its operating activities.

Tuition and state appropriations are the primary sources of funding for the University. During 2006, tuition rate increases ranged from 6% to 11%, depending upon the category of student. These increases were in response to a flat level of state appropriations. In addition, a 3% increase in overall enrollment was achieved by increased recruitment and retention efforts. These increases, as well as changes in the mix of students, resulted in increases in tuition and fee income in 2006 of \$20 million, or 9%, over 2005. Similar tuition increase were implemented in 2005, supplemented by a 2% increase in enrollment that resulted in increases in tuition and fee revenue of \$41 million, or 24%, in 2005 compared to 2004.

Although state appropriations for higher education were flat in 2006 versus 2005, both 2006 and 2005 represented an improvement over the trend toward decreasing state support in prior years. State appropriations now contribute a significantly lower percentage of the overall funding of University operations. Nonetheless, such resources remain a vital source of funding for academic programs and administrative costs. If future tuition increases are to be minimized, the level of state appropriation support will need to be increased.

Revenues from grants and contracts with governmental and private entities provide for the recovery of direct and indirect costs. Such revenues declined slightly in 2006, compared to an increase of \$7 million, or 4%, in 2005. In a time of heightened competitiveness, especially for federal research funding, the university is maintaining its research base.

The results of fund raising efforts have been an important component of financial resources during the past two fiscal years. Expendable gifts to the University totaled \$57 million and \$50 million in 2006 and 2005, respectively. It will be difficult to sustain the current level of operations without continued increases in donor support. Accordingly, plans are being implemented for a fund raising campaign to increase the number of substantial recurring gifts that are available for operations.

Increases in interest rates were partially offset by lower operating cash balances in 2006. These factors and reductions in distributions of income under the University's endowment spending policy resulted in investment income in 2006 increasing modestly compared to 2005 and 2004.

Although higher education must compete with other state demands for increased state capital appropriations, the decrease in capital appropriations in 2006 compared to 2005 reflects the biennial nature of the state capital appropriation process.

STATEMENT OF NET ASSETS

The statement of net assets presents the financial position of the University at the end of the fiscal year. Net assets represent the difference between total assets and total liabilities. Net assets are one indicator of the overall financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summarized comparison of the University's assets, liabilities and net assets at June 30 follows (*in thousands*):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Current assets	\$ 154,435	\$ 192,641	\$ 254,908
Noncurrent assets:			
Endowment, life income and other investments	1,442,060	1,341,637	1,328,224
Capital assets, net	1,420,479	1,330,172	1,216,525
Other	<u>57,648</u>	<u>57,519</u>	<u>63,579</u>
Total assets	3,074,622	2,921,969	2,863,236
Current liabilities	288,353	209,951	214,849
Noncurrent liabilities	<u>920,620</u>	<u>890,847</u>	<u>888,648</u>
Net assets	<u>\$ 1,865,649</u>	<u>\$ 1,821,171</u>	<u>\$ 1,759,739</u>

Current Assets

Current assets consist primarily of cash, short-term investments and receivables. Cash and short-term investment balances include both operating cash and capital debt proceeds. In 2006, the level of cash and short-term investments decreased by \$47 million, reflecting both operating expenditures and the expenditure of proceeds borrowed for capital projects. A \$4 million increase in receivables, primarily from sponsored research billings, also

contributed to the decrease in cash. These factors contributed to an overall decrease of \$38 million, or 20%, in total current assets.

Endowment, Life Income and Other Investments

The University invests its endowment to maximize total return over the long term with an appropriate level of risk. The success of this long-term investment strategy is evidenced by strong returns sustained over long periods of time and the University's ability, in the face of current challenging markets, to limit losses. Changes in the fair value of the endowment portfolio will not have a meaningful immediate impact on the portion of investment income available to support current-year operating expenses because the University makes such distributions pursuant to its spending rate policy.

The assets of the University's endowment increased by \$69 million in 2006. This increase resulted from investment returns of \$118 million, the establishment of new endowments of \$13 million and distributions of \$62 million to beneficiary units within the University. In 2005, investment returns, new funds and distributions were \$82 million, \$15 million and \$53 million respectively. Under its endowment spending policy, the University uses its endowment to support current operations in a way that generates a predictable stream of support, while at the same time maintaining the purchasing power of endowment funds adjusted for inflation. The spending policy provides for annual distributions of five percent of the three-year quarterly moving-average market value of assets in the investment pool. Due to the changes in valuation of these assets over the last three years, actual distributions to beneficiary units were 4.2 % and 4.4% of the beginning market value of these assets in 2006 and 2005, respectively.

Non current investments decreased by \$32 million in 2006 reflecting the expenditure of prior years' debt proceeds for capital projects during fiscal year 2006. In 2005, such expenditures decreased non current investments by \$62 million.

Other long-term investments primarily represent the University's equity interest in the Health Alliance of Greater Cincinnati, valued at \$324.6 million and \$257.0 million in 2006 and 2005 respectively. The University and the Alliance entered into an operating and affiliation agreement in 2006, under which the Alliance provides support to the University's academic health center. Such support increased to \$12.1 million in 2006, compared to \$6.6 million in 2005, providing a return on asset of 3.7% and 2.6% respectively.

Capital Assets

Development and renewal of capital assets are critical factors in continuing the quality of the University's academic mission, research programs and student life. Capital asset additions are acquired with University funds, state capital appropriations, gifts, debt and federal grants. Capital additions totaled \$181 million in 2006, \$201 million in 2005, and \$200 million in 2004 before depreciation expense of \$79 million, \$72 million, and \$62 million in 2006, 2005 and 2004, respectively. Total capital additions primarily comprised capital projects that were either completed during the fiscal year or are in either the construction or the programming/design phase at June 30 of each fiscal year, respectively. During 2006, the University scaled down or canceled certain capital projects, focusing its capital program on Academic Health Center projects and renovation of existing facilities.

Major capital projects completed in 2006 include:

- Clermont College Expansion
- MainStreet Recreation Center and Open Space
- Van Wormer Rehabilitation
- Richard E. Lindner Varsity Village
- Raymond Walters College Veterinary Technology Building

- Zimmer Garden

Major projects in the construction phase at June 30, 2006, will be completed in stages from 2006 through 2008 and include the following:

- Edwards Renovation includes updates to portions of all seven levels of the Edwards One building to accommodate new tenants that will be displaced during phase II of the rehabilitation of Teachers College/Dyer.
- Jefferson Grid includes Stadium Drive improvements, Schmidlapp Plaza construction, restoration of Corry Boulevard, and the installation of new walkways and curbs.
- Medical College capital projects include Phase 1 of the rehabilitation of the Medical Sciences Building, the construction of the CARE (Center for Academic Research Excellence)/Crawley Building, and construction of the Eden Quadrangle; which will create state-of-the-art instructional and research space for the College of Medicine, as well as open space for the academic medical campus.

Major projects in programming/design, described below, have various completion dates.

- Clifton Court Garage Renovation includes structural repairs to the garage and upgrades ventilation, electrical and fire protection systems.
- Jefferson Quad focuses on the completion of the green space between Jefferson Avenue and Corry Boulevard.
- Kettering Renovation/Lab Animal Medicine (LAM) includes renovation of the current LAM facility in the Kettering Complex to accommodate planned research needs for the Department of Education.
- Medical Sciences Building Rehabilitation, Phases 2-5 will continue the major rehabilitation of the Medical Sciences Building.
- Scioto/Morgens Life Safety includes installation of an automatic sprinkler system in both Scioto Hall and Morgens Hall.
- Teachers College/Dyer Rehabilitation Phase II will continue the major rehabilitation of Teachers College, the Teachers College Addition, and Dyer Hall begun in 1997.
- Zimmer Rehabilitation will rehabilitate Zimmer Auditorium and the corridor/lounge spaces that surround it.

Debt

Total debt representing bonds, notes and certificates of participation, was increased by \$90 million in 2006 as a result of issuing new debt of \$165 million and by decreasing outstanding debt by \$75 million. New debt of \$165 million was issued to fund various capital projects and to refund \$20 million of existing debt. As a result of refunding the existing debt, the University will realize a net economic gain of \$.9 million over 14 years. Debt was decreased by \$15 million in 2005, due to the issuance of new debt of \$204 million and decreasing outstanding debt by \$219 million. That new debt was also used to fund capital projects and to refund \$121 million of existing debt. As a result of that refunding, the University will realize a net economic gain of \$6.4 million over 20 years.

Subsequent to June 30, 2006, the University issued \$20 million in Series 2006D BANS and \$15 million in Series 2006E BANS to fund various capital projects.

Also subsequent to June 30, 2006, the University entered into two capital leases in connection with the issuance of economic development revenue bonds for the benefit of King Highland Community Urban Redevelopment Corporation (KHCURC) in order to assist in the financing of two buildings. The KHCURC-Stetson Office Building capital lease is for \$32.7 million and the KHCURC-Turner Center capital lease is for \$10 million. Both leases have a 32 year term.

Standard & Poors (S&P) downgraded the rating of the University's general receipts bonds from AA- to A+ in 2006. S&P also lowered its rating on the University's certificates of participation from A+ to A. The note rating of SP-1+ was affirmed through 2006 and 2005. S&P revised the outlook for the University from negative to stable during 2006. Moody's ratings of A1 for the general receipts bonds, A2 for certificates of participation and MIG1 for notes were affirmed through 2006 and 2005, as was the stable outlook for the University. Series 2006D and 2006E BANS,

issued subsequent to June 30, 2006 to fund various capital projects, maintained the same note ratings and outlooks as those received during 2006.

The University's repositioning of student activity facilities, expansion of research and educational facilities without State capital appropriations, technological upgrades, and restructured parking system all resulted in a significant amount of new debt. The extensive investment in these physical facilities was necessary to attract high quality students, faculty, and research funding in an increasingly competitive environment. With the completion of the Main Street and Varsity Village projects, the University's debt financing activity will proceed at a slower pace than in the last decade, focusing on Academic Health Center projects and renovations of existing facilities.

Net Assets

Net assets represent the residual interest in the University's assets after liabilities are deducted. The University's net assets at June 30 are summarized below (*in thousands*):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Invested in capital assets, net of related debt	\$ 516,992	\$ 541,205	\$ 546,659
Restricted:			
Nonexpendable	1,115,611	997,531	932,258
Expendable	398,304	400,182	356,745
Unrestricted:	<u>(165,258)</u>	<u>(117,747)</u>	<u>(75,923)</u>
Total net assets	<u>\$1,865,649</u>	<u>\$1,821,171</u>	<u>\$1,759,739</u>

Capital assets, net of related debt, represent the University's depreciated buildings, equipment and infrastructure less the outstanding principal balances of debt attributable to the acquisition, construction and improvement of those assets. The decreases of \$24 million in 2006 and \$5 million in 2005, respectively, reflect the University's continued development and renewal of its capital assets in accordance with the Master Plan, net of depreciation expense and long term debt.

Restricted nonexpendable net assets include, as a primary component, the University's permanently invested endowment funds. It also includes the University's equity interest in The Health Alliance of Greater Cincinnati. The \$118 million increase in restricted nonexpendable net assets in 2006 and the \$65 million increase in 2005 reflect the changes in the fair value of investments, net of gifts.

Restricted expendable net assets are subject to externally imposed provisions governing their use. This category of net assets includes restricted gifts of \$303 million in 2006 and \$286 million in 2005 that were temporarily invested in the endowment.

Although unrestricted net assets are not subject to externally imposed stipulations, substantially all of the University's unrestricted net assets have been designated for various academic and research programs and initiatives, as well as capital projects. In addition, unrestricted net assets include \$7 million invested in the endowment at the direction of the Board of Trustees.

The deficit position of the unrestricted net assets is being addressed through budget cuts and the implementation of a multi-year funding program, using a combination of departmental and central budget sources that have been established for the purpose of resolving these fund deficits over time. The primary contributors to the deficit position are rising health benefit costs and rising energy costs, in combination with flat state appropriations. Specific measures to address the deficit position include aggressive management of health care costs, increased employee contribution to health care premiums and co-pays, elimination of salary increases and bonuses for non-represented employees, and heating and cooling temperature adjustments to reduce energy costs. In addition, the University's endowment spending policy distribution will be temporarily increased from 5% to 6% in 2007 and 2008. Finally, the University announced an early retirement incentive program for employees in the OPERS retirement system, to take place over the next year. During 2006, a series of structural management changes were initiated, under which the University has reorganized around principles of greater accountability, disciplined financial activities, and integrated budget planning.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the University's financial results by reporting the major sources and uses of cash. A comparative summary of the statement of cash flows for the years ended June 30 follows (*in thousands*):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cash received from operations	\$ 569,088	\$ 549,726	\$ 500,528
Cash expended for operations	<u>847,806</u>	<u>785,417</u>	<u>729,117</u>
Net cash used in operating activities	(278,718)	(235,691)	(228,589)
Net cash provided by non-capital financing activities	225,608	231,699	222,391
Net cash from (used for) capital and related financing activities	(79,431)	(181,077)	35,382
Net cash from (used for) investing activities	<u>118,435</u>	<u>179,125</u>	<u>(2,008)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (14,106)</u>	<u>\$ (5,944)</u>	<u>\$ 27,176</u>

The disparity between cash used in operating activities and cash provided by non capital financing activities results from the required financial reporting classification of state appropriations. Although state appropriations are used primarily for operating expenses of the University, GASB Statement 35 requires that they be reported as non operating revenues. Had these resources been reported as operating revenue, the net cash used in operating activities would have been deficits of \$87 million 2006 and \$57 million in 2005.

ECONOMIC FACTORS AFFECTING THE FUTURE

Following several years of weakness, the Ohio economy is now in a period of modest expansion, with improving reserve levels based on restrained spending and strong revenues. State support to the University declined for several years, and flattened in 2006 and 2005. Even though the University is a state-supported institution, such appropriations accounted for only 19% and 24% of the total revenues of the University in 2006 and 2005, respectively. The depressed level of state support has resulted in an increasing reliance on tuition and fees as a primary funding source. There is a direct relationship between the level of state appropriations and the ability of the University to manage tuition growth. While the improving Ohio economy may provide cautious optimism for increased state support, unless the mechanism for providing funding for statewide services can be modified to recognize the priority of funding higher education, the scope of statewide academic activities will be adversely impacted further.

Considering the increasing reliance on tuition revenue to fund operations, it is of vital importance to the future of the University to increase the current levels of student enrollment and student retention. Increasing enrollment is a critical part of an institutional strategic plan titled "UC 21" that lays out ambitious goals and an action plan to define the role of an urban research university in the new century. The plan defines a set of core values to guide the institution in its rapid transformation and enable it to compete for students from a diverse cohort of learners, as it deals with an escalating need to bring intellectual capital to bear on societal issues and to meet the rising call to serve as the economic engine in a knowledge-based environment. While national demographic trends are generally favorable for higher education, Ohio faces a predicted decline in high school graduates in the future. The University's investment in its Main Street complex, Varsity Village, and other quality of life facilities are key to attracting students from outside Ohio's borders. These on-campus facilities will be supplemented by an extensive partnership among the University and various neighborhood residential and business groups. The resulting entities will seek to upgrade and enhance residential and commercial facilities on the borders of the campus. Two student residential projects, University Park and Stratford Heights, opened during the year. The facilities and additional anticipated improvements to the nearby neighborhoods should result in a more enjoyable and more convenient environment that will supplement the on-campus educational experience and serve as a magnet for prospective students. The University has supported these efforts by making approximately \$100 million in loans from its endowment to these neighborhood partnerships.

The University has long maintained a position of national prominence among leading research institutions. While research funding has become an increasingly competitive environment, the university maintained a stable research base. The University's existing and planned investments in research facilities provide a competitive edge. The Academic Health Center capital projects will be completed over the next decade and will enable the University to remain a leader in biotechnology medical research for the region. The focus of the current capital projects is to upgrade and add research facilities, improve the quality of student life, and upgrade infrastructure and utilities. These initiatives are in an effort to remain competitive and provide the best possible educational experience for the students and promote quality of student life. While the University has scaled down or even canceled many of its planned capital projects, renovating existing facilities to keep them operable is critical. The traditional source of capital for such projects—the State of Ohio Capital Bill—is declining in both value and absolute level with each new biennium. This trend must be reversed if the University is to sustain the required academic facilities.

Private gifts will continue to be a critically important financial resource and a significant factor in the growth of both academic and research activities. The University's fund-raising strategy, as well as economic factors affecting donors' ability to contribute, will have a significant impact on the ability to tap this important financial resource. In this regard, fundraising budgets have been increased in order to support an aggressive program that includes a national fundraising network focused on increasing the level of private gifts to the University. Under the guidance of the first new president in almost 20 years, the University will soon begin a new all University fund raising campaign.

The University will continue to employ its long-term investment strategy to maximize total return at a reasonable level of risk. The ability to sustain a level of investment return which is compatible with the endowment spending policy will be strained given the anticipated performance of national and international financial markets. The temporary increase in the endowment spending policy for 2007 and 2008 will provide further strain. As a result, such investment strategies will be continually reviewed in order to insure the most efficient use of these important financial resources. In this regard, a full-time chief investment officer was recruited during the year, and the investment committee was restructured with a volunteer membership consisting of investment industry professionals.

This effort will be extended to all phases of cash management. Therefore, cash collection and investment policies and procedures will be evaluated and reengineered as necessary. Internal administrative reorganizations have been implemented to achieve this goal.

A significant component of both graduate and undergraduate enrollment consists of international students. International visitors also hold numerous teaching and research positions. The ability of these individuals to achieve or maintain international visitor status in the face of increased scrutiny by the Immigration and Naturalization Service will be a key factor in maintaining this cross section of the academic community.

The University exists in an increasingly competitive higher education environment. Colleges and universities throughout the region and across the country are investing heavily in marketing and public relations programs to establish or maintain favorable reputations and to build enrollment to optimum levels. With these factors in mind, the University continues to develop strategies that will achieve a reputation commensurate with the University's excellence and increase enrollment where appropriate.

Looking forward, the University is well positioned to maintain its financial condition, its high standards of service to students and its stature in the national research community. In order to enable the University to support this level of excellence, the University is committed to obtaining new financial resources, to maintaining revenue diversification and to successfully containing costs.

University of Cincinnati
Statement of Net Assets
As of June 30, 2006 and 2005
(in thousands)

	University		University Related Foundation	
	2006	2005	2006	2005
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 58,715	\$ 72,821	\$ 10,891	\$ 7,625
Investments	10,969	43,586		
Accounts and pledges receivable, net	56,907	53,072	25,785	29,366
Inventories	1,481	4,294		
Deposits with bond trustees	10,246	5,689		
Notes receivable, net	2,994	3,224		
Other assets	13,123	9,955	136	144
Total current assets	154,435	192,641	36,812	37,135
Noncurrent assets:				
Investments	19,082	51,531		
Accounts and pledges receivable, net	24,720	14,851	14,579	18,889
Deposits with bond trustees	2,583	12,373		
Endowment investments	1,093,218	1,027,850	18,125	26,939
Notes receivable, net	30,345	30,295		
Other long-term investments	329,760	262,256		
Capital assets, net	1,420,479	1,330,172	522	665
Total noncurrent assets	2,920,187	2,729,328	33,226	46,493
Total assets	3,074,622	2,921,969	70,038	83,628
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	148,375	139,912	21,277	10,732
Deferred revenue	23,977	19,644		
Long-term liabilities - current portion	116,001	50,306		
Total current liabilities	288,353	209,862	21,277	10,732
Noncurrent liabilities:				
Deposits	9,187	4,768	754	733
Accrued liabilities	31,980	31,322	270	232
Refundable advances for federal loans	25,987	25,895		
Long-term liabilities	853,466	828,951		
Total noncurrent liabilities	920,620	890,936	1,024	965
Total liabilities	1,208,973	1,100,798	22,301	11,697
NET ASSETS				
Invested in capital assets, net of related debt	516,992	541,205	522	665
Restricted for:				
Nonexpendable	1,115,611	997,531	22,801	28,185
Expendable	398,304	400,182	20,663	39,395
Unrestricted	(165,258)	(117,747)	3,751	3,686
Total net assets	\$ 1,865,649	\$ 1,821,171	\$ 47,737	\$ 71,931

See accompanying notes to financial statements.

University of Cincinnati
Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2006 and 2005
(in thousands)

	University		University Related Foundation	
	2006	2005	2006	2005
REVENUES				
Operating revenues:				
Student tuition and fees, net	\$ 230,778	\$ 210,937	\$	\$
Federal grants and contracts	166,459	169,971		
State and local grants and contracts	10,864	13,379		
Nongovernmental grants and contracts	13,343	10,527		
Sales and services of educational departments	56,008	53,635		
Auxiliary enterprises:				
Residential life	25,671	25,985		
Athletics, net	11,665	10,594		
Other Auxiliary enterprises	36,479	44,671		
Other operating revenues	5,865	6,740	-	104
Total operating revenues	<u>557,132</u>	<u>546,439</u>	<u>-</u>	<u>104</u>
EXPENSES				
Operating expenses:				
Instruction	281,857	264,736		
Research	144,764	143,848		
Public Service	55,566	52,656		
Academic Support	67,501	63,165		
Student Services	38,041	36,577		
Institutional Support	75,269	59,613	15,455	7,146
Operation Maintenance and Plant	88,322	56,156		
Scholarships and Fellowships	17,892	20,114		
Auxiliary Expenses	80,397	83,167		
Depreciation	79,096	71,708	270	295
Total operating expenses	<u>928,705</u>	<u>851,740</u>	<u>15,725</u>	<u>7,441</u>
Operating loss	<u>(371,573)</u>	<u>(305,301)</u>	<u>(15,725)</u>	<u>(7,337)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations	179,857	179,007		
Gifts, including \$32,306 in FY06 and \$31,657 in FY05				
from the University Foundation	49,151	37,686	15,609	36,336
Investment income	54,443	53,448	4,454	3,097
Increase in fair value of investments	130,169	65,480	2,653	2,365
Interest on capital asset-related debt	(31,005)	(25,115)		
Loss on disposal of assets	(11,164)	(15,461)		
Payments to University of Cincinnati	-	-	(32,306)	(31,657)
Other nonoperating revenues	4,255	435	1,121	1,758
Net nonoperating revenue	<u>375,706</u>	<u>295,480</u>	<u>(8,469)</u>	<u>11,899</u>
Income (loss) before other revenues, expenses, gains or losses	4,133	(9,821)	(24,194)	4,562
Capital appropriations	19,344	44,024		
Capital grants and gifts	7,587	12,026		
Additions to permanent endowments	13,414	15,203		
Increase (decrease) in net assets	44,478	61,432	(24,194)	4,562
NET ASSETS				
Net assets - beginning of year	1,821,171	1,759,739	71,931	67,369
Net assets - end of year	<u>\$ 1,865,649</u>	<u>\$ 1,821,171</u>	<u>\$ 47,737</u>	<u>\$ 71,931</u>

See accompanying notes to financial statements.

University of Cincinnati
Statements of Cash Flows
Years Ended June 30, 2006 and 2005
(in thousands)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 235,805	\$ 209,118
Grants and contracts	181,664	183,912
Sales and services	131,496	143,212
Expenditures and other deductions:		
Compensation	(579,052)	(554,695)
Payments for materials, services and other	(261,323)	(222,324)
Loans issued	(7,431)	(8,398)
Loan principal collected	6,950	7,330
Other revenue	13,173	6,154
Cash used for operating activities	(278,718)	(235,691)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	179,857	179,007
Gifts for other than capital purposes	45,659	52,575
Interest on loans receivable	92	117
Cash from noncapital financing activities	225,608	231,699
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
State appropriations	11,259	43,804
Private gifts for capital purposes	7,965	13,341
Grants for capital purposes	6,499	-
Other	2,333	4,669
Proceeds from capital debt	164,845	203,749
Purchases of capital assets	(157,014)	(190,845)
Principal paid on capital debt	(74,635)	(219,085)
Interest paid on capital debt	(40,683)	(36,710)
Cash used for capital financing activities	(79,431)	(181,077)
CASH FLOWS FROM INVESTING ACTIVITIES		
Endowment income	32,024	38,694
Income from deposits with trustees	21,173	27,132
Transfer UC Foundation investments to UC Pool	0	0
Other endowment expenditures	(45)	(207)
Realized gains on investments	33,519	7,951
Purchase of investments	(742,861)	(904,230)
Sale of investments	771,626	1,004,541
Investment income	2,999	5,244
Cash from investing activities	118,435	179,125
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(14,106)	(5,944)
Cash and cash equivalents - beginning of the year	72,821	78,765
Cash and cash equivalents - end of the year	\$ 58,715	\$ 72,821

See accompanying notes to financial statements.

University of Cincinnati
Statements of Cash Flows - continued
Years Ended June 30, 2006 and 2005
(in thousands)

	2006	2005
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	\$ (371,573)	\$ (305,301)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	79,096	71,708
Changes in assets and liabilities:		
Receivables, net	(6,381)	(5,181)
Inventories	2,813	644
Other assets	(3,167)	(3,871)
Accounts payable and accrued liabilities	7,960	317
Deferred revenue	7,145	4,062
Compensated absences	963	2,834
Deposits	4,426	(903)
Net cash used for operating activities	\$ (278,718)	\$ (235,691)
 Non cash transactions:		
Capital asset acquired by incurring note payable	\$ 3,100	\$ -
Accrued liabilities for construction in progress	21,349	19,323

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2006 and 2005

1. Organization and Summary of Significant Accounting Policies

A) Organization

The University of Cincinnati (the University) was founded in 1819 with the first charter granted by the State of Ohio in 1870. The University, formerly city owned, became a State University on July 1, 1977. As such, it is a component unit of the State of Ohio. Under provisions of the Internal Revenue Code, Section 115, and the applicable income tax regulations of the State of Ohio, the University, as a state institution, is exempt from taxes on income other than unrelated business income. Since the University has no material net unrelated business income during the year ended June 30, 2006, no provision for income taxes has been made.

The accompanying financial statements consist of the accounts of the University and the accounts of the University of Cincinnati Foundation (the Foundation). The Foundation, which is a component unit of the University in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, is described more fully in Note 17. The Foundation is exempt from Federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

B) Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The University has elected not to apply those Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

The University's financial resources are classified for accounting and reporting purposes into the following three net asset categories:

Invested in Capital Assets Net of Related Debt—Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted—Nonexpendable restricted net assets are subject to externally imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

Expendable restricted net assets are subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

Unrestricted—Net assets that are not subject to externally imposed stipulations. 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. Substantially all unrestricted net assets are designated for academic and research programs and initiatives and for capital programs.

C) Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The University reports as a Business Type Activity as defined by GASB Statement No. 35. A Business Type Activity is financed in whole or in part by fees charged to external parties for goods or services.

Investments in marketable securities are carried at fair value as established by the major securities markets. Investment income is recorded on the accrual basis. Realized and unrealized gains and losses are reported as nonoperating revenues (expenses).

The majority of alternative investments, such as limited partnerships, are carried at estimated fair value provided by the management of the alternative investment funds as of March 31, 2006 and 2005, as adjusted by cash receipts, cash disbursements and securities distributions through June 30, 2006 and 2005. The University believes that the carrying amount of its alternative instruments is a reasonable estimate of fair value as of June 30, 2006 and 2005. Because alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. The University's commitment to alternative investments is \$31,044,000 and \$33,925,000 as of June 30, 2006 and 2005 respectively.

The University considers all highly liquid investments purchased with an original maturity of three months or fewer to be cash equivalents.

Inventories are held primarily by the central store and are stated at the lower of cost or net realizable market value. The moving-average basis for all inventories is used to determine inventory cost. In 2005 the inventories were primarily held by the book store and were valued using the retail basis.

Capital Assets—Land, land improvements, infrastructure, buildings and equipment are recorded at cost at date of acquisition, or market value at date of donation. The University's capitalization threshold is \$100,000 for major capital projects and \$5,000 for all other capitalized items. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction. University and Foundation property and equipment are depreciated using the straight-line method over the estimated useful lives (from five to fifty years) of the respective assets. When plant assets are sold or disposed of, the carrying value of such assets and the associated depreciation are removed from the University's records.

The University does not capitalize works of art or historical treasures that are held for public exhibition, education or research in furtherance of public service. These collections are neither disposed of for financial gain nor encumbered in any way. In addition, the University requires the proceeds from the sale of collection items be used to acquire other collection items. Accordingly, such collections are not recognized or capitalized for financial statement purposes. All other works of art or historical treasures are capitalized at historical or fair value at date of donation.

Gift Pledges—The University receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In the absence of such promise, revenue is recognized when the gift is received.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using a discount rate commensurate with the risks involved. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts. The determination includes such factors as prior collection history, type of gift and nature of fundraising.

Deferred Revenue includes amounts received in advance of an event.

Endowment Spending Policy—For donor restricted endowments, the Uniform Management of Institutional Funds Act permits the University to distribute an amount of realized and unrealized endowment appreciation as the Board of Trustees determines to be prudent. The University's policy is to accumulate the undistributed realized and unrealized appreciation within the endowment, which is discussed in Note 2.

Student Tuition and Residence Fees are presented net of scholarship and fellowship allowances of \$81,367,000 in 2006 and \$77,341,000 in 2005 and bad debt provisions of \$2,955,000 in 2006 and \$1,959,000 in 2005. Payments made directly to students are presented as scholarship and fellowship expenses.

Auxiliary Enterprise Revenues primarily represent revenues generated by bookstores, parking, the conference center, athletics, housing, and dining.

Operating Activities, as reported on the Statement of Revenues, Expenses, and Changes in Net Assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded

as non-operating revenues, as defined by GASB Statement 35, including state appropriations, gifts and investment income.

Management Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates. The use of management's estimates relate most significantly to self-insurance reserves.

Reclassifications—Certain prior-year amounts have been reclassified to conform to current-year presentations.

2. Cash and Investments

Summary—The University maintains centralized management for substantially all of its cash and investments. With the exception of insurance reserves, charitable remainder trusts, and other trust funds the terms of which require separate management, the University invests its reserves and relatively short-duration assets in the Temporary Investment Pool, and invests substantially all of the assets of the University endowment in the Endowment Investment Pool.

Distributions are made from the University endowment to the University entities that benefit from those funds. The endowment spending policy provides for an annual distribution of five percent of the twelve-quarter moving-average market value of endowment units.

Authorizations—The Temporary Investment Pool is invested principally in investment-grade money-market and fixed-income securities. Balances in the Temporary Investment Pool are primarily for operating expenses or for funding capital projects.

The University investment policies are governed and authorized by University rules. The approved asset allocation policy for the endowment investments sets a general target of 85 percent equities and 15 percent fixed-income securities within broader ranges set at the discretion of the Investment Committee.

Diversification is a fundamental risk-management strategy for the endowment portfolio. Accordingly, the portfolio includes investments in domestic and non-U.S. stocks, bonds and bond-like loans; real estate; and limited partnerships consisting of venture capital, private equity and real estate.

Off-Balance-Sheet Risk—The University's investment strategy incorporates certain financial instruments which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations embodied in forward, futures, and commodity or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the Statement of Net Assets and is not represented by the contract or notional amounts of the instruments.

Cash and Cash Equivalents—At June 30, 2006, the carrying amount of the University's cash and cash equivalents for all funds is \$58,715,000 as compared to bank balances of \$70,971,000. The University considers cash equivalents to be short-term, highly liquid investments that have original maturities of three months or less. The difference between the carrying amount and the bank balances is caused primarily by deposits in transit and outstanding checks.

Of the University's bank balances, \$389,000 is covered by federal depository insurance; mutual funds hold cash equivalents of \$9,693,000; \$37,226,000 is in public funds collateralized pools; and the balance of \$23,663,000 is uncollateralized. The University does not have a policy for custodial credit risk.

Investments — The fair value of University investments at June 30 is (in thousands):

	<u>2006</u>	<u>2005</u>
U. S. government securities	\$ 45,564	\$ 87,693
Corporate notes and bonds	20,071	55,803
Corporate stocks	272,812	311,916
Mutual funds	426,864	345,649
Other securities	109,870	79,351
Real estate	<u>12,749</u>	<u>18,067</u>
Total investments	887,930	898,479
Less current investments	<u>10,969</u>	<u>43,586</u>
Non current investments	<u>\$876,961</u>	<u>\$854,893</u>

At June 30, 2006 and 2005, other securities included \$104,471,000 and \$74,711,000, respectively, of loans made to certain nonprofit entities for the purpose of developing residential and commercial facilities on the borders of the campus. Currently, these loans are secured primarily by mortgages on parcels of land purchased by these nonprofit entities. Some of these mortgages are subordinated to external financing arranged by these entities. These loans bear interest at 6%. The University expects repayment once the residential and commercial facilities have streams of rental income.

The University has recorded the investments in the table above in the following categories: \$30,051,000 of investments and \$857,879,000 of endowment investments. Also, included in endowment investments as reported on the Statement of Net Assets are \$235,339,000 invested predominately in equities held in donor-stipulated irrevocable trusts.

GASB Statement 40 requires government entities to categorize investments by interest rate risk, credit risk, and custodial credit risk.

Interest Rate Risk – The University's investments total \$887,930,000 and \$898,479,000 as of June 30, 2006 and 2005, respectively. The segmented time distribution method is used to portray interest rate risk of \$203,173,000 and \$252,911,000 for bond and other fixed income investments as of June 30, 2006 and 2005, respectively. Investments for the years ended June 30, 2006 and 2005 is summarized as follows (in thousands):

Investment Type	Fair Value	Investment Maturities (In Years) 2006			
		Less than 1	1-5	6-10	More than 10
US Treasury Obligations	\$ 15,322	\$ 5,054	\$ 3,835	\$ 2,719	\$ 3,714
US Government Agencies	25,443	5,056	10,205	7	10,175
US Treasury STRIPS	4,799	828	3,506	465	-
Corporate Bonds and Notes	20,071	1,216	15,357	3,498	-
Bond Mutual Funds	28,592	-	17,833	10,759	-
Local mortgage secured loans	105,011	-	540	-	104,471
Other	<u>3,935</u>	<u>367</u>	<u>1,468</u>	<u>1,285</u>	<u>815</u>
Total	<u>\$203,173</u>	<u>\$12,521</u>	<u>\$52,744</u>	<u>\$18,733</u>	<u>\$119,175</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years) 2005</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
US Treasury Obligations	\$ 21,499	\$ 3,027	\$10,441	\$ 3,059	\$ 4,972
US Government Agencies	60,522	19,429	28,884	2,861	9,348
US Treasury STRIPS	5,672	839	3,063	1,770	-
Corporate Bonds and Notes	55,803	34,352	16,554	4,897	-
Bond Mutual Funds	30,384	-	-	30,384	-
Local mortgage secured loans	75,251	-	540	-	74,711
Other	<u>3,780</u>	<u>367</u>	<u>1,468</u>	<u>1,652</u>	<u>293</u>
Total	<u>\$252,911</u>	<u>\$58,014</u>	<u>\$60,950</u>	<u>\$44,623</u>	<u>\$89,324</u>

The University's investment policy stipulates that the weighted average maturity of investments in the Temporary Investment Pool shall be no longer than 5 years. The weighted average of fixed income maturities in the Endowment portfolio shall not exceed 20 years.

Credit Risk - The Temporary Investment Pool permits investments in securities rated A or higher at the time of purchase. Securities which are downgraded below an A rating after purchase are permitted to be retained. Endowment investment-grade bonds are limited to those in the first four grades of any rating system. Below-investment grade high yield bond investments and certain unrated investments having strategic value to the University are permitted. In accordance with the University's investment policy, the University's \$203,173,000 and \$252,911,000 bond and other fixed income investments are rated by nationally recognized rating organizations as follows as of June 30 (in thousands):

<u>Rating</u>	<u>2006</u>	<u>2005</u>
US Treasury Obligations – equivalent of AAA	\$ 15,322	\$ 21,499
AAA	48,075	85,944
AA	2,469	12,679
A	14,566	31,979
BBB	13,794	16,755
BB	-	5,024
Not Rated	<u>108,947</u>	<u>79,031</u>
Total	<u>\$203,173</u>	<u>\$252,911</u>

Custodial Credit Risk – Of the University's \$887,930,000 total investments, \$350,018,000 are uninsured, not registered in the name of the University, and are held by trust departments or agents in the University's name, and thus are exposed to custodial credit risk. The University does not have a policy for custodial credit risk.

University Investment Pools—Of the University investments, approximately \$46,858,000 are separately invested by donor stipulation. The remaining funds are invested in one of three pools. The Temporary Investment Pool represents the investment of substantially all University cash not otherwise invested in the endowment.

The Endowment Investment Pool A is the principal investment pool for the University endowments that may be pooled legally or by donor concurrence. The University employs the share method of accounting for the Endowment Investment Pool A investments and for proportionate distribution of income to each fund that participates in the pool. At June 30, 2006, the Endowment Investment Pool A consisted of 7,554,000 shares. Effective July 1, 2002, substantially all endowments held in trust, by donor stipulation, by the University of Cincinnati Foundation were invested in the University's Endowment Investment Pool A. At June 30, 2006, such endowments own 1,563,000 pool shares with a market value of \$169,267,000, equating to approximately

20% of the Endowment Investment Pool A. The Endowment Investment Pool B comprises real estate holdings received by bequest.

The following tabulation summarizes the changes in relationships between cost and fair values of the Endowment Investment Pool A assets for the year (*in thousands*):

	<u>Net Cost</u>	<u>Fair Value</u>	<u>Net Gains/ (Losses)</u>	<u>Fair Value Gain/(Loss) Per Share</u>
End of year	\$717,968	\$818,001	\$100,033	\$108.28
Beginning of year	660,952	742,360	<u>81,408</u>	102.30
Unrealized net gain/(loss) for year			18,625	
Realized net gain/(loss) for year			<u>24,632</u>	
Total net gain/(loss) for year			<u>\$ 43,257</u>	\$ 5.98

The University has adopted a spending rate policy which limits the distribution of endowment income earned in the investment pool to five percent of the moving-average market value for the twelve-quarter period ending each December. During 2006, income earned was approximately \$18,529,000 less than the amount allocated for spending. In accordance with the Ohio Uniform Management of Institutional Funds Act, the cumulative shortfall of \$129,065,000 as of June 30, 2006, is funded by capital appreciation of the investment pool.

Income allocated for spending during 2006 amounted to \$4.27 per share of the Endowment Investment Pool A. The average annual earnings per share, exclusive of capital appreciation, amounted to \$2.51.

3. Accounts, Pledges and Notes Receivable

Accounts, pledges and notes receivable as of June 30, are as follows (*in thousands*):

	<u>2006</u>	<u>2005</u>
Accounts receivable	\$50,247	\$40,522
Pledges receivable	18,023	18,331
Notes receivable	33,339	33,519
Accrued interest receivable	<u>13,357</u>	<u>9,070</u>
Total	114,966	101,442
Less current receivables	<u>59,901</u>	<u>56,296</u>
Noncurrent receivables	<u>\$55,065</u>	<u>\$45,146</u>

Allowances for uncollectible receivables have been provided in the amount of approximately \$7,105,000 and \$8,923,000 for accounts receivable, \$1,169,000 and \$576,000 for pledges receivable, \$4,749,000 and \$4,407,000 for notes receivable as of June 30, 2006 and 2005, respectively.

Pledges have been discounted at a rate of four percent to net present value, which approximates the fair value of the receivables as follows (*in thousands*):

	<u>2006</u>	<u>2005</u>
Less than one year	\$ 3,589	\$ 3,481
One to five years	9,061	8,441
More than five years	<u>6,542</u>	<u>6,985</u>
Subtotal	19,192	18,907
Less allowance for uncollectible pledges	<u>1,169</u>	<u>576</u>
Total	<u>\$18,023</u>	<u>\$18,331</u>

Pledges receivable due from one donor approximated 38% and 43% of total pledges receivable, as of June 30, 2006 and 2005, respectively.

4. Capital Assets

Capital assets activity for the years ended June 30, 2006 and 2005 is summarized as follows (*in thousands*):

	Balance July 1, 2005	Additions	Retirements/ Transfers	Balance June 30, 2006
Land	\$ 21,305	\$ 618	\$ -	\$ 21,923
Land improvement	34,752	-	43,262	78,014
Buildings	1,313,888	19	217,863	1,531,770
Construction in progress	295,625	158,037	(312,367)	141,295
Infrastructure	78,399	-	11,269	89,668
Building equipment	15,167	-	26	15,193
Moveable equipment	136,867	12,775	(3,796)	145,846
Computer Software	162	-	28,585	28,747
Books	133,718	9,087	(11,121)	131,684
Art objects	4,469	30	(143)	4,356
	<u>2,034,352</u>	<u>180,566</u>	<u>(26,422)</u>	<u>2,188,496</u>
Less accumulated depreciation	704,180	79,096	(15,259)	768,017
Net assets	<u>\$1,330,172</u>	<u>\$101,470</u>	<u>\$ (11,163)</u>	<u>\$ 1,420,479</u>

	Balance July 1, 2004	Additions	Retirements/ Transfers	Balance June 30, 2005
Land	\$ 19,976	\$ 1,329	\$ -	\$ 21,305
Land improvement	27,927	3,184	3,641	34,752
Buildings	1,276,318	22,222	15,348	1,313,888
Construction in progress	199,798	146,482	(50,655)	295,625
Infrastructure	76,801	868	730	78,399
Building equipment	15,167	-	-	15,167
Moveable equipment	129,577	16,739	(9,287)	137,029
Books	125,588	9,931	(1,801)	133,718
Art objects	4,408	61	-	4,469
	<u>1,875,560</u>	<u>200,816</u>	<u>(42,024)</u>	<u>2,034,352</u>
Less accumulated depreciation	659,035	71,708	(26,563)	704,180
Net assets	<u>\$1,216,525</u>	<u>\$129,108</u>	<u>\$(15,461)</u>	<u>\$1,330,172</u>

5. Accounts Payable and Accrued Liabilities

Accounts payable and the current portion of accrued liabilities as of June 30, 2006 and 2005 are as follows (*in thousands*):

	2006	2005
Compensated absences (Current portion)	\$ 35,428	\$ 35,550
Compensation	40,177	56,299
Accrued liabilities	30,022	16,147
Vendors payable	<u>42,748</u>	<u>31,916</u>
Total	<u>\$148,375</u>	<u>\$139,912</u>

6. Compensated Absences

University employees earn vacation and sick leave on a monthly basis. Vacation benefits may be accrued up to a maximum of three years' credit, and earned but unused days are payable upon termination. Sick leave may be accrued without limit; however, earned but unused days are payable only upon retirement from the University, subject to 30- or 60-day limits depending upon the date of hire. The liability for the costs of such benefits approximated \$66,021,000 and \$65,057,000 as of June 30, 2006 and 2005, respectively.

7. Bonds and Notes Payable

Bonds and notes payable at June 30, comprise the following (*in thousands*):

Bond Series -- Fixed Rate Debt	Issue Date	Maturity Dates Through	Interest Rate	Outstanding Debt	
				2006	2005
R-11, T, X, Y, AA, AG, AH, AI	1998	2018	3.70-5.50%	\$ 21,125	\$ 36,745
Z, AC	1997	2012	4.15-5.15%	3,435	4,995
AB	1997	2007	4.40-5.10%	170	225
AD	1997	2010	4.65-5.05%	2,665	2,665
AL, AM, AN	1998	2018	3.45-4.75%	4,910	5,250
AL-1, AO	1999	2013	4.20-5.50%	5,320	12,365
AQ, AT, AU, AV, AZ	2000	2020	4.60-5.75%	5,150	5,595
2001A	2001	2031	3.60-5.50%	144,275	151,575
2002A	2002	2022	2.25-4.875%	4,935	5,150
2002D	2002	2022	2.40-5.00%	3,975	4,275
2002F	2003	2024	2.50-5.375%	42,995	44,560
2002G	2003	2031	1.80-5.00%	13,415	15,510
2003C	2003	2026	3.00-5.00%	78,540	82,660
2004A	2004	2031	2.00-5.00%	64,435	64,620
2004D	2004	2026	2.00-5.00%	50,985	50,985
2004E	2005	2021	2.25-5.00%	23,740	23,740
2005A	2005	2020	3.10-5.00%	69,410	69,410
2005D	2006	2019	4.00-5.00%	20,410	-
2006A	2006	2031	3.50-5.00%	<u>54,870</u>	<u>-</u>
Total bonds payable -- fixed rate debt				<u>614,760</u>	<u>580,325</u>
			Weighted Average Interest Rate		
Bond Series -- Variable Rate Debt					
2004B -- Auction Mode	2004	2031	2.17%	40,000	40,000
2004B -- Weekly Mode	2004	2031	2.12%	<u>103,755</u>	<u>103,755</u>
Total bonds payable -- variable rate debt				<u>143,755</u>	<u>143,755</u>
Total bonds payable				<u>\$ 758,515</u>	<u>\$ 724,080</u>

Note Series	Issue Date	Maturity Dates Through	Interest Rate	Outstanding Debt	
				2006	2005
General Receipts Bond					
Anticipation Notes:					
2005C	March 2005	March 2006	4.00%	\$ 0	\$ 23,980
2006B	January 2006	January 2007	4.50%	40,000	0
2006C	March 2006	March 2007	4.50%	41,065	0
Certificates of Participation—Center					
For Information Technology	1993	2008	2.40-5.50%	180	270
Ohio Board of Regents					
Notes Payable	1994	2006	0.00%	\$ 0	\$ 141
Capital Lease Obligations					
University Center	1996	2011	4.125-5.10%	16,570	18,530
Edwards Center	1998	2011	4.00-5.75%	12,215	13,910
Residence Halls	2000	2028	4.40-5.50%	40,540	41,540
University Center Refunding	2005	2024	3.50-5.00%	52,815	52,815
Loans Payable-Equipment	2003	2014	2.86-4.41%	4,616	2,182
Other		2006	1.40-8.00%	0	5
Total notes payable				<u>208,001</u>	<u>153,373</u>
Total bonds and notes payable				966,516	877,453
Plus discounts/premiums/loss on refunding				<u>2,951</u>	<u>1,804</u>
Total bonds and notes payable, net				<u>\$969,467</u>	<u>\$879,257</u>

A) Debt Issuances and Permanent Fundings

General Receipt Bonds-Fixed Rate Debt – During the year ended June 30, 2006, the University issued two general receipt fixed rate bonds totaling \$75,280,000 that bear interest at rates ranging from 3.50% to 5.00% and mature in years 2019 and 2031. The proceeds were used to refund portions of Series AA, AC, AL-1, AO and T bonds, to pay associated bond issue costs and to finance all or a portion of the costs of the following projects: MainStreet, Human Resources System Replacement and Zimmer Garden, along with the associated bond issue costs and capitalized interest.

The refunded Series AA bonds had been issued to finance a portion of the University Center project, infrastructure and site access and will be called June 2008; the refunded Series AC bonds had been issued to finance CFC unit replacements and will be called June 2007; the refunded Series AL-1 bonds had been issued to bridge the receipt of gifts for a portion of the Vontz Center for Molecular Studies and will be called December 2009; the refunded Series AO bonds had been issued to finance a portion of the expansion and renovation of the College Conservatory of Music and will be called December 2009; and the refunded Series T bonds had been issued to finance Office of Residence Life strategic plan capital improvements and will be called June 2008.

General Receipt Bonds-Variable Rate Debt – The University issued general receipt variable rate bonds, Series 2004B in 2004.

The initial interest rate for the Series 2004B – auction rate reset mode was .85%. Auction rate bonds call for the interest rate to be reset and paid every 35 days. Interest paid to date has been based on rates that have fluctuated from a low of .85% to a high of 3.55%. The maximum interest rate on the auction rate bonds is 12%. Series 2004B auction rate bonds do not have a permanent put feature. The University does not have an obligation to purchase any Series 2004B auction rate bonds that a holder wishes to sell on an auction date, or to purchase any Series 2004B auction rate bonds that a holder has tendered for purchase on a mandatory tender date in connection with a change in mode. Accordingly, the University has classified

the outstanding principal balance on its auction rate bonds that matures after June 30, 2007 as a long-term liability.

The initial interest rate for the Series 2004B – weekly reset mode bonds was .92%. The interest rate for the weekly mode bonds resets every week, with interest due the first business day of each calendar month. Interest paid to date has been based on weekly rates that have fluctuated from a low of .87% to a high of 3.80%. The maximum interest rate on the weekly reset mode bonds is 12%. The University has entered into a standby bond purchase agreement with a liquidity provider for Series 2004B weekly reset mode bonds. Series 2004B weekly rate bondholders may tender any of these bonds for repurchase every seven days. Any bonds so tendered will be purchased either by the proceeds of the remarketing of such bonds or, if not successfully remarketed, by the liquidity provider. Accordingly, the University has classified the outstanding principal balance on its auction rate bonds that matures after June 30, 2007 as a long-term liability. As of June 30, 2006, there has not been a failed remarketing for the weekly reset mode variable rate bonds.

The University has the option to convert the variable rate bonds from one rate mode to another, as well as the option to redeem these bonds in whole or in part. The University's variable rate bonds mature at various dates, beginning in fiscal year 2007 through 2031. It is the University's intent to repay its variable rate bonds in accordance with the maturities set forth in the bond offering circulars.

Bond Anticipation Notes – During the year ended June 30, 2006, the University issued the following Bond Anticipation Notes: Series 2006B for \$40,000,000, issued to bridge the receipt of gifts for a portion of the Varsity Village project and to fund Early Project Expenditures for various construction and renovation projects; and Series 2006C for \$41,065,000, issued to refinance existing bond anticipation notes (a portion of Series 2005C) as well as fund new construction and renovation projects. Series 2005C bond anticipation notes were retired on March 28, 2006. Series 2006B and 2006C notes are outstanding and each bear interest at a rate of 4.50%.

Loans Payable for Equipment – During the year ended June 30, 2006, the University borrowed \$3,100,000, at an interest rate of 4.41%, for the purchase of various scoreboards for the Athletic department. All of the outstanding loans bear interest rates between 2.86% and 4.41%.

B) Defeasance

General Receipts Bonds—Series 2005D general receipt bonds were issued July 7, 2005 in the amount of \$20,410,000. A portion of the Series 2005D bonds, \$3,555,000, were issued for the purpose of advance refunding \$3,610,000 of the outstanding Series AA general receipts bonds, stated to mature on June 1, 2014 through June 1, 2018. Another portion of the Series 2005D bonds, \$840,000, were issued for the purpose of advance refunding \$860,000 of the outstanding Series AC general receipts bonds, stated to mature on June 1, 2013 through June 1, 2017. Further, \$2,235,000 of the Series 2005D bonds were issued for the purpose of advance refunding \$2,140,000 of the outstanding Series AL-1 general receipts bonds, stated to mature on June 1, 2014 through June 1, 2019. Another, \$4,470,000 of the Series 2005D bonds were issued for the purpose of advance refunding \$4,285,000 of the outstanding Series AO general receipts bonds, stated to mature on June 1, 2014 through June 1, 2019. Finally, \$9,310,000 of the Series 2005D bonds were issued for the purpose of advance refunding \$9,460,000 of the outstanding Series T general receipts bonds, stated to mature on June 1, 2014 through June 1, 2018. The purpose of the refunding was to reduce future debt service payments. Net proceeds of \$21,615,000 were used to purchase United States government securities that were placed in irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded Series AA, AC, AL-1, AO and T general receipts bonds. The economic gain (difference between the present value of the old and new debt service payments) to the University will be \$859,000. As a result of the refunding, \$1,334,000 has been recorded as Deferred Loss on Refunding and will be amortized from 2006 through 2019. The deferred loss on refunding reflects the difference between the refunding reacquisition price for the respective portion of Series 2005D and the net carrying amount of the outstanding principal balances of the refunded debt issues.

C) Collateralization and Debt Reserves

The general receipts bonds and general receipts bond anticipation notes are collateralized by a pledge of general receipts of the University. The certificates of participation are collateralized by the capital assets purchased under the respective financing agreements and by certain insurance covering repayment of the proceeds. Loans Payable is collateralized by specified equipment.

At June 30, 2006, the required debt service reserve amounted to \$12,418,000. As provided for in the Amended and Restated Trust Agreement, this reserve is solely for the payment of debt service charges on the pre-amended bonds, with the exception that excess amounts may be transferred pursuant to Section 4.03 of the Amended and Restated Trust Agreement.

D) Debt Service Commitments

For bonds and notes payable at June 30, 2006, scheduled annual debt service payments subsequent to June 30, 2006 are as follows (*in thousands*):

Fiscal			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$108,835	\$ 38,418	\$ 147,253
2008	34,550	33,580	68,130
2009	29,390	32,229	61,619
2010	29,725	31,001	60,726
2011	29,925	29,685	59,610
2012-2016	167,135	127,205	294,340
2017-2021	185,100	84,977	270,077
2022-2026	148,750	44,604	193,354
2027-2031	<u>106,350</u>	<u>14,024</u>	<u>120,374</u>
Total	<u>\$839,760</u>	<u>\$435,723</u>	<u>\$1,275,483</u>

The University has \$143.8 million of variable rate bonds. \$103.8 million of this variable rate debt bears interest that is reset weekly based on the market with a maximum rate of 12% per year. \$40 million of the variable rate debt bears interest that is reset every 35 days based on an auction rate, subject to a maximum of 12% per year. The interest rate used to determine future interest payments in the debt service repayment table above is the rate in effect at July 1, 2006 of 3.97% for the variable weekly rate and 3.90% for the variable 35-day rate. The bonds were issued in February 2004 and, since the date of issuance; the variable weekly rate has ranged from .87% to 3.80% and the variable 35-day rate has ranged from .85% to 3.55%.

Scheduled principal and interest payments on capital lease obligations and loans payable subsequent to June 30, 2006 are (*in thousands*):

Fiscal			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 6,303	\$ 6,321	\$ 12,624
2008	6,432	6,061	12,493
2009	7,745	5,739	13,484
2010	7,675	5,348	13,023
2011	6,942	4,954	11,896
2012-2016	33,799	19,755	53,554
2017-2021	27,060	12,064	39,124
2022-2026	24,995	4,726	29,721
2027-2028	<u>5,805</u>	<u>450</u>	<u>6,255</u>
Total	<u>\$126,756</u>	<u>\$65,418</u>	<u>\$192,174</u>

E) Defeased Debt

Debt defeased by the University for which amounts remain outstanding at June 30, 2006, are *(in thousands)*:

<u>Bond Series</u>	<u>Maturity Dates</u>	<u>Interest Rate(s)</u>	<u>Amount Outstanding</u>
Residence Hall and Dining Facility Bonds:			
Series D and H	1970-2007	5.50%	\$ 960
Series F	1972-2009	5.00-6.00%	1,850
General Receipts Bonds:			
Series T	2014-2018	5.00%	9,460
Series Z	2011-2017	5.00-5.375%	6,185
Series AA	2014-2018	5.00%	3,610
Series AB	2008-2020	5.20-5.45%	21,055
Series AC	2013-2017	5.00%	860
Series AD	2011-2020	5.00-5.15%	12,055
Series AL-1	2014-2019	5.60-5.75%	2,140
Series AO	2014-2019	5.60-5.75%	4,285
Series 2001A	2015-2019	5.75%	29,245
Capital Lease Obligations:			
1996 UCP COPS	2012-2024	5.125-5.45%	<u>52,860</u>
Total			<u>\$144,565</u>

Neither the outstanding indebtedness nor the related trust accounts are reflected in the accompanying financial statements for the fully defeased bonds listed above. United States Treasury obligations in an amount sufficient to pay principal and interest on the defeased obligations, when due, have been deposited with a trustee in accordance with the defeasance of the debt.

F) Other

Subsequent to June 30, 2006, the University has issued \$20 million in Series 2006D BANS and \$15 million in Series 2006E BANS to fund various new construction/renovation projects and to fund a portion of the Center for Academic Research Excellence building.

Also subsequent to June 30, 2006, the University has entered into two capital leases in connection with the issuance of economic development revenue bonds for the benefit of King Highland Community Urban Redevelopment Corporation in order to assist in the financing of two buildings. The KHCURC-Stetson Office Building capital lease is for \$32.7 million, and the KHCURC-Turner Center capital lease is for \$10 million. Both leases have a 32 year term.

Interest expense incurred on indebtedness for the years ended June 30, 2006 and 2005, is \$31,005,000 and \$25,115,000 respectively. In 2006, interest expense on construction-related debt of \$9,615,000, net of \$2,204,000 interest earned on invested funds, was capitalized. In 2005, interest expense on construction-related debt of \$11,558,000, net of \$3,357,000 interest earned on invested funds, was capitalized.

G) Long-Term Liability

Long-term liabilities as of June 30, 2006 and 2005 are as follows (*in thousands*):

	Year Ended June 30, 2006					
	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006	Current Portion	Noncurrent Portion
Bonds, notes and capital leases:						
Bonds and notes payable	\$748,201	\$156,345	\$ 64,966	\$839,580	\$108,745	\$730,835
Certificates of participation	270	-	90	180	90	90
Loans payable-equipment	2,182	3,100	666	4,616	978	3,638
Capital lease obligations	126,800	-	4,660	122,140	5,325	116,815
Issue costs, premiums and discounts	<u>1,804</u>	<u>5,400</u>	<u>4,253</u>	<u>2,951</u>	<u>863</u>	<u>2,088</u>
Total bonds, notes and capital leases	<u>879,257</u>	<u>164,845</u>	<u>74,635</u>	<u>969,467</u>	<u>116,001</u>	<u>853,466</u>
Other long-term liabilities:						
Compensated absences	65,057	1,657	693	66,021	35,428	30,593
Refundable advances, federal loans	25,895	167	75	25,987	-	25,987
Other Liability	2,226	-	412	1,814	427	1,387
Deposits held in trust for others	<u>4,768</u>	<u>88,938</u>	<u>84,519</u>	<u>9,187</u>	-	<u>9,187</u>
Total other long-term liabilities	<u>97,946</u>	<u>90,762</u>	<u>85,699</u>	<u>103,009</u>	<u>35,855</u>	<u>67,154</u>
Total	<u>\$977,203</u>	<u>\$255,607</u>	<u>\$160,334</u>	<u>\$1,072,476</u>	<u>\$ 151,856</u>	<u>\$920,620</u>

	Year Ended June 30, 2005					
	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Current Portion	Noncurrent Portion
Bonds, notes and capital leases:						
Bonds and notes payable	\$759,479	\$149,674	\$160,952	\$748,201	\$44,611	\$703,590
Certificates of participation	840	-	570	270	30	240
Loans payable-equipment	1,534	1,044	396	2,182	666	1,516
Capital lease obligations	131,151	52,816	57,167	126,800	4,659	122,141
Issue costs, premiums and discounts	<u>1,592</u>	<u>212</u>	<u>-</u>	<u>1,804</u>	<u>340</u>	<u>1,464</u>
Total bonds, notes and capital leases	<u>894,596</u>	<u>203,746</u>	<u>219,085</u>	<u>879,257</u>	<u>50,306</u>	<u>828,951</u>
Other long-term liabilities:						
Compensated absences	62,223	2,928	94	65,057	35,550	29,507
Refundable advances, federal loans	25,126	824	55	25,895	-	25,895
Other Liability	-	2,226	-	2,226	411	1,815
Deposits held in trust for others	<u>5,672</u>	<u>79,080</u>	<u>79,984</u>	<u>4,768</u>	-	<u>4,768</u>
Total other long-term liabilities	<u>93,021</u>	<u>85,058</u>	<u>80,133</u>	<u>97,946</u>	<u>35,961</u>	<u>61,985</u>
Total	<u>\$987,617</u>	<u>\$288,804</u>	<u>\$299,218</u>	<u>\$977,203</u>	<u>\$86,267</u>	<u>\$890,936</u>

8. State Support

The University is a state-assisted institution of higher education and receives from the State of Ohio a state share of instruction that is student-enrollment based. This subsidy is determined annually by the Ohio Board of Regents. The State also provides line-item appropriations that support, in part, the current operations of various activities including clinical teaching expenditures.

In addition to the operating subsidies, the State of Ohio provides funding for and constructs major plant facilities on the University's campuses. The state passes a capital-appropriations bill biannually for both major capital projects and basic renovation projects of which the University receives a share. Such facilities are reported as capital assets on the Statement of Net Assets.

9. Retirement Plans and Other Post Employment Benefits

A) Public Employee Retirement Plans

Retirement benefits are available for substantially all employees under one of several contributory retirement plans. Prior to July 1, 1977, when the University became a state institution, employees were covered by either the City of Cincinnati Retirement System (CRS) or the Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Certified teachers appointed on or after July 1, 1977, are covered by the State Teachers' Retirement System (STRS). Non-certified employees appointed on or after that date are covered by the Public Employees Retirement System (PERS). Both STRS and PERS are statewide systems.

The PERS, STRS and CRS plans are cost-sharing, multiple-employer, defined-benefit, public-employee retirement systems. Each provides retirement, disability and death benefits to plan members and beneficiaries. These plans also provide health-care benefits to vested retirees. Benefits provided under the plans are established by State statute or the Cincinnati Municipal Code.

All three plans issue separate, publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by contacting each system as follows: Public Employee Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215, Telephone (614) 466-2085; State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215, Telephone (614) 227-4090; and City of Cincinnati Retirement System, 801 Plum Street, Cincinnati, Ohio 45202, Telephone (513) 352-3227.

The Ohio Revised Code and the Cincinnati Municipal Code provide PERS, STRS and CRS statutory authority, respectively, over employer and employee contributions. The required, actuarially determined contribution rates for the University and for employees are 13.54% (4.50% relating to health-care benefits) and 9% of covered payroll, respectively, for PERS; 14% (1% relating to health-care benefits) and 10%, respectively, for STRS; and 17% and 7%, respectively, for CRS for the year ended June 30, 2006. The University's contributions, representing 100% of employer contributions for the year ended June 30, 2006, and for each of the two preceding years are as follows (*in thousands*):

<u>Fiscal Year</u>	<u>PERS \$</u>	<u>STRS \$</u>	<u>CRS \$</u>
2004	16,769	14,686	408
2005	18,217	15,404	417
2006	19,811	16,417	361

PERS and STRS provide postretirement and postemployment health-care benefits in addition to the retirement benefits described above. PERS Other Post Employment Benefits (OPEB) is advance funded on an actuarially determined basis. The assumptions and calculation below were based on the system's latest actuarial review performed as of December 31, 2004. An entry-age normal actuarial-cost method of valuation is used in determining the present value. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The actuaries' assumptions were as follows: investment return, 8%; annual wage increase (compounded annually), 4%; and health care costs, 4%. At December 31, 2004, the actuarial value of the Retirement System's net assets available for OPEB was \$10,800,000,000. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29,500,000,000 and \$18,700,000,000, respectively. There are 376,109 active contributing participants. Of the \$19,811,000 of University employer contributions to PERS for 2006, \$5,953,000 was to fund OPEB.

STRS has discretionary authority, pursuant to the Ohio Revised Code, over how much, if any, of the health-care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health-care cost in the form of a monthly premium. The balance in the Health Care Reserve Fund was \$3.3 billion at June 30, 2005 (the latest information available). For the year ended June 30, 2005, the net health-care costs paid by STRS were \$254,780,000. There were 115,395 eligible benefit recipients.

In addition to the pension benefits described above, the University provides postretirement health-care and dental benefits (under its labor agreement with the American Association of University Professors) to all

retirees who are participants of TIAA-CREF when they retire. During 2006, 2005, and 2004 the net cost of these benefits recorded on a pay-as-you-go basis totaled approximately \$2,945,000, \$2,972,000, and \$2,906,000 respectively.

B) Ohio Alternative Retirement Plan

On June 23, 1998, pursuant to Ohio House Bill 586, the University created an Ohio Alternative Retirement Plan (ARP), which is designed to aid the University in recruiting and retaining employees by offering a portable retirement option. The ARP is a defined-contribution plan that provides full and immediate vesting of all contributions made on behalf of the participants. Contributions are directed to one of eight investment management companies, which allows the participant to manage the investment of all retirement funds. New employees who qualify for the ARP have 90 days from the date of hire to elect the ARP option. Once this window has passed, the employee does not have the option to elect into the ARP.

At June 30, 2006, there were 1,825 members of the plan. During 2006, 2005, and 2004 the employer contributions were \$11,310,000, \$10,349,000, and \$9,194,000 respectively. During 2006 and 2005, the employer contribution rate for participants electing out of PERS was 12%, and 10.5% for employees electing out of STRS.

10. Restricted Net Assets

Restricted net assets are either nonexpendable or expendable. Nonexpendable restricted net assets consist primarily of endowments whose corpus is held in perpetuity. Only the income earned on the invested principal is used for the purpose specified by the donor. The principal of expendable restricted net assets may be used for the donor-specified purpose. Restricted nonexpendable and expendable net assets are held for the following purposes (*in thousands*):

	<u>2006</u>	<u>2005</u>
Restricted nonexpendable:		
Instruction	\$ 145,004	\$135,783
Research	80,398	77,025
Academic support	48,945	46,089
College/programs	312,011	288,569
Scholarships	129,004	114,946
Equity interest in Alliance	324,639	257,050
Other	<u>75,610</u>	<u>78,069</u>
Total	<u>\$1,115,611</u>	<u>\$997,531</u>
Restricted expendable:		
Instruction	\$ 31,621	\$ 29,085
Research	111,013	106,316
Academic support	30,234	28,539
College/programs	135,172	124,314
Scholarships	35,546	34,916
Student loans	9,021	9,119
Grants and contracts	6,327	9,131
Capital projects	31,160	50,987
Other	<u>8,210</u>	<u>7,775</u>
Total	<u>\$ 398,304</u>	<u>\$400,182</u>

11. Unrestricted Net Assets

Unrestricted net assets, as defined by GASB Statement 35, are not subject to externally imposed stipulations; however, they are subject to internal restrictions imposed by action of management or the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties.

12. Equity Interest in Alliance

Effective January 1, 1995, the University, acting on its own behalf and on behalf of University Hospital (the Hospital), entered into a Joint Operating Agreement (the Agreement) with The Christ Hospital, St. Luke Hospital, Inc. and The Health Alliance of Greater Cincinnati (the Alliance) for the purpose of forming an alliance of hospitals, physicians and other health-care providers in an integrated health-care delivery system. Jewish Health Systems, Inc. (Jewish Hospital) and Fort Hamilton Hospital Holding Company LLC (Fort Hamilton Hospital) also executed the Agreement effective January 1, 1996, and July 1, 1998, respectively. Under the terms of the Agreement, the Hospital, The Christ Hospital, Fort Hamilton Hospital, Jewish Hospital and St. Luke Hospital (collectively referred to as the Participating Entities) are managed by Alliance management, and their operating results are combined and allocated to the Participating Entities based on their calculated equity interests in the Alliance. The University's equity interest in the Alliance of 29.09% is based on the Hospital's pro rata portion of the Participating Entities' net assets. The University has recognized its equity interest in the Alliance of \$324,639,000 and \$257,050,000 for the years ended June 30, 2006 and 2005, respectively, in Other Long-term Investments and Restricted Nonexpendable Net Assets. Separate financial information regarding the Alliance may be obtained by contacting the Alliance at the Health Alliance of Greater Cincinnati, 3200 Burnet Avenue, Cincinnati, Ohio 45229.

Hospital revenues and expenditures are recorded by the Alliance. The University has reported its pro rata share (\$67,589,000 and \$33,695,000 for the years ended June 30, 2006 and 2005, respectively) of the Alliance's net gain as part of the change in the fair value of investments.

The University provides various shared services, consisting mainly of security and various administrative services, to the Health Alliance for which the University is reimbursed on a cost basis. The total cost of these services for the years ended June 30, 2006 and 2005 were approximately \$5,304,000 and \$4,033,000 respectively.

Also pursuant to the Agreement, the Hospital transferred to the University, as trustee, \$60 million of its unrestricted reserves into a separate quasi-endowment for the account of the Alliance to support academic programs of the University's College of Medicine. This amount was not considered in the calculation of the University's equity interest in the Alliance. The current market value of this fund was \$83,993,000 and \$79,672,000 as of June 30, 2006 and 2005, respectively.

Pursuant to the Operating and Affiliation Agreement between the Health Alliance and the University dated January 25, 2006, the Health Alliance provides financial support to the University for academic programs that directly or indirectly support patient care at the University Hospital or the Health Alliance. The Health Alliance also pays the University an annual education and research payment that must be used exclusively for academic health center purposes. The total of these payments for the years ended June 30, 2006 and 2005 were \$12,139,000 and \$6,567,000, respectively.

13. Capital Project Commitments

At June 30, 2006, the University is committed to future capital expenditures as follows (*in thousands*):

Contractual commitments	\$ 73,865
Estimated completion costs of projects	<u>56,090</u>
Total	<u>\$129,955</u>

These projects are being funded through various resources, including the State of Ohio, as follows (*in thousands*):

Approved state appropriations requested and released as of June 30, 2006	\$ 7,197
Approved state appropriations not yet requested	1,238
Gifts and Pledges	958
University funded prior to June 30, 2006	40,916
Funds to be provided subsequent to June 30, 2006, from various available sources	<u>79,646</u>
Total	<u>\$129,955</u>

The \$79,646,000 of funding to be provided subsequent to June 30, 2006 will come from state funds, federal funds, debt, gifts and University funds.

14. Self-Insurance Funds

The University currently provides for medical professional and general liability insurance through a combination of actuarially funded self-insurance and purchased commercial insurance in excess of the self-insurance amount. The medical professional liability insurance program also includes several qualified not-for-profit departmental (physician) practice corporations. Medical professional self-insurance limits were \$4 million per occurrence for 2006. An additional \$15 million in commercial excess professional liability insurance was provided above the self-insured retention. General liability coverage was provided as part of a group purchase arrangement of Ohio state universities through the Inter-University Council of Ohio (IUC). This program provided for \$250,000 retention per occurrence with the first \$100,000 funded by UC, and the remaining \$150,000 funded by pool funds held through the IUC. Excess commercial coverage for general liability was provided with total limits of \$50 million, of which \$45 million was shared with the other participating four-year universities in the state of Ohio. In addition, educators' legal liability coverage was provided through the IUC program with \$25 million in total limits, of which \$20 million was shared among the participating institutions.

The University's self-insurance funding is based on calculations by independent actuaries and funds are deposited directly into two irrevocable self-insurance trust funds, one for medical professional liability and one for general liability. In the opinion of management, trust assets totaling approximately \$20,338,000 are adequate to cover IUC estimated liabilities resulting from known claims and incidents and incurred-but-not-reported incidents as of June 30, 2006. The University has reported self-insurance trust assets of \$3,728,000 in other assets and liabilities, representing its interest in the two trust funds. IUC self-insurance pools are funded by an agreed formula among the participating four-year universities in the state of Ohio.

The University is also self-insured for a portion of medical and dental benefits provided to employees. The cost of such self-insured benefits provided during 2006 and 2005, respectively, was approximately \$21,197,000 and \$17,450,000, including \$1,861,000 and \$1,345,000 accrued for estimated claims incurred but not reported.

15. Commitments and Contingencies

The University is currently a defendant in various legal actions. Additional legal action regarding the Health Alliance of Greater Cincinnati but not involving the University could negatively affect a portion of the education and research payment received from the Health Alliance. Although the final outcome of such actions cannot currently be determined, the University's administration is of the opinion that the eventual liability, if any, will not have a material effect on the financial position or operations of the University.

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

In 2005 the Department of Education conducted a program audit of certain aspects of the University's Student Financial Aid Program. As a result of various findings of the Department of Education, the University has estimated a liability to the Department of Education approximating \$8 million.

The University's utility plant is exposed to market price fluctuations on its purchase of natural gas. The University has purchase commitments with certain suppliers of natural gas whereby the University can lock into the price of natural gas for a specified amount of natural gas that the University will take delivery of. As of June 30, 2006, the University has purchase commitments for 813,491 decatherm of gas at a price based on NYMEX, plus a surcharge on the date of the purchase commitment.

16. University of Cincinnati Foundation

The University of Cincinnati Foundation is a legally separate, tax-exempt component unit of the University. The principal function of the Foundation is to solicit, reserve, hold, invest and administer funds and to make distributions to or for the benefit of the University. Since these resources held by the Foundation can be used only by or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Accounts of the Foundation have been consolidated in the accompanying financial statements in accordance with generally accepted accounting principles for state-assisted colleges and universities which differ somewhat from generally accepted accounting principals for not-for-profit organizations. Pledges receivable for the benefit of the University totaling \$18,671,000 in 2006 and \$16,742,000 in 2005, and funds held in trust by the Foundation for the University of \$191,001,000 in 2006 and \$169,177,000 in 2005, have been recorded by the University and have, therefore, been eliminated from the amounts reported for the Foundation as of June 30, 2006 and 2005. Of these amounts, \$171,491,000 and \$148,815,000 has been invested as of June 30, 2006 and 2005 respectively in the University endowment pool investment pool.

A) Cash & Cash Equivalents

The carrying amount of the Foundation's cash and cash equivalents is \$10,891,000 as compared to bank balances of \$10,712,000. The difference between the carrying amounts and the bank balances is caused primarily by deposits in transit and outstanding checks.

Of the Foundation's bank balances, \$829,000 is covered by federal depository insurance, \$7,268,000 is uninsured and mutual funds hold \$2,615,000 in cash equivalents.

B) Investments

The fair value of investments at June 30 is *(in thousands)*:

	<u>2006</u>	<u>2005</u>
U. S. government securities	\$ 77	\$ 3,520
Corporate notes and bonds	-	4,424
Corporate stocks	928	1,120
Mutual funds	15,267	15,683
Other securities	875	1,360
Real estate	<u>978</u>	<u>832</u>
Total investments	<u>\$18,125</u>	<u>\$26,939</u>

GASB Statement 40 requires government entities to categorize investments of interest rate risk, credit risk, and custodial risk.

Interest Rate Risk

The Foundation's investments total \$18,125,000 and \$26,939,000 as of June 30, 2006 and 2005 respectively. The segmented time distribution method is used to portray interest rate risk for \$14,085,000 and \$21,533,000 of bond and other fixed income investments as of June 30, 2006 and 2005, respectively. Investments for the years ended June 30, 2006 and 2005 are summarized as follows (in thousands):

Investment Type	<u>Investment Maturities (In Years) 2006</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More than 10</u>
U.S. Treasury Obligations	\$ 867	\$ 5	\$ 34	\$ 828	\$ 0
U.S. Government Agency Obligations	1,965	59	669	635	602
Corporate Bonds	2,845	291	1,782	741	31
Bond Mutual Funds	8,290	0	728	7,447	115
Other	118	10	0	21	87
Total Investments	<u>\$ 14,085</u>	<u>\$ 365</u>	<u>\$ 3,213</u>	<u>\$ 9,672</u>	<u>\$ 835</u>

Investment Type	<u>Investment Maturities (In Years) 2005</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More than 10</u>
U.S. Treasury Obligations	\$ 1,830	\$ 1,108	\$ 444	\$ 0	\$ 278
U.S. Government Agency Obligations	4,629	266	3,784	173	406
Corporate Bonds	7,048	1,657	4,757	555	79
Bond Mutual Funds	7,890	0	1,116	6,599	175
Other	136	0	11	125	0
Total Investments	<u>\$ 21,533</u>	<u>\$ 3,031</u>	<u>\$ 10,112</u>	<u>\$ 7,452</u>	<u>\$ 938</u>

The Foundation does not have a policy for interest rate risk.

Credit Risk – Bond and other fixed income investments are rated by nationally recognized rating organizations as follows, as of June 30 (in thousands):

	<u>2006</u>	<u>2005</u>
U.S. Government Obligations	\$ 867	\$ 1,830
AAA	2,789	10,252
AA	4,520	2,396
A	1,817	4,080
BBB	209	452
BB	488	0
Not Rated	<u>3,395</u>	<u>2,523</u>
Total	<u>\$14,085</u>	<u>\$21,533</u>

Foundation investment grade bonds are limited to those in the first four grades of any rating system. The average rating of the portfolio of investment grade bonds must be in the top two grades of any rating system. Limited investments having strategic value to the University are permitted.

Custodial Credit Risk

Of the Foundation's \$18,125,000 total investments, approximately \$14,467,000 are uninsured, not registered in the name of the Foundation, and are held in trust departments or assets in the Foundation's name and are thus not exposed to custodial credit risk. The Foundation does not have a policy for custodial credit risk.

C) Endowment Investments

These funds represent separately invested endowments and split interest trusts where the Foundation is the remainderman.

D) Pledges Receivable

Contributors to the Foundation have made unconditional pledges totaling \$50,949,000 and \$70,026,000 as of June 30, 2006 and 2005, respectively. These pledges receivable have been discounted at a rate of six percent to a net present value of \$26,839,000 and \$46,991,000 as of June 30, 2006 and 2005, respectively, which represents fair market value. As of June 30, these pledges are due as follows (*in thousands*):

	<u>2006</u>	<u>2005</u>
Less than one year	\$11,621	\$25,959
One to five years	4,581	8,370
More than five years	<u>10,637</u>	<u>12,662</u>
Subtotal	26,839	46,991
Less allowance for uncollectibles pledges	<u>640</u>	<u>2,143</u>
Total	<u>\$26,199</u>	<u>\$44,848</u>

Separate financial information regarding the Foundation may be obtained by contacting the Foundation at University of Cincinnati Foundation, University Hall, Suite 100, 51 Goodman Drive, Cincinnati, Ohio 45221-0064.

17. Unconsolidated Related Organization

Prior to 2006, the University's Board of Trustees and the Board of County Commissioners of Hamilton County, Ohio (the County) constituted the membership of Drake center, Inc. (the Center), a nonprofit corporation created to operate a rehabilitation hospital and a skilled nursing facility. The Center was governed by a Board of Trustees, the majority of which were appointed by the University Board of Trustees. In addition, certain University officers/employees served on the Center's Board and in Center officer/employee positions under contractual arrangements.

In May 2006 the Health Alliance of Greater Cincinnati (the Health Alliance), the University, the Center and the County entered into a reorganization agreement for the Center. Under the terms of the agreement, the Health Alliance assumed ownership of the Center as of July 1, 2006 and became the sole member of the Center. The existing Board of Trustees of the Center, including those appointed by the University, resigned and the Health Alliance elected a new Board of Trustees. Accordingly, the prior relationship between the University and the Center ceased to exist as of July 1, 2006.

18. New Accounting Standards

Governmental Accounting Standards Board (GASB) Statement Number 45, *Accounting and Financial Reporting of Employers for Post Employment Benefits Other than Pensions* was issued in June 2004 and requires systematic measurement and recognition of other postemployment benefit expense and improved disclosure of accrued liabilities associated with such expenses. The provisions of this Statement are effective for fiscal periods beginning after December 15, 2006.

GASB Statement Number 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* was issued in September 2006 and establishes criteria to ascertain whether certain transactions should be regarded as sales or collateralized borrowings. The provisions of the Statement are effective for fiscal periods beginning after December 15, 2006.

Although not yet required to implement the aforementioned Statements for the year ended June 30, 2006, the University does not think that there will be a material effect on its financial statements when implementation does occur.

University of Cincinnati

*Independent Accountants' Report on
Agreed-Upon Procedures Performed
on the Department of Athletics
as Required by NCAA Bylaw 6.2.3.1
for the Year Ended June 30, 2006*

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To Dr. Nancy L. Zimpher, President
University of Cincinnati
Cincinnati, Ohio

We have performed the procedures enumerated below, which were agreed to by the University of Cincinnati (the "University"), with respect to the accounting records of the University as of June 30, 2006, solely to assist you in evaluating whether the accompanying statement of revenues and expenditures (the "statement") is in compliance with National Collegiate Athletic Association's ("NCAA") Bylaw 6.2.3.1 for the year ended June 30, 2006. The University's management is responsible for the statement and for 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 described below either for the purpose for which this report has been requested or for any other purpose.

Affiliated/Outside Organizations

- a. The University has informed us that the only outside organization that receives revenues on behalf of the University is the University of Cincinnati Foundation (the "Foundation"). We confirmed with the Foundation its financial activity conducted on behalf of the University, a summary of which is included as Exhibit B to this report.
- b. We agreed a random sample of five selections of disbursements of athletics funds to supporting documentation and noted no exceptions.

Statement of Revenues and Expenditures

- c. We obtained the statement of revenues and expenditures, as prepared by the Department of Athletics of the University, for the year ended June 30, 2006, which is included as Exhibit A. We agreed the revenue and expenditure amounts reported on the statement to the University's general ledger and noted no exceptions, except for one reconciling item in the amount of \$93,500, in the direct facilities, maintenance, and rental line item, which was to reflect a correcting journal entry made subsequent to year-end.
- d. We obtained the schedule of athletics-related assets as of June 30, 2006, as prepared by the University. For a random selection of 10 of these assets, we agreed them to the University's general ledger and noted no exceptions.
- e. We obtained the schedule of annual maturities of both principal and interest of athletics-related debt as prepared by the University. We recalculated the annual maturities of principal and interest and agreed the maturities to supporting documentation and the University's general ledger.

Agreed Upon Procedures for Revenues

- f. We compared each major revenue category on the Statement of Revenues and Expenditures to budget estimates and prior year amounts. Revenue categories constituting more than 10% of total revenue were considered a major revenue category. The Department of Athletics provided explanations to major revenue category fluctuations greater than 10% of prior year amounts and budget estimates.
- g. For men's football and basketball ticket revenue, we compared the season and gate sold ticket information from the Paciolan ticketing system to the general ledger. We noted unexplained differences of \$8,659, .28% for men's basketball ticket revenue, with the Paciolan system higher than the general ledger and \$6,644, .01% for men's football ticket revenue, with the Paciolan system lower than the general ledger. We randomly selected a total of five basketball and football games' ticket revenue reported and agreed such amounts to batch revenue support.
- h. We selected a random sample of four football and one basketball settlement reports for away game guaranteed contests and agreed each selection to amounts recorded in the University's general ledger and supporting documentation.
- i. We obtained a list of contributions of all money, goods, or services received directly by the Department of Athletics from the University. From the list provided by the University, we did not note any individual contributions that constituted 10% or more of total contributions received.
- j. We compared direct institutional support recorded by the University with institutional authorizations and found them to be in agreement.
- k. We obtained the Big East Conference Distribution Schedule and the Big East Conference Football Check breakdown schedule relating to the University's participation in revenues from tournaments during the year ended June 30, 2006, provided by the Department of Athletics. We also obtained a schedule of the related revenues from the Department of Athletics and agreed the amounts to the University's general ledger.
- l. We obtained and read all agreements relating to broadcast, television, radio, and internet rights from the Department of Athletics. We agreed the related revenue to supporting documentation and the general ledger.
- m. We obtained a schedule of program, concession, novelty, and parking revenue from the University. We randomly selected one parking revenue receipt and one concession revenue receipt and agreed them to cash remittance advices.
- n. We obtained a schedule of royalties, advertisements, and sponsorships from the University. We agreed the balance to the general ledger. We made a random sample of one receipt for advertising, which represented 74% of the revenue line item and agreed the receipt to supporting documentation and the related agreement.
- o. The University of Cincinnati Foundation is the trustee of certain athletic endowments. For a random sample of five endowments, including one new endowment received in 2006, we obtained and read endowment agreements, if any, and reviewed the relevant terms and conditions. We compared and agreed the classification of endowment and investment income to the uses defined within the related endowment agreement obtained.

- p. We obtained supporting schedules for other revenue and agreed amounts in the schedules to the statement. We made a random sample of five other revenue receipts from the supporting schedules and compared the receipts to supporting documentation obtained. For one of our selections, we noted that the amount recorded as revenue in the University's general ledger was understated by \$538.

Agreed Upon Procedures for Expenditures

- q. We randomly selected 10 athletic students from the University's listing of student aid recipients. For each selection, we obtained individual student account detail and compared total aid allocated from the related award letter to amounts applied to the student's account and found them to be in agreement.
- r. We obtained and read five home game guarantee agreements received by the University and agreed the related expense to the University's general ledger and/or the statement of revenues and expenditures.
- s. We obtained and read a listing of coaches employed by the University and randomly selected five coaches that included football, men's basketball, and women's basketball. We compared and agreed the financial terms and conditions of each selection, along with the W-2s and 1099s for each selection, to the related coaching salaries, benefits, and bonuses recorded in the statement.
- t. We randomly selected a sample of five support staff/administrative personnel employed by the University and obtained and read the related W-2s and 1099s. We compared and agreed the related W-2s and 1099s to related salaries, benefits and bonuses paid by the University to the statement.
- u. We selected all three employees who received severance payments and agreed each severance payment to the related termination letter or employment contract.
- v. We obtained supporting schedules for equipment, uniforms and supplies expenses from the athletics department and agreed amounts in the schedules to the statement. We selected a random sample of two expenditures from the supporting schedules and compared to supporting documentation obtained and found them to be in agreement.
- w. We obtained supporting schedules for game expenses from the Department of Athletics and agreed amounts in the schedules to the statement. We selected a random sample of five game expenditures from the supporting schedules and compared to supporting documentation obtained and found them to be in agreement.
- x. We obtained supporting schedules for fundraising, marketing and promotion expenses from the athletics department and agreed amounts in the schedules to the statement. We selected a random sample of two fund raising, marketing, and promotional expenditures from the supporting schedules and compared to supporting documentation obtained, noting no exceptions.
- y. We obtained supporting schedules for direct facilities, maintenance, and rental expenses from the Department of Athletics and agreed amounts in the schedules to the statement. We selected a random sample of two direct facilities, maintenance, and rental expenses from the supporting schedules and compared to supporting documentation obtained, noting no exceptions.

- z. We obtained supporting schedules for spirit group expenses from the Department of Athletics and agreed amounts in the schedules to the statement. We selected a random sample of two spirit group expenditures from the supporting schedules and compared to supporting documentation obtained and found them to be in agreement.
- aa. We obtained supporting schedules for medical and medical insurance expenses from the Department of Athletics and agreed amounts in the schedules to the statement. We selected a random sample of five medical and medical insurance expenditures from the supporting schedules and compared to supporting documentation obtained and found them to be in agreement.
- bb. We obtained supporting schedules for membership and dues expenses from the Department of Athletics and agreed amounts in the schedules to the statement. We selected a random sample of two membership and dues expenditures from the supporting schedules and compared to supporting documentation obtained and found them to be in agreement.
- cc. We obtained supporting schedules for other operating expenses from the Department of Athletics and agreed amounts in the schedules to the statement. We selected a random sample of five other expenditures from the supporting schedules and compared to supporting documentation obtained and found them to be in agreement.

Agreed-Upon Procedures Related to the Internal Control Over Compliance

Our procedures and results are as follows:

- dd. Certain inquiries were made of the Controller's Office and Department of Athletics personnel relating to the procedures and internal accounting controls unique to the Department of Athletics, specifically, departmental organization, control consciousness of staff, use of internal auditors in the department, competency of personnel, adequate safeguarding and control of records and assets, and controls over interaction with the information technology department.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Also, projections by the specified users of their evaluation of the internal control structure over financial reporting to future periods are subject to risk that the internal control structure may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We were not engaged to perform an audit, the objective of which would be the expression of an opinion on the statement of revenues and expenditures of the Department of Athletics of the University or the statement's compliance with NCAA Bylaw 6.2.3.1. 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. Nor were we engaged to perform an examination, the objective of which would be the expression of an opinion on management's assertion about the effectiveness of the internal control structure over financial reporting. Accordingly, we do not express such an opinion. Had we been engaged to perform 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 administration of the University, the Ohio Board of Regents, and authorized representatives of the NCAA, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

January 5, 2007

**UNIVERSITY OF CINCINNATI
DEPARTMENT OF ATHLETICS**

**STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

EXHIBIT A

	Football	Men's Basketball	Women's Basketball	Other Men	Other Women	Non-Program Specific	Total
REVENUES:							
Ticket sales	\$ 1,274,722	\$ 3,136,806	\$ 12,983	\$ 17,195	\$ 6,043	\$ 3,836	\$ 4,451,585
Guarantees	1,115,000	200,000		8,000			1,323,000
Contributions	1,969,000	329,004	400	40,528	17,536	1,853,685	4,210,153
Direct institutional support						5,723,784	5,723,784
NCAA/Conference distributions including all tournament revenues	2,000,000	1,092,846				543,180	3,636,026
Broadcast, television, radio, and internet rights	91,531	42,500					134,031
Program sales, concessions, novelty sales, and parking	217,514	169,191		9,474	2,667	49,179	448,025
Royalties, licensing, advertisements, and sponsorships					2,056	1,106,801	1,108,857
Endowment and investment income	48,797	4,236		40,728	743	313,664	408,168
Other	4,715	5,506	21,602	3,276	30,150	590,913	656,162
Total revenue	6,721,279	4,980,089	34,985	119,201	59,195	10,185,042	22,099,791
EXPENDITURES:							
Athletics student aid	2,241,695	394,390	382,073	958,738	1,780,303	249,275	6,006,474
Guarantees	905,000	616,033	50,000	6,500	15,343		1,592,876
Coaching salaries, benefits, and bonuses paid by the University and related entities	2,017,346	854,057	439,788	533,224	700,694		4,545,109
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	225,773	568,568	31,491	9,073	20,047	3,783,154	4,638,106
Severance payments	165,000	2,643,332					2,808,332
Recruiting	202,125	96,625	51,916	79,097	75,977		505,740
Team travel	583,878	272,383	230,016	333,603	412,053	1,781	1,833,714
Equipment, uniforms, and supplies	158,391	6,929	14,483	67,267	190,067	3,201	440,338
Game expenses	428,731	679,033	73,954	77,879	53,551	11,495	1,324,643
Fund raising, marketing, and promotion		1,863		2,850	2,350	495,127	502,190
Direct facilities, maintenance, and rental	13,364	13,658	2,555	5,912	4,255	623,688	663,432
Spirit groups						286,066	286,066
Medical expenses and medical insurance	2,398			126	881	643,002	646,407
Memberships and dues	2,053	2,818	10,480	8,210	11,280	14,156	48,997
Other operating expenses	872,990	229,804	49,860	105,826	176,319	1,595,519	3,030,318
Total expenditures	7,818,744	6,379,493	1,336,616	2,188,305	3,443,120	7,706,464	28,872,742
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$(1,097,465)	\$(1,399,404)	\$(1,301,631)	\$(2,069,104)	\$(3,383,925)	\$ 2,478,578	\$(6,772,951)

See notes to statement of revenues and expenditures.

UNIVERSITY OF CINCINNATI DEPARTMENT OF ATHLETICS

NOTES TO STATEMENT OF REVENUES AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT A

1. SUMMARY OF PRESENTATION POLICIES

The amounts in the accompanying statement of revenues and expenditures were obtained from the University of Cincinnati's (the "University") general ledger, which is maintained on an accrual basis. All revenues and expenditures directly related to various sports were disclosed as such, except items which were not applicable, such as compensation and benefits paid by third parties. The University records depreciation on physical plant and equipment; however, depreciation is not part of the statement of revenues and expenditures.

2. CONTRIBUTIONS

In accordance with the provisions of Statement of Governmental Accounting Standards No. 34, which the University follows, contributions are classified as unrestricted, expendable or nonexpendable dependent upon any donor-imposed restrictions. Contribution revenue included in the statement of revenues and expenditures represent contributions given to the University's Department of Athletics based on donor's instructions.

There were no individual contributions in excess of 10% of all contributions received for the Department of Athletics for the year ended June 30, 2006.

3. PROPERTY, PLANT, AND EQUIPMENT

Land, land improvements, infrastructure, buildings, and equipment are recorded at cost at date of acquisition, or market value at date of donation. The University's capitalization threshold is \$100,000 for major capital projects and \$5,000 for all other capitalized items. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction. University property and equipment are depreciated using the straight-line method over the estimated useful lives (from five to fifty years) of the respective assets. When plant assets are sold or disposed of, the carrying value of such assets and the associated depreciation are removed from the University's records.

The University does not capitalize works of art or historical treasures that are held for public exhibition, education or research in furtherance of public service. These collections are neither disposed of for financial gains nor encumbered in any way. In addition, the University requires the proceeds from the sale of collection items be used to acquire other collection items. Accordingly, such collections are not recognized or capitalized for financial statement purposes. All other works of art or historical treasures are capitalized at historical or fair value at date of donation.

4. REPAYMENT SCHEDULE FOR OUTSTANDING DEBT

The repayment schedule as of June 30, 2006, for outstanding debt related to the Department of Athletics of the University is as follows:

Fiscal Year	Principal	Interest	Total
2007	\$ 2,539,568	\$ 3,217,136	\$ 5,756,704
2008	2,638,652	3,112,344	5,750,996
2009	2,761,534	2,999,366	5,760,900
2010	2,249,516	2,878,615	5,128,131
2011	3,108,993	2,782,576	5,891,569
2012-2016	15,812,195	11,617,107	27,429,302
2017-2021	16,830,463	7,721,205	24,551,668
2022-2026	21,348,567	3,199,916	24,548,483

Also, at June 30, 2006, the Department of Athletics has an outstanding note payable of approximately \$1,815,000 to the Big East Conference for the Big East Conference entrance fee. The note payable matures in four annual payments of \$500,000 of principal plus interest.

UNIVERSITY OF CINCINNATI

DEPARTMENT OF ATHLETICS SCHEDULE OF NONEXPENDABLE FUNDS HELD BY THE UNIVERSITY OF CINCINNATI FOUNDATION FOR THE DEPARTMENT OF ATHLETICS

EXHIBIT B

The University of Cincinnati Foundation holds both expendable and nonexpendable funds for the University's Department of Athletics. In addition to expendable University athletic funds held by the Foundation, which is presented on the following pages, the Foundation holds nonexpendable funds. The cost and market of these funds at June 30, 2006, provided by Foundation management, are as follows:

	Cost	Market
IAE Fund	\$ 983,621	\$ 1,105,824
Pete Rose Scholarship	18,434	36,844
Sciffert-Bennington	5,589	13,543
Charles H. Keating, Jr.	70,863	142,418
George and Helen Smith	77,641	137,302
Harold R. Coplan	55,360	92,148
UCATS Life Members	114,624	210,410
Non-Revenue Sports	25,570	33,420
E. & M. Alexander	148,850	202,699
Bob Hauer Fund	60,298	85,387
Kostelnik Football	34,521	41,395
Van Exel Endowment Scholarship	75,000	76,483
Roy and Marion Evers	22,736	22,195
Hendrick J. Hartong, Jr.	181,439	172,484
Fredrick Braun Baseball	125,406	117,985
Dale & Ruth Beyring Scholarship	45,010	42,899
Herschede Football Scholarship	601,054	525,357
Herschede Scholarship	1,465,972	1,282,847
J. Aufderbeck-Athletic Scholarship	150,000	157,148
George Smith Society	1,588,720	1,580,648
Coach Ed Jucker Baseball Endowment	263,749	231,439
Ron Grinker Basketball Scholarship	55	
Ryan Komenda Fund	69,798	76,060
Clark A. Oyler Fund	122,018	117,913
Mayer Scholarship Fund	16,855	16,276
Reiter Memorial Athletic Fund	776	
Nicholas L. Skorich Scholarship Fund	6,000	6,000
Stephens Endowment Fund	12,793	12,793
Roy Evers Unitrust	82,799	147,399
Jack & Anne Drake Unitrust	166,002	238,241
Herbert & Phyllis Seilkop Unitrust	7,404	18,314
Clark A. Oyler Fund	(75,535)	
Clifford Goldmeyer Unitrust	220,388	268,663
Harold Merten Unitrust	1,951	66,958
Varsity Village Fund	(44,515)	(44,515)
Priscilla G. Haffner	170,171	366,569
Martha C. Anness	202,431	395,344
Sarah G. Skidmore	185,516	348,476
Total endowment and restricted funds	<u>\$ 7,259,364</u>	<u>\$ 8,345,366</u>

UNIVERSITY OF CINCINNATI

STATEMENT OF CHANGES IN EXPENDABLE FUNDS OF THE UNIVERSITY OF CINCINNATI FOUNDATION FOR OR ON BEHALF OF THE UNIVERSITY'S DEPARTMENT OF ATHLETICS FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT B

	Beginning Fund	Increase in Funds (1)	Expenses for or on Behalf of Program (2)	Transfers and Other	Ending Fund
University of Cincinnati Foundation:					
Gift Accounts:					
Alton E. Purcell	\$ 4,717	\$ 18,566	\$ (18,717)	\$ -	\$ 4,566
Annual Scholarship Fund	1,800,749	3,368,357	(3,417,161)	691	1,752,636
Athletic Facilities Campaign					
Athletic Special Projects	3,520	7,800	(9,041)		2,279
Athletics Tickets/Parking		62,949	(62,949)		
Athletics—Baseball	250	23,000	(23,250)		
Athletics—Cheerleading	7,336	1,746	(9,082)		
Athletics—Football	30				30
Athletics—Men's Soccer		8,750	(8,750)		
Athletics—Track and Field	6,538	2,972	(8,045)		1,465
Athletics—Women's Basketball		820	(820)		
Athletics—Women's Soccer		730	(980)		(250)
Athletics—Women's Swimming & Diving	178				178
Athletics—Women's Track & Field	3,858	2,823	(5,215)		1,466
Athletics—Golf		2,815	(3,057)		(242)
Athletics—Women's Golf	4,260	7,770	(12,287)		(257)
Athletics—Dance	250				250
Bearcat Invitational	210				210
Bearcat Kids Club	2,388	1,620	(4,008)		
Bearcats Men's Basketball Tip-off Event	5,799				5,799
Cattitude on the Commons	3,783		(480)		3,303
Cinco—I-75 Challenge	5				5
Football UCATS	485				485
Friends of Volleyball					
Friends of Women's Rowing					
George Smith Society Athletic Scholarship	78,504	553,635	(550,880)	1,587	82,846
Jean Stephens Memorial Fund	8,861	2,000	(10,861)		
Legion of Excellence Fund		12,400	(13,351)	200	(751)
Football Bowl Gift Fund	400				400
Red and Black Society	3,757	61			3,818
Richard Lindner Fund					
UCATS Club Pass Fund	10,440	23,737	(15,099)		19,078
George Strike Insurance Prem.	174,069	41,407	(35,500)		179,976
Women's Athletic Discretionary		300	(300)		
UCATS Fund—Men's Basketball	1,172		(1,172)		
Kolodzik Volleyball Travel Fund		64,500	(54,808)		9,692
Director of Athletics Discretionary		416			416
Friends of C.P.A.W.S		150	(150)		
Stephanie Rosfeld Memorial Fund	4,035			(4,035)	
William Parchman Fund	2,855			(2,855)	
Total Gift Accounts	2,128,449	4,209,324	(4,265,963)	(4,412)	2,067,398

(Continued)

UNIVERSITY OF CINCINNATI

STATEMENT OF CHANGES IN EXPENDABLE FUNDS OF OUTSIDE ORGANIZATIONS FOR OR ON BEHALF OF THE UNIVERSITY'S DEPARTMENT OF ATHLETICS FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT B

	Beginning Fund	Increase in Funds (1)	Expenses for or on Behalf of Program (2)	Transfers and Other	Ending Fund
Endowment Income Accounts:					
IAE Fund	\$ -	\$ 53,007	\$ (53,062)	\$ 55	\$ -
Pete Rose Scholarship		2,156	(1,574)	(582)	
Seiffert-Bennington		793	(579)	(214)	
Charles H. Keating, Jr.		8,334	(6,084)	(2,250)	
George and Helen Smith		7,587	(5,538)	(2,049)	
Harold R. Coplan		5,446	(5,446)		
UCATS Life Members		12,313	(8,988)	(3,325)	
Non-Revenue Sports		1,975	(1,975)		
E. & M. Alexander		11,627	(8,488)	(3,139)	
Bob Hauer Fund		4,966	(3,625)	(1,341)	
Kostelnik Football		2,446	(2,446)		
Van Exel Endowment Scholarship		4,520	(4,520)		
Roy and Marion Evers		1,312	(1,312)		
Hendrick J. Hartong, Jr.		10,193	(10,193)		
Fredrick Braun Baseball		6,973	(6,973)		
Dale & Ruth Beyring Scholarship		2,426	(2,426)		
Herschede Football Scholarship		31,047	(31,047)		
Herschede Scholarship		75,814	(75,814)		
J. Aufderbeck-Athletic Scholarship		9,287	(9,287)		
George Smith Society		84,282	(84,282)		
Ryan T. Komenda Endowment		4,429	(3,233)	(1,196)	
Clark A. Oylar Fund		1,742	(1,742)		
Mayer Scholarship Fund		186	(54)	(132)	
Coach Ed Jucker Baseball Endowment		13,678	(13,678)		
Total Endowment Income Accounts		356,539	(342,366)	(14,173)	
Total U.C. Foundation	\$ 2,128,449	\$ 4,565,863	\$ (4,608,329)	\$ (18,585)	\$ 2,067,398

(Concluded)

- (1) Amount includes cash receipts and interest accruals allocated to the endowment accounts
- (2) Amount represents funds disbursed for or on behalf of the University's Department of Athletics. The funding source of the disbursements represents funds recognized as current gift revenue by the Department of Athletics of \$4,045,369 and endowment income of \$237,835. It also includes funds expended on behalf of the U.C. athletic program of \$325,125.

* * * * *



Mary Taylor, CPA
Auditor of State

UNIVERSITY OF CINCINNATI

HAMILTON 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
FEBRUARY 22, 2007**