Financial Statements and Supplemental Information

Bowling Green State University
Years Ended June 30, 2008 and 2007
With Report of Independent Auditors

0810-0991184

Mary Taylor, CPA
Auditor of State

Board of Trustees
Bowling Green State University
907 Administration Building
Bowling Green, Ohio 43403

We have reviewed the *Report of Independent Auditors* of the Bowling Green State University, Wood County, prepared by Ernst & Young LLP, 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 Bowling Green State University is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 20, 2008

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Bowling Green State University

Financial Statements and
Supplemental Information

Years Ended June 30, 2008 and 2007

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Report of Independent Auditors on Financial Statements and Schedule of Expenditures of Federal Awards

The Board of Trustees
Bowling Green State University

We have audited the accompanying statements of net assets of Bowling Green State University (the University), a component unit of the State of Ohio, and its discretely presented component unit as of June 30, 2008 and 2007 and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University and its discretely presented component unit as of June 30, 2008 and 2007 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States.

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 provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 8 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Bowling Green State University taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2008, is presented for the purpose of additional analysis as required by OMB Circular A-133, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Ernst & Young LLP

October 15, 2008

BOWLING GREEN STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements and Financial Analysis

This section of the Bowling Green State University ("University") annual financial report presents management's discussion and analysis of the financial performance of the University during the fiscal years ended June 30, 2008, 2007 and 2006. This discussion provides an overview of the University's financial activities and should be read in conjunction with the accompanying financial statements and footnotes.

Using the Annual Financial Statement

This annual report consists of financial statements, prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statements prescribed by GASB Statement No. 35 (the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Under the provision of GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, the Bowling Green State University Foundation, Inc. ("the Foundation") has been determined to be a component unit of the University. Accordingly, the Foundation is discretely presented in the University's financial statements. The Foundation has been excluded from Management's Discussion and Analysis.

The Statement of Net Assets includes all assets and liabilities. Over time, an increase or decrease in net assets (the difference between assets and liabilities) is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public university's dependency on state aid and gifts typically results in operating deficits because the financial reporting model classifies state appropriations and gifts as nonoperating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflow summarized by operating, non-capital financing, capital financing and related investing activities, and helps measure the ability of the institution to meet financial obligations as they mature.

Noteworthy Financial Activity

The University continues its long term planning initiative that will eventually encompass most aspects of University life including an extensive review and mission realignment of all academic programs and the capital facilities and infrastructure needed to support them. It is anticipated that a variety of new and renovated facility projects will occur over the next five to ten years in conjunction with a renewed focus on the backlog of deferred maintenance needs throughout the main campus. While the primary focus of these efforts is expected to be in academic buildings and related facility needs, significant attention will be devoted to a variety of student-focused auxiliary facilities including residence and dining halls.

The University's financial position, as a whole, declined during the fiscal year ended June 30, 2008 as compared to the previous year; key contributing factors are identified below:

- The University's total assets decreased over the prior year by $16.0 million, of which $6.6 million is attributed to a decrease in current assets and $9.4 million is attributed to a decrease in non-current assets. Capital assets decreased by $1.3 and restricted investments decreased by $8.8 million.

- Total liabilities decreased by $10.4 million due primarily to the $9.2 million decrease in long-term debt and other obligations and $1.2 million decrease in current liabilities.

- The University's net assets are $389.4 million, a decrease of $5.7 million compared to the prior year's increase of $29.4 million. Contributing to the change was a $2.7 million decrease in investment in capital assets, net of related debt. Of the total net assets, $247.8 million is invested in either capital assets or is restricted. Of the remaining $141.6 million in unrestricted net assets, $134.1 million has been designated or allocated for specific academic, research and support purposes, reserves, and quasi-endowments.

- Total operating revenues decreased by $4.2 million compared to the prior year with $3.1 million directly related to a decrease in student tuition and fees and $3.6 million related to a decrease in auxiliary enterprises. Offsetting increases of $689 thousand in grants and contracts, and $2.2 million in other operating revenue were realized during the year.

- The University's operating expenses increased by $9.9 million; $9.0 million in educational and general expenses and $1.9 million in other expenses which is offset by a $1.0 million decrease in auxiliary enterprise expenses. Changes in the educational and general expenses included an increase of $7.9 million for instruction, and an aggregate decrease of $1.1 million for the other educational and general expense categories.

- Non-operating revenues decreased by $22.3 million, primarily due to a decrease in market value (unrealized losses) of investments of $19.1 million, and reductions in realized gains and investment income of $8.1 million over the prior year. Other changes in the non-operating revenue category consist of an increase in state appropriations of $5.5 million, a reduction in donations of $3 million, and an increase in nonexchange grants and contracts of $1.1 million.

Bowling Green State University
Condensed Statement of Net Assets
as of June 30, 2008, 2007 and 2006
(in thousands)

	2008	2007	2006
ASSETS			
Current assets	$199,238	$205,867	$172,885
Non-current assets:			
Capital assets	309,403	310,740	303,432
Other	22,990	31,073	48,331
Total non-current assets	$332,393	$341,813	$351,763
Total assets	$531,631	$547,680	$524,648
LIABILITIES			
Current liabilities	$52,539	$53,756	$50,239
Non-current liabilities	89,710	98,892	108,783
Total liabilities	$142,249	$152,648	$159,022

NET ASSETS			
Invested in capital assets, net of related debt	$235,958	$238,645	$221,039
Restricted, expendable	11,846	10,954	17,391
Unrestricted	141,578	145,433	127,196
Total net assets	$389,382	$395,032	$365,626

2008 versus 2007:

At June 30, 2008, total University assets were $531.6 million, compared to $547.7 million at June 30, 2007. The University's largest asset is its investment in capital assets of $309.4 million at June 30, 2008 compared to $310.7 million at June 30, 2007.

In fiscal year 2008, the University's current assets of $199.2 million were sufficient to cover current liabilities of $52.5 million (current ratio of 3.8). In fiscal year 2007, the University's current assets of $205.9 million were sufficient to cover current liabilities of $53.8 million (current ratio of 3.8). Cash increased by $2.8 million in 2008 compared to a decrease of $1.5 million in 2007 due to normal operations. At June 30, 2008, University investments were $169.5 million, or 31.9% of total assets, and decreased by $7.1 million in 2008 due primarily to $9.1 million in market depreciation of investments. Capital assets (net of depreciation) of $309.4 million represent 58.2% of the University's total assets.

University liabilities totaled $142.2 million at June 30, 2008, 26.8% of total assets and $10.4 million less than the prior year. Long-term debt decreased by $9.2 million to $89.7 million in 2008 due to principal payments on outstanding debt. University liabilities totaled $152.6 million at June 30, 2007, 27.9% of total assets and $6.4 million less than the prior year.

Total net assets decreased by $5.7 million to $389.4 million in 2008 primarily due to decreased investment income and decreased enrollment. Unrestricted net assets total $141.6 million in 2008 of which $134.1 million was designated or allocated for specific ongoing academic, research and support purposes, reserves, and quasi-endowments.

2007 versus 2006:

At June 30, 2007, total University assets were $547.7 million, compared to $524.6 million at June 30, 2006. The University's largest asset is its investment in capital assets of $310.7 million at June 30, 2007 compared to $303.4 million at June 30, 2006.

In fiscal year 2007, the University's current assets of $205.9 million were sufficient to cover current liabilities of $53.8 million (current ratio of 3.8). In fiscal year 2006, the University's current assets of $172.9 million were sufficient to cover current liabilities of $50.2 million (current ratio of 3.4). Cash decreased by $1.5 million in 2007 compared to an increase of $2.0 million in 2006 due to normal operations. At June 30, 2007, University investments were $176.6 million, or 32.2% of total assets, and increased by $24.9 million in 2007 due primarily to market appreciation of investments. Capital assets (net of depreciation) of $310.7 million represent 56.7% of the University's total assets.

University liabilities totaled $152.6 million at June 30, 2007, 27.9% of total assets and $6.4 million less than the prior year. Long-term debt decreased $9.9 million to $98.9 million in 2007. University liabilities totaled $159.0 at June 30, 2006, 30.3% of total assets and $2.3 million less than the prior year. Long term debt decreased by $10.4 million to $108.8 million in fiscal year 2006.

Total net assets increased by $29.4 million to $395.0 million in 2007. Unrestricted net assets total $145.4 million in 2007 of which $131.3 million has been designated or allocated for specific ongoing academic, research and support purposes, reserves, and quasi-endowments.

Bowling Green State University
Condensed Statement of Revenues, Expenses and Changes in Net Assets
as of June 30, 2008, 2007 and 2006
(in thousands)

	2008	2007	2006
Operating Revenues:			
Student tuition and fees	$151,895	$154,973	$145,547
Auxiliary enterprises	70,765	74,341	76,045
Grants and contracts	19,249	18,560	17,965
Sales and service	5,120	5,560	6,617
Other operating revenues	5,928	3,736	3,713
Total operating revenues	$252,957	$257,170	$249,887
Operating Expenses:			
Educational and general	$280,474	$271,450	$261,807
Auxiliary enterprises	76,570	77,596	77,6310
Other expenses	6,616	4,667	1,588
Total operating expenses	$363,661	$353,713	$341,026
Operating loss	$(110,703)	$(96,543)	$(91,139)
Non-operating revenues:			
State appropriations	$86,863	81,312	81,485
Other non-operating revenues and expenses	14,877	42,755	21,974
Total non-operating revenues	$101,740	$124,067	$103,459
(Loss) income before other changes	(8,963)	27,524	12,320
Capital appropriations, grants and gifts	3,313	1,882	2,202
Total (decrease) increase in net assets	$(5,650)	$29,406	$14,522
Net assets at the beginning of the year	395,032	365,626	351,104
Net assets at the end of year	$389,382	$395,032	$365,626

2008 versus 2007:

The most significant sources of operating revenues for the University are tuition and fees of $151.9 million, a decrease of $3.1 million, or 2.0% over 2007, which is attributable to an overall reduction in enrollments during the year.

Total operating expenditures of $363.7 million increased by $9.9 million, or 2.8% in 2008. Educational and General expenses increased by $9.0 million with instructional expense and depreciation expense increasing $7.9 million and $2.2 million, respectively. In general, increases in expenses are primarily attributable to increases in salaries and benefits.

State appropriations, the most significant non-operating revenue, totaled $86.9 million in the current year, reflecting an increase of $5.6 million, or 6.8% over 2007.

2007 versus 2006:

The most significant sources of operating revenues for the University are tuition and fees of $155.0 million for 2007, an increase of $9.4 million, or 6.5% over 2006, which is attributable to a 5.84% increase in tuition and fees effective for Fall Semester 2006.

Total operating expenditures of $353.7 million increased by $12.7 million, or 3.71% in 2007. Educational and General expenses increased by $9.6 million, driven by the following increases: instructional expenses $4.9 million, student aid $4.8 million, and academic support $3.5 million. Offsetting decreases were realized in operations and maintenance of plant of $2.6 million. In general, increases in expenses are primarily attributable to increases in salaries and benefits.

State appropriations, the most significant non-operating revenue, totaled $81.3 million in 2007, down $173 thousand from $81.5 million in 2006.

Capital Assets and Debt Administration

During the fiscal year ended June 30, 2008, construction continued on renovation projects for various student housing facilities, stadium improvements, and utility upgrades.

At June 30, 2008, the University had $309.4 million of capital assets, net of accumulated depreciation of $265.4 million, compared to $310.7 million of capital assets for the prior fiscal year. The charges for depreciation included in the Statement of Revenues, Expenses, and Changes in Net Assets was $22.4 million for 2008 and $20.1 million for 2007. Detailed information about the University's capital assets is presented in the Notes to the Financial Statements.

Economic Factors That Will Affect the Future

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, legislative restrictions on tuition, changes in state support, and the cost of employee compensation, health care, and utilities.

The economic position of the University is closely tied to the economic condition of the state, as all state universities in Ohio receive state financial support for both operations and capital improvements through appropriations by the legislature. These appropriations contribute substantially to the successful maintenance and operation of the University.

The Foundation will be completing its first comprehensive fundraising campaign at the close of calendar year 2008. An original goal of $120 million was established to provide funds for endowed scholarships, new facilities and other faculty and academic priorities. We anticipate reaching $140 million by the conclusion of this first campaign. The success of this first comprehensive campaign will provide a solid foundation as we begin making plans for the next major campaign to begin within a few years. The next major campaign will likely focus more narrowly on raising funds for endowed scholarships, professorships, and Chairs.

In June 2007, the state of Ohio passed its biennial budget bill for fiscal years 2008-2009 which included a planned increase in operating appropriations to public colleges and universities of 5% in fiscal year 2008 and 10% in fiscal year 2009. Additionally, the budget bill called for public colleges and universities to refrain from raising tuition and general fees in fiscal year 2008 and fiscal year 2009. The significant increase in state operating support and the absence of tuition and fee increases for two consecutive years are virtually unprecedented in the state of Ohio and are largely due to new leadership in the Governor's office and the Chancellor's office.

The bill also contained provisions requiring each public college and university to demonstrate operating efficiencies of 1% in fiscal year 2008 (estimated by the Ohio Board of Regents as $1.4 million for the University) and 3% in fiscal year 2009 (estimated by the Ohio Board of Regents as approximately 3 times the amount in fiscal year 2008 or $4.2 million).

The University successfully demonstrated to the Ohio Board of Regents compliance with the necessary operating efficiencies in fiscal year 2008 and we anticipate doing so again in fiscal year 2009. These operating efficiencies were achieved in fiscal year 2008 through a variety of operating cost reduction efforts as well as enhanced collaborative efforts with other Ohio public colleges and universities. We expect to broaden our cost reduction efforts in fiscal year 2009 to achieve the required $4.2 million.

The University is facing a decreasing pool of traditional-aged students, a revised funding model for state operating appropriations, and a tenuous state and national economic environment in which to function over the course of the next twelve to twenty-four months. However, with new leadership in the state, the conclusion of a successful capital campaign, and the expected arrival of a new University president in the summer of 2009, the University is also experiencing renewed optimism and enthusiasm for the challenges that lie ahead.

Bowling Green State University
Statements of Net Assets
As of June 30

	Bowling Green State University		Bowling Green State University Foundation, Inc.	
	2008	**2007**	**2008**	**2007**
ASSETS				
Current Assets				
Cash	$ 4,886,227	$ 2,074,158	$ 784,183	$ 510,191
Investments	169,504,772	176,624,084	-	-
Accrued interest receivable	218,755	831,656	44,204	209,632
Accounts receivable, net	14,831,585	14,925,616	9,009,428	6,802,735
Inventories	3,396,932	4,668,163	-	-
Notes receivable	1,426,179	1,399,462	-	-
Prepaid and Other assets	4,973,875	5,344,288	4,200	89,331
Total current assets	199,238,325	205,867,427	9,842,015	7,611,889
Noncurrent Assets				
Accounts receivable, net	-	-	7,869,534	8,224,532
Restricted investments	14,545,647	23,322,207	102,994,993	101,859,448
Cash surrender value of life insurance and annuities	391,292	391,292	1,157,748	1,113,728
Notes receivable	8,052,541	7,359,753	-	-
Capital assets, net	309,403,564	310,739,608	-	-
Total noncurrent assets	332,393,044	341,812,860	112,022,275	111,197,708
Total assets	531,631,369	547,680,287	121,864,290	118,809,597
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	20,742,797	17,368,247	308,699	221,268
Deferred revenue	16,311,520	20,153,277	-	-
Deposits	526,706	761,164	-	-
Current portion of long-term debt and other obligations	14,958,398	15,473,398	-	-
Total current liabilities	52,539,421	53,756,086	308,699	221,268
Noncurrent Liabilities				
Long-term debt and other obligations	89,709,652	98,891,809	1,366,161	1,089,397
Total liabilities	142,249,073	152,647,895	1,674,860	1,310,665
NET ASSETS				
Invested in capital assets, net of related debt	235,957,792	238,645,346	-	-
Restricted for expendable:				
Loans	995,378	910,754	-	-
Capital projects and debt service	10,850,905	10,043,544	-	-
Unrestricted	141,578,221	145,432,748	2,879,995	4,452,791
Temporarily restricted	-	-	44,635,728	47,405,770
Permanently restricted	-	-	72,673,707	65,640,371
Total net assets	$ 389,382,296	$ 395,032,392	$120,189,430	$ 117,498,932

See accompanying notes to financial statements

Bowling Green State University
Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended June 30

	Bowling Green State University		Bowling Green State University Foundation, Inc.	
	2008	**2007**	**2008**	**2007**
REVENUES				
Operating Revenues				
Student tuition and fees (net of scholarship allowances of $62,472,686 for 2008 and $60,625,116 for 2007)	$151,894,909	$154,972,939	$ -	$ -
Federal grants and contracts	6,949,708	6,630,037	-	-
State grants and contracts	2,765,027	2,317,069	-	-
Local grants and contracts	51,887	20,266	-	-
Nongovernmental grants and contracts	9,482,586	9,592,950	-	-
Contributions and gifts	-	-	10,091,981	7,968,490
Sales and services of educational departments	5,120,181	5,559,864	-	-
Auxiliary enterprises (net of scholarship allowances of $1,488,762 for 2008 and $1,624,137 for 2007)	70,764,918	74,341,176	-	-
Other operating revenues	5,928,243	3,735,831	1,275,696	2,095,629
Total operating revenues	252,957,459	257,170,132	11,367,677	10,064,119
EXPENSES				
Operating Expenses				
Educational and General				
Instruction	130,091,674	122,151,132	-	-
Research	7,307,590	7,694,224	-	-
Public services	8,648,715	9,038,325	-	-
Academic support	27,372,528	29,389,324	9,079,427	11,720,011
Student services	19,115,607	17,857,090	-	-
Institutional support	26,494,552	27,894,570	634,230	542,445
Support of college fundraising	-	-	850,818	880,286
Operations and maintenance of plant	17,134,232	16,319,951	-	-
Depreciation	22,355,019	20,105,637	-	-
Student aid	21,954,636	20,999,684	-	-
Auxiliary enterprises	76,569,724	77,596,056	-	-
Other expenses	6,616,277	4,667,279	-	-
Total operating expenses	363,660,554	353,713,272	10,564,475	13,142,742
Operating (loss) income	(110,703,095)	(96,543,140)	803,202	(3,078,623)
NONOPERATING REVENUES (EXPENSES)				
State appropriations	86,862,612	81,312,285	-	-
Nonexchange grants and contracts	19,336,245	18,264,619	-	-
Investment (loss) income, net	(978,137)	24,987,484	(4,806,251)	15,455,012
Additions to permanent endowments	-	-	6,693,547	6,121,331
Interest on capital asset-related debt	(3,807,284)	(4,117,090)	-	-
Other nonoperating revenues	326,157	3,619,788	-	-
Net nonoperating revenues	101,739,593	124,067,086	1,887,296	21,576,343
(Loss) income before other changes	(8,963,502)	27,523,946	2,690,498	18,497,720
OTHER CHANGES IN NET ASSETS				
Capital appropriations	2,715,324	773,721	-	-
Capital grants and gifts	598,082	1,108,325	-	-
Total other changes in net assets	3,313,406	1,882,046	-	-
(Decrease) increase in net assets	(5,650,096)	29,405,992	2,690,498	18,497,720
NET ASSETS				
Net assets at the beginning of year	395,032,392	365,626,400	117,498,932	99,001,212
Net assets at the end of year	$389,382,296	$395,032,392	$120,189,430	$117,498,932

See accompanying notes to financial statements

Bowling Green State University
Statements of Cash Flows
Years Ended June 30

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 151,476,877	$ 154,915,771
Research grants and contracts	21,289,931	12,612,663
Payments to vendors for supplies and services	(88,812,853)	(99,401,538)
Payments to employees and benefits	(225,995,028)	(212,903,994)
Payments for scholarships and fellowships	(21,954,636)	(20,999,684)
Student loans granted, net of repayments	(719,515)	29,096
Auxiliary enterprises	69,839,136	74,901,297
Sales and services of educational departments	5,120,181	5,559,864
Other receipts	1,080,178	2,852,030
Net cash used in operating activities	(88,675,729)	(82,434,495)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	86,862,612	81,312,285
Direct lending receipts	77,207,733	75,132,446
Direct lending disbursements	(77,207,733)	(75,132,446)
Grants received for other than capital purposes	19,336,245	18,264,619
Net cash provided by noncapital financing activities	106,198,857	99,576,904
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital appropriations	2,715,324	773,721
Capital grants received	924,239	4,728,113
Purchases of capital assets	(21,018,974)	(27,413,517)
Principal paid on long-term debt	(9,055,000)	(9,905,000)
Interest paid on long-term debt	(3,807,284)	(4,117,090)
Net cash used in capital financing activities	(30,241,695)	(35,933,773)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	234,825,727	263,373,160
Investment income	7,288,767	10,001,779
Purchase of investments	(226,583,858)	(256,093,361)
Net cash provided by investing activities	15,530,636	17,281,578
Net increase (decrease) in cash	2,812,069	(1,509,786)
Cash at beginning of year	2,074,158	3,583,944
Cash at end of year	$ 4,886,227	$ 2,074,158
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	$ (110,703,095)	$ (96,543,140)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	22,355,019	20,105,637
Amortization of bond premium	(539,398)	(539,397)
Changes in assets and liabilities:		
Accounts receivable, net	94,031	(4,748,090)
Inventories	1,271,231	228,870
Other assets	370,413	(344,404)
Accounts payable and accrued liabilities	3,374,550	(12,467)
Deferred revenue	(3,841,757)	(1,261,055)
Deposits held for others	(234,458)	578,927
Compensated absences	(102,760)	86,016
Loans to students	(719,505)	14,608
Net cash used by operating activities	$ (88,675,729)	$ (82,434,495)

See accompanying notes to financial statements

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Bowling Green State University is an instrumentality of the State of Ohio that serves the state, national, and international communities by providing its students with opportunities in learning, leadership, and research by providing expert faculty, premier facilities and modern resources.

Reporting Entity: Bowling Green State University (the "University"), founded in 1910, is a component unit of the State of Ohio as established by the General Assembly of the State of Ohio under Chapter 3341 of the Revised Code of the State of Ohio. The University offers degrees at the undergraduate, masters, and doctoral levels.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* in that the financial statements include those activities and functions over which the University is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the University's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the University.

Financial Statement Presentation: The accompanying financial statements consist of the University and Bowling Green State University Foundation, Inc. (the "Foundation"). GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", requires the University to reflect the Foundation as a discretely presented component unit in the financial statements based on the significance of its relationship with the University. The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

The Foundation is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The thirty-six member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing and amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the year ended June 30, 2008 and 2007, the Foundation distributed $5,363,044 and $8,405,185, respectively, to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Assistant Vice President for Advancement Services/Controller at Mileti Alumni Center, Bowling Green, Ohio 43403.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant interfund transactions have been eliminated.

The University follows all applicable GASB pronouncements. In addition, the University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected not to apply FASB pronouncements issued after the applicable date.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts.

Inventories: Inventories are stated at the lower of average cost or market (net realizable value).

Investments: All investments are stated at fair value in accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments in publicly traded securities are stated at fair value as established by major securities markets. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenue, Expenses, and Changes in Net Assets.

Limited Partnerships and Collective Equity Funds are also included in investments and are not necessarily readily marketable. These investments are accounted for under the equity method. The components of the individual investments within these funds are not readily determinable. The estimated fair value is based on valuations provided by external investment managers. The valuation is based on independent appraisals and estimates which represent the net asset value of shared held by the University or based on periodic financial information (including annual audited financial statements) obtained from the funds. The University believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

Short-term Investments: Short-term investments include highly liquid and short duration assets (maturities less than 90 days). These assets can be withdrawn on demand.

Restricted Investments: Restricted investments are assets that have been set aside for restricted purposes.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a cost of $3,500 or more, and an estimated useful life of greater than one year. Infrastructure and improvements other than to buildings are capitalized if the cost exceeds $100,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 20 to 30 years for infrastructure and improvements, and 5 to 12 years for equipment. Library materials are capitalized and written off over 10 years.

Deferred Revenue: Deferred revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but related to the subsequent accounting period. Summer term revenue and expenditures are allocated to the appropriate accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences: University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been 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 and expense incurred are recorded at year-end as long-term liabilities in the Statement of Net Assets, and as a component of operating expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of revenue and general receipts bonds and notes payable with contractual maturities greater than one year and (2) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year and (3) federal student loan deposits.

Net Assets: The University's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of Invested in capital assets, net of related debt.

Restricted for expendable: Restricted expendable net assets include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties for loans, capital projects and debt service.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general obligations of the University, and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

Temporarily restricted: Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Foundation.

Permanently restricted: Permanently restricted net assets represent contributions received whereby the donors have stipulated that the corpus is to be maintained permanently, but permit the Foundation to use or expend part or all of the income for either specified or unspecified purposes. The unexpended income from these donated assets are classified as temporarily restricted funds.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

Income Tax: The University, as an instrumentality of the State of Ohio, is excluded from Federal income taxes under Section 115 of the Internal Revenue Code, as amended. Certain activities of the University may be subject to taxation as unrelated business income.

Revenues: The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, and (3) most Federal, state and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB No 34, such as State appropriations and investment income.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Auxiliary Enterprises: Auxiliary activities mainly represent revenues generated from Residence Halls and Dining Services, Intercollegiate Athletics, Bookstore, and various other activities that provide services to the student body, faculty, staff and general public.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Eliminations: In preparing the financial statements, the University eliminates inter-fund assets and liabilities that would otherwise be reflected twice in the Statement of Net Assets. Similarly, revenues and expenses related to internal activities are also eliminated from the Statement of Revenues, Expenses and Changes in Net Assets. Student tuition and residence fees are presented net of scholarships and fellowships applied to student accounts where the University has discretion over such expenses, while stipends and other payments made directly to students are presented as scholarships and fellowships expenses.

Reclassification: Certain amounts in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

2. CASH AND INVESTMENTS

Monies held in the University treasury are pooled for the purpose of cash and investment management.

Deposits

Amounts available for deposit at June 30, 2008 and 2007 were as follows:

	2008	2007
Cash (Carry amounts)	$ 4,796,401	$ 1,933,121
Reconciling items (net) to arrive at bank balances of deposit	2,209,818	1,492,356
Total available for deposit and investment (Bank balances of deposits)	$ 2,586,583	$ 3,425,477

2. CASH AND INVESTMENTS (Continued)

The carrying amount shown above does not include $89,826 and $141,037 held in cash funds at June 30, 2008 and 2007, respectively.

Any public depository, at the time it receives a University deposit or investment in a certificate of deposit, is required to pledge to the University as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation, equals or exceeds the amount of University funds deposited. Of the bank balance, $207,068 and $267,608 at June 30, 2008 and 2007, respectively, was covered by federal depository insurance, and $2,379,515 and $3,157,869 at June 30, 2008 and 2007, respectively, was collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

The University invests in STAR Ohio, an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2008.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The current market value of the pool of securities so pledged together with the amount covered by federal insurance must be at least equal to 110% of all public monies on deposit with the depository.

Investments

The University's investment policy authorizes the University to invest operating funds; the University has no endowment funds, in the following investments:

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

The University operates with a long-term investment goal of preserving the purchasing power of the principal in a diversified portfolio.

2. CASH AND INVESTMENTS (Continued)

All common stocks, corporate bonds, money market instruments, mutual funds and other investments are invested through a trust agreement with Fifth Third Bank which is the custodian for all funds managed by external money managers. Short-term investments with Huntington Bank are secured with internally designated securities as pledged to the University.

The values of investments at June 30, 2008 and 2007 are as follows:

	2008	2007
Equity mutual funds	$ 71,424,022	$ 74,832,735
Common and preferred stock	31,210,577	27,967,818
Alternative investments:		
Limited partnerships	26,658,805	-
Collective equity funds	6,209,733	-
US government agency obligations	25,145,118	60,999,988
US government obligations	17,084,826	23,409,356
Corporate bonds and notes	5,150,515	10,637,137
State pooled government obligations	806,826	1,772,975
Municipal bonds	250,144	267,256
Other	109,853	59,026
	$ 184,050,419	$ 199,946,291

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. The University realized a net gain from the sale of investments of $27,401 and $4,971,322, for the years ended June 30, 2008 and 2007, respectively. The calculation of realized gains and losses is independent of the net appreciation (depreciation) in the fair value of investments held at year-end. The net (depreciation) appreciation in the fair value of investments was ($9,062,048) and $14,990,437, for the years ended June 30, 2008 and 2007, respectively. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year. The unrealized (depreciation) appreciation was ($9,034,647) and $10,019,115 for the years ended June 30, 2008 and 2007, respectively. The University's investments are temporary investments designated by management.

In 2005 the University adopted GASB Statement No. 40, Deposits and Investment Risk Disclosure, which requires certain additional disclosures related to the interest rate, credit, foreign currency and custodial risks associated with interest-bearing investments. At the present time, the University does not have formal policies addressing these types of risks.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes interest rates.

2. CASH AND INVESTMENTS (Continued)

As of June 30, 2008 the University had the following interest-bearing investments and maturities.

Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
US gov't agency obligations	$ 25,145,118	$ 20,987,370	$ 4,157,748	$ -	$ -
US government obligations	17,084,826	10,263,537	1,985,525	3,566,829	1,268,935
Corporate bonds and notes	5,150,515	192,475	953,862	1,046,857	2,957,321
State pooled gov't obligation	806,826	806,826	-	-	-
Municipal bonds	250,144	17,626	75,951	85,484	71,083
Foreign bonds	109,853	20,039	26,051	63,763	-
Total	$ 48,547,282	$ 32,287,873	$ 7,199,137	$ 4,762,933	$ 4,297,339

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of the credit ratings issued by the nationally recognized statistical rating organizations (NRSRO's) such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

The credit ratings of the University's interest-bearing investments at June 30, 2008 are as follows:

Credit rating (Moody's)	Total	US government obligations	US government agency obligations	Corporate bonds	Other investments
AAA	$ 46,727,991	$ 17,084,826	$ 25,145,118	$ 3,691,221	$ 806,826
AA	366,681	-	-	366,681	-
A	642,170	-	-	642,170	-
BBB	420,968	-	-	420,968	-
BB	29,475	-	-	29,475	-
Not rated	359,997	-	-	-	359,997
Total	$ 48,547,282	$ 17,084,826	$ 25,145,118	$ 5,150,515	$ 1,166,823

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University facilitates several Study Abroad Programs in Austria, Spain, and France with a total cash balance of $591,221 and $538,343 at June 30, 2008 and 2007, respectively. The University also has investments in foreign bonds whose fair market value was $109,853 and $59,026 at June 30, 2008 and 2007, respectively.

2. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University's investment in the State Treasurer's investment program which is not evidenced by securities that exist in physical or book entry form was $806,826 and $1,772,975 at June 30, 2008 and 2007, respectively. The remaining investments are uninsured and unregistered with securities held by the counter party's trust department or agent in the University's name.

3. ACCOUNTS RECEIVABLE

The composition of accounts receivable at June 30, 2008 and 2007 were as follows:

	2008	2007
Student receivables for fees, room and board	$ 5,368,900	$ 6,538,037
Research and sponsored programs	9,866,470	8,776,754
Other	246,215	260,825
	15,481,585	15,575,616
Less allowance for doubtful accounts	650,000	650,000
TOTALS	$ 14,831,585	$ 14,925,616

4. NOTES RECEIVABLE

Principal repayment and interest rate terms of federal and university loans vary considerably. Federal loan programs are funded principally with federal contributions to the University under the Perkins and Nursing Loan programs. All amounts recorded are believed collectible. Any uncollectible amounts are not expected to have a significant impact on the financial statements.

The University distributed $76,207,733 for student loans in 2008 and $75,132,446 in 2007 through the U.S. Department of Education federal direct lending program. These distributions and related funding sources are not included as expenses and revenues or as cash disbursements and cash receipts in the accompanying financial statements.

5. CAPITAL ASSETS

Capital assets and accumulated depreciation as of June 30, 2008 are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	$ 6,066,970	$ -	$ -	$ 6,066,970
Construction in Progress	12,534,109	13,801,338	15,149,143	11,186,304
Non-depreciable Assets	18,601,079	13,801,338	15,149,143	17,253,274
Buildings	392,412,208	5,653,651	2,639,703	395,426,156
Infrastructure	54,712,341	8,668,145	-	63,380,486
Equipment	64,557,662	5,744,813	867,725	69,434,750
Library Materials	28,773,457	2,751,462	2,186,223	29,338,696
Depreciable Assets	540,455,668	22,818,071	5,693,651	557,580,088
Total Capital Assets	559,046,747	36,619,409	20,842,794	574,833,362
Less Accumulated Depreciation				
Buildings	173,860,796	9,898,907	2,243,504	181,516,198
Infrastructure	24,321,790	2,141,337	-	26,463,127
Equipment	36,570,060	7,653,718	812,633	43,411,145
Library Materials	13,564,493	2,661,057	2,186,222	14,039,328
Total Accumulated Depreciation	248,317,139	22,355,019	5,242,359	265,429,798
Capital Assets, Net	$ 310,739,608	$14,264,390	$ 15,600,435	$ 309,403,564

5. CAPITAL ASSETS (Continued)

Capital assets and accumulated depreciation as of June 30, 2007 are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Land	$ 5,355,970	$ 711,000	$ -	$ 6,066,970
Construction in Progress	20,342,674	14,447,926	22,256,491	12,534,109
Non-depreciable Assets	25,698,644	15,158,926	22,256,491	18,601,079
Buildings	371,362,567	21,049,641	-	392,412,208
Infrastructure	52,701,844	2,010,497	-	54,712,341
Equipment	57,196,217	8,826,288	1,464,843	64,557,662
Library Materials	28,224,384	2,860,373	2,311,300	28,773,457
Depreciable Assets	509,485,012	34,746,799	3,776,143	540,455,668
Total Capital Assets	535,183,656	49,905,725	26,032,634	559,056,747
Less Accumulated Depreciation				
Buildings	164,668,829	9,191,967	-	173,860,796
Infrastructure	22,297,099	2,024,691	-	24,321,790
Equipment	31,506,251	6,292,934	1,229,125	36,570,060
Library Materials	13,279,748	2,596,045	2,311,300	13,564,493
Total Accumulated Depreciation	231,751,927	20,105,637	3,540,425	248,317,139
Capital Assets, Net	$ 303,431,729	$ 29,800,088	$ 22,492,209	$ 310,739,608

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The composition of accounts payable and accrued expenses at June 30, 2008 and 2007 were as follows:

	2008	2007
Accounts payable	$ 9,390,184	$ 6,996,921
Payroll and withholdings	9,152,613	8,771,326
Health claims	2,200,000	1,600,000
TOTALS	$ 20,742,797	$ 17,368,247

7. LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt and other obligations for June 30, 2008, are summarized as follows:

Bonds & notes payable:	Beginning Balance	Additions	Reductions	Ending Balance	Due In One Year
Dormitory system bonds	$ 26,860,000	$ -	$ 4,265,000	$ 22,595,000	$ 3,050,000
Other bonds	62,485,000	-	4,790,000	57,695,000	4,985,000
Bond premium	4,175,145	-	539,398	3,635,747	539,398
Total bonds & notes payable	93,520,145	-	9,594,398	83,925,747	8,574,398
Other liabilities:					
Vacation pay	8,169,630	6,174,013	6,401,772	7,941,871	5,975,000
Sick leave	4,357,000	552,732	427,732	4,482,000	409,000
Federal student loan deposits	8,318,432	-	-	8,318,432	-
Total other liabilities	20,845,062	6,726,744	6,829,504	20,742,303	6,384,000
Total long-term liabilities	$114,365,207	$6,726,745	$16,423,902	$ 104,668,050	$14,958,398

7. LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Long-term debt and other obligations for June 30, 2007, are summarized as follows:

Bonds & notes payable:	Beginning Balance	Additions	Reductions	Ending Balance	Due In One Year
Dormitory system bonds	$ 30,920,000	$ -	$ 4,060,000	$ 26,860,000	$ 4,265,000
Other bonds	68,330,000	-	5,845,000	62,485,000	4,790,000
Bond premium	4,714,542	-	539,397	4,175,145	539,398
Total bonds & notes payable	103,964,542	-	10,444,397	93,520,145	9,594,398
Other liabilities:					
Vacation pay	8,535,615	5,392,478	5,758,463	8,169,630	5,491,000
Sick leave	3,905,000	889,103	437,103	4,357,000	388,000
Federal student loan deposits	8,318,432	-	-	8,318,432	-
Total other liabilities	20,759,047	6,281,581	6,195,566	20,845,062	5,879,000
Total long-term liabilities	$124,723,589	$6,281,581	$16,639,963	$ 114,365,207	$15,473,398

The scheduled maturities of the bonds for the five fiscal years subsequent to June 30, 2008, and subsequent periods thereafter are as follows:

	General Receipts			
	Dormitory System	Other	Interest	Total
Interest rate	2.5% - 5.75%	3.125% - 5.75%		
2009	$ 3,050,000	$ 4,985,000	$ 3,974,650	$ 12,009,650
2010	3,175,000	5,190,000	3,532,725	11,897,725
2011	3,310,000	5,450,000	3,114,943	11,874,943
2012	1,825,000	5,840,000	2,724,688	10,389,688
2013	1,900,000	6,130,000	2,356,977	10,386,977
2014-2018	8,275,000	26,615,000	5,842,950	40,732,950
2019-2021	1,060,000	3,485,000	231,325	4,776,325
Totals	$ 22,595,000	$ 57,695,000	$ 21,778,258	$ 102,068,258

7. LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

On June 1, 2005, the University issued $28,345,000 General Receipt Bonds, Series 2005 with an average interest rate of 4.5% to partially advance refund $27,880,000 of the General Receipt Bonds, Series 2000 with an average interest rate of 5.3%. The proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the General Receipt Bonds, Series 2000. As a result, the refunded portion of the General Receipt Bonds, Series 2000 are considered to be defeased, and the liability for those bonds has been removed from the balance sheet. The balance of debt issuance defeased in substance in prior years that remains outstanding as of June 30, 2008 is $27,880,000.

On November 2, 2004, the University issued $40,570,000 General Receipt Bonds, Series 2004 to finance an information technology system, improvements to certain education and auxiliary facilities and to partially advance refund $7,185,000 of the General Receipt Bonds, Series 1996. The General Receipt Bonds, Series 2004 has an average interest rate of 3.8% and the General Receipt Bonds, Series 1996 have an average interest rate of 5.1%. The proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the General Receipt Bonds, Series 1996. As a result, the refunded portion of the General Receipt Bonds, Series 1996 are considered to be defeased, and the liability for these bonds has been removed from the balance sheet. The balance of debt issuance defeased in substance in prior years that remains outstanding as of June 30, 2008 is $4,535,000.

In May 2003, the University issued $27,225,000 General Receipt Bonds, 2003 to finance dormitory renovations, Bowen Thompson Student Union renovations, Recreation Center air conditioning, campus infrastructure project and to advance refund the General Receipt Bonds, Series 1991 and 1992. Interest rates range from 4.75% to 5.75%. The proceeds for the advance refunding were deposited with an escrow trustee for all future debt service payments on the General Receipts Bonds, 1991 and 1992. As a result, the bonds outstanding were considered defeased, and the liability removed from the balance sheet. At June 30, 2008, the balance of the escrow account had been fully paid.

In November 2000, the University issued $54,660,000 General Receipts Bonds for dormitory renovations, Bowen Thompson Student Union renovation, Recreation Center air conditioning and the campus infrastructure project. Interest rates range from 4.75% to 5.75%.

Unspent bond proceeds of $14,545,646 as of June 30, 2008 are classified as Restricted Investments.

The principal and interest payments of all General Receipts Bonds are collateralized by the pledge of the general receipts of the University. The bond indentures have various restrictive covenants with which the University management believes they have complied.

The University has an agreement with the City of Bowling Green whereby the City financed certain electrical improvements for the benefit of the University and is assessing the additional cost to the University. Under the terms of the agreement, the University may buy out the City at any time for $1 plus the outstanding note which at June 30, 2008 approximated $1,100,000.

7. LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

In September 2008, the University entered into a master lease arrangement with a financial institution for $6,000,000. The lease agreement is secured by certain capital improvements. Under the terms of the lease, the University will make monthly payments of interest only for the first three years and monthly principle and interest payments for the remaining seven years. The University can pay the principle in full after the first two years without penalty.

8. RETIREMENT BENEFITS

The University contributes to two cost-sharing multiple-employer defined benefit plans: (1) Public Employees Retirement System of Ohio (OPERS), and (2) State Teachers Retirement System of Ohio (STRS). Both plans provide retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code (ORC). OPERS and STRS issue stand-alone financial reports. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio, 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377 for OPERS, and 275 East Broad Street, Columbus, Ohio, 43215-3771, or by calling (614) 227-4090 or 1-888-227-7877 for STRS.

The funding policy for the above plans is as follows:

OPERS: The ORC provides statutory authority for employee and employer contributions and administers three separate pension plans as described below:

Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.

Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulated retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

For 2007, member and employer contribution rates were consistent across all three plans. From July 1, 2005, through December 31, 2005, OPERS employees contributed 8.5% of their salary to the plan and the University contributed 13.31% of covered payrolls to the plan. For the 2006 calendar year, employees contributed 9.0% while the University contributed 13.54%. For the calendar year 2007, employees contributed 9.5% while the University contributed 13.77%. For the calendar year 2008, employees contribute 10.0% while the University contributes 14.0%. From July 1, 2005, through December 31, 2005, law enforcement employees contributed 10.1% of their salary and the University contributed 16.7% of covered payrolls. For the calendar year 2006, law enforcement employees contributed 10.1% and the University contributed 16.93%. For the calendar year 2007, law enforcement employees contributed 10.1% while the University contributed 17.17%. For the calendar year 2008, law enforcement employees contribute 10.1% while the University contributes 17.4%. The total employer contributions to OPERS for the years ended June 30, 2006, 2007, and 2008 approximated $8,594,000, $8,905,000 and $9,102,000 respectively, which were equal to 100% of the required contributions for each year.

8. RETIREMENT BENEFITS (Continued)

STRS: STRS is a statewide retirement plan for licensed teachers and other faculty members and provides a choice of three retirement plan options.

Defined Benefit Plan (DB Plan) – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age.

The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is determined by multiplying final average salary by 2.2% for the first 30 years of credited service. Each year over 30 years is incrementally increased by .1%, starting at 2.5% for the 31st year of contributing service up to a maximum allowance of 100% of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service are multiplied by 2.5%, and each year over 31 years is incrementally increased by .1% starting at 2.6% for the 32nd year. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to compute the maximum annual retirement allowance.

Define Contribution Plan (DC Plan) – Benefits are established under Sections 3307.80 to 3307.89 of the ORC. For members who select the DC Plan all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan – Member contributions are allocated among investment choices by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity.

The ORC provides statutory authority for employee and employer contributions. During 2007, STRS employees contributed 10% of their salary to the plan and the University contributed 14.0% of covered payrolls to the plan. The total employer contributions to STRS for the years ended June 30, 2006, 2007, and 2008 approximated $7,609,000, $7,896,000, and $8,045,000 respectively, which were equal to 100% of the required contributions for each year.

8. RETIREMENT BENEFITS (Conitnued)

Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement system (ARP) for academic and administrative university employees of public institutions of higher education who are currently covered by the State Teachers Retirement System or Public Employees Retirement System. The Bowling Green State University board of trustees adopted such a plan effective January 25, 2000. Ohio Amended Substitute Senate Bill 133 became effective September 15, 2004, authorizing participation in an alternative retirement system (ARP) by classified university employees. On September 30, 2005, the Bowling Green State University board of trustees amended its alternative retirement plan to conform with this legislative change effective August 1, 2005. This plan is a defined contribution plan under IRS section 401(a). The total employer contribution to ARP for the years ended June 30, 2006, 2007, and 2008 approximated $3,934,000, $4,473,000, and $4,806,000 respectively.

Employees have 120 days from their employment date to select a retirement plan. A retiree of STRS or OPERS is eligible for reemployment following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance.

Benefits are increased annually by 3% of the original base amount for the DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

9. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the Ohio Revised Code provides the statutory authority requiring the University to fund postretirement health care through employer contributions to OPERS and STRS.

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

9. POST EMPLOYMENT BENEFITS (Continued)

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2007, state employers contributed at a rate of 13.77% of covered payroll, and public safety and law enforcement employer units contributed at 17.17%. The portion of employer contributions, for all employers, allocated to health care was 6.00%.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review - The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2006.

Funding Method - The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method - All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return - The investment assumption rate for 2006 was 6.50%.

Active Employee Total Payroll - An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care - Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 5.00% for the next 8 years. In subsequent years, (9 years and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

9. POST EMPLOYMENT BENEFITS (Continued)

OPEB is advance-funded on an actuarially determined basis.

Participants - The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130.

Contributions – In 2007, the University contributed 13.77% for state employees and 17.17% for law enforcement employees. The portion of employer's contributions, for all employees, allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007. The total employer contributions to PERS for the years ended June 30, 2006, 2007, and 2008 approximated $2,537,000, $2,913,000, and $3,891,000, respectively.

Actuarial Value - The amount of $12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006.

Liability - Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $30.7 billion and $18.7 billion, respectively.

Preservation Plan - The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which will allowed additional funds to be allocated to the health care plan.

STRS provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the STRS retirement board has discretionary authority over how much, if any, of associated health care costs will be absorbed by the plan. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

By Ohio law, the health care benefits are not guaranteed and the cost of the coverage paid from STRS funds shall be included in the employer's contribution rate, currently 14% of covered payroll.

The STRS Board allocates employer contributions to the post-employment health care fund from which health care coverage is subsidized. For the fiscal years ended June 30, 2007, and 2006, the Board allocated employer contributions equal to 1% of covered payroll to this fund which had ending balances of $4.1 billion and $3.5 billion respectively.

For the year ended June 30, 2006, the net health care benefit expenses paid by STRS approximated $301,870,000, and there were 122,934 eligible benefit recipients.

10. RISK MANAGEMENT

During the normal course of operations, the University has become a defendant in various legal and administrative actions. In accordance with FASB Statement No. 5, liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. However, in the opinion of legal counsel and University management, the disposition of all pending litigation will not have a material adverse effect on the financial condition of the University.

The University self-insures its health care program up to a specific limit of $200,000 per individual event. Specific stop loss coverage is provided by Medical Mutual of Ohio.

Risk financing methods for Property and Casualty exposures include a combination of insurance, self insurance and risk pooling-via a joint program formed with other four-year publicly funded universities in the State. This program is referred to as the Inter-University Council Insurance Consortium [IUC-IC] and it obligates member institutions to realize the first $100,000 per covered loss for nearly all exposures before the claim reaches the pool and eventually the insured layers of the program. All of fourteen member institutions participate in the program with the exception of Ohio State. The operation of the pool is managed by a Board of Governors consisting of one member representative and one alternate from each institution.

Changes in the balances of claims liabilities for the years indicated for the health coverage are as follows:

	2008	2007	2006
Unpaid claims - July 1	$ 1,600,000	$ 1,600,000	$ 1,500,000
Incurred claims	19,911,218	17,099,240	16,644,114
Paid claims	19,311,218	17,099,240	16,544,114
Unpaid claims - June 30	$ 2,200,000	$ 1,600,000	$ 1,600,000

This actuarially determined liability for estimates of losses retained by the University for outstanding claims and claims incurred but not reported is the University's best estimate based on past experience and current claims outstanding. Actual claims experience may differ from the estimate. Settlements have not exceeded insurance coverage in each of the past three years.

The University participates in a State pool of agencies and universities that pays workers' compensation premiums into the State Insurance Fund on a pay-as-you-go basis (the Plan), which pays workers' compensation benefits to beneficiaries who have been injured on the job. Losses from asserted and unasserted claims for the participating state agencies and universities in the Plan are accrued by the Ohio Bureau of Worker's Compensation (the Bureau) based on estimates that incorporate the past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. Participants in the Plan annually fund the worker's compensation liability based on rates set by the Bureau to collect the cash needed in subsequent fiscal years to pay the worker's compensation claims of participating State agencies and universities.

11. CONTINGENCIES

In the normal course of its activities, the University is a party in various legal and administrative actions. Although some actions have been brought for large amounts, the University has not experienced significant losses or costs. After taking into consideration legal counsel's evaluation of pending action and information relative to potential future claims based on past events, the University's management is of the opinion that the outcome thereof will not have a material effect on the University's financial position.

Grants and contracts - The University receives grants and contracts from certain federal, state, and local agencies to fund research and other activities. Revenues from government grants and contracts are recognized when all eligibility requirements have been met. The University records indirect costs related to such grants and contracts at predetermined rates that are negotiated with the University's federal cognizant agency. Both direct and indirect costs charged to the grants or contracts are subject to audit and approval by the granting agencies. University management believes any adjustments of costs resulting from such examination by the granting agency would be insignificant.

12. NEW PRONOUNCEMENTS

For 2007, The University has implemented GASB Statement No. 43, *"Financial Reporting for Postemployment Benefits Plans other than Pension Plans"*, GASB Statement No. 45, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*, and GASB Statement No. 48 *"Sales and Pledges of Receivables and Future Revenue and Intra-Entity Transfers of Assets and Future Revenues*".

GASB Statements No. 43 and No. 45 establish uniform standards of financial reporting for Other postemployment benefit plans and increase the usefulness and improve the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 43 and No. 45 did not have an effect on the financial statements of the University; however, the Postemployment Benefits disclosures (see note 9) have been modified for their implementation.

GASB Statement No. 48 established criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirement for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the University; however, additional disclosure related to revenues pledged for the repayment of revenue bonds has been provided in Note 7.

Supplemental Information

Bowling Green State University

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2008

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Student Financial Assistance Cluster:			
U.S. Department of Education:			
Direct awards:			
Federal Supplemental Educational Opportunity Grants	84.007	(1)	$ 889,431
Federal Work-Study Program	84.033	(1)	814,251
Federal Pell Grant Program	84.063	(1)	13,449,965
Academic Competitiveness Grant	84.375	(1)	704,094
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376	(1)	265,933
Total Student Financial Assistance Cluster			16,123,674
Research and Development Cluster:			
U.S. Department of Agriculture:			
Agricultural Research – Basic and Applied Research			
Pass-through from:			
Ohio State University Research Foundation:			
Ohio’s Greenhouse Industry	10.001	(1)	3,021
Grants for Agricultural Research, Special Research Grants			
Pass-through from:			
University of Toledo:			
Remote Sensing & Sewer Sludge	10.200	2004-38898-02140	8,383
Monitoring Agricultural Sewage Sludge	10.200	2004-38898-02140	40,952
Remote Sensing Monitoring Agricultural Sewage Sludge	10.200	2006-38898-03485	21,433
Monitoring Agricultural Sewage Sludge	10.200	(1)	154,119
Ohio State University Research Foundation:			
Research Greenhouse Ohio	10.200	(1)	4,295
Research Greenhouse Ohio	10.200	(1)	123,863
			353,045
Sustainable Agriculture Research and Education			
Pass-through from:			
University of Minnesota:			
The Impact of Beauveria Bassiana, Trichogramma Pretiosum	10.215	Q4089053501	6,376
Total U.S. Department of Agriculture			362,442
U.S. Department of Commerce:			
Economic Development - Technical Assistance			
Direct awards:			
University Economic Development Center	11.303	(1)	116,060
University Economic Development Center	11.303	06-66-05054-02	74,558
			190,618
Sea Grant Support			
Pass-through from:			
Ohio State University Research Foundation:			
Phylogenetic Analysis and Physiological Characterization	11.417	RF01090500	66,746
Otoliths Fish Stock Habitat	11.417	60006051	5,516
Trace Elements and Otoliths	11.417	RF01059538	41,670
			113,932

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued):			
U.S. Department of Commerce (continued):			
Special Oceanic and Atmospheric Projects			
Direct awards:			
Water Quality, Remote Sensing	11.460	(1)	280,262
Monitoring Lake Erie Water Quality w/ Remote Sensing II	11.460	(1)	116,589
			396,851
Direct award:			
Effects of Doppler Shifts on EIT & the Storage of Cohere	11.6XX	IP7006	11,369
Pass-through from:			
Ohio State University Research Foundation:			
Redfield Revisited	11.XXX		43,611
Phosphonates in Lake Erie: Unrecognized P Source Phytop	11.XXX	R/ER-080	2,522
Ohio Department of Natural Resources:			
ODNR Watershed Coordinator Project Partnership	11.XXX		6,340
SABRE Systems, Inc.:			
Foreign-Born Population	11.XXX	(1)	(14,679)
Total U.S. Department of Commerce			750,564
U.S. Department of Defense:			
Basic and Applied Scientific Research			
Direct awards:			
Energy Cure Remote Location	12.300	N00014-05-1-0372	(7,023)
Energy Cure Remote Location	12.300	N00014-06-1-0948	358,697
Stealthy Sensors	12.300	N660001-06-C-2010	51,343
Pass-through from:			
University of Toledo:			
Novel Sensors for Chemical- and Bio-Defense	12.300	HR0011-07-0003	24,000
			427,017
Basic Scientific Research			
Direct award:			
Protein Conformation Changes	12.431	W911NF-06-1-0337	155,152
Air Force Defense Research Sciences Program			
Direct awards:			
Metal-Organic Chromophores	12.800	FA9550-05-1-0276	573,237
Prgmble Triplet Frmtion Decay Metal Organic Chromophores	12.800	(1)	467,830
Prgmble Triplet Frmtion Decay Metal Organic Chromophores	12.800	(1)	297,763
			1,338,830
Research and Technology Development			
Direct award:			
Polymer Bioinspired Sensor	12.910	(1)	219,953
Total U.S. Department of Defense			2,140,952

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued):			
U.S. Department of the Interior:			
Water Reclamation and Reuse Program			
Pass-through from:			
Central State University:			
Episodic Pluid Migration	15.504	(1)	8,669
Validation and Calibration of Remote Sensing Data	15.504	04FC811041	9,694
			18,363
Conservation Grants Private Stewardship for Imperiled Species			
Direct award:			
Audubon's Crested Caracara	15.632	(1)	9,052
State Wildlife Grants			
Pass-through from:			
Ohio Department of Natural Resources:			
State Endangered Lark Sparrow	15.634	(1)	3,850
American Ginseng Populations	15.634	(1)	877
			4,727
Pass-through from:			
Ohio State University Research Foundation:			
Bioremediation of Heavy Metals Using Genetically Engineering	15.XXX	RF01114341	1,209
Total U.S. Department of Interior			33,351
National Aeronautic Space Administration (NASA):			
Aerospace Education Services Program			
Pass-through from:			
Dartmouth College:			
Global Clusters Field Halo	43.001	5-36969.572	39,124
Technology Transfer			
Direct awards:			
NASA Research Professor	43.002	(1)	31,562
NASA Research Professor	43.002	P.O. #GRCIPA0207	148,661
Plum Brook Alternative Professor	43.002	NNC06AA28A	21,807
Pass-through from:			
University of Oklahoma:			
Drosophila Melanogaster	43.002	(1)	6,105
			208,135
Total National Aeronautic Space Administration			247,259
National Endowment for the Humanities:			
Promotion of the Humanities – Fellowships and Stipends			
Direct awards:			
Working Man: Mexico City	45.160	FB-52468	(10,837)
Liberating Sex: ACLU, Policy & Culture in 20th-c US	45.160	(1)	34,445
Total National Endowment for the Humanities			23,608

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued):			
National Science Foundation:			
Engineering Grants			
Direct award:			
Multi-Anion Sensing	47.041	ECS-0330267	21,207
Mathematical and Physical Sciences			
Direct awards:			
Metal-Peptide Nanoassemblies	47.049	CHE-045-5441	135,409
Polymerization Lasers	47.049	DMR-0091689	251
Towards Molecular Optical Data	47.049	CHE-0134782	(5,139)
Confocal Microscope	47.049	CHE-0541803	44,955
Photocatalytic Approaches to Hydrogen Production	47.049	(1)	9,895
Materials and Devices for Fast Detection of Explosives	47.049	(1)	42,825
Intramolecular Indicator-Displacement Assays (IIDA)	47.049	CHE-0750303	14,428
Halo Stars	47.049	AST-0307340	4,121
Pass-through from:			
Indiana University:			
WIYN 0.9M Consortium	47.049	(1)	3,437
			250,182
Geosciences			
Direct awards:			
Nitrifying of Lake Superior	47.050	(1)	16,496
Cyanobac Iron-Dependent Bioreporters	47.050	(1)	863
Design/Character of Cyanobac Bioreporters to Measure	47.050	OCE-0727644	30,213
Lake El'gygytgyn, NE Russia	47.050	EAR-0602435	1,861
			49,433
Computer and Information Science and Engineering			
Direct award:			
Decision – Space Navigation Modules	47.070	(1)	5,424
Biological Sciences			
Direct awards:			
Algal Biodiversity Smoky Mtns	47.074	(1)	43,860
Cytoplasmic Membrane Energy	47.074	(1)	36,212
Senders and Their Environments	47.074	(1)	1,638
Glucosinolate Hydrolysis Products in Arabidopsis thalian	47.074	(1)	49,859
RCN: RNA Ontology Consortium	47.074	MCB-0443508	105,648
Hippocampal Representation of Space in Birds	47.074	IBN-0075891	7,804
			245,021
Social, Behavioral, and Economic Sciences			
Direct award:			
Population Correlations	47.075	SES-0423825	91,817
Education and Human Resources			
Direct awards:			
Learning and Geologic Sciences	47.076	DUE-0536739	59,513
Graduate Math and Science Teaching ED	47.076	(1)	9,026
			68,539

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued):			
National Science Foundation (continued):			
Polar Programs			
Direct awards:			
Vostok Accretion Ice	47.078	(1)	28,495
Adare Basin Seamount Lavas	47.078	ANT-0538374	12,974
Volcanism Glaciation , ANT	47.078	ANT-0538033	54,595
Petrology and Geochemistry of Miocene Volcanic Rocks	47.078	25-0550-0001-131	34,601
			130,665
Pass-through from:			
Ohio State University Research Foundation:			
Ethical/Social Value Issues in Drug-Eluding Stents (DES)	47.XXX	(1)	9,655
Total National Science Foundation			871,943
Department of Veteran Affairs:			
Direct award:			
Stress and Motivated Behavior	64.XXX	(1)	4,459
Total Department of Veteran Affairs			4,459
Department of Energy			
Renewable Energy Research and Development			
Direct award:			
Coastal Wind Project	81.087	(1)	64,831
Pass-through from:			
University of Toledo:			
Hydrogen Fuel Cell Vehicles	81.087	FG36-05G085025	917
			65,748
Direct award:			
Chemical Imaging Studies	81.XXX	DEFG02-06ER15827	218,665
Total Department of Energy			284,413
U.S. Department of Education:			
Career and Technical Education - Basic Grants to States			
Pass-through from:			
Ohio Department of Education:			
Career-Technical Teacher Ed 07	84.048	VEPD-CB-07-BG	20,900
Capacity Building Faculty Support CTAE Teacher Educ 08	84.048	VEPD-CB-08-BG	74,641
			95,541
Safe and Drug-free Schools and Communities – National Programs			
Direct award:			
High Risk Drinking College Students	84.184H	(1)	66,940
Civic Education - Cooperative Education Exchange Program			
Pass-through from:			
Center for Civic Education:			
Teaching for Democracy	84.304	(1)	23,352
Total U.S. Department of Education			185,833

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued):			
U.S. Department of Health and Human Services:			
Special Programs for the Aging - Title III, Part C - Nutrition Services			
Pass-through from:			
The University of Cincinnati			
Understanding Strain in Teaching: Determining Age	93.045	(1)	2,959
Adolescent Family Life Research Grants			
Direct award:			
Teen Sexuality	93.111	5 APRPA006009-02-00	148,991
Research Related to Deafness and Communication Disorders			
Direct award:			
Aerodynamic and Acoustic Models of Phonation	93.173	2R56DC003577-10A1	241,920
Pass-through from:			
Purdue University:			
Fluid Structure – Human Larynx	93.173	1-R01-DC005788-01A1	17,474
Indiana University:			
Development of Attention to Maternal Speech in Infants	93.173	1R01DC008581-01A1	51,553
			310,947
Policy Research and Evaluation Grants			
Direct award:			
National Center for Marriage Research	93.239	1 U01 AE000001-01	174,083
Mental Health Research Grants			
Direct award:			
Rat Navigational System	93.242	1-R01-MH660460-04	48,919
Occupational Safety and Health Program			
Pass-through from:			
The University of Cincinnati:			
Reducing Job Stress: A Comparison of CBT and ACT	93.262	A07-4500021252	6,058
Veterans Biomedical Research Institute:			
Aging and the Cholinergic System on Attention and Timing	93.262	7R01AG020560-05	166,861
			172,919
Drug Abuse and Addiction Research Programs			
Direct award:			
Ethopharmacological Charact	93.279	8 RDA016435A	137,863
Cancer Treatment Research			
Direct award:			
Natural Enediyne Antibiotics	93.395	2-R15-CA091856-02	59,415
Extramural Research Programs in the Neurosciences and Neurological Disorders			
Direct awards:			
Rat Head Direction Signal	93.853	5-R01-NS35191-08	40,753
Spatial Memory & Theta Rhythm	93.853	5-R01-NS044373-04	(1,769)
			38,984
Microbiology and Infectious Diseases Research			
Direct award:			
Influenza A in Asian Lakes	93.856	8 RAI063144A	23,814

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Research and Development Cluster (continued):			
U.S. Department of Health and Human Services (continued):			
Biomedical Research and Research Training			
Direct awards:			
HMGB1 Estrogen Receptor	93.859	2-R15-GM054357-03	94,455
RNA Motifs	93.859	2-R15-GM055898-04	95,216
			189,671
Child Health and Human Development Extramural Research			
Direct awards:			
CFDR	93.865	1-R24-HD05959-02	347,380
Child Development Cohabiting	93.865	1-K01-HD042478-03	157,432
Sexual Risk-Taking in Youth	93.865	1-R01-HD044206-02	359,331
NICHD Population Research Ctr	93.865	5-R21-HD42831-03	16,429
Pass-through from:			
The University of Michigan:			
Youth & Scenes Ethn Violence	93.865	F014756	37,275
Children & Political Violence	93.865	(1)	41,342
Cohabiting Unions US	93.865	F008707	4,834
The University of California, San Diego			
Expectation Generation in Sentence Processing	93.865	10202962-008	60,626
Cornell University			
Timing and Circumstances of Transition to Fatherhood	93.865	44053-8470	37,202
			1,061,851
Aging Research			
Direct award:			
Cohabitation Older Adults	93.866	5-R03-AG024512-02	6,377
HIV Prevention Activities – Health Department Based			
Pass-through from:			
Ohio Department of Health:			
Ohio HIV Eval Training Project	93.940	(1)	1
Ohio HIV Eval Training Project	93.940	(1)	(3,061)
Ohio HIV Eval Training Project	93.940	(1)	79,518
Ohio HIV Evaluation and Training Project	93.940	08740012HV0108	78,959
			155,417
Pass-through from:			
The University of California, San Diego			
Sentence Processing	93.XXX	10202962-006	13,366
Lucas County Community Prevention Partnership			
Prevention of Methamphetamine	93.XXX	(1)	51
Pine Rest Christian Mental Health Services			
Healthy Marriages/Relationship	93.XXX	(1)	25,229
The University of South Carolina			
Efficacy of Laryngeal High-Speed Videoendoscopy	93.XXX	USC Sub No. 07-1434	20,067
Total U.S. Department of Health and Human Services			2,590,923
Total Research and Development Cluster			7,495,747

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Other Grants and Contracts:			
Department of Housing and Urban Development:			
Pass through from:			
VIVA South Toledo Community Development:			
VIVA South Needs Assessment	14.XXX	(1)	4,829
Total Department of Housing and Urban Development			4,829
Bureau of Educational and Cultural Affairs, Department of State			
Professional Exchanges - Annual Open Grant			
Direct awards:			
Partners for a Sustainable Future: Aiding Practitioners	19.415	S-ECAPE-07-GR-211	28,870
Partners for a Sustainable Future: Aiding Practitioners	19.415	S-ECAPE-07-GR-211	8,955
Total Bureau of Educational and Cultural Affairs, Department of State			37,825
National Science Foundation:			
Mathematical and Physical Sciences			
Pass-through from:			
Ohio State University Research Foundation:			
LSAMP, Ohio Seed Grant	47.049	(1)	52,094
Oh Cons for Undergrad Research	47.049	RF01046308	14,138
			66,232
Biological Sciences			
Pass-through from:			
Virginia Tech			
Directed Annotation of Oomycete Genomes	47.074	CR-19755-477772	35,416
Total National Science Foundation			101,648
Environmental Protection Agency:			
National Community - Based Lead Outreach and Training Grant Program			
Direct award:			
Capacity Building for Lead Outreach Training in NW Ohio	66.718	AB-83363601-0	33,430
Total Environmental Protection Agency			33,430
U.S. Department of Education:			
TRIO Cluster:			
Direct awards:			
Student Support Services	84.042	(1)	532,622
Student Support Services	84.042	(1)	42,401
			575,023
Talent Search	84.044	(1)	328,053
Upward Bound	84.047	(1)	258,764
Upward Bound	84.047	P047A071048	112,037
Upward Bound	84.047	P047A071048	(2,487)
			368,314
McNair Post-Baccalaureate Achievement	84.217	P217A070290	35,637
Total TRIO Cluster			1,307,027

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Other Grants and Contracts (continued):			
U.S. Department of Education (continued):			
Fund for the Improvement of Post Secondary Education			
Pass-through from:			
Georgia Southern University:			
NAFTA's Second Generational Challenges	84.116	(1)	388
NAFTA's Second Generational Challenges	84.116	P116n060024-07	6,051
NAFTA's Second Generational Challenges	84.116	P116n060024-07	8,063
			14,502
Fund for the Improvement of Education			
Pass-through from:			
Fostoria Community School District:			
Expanding America	84.215	(1)	95,145
Civic Education – Cooperative Education Exchange Program			
Pass-through from:			
Center for Civic Education:			
CIVITAS XI	84.304	(1)	36,583
CIVITAS Africa	84.304	(1)	99
			36,682
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities			
Pass-through from:			
University of Dayton:			
Ohio SKI-HI Institute	84.326	(1)	2,883
Gaining Early Awareness and Readiness for Undergraduate Programs			
Pass-through from:			
Western Michigan University:			
MERC GearUp Learning Centers	84.334	(1)	557,534
MERC GearUp Learning Centers 2	84.334	(1)	533,110
Tech Connections: Phase One	84.334	(1)	295
			1,090,939
Teacher Quality Enhancement Grants			
Direct award:			
Partners in Context Community	84.336	(1)	(147)
Pass-through from:			
Ohio Department of Education:			
DREAMS FY2009	84.336	(1)	3,862
DREAMS	84.336	(1)	39,563
DREAMS Year 2	84.336	CI667-OMAP-08-10	228,315
			271,593
Transition to Teaching			
Direct awards:			
Project CLOSE the GAPS	84.350	(1)	435,926
Project CUE: Consortium for Urban Education	84.350	U350C070011	56,925
Project CUE: Consortium for Urban Education	84.350	U350C070011	12,830
			505,681

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Other Grants and Contracts (continued):			
U.S. Department of Education (continued):			
Improving Teacher Quality State Grants			
Pass-through from:			
Ohio Board of Regents:			
Research-based Inquiry Physics Experiences (RIPE)	84.367	06-08	63,044
Total U.S. Department of Education			3,387,496
U.S. Department of Health and Human Services:			
Environmental Health Project			
Direct award:			
Project EXCITE	93.113	(1)	82,992
HIV Prevention Activities – Health Department Based			
Pass-through from:			
Ohio Department of Health:			
AIDS Education	93.940	(1)	(1,419)
Block Grants for Prevention and Treatment of Substance Abuse			
Pass-through from:			
Ohio Department of Alcohol and Drug Addiction Services:			
BGSU High-Risk Drinking Prevention Program	93.959	99-8207-HEDUC-P-08-9	19,746
High-Risk Drinking Prevention	93.959	(1)	247
			19,993
Pass-through from:			
The Community Partnership:			
Eval Comm Partner Drug-Free	93.XXX	(1)	36
Case Western Reserve University:			
Geriatric Education Centers	93.XXX	(1)	3
Total U.S. Department of Health and Human Services			101,605
Corporation for National Community Service:			
Learn and Serve America - Higher Education			
Pass-through from:			
Otterbein College:			
The Citizen Artist Community Engagement Project (CACE)	94.005	(1)	4,967
AmeriCorps			
Pass-through from:			
Ohio Community Service Council:			
WC AmeriCorps 2005-06	94.006	(1)	82,830
WC/ AmeriCorps Host Site Share	94.006	(1)	19,770
United Way of Greater Toledo			
AmeriCorps Consortium	94.006	(1)	12,394
			114,994
Total Corporation for National Community Service			119,961

Bowling Green State University

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor, Pass-through Grantor, CFDA Title, Project Name	CFDA Number	Agency or Pass-Through Number	Expenditures
Other Grants and Contracts (continued):			
U.S. Agency for International Development:			
USAID Development Partnerships for University Cooperation and Development			
Direct award:			
Democratic Press: Tunisia	98.012	(1)	104
Pass-through from:			
Higher Education for Development:			
Civic Educ Partnership Initiative for Lebanon & Morocco	98.012	HNE-A-97--00059-00	347,521
Total U.S. Agency for International Development			347,625
Total Other Grants and Contracts			4,134,419
Total Federal Expenditures			$ 27,753,840

(1) No agency or pass-through identification number available.

See accompanying notes to schedule of expenditures of federal awards.

Bowling Green State University

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2008

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bowling Green State University (the University) and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the financial statements.

2. Loans Outstanding

The University had the following loan balances outstanding for the Federal Perkins Loan and Nursing Student Loan programs at June 30:

Program Title	Federal CFDA Number	2008 Outstanding Balance	2007 Outstanding Balance
Federal Perkins Loans	84.038	**$ 8,948,585**	$ 8,247,407
Nursing Student Loans	93.364	**524,671**	510,110

Total Perkins loans advanced during 2008 was $1,695,542 plus additional administrative costs of $93,310.

Total Nursing loans advanced during 2008 was $120,552.

3. Federal Direct Student Loans (CFDA No. 84.268)

The University acts as the intermediary for students obtaining Federal Direct Student Loans from the U.S. Department of Education. The Department of Education is responsible for billings and collections of the loans. The University assists the Department of Education by processing the applications and disbursing the funds from the Department of Education to the students. Loans advanced to students during the fiscal year ended June 30, 2008 were as follows:

Federal Direct Student Loans	
Direct Subsidized	$ 41,137,653
Direct Unsubsidized	24,191,142
Parent PLUS	10,878,938
	$ 76,207,733

4. Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal awards, the University provided federal awards to subrecipients as follows:

Sub-Grantee	Federal CFDA Number	Amount Provided
University of Toledo	**10.200**	$ 20,495
Miami University	**11.303**	36,916
Ohio University	**11.303**	13,971
Central State University	**11.460**	11,014
University of Minnesota	**11.XXX**	4,614
Battelle	**12.431**	1,854
John Carroll University	**47.074**	11,188
Cleveland State University	**84.350**	741
Wayne State University	**84.350**	58,418
		$ 159,211

5. Indirect Costs

The University recovers indirect costs by means of provisional fixed indirect cost rates. The provisional fixed rates are a result of negotiated agreements with the U.S. Department of Health and Human Services. The fixed rate for on-campus research is 39% of modified total direct costs and the off-campus rate is 20% of modified total direct costs effective July 1, 2007, extending until the rate agreement is amended.

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Trustees
Bowling Green State University

We have audited the financial statements of Bowling Green State University (the University), a component unit of the State of Ohio, and its discretely presented component unit as of and for the year ended June 30, 2008, and have issued our report thereon dated September 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting 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 the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

Our consideration of 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. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 08-01 to be a significant deficiency in internal control over financial reporting.

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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The University's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and accordingly, we express no opinion on it.

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

Ernst + Young LLP

October 15, 2008

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Report of Independent Auditors on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

The Board of Trustees
Bowling Green State University

Compliance

We have audited the compliance of Bowling Green State University (the University) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-02 and 08-03.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

The University's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Bowling Green State University and its discretely presented component unit as of and for the year ended June 30, 2008, and have issued our report thereon dated October 15, 2008. Our audit was conducted for the purpose of forming opinions on the financial statements of Bowling Green State University. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The University's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and accordingly, we express no opinion on it.

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

Ernst & Young LLP

October 15, 2008

Bowling Green State University

Schedule of Findings and Questioned Costs

June 30, 2008

Part I – Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued (unqualified, qualified, adverse, or disclaimer):	Unqualified			
Internal control over financial reporting:				
Material weakness(es) identified?	____	**Yes**	X	**No**
Significant deficiency(ies) identified that are not considered to be material weaknesses?	X	**Yes**	____	**None reported**
Noncompliance material to financial statements noted?	____	**Yes**	X	**No**

Federal Awards Section

Internal control over major programs:				
Material weakness(es) identified?	____	**Yes**	X	**No**
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	**Yes**	X	**None reported**
Type of auditor's report issued on compliance for major programs (unqualified, qualified, adverse, or disclaimer):	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	X	**Yes**	____	**No**

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063 84.268, 84.375, 84.376, and 93.364	Student Financial Assistance Cluster
84.042, 84.044, 84.047A, and 84.217	TRIO Cluster
84.350	Transition to Teaching
98.012	USAID Development Partnerships for University Cooperation and Development

Dollar threshold used to distinguish between Type A and Type B programs: $832,615

Auditee qualified as low-risk auditee? X **Yes** ____ **No**

Part II – Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

Finding 08-01

Criteria or specific requirement:

The University should analyze the percentage used to calculate the allowance for doubtful accounts to ensure it is based on historical data.

Finding 08-01 (continued)

Condition:	The percentages used by the University to calculate the allowance for doubtful accounts are not based on actual historical information such as the aging of the accounts receivable and a historical look-back analysis of the amount that is actually collected on delinquent student fee accounts by aging category.
Context:	Currently, the allowance for doubtful accounts is set at $650,000.
Effect:	The estimated allowance for doubtful accounts and student fee revenue could be misstated.
Cause:	The University does not perform a hindsight review of actual delinquent student fees collected or an analysis of collectibility based on actual collections to date to more accurately estimate the allowance for doubtful accounts.
Recommendation:	We recommend that the percentages used be based on an aging of the accounts receivable, a historical look-back analysis of the amount that is actually collected on delinquent accounts by aging category, or some other historical analysis of actual collections.
Views of Responsible Officials and Planned Corrective Actions:	Management will continue to work towards ensuring that the percentages used to estimate the allowance for doubtful accounts are based on historical collections.

Part III – Federal Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by Circular A-133 Section 510(a) (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program. Where practical, findings should be organized by federal agency or pass-through entity.

Finding 08-02

Federal program information:	Transition to Teaching (CFDA # 84.350) – “Close the Gaps” – Award Number S350A020128-06
Criteria or specific requirement (including statutory, regulatory, or other citation):	Section 75.562 of the Education Department General Administrative Regulations (EDGAR) limits the indirect cost rate of 8% for modified total direct costs for training grants, regardless of the rate negotiated with the University’s cognizant agency. In accordance with Section 75.562, a modified total direct cost base is defined as total direct costs less stipends, tuition and related fees, and capital expenditures of $5,000 or more.
Condition:	We reviewed the indirect costs charged to the University’s “Close the Gap” grant and noted that the University’s PeopleSoft system had not been properly set-up to calculate indirect costs based on the modified total direct costs. The PeopleSoft system did not properly exclude the tuition and related fees incurred for this grant from the indirect cost base as it was set-up to calculate the indirect costs based on total direct costs.

Finding 08-02 (continued)

Questioned costs:	$23,480
Context:	The calculation of indirect cost was not calculated in accordance with federal guidelines.
Effect:	The University did not use the correct base when calculating the indirect costs that were charged to the grant. This resulted in the University charging more expenditures to the grant than allowable.
Cause:	The University did not properly set-up the indirect cost process in the PeopleSoft system for this grant, which caused total direct costs to be used as the base rather than modified total direct costs.
Recommendation:	We recommend that management correct the indirect costs that were improperly charged to the "Close the Gaps" grant.
Views of responsible officials and planned corrective actions:	Management will be reviewing and correcting the amount of indirect costs charged to the "Close the Gaps" grant to ensure they are calculated using the modified total direct costs, which properly excludes participant costs related to tuition and fees, during the close-out procedures of the grant as the grant ends September 30, 2008.

Finding 08-03

Federal program information:	Trio Cluster (CFDA # 84.042, 84.044, 84.047A, and 84.217) – McNair Post-Baccalaureate Achievement – Award Number P217A070290
Criteria or specific requirement (including statutory, regulatory, or other citation):	34 CFR sections 647.10 and 647.7 require that at least two-thirds of the students served by a McNair project must be low-income individuals who are first-generation college students. The remaining students must be members of groups underrepresented in graduate education.
Condition:	We reviewed listing of students served by the McNair project and noted that less than two-thirds of the students met the requirement of being both a first-generation and low-income individual.
Questioned costs:	None.
Context:	The University had 14 out of a total of 22 students which were both low-income and first generation college students. In order to meet the two-thirds earmarking requirement, an additional student meeting both of the attributes would be required.
Effect:	Less than two-thirds of the students served by the McNair project were both low-income and first-generation college students, therefore the University did not meet the earmarking requirement.

Finding 08-03 (continued)

Cause:	The University inappropriately used those individuals who were either first-generation or low-income college students, but not both, in their earmarking calculation.
Recommendation:	We recommend that in the future management ensure the correct calculation is used in order to comply with the earmarking requirements.
Views of responsible officials and planned corrective actions:	Management will ensure the earmarking requirement is calculated in accordance with federal guidelines.

Bowling Green State University

Summary Schedule of Prior Audit Findings

June 30, 2008

Finding 07-01

Criteria or specific requirement:	The University should analyze the percentage used to calculate the allowance for doubtful accounts to ensure it is based on historical data.
Condition:	The percentages used by the University to calculate the allowance for doubtful accounts are not based on actual historical information such as the aging of the accounts receivable and a historical look-back analysis of the amount that is actually collected on delinquent student fee accounts by aging category.
Views of responsible officials and planned corrective actions:	Management continues to work towards ensuring that the percentages used to estimate the allowance for doubtful accounts are based on historical collections.

Finding 07-02

Criteria or specific requirement:	The University should capitalize all significant assets and ensure they are being properly capitalized upon being placed into service.
Condition:	Currently, the University's capitalization policy includes capitalizing items that are greater than 5% of the building cost. This could potentially lead to material items not being capitalized, which would not be in accordance with Generally Accepted Accounting Principles.
Conclusion:	A revised policy, consistent with those existing at other Ohio public colleges and universities, was implemented within the 2008 fiscal year. A complete and accurate listing of all fixed assets is maintained within FMS. A more thorough, coordinated and on-going monitoring of CIP to ensure that completed construction projects are properly removed from CIP and transferred into FMS as a depreciable asset is being performed.

Finding 07-03

Federal program information:	Federal Direct Students Loans (CFDA # 84.268)
Criteria or specific requirement (including statutory, regulatory, or other citation):	When a recipient of Title IV grant or loan assistance withdraws from an institution during a period of enrollment where the recipient began attendance, the institution must determine the amount of Title IV aid earned by student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs in the prescribed order as required under 34 CFR section 668.22(i).
Conclusion:	Management now ensures all information entered into the FAA Access to CPS Online – Return of Title Funds calculator is correct.

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Report of Independent Auditor on Applying Agreed-Upon Procedures

Dr. Carol A. Cartwright, Interim President
Bowling Green State University

We have performed the procedures enumerated below, which were agreed to by Bowling Green State University (the University) and the National Collegiate Athletic Association (NCAA), solely to assist you with respect to complying with NCAA bylaws for the year ended June 30, 2008. The University's management is responsible for the accompanying Schedule of Operating Revenues and Expenditures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

I. Schedule of Operating Revenues and Expenditures and Internal Controls

1. We obtained the Schedule of Operating Revenues and Expenditures (Schedule 1) for the Intercollegiate Athletics Department (the Department) for the year ended June 30, 2008, as prepared by management. We recomputed the subtotal and total line items on Schedule 1 and agreed all amounts on the Schedule 1 to management's detailed worksheets and to the appropriate general ledger accounts. We found no exceptions as a result of these procedures.

2. We performed a comparison of the operating revenues and expenditures per Schedule 1 for fiscal years 2008 and 2007. We obtained management's explanations for variations greater than $50,000 and 10% of each revenue and expenditure line item in the aggregate as follows:

    a. Football ticket sales decreased by approximately $108,600, or 15%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the decrease was due to less paying customers in the current year.

    b. Football team travel increased by approximately $389,300, or 126%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that there was an increase in costs due to two charter flights to Minneapolis and Boston, which are also higher cost cities for food, lodging, and transportation as well as additional travel expenses to the GMAC Bowl.

c. Football other travel increased by approximately $119,400. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that other travel expense was separated from allocated expense in the current year in order to make the allocated expense line item below 10% of total expenses per the NCAA requirement.

d. Football game guarantees decreased by approximately $75,000 or 43%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the decrease was due to a game guarantee paid to Western Kentucky in the previous year.

e. Other sports NCAA distribution decreased $140,200 or 100%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the decrease was due to the women's basketball team making it to the Sweet Sixteen of the NCAA tournament in the prior year resulting in game guarantee revenue. In the current year this revenue was properly reclassed to the non-program specific category.

f. Other sports coach's salaries expense increased approximately $186,000, or 18%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this increase was due to increase in salaries and bonuses to woman's basketball team coaches and assistants. This is due to offering assistant coaches full time employment instead of letters of appointment in the current year.

g. Other sports other salaries expense decreased approximately $61,100, or 100%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this decrease was due the change in the athletic department offering non benefit employees, such as assistant coaches, full time employment with benefits. As full time employee salaries are recorded in coach's salaries expense, this change contributed to the decrease in other salaries in current year.

h. Other sports team travel expense increased approximately $173,800, or 50%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this increase was due to additional travel funding needed for travel to the GMAC Bowl, which was not specifically for the football team. Additionally, the cost of travel increased throughout the course of the year due to the increase in gasoline prices.

i. Other sports other travel expense increased approximately $62,600. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that other travel expense was separated from allocated expense in the current year in order to make the allocated expense line item below 10% of total expenses per the NCAA requirement.

j. Other sports financial aid expense increased approximately $246,600, or 11%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this increase was due to additional funding given for grant-in-aid as more students were given athletic scholarships in the current year.

k. Other sports equipment expense increased approximately $54,600, or 45%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this increase was due to more purchases of equipment in the current year. These purchases fluctuate as new equipment is not purchased for every sport.

l. Other sports allocated expense decreased approximately $66,000, or 71%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the decrease was due to the reclassification of other travel expenses out of allocated expenses into a new line item in the current year.

m. Non-program specific institutional support increased by approximately $242,000, or 116%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the increase was due to the proper reclassification of $201,000 of Title IX revenue from student activity fees and an increase in the success challenge grant of $259,000.

n. Non-program specific NCAA distributions increased by approximately $248,800 or 38%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the distribution from the NCAA for the woman's basketball trip to the Sweet Sixteen in the amount of $119,000 was properly included as non-program specific revenue. In the previous year the revenue was recorded in the other sports category.

o. Non-program specific stadium suites revenue decreased by approximately $103,100 or 35%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the stadium suites revenue decreased due to less funds received from the Bowling Green State University Foundation in the current year.

p. Non-program specific gift revenue decreased by approximately $132,500 or 41%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that gift revenue decreased due to the philosophical change in fundraising whereby more revenue was directed into specific sports accounts in the current year.

q. Non-program specific miscellaneous revenue increased by approximately $232,600 or 78%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the increase in miscellaneous revenue was due to the fee received from Florida State University as a result of not showing up for the game.

r. Non-program specific other salaries expense increased by approximately $243,600, or 13%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this change was due to wage increases in administrative areas including Athletic Director, Associate Director, and Senior Woman's Administrator. Also, there was an increase in number of non student letter of employments coded to this area including the Director of Ticket Sales and the Assistant Swimming Coach.

s. Non-program specific staff benefits expense increased by approximately $78,400, or 16%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this change was due to an increase in staff benefits for the Athletic Department in current year. In addition, benefits were paid for two deceased former employees, which did not occur in the prior year.

t. Non-program specific non-employee compensation expense increased by approximately $63,400 or 258%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this increase was due to higher rates for game officials.

u. Non-program specific other travel expense increased by approximately $219,000. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that other travel expense was separated from allocated expense in the current year in order to make the allocated expense line item below 10% of total expenses per the NCAA requirement.

v. Non-program specific stadium suites internal financing decreased by approximately $110,200, or 41%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this decrease was due to the final payment for stadium renovation being at the end of the previous year.

w. Non-program specific sports camp expenses decreased by approximately $121,400 or 34%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this decrease is due to a decrease in the overall sports camp participation in the current year.

x. Non-program specific membership expense increased by approximately $64,500 or 56%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the increase was due to higher NCAA, MAC and Paciolan membership rates in the current year.

y. Non-program specific other allocated expenses decreased by approximately $311,700 or 24%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this decrease was due to reclassification of other travel out of allocated expenses into a new line item in the current year.

3. We performed a comparison of actual operating revenues and expenditures per Schedule 1 to the budgeted amounts obtained from management. We obtained management's explanation for variations greater than $50,000 and 10% of each operating revenue and operating expense line item in the aggregate. They included the following:

   a. The actual amount for the marketing and promotions revenue was under budget in total by approximately $466,000, or 95%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that the revenue earned in the amount of approximately $386,000 was recorded in Intercollegiate Athletics which holds the majority of the budgeted dollars.

b. The actual amount for licensing program revenue was under budget by approximately $98,900 and 66%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that budgeted revenue was down in the current year due to a significant decrease in licensing revenue from apparel sales. Also, revenue in the amount of approximately $40,300 was recorded in Intercollegiate Athletic account.

c. The actual amount for development revenue was lower than budget by approximately $397,800 or 67%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to a fundamental change in fund raising in the current year, which worked to record revenue in the actual sport account to which it was associated.

d. The actual amount of special games revenue was under budget by approximately $200,000, or 100%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was change was due to a reclassification of the budgeted amount relating to vendors tickets from sponsorship revenue to ticket sales in the current year.

e. The actual amount of football sport camp revenue was approximately $69,200. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to the University not budgeting for sport camp revenue. The University received a 15% commission on sports camps in order to subsidize any administrative costs associated. Additionally, sport camps consistently cross fiscal years, which increases the difficulty of budgeting.

f. The actual amount of basketball girls sport camp revenue approximately $109,400. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to the University not budgeting for sport camp revenue. The University received a 15% commission on sports camps in order to subsidize any administrative costs associated. Additionally, sport camps consistently cross fiscal years, which increases the difficulty of budgeting.

g. The actual amount of volleyball sport camp revenue was approximately $82,600. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to the University not budgeting for sport camp revenue. The University received a 15% commission on sports camps in order to subsidize any administrative costs associated. Additionally, sport camps consistently cross fiscal years, which increases the difficulty of budgeting.

h. The actual amount of cheerleading camp revenue was approximately $(51,400). We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to the University not budgeting for sport camp revenue. The University received a 15% commission on sports camps in order to subsidize any administrative costs associated. Additionally, sport camps consistently cross fiscal years, which increases the difficulty of budgeting.

i. Actual expenses from the athletic grant and aid account were over budget by approximately $292,300. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to an increase in book grants in the current year, which was previously included in the Intercollegiate Athletics line.

j. Actual expenses for the Sebo Athletic Center were under budget by approximately $84,600, or 64%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to an entire year of utilities expenses not being allocated to the Athletic Department in the current year.

k. Actual expenses for women's track were under budget by approximately $72,600, or 14%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to less spending than allocated for athletic grant aid. Student athletes received other grants that replaced athletic aid therefore decreasing the need for the Athletic Department to spend the budgeted funds.

l. Actual expenses for football team travel were over budget by approximately $114,700 or 44%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to the need to charter a second flight during the season.

m. Actual expenses for football sport camp were under budget by approximately $81,500, or 59%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to sport camps consistently crossing fiscal years and are dependent on when internal charges, such as room and board, are processed.

n. Actual expenses for girls' basketball sport camp were under budget by approximately $102,600, or 94%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to sport camps consistently crossing fiscal years and are dependent on when internal charges, such as room and board, are processed.

o. Actual expenses for volleyball sport camp were under budget by approximately $58,300, or 47%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to sport camps consistently crossing fiscal years and are dependent on when internal charges, such as room and board, are processed.

p. Actual expenses for cheerleading camp were over budget by approximately $102,300 or 199%. We were informed by certain officials of the Athletic Department who have responsibility for financial and accounting matters that this was due to sport camps consistently crossing fiscal years and are dependent on when internal charges, such as room and board, are processed.

4. We obtained a description of accounts and compared classifications of revenues and expenditures to NCAA guidelines. We have found no exceptions as a result of these procedures.

5. We reviewed the extent of documentation of accounting systems and procedures. We also made certain inquiries of management regarding control consciousness, competence of personnel and protection of records and equipment. We tested specific elements of the control environment that were unique to intercollegiate athletics by randomly selecting 15 days in the cash receipts log from July 1, 2007 to June 30, 2008, and noting that each day's cash receipts log was reviewed by the ticket office manager. No exceptions were noted as a result of this procedure.

6. We were informed that the Department adheres to the University polices and procedures for acquiring, approving, depreciating, and disposing of assets. Capital assets are recorded at cost at the date of acquisition, or if acquired by gift at the fair value at the date of donation. The University capitalizes all equipment with a cost of $3,500 or more, and an estimated life of greater than one year. Infrastructure and improvements other than to buildings are capitalized if the cost exceeds $100,000. Depreciation is recognized on a straight-line basis over the estimated useful life of the asset. When capital assets are sold or otherwise disposed of, the carrying value of such assets are removed from the asset accounts, along with the related accumulated depreciation.

7. The Athletic Department has one outstanding note payable to the University for the scoreboard and one outstanding lease payable to the University for the purchase of two copiers. We recalculated the annual maturities and agreed these to supporting documentation and the accounting records. The future amounts of principal and interest payments on the note and lease payable are as follows:

	Principal	Interest	Total
2009	$ 96,300	$24,091	$120,391
2010	99,836	20,560	120,396
2011	103,825	16,566	120,391
2012	99,417	12,414	111,831
2013-2014	210,923	12,378	223,301

8. We obtained all the listings of tickets sales for football, hockey, and men's basketball. We agreed the ticket revenue per Schedule 1 to the total of the event sales report, in which we recomputed the revenue based on ticket prices. We found a $1,582, or 1.38% difference in basketball, $3,266, or .53% difference in football, and a $(3,198), or (2.23)% difference in hockey ticket sales revenue compared to Schedule 1.

9. We obtained the 2007-2008 general fee and related auxiliary budget report prepared by the Finance and Administration office and agreed the budgeted allocation to the amount reported by the University in Schedule 1. We found no exceptions as a result of this procedure.

10. We obtained copies of all guarantees in and out during the academic year 2007-2008, and agreed the amount recorded to the contract; agreed amount received to the check or check remittance; and agreed amount to the University's accounting records. We found no exceptions noted as a result of these procedures.

11. We obtained detail for the direct institutional support. We agreed this to the accounting records and noted a difference of $40,814. We were informed by management that the variance is due to additional funding provided to the Athletic Department to provide additional assistance for athletics which were close to graduation but had used up their eligibility for the Success Challenge program.

12. We randomly selected a sample of five concession, program, and parking revenue transactions from a detailed transaction listing. We agreed these to the supporting documentation and cash receipt. We noted one item within parking revenue that should be included in other revenue; however, this was appropriately reclassified.

13. We randomly selected a sample of five licensing/sponsorship and advertising transactions from a detailed list of transactions. We agreed these to the general ledger and supporting documentation. We found no exceptions as a result of these procedures.

14. We randomly selected twenty five individual camp participant payments and compared them to the University's accounting records. We obtained explanations for how revenue is calculated for both internal camps and external camps. We found no exceptions as a result of these procedures.

15. We agreed all gift and stadium suites revenue to the cash receipt from the Foundation and to the University's accounting records. We found no exceptions as a result of these procedures.

16. We randomly selected a sample of twenty five student aid recipients from various men's and women's sports. We agreed the amount per the Financial Aid list to the NCAA student records website. We checked the aid award codes with a listing of code descriptions, and confirmed that the aid is an athletic grant. We agreed these NCAA records to a listing of transactions for each student from the Bursar's office, ensuring the amount was given to the student athlete. We found no exceptions as a result of these procedures.

17. We obtained support for the NCAA distributions and agreed them to the general ledger. We found no exceptions as a result of these procedures.

18. We randomly selected a sample of ten other revenue transactions and agreed to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

19. We randomly selected a sample of ten coaches and support staff employed by the University from various men's and women's sports. We agreed the amounts paid to the contracts, and compared for reasonableness to W-2's and recorded expense per PeopleSoft. We noted no exceptions as a result of these procedures.

20. We obtained and documented our understanding of the University's recruiting expense and team travel policies, comparing them to the NCAA policies on a test basis. We found no exceptions as a result of these procedures.

21. We randomly selected a sample of five equipment expenses and agreed to supporting detail, noting that these were valid equipment expenses. We noted one item that should be included in other expenses; however, this was appropriately reclassified.

22. We randomly selected a sample of five team travel expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

23. We randomly selected a sample of five recruiting travel expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

24. We randomly selected a sample of five other travel expenses, agreeing them to supporting documentation and the general ledger. We noted two items that should be included in recruiting or team travel; however, these were appropriately reclassified.

25. We randomly selected a sample of five sports camp expenses, agreeing them to supporting documentation and the general ledger. We noted two items that should be included in salaries expense and employee benefits expense; however, these were appropriately reclassified.

26. We agreed all facility rentals to the appropriate documentation and general ledger. We found no exceptions as a result of these procedures.

27. We randomly selected a sample of five institutional membership transactions, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

28. We randomly selected a sample of five film and broadcasting expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

29. We randomly selected a sample of five telephone expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

30. We randomly selected a sample of five non-employee compensation game expenses, agreeing them to supporting documentation and the general ledger. We found no exceptions as a result of these procedures.

31. We randomly selected a sample of ten other operating expenses to agree to the appropriate documentation and the general ledger. We found no exceptions as a result of these procedures.

32. We compared contributions, received directly by the Athletic Department in excess of 10% of total contributions, to the accounting records of the University. We identified four contributions, $282,485 for the Falcon Club, $156,586 for the Stadium Club, $359,434 for the Stadium Suites and $157,798 for the Stroh Capital Project Fund from the Bowling Green State University Foundation (the Foundation), that exceeded 10% of all contributions for the year ended June 30, 2008. We agreed these to the check or wire transfer, noting no exception.

II. Booster Organizations

1. We obtained the Schedule of Intercollegiate Athletics Program Support by Booster Organizations for the year ended June 30, 2008 (Schedule 2) from the Foundation.

2. We obtained a confirmation from the Foundation indicating that Schedule 2 was the complete schedule of contributions made to the Athletic Department.

3. We agreed beginning cash balances to the prior year schedule and ending balances to the Foundation's accounting records. The amounts included in Schedule 2 are not included in Schedule 1 unless contributed directly to the University by the outside organization. We found a difference of $1,199 between the prior year ending balance and the current year beginning balance as a result of these procedures.

4. We received the audited financial statements of the Foundation, which administers the booster organizations, for the year ended June 30, 2008, which reflected an unqualified opinion.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items, including Schedule 1 and Schedule 2 or on the effectiveness of the internal control over financial reporting. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Bowling Green State University and the National Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

October 15, 2008

0810-0992715

Schedule 1

Bowling Green State University
Intercollegiate Athletics Department
Schedule of Operating Revenues and Expenditures
Year Ended June 30, 2008

	Men's Football	Men's Basketball	Men's Hockey	Other Sports	Non-Program Specific	Total
Operating Revenue:						
Ticket Sales	$ 614,491	$ 113,111	$ 146,924	$ 55,771	$ -	$ 930,297
Concessions	32,688	14,695	12,130	8,025	7,664	75,202
Student Activity Fees	-	-	-	-	8,988,605	8,988,605
Instituitional Support	-	-	-	-	451,151	451,151
Game Guarantees	925,000	85,000	15,000	-	-	1,025,000
NCAA Distribution	-	-	-	-	901,299	901,299
Licensing/Sponsorships	-	-	-	-	501,303	501,303
Parking	30,475	3,290	16,205	7,670	11,888	69,528
Stadium Suites	-	-	-	-	190,352	190,352
Gifts	2,573	-	-	-	194,711	197,284
Sports Schools & Camps	-	-	-	-	437,268	437,268
Miscellaneous	173	219	36	-	529,162	529,590
Total Operating Revenues	1,605,400	216,315	190,295	71,466	12,213,403	14,296,879
Operating Expenditures:						
Coaches' Salaries	808,474	367,964	211,549	1,215,483	–	2,603,470
Other Salaries	55,974	30,000	-	-	2,099,089	2,185,063
Staff Benefits	235,210	85,252	60,834	351,270	555,436	1,288,002
Non-Employee Comp. (Game Officials)	48,237	58,600	25,837	80,837	88,066	301,577
Films	45,601	21,143	-	-	28,675	95,419
Travel:						
Team	699,534	92,372	71,131	524,240	-	1,387,277
Recruiting	85,070	50,856	48,846	122,616	-	307,388
Other	119,436	11,821	16,349	62,591	218,745	428,942
Financial Aid	1,792,835	276,242	417,868	2,528,178	356,894	5,372,017
Equipment	142,907	4,889	73,302	177,400	79,072	477,570
Facility Rental	-	-	-	-	197,055	197,055
Game Guarantees	100,000	43,000	2,000	4,000	-	149,000
Stadium Suites Internal Financing	-	-	-	-	156,261	156,261
Sports Camps	-	-	-	-	231,068	231,068
Memberships	1,065	-	630	7,452	179,145	188,292
Telephone	7,529	5,924	9,129	10,576	101,876	135,034
Allocated Expenses	48,459	7,881	17,651	27,214	1,011,608	1,112,813
Total Operating Expenses	4,190,331	1,055,944	955,126	5,111,857	5,302,990	16,616,248
Operating Revenues over (under) Expenditures	$ (2,584,931)	$ (839,629)	$ (764,831)	$ (5,040,391)	$ 6,910,413	$ (2,319,369)

Schedule 2

Bowling Green State University
Schedule of Intercollegiate Athletics Program Support By Booster Organizations
Year Ended June 30, 2008

Booster Organization	Beginning Fund Balance	Gift contributions	Non-contributions and other adjustments	Disbursement on behalf of program	Ending Fund Balance
Alumni/Athletics Endowment	$ 88,064	$ -	$ (4,453)	$ -	$ 83,611
Don Cunningham Memorial	59,777	800	(2,848)	(1,400)	56,329
Intercollegiate Athletics Dept.	7,026	100,000	70,659	(83,177)	94,508
Perry Stadium Enhancement	1	30,835	1,415	(2,081)	30,170
Gregory I. Brooks Soccer Schol	29,720	-	(1,510)	-	28,210
Athletic Fitness & Weight Room	2,862	920	1,494	(4,566)	710
Men's Basketball International Travel	1,865	-	5	(1,499)	371
Carl C. Bachman Schol	64,451	-	(3,463)	-	60,988
Athletics Special Events	(5,380)	10,645	15,465	(20,752)	(22)
Men's Basketball	5,258	44,014	5,631	(5,435)	49,468
Football	8,320	68,397	26,436	(49,565)	53,588
Ice Hockey	32,516	50,864	5,748	(28,603)	60,525
Women's Basketball	58,544	82,118	12,661	(8,222)	145,101
Women's Golf	1,480	6,892	737	(343)	8,766
Gymnastics Fund	11,866	2,962	3,510	(6,838)	11,500
Women's Tennis	4,683	13,185	1,959	(4,504)	15,323
Women's Track	8,019	1,501	8,216	(8,851)	8,885
Volleyball	21,383	17,905	4,287	(14,006)	29,569
Softball	9,471	(2,074)	5,366	(1,037)	11,726
Mel Brodt Track & Cross Country Schol.	49,634	5,430	2,127	(9,735)	47,456
Women's Soccer	5,907	1,273	2,846	(5,451)	4,575
Baseball	11,327	29,409	21,050	(20,283)	41,503
Men's Golf	5,613	18,637	3,925	(21,184)	6,991
Men's Soccer	506	2,506	8	(1,600)	1,420
Swimming	2,289	10,767	9,037	(10,215)	11,878
Men's Tennis	(2)	(50)	(4)	-	(56)
Men's Track	-	-	2	-	2
Men's Cross Country	7,549	1,292	3,750	(3,764)	8,827
Women's Cross Country	5,375	1,388	2,762	-	9,525
Glenn Sharp Schol.	91,934	6,425	5,651	(71,500)	32,510
BGSU Cheerleading	1,199	400	-	-	1,599
Bob & Karen Sebo Schol.	273,872	-	(14,140)	-	259,732
Clarence & Sally Metzger Schol.	69,239	-	(3,738)	-	65,501
Coaches Excellence	322,112	-	(17,881)	(500)	303,731
Mickey & Patricia Cochrane Schol.	52,089	150	(2,669)	-	49,570
Samuel M. Cooper Athletic Schol.	33,760	-	(1,756)	-	32,004
Athletic Golf Fund	189,322	500	(9,394)	(20,750)	159,678
Falcon Club	277,332	196,492	5,304	(289,738)	189,390
Falcon Club-Operating	158	-	4,602	(1,330)	3,430
Falcon Club-Reserve	(1,243)	-	(11)	-	(1,254)
Falcon Club Athletic Schol.	189,353	1,025	(9,886)	-	180,492
Dewey & Ellen Fuller Schol.	68,368	-	(3,382)	-	64,986
Harms Cross Country Schol.	47,562	-	(2,560)	(1,585)	43,417
Mark A. Brecklen Athletics/Football	5	13,653	10	(5,000)	8,668
Hockey Renovation Fund	74	6,111	29	(3,619)	2,595
Hodge Family Soccer Schol.	17,910	-	(894)	-	17,016
Joyce S. Hof Schol.	47,952	350	(2,476)	-	45,826
William J. Lloyd Athletic Award	92,925	-	(4,756)	-	88,169
John & Diane McNutt Schol.	14,576	-	(2,860)	-	11,716
Lanny L. Miles Memorial Schol.	104,639	-	(6,056)	-	98,583
Leslie Ann Dawley Memorial Fund	1,548	200	-	-	1,748
Scholar Athlete Recognition Fund	88,533	625	(6,578)	(1,100)	81,480
Training Room Enhancement	383	16,720	859	(16,046)	1,916
Medical Mutual of Ohio CHAMPS Endow.	123,257	-	(6,740)	(2,260)	114,257
Verlin Lee Science Educators Schol in ICA	88,682	-	(5,466)	-	83,216
University Athletic Endowment	928,637	-	(64,184)	(499)	863,954
Doyt & Loretta Perry Schol.	240,350	150	(21,314)	-	219,186
Bernard A. Frick Endow. For Athl. Training	33,728	11,900	(2,033)	-	43,595
Creason-Piper Endowed Scholarship	229,540	2,500	(9,799)	-	222,241
George H. & Ruthanna Frack Endwd Schol	117,318	-	(5,998)	-	111,320

Bowling Green State University
Schedule of Intercollegiate Athletics Program Support By Booster Organizations
Year Ended June 30, 2008

Booster Organization	Beginning Fund Balance	Gift contributions	Non-contributions and other adjustments	Disbursement on behalf of program	Ending Fund Balance
Earl E. Rupright Basketball Schol.	31,919	-	(1,573)	-	30,346
Helen & Willard Schaller Schol.	23,052	-	(1,140)	-	21,912
Mary E. Crawford Memorial Scholarship	33,984	-	(1,769)	-	32,215
Stadium Club	85,365	45,752	25,117	(156,586)	(352)
Stadium Scoreboard Fund	40	-	-	-	40
Stadium Suites	197,750	60,388	113,825	(365,319)	6,644
Sebo Athletic Center	231,729	380,655	2,965	(28,350)	586,999
Falcon Women's Ldrship Athletic Fund	(4,691)	-	(42)	-	(4,733)
John Weinert Schol.	19,649	120	(1,059)	-	18,710
Cara Whelan Wilson Schol.	1,993	-	8	(2,009)	(8)
Chet Boyer Memorial Fund	1,190	-	-	-	1,190
Larry & Sharon Barnett Schol.	59,207	-	(2,929)	-	56,278
Hockey Memorial Fund	106	-	(106)	-	-
Convocation Center	1,142,043	(1,099,518)	(42,525)	-	-
Falcon Club Endw for Womens Athletics	55,449	2,825	(3,027)	-	55,247
Varsity BG Club	39,513	70	1,717	(5,976)	35,324
Vivian Endowed Hockey Schol.	144,356	-	(7,220)	-	137,136
Baseball/Softball Locker Room Project	17,109	6,000	261	(2,710)	20,660
Edway & Geraldine Johnson Schol for Sci	30,946	-	(1,662)	-	29,284
Men's Basketball Summer Schol Pgm	1,017	-	-	-	1,017
Stroh Capital Project Fund	2,305,558	2,218,101	145,141	(157,798)	4,511,002
Defending Our Turf Campaign Fund	13,766	29,693	574	(25,223)	18,810
Bill Bradshaw Athletic Memorial Fund	1,001	-	(1,006)	-	(5)
Blackburn Student Athlete Avd Cmte Awrd	-	1,951	13	-	1,964
L. Eugene & Janet Farison Football Schol	27,197	-	(1,515)	-	25,682
Women's Basketball Endowment	29,591	4,250	(1,767)	-	32,074
Student-Athlete Academic Support Service	7,116	14,288	2,122	(13,211)	10,315
Falcon Invitational Fund	1,789	-	(15)	(3,273)	(1,499)
Falcon Club Bash Fund	64,610	19,850	(12,440)	(64,076)	7,944
Falcons Barnstorming Tour Fund	(3,206)	4,000	10,659	(11,467)	(14)
Golf Training Center Fund	-	50,000	(70)	-	49,930
	$ 8,802,386	$ 2,495,242	$ 231,239	$ (1,563,036)	$ 9,965,831

Mary Taylor, CPA
Auditor of State

BOWLING GREEN STATE UNIVERSITY

WOOD 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
DECEMBER 4, 2008

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