Table of Contents

Oberlin College
Financial Report
Year ended June 30, 1999

Financial Report 1998-99

Andrew B. Evans, Vice President for Finance
Ronald R. Watts, Associate Vice President for Finance

As Oberlin College launches the largest capital campaign in its history, we are pleased to present the financial statements for the fiscal year 1998-99 that demonstrate the College's continuing financial strength. Building additional resources to support this institution's academic priorities reflects the College's adherence to responsible fiscal management. In February 1999, Standard and Poor's reaffirmed the College's "AA" rating as the Board of Trustees authorized the issuance by the Ohio Higher Educational Facility Commission of $78.875 million in tax-exempt bonds. The all-in interest rate for this issue that included partial re-financing of existing debt, was 5.1%, an extraordinarily low rate. The new money portion of the bond issue will be used largely to finance the cost of a new Science Center now under construction.

Some of this past year's most significant and administrative achievements included:

- Our general endowment reached a new high, increasing more than $53 million to a new total of $487.4 million. The total return on the General Investment Pool was 14.1% net of fees.

- Fundraising for the College enjoyed another successful year with contributions totaling $36.3 million, easily surpassing the previous record high of $23.3 million set in 1996-97. The new watermark for giving was spearheaded by an extraordinary $11.5 million anonymous unrestricted charitable gift annuity.

- Design development and construction documents for the new Science Center were completed during the fiscal year.

- The public phase of "The New Oberlin Century" Capital Campaign was announced by the Board of Trustees at their June 1999 meeting. The Campaign to date has generated $71.3 million in gifts and pledges toward a goal of $165 million by June of 2004.

The following financial statements are a compilation of data from the new Banner Finance module that went live on July 1, 1998. As we conclude the first full year under the new system, a special note of gratitude is extended to the Information Technology staff and the Controller's staff who spent a great deal of time and effort to ensure the system conversion and year end closing was a success. We look forward to the new millennium and feel confident the investment in systems today will allow us to resolve any unforeseen Y2K issues in the future.

In summary, Oberlin College had another highly successful financial year with the net worth of the institution increasing by almost $65 million. We continue to be proud of these accomplishments that reflect the leadership of the Board of Trustees, the President and the dedication, competence, and commitment of the extended College community to the mission of Oberlin.

ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Trustees of
Oberlin College:

We have audited the accompanying statements of financial position of Oberlin College (an Ohio corporation, not for profit) as of June 30, 1999 and 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oberlin College as of June 30, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Cleveland, Ohio,
October 29, 1999.

Oberlin College

Statements of Financial Position

As of June 30, 1999 and 1998
(dollars in thousands)

ASSETS	1999	1998
Current Assets		
Cash and cash equivalents	$ 2,026	$ 6,219
Short-term investments	2,555	340
Accounts receivable, net	2,115	4,119
Inventories	503	560
Deposits and prepaid expenses	2,198	1,967
Total current assets	$ 9,397	$ 13,205
Pledges Receivable and Bequests in Probate	$ 15,859	$ 10,806
Long-Term Receivables		
Student loans	$ 11,325	$ 11,249
Allowance for doubtful loans	(1,273)	(1,273)
Total long-term receivables	$ 10,052	$ 9,976
Long-Term Investments		
Assets restricted to investment in land, buildings and equipment	$ 65,612	$ 19,498
Endowment funds	502,126	441,383
Annuity and life income funds	32,635	19,801
Funds held in trust by others	20,592	18,424
Total long-term investments	$ 620,965	$ 499,106
Property, Plant and Equipment		
Land, buildings and equipment	$ 203,834	$ 195,242
Construction in progress	8,756	4,039
Less: accumulated depreciation	(103,308)	(95,268)
Total property, plant and equipment	$ 109,282	$ 104,013
TOTAL ASSETS	$ 765,555	$ 637,106

The Notes to Financial Statements are an integral part of these statements.

Oberlin College

Statements of Financial Position

As of June 30, 1999 and 1998
(dollars in thousands)

LIABILITIES and NET ASSETS	1999	1998
Current Liabilities		
Accounts payable	$ 18,757	$ 10,438
Current portion of bonds payable	1,305	1,335
Deposits and agency funds	2,706	2,827
Accrued payroll and other liabilities	2,521	1,777
Total current liabilities	$ 25,289	$ 16,377
Other Liabilities		
Accruals for staff benefit programs	17,203	17,269
Annuity obligations	18,233	11,679
Federal student loan funds	6,009	5,954
Notes payable	280	477
Bonds payable, net	97,418	49,179
Total liabilities	$ 164,432	$ 100,935
Net Assets		
Unrestricted -		
Current operations	$ (18,481)	$ (15,540)
Designated for specific purposes	5,452	1,474
Unexpended plant and facility funds	5,861	5,371
Invested in plant facilities	43,530	41,902
Quasi-endowment funds	222,768	201,477
Total unrestricted	$ 259,130	$ 234,684
Temporarily Restricted -		
Donor designated for specific purposes	$ 8,400	$ 7,907
Annuity and life income funds	5,647	3,926
Unexpended plant and facility funds	17,058	14,578
Unamortized contributions for long-lived assets	12,765	12,761
Quasi-endowment funds	157,914	135,935
Total temporarily restricted	$ 201,784	$ 175,107
Permanently Restricted -		
Student loan funds	$ 1,568	$ 1,313
Annuity and life income funds	3,170	2,443
Funds held in trust by others	20,592	18,424
Endowment funds	114,879	104,200
Total permanently restricted	$ 140,209	$ 126,380
Total net assets	$ 601,123	$ 536,171
TOTAL LIABILITIES and NET ASSETS	$ 765,555	$ 637,106

The Notes to Financial Statements are an integral part of these statements.

Oberlin College

Statements of Activities

For the year ended June 30, 1999 with summarized totals for 1998
(dollars in thousands)

	1999				1998
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operating Revenues					
Tuition and fees	$ 65,545	$ 452		$ 65,997	$ 63,917
Auxiliary enterprises	16,992			16,992	17,682
Government grants and contributions		2,237		2,237	2,260
Private gifts and grants	5,428	2,904		8,332	8,582
Investment earnings and gain	11,030	10,048	$ 400	21,478	19,341
Other sources	2,064	37		2,101	2,350
Net assets released from restrictions	14,839	(14,839)			
Total operating revenues	$ 115,898	$ 839	$ 400	$ 117,137	$ 114,132
Operating Expenses					
Instruction	$ 32,362			$ 32,362	$ 30,552
Research	237			237	339
Student aid	27,534			27,534	25,730
Academic support	7,140			7,140	6,679
Student services	7,767			7,767	7,765
Institutional support	11,843			11,843	11,267
Facilities:					
Operations	5,684			5,684	5,385
Depreciation	6,023			6,023	5,753
Interest expense	1,518			1,518	1,627
Auxiliary enterprises:					
Operations	12,489			12,489	12,898
Depreciation	2,017			2,017	2,026
Interest expense	1,276			1,276	1,334
Total operating expenses	$ 115,890			$ 115,890	$ 111,355
Increase in net assets from operating activities	$ 8	$ 839	$ 400	$ 1,247	$ 2,777
Non-operating Activities					
Investment earnings and gain	$ 13,226	$ 16,754	$ 3,190	$ 33,170	$ 48,050
Unrealized gain(loss)	7,976	6,022	(640)	13,358	(2,954)
Capital and deferred gifts	11,740	2,997	10,956	25,693	11,877
Pledges and bequests	779	3,349	925	5,053	435
Change in annuity obligations	(7,318)	(134)	897	(6,555)	(1,025)
Payments to beneficiaries	(689)	(187)	(524)	(1,400)	(1,308)
Redesignated funds and other	(2,159)	91	(1,375)	(3,443)	(1,617)
Net assets released from restrictions	3,054	(3,054)			
Increase in net assets from non-operating activities	$ 26,609	$ 25,838	$ 13,429	$ 65,876	$ 53,458
Net increase in net assets before extraordinary item	26,617	26,677	13,829	67,123	56,235
Extraordinary bond defeasance charge	(2,171)			(2,171)	
Net increase in net assets	24,446	26,677	13,829	64,952	56,235
Net assets at beginning of year	$ 234,684	$ 175,107	$ 126,380	$ 536,171	$ 479,936
Net assets at end of year	$ 259,130	$ 201,784	$ 140,209	$ 601,123	$ 536,171

The Notes to Financial Statements are an integral part of these statements.

Oberlin College

Statements of Cash Flows

For the year ended June 30, 1999 and 1998
(dollars in thousands)

	1999	1998
Cash Flows From Operating Activities		
Change in net assets	$ 64,952	$ 56,235
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,153	7,836
Changes in assets and liabilities that provide (use) cash:		
Accounts receivable	2,004	(1,879)
Short-term investments	(2,215)	7,068
Inventories and prepaid expenses	(174)	(720)
Pledges receivable	(5,053)	(435)
Accounts payable and accrued expenses	9,118	1,848
Deposits and deferred revenues	(121)	579
Accruals for staff benefits	(66)	222
Net adjustment of annuity obligations	6,554	1,025
Contributions restricted for long-term investments	(24,244)	(11,824)
Earnings restricted for long-term investment	(2,550)	(3,999)
Net realized and unrealized gains on long-term investments	(46,528)	(45,096)
Net cash provided by operating activities	$ 9,830	$ 10,860
Cash Flows From Investing Activities		
Purchases of plant and equipment, net	$ (13,309)	$ (11,320)
Proceeds from student loans collected	925	804
Student loans issued	(1,017)	(1,058)
Purchases of investments	(442,525)	(372,915)
Proceeds from sales and maturities of investments	367,271	362,968
Other investing activities	(40)	130
Net cash used for investing activities	$ (88,695)	$ (21,391)
Cash Flows From Financing Activities		
Proceeds from contributions for:		
Investment in endowment	$ 9,427	$ 7,629
Investment in long-lived assets	1,385	2,660
Investment in life income agreements	13,433	1,535
Earnings restricted for long-term investment	2,550	3,999
Proceeds from issuance of long-term debt	79,855	-
Payments on long-term debt	(31,780)	(1,275)
Payments on notes payable	(198)	(499)
Net cash provided by financing activities	$ 74,672	$ 14,049
Net (decrease) increase in cash and cash equivalents	$ (4,193)	$ 3,518
Cash and cash equivalents, beginning of year	6,219	2,701
Cash and cash equivalents, end of year	$ 2,026	$ 6,219

The Notes to Financial Statements are an integral part of these statements.

Oberlin College
Notes to Financial Statements
June 30, 1999 and 1998
(dollars in thousands)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Oberlin College is an independent, coeducational institution consisting of two major divisions. The College of Arts and Sciences offers a balanced curriculum in the humanities, social sciences, and natural sciences. The Conservatory of Music offers pre-professional training in music performance, composition, education, technology, theory, and history.

Basis of Presentation and Accounting

The financial statements are presented on the accrual basis of accounting, focusing on the institution as a whole. In accordance with the existence or absence of donor-imposed restrictions, fund balances and transactions are grouped into three classes of net assets - unrestricted, temporarily restricted, and permanently restricted.

Fund Group	Net Asset Group
Unrestricted current funds	Unrestricted
Restricted current funds	Temporarily restricted
Annuity and life income funds	Unrestricted, temporarily restricted and permanently restricted
Long-term investments	Unrestricted, temporarily restricted and permanently restricted
Plant funds	Unrestricted and temporarily restricted
Loan funds	Permanently restricted

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified as follows:

> Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Unrestricted funds designated by the Board of Trustees for long-term investment are classified as quasi-endowment.
>
> Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the College and/or the passage of time.
>
> Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the institution to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair market value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectable contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution and nature of fund-raising activity.

The gain in market value of funds held in trust by others is reported as an increase in permanently restricted net assets. Income and realized net gains on long-term investments are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income;
- as increases in unrestricted net assets in all other cases.

Contributions with Restrictions Met in the Same Year

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset group.

Release of Restrictions on Net Assets for Acquisition of Land, Building and Equipment

Contributions of exhaustible long-lived assets, cash or other assets to be used to acquire them, without donor stipulations concerning the use of such long-lived assets, are reported as revenues of the temporarily restricted net asset class. The restrictions are considered to be released over the estimated useful lives of the long-lived assets using the institution's depreciation policies.

Collections and Works of Art

The College has elected not to capitalize contributed collections under the provisions of SFAS No. 116. Recognizing works of art as an asset of the institution would result in a material increase in property, plant and equipment and a corresponding increase in net assets in the statements of financial position. However, the College has capitalized collections that were purchased prior to SFAS 116 adoption and are included in the statements of financial position as a part of land, buildings and equipment. These assets amounted to approximately $7,308 at June 30, 1999 and 1998.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market.

Funds Held in Trust

Funds held in trust by others represent resources neither in the possession nor under the control of the institution, but held and administered by outside trustees, with the College deriving income or a residual interest from the assets of such funds. Funds held in trust by others are recognized at the estimated fair value of the assets or the present value of the future cash flows when the irrevocable trust is established or the College is notified of its existence.

Depreciation

Depreciation on the property, plant and equipment owned by the College has been computed using the midyear convention under the following depreciation guidelines:

Buildings and additions	40 years
Building improvements and renovations	20 years
Library books and materials	15 years
Furniture and equipment	10 years

Using these guidelines, depreciation expense for fiscal years 1999 and 1998 was:

	1999	1998
Educational and general properties	$4,910	$4,705
Library books and materials	1,114	1,048
Auxiliary properties	2,016	2,026
	$8,040	$7,779

Unrestricted Bequests

The College follows the policy of designating all unrestricted bequests as additions to unrestricted quasi-endowment funds.

Cash Flow Information

For financial statement purposes, the College considers all investment (not held for long-term investment) with original maturities of three months or less as cash equivalents. Cash payments for interest, net of amounts capitalized, amounted to $2,153 in 1999 and $2,782 in 1998.

Use of Estimates in the Preparation of Financial Statements

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

Tax Status

The College is exempt from Federal income taxes under Section 501(c)3 of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

2. ASSETS FOR LONG-TERM INVESTMENT

Investments in marketable securities are stated at current market value based on the last trade price or at the reported net asset value for investment funds and limited partnerships. Investments in real estate through limited partnerships are stated at appraised market values while other real estate investments are stated at cost on the date of acquisition or fair market value at date of receipt in the case of gifts. The net realized and unrealized gain (or loss) in market value of investments are reflected in the statement of activities.

Assets for long-term investment as reflected in the Statements of Financial Position are as follows:

	June 30, 1999 Cost Basis	June 30, 1999 Market Value	June 30, 1998 Cost Basis	June 30, 1998 Market Value
ENDOWMENT AND SIMILAR FUNDS				
General Investment Pool				
Fixed Income	$ 66,714	$ 65,823	$ 68,014	$ 68,575
Cash/Cash Equivalents	9,085	9,085	14,484	14,484
Equities	232,963	282,286	202,124	249,499
Venture Capital	102,596	135,671	82,134	99,688
Real Estate	3,374	1,936	7,979	7,146
Oil & Gas Investments	3,813	2,713	1,863	1,168
Accounts Receivable	4,089	4,089	334	334
Total General Investment Pool	$ 422,634	$ 501,603	$ 376,932	$ 440,894
Non Pooled Investments				
Fixed Income	$ 234	$ 235	$ 232	$ 238
Cash/Cash Equivalents	5	5		
Equities	65	283	65	251
Total Non-Pooled Invested Funds	$ 304	$ 523	$ 297	$ 489
TOTAL ENDOWMENT FUNDS	$ 422,938	$ 502,126	$ 377,229	$ 441,383
ANNUITY AND LIFE INCOME FUNDS				
Pooled Income Fund Trusts				
Fixed Income	$ 1,220	$ 1,214	$ 1,262	$ 1,269
Cash/Cash Equivalents	123	123	(6)	(6)
Equities	875	936	1,007	1,005
Total Pooled Income Fund Trusts	$ 2,218	$ 2,273	$ 2,263	$ 2,268
Gift Annuity Pool				
Fixed Income	$ 4,724	$ 4,578	$ 1,770	$ 1,761
Cash/Cash Equivalents	774	774	380	380
Equities	13,213	13,169	4,922	4,893
Accounts Receivable	5	5		
Total Gift Annuity Pool	$ 18,716	$ 18,526	$ 7,072	$ 7,034
Annuity Trusts And Unitrusts				
Fixed Income	$ 5,179	$ 4,972	$ 3,393	$ 3,401
Cash/Cash Equivalents	332	332	394	394
Equities	6,370	6,455	6,136	6,635
Real Estate	71	69	71	69
Accounts Receivable	8	8		
Total Annuity Trusts and Unitrusts	$ 11,960	$ 11,836	$ 9,994	$ 10,499
TOTAL ANNUITY AND LIFE INCOME FUNDS	$ 32,894	$ 32,635	$ 19,329	$ 19,801
RESTRICTED FOR PLANT FACILITIES				
Fixed Income	$ 8,167	$ 8,338	$ 9,989	$ 11,082
Cash/Cash Equivalents	53,641	53,641	5,504	5,504
Mortgages	562	562	601	601
Real Estate	2,269	2,269	2,311	2,311
Accounts Receivable	802	802		
TOTAL RESTRICTED FOR PLANT FACILITIES	$ 65,441	$ 65,612	$ 18,405	$ 19,498
FUNDS HELD IN TRUST BY OTHERS	$ 11,955	$ 20,592	$ 9,761	$ 18,424
TOTAL ASSETS FOR LONG-TERM INVESTMENT	$ 533,228	$ 620,965	$ 424,724	$ 499,106

3. BONDS PAYABLE

Bonds payable at June 30, 1999 and 1998 consisted of the following:

	1999	1998
Ohio Higher Educational Facility Commission		
Revenue Bonds dated February 1, 1999, maturing annually on October 1, 2006 through 2029 in amounts ranging from $2,355 to $10,000, with interest ranging from 4.00% to 5.25%, net of bond premium of $980.	$ 79,855	-
Revenue Bonds dated June 1, 1993, maturing annually on October 1 through 2015 in amounts ranging from $710 to $2,220, with interest ranging from 4.4% to 5.375%, net of bond discount of $592 and $726 in 1999 and 1998, respectively.	17,603	$ 33,579
Variable Rate Demand Revenue Bonds dated December 9, 1985, legally defeased with the February 1999 bond proceeds.	-	15,300
Seeley G. Mudd Center Bonds dated October 1, 1971, maturing annually on October 1 through 2001, in amounts ranging from $395 to $450, with interest ranging from 4% to 5.00%.	1,265	1,635
Total Bonds Payable, Net	$ 98,723	$ 50,514

In February 1999, the Ohio Higher Educational Facility Commission (the Commission) issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of $78,875 plus a bond premium of $980. A portion of these bonds was used for an advanced legal defeasance of the remaining Variable Rate Demand Revenue Bonds dated December 1985 and a portion of the outstanding Revenue Bonds dated June 1993. The remaining funds will be used to construct a new science center and other academic facilities. As a result of the extinguishment of the 1985 bonds and a portion of the 1993 bonds, certain capitalized costs were written-off including issuance costs and the retirement of bond discount. Also, certain expenses were incurred related to the termination of the interest rate swap agreement on the December 1985 bonds. These charges totaled $2,171 during the year ended June 30, 1999 and are reflected as the extraordinary bond defeasance charge on the Statements of Activities.

The June 1993 Revenue Bonds had an original principal amount of $38,045 which were used to refinance Collateralized Revenue Bonds from August 1985, refinance Revenue Bonds from May 1989, to establish a Bond Reserve Fund and to renovate certain academic buildings. Under the terms of the base lease, the Commission leases the facilities financed with the bond proceeds from the College. The Commission in turn leases the facilities back to the College for an amount equivalent to debt service requirements and related expenses of the Bond Trustee and the Commission.

The Variable Rate Demand Revenue Bonds were issued for the purpose of refinancing existing endowment loans, to renovate certain academic and administrative buildings, and to begin construction of the North Campus Dining Facility (Stevenson Hall). The interest rate was established weekly at the rate traded by J. P. Morgan Securities, Inc. (the Remarketing Agent). This rate was limited to a maximum of 15% per annum and was 3% on June 30, 1998.

The College has received an interest grant from the United States Office of Education, which has the effect of reducing interest expense over the life of the Seeley G. Mudd Center Bonds from an average rate of 5.5% to 3.0%. These bonds are secured by the College's pledge of certain securities in the *General Investment Pool* having a market value of $8,826 at June 30, 1999.

Future principal payments on the College's outstanding bonds are as follows:

1999-00	1,305
2000-01	1,280
2001-02	1,355
2002-03	1,390
2003-04	1,475
Thereafter	91,530

Additionally, the College has $280 of various notes payable at June 30, 1999, related to properties purchased through the Gift Real Estate Program. These notes bear interest at approximately 9.25% to 10% per annum and maturing at various times through October 2001.

The estimated fair market value of all outstanding long-term obligations at June 30, 1999 is $94,692.

4. PLEDGES RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Certain promises to give are recorded after discounting to the present value of the future cash flows:

Unconditional promises to give are expected to be realized in the following periods:

	1999	1998
In one year or less	$ 5,991	$ 6,979
Between one year and five years	7,933	5,283
Greater than five years	4,630	-
Less discount and allowance for uncollectable pledges	(2,695)	(1,456)
	$ 15,859	$ 10,806

5. POSTRETIREMENT BENEFITS

The College sponsors an unfunded defined benefit postretirement health care plan that covers substantially all regular status employees. During fiscal year 1996 the plan's eligibility requirement was amended from the attainment of age 62 and no years of service to requiring 20 years of service after attaining age 42 to receive the maximum College contribution. All eligible employees age 42 or older were credited with 10 years of service as of June 30, 1996. The amendment also included a cap on medical benefits limiting the College subsidy of the health care plan to two times the 1995/96 contribution level. The cap is effective for all retirees retiring after June 30, 1996. These changes reduced the Accumulated Postretirement Benefit Obligation from $14,378 to $7,714. Accounting rules require the difference of $6,509 to be amortized over 14.3 years, the average remaining service period for current employees. The plan pays stated percentages of most necessary medical expenses incurred by retirees, after subtracting payments by Medicare or other providers and after a stated deductible has been met. Employees now become eligible to participate in the plan if they retire from the College after reaching age 52, with 10 years of service. The plan is contributory, with retiree contributions adjusted annually. The accounting for the plan anticipates future cost-sharing changes to the written plan that are consistent with the College's announced policy that annual minimum retiree contributions will be set at an amount equal to 33.3 percent of the College's estimated cost before considering the contribution.

The following table reconciles the plan's funded status to the accrued postretirement health care cost liability as reflected on the statements of financial position as of June 30, 1999 and 1998:

Accumulated Postretirement Benefit Obligation	1999	1998
Retirees	$ 5,691	$ 5,845
Other fully eligible participants	2,734	2,555
Other active participants	732	300
	9,157	8,700
Unrecognized excess prior service cost	5,143	5,598
Unrecognized actuarial gain	270	286
Accrued postretirement health care cost liability	$ 14,570	$ 14,584

Net postretirement health care cost for 1999 included the following components:

Service cost - benefits attributed to service during the period	$ 411
Interest cost on accumulated postretirement benefit obligation	590
Net amortization and deferral	(455)
Net postretirement health care cost	$ 546

For measurement purposes, a 9.0 percent annual rate of increase in the per capita cost of covered health care claims was assumed for 1999; the rate was assumed to decrease gradually to 5 percent by 2005 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rate by one percentage point in each year would increase the accumulated postretirement benefit obligation as of June 30, 1999 by $562. The aggregate of the service and interest cost components of net postretirement health care cost for the year then ended would increase by $42. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7 percent.

6. CONTINGENCIES

The College is involved in litigation and is subject to certain claims that arise in the normal course of operations. In the opinion of management, the ultimate disposition of the litigation and claims will not have a material adverse effect on the College's operations or financial position.