WOUB Center for Public Media

A Public Media Entity
(A Department of Ohio University)

Financial Statements as of and for the
Years Ended June 30, 2008 and 2007, and
Independent Auditors' Report

Mary Taylor, CPA
Auditor of State

Board of Trustees
WOUB Center for Public Media
204 HDL Center
Athens, Ohio 45701

We have reviewed the *Independent Auditor's Report* of the WOUB Center for Public Media, Athens County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2007 through June 30, 2008. 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 WOUB Center for Public Media is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 28, 2009

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WOUB Center for Public Media
A Public Media Entity
(A Department of Ohio University)

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Independent Auditor's Report

To the Board of Trustees
Ohio University
Athens, Ohio

We have audited the accompanying Statements of Net Assets of the WOUB Center for Public Media (the "Center"), a public media entity (a department of Ohio University), as of June 30, 2008 and the related Statements of Revenues, Expenses, and Changes in Net Assets and Cash Flows for the year then ended. These financial statements are the responsibility of Ohio University's (the "University") management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the WOUB Center for Public Media as of June 30, 2007 were audited by other auditors, whose report dated December 26, 2007 expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2008 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

To the Board of Trustees
Ohio University
Athens, Ohio

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2008 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, 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

December 29, 2008

The discussion and analysis of the WOUB Center for Public Media's (the "Center") financial statements provides an overview of the Center's financial activities for the fiscal years ended June 30, 2008 and 2007. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the Center's management.

Using This Report

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement requires a comprehensive look at the entity as a whole. In November 1999, GASB issued Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities,* which applies those standards to public colleges and universities. The WOUB Center for Public Media is a department of Ohio University (the "University"), a public university. GASB has not yet developed accounting standards for presentation of auxiliary (or departmental) entities. For the purpose of this reporting, the Center is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements Nos. 34 and 35. In addition, the Center's accounting policies and practices conform to those permitted or allowed by the Corporation for Public Broadcasting, which generally follow published Governmental Accounting Standards.

The overview presented below highlights the significant financial activities that occurred during the past year and describes changes in financial activity from the prior year. The financial report includes basic financial statements that provide information on the Center: the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, and the Statements of Cash Flows.

This annual financial report includes the report of the independent auditors, this management's discussion and analysis, the three basic financial statements referenced above, and notes to the financial statements.

Statements of Net Assets

The Statements of Net Assets present the financial position of the Center as of the end of the fiscal year. It classifies assets and liabilities as current or noncurrent. Generally, current liabilities are those that will be paid within one year of the date of the Statement. Current assets are those that are available to satisfy current liabilities.

Accounts receivable - related party represents amounts available in the cash account of the University for the benefit of the Center. All of the Center's receipts and disbursements are recorded in this account. The amounts are $594,637, $785,664, and $600,296 for the years ended June 30, 2008, 2007, and 2006, respectively.

The following chart depicts the breakdown of assets, liabilities, and net assets for the Center as of June 30, 2008, 2007, and 2006:

	2008	2007	2006
Assets:			
Accounts receivable	$ 9,930	$ 28,341	$ 464,746
Accounts receivable - Related party	594,637	785,664	600,296
Capital assets - Net	7,031,097	7,594,509	8,395,822
Total assets	7,635,664	8,408,514	9,460,864
Liabilities:			
Current liabilities	134,671	198,813	172,951
Noncurrent liabilities	791,678	799,038	821,144
Total liabilities	926,349	997,851	994,095
Net assets	**$ 6,709,315**	**$ 7,410,663**	**$ 8,466,769**

The net assets are further displayed as follows:

	2008	2007	2006
Invested in capital assets - Net of related debt	$ 6,470,476	$ 7,016,124	$ 7,803,248
Restricted expendable	213,146	315,067	562,469
Unrestricted	25,693	79,472	101,052
Total net assets	**$ 6,709,315**	**$ 7,410,663**	**$ 8,466,769**

Statements of Revenues, Expenses, and Changes in Net Assets

The Statements of Revenues, Expenses, and Changes in Net Assets present the Center's results of operations for the years ended June 30, 2008 and 2007.

Operating Revenues

Charges for goods and services are recorded as operating revenues. In addition, certain grants are classified as operating revenues if they are not for capital purchases and are provided as a contract for services. Essentially this means that the Center is required by the grant to provide goods or services to the grantor of equal value to the value of the services or dollars received. Total operating revenues are $1,107,936, $1,211,460, and $1,239,934 for the years ended June 30, 2008, 2007, and 2006, respectively.

Nonoperating Revenues

Nonoperating revenues include an annual Community Service Grant from the Corporation for Public Broadcasting and the State of Ohio, administered through an annual grant from eTech Ohio (formerly the Ohio Educational Telecommunications Network Commission). Nonoperating revenues also include an appropriation, donated facilities, and administrative support from its licensee (the University). Certain grants are also classified as nonoperating revenue if the Center is not required under the grant agreement to provide goods or services to the grantor of equal value to the services or dollars received. In-kind contributions of $1,289,052, $1,700,180, and $1,783,160 for the years ended June 30, 2008, 2007, and 2006, respectively, are also included in nonoperating revenues as private gifts revenue. Total nonoperating revenues are $7,207,092, $7,241,203, and $8,106,636 for the years ended June 30, 2008, 2007, and 2006, respectively.

Total Revenues

The following depicts total revenue by source for the years ended June 30, 2008, 2007, and 2006:

	2008	2007	2006
Support from Ohio University	$ 3,839,321	$ 3,730,621	$ 4,374,296
Grants and contracts	2,336,147	2,240,737	2,942,152
Sales and services	875,763	944,692	988,387
In-kind support	1,289,052	1,700,180	1,783,160
Total revenue by source	$ 8,340,283	$ 8,616,230	$ 10,087,995

Total Expenses

Operating expenses have been incurred to vendors and employees for providing goods or services for the overall operations of the Center. In addition, depreciation expense of $910,565, $1,133,890, and $918,647 for the years ended June 30, 2008, 2007, and 2006, respectively, is shown as operating expense.

The following depicts operating expenses for the Center:

	2008	2007	2006
Program and support services	$ 8,131,066	$ 8,477,478	$ 8,475,651
Depreciation	910,565	1,133,890	918,647
Disposal of plant facilities	-	60,968	57,294
Total expense by source	$ 9,041,631	$ 9,672,336	$ 9,451,592

Change in Net Assets

Total change in net assets is as follows:

	2008	2007	2006
Operating revenues	$ 1,107,936	$ 1,211,460	$ 1,239,934
Nonoperating revenues	7,207,092	7,241,203	8,106,636
Capital grants and gifts	25,255	163,567	741,425
Expenses	(9,041,631)	(9,672,336)	(9,451,592)
(Decrease) increase in net assets	(701,348)	(1,056,106)	636,403
Beginning net assets	7,410,663	8,466,769	7,830,366
Ending net assets	$ 6,709,315	$ 7,410,663	$ 8,466,769

Statements of Cash Flows

The Statements of Cash Flows present detailed information about the major sources and uses of cash. The Center does not maintain a separate cash account; therefore, all of the Center's receipts and disbursements are reflected in the accounts of the University. The Center's share of cash accounts is reflected on the Statements of Net Assets as accounts receivable - related party. For the purposes of the Statements of Cash Flows, this account is considered a cash equivalent.

The three categories of presentation and their respective amounts for the years ended June 30, 2008, 2007, and 2006 are as follows:

	2008	2007	2006
Net cash provided by (used in)			
Operating activities	$ (5,793,896)	$ (5,111,488)	$ (5,408,290)
Noncapital financing activities	5,918,040	5,541,023	6,323,476
Capital and related financing activities	(315,171)	(244,167)	(1,272,001)
Net (decrease) increase in cash	(191,027)	185,368	(356,815)
Cash - Beginning of year	785,664	600,296	957,111
Cash - End of year	$ 594,637	$ 785,664	$ 600,296

Items of Interest

A major renovation took place in fiscal years 2007 and 2008 within the Radio, Television, Communication Building. A generous gift from an Ohio University alumnus allowed the renovation of the WOUB newsroom, which had not experienced any significant change since the late 1960s. The space went through a complete overhaul - increasing the newsroom in size and making the facility state-of-the-art. In addition to the reconfiguration of the third floor space, eight media edit bays and monitors were installed, along with digital monitors in the newsroom. The newsroom was dedicated on April 22, 2008. The renovated space enables greater cooperation and collaboration between faculty, staff, and students in the Scripps College of Communication, specifically the WOUB newsroom and the E. W. Scripps School of Journalism.

Sixteen grant applications were submitted by the WOUB Center for Public Media, with total requests of at least $2,773,227. Of these 16 grant applications generated in fiscal year 2008, 14 were awarded or announced for a total of $2,283,832. Two applications needed to enhance WOUB's capital assets, digital encoding equipment in the amount of $459,661, and a radio digital router in the amount of $29,734 were not funded. We will apply for capital funds in the fiscal year 2009 grant rounds, as we continue to upgrade our television operation toward full digital functionality.

Our overall radio and television fundraising goal through membership and underwriting for fiscal year 2008 was $600,000. We exceeded the goal with an actual amount of $602,410. This compares to $588,169 raised in fiscal year 2007. Total members increased from 6,981 to 7,532 but average gifts declined from $71.86 for TV to $65.97 and for radio from $55.12 to $52.92. Radio and television underwriting increased from $163,678 in fiscal year 2007 to $169,909 in fiscal year 2008.

Two new documentaries were approved for production by the news department during the year. *The 8th Wonder: The Waterloo Wonders*, which tells the story of a regional basketball dream team in the 1930s, was completed with a fall 2008 premiere and *Good Neighbors, Bad Blood*, about C-8 and its effect on the area environment, was completed and premiered. The news department won best documentary category from the Ohio Associated Press Broadcasters Association, a second place award in investigative reporting, and second in best enterprise reporting.

WOUB News completed its work on the development of a critical analysis tool funded by a $10,000 grant from the Ohio University 1804 Fund. The project was successful and is being studied for possible commercial application.

In fiscal year 2008 WOUB News

Produced:
- 6,500 radio news and sportscasts
- 225 television newscasts
- 2,600 web updates
- One television election program
- Two evenings of regional election coverage on the WOUB Radio Network
- 450 daily topical and weather promos
- 20 long-form segments

Generated:
- 1,350 local radio stories
- 775 local television stories (an increase of 100 from 2006-2007)
- 4.050 radio stories
- 9,000 television elements

Drove:
- 36,500 miles in news vehicles (does not include rentals)

Conducted:
- 220.0 live television segments
- 12 technical - educational workshops
- 3 television audition sessions

Trained and/or Counseled:
- 125 students

Hosted:
- 386 active news students in Athens

Processed and/or Read:
- 46,800 emails and news releases
- 20,800 Associated Press regional stories
- 900 Ohio public radio stories

Wrote:
- 27 letters of recommendation

Nominated:
- Three students for scholarships/internships

Hired:
- 36 students

WOUB Radio continues to provide professional development activities for students. During the past year, we worked with over 40 student volunteers, eight paid students, work-study students, and graduate assistants. WOUB Radio provides opportunities for on-air announcing work, production, program planning, music direction, and special events. The students gain valuable experience in a real-world setting with mentoring from staff, and are involved in nearly all facets of our radio operation.

WOUB's Wired for Books website (www.wiredforbooks.org) continues to attract worldwide users with some compelling new content developed over the past year. More than a million visitors from over 170 countries accessed Wired for Books over the last year. The site is ranked No. 2 in Google's authors category, right behind "Booknotes" from C-SPAN. Several new, original productions premiered this year, including a dramatic audio production of "The Wonderful Wizard of Oz" and O. Henry's "The Gift of the Magi." We also introduced additional content from Ohio University's Spring Literary Festival and new author interviews. Several students and a number of community volunteers assist in the production of local projects for Wired for Books. Wired for Books *PC Magazine* selected Wired for Books as "Best of the Internet" in November 2007. Wired for Books was also featured in the *The Daily Record* (Baltimore, August 28, 2007), *The Sunday Mail* (Australia, September 16, 2007), *The Daily Telegraph* (Australia, September 17, 2007), *Star Tribune* (Minneapolis, March 2, 2008), and *The Courier Mail* (Australia, June 26, 2008). The Voice of America featured Wired for Books in their radio program, *Our World*, and Wired for Books was chosen as Voice of America's "Website of the Week" on May 9, 2008. According to Google Book Search, Wired for Books is now cited in 25 books. Wired for Books was a featured website in Australia's National Literacy and Numeracy Week, held September 3-7, 2007.

Through successful grant applications and work with eTSEO (Educational Technology for Southeastern Ohio), several educational sites were added to WOUB.org. One such site, *What's the Problem?* was awarded an Emmy.

WOUB experimented with several new media offerings during the past year. In the fall of 2007, we introduced our first video podcasts on iTunes of local productions *Bobcat Blitz* and *Gridiron Glory*. The podcasts are in addition to weekly streaming of these programs, and allow users another method of accessing this content. We also created podcasts from some long-form feature pieces on *Newswatch*, working with student News producer Karen Hopkins. In addition, WOUB established its own YouTube presence and began offering short clips and promos from local productions to the popular video sharing site. Some of these clips, as well as material from PBS programs, were also embedded in woub.org web pages to enhance content there.

In the fall of 2007, WOUB television expanded the High Definition (HD) channel from three hours per day to 24 hours. WOUB-HD is currently carried only on Athens Time/Warner cable.

WOUB received a Parenting Counts outreach grant, sponsored by the Talaris Institute, for the fourth year in a row. We have shared with other grantees our workshop curriculums, book resources, and provided technical assistance to stations across the country. We have presented four Parenting Counts workshops in Athens County averaging 15 families per session. The Help Me Grow Service Coordinators at the county level are using the Parenting Counts Curriculum during their home visits. We also included the parents from the Women's Health Recovery Services in our groups. WOUB was one of 13 grantees nationwide selected to receive a grant award.

WOUB received an outreach grant from Ragdoll to present GET UP and GO! with the Teletubbies. We held two Teletubbies events in Meigs County with the Head Start and Integrated Preschool programs. Fifty-five children attended and each received a photo, a t-shirt, three books, a brochure, and a ball. WOUB created a brochure with nutrition information and fun pages for each child. We exercised with the Teletubbies, read books, took photos, demonstrated appropriate ball play, and ended with a snack of fresh fruit.

Once again, WOUB conducted the annual Reading Rainbow Young Writers and Illustrators Contest. Winners in grades K-3 and their families were hosted at the station for a day of fun events and food, and the children read their entries on both radio and television. The reading on television will be accompanied by the animation of the children's drawings and aired during the school year.

The director and general manager, Carolyn Bailey Lewis, was selected for leadership positions in two national organizations and one state organization in fiscal year 2008. She was elected to the Association of Public Television Stations Board of Trustees where she serves on the finance and audit committee, and to the executive committee of the University Licensee Association. She was elected president of the Ohio Educational Television Stations managers.

WOUB Center for Public Media
A Public Media Entity
(A Department of Ohio University)

Statements of Net Assets

	June 30, 2008	June 30, 2007
Assets		
Current assets:		
Accounts receivable	$ 9,930	$ 28,341
Accounts receivable - Related party	594,637	785,664
Total current assets	604,567	814,005
Noncurrent assets - Capital assets - Net	7,031,097	7,594,509
Total assets	**$ 7,635,664**	**$ 8,408,514**
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 115,760	$ 180,904
Deferred revenue	145	145
Current portion of loan payable	18,766	17,764
Total current liabilities	134,671	198,813
Noncurrent liabilities:		
Accrued compensated absences	249,823	238,417
Loan payable - Related party	541,855	560,621
Total noncurrent liabilities	791,678	799,038
Total liabilities	926,349	997,851
Net assets:		
Invested in capital assets - Net of related debt	6,470,476	7,016,124
Restricted - Expendable - Public service	213,146	315,067
Unrestricted	25,693	79,472
Total net assets	6,709,315	7,410,663
Total liabilities and net assets	**$ 7,635,664**	**$ 8,408,514**

The Notes to the Financial Statements are
an Integral Part of this Statement.

WOUB Center for Public Media
A Public Media Entity
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Statements of Revenues, Expenses, and Changes in Net Assets

	Year Ended June 30	
	2008	2007
Revenues - Operating revenues:		
Federal grants and contracts	$ -	$ 11,895
State grants and contracts	232,173	240,959
Private grants and contracts	-	13,914
Sales and services	875,763	944,692
Total operating revenues	1,107,936	1,211,460
Expenses - Operating expenses:		
Programming and production	8,131,066	8,477,478
Depreciation	910,565	1,133,890
Total operating expenses	9,041,631	9,611,368
Operating loss	(7,933,695)	(8,399,908)
Nonoperating revenues and expenses:		
Support from Ohio University	3,839,321	3,730,621
Private gifts	3,367,771	3,510,582
Disposals of plant facilities	-	(60,968)
Total nonoperating revenues and expenses	7,207,092	7,180,235
Loss - Before other revenues, expenses, gains, or losses	(726,603)	(1,219,673)
Capital grants and gifts	25,255	163,567
Decrease in net assets	(701,348)	(1,056,106)
Net assets - Beginning of year	7,410,663	8,466,769
Net assets - End of year	**$ 6,709,315**	**$ 7,410,663**

The Notes to the Financial Statements are
an Integral Part of this Statement.

WOUB Center for Public Media
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Statements of Cash Flows

	Year Ended June 30	
	2008	2007
Cash Flows from Operating Activities:		
Grants and contracts	$ 232,173	$ 652,541
Payments to suppliers	(3,332,339)	(3,149,810)
Payments to or on behalf of employees	(3,567,778)	(3,590,838)
Payments for scholarships and fellowships	(1,715)	(1,680)
Sales and services of educational departments	875,763	978,299
Net cash used in operating activities	(5,793,896)	(5,111,488)
Cash Flows from Noncapital Financing Activities:		
Support from Ohio University	3,839,321	3,730,621
Gifts and grants for other than capital purposes	2,078,719	1,810,402
Net cash provided by noncapital financing activities	5,918,040	5,541,023
Cash Flows from Capital Financing Activities:		
Capital grants and gifts received	43,666	180,592
Payments on related party notes payable	(17,764)	(14,189)
Purchases of capital assets	(341,073)	(410,570)
Net cash used in capital financing activities	(315,171)	(244,167)
Net (Decrease) Increase in Cash Equivalents	(191,027)	185,368
Cash Equivalents - Beginning of year	785,664	600,296
Cash Equivalents - End of year	**$ 594,637**	**$ 785,664**

The Notes to the Financial Statements are
an Integral Part of this Statement.

Statements of Cash Flows (Continued)

	Year Ended June 30	
	2008	2007
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	$ (7,933,695)	$ (8,399,908)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	910,565	1,133,890
In-kind	1,289,052	1,700,180
Changes in assets and liabilities:		
Accounts receivable	-	436,405
Accounts payable, accrued liabilities, and deferred revenue	(74,524)	24,839
Accrued compensated absences	14,706	(6,894)
Net cash used in operating activities	**$ (5,793,896)**	**$ (5,111,488)**

Note 1 - Organization and Summary of Significant Accounting Policies

Organization - The WOUB Center for Public Media (the "Center") is owned and operated by Ohio University (the "University"), Athens, Ohio. The Center, a unit of the Scripps College of Communication, manages four non-commercial public television stations, WOUB-TV and DT in Athens, Ohio, and WOUC-TV and DT in Cambridge, Ohio and one cable channel, WOUB II - channel 25 on Time Warner in Athens, Ohio. The signal of WOUC-TV/DT was repeated on translators in Millersburg and Loudonville, Ohio, until June 15, 2008, when both translators were decommissioned. WOUC's digital signal covers both Millersburg and Loudonville. The Center also manages six non-commercial public radio stations, WOUB-AM and WOUB-FM in Athens, Ohio; WOUC-FM in Cambridge, Ohio; WOUL-FM in Ironton, Ohio; WOUH-FM in Chillicothe, Ohio; and WOUZ-FM in Zanesville, Ohio. Other services provided by the Center include: audio and video productions; a nightly news program; regular radio news and sports reports; a Media Distribution Center for Ohio University; distance learning facilitation from the Athens campus to the regional campuses through the Ohio University Learning Network; community outreach to 37 counties; educational services to schools in 18 counties; student professional development for approximately 250 students a year; teleconferencing, streaming, and engineering consulting services; and interactive services through www.woub.org.

The Center is not a separate legal entity and operates as a department of the University. The accompanying separate financial statements of the Center are prepared solely to meet the reporting requirements of the Corporation for Public Broadcasting, a major funding organization. These financial statements include only the activities of the Center, and therefore they are not intended to present fairly the financial position, change in financial position, and cash flows of the University in conformity with accounting principles generally accepted in the United States of America. For a more extensive disclosure of significant accounting policies, refer to the University's financial statements available by contacting the Controller's Office, 204 HDL Center, Athens, OH 45701 (740) 593-0342.

Financial Statement Presentation - The financial statement presentation required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* and GASB No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities,* as amended, provides a comprehensive, department-wide (in this instance) perspective of the Center's assets, liabilities, net assets, revenues, expenses, and changes in net assets, and cash flows. It replaces fund groups with net asset groups, and requires the direct method of cash flow presentation.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

The Center follows all GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Center has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

Basis of Accounting - As a department of the University, the Center's financial statements are presented using an economic resources measurement focus and are presented on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect certain amounts reported in the financial statements. The estimates and assumptions are based on currently available information and actual results could differ from those estimates.

Capital Assets - If purchased or constructed, capital assets are recorded at cost in the year of purchase or construction. If donated, they are recorded at their estimated fair market value as of the date received. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Following are the capitalization levels and estimated useful lives of the asset classes:

Asset Class	Capitalize at	Estimated Useful Life
Land	Any amount	N/A
Land improvements	$100,000	N/A
Infrastructure	$100,000	10-50 years
Buildings	Any amount	40 years
Machinery and equipment	$2,500	5-25 years

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

The costs of normal maintenance and repairs that do not materially increase the value of the capital asset or materially extend its life are not capitalized. Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. Land and land improvements are not depreciated.

Compensated Absences - University employees earn vacation and sick leave benefits based, in part, on length of service. Upon separation from service, employees are paid their accumulated vacation and sick pay based upon the nature of separation (termination, retirement, or death). Certain limitations are placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitations are forfeited. The liability incurred is recorded at year end as a noncurrent liability in the statements of net assets, and the change over the prior year is recorded as a component of operating expense in the statements of revenues, expenses, and changes in net assets.

Net Assets - The Center's net assets are categorized as described below:

- *Invested in Capital Assets - Net of Related Debt* - This represents the Center's investment in capital assets net of related debt.
- *Restricted Net Assets - Expendable* - Restricted expendable net assets represent assets that are restricted by a third party either legally or contractually.
- *Unrestricted Net Assets* - Unrestricted net assets are resources derived primarily from operating funds provided by the University, which are designated for use by the Center, and from third parties whose only restriction over the use of resources provided is for the benefit of the Center as determined by management.

Income Taxes - The University is an organization described in Section 115 of the Internal Revenue Code of 1986 (the "Code") and has further been classified as an organization that is not a private foundation in accordance with Sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code. As such, the Center is exempt from income taxes other than taxes on certain revenues, which are considered unrelated business income.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Classification of Revenues - Revenues are classified as either operating or nonoperating according to the following:

- *Operating Revenues* - Operating revenues include revenues from activities that have characteristics similar to exchange transactions. These include sales and services, and certain grants, which require that the Center provide goods or services to the grantor of equal value to the grant dollars received.

- *Nonoperating Revenues* - Nonoperating revenues include revenues from activities that have characteristics of nonexchange transactions such as support from the University and certain grants, which do not require the Center to provide goods or services to the grantor of equal value to the grant dollars received.

Support from the University - The University provides indirect support to the Center through its administration and physical plant support. Indirect support is recorded as revenue and expense as incurred in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets.

Administrative support is derived from the percentage of certain of the Center's operating expenditures over the University's total educational and general expenditures excluding separately budgeted research, public service, scholarships, and fellowships. This percentage is applied against the University's overall institutional support to determine the administrative support expense to allocate to cost centers, based on the direct operating expenses.

Physical plant support is determined by an assessment of the square footage assigned the Center and the cost per square foot of providing types of physical plant support. Expenses are allocated to cost centers according to estimated square footage.

In-kind Support - In-kind support is provided by the Educational Technology for Southeastern Ohio, and e-Tech. These values are based upon statements provided by the respective agency. Expenses are allocated to cost centers based on the nature of the in-kind support provided. In-kind support is included in both revenues and expenses in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets.

Related Parties - Contributions received by The Ohio University Foundation (the "Foundation"), which are restricted as to use for the Center, are managed by the Foundation. The Center records cash received from the Foundation as both revenue and expense when monies are used by the Foundation to pay expenses.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

The Center does not maintain a separate cash account; therefore, all of the Center's receipts and disbursements are reflected in the accounts of the University. The Center's share of cash accounts is reflected on the Statements of Net Assets as accounts receivable - related party. For the purpose of the Statements of Cash Flows, this account is considered a cash equivalent.

Newly Issued Accounting Pronouncements - In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement explains when pollution remediation-related obligations should be reported and how those obligations' costs and liabilities should be determined. The statement also requires note disclosures about the liabilities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2007.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes standards for the capitalization, amortization, and financial reporting of intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009.

Center management has not yet determined the impact that implementation of GASB Statements Nos. 49 and 51 will have on the Center's financial statements.

Note 2 - Capital Assets

Capital assets reported by the Center are assets of the State of Ohio, with the University having custodial responsibility. The building values have been prorated based upon the Center's percentage usage of the net assignable square footage, applied to the actual cost plus improvements of the buildings. Equipment represents items listed on the University's general ledger as equipment for the Center with a unit value of at least $2,500 and an estimated useful life of five years or more.

Note 2 - Capital Assets (Continued)

The following tables present the changes in the various capital assets categories for the years ended June 30, 2008 and 2007:

	Balance June 30, 2007	Additions	Transfers In (Out)	Disposals	Balance June 30, 2008
Capital assets not being depreciated:					
Land	$ 69,235	$ -	$ -	$ -	$ 69,235
Construction in progress	-	270,736	-	-	270,736
Total capital assets not being depreciated	69,235	270,736	-	-	339,971
Capital assets being depreciated:					
Infrastructure	5,563,795	-	-	-	5,563,795
Buildings	3,476,894	-	-	-	3,476,894
Machinery and equipment	10,290,372	70,337	6,080	(59,781)	10,307,008
Total capital assets being depreciated	19,331,061	70,337	6,080	(59,781)	19,347,697
Total capital assets	19,400,296	341,073	6,080	(59,781)	19,687,668
Less accumulated depreciation:					
Infrastructure	2,598,650	246,307	-	-	2,844,957
Buildings	2,764,745	101,553	-	-	2,866,298
Machinery and equipment	6,442,392	562,705	-	(59,781)	6,945,316
Total accumulated depreciation	11,805,787	910,565	-	(59,781)	12,656,571
Total capital assets being depreciated - Net	7,525,274	(840,228)	6,080	-	6,691,126
Capital assets - Net	$ 7,594,509	$ (569,492)	$ 6,080	$ -	$ 7,031,097

Note 2 - Capital Assets (Continued)

	Balance June 30, 2006	Additions	Transfers In (Out)	Disposals	Balance June 30, 2007
Capital assets not being depreciated:					
Land	$ 69,235	$ -	$ -	$ -	$ 69,235
Construction in progress	9,540	215,536	(225,076)	-	-
Total capital assets not being depreciated	78,775	215,536	(225,076)	-	69,235
Capital assets being depreciated:					
Infrastructure	5,563,795	-	-	-	5,563,795
Buildings	3,251,818	-	225,076	-	3,476,894
Machinery and equipment	10,362,198	195,034	-	(266,860)	10,290,372
Total capital assets being depreciated	19,177,811	195,034	225,076	(266,860)	19,331,061
Total capital assets	19,256,586	410,570	-	(266,860)	19,400,296
Less accumulated depreciation:					
Infrastructure	2,352,343	246,307	-	-	2,598,650
Buildings	2,664,493	100,252	-	-	2,764,745
Machinery and equipment	5,843,928	787,331	-	(188,867)	6,442,392
Total accumulated depreciation	10,860,764	1,133,890	-	(188,867)	11,805,787
Total capital assets being depreciated - Net	8,317,047	(938,856)	225,076	(77,993)	7,525,274
Capital assets - Net	$ 8,395,822	$ (723,320)	$ -	$ (77,993)	$ 7,594,509

Note 3 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2008 and 2007 consist of the following:

	2008	2007
Accounts payable	$ 61,043	$ 129,487
Accrued payroll	54,717	51,417
Toal	$ 115,760	$ 180,904

Note 4 - Accrued Compensated Absences

Per University policy, salaried faculty and staff earn vacation at the rate of 22 days per year with a maximum accrual of 32 days. Upon termination, they are entitled to a payout of their accumulated balance. Hourly classified employees earn vacation at rates per years of service, ranging from 10 to 25 days per year. The maximum accrual is equal to the amount earned in three years, which is subject to payout upon termination. The liability for accrued vacation at June 30, 2008 and 2007 is $209,580 and $194,660, respectively.

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a prorata monthly basis for salaried employees and on a prorata hourly basis for classified hourly employees). Salaried employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25 percent of unused days (maximum of 30 days). Hourly classified employees with 10 or more years of service are eligible for payout upon retirement of up to 50 percent of unused days (maximum of 60 days). The liability for accrued sick leave at June 30, 2008 and 2007 is $40,243 and $43,757, respectively.

A summary of accrued compensated absences at June 30, 2008 and 2007 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
For the year ended:				
June 30, 2008	$ 238,417	$ 11,406	$ -	$ 249,823
June 30, 2007	245,311	-	6,894	238,417

Note 5 - Loan Payable - Related Party

The University entered into an agreement with the Center to provide an internal loan in the amount of $951,162 as a match for a 2003 Public Telecommunications Facilities Program (PTFP) grant from the U.S. Department of Commerce. The purpose of the grant was to assist with construction and installation of a tower to support a new broadband antenna at WOUC in Cambridge, Ohio. The bid for the tower project came in at less than the estimate, thereby reducing the match that was needed. Of the original loan amount of $951,162, only $185,958 was needed for the tower project. In early calendar 2004, the Center requested that $250,042 of the unused loan funds be applied to the new digital master control project, another phase of the digital conversion. In July 2004, additional loan funds of $159,200 were requested and the borrowing limit was increased to $595,200. The internal loan carries an interest rate of 5.5 percent payable over 20 years at the rate of $4,094 per month. Interest-only payments occurred until July 30, 2006, at which time principal payments began.

The loan payable at June 30, 2008 and 2007 is shown as follows:

	Beginning Balance	Borrowed	Retired	Ending Balance	Current
For the year ended:					
June 30, 2008	$ 578,385	$ -	$ (17,764)	$ 560,621	$ 18,766
June 30, 2007	592,574	-	(14,189)	578,385	17,764

Principal and interest payment requirements for the years subsequent to June 30, 2008 are summarized as follows:

Years Ending June 30	Principal	Interest	Total
2009	$ 18,766	$ 30,366	$ 49,132
2010	19,824	29,307	49,131
2011	20,943	28,189	49,132
2012	22,124	27,008	49,132
2013	23,372	25,760	49,132
2014-2018	138,187	107,471	245,658
2019-2023	181,813	63,845	245,658
2024-2026	135,592	11,804	147,396
Total	$ 560,621	$ 323,750	$ 884,371

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Independent Auditor's 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
Ohio University
Athens, Ohio

We have audited the financial statements of Ohio University as of and for the year ended June 30, 2008 and have issued our report thereon dated October 15, 2008. 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 Ohio University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ohio University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ohio University's internal control over financial reporting.

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

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

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

To the Board of Trustees
Ohio University
Athens, Ohio

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ohio 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 *Government Auditing Standards*.

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

Plante & Moran, PLLC

October 15, 2008

Mary Taylor, CPA
Auditor of State

WOUB CENTER FOR PUBLIC MEDIA

ATHENS 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 10, 2009

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