THE OHIO STATE UNIVERSITY BOARD OF TRUSTEES
FISCAL AFFAIRS/AUDIT AND COMPLIANCE COMMITTEE

February 4, 2010

TOPICS:

Mid-Year Financial Report

CONTEXT:

The purpose of this report is to identify areas of financial risk from an enterprise-wide perspective.

SUMMARY:

Overall, University finances are stable but the environment continues to be uncertain. Therefore, it is important to continue to move the institution forward academically while remaining fiscally prudent. Areas highlighted include:

- Enrollments
- OSU Medical Center
- State Support
- Research
- Private Fund Raising
- Investments
- General Fund Operations
- Auxiliaries
- Bond Sales/Debt management
- Affiliated Entities
- Reserves
- Enterprise Systems
- Stimulus funding

CONSIDERATIONS:

- Have key risks been identified?
- What action steps have been taken; are they appropriate and what are next steps?
- What additional information would the Committee like to have?

REQUESTED OF FISCAL AFFAIRS/AUDIT AND COMPLIANCE COMMITTEES:

For discussion and advice only. No vote required.
Date: January 26, 2010

Subject: Mid-Year Financial Report

From: William J. Shkurti

To: E. Gordon Gee

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This memorandum summarizes the review of the University's financial condition at the mid-year point of Fiscal Year 2010. Despite the weakness in the economy, the University's finances continue to remain stable, but significant challenges lie ahead. Listed below are the major areas of financial risk and an assessment of the outlook for the remainder of FY 2010 and then FY 2011, and where applicable, into the next biennium.

Enrollment - Columbus Campus

Actual Headcounts continue to exceed the Projected Headcount by an average of 1.4%%, at both the undergraduate and graduate levels.

### Fiscal Year 2010

### Actual Vs. Projected Headcounts

<table>
<thead>
<tr>
<th>Category</th>
<th>Actual 2010</th>
<th>Budget 2010</th>
<th>Act. - Budget</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Undergraduate</td>
<td>91,614</td>
<td>90,309</td>
<td>1,305</td>
<td>1.4%</td>
</tr>
<tr>
<td>2-Graduate</td>
<td>27,675</td>
<td>27,182</td>
<td>493</td>
<td>1.8%</td>
</tr>
<tr>
<td>3-Professional</td>
<td>7,653</td>
<td>7,653</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>126,942</td>
<td>125,144</td>
<td>1,798</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

**NOTE:** Includes *Summer, Autumn, and Winter Quarters.*

**SOURCES:** Budget: Budget Planning (Headcount Enrollment Projection Summary) for Columbus Campus; Actual: Quarter 15th Day Enrollment, University Registrar.

An Enrollment Management Committee has been established to develop the University’s plan to continue to attract a highly qualified, diverse student population. This committee is focusing on quality of student, geographical diversity and financial aid at the Columbus Campus and Regional Campuses.

**Status:** FY 2010 Green FY 2011 Green
Enrollment - Regional Campuses

These are the combined summer, autumn and winter quarter headcount enrollment figures. Because of their relatively small size, regional campus enrollment fluctuations of ±5% are not unusual. All campuses except ATI are above estimates. Enrollment variances, both at ATI and on the regional campuses, continue to be monitored. A concern for FY 2011 and beyond is the loss of the Ohio College Opportunity Grants at the regional campuses and the continued work at the state level in defining the roles for community colleges and university regional campuses.

Fiscal Year 2010

Actual Vs. Projected Headcounts
Summer, Autumn, & Winter Quarters

<table>
<thead>
<tr>
<th>Campus</th>
<th>Projected 1</th>
<th>Actual 2</th>
<th>Difference</th>
<th>% 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lima</td>
<td>3,125</td>
<td>3,296</td>
<td>171</td>
<td>5.5</td>
</tr>
<tr>
<td>Mansfield</td>
<td>3,260</td>
<td>3,576</td>
<td>316</td>
<td>9.7</td>
</tr>
<tr>
<td>Marion</td>
<td>3,740</td>
<td>3,997</td>
<td>257</td>
<td>6.9</td>
</tr>
<tr>
<td>Newark</td>
<td>5,120</td>
<td>5,430</td>
<td>310</td>
<td>6.1</td>
</tr>
<tr>
<td>ATI</td>
<td>1,599</td>
<td>1,489</td>
<td>-110</td>
<td>-6.9</td>
</tr>
</tbody>
</table>

1 Projected FY 2010 headcounts provided by regional campus fiscal officers
2 Headcounts per Registrar’s 15th Day Report
3 Percentage difference between actual and projected headcount enrollment for FY 2010 summer, autumn and winter terms.

Status: FY 2010 Green \ FY 2011 Yellow

OSU Medical Center

The Health System is close to budget for the first six months of the fiscal year. Admissions and outpatient visits are over budget, but net revenue is slightly (4.5%) below budget target due to declining interest rates. Operating EBIDA margin is at target, and cash and debt service indicators are above target. Given the uncertain impact of possible federal health care legislation, FY 2011 and the next biennium may require the University to address additional challenges as the ramifications of that legislation become clear.

Status: FY 2010 Green \ FY 2011 Yellow
State Support

Board of Regents final SSI distribution numbers for FY 2010 are $1.2 million above budget for the Columbus Campus. In December the Governor and Legislature reached a compromise to delay the final phase-in of a 21% cut in the income tax passed in 2005 until Fiscal Year 2012. This action stabilized FY 2010 and FY 2011, but state revenue projections are still at the mercy of the economy. Also included in the bill were provisions allowing for demonstration projects for construction reform at Ohio’s public campuses. Funding levels for FY 2012/2013 remain a strong concern due to continued uncertainty regarding the longer term outlook for the state budget.

Status: FY 2010 Green FY 2011 Yellow

Research

After the second quarter, Indirect Cost Recoveries are running 10.1% higher than FY 2009, and above college FY 2010 projections. New awards are up 24% compared to the second quarter of FY 2009. It is still too early to draw any final conclusions about year-to-year growth, but results are promising. Research continues to work on implementation of the recommendation to include the Office of Sponsored Programs as a support unit within the University, with the goal of completing the restructuring in FY 2010. For FY 2012/2013, the phase out of stimulus funding for research initiatives may impact grants funding levels.

Status: FY 2010 Green FY 2011 Yellow

Private Fund Raising

For the first two quarters of FY 2010, cash receipts, including current use gifts and additions to endowments, but excluding grants processed through the Research Foundation, decreased 1.3% compared to the same period in FY 09. Overall, fundraising activity for the first two quarters, which includes gifts, private grants, pledge commitments and planned gifts, decreased 12% compared to the same period in FY 09.

Status: FY 2010 Yellow FY 2011 Yellow

Investments

The first half of FY 2010 showed net investment returns of 14.8%. The Long Term Investment Pool has moved back to near $1.9 billion. OSU liquidity has been maintained at a high level which has given us safety, but has been somewhat of a drag on performance. There should be sufficient room to reduce that cushion while being mindful of the potential for a soft second half of Calendar 2010 (first half of Fiscal Year 2011). Income from short-term investments is projected to come in about $3 million less than budget, due to low interest rates. Therefore, some adjustments will need to be made.

Status: FY 2010 Green FY 2011 Yellow
General Fund Operations

General fund operations are stable for this year. Concerns over the economy continue to be monitored.

Status: FY 2010 Green FY 2011 Yellow

Auxiliaries

The results here are mixed. Athletics and the Blackwell have seen some fall-off in revenue due to the economy and have taken corrective action. Other operations, such as the Fawcett Center and Housing have not, but are making preparations to respond swiftly as needed.

Status: FY 2010 Yellow FY 2011 Yellow

Bond Sales/Debt Management

Both University short term and long term debt have been placed at very favorable interest rates. Through refinancing, variable rate debt exposure was reduced from 42% to 28% of outstanding debt. The refinancing also refunded $84.6 million fixed rate bonds at lower rates that will reduce debt service by $4.6 million over the next 11 years. The university retained its AA/AA2 ratings. The next long term debt issue will not take place until FY 2011. The uncertainty of state capital funding and the plan for major projects in the next several years will require close monitoring.

Status: FY 2010 Green FY 2011 Yellow

Affiliated Entities

Most of the 12 affiliated entities appear to be stable at this point. Of the three identified as facing financial challenges, SciTech is having a strong year, with rental revenue ahead of projections. Campus Partners’ net operating income is below budget. It is re-working its business plan to remain financially flexible in this uncertain environment. Prologue is focusing its efforts on improving its financial performance.

Status: FY 2010 Yellow FY 2011 Yellow

Reserves

Reserves as a whole are on target. The uncertainty of state funding in the next biennium due to the lack of stimulus funds to support the budget may require use of some of the reserve funding in the future.

Status: FY 2010 Yellow FY 2011 Yellow
Enterprise Systems

The Student Information System is operational, but continues to be refined as we go through the start-up phase. The pending implementation of semesters will have an impact on the system and will require updates and changes.

Status: 

FY 2010 Green  FY 2011 Yellow

Stimulus Funds

Through December 31, 2009, a total of $69.2 million in stimulus dollars has been awarded to OSU. Of that amount, $68.2 million has come through sponsored programs. Funds actually expended total $7.9 million, of which $6.4 million has been received. These figures do not include State Share of Instruction dollars, which are being reported at the state level. The University continues to carefully monitor these funds to insure compliance.

Status: 

FY 2010 Green  FY 2011 Yellow

If you would like any additional information, let me know.

c: Suzi Ballinger
Integrated Financial Planning Group
THE OHIO STATE UNIVERSITY BOARD OF TRUSTEES
FISCAL AFFAIRS/AUDIT AND COMPLIANCE COMMITTEES

February 4, 2010

Topic: FY 2009 Budget vs. Actual

Context:

This is an annual report that reconciles annual spending vs. original budget for the three major fund groups. It is a measure of how well we did forecasting resources and expenses and a way of identifying emerging issues.

Approved targets are:

<table>
<thead>
<tr>
<th></th>
<th>± 1%</th>
<th>± 5%</th>
<th>± 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Summary:

- General Fund expenditures were below the target. This was primarily a result of spending controls implemented during the year due to the economic climate and instability in the state budget.
- General Fund resources were above estimates. This was primarily a result of Private and Federal Grant revenues coming in above budget estimate.
- Earnings resources and expenditures were within the target.
- Restricted resources and expenditures were well within target.

A more detailed summary is attached.

Considerations:

- Are the approved targets still appropriate?
- How does this information reconcile with what is in the audited annual financial statements?
- Is there any additional information the Committee would like to have?

Requested of Fiscal Affairs/Audit and Compliance Committees:

For information only. No vote required.
## Summary of Budget vs. Actual
### FY 2009

<table>
<thead>
<tr>
<th>Category</th>
<th>Budgeted Resources and Expenditures (billions)</th>
<th>Goal</th>
<th>Difference</th>
<th>Goal Met?</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Funds</td>
<td></td>
<td>± 1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resources</td>
<td></td>
<td></td>
<td>+1.29%</td>
<td>No</td>
<td>Private and federal grants exceeded estimates by 14.3%. Investment income exceeded budget by 3.8%</td>
</tr>
<tr>
<td>Expenditures</td>
<td></td>
<td></td>
<td>-5.81%</td>
<td>No</td>
<td>Spending controls were implemented in FY 09 due to budget uncertainty at the state level and market volatility.</td>
</tr>
<tr>
<td>Earnings</td>
<td></td>
<td>± 5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resources</td>
<td>$2.24</td>
<td></td>
<td>-0.23%</td>
<td>Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$2.16</td>
<td></td>
<td>-3.33%</td>
<td>Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Restricted</td>
<td></td>
<td>± 10%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resources</td>
<td>$0.87</td>
<td></td>
<td>-3.2%</td>
<td>Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$0.87</td>
<td></td>
<td>-3.2%</td>
<td>Yes</td>
<td>N/A</td>
</tr>
</tbody>
</table>
COMPARISON OF GENERAL FUNDS BUDGET TO ACTUAL
TOTAL UNIVERSITY FOR FY 2009
(In Thousands)
RP Goal: To forecast Revenues and Expenditures
for General Funds within +/- 1%

<table>
<thead>
<tr>
<th>Resources</th>
<th>Original Budget</th>
<th>Actual (1)</th>
<th>Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Subsidy &amp; Appropriation</td>
<td>404,905</td>
<td>402,226</td>
<td>(2,678)</td>
<td>-0.66%</td>
</tr>
<tr>
<td>Student Fees</td>
<td>726,014</td>
<td>732,469</td>
<td>6,455</td>
<td>0.89%</td>
</tr>
<tr>
<td>Gift, Grants and Contracts</td>
<td>76,776</td>
<td>87,742</td>
<td>10,966</td>
<td>14.28%</td>
</tr>
<tr>
<td>Other Income</td>
<td>33,313</td>
<td>34,568</td>
<td>1,255</td>
<td>3.77%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>1,241,008</strong></td>
<td><strong>1,257,005</strong></td>
<td><strong>15,997</strong></td>
<td><strong>1.29%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and General</td>
<td>1,240,913</td>
<td>1,168,812</td>
<td>(72,101)</td>
<td>-5.81%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>1,240,913</strong></td>
<td><strong>1,168,812</strong></td>
<td><strong>(72,101)</strong></td>
<td><strong>-5.81%</strong></td>
</tr>
</tbody>
</table>

Notes:
(1) Actual adjusted to exclude revenues and expenses from affiliated entities.
(2) Variance due to private and federal and contracts exceeding budget by $13.5 million; private grants and contracts exceeding estimate by $8.4 million while state and local grants lagged budget by $ 10.9 million. Historical data are used to project revenues from grants and contracts. In FY 09 several federal grants came on-line that were not accounted for in the historical data but will be in future budget cycles.
(3) Actual spending reflects spending controls implemented in FY 09 in response to economic conditions and uncertainty over the state budget.
COMPARISON OF EARNINGS BUDGET TO ACTUAL
TOTAL UNIVERSITY FOR FY 2009
(In Thousands)
RP Goal: To forecast Revenues and Expenditures
for Earnings within +/- 5%

<table>
<thead>
<tr>
<th>Resources</th>
<th>Original Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and General</td>
<td>107,739</td>
<td>108,313</td>
<td>574</td>
<td>0.53% (1)</td>
</tr>
<tr>
<td>Health System</td>
<td>1,591,332</td>
<td>1,581,096</td>
<td>(10,236)</td>
<td>-0.64% (2)</td>
</tr>
<tr>
<td>OSUP</td>
<td>268,679</td>
<td>286,490</td>
<td>17,811</td>
<td>6.63%</td>
</tr>
<tr>
<td>Auxiliaries</td>
<td>273,380</td>
<td>260,177</td>
<td>(13,203)</td>
<td>-4.83% (3)</td>
</tr>
<tr>
<td>Total Resources</td>
<td>2,241,130</td>
<td>2,236,076</td>
<td>(5,054)</td>
<td>-0.23%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Original Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and General</td>
<td>93,211</td>
<td>103,825</td>
<td>10,614</td>
<td>11.39% (1) (4)</td>
</tr>
<tr>
<td>Health System</td>
<td>1,534,070</td>
<td>1,451,643</td>
<td>(82,427)</td>
<td>-5.37% (2)</td>
</tr>
<tr>
<td>OSUP</td>
<td>257,944</td>
<td>281,227</td>
<td>23,283</td>
<td>9.03%</td>
</tr>
<tr>
<td>Auxiliaries</td>
<td>264,445</td>
<td>253,867</td>
<td>(10,578)</td>
<td>-4.00% (3)</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>2,162,670</td>
<td>2,090,562</td>
<td>(72,108)</td>
<td>-3.33%</td>
</tr>
</tbody>
</table>

Notes:
(1) Actual adjusted to exclude revenues and expenses from affiliated entities.
(2) Variances may exist between Health Center's financials and the consolidated university financial statements due to differences in accounting standards. The OSU Health System prepares expense budgets and monthly financial reports on a 'stand-alone' basis. The stand-alone figures for Health System expenses differ significantly from the consolidated Health System figures that appear in the university's audited financial statements. Major sources of difference include depreciation and interest (which are included in Health System figures but reported on separate expense lines in OSU’s financials) and support provided to the College of Medicine (which appears as a below-the-line expense in Health System stand-alone financials but is reclassified to interfund transfers for OSU financials).
(3) Actual adjusted to include $25.5 million in intrauniversity revenue and expense. For example when Traffic and Parking purchase telephone services from UNITS, the transaction is an expense to T&P and income to UNITS. These revenues and expenses are included in the auxiliaries planned resource and expense budgets but excluded from the university's financials in order to not overstate the university's resources and expenses. Budgeted revenues and expenditures decreased by $13 million to reflect Athletic expenditures budgeted as earnings but expensed through unrestricted funds.
(4) Variance caused primarily by instructional expenditures exceeding budget by $10.1 million and expenditures for scholarships and fellowships exceeding budget by $0.5 million.

1/05/10
Office of Resource Planning
COMPARISON OF RESTRICTED BUDGET TO ACTUAL TOTAL UNIVERSITY FOR FY 2009
(In Thousands)
RP Goal: To forecast Revenues and Expenditures for Restricted Funds within +/- 10%

<table>
<thead>
<tr>
<th>Resources</th>
<th>Original Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Subsidy &amp; Appropriations</td>
<td>146,141</td>
<td>89,510</td>
<td>(56,631)</td>
<td>-38.75%</td>
</tr>
<tr>
<td>Gifts, Grants &amp; Contracts</td>
<td>693,343</td>
<td>727,818</td>
<td>34,475</td>
<td>4.97%</td>
</tr>
<tr>
<td>Other</td>
<td>30,700</td>
<td>24,996</td>
<td>(5,704)</td>
<td>-18.58%</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td><strong>870,184</strong></td>
<td><strong>842,325</strong></td>
<td><strong>(27,859)</strong></td>
<td><strong>-3.20%</strong></td>
</tr>
</tbody>
</table>

| Expenditures                   |                |          |          |            |
| Education and General (4)      | 832,184        | 820,179  | (12,005) | -1.44%     |
| Health System                  | 5,000          | 4,219    | (781)    | -15.61%    |
| Auxiliaries                    | 33,000         | 17,927   | (15,073) | -45.68%    |
| **Total Expenditures**         | **870,184**    | **842,325** | **(27,859)** | **-3.20%** |

Notes:
(1) Variance primarily attributable to state budget cuts during FY 09 including $39 million in Ohio Research Scholars funding, $2.3 million in Choose Ohio First scholarship funding and approximately $15 million in reduced state appropriations.
(2) Variance primarily due to state grants and contracts exceeding estimate by $32.2 million, private gifts grants and contracts exceeding budget by $8 million, while federal grants and contracts and local grants were $5.7 million below budget.
(3) Budgeted revenues and expenditures adjusted to recognize $13 million in Athletics grant and aid budgeted as Earnings, but funded through current year restricted funds.
(4) Budgeted expenditures adjusted to reflect $42 million anticipated from the Ohio Research Scholars program and Choose Ohio First Scholarship programs reflected in the budgeted restricted revenues, but inadvertently not in restricted revenues.

1/05/10
Office of Resource Planning
OBJECTIVE

Revision of policies regarding the use of university debt in the form of bonds, internal loans and lines of credit, and leases.

POLICY

Applies to: All university personnel responsible the management of university debt
Issued: 3/2005

I. Principles Regarding Use of University Debt

A. Access to university issued debt is not an entitlement. Debt will be granted only to those projects consistent with the Academic Plan and approved through the university’s capital process.

B. No debt should be issued without prior recommendation by the provost, senior vice president for business and finance, and assistant vice president of financial services to the president, and approval by the Board of Trustees.

C. The university seeks to maintain a credit rating of at least AA or its equivalent.

D. The university should seek to limit debt service payments to no more than 5% of annual operating expenditures.

E. The university should utilize variable rate debt consistent with market conditions (currently 44%).

F. No debt repayment period shall exceed the useful life of the asset being financed. In most cases, this means a maximum of 20 years for construction and 10-15 years for renovation.

G. Capitalization of interest is not permitted under any circumstances discouraged.

H. All debt issued on behalf of a project sponsored by a unit shall include an approved business plan as part of a signed Memorandum of Understanding (MOU) that specifies how the debt service will be paid.

I. The benefiting unit shall be responsible for the repayment of debt and associated costs.

J. Bonds are not to be used for separate projects under $1 million.

K. Depending on the nature of the project, a cash down payment utilizing a
J. Refinancing of debt is permissible if the present value savings is at least three percent.

K. No project will proceed to design unless 10% of total project budget is available to fund design costs. No project will proceed to construction until 75% of the written pledges, cash receipts, or other acceptable guarantees have been received in accordance with guidelines developed by the university.

II. Principles Regarding the Use of Internal Lines of Credit

A. Internal loans or lines of credit may be granted to units for strategic purposes consistent with the Academic Plan.

B. Requests for a university internal loan or line of credit are submitted to the office of the senior vice president for business and finance by the appropriate dean or vice president. Approval should not be assumed unless received in writing from the office of the senior vice president for business and finance.

C. All agreements must be in writing.

D. Recipients must identify source of repayment in advance and a business plan may be required when appropriate.

E. Principal is expected to be paid down in annual installments consistent with an approved agreement. Balloon payments are not permitted.

F. The repayment period is normally no more than five years from first draw in annual installments, although exceptions may be permitted.

G. Interest will be charged at the university's temporary investment rate for loans or lines of credit of two years or less. Loans and lines of credit for longer periods will be charged at the 5-year Treasury rate. For line of credit loans of three years or less, interest charged will be based on the rate of the short and intermediate term investment pool plus a spread as determined by the Office of Financial Services. Line of credit loans for longer periods will be charged interest based on the cost of capital on outstanding university debt plus a spread as determined by the Office of Financial Services.

H. All agreements must be approved by the senior vice president for business and finance and the respective vice president or dean. All agreements of more than five years, or more than $5 million, require prior approval by the
Board of Trustees. An interest rate surcharge may be added in these cases.

J.H. Agreements for more than ten years, or more than $10 million are not encouraged except for exceptional circumstances and require prior approval by both the President's Cabinet and Board of Trustees.

J.I. Early repayment is encouraged with no penalty.

K.J. The University Medical Center also may issue internal lines of credit, but such credit to affiliated entities requires approval of the senior vice president for business and finance and the senior vice president for health sciences. The President’s Cabinet and the Board of Trustees must approve all agreements of more than $5 million or more than five years.

L.K. Regardless of source, all internal loans and lines of credit to affiliated organizations require President’s Cabinet and Board of Trustees approval.

M.L. The senior vice president for business and finance shall report annually to the Board of Trustees on all approved lines of credit and their disposition.

N.M. These guidelines affect new loans and lines of credit only. Written agreements currently in effect will be honored as written.

III. Principles Regarding Leases

A. All leases, over $100,000 regardless of dollar amount or other characteristics, must be approved by the Office of Senior Vice President for Business and Finance.

B. All leases of a present value of $4.5 million or more must be approved by the Board of Trustees.

C. The decision as to whether a lease is a capital or operating lease shall be made at the discretion of the office of the controller, in consultation with the Offices of Legal Affairs and Office of Financial Services.

RESOURCES

Office of Financial Services
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