Ohio University
(a Component Unit of the State of Ohio)

Financial Statements
for the Years Ended June 30, 2008 and 2007

Mary Taylor, CPA
Auditor of State

Board of Trustees
Ohio University
204 HDL Center
Athens, Ohio 45701

We have reviewed the *Independent Auditor's Report* of the Ohio University, Athens County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio University is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 22, 2009

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Independent Auditor's Report

To the Board of Trustees
Ohio University
Athens, Ohio

We have audited the accompanying statement of net assets of Ohio University (the "University"), a component unit of the State of Ohio, and its component unit as of June 30, 2008 and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Ohio University as of June 30, 2007 were audited by other auditors, whose report dated November 1, 2007 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. In addition, the audit of the basic financial statements were audited in accordance with *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio University and its component unit as of June 30, 2008 and the results of its operations and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2008 on our consideration of Ohio University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters for the year ended June 30, 2008. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis presented on pages 3 through 18 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Trustees
Ohio University
Athens, Ohio

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

As further explained in Note 2 and Note 18, the financial statements include investments that are not listed on national exchanges nor for which quoted market prices are available. These investments include limited partnerships, hedge funds, funds-of-funds, and commingled funds that are not mutual funds. Such investments totaled \$28,054,000 (5.1 percent of net assets) and \$19,306,000 (3.6 percent of net assets) for the University and \$72,597,000 (23.3 percent of net assets) and \$51,173,000 (21.4 percent of net assets) for The Ohio University Foundation at June 30, 2008 and 2007, respectively.

Plante & Moran, PLLC

October 15, 2008
Columbus, Ohio

Management's Discussion and Analysis

The following discussion and analysis of the financial statements of Ohio University (the "University") provides an overview of the University's financial activities for the fiscal year ended June 30, 2008, with comparative data for fiscal years 2007 and 2006. Its purpose is to enhance the understandability and usefulness of the financial statements and is unaudited, but required, supplemental information. The intent of this discussion is to respond to the needs of the primary users of these statements, which includes those to whom the University is primarily accountable (the citizenry), those who directly represent the citizens (legislative and oversight bodies), and those who lend or who participate in the lending process (investors and creditors).

This annual financial report includes the report of the independent auditors, the Management's Discussion and Analysis ("MD&A"), the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, the Statements of Cash Flows and Notes to the Financial Statements. The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) accounting principles, which establish standards for public colleges and universities. Responsibility for the completeness and fairness of this information rests with University management.

About Ohio University

Ohio University is a public institution established by the State of Ohio (the "State") in 1804 under Chapter 3337 of the Ohio Revised Code ("ORC"). It is the oldest public institution of higher learning in the State of Ohio and the former Northwest Territory. It is defined by statute to be a body politic and corporate and an instrumentality of the State.

The University is governed by a 13-member Board of Trustees. The Governor, with the advice and consent of the State Senate, appoints nine trustees for staggered nine-year nonrenewable terms. In addition, two non-voting student members are appointed to the Board of Trustees for staggered two-year terms. The Ohio University Board of Trustees created two non-voting National Trustee positions and invites two distinguished out of state University alumni to sit with the Trustees and participate in the deliberations of the Board. One term is two years and the other is three years.

The University consists of the main campus in Athens, Ohio and five regional campuses: Chillicothe, Eastern (Belmont County), Lancaster, Southern (Ironton) and Zanesville. Total Fall 2007 headcount enrollment for all campuses was 28,908. The University, in Fall 2007, had a total faculty of 1,074 full-time and 770 part-time, with a total workforce of 4,780 non-student employees. The student to faculty ratio on the Athens Campus in Fall 2007 was 21:1. The University offers 27 associate majors, 250 baccalaureate majors, 185 masters majors, 57 doctoral majors and one Doctor of Osteopathy major.

The University's main campus has the second highest graduation rate in the State of Ohio, as 71 percent of its main campus undergraduate students graduate within six years or less. The mean ACT score of first-year students is 23, which surpasses both State and Federal averages. Ohio resident enrollment on the Athens campus is 84 percent of the total enrollment.

Ohio University is designated a Research University (high research activity) by the Carnegie Foundation for the Advancement of Teaching.

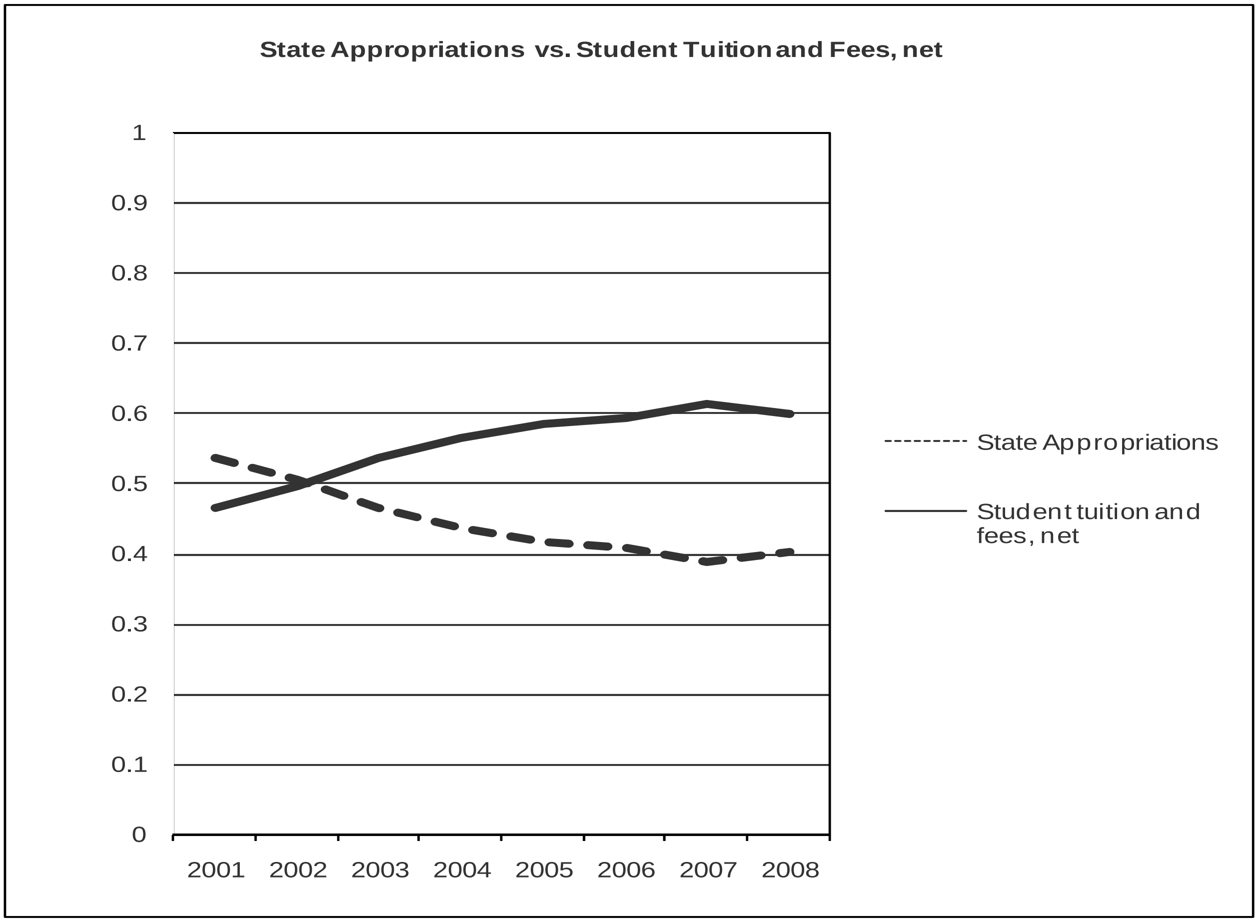
Governmental Accounting Standards Board ("GASB") Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14 and implemented by the University effective July 1, 2003, led to the inclusion of The Ohio University Foundation (the "Foundation") in the University's statements as a component unit. The Foundation is a 501(c)(3) organization incorporated in Ohio in October 1945 to support the educational undertakings of Ohio University. The University has chosen a discrete presentation and the Foundation's (component unit) information appears in a separate column next to the University (primary institution) on the Statements of Net Assets and the Statements of Revenues, Expenses, and Changes in Net Assets. The University is not required to prepare a Statement of Cash Flows for the Foundation. A separate financial report for the Foundation is available by contacting The Ohio University Foundation, 218 HDL Center, Athens, Ohio 45701, or by calling 740-597-1815.

This MD&A is intended to address issues of the primary institution and not those of its component unit.

Financial Highlights

Student tuition and fees net of **scholarship allowances**, is the University's largest source of revenue totaling approximately $216.0 million in fiscal year 2008 compared to $217.7 million in fiscal year 2007 and $201.4 million in fiscal year 2006. The University did not increase tuition for either undergraduate or graduate level education in fiscal year 2008, except for medical education which increased by 4.6 percent. The year before, in fiscal year 2007, there was an increase in tuition of 6 percent for undergraduate and 3 percent for graduate education, the same percentage increases as occurred in fiscal year 2006. The non-resident surcharge remained the same as in fiscal year 2007.

State appropriations to the University increased by 5.69 percent to $145.0 million, an increase of $7.8 million in fiscal year 2008 over fiscal year 2007 compared to remaining relatively flat in fiscal year 2007 over fiscal year 2006, decreasing by $171,799. The fiscal year 2008 increase is primarily the result of the State Legislature's policy decision to impose a zero percent cap on tuition and fees for the 2008-09 biennial budget and provide an increase in the State's Share of Instruction (SSI) as an offset. This is part of an overall strategy to improve affordability of Ohio public higher education. **State appropriations** are the University's second largest revenue source. When expressed as a percentage of total **state appropriations** and **student tuition and fees** net of s**cholarship allowances**, the following chart demonstrates the declining support from **state appropriations** during this decade prior to fiscal year 2008.



The Board of Trustees approved a 3 percent employee pay raise pool in fiscal year 2008, consistent with fiscal year 2007 and 2006 increases. Faculty collectively received an additional $1.2 million pay increase in an effort to raise faculty salaries to be competitive with a group of institutions the University has identified as peer institutions. The $1.2 million increase was the second of five years of planned additional increases to faculty in that amount, in addition to the raise pool increase available to all other employees.

In fiscal year 2006, the University Board of Trustees approved an Early Retirement Incentive Plan (ERIP) buyout for eligible employees in the Ohio Public Employees Retirement System (OPERS). An ERIP allows the University to purchase additional service credit, in this case one year, which enables eligible employees to retire early or to retire with a larger retirement benefit than they may have otherwise. The buyout period began on April 1, 2006. The period remained open until August 31, 2007. A $10,000 incentive was offered to employees who signed up for the buyout by April 28, 2006, and who would retire by July 1, 2006. Eligible employees were those eligible to retire with five years of service at age 60, 25 years of service at age 55, or 30 years of service at any age; who became eligible to retire due to the incentive plan; who became eligible to retire during the open period; or who became eligible due to purchasing additional service credit, i.e., exempt, refunded, military, or other eligible time.

As of August 31, 2007, 132 employees had taken advantage of the ERIP for a total cost of approximately $4.4 million which included sick and vacation payouts in accordance with standard policy, the $10,000 incentive bonus for the 68 employees who left by July 1, 2006, and the OPERS payment calculated and billed by OPERS. The fiscal year 2008 Statement of Revenues, Expenses, and Changes in Net Assets includes the final expenses for this offering, approximately $850,000.

Fiscal year 2008 was marked by a significant decrease in **Investment income** – from $19.4 million in fiscal year 2007 (up from $8.3 million in fiscal year 2006) down to $0.6 million for fiscal year 2008. Management plans to eliminate the use of investment income to support unrestricted budgeted operating expenditures. This will eliminate a source of volatility in unrestricted operations. Investment income will be used to build strategic cash reserves.

Senate Bill 6 ratios, one of the measures by which the University's activities are monitored at the state level, returned a composite score of 3.5 in 2008, 3.2 in 2007 and 2.9 in 2006. The highest possible score is 5.0. The score assigned to the viability ratio (expendable net assets divided by plant debt) stayed the same. This particular ratio is 30 percent of the composite score. The University increased from 3 to 4 in the primary reserve ratio (expendable net assets divided by operating expenses), which is 50 percent of the composite score and went down from 4 to 3 in the net income ratio (change in total net assets divided by total revenues), 20 percent of the composite score.

Under the direction of Senior Vice President for Finance and Administration, Chief Financial Officer and Treasurer, William R. Decatur, the Division of Finance continues to prepare each year a five-year longitudinal and benchmarking ratio analysis study to assess the University's current relative financial position. The information serves as a guide in the evolving five year strategic financial plan, designed to improve the University's financial picture and position it to better address strategic priorities. The University has set a goal of improving the overall level of expendable net assets and reducing outstanding debt. At the end of fiscal year 2008, this strategy has been in place for two years during which time expendable net assets have increased by $24.7 million, an increase of 22.2 percent. This increase has improved the University's financial strength ratios, including the Senate Bill 6 scores discussed above which moved from a composite score of 2.9 to 3.5 in the two years. Reflecting this financial strength improvement, Moody's and Standard and Poor's both confirmed their ratings of A1 and A+ for the University's long-term obligations in June 2008.

Statements of Net Assets:

The statements of net assets present assets, liabilities and net assets (assets minus liabilities) as of the last day of the fiscal year. It further classifies assets and liabilities as current or noncurrent. Generally, current liabilities are those that will be paid within one year of the statement date. Current assets are those that are available to satisfy current liabilities.

- **Cash and cash equivalents** (including **Restricted cash and cash equivalents**) decreased by only $844,360 despite a spend-down of bond proceeds of approximately $12.6 million. This is compared to a decrease in fiscal year 2007 from fiscal year 2006 by an amount of $25.2 million compared to an increase of $21.5 million in fiscal year 2006 over fiscal year 2005. The Statements of Cash Flows present further analysis of changes in cash from fiscal year 2007 to fiscal year 2008. Additional information about **Cash and cash equivalents** is also contained in Footnote 2.

- **Investments** include working capital funds, investments for quasi-endowment funds and the net market appreciation on total return endowment accounts available for expenditure in accordance with donors' restrictions, if authorized by the University's Board of Trustees. **Endowment investments** represent the additions to permanent endowments, cumulative for all periods, plus any unused earnings added back to principal in accordance with donor gift agreements and the net market appreciation on endowments categorized as non-total return endowments. For non-total return endowments the donors have only authorized the spending of interest and dividends, which means capital appreciation remains a part of the corpus of the endowment. Additions to permanent endowments totaled $12,572 in fiscal year 2008, $7,301 in fiscal year 2007, and $205,205 in fiscal year 2006. A single large contribution was made to the existing Edison Biotechnology Institute Goll Ohio Eminent Scholar Research Endowment in the amount of $200,000 in fiscal year 2006, which accounts for the fluctuation between fiscal years 2007 and 2006. The University generally does not take on new endowments, except through its Foundation, unless a donor's bequest specifically states that the gift is to be administered by the Board of Trustees of Ohio University. Otherwise, the Foundation receives and administers endowments on behalf of Ohio University. **Investments** (including **Endowment investments**) are net of $7.5 million in unrealized losses as of June 30, 2008 compared to unrealized gains of $7.8 million as of June 30, 2007. Additional information about **Investments** is available in Footnote 2.

- **Accounts and pledges receivable - net** is primarily made up of student receivables for fees and room and board, the largest contributor to the balance, followed by billed and unbilled receivables for research and other sponsored programs. Student receivables were $27,358,072 in fiscal year 2008, $23,600,597 in fiscal year 2007, and $17,061,747 in fiscal year 2006. Additional information about **accounts and pledges receivable – net** is located in Footnote 3.

- **Notes receivable - net** include amounts due the University for student loans extended, as well as amounts due (payback of grants-in-aid received) from graduates of the College of Osteopathic Medicine (COM) who have left the State of Ohio to practice medicine. Both are net of allowance for doubtful accounts. The amount listed in the Current Assets section represents those payments expected to be received in the next fiscal year. **Notes receivable – net**, both current and noncurrent total $14,739,016 and $15,015,709 for fiscal year 2008 and fiscal year 2007, respectively. Notes receivable are further addressed in Footnote 4.

- **Prepaid expenses and deferred charges** – the primary contributors to this category are the expenses related to summer sessions which are not recognized until the next fiscal year and releases of payments, including direct deposit, associated with the July 1 faculty payroll, released before July 1 to meet payment deadlines. The primary reason for the reduction in fiscal year 2008 over fiscal year 2007 is the change in timing of the awarding of some graduate fee waivers and the release of PLUS loans. The latter, due to a change in regulations, could no longer be released prior to July 1 for the summer term.

- **Inventories** are primarily made up of The Ohio University Press inventory of books for sale or work in process, food inventory for the Residence and Dining Hall Auxiliary, and the Office of Information Technology computers and software inventory.

- **Capital assets** are recorded at historical cost and presented net of their accumulated depreciation. Depreciation serves to amortize the cost of assets over their useful lives. The amount of accumulated depreciation was $453,618,817 for fiscal year 2008, $426,805,545 for fiscal year 2007, and $405,710,557 for fiscal year 2006. Capital assets, net of their accumulated depreciation, are the largest contributor to Total Assets. The percentage of capital assets to total assets was 69 percent for fiscal year 2008, 68 percent for fiscal year 2007, and 67 percent for fiscal year 2006. More about capital assets is available in Footnote 5.

- **Accounts payable and accrued liabilities** consist of three months of accrued payroll for faculty electing the 12 pay option, vouchers payable (trade), the health insurance run-out reserve, accrued OPERS, purchasing card payable, the year-end accrued civil service payroll, the current portion of compensated absences and accruals for various tax payments related to payroll, to name some of the more significant items. The split between accounts payable and accrued liabilities appears in Footnote 6.

- **Deferred revenue** consists primarily of Summer 2008 revenue, most of which is attributable to fiscal year 2009 and thus deferred, and deferred revenue on grants and contracts for amounts received but not yet earned. There is also approximately $4.4 million received for construction of an Academic and Research Center (a collaboration of the College of Medicine and the College of Engineering) for which construction has begun. The increase of 24.8 percent over fiscal year 2007 is due to an increase to deferred revenue for grants and contracts as well as an increase for the $4.4 million as described above.

- **Refunds and other liabilities** include deposits received for student rooms and student account overpayments to be refunded or applied to future periods.

- **Bonds and notes payable** are described below in "Debt Administration" and further in Footnote 7. The University issued no new debt in FY 2008, only experiencing a rollover of bond anticipation notes.

- **Deposits held in custody for others** represent amounts held for student organizations and other amounts which are not funds of the University, but rather funds for which the University acts as the agent in administering them.

- **Compensated absences** include accrued vacation, up to the maximum allowed, for all administrative and classified employees who are benefits-eligible. It also includes an estimate of sick leave, for all benefits-eligible employees, expected to be paid out through distributable events. Footnote 10 provides additional information for this line item.

- **Refundable advances for federal student loans** represent the cumulative Federal Capital Contributions ("FCC") to Federal student loan programs, presented as a potential long-term liability. It is incremented each year by receipt of new Federal Capital Contributions, reduced by the government's distributive share of bad debt expense and by any return of funds to the Federal government.

- **Net Assets**

1. **Invested in capital assets-net of related debt** represents the historic dollar value of capital assets reduced by their related depreciation and outstanding debt related to the purchase or construction of capital assets. It is increased by the value of any restricted cash and cash equivalents, representing funds usually held by bond trustees and available for future capital initiatives. Increases to this net asset class in any given year is caused by capital assets being purchased or being completed and the reduction of debt related to the purchase, lease or construction of capital assets.

2. **Restricted nonexpendable net assets** are equal to **endowment investments**, previously described.

3. **Restricted expendable net assets** are made up primarily of loan funds revenues in excess of their expenses, restricted grants and contracts revenues in excess of their expenses and net market appreciation of endowment funds available for expenditure, all of whose use has been restricted by external sources.

4. **Unrestricted net assets** are made up of funds available for expenditure at the discretion of the Board of Trustees and include the accumulation of unrestricted revenues, received in excess of expenses, including that of auxiliary enterprises.

The following chart depicts the breakdown of Assets, Liabilities and Net Assets for Ohio University for the years ended June 30, 2008, 2007, and 2006.

Net Assets as of June 30

	2008	2007	2006
Assets			
Current assets	$ 222,328,302	$ 215,222,893	$ 189,771,412
Noncurrent assets	596,897,150	597,794,863	604,666,564
Total assets	$ 819,225,452	$ 813,017,756	$ 794,437,976
Liabilities			
Current liabilities	$ 95,827,438	$ 94,332,681	$ 79,609,270
Noncurrent liabilities	177,789,520	189,127,729	208,538,844
Total liabilities	$ 273,616,958	$ 283,460,410	$ 288,148,114
Total Net Assets	$ 545,608,494	$ 529,557,346	$ 506,289,862

Net assets, expressed as a percent of total assets, were 67 percent for fiscal year 2008, 65 percent for fiscal year 2007, and 64 percent for fiscal year 2006. Current assets less current liabilities represent working capital and were $126,500,864 for fiscal year 2008, $120,890,212 for fiscal year 2007, and $110,162,142 for fiscal year 2006. The current ratio, calculated by dividing current assets by current liabilities, is an indicator of the ability to pay short-term obligations. This ratio is 2.32 to 1 for fiscal year 2008, 2.28 to 1 for fiscal year 2007, and 2.38 to 1 for fiscal year 2006.

The Net Assets for the years ended June 30, 2008, 2007, and 2006 are further displayed as follows:

	2008	2007	2006
Invested in capital assets - net of related debt	$ 393,337,530	$ 386,411,424	$ 379,778,713
Restricted nonexpendable	16,237,286	16,818,390	15,167,182
Restricted expendable	46,436,126	40,874,666	39,584,791
Unrestricted	89,597,552	85,452,866	71,759,176
	$ 545,608,494	$ 529,557,346	$ 506,289,862

Statements of Revenues, Expenses, and Changes in Net Assets:

The Statements of Revenues, Expenses, and Changes in Net Assets report the revenue earned in the fiscal year (regardless of when received) and the expenses incurred (regardless of when paid). It differentiates between operating and nonoperating revenue. Sales of goods and provisions of services are recorded as operating revenues, when the buyer essentially receives something of value equal to the amount being charged. Essentially all other types of revenue are nonoperating, or other revenue. Nonoperating revenues include State appropriations, grants that do not require any services to be performed for the benefit of the grantor and investment income. The operating income (loss) line will typically display a loss for state-supported public institutions since State appropriations, that have historically played a significant role in the funding of public institutions, are mandated by accounting guidance to be reported as non-operating revenue. "Other revenues" include State capital appropriations, capital grants and gifts and additions to permanent endowments.

A summarized comparison of the University's revenues, expenses, and changes in net assets for the years ended June 30, 2008, 2007, and 2006 follows:

Operating Results for the Year Ended June 30

	2008	2007	2006
Operating Revenues	$ 346,043,392	$ 346,415,674	$ 323,040,664
Operating Expenses	524,009,205	520,970,615	487,096,469
Net Operating Loss	(177,965,813)	(174,554,941)	(164,055,805)
Nonoperating Revenues	172,571,893	180,346,586	164,099,952
Income (Loss) - Before other revenues	(5,393,920)	5,791,645	44,147
Other Revenues	21,445,068	17,475,839	23,503,441
Increase in Net Assets	16,051,148	23,267,484	23,547,588
Net Assets - Beginning of year	529,557,346	506,289,862	482,742,274
Net Assets - End of year	$ 545,608,494	$ 529,557,346	$ 506,289,862

Operating Revenues:

- **Student tuition and fees** revenues, **auxiliary enterprises** revenues, and the corresponding **student aid** expenses, are reported net of scholarship discounts and allowances in the statements 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 institution and the amount that is paid by students and/or third parties making payments on the student's behalf. As of June 30, 2008 that difference is $53,578,103 (of which $46,280,584 is netted against **student tuition and fees** and $7,297,519 is netted against **auxiliary enterprises** revenues). For 2007 that amount was $46,998,538 (of which $39,514,236 was netted against **student tuition and fees** and $7,484,302 was netted against **auxiliary enterprises** revenues).

- **Sales and services** includes revenue primarily for departmental sales, land lease income, health services drugs sales, nursery child care, nonathletic ticket sales, advertising sales, clinical medical services and printing services.

- **Auxiliary enterprise** revenues consist of the sales and services corresponding to residence halls, dining services, intercollegiate athletics, airport operations, telephone operations, campus recreation and parking services. The bulk of this revenue is the activity of the Residence and Dining Hall Auxiliary whose room rates were increased 8.5 percent in fiscal year 2008 over fiscal year 2007 as compared to 4 percent in 2007 over fiscal year 2006, and 4 percent in 2006 over 2005. Board rates increased 3.5 percent for fiscal year 2008, with no corresponding increases in either fiscal year 2007 or 2006. The revenue is reduced by the amount of scholarships and discounts applicable to room and board charges, discussed above. Any investment income earned by the University's auxiliaries is not included in this line item, but instead is a part of **investment income - net of investment expense**.

- **Other sources** includes revenue from royalties, insurance recoveries, rebates on contractual agreements, sales to the Foundation, premiums on loans sales, interest on notes receivable, commissions and finance charges. The fluctuation on this line item for fiscal year 2008 as compared to fiscal year 2007, is primarily related to an increase in royalty income for the sale of a patented drug and insurance recoveries.

Operating Expenses:

The University, as a component unit of the State of Ohio, is required by its primary government to report its operating expenses on the face of the Statements of Revenues, Expenses, and Changes in Net Assets using a functional view. Functional categories are presented below as defined by the National Association of College and University Business Officers ("NACUBO").

- **Instruction and Departmental Research** - The instruction and departmental research category includes expenses for all activities that are part of an institution's instruction program. Expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction; and regular, special, and extension sessions are included.

  Expenses for departmental research and public service that are not separately budgeted are included in this classification. This category excludes expenses for academic personnel whose primary assignment is administration - for example, academic deans.

- **Separately Budgeted Research** - The separately budgeted research category includes all expenses for activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. Subject to these conditions, the category includes expenses for individual and/or project research as well as that of institutes and research centers. This category does not include all sponsored programs nor is it necessarily limited to sponsored research, since internally supported research programs, if separately budgeted, might be included in this category under the circumstances described. Expenses for departmental research that are separately budgeted are included in this category. However, the research category does not include expenses for departmental research that are not separately budgeted. Such expenditures are included in the instructional category.

- **Public Service** - The public service category includes expenses for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. These activities include community service programs (excluding instructional activities) and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to particular sectors of the community.

- **Academic Support** - The academic support category includes expenses incurred to provide support services for the institution's primary missions: instruction, research, and public service. It includes the retention, preservation, and display of educational materials, such as libraries, museums, and galleries; the provision of services that directly assist the academic functions of the institution, such as demonstration schools associated with a department, school, or college of education; media such as audio-visual services and technology such as computing support; academic administration (including academic deans but not department chairpersons) and personnel development providing administration support and management direction to the three primary missions; and separately budgeted support for course and curriculum development.

- **Student Services** - The student services category includes expenses incurred for offices of admissions and the registrar and activities with the primary purpose of contributing to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. It includes expenses for student activities, cultural events, student newspapers, intramural athletics, student organizations, counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, and student health service.

- **Institutional Support** - The institutional support category includes expenses for central executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming operations, and legal services; fiscal operations, including the investment office; administrative data processing; space management; employee personnel and records; logistical activities that provide procurement, storerooms, printing; transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fund raising. Appropriate allocations of institutional support are made to auxiliary enterprises, hospitals, and any other activities not directly related to the primary program categories or the related support categories.

- **Operation and Maintenance of Plant** - The operation and maintenance of plant category includes all expenses for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. They include expenses normally incurred for such items as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; safety; hazardous waste disposal; property, liability and all other insurance relating to property; space and capital leasing; facility planning and management; and central receiving. It does not include interest expense on capital related debt.

- **Student Aid** - The student aid category includes expenses for scholarships and fellowships - from restricted or unrestricted funds - in the form of grants to students, resulting from selection by the institution or from an entitlement program. The category also includes trainee stipends, prizes, and awards. Trainee stipends awarded to individuals who are not enrolled in formal course work are charged to instruction, research, or public service.

  Recipients of grants are not required to perform service to the institution as consideration for the grant, nor are they expected to repay the amount of the grant to the funding source. When services are required in exchange for financial assistance, as in the College Work-Study program, charges are classified as expenses of the department or organizational unit to which the service is rendered. Aid to students in the form of tuition or fee remissions also are included in this category. However, remission of tuition or fees granted because of faculty or staff status, or family relationship of students to faculty or staff, are recorded as staff benefits expenses in the appropriate functional expense category.

  The first three categories of instruction, research, and public service represent the core mission of the University. The other functions serve to support the core mission.

- Overall operating expenses experienced only a 0.58 percent increase over the prior year at $524,009,205 in fiscal year 2008 compared to $520,970,615 in fiscal year 2007. Student services had the largest functional expense increase of 7.36 percent, primarily related to non-capitalizable costs associated with the early stages of implementing a new student information system.

- Expenditures for capital assets are capitalized on the Statements of Net Assets and systematically reduced through the use of **depreciation expense** in the Statements of Revenues, Expenses, and Changes in Assets. The University has chosen to display depreciation on a separate line in the Statements of Revenues, Expenses, and Changes in Net Assets as opposed to allocating it among the various functional classifications. The amount of depreciation was $32,308,560 in 2008, $30,652,755 for 2007 and $29,427,367 for 2006. Information about capitalization levels and estimated useful lives of assets is contained in the footnotes.

- **Auxiliary enterprises** include expenses of the University's eight auxiliaries, as previously described.

Nonoperating Revenues and Expenses:

- **State appropriations** consist primarily of State share of instruction revenues and by definition must be reported as nonoperating revenues. As such, the University will always show an operating deficit due to the dependency on State appropriations for operations.

- **Investment income** decreased significantly in fiscal year 2008 to $589,930 as compared to $19,442,211 in fiscal year 2007 and $8,278,995 in fiscal year 2006. For fiscal year 2008, the pooled investment portfolio of the University and its Foundation achieved returns of (3.8) percent, compared to 16.9 percent in fiscal year 2007 and 9.9 percent in fiscal year 2006. Due to the volatility of this revenue line item, the University's financial strategy is to, over time, reduce the operating budget's dependency on investment income and instead use those amounts to build University reserves for strategic investment.

- **Interest on capital asset-related debt** is the amount of non-capitalized interest on debt related to the acquisition, lease or construction of capital assets. Information related to the payment of future interest on outstanding debt is located in Footnote 7.

- **Disposal and write-offs of plant facilities** represents the gain or loss from the sale of plant assets, over their book value.

Other Revenues, Expenses, Gains, or Losses:

- **State capital appropriations** are a line item that can vary widely. The revenue recognized is in direct relationship to the expenditures incurred in any particular year for the acquisition or construction of capitalizable equipment or buildings, funded by this source.

- **Capital grants and gifts** (shown below in "Grants and contracts") increased by $384,591 in fiscal year 2008 as compared to fiscal year 2007. The increase in fiscal year 2007 as compared to fiscal year 2006 was $913,009 and the decrease in fiscal year 2006 over fiscal year 2005 was $1,003,539.

The following table depicts total revenue by source for fiscal years 2008, 2007, and 2006, respectively:

	2008	2007	2006
State appropriations	$ 144,999,895	$ 137,197,682	$ 137,369,481
Student tuition and fees - net	215,984,213	217,740,577	201,446,914
Grants and contracts	78,214,398	78,552,382	71,371,589
Sales and services	9,619,377	10,113,479	10,419,607
Auxiliary enterprises - net	69,154,022	65,090,980	59,479,387
Investment income - net	589,930	19,442,211	8,278,995
State capital appropriations	17,603,472	14,024,105	20,766,812
Other	11,517,017	10,215,320	8,107,084
Total	**$ 547,682,324**	**$ 552,376,736**	**$ 517,239,869**

The following table depicts operating and nonoperating expenses for fiscal years 2008, 2007, and 2006, respectively:

	Percent Change	2008	2007	2006
Instruction and departmental research	-0.30%	$ 201,036,806	$ 201,643,484	$ 187,478,442
Separately budgeted research	1.66%	32,995,537	32,457,968	33,712,270
Public service	4.56%	21,917,621	20,961,207	20,129,885
Academic support	0.89%	58,703,123	58,184,520	55,429,877
Student services	7.36%	28,771,592	26,798,723	24,573,546
Institutional support	4.43%	28,522,321	27,313,424	23,461,283
Operation and maintenance of plant	-1.98%	41,562,900	42,401,934	39,770,454
Student aid	-8.84%	9,344,798	10,250,507	8,329,253
Depreciation	5.40%	32,308,560	30,652,755	29,427,367
Auxiliary enterprises	-2.08%	68,845,947	70,306,093	64,784,092
Interest on capital asset-related debt	0.23%	7,447,971	7,431,076	6,425,686
Disposal and write-offs of plant facilities	-75.41%	174,000	707,561	170,126
Total	0.48%	**$ 531,631,176**	**$ 529,109,252**	**$ 493,692,281**

The Statements of Cash Flows present detailed information about the major sources and uses of cash, and the resultant change in the University's cash position, under the direct method. The four categories of presentation and their amounts for fiscal years 2008, 2007, and 2006, respectively are as follows:

Cash Flows for the Year Ended June 30

	2008	2007	2006
Cash Provided by (Used in)			
Operating activities	$ (144,836,252)	$ (143,327,070)	$ (132,740,542)
Noncapital financing activities	180,685,286	169,618,733	162,524,076
Capital and related financing activities	(37,460,436)	(55,674,058)	(10,562,877)
Investing activities	767,042	4,143,719	2,242,939
Net (Decrease) Increase in Cash	(844,360)	(25,238,676)	21,463,596
Cash - Beginning of year	51,781,073	77,019,749	55,556,153
Cash - End of year	**$ 50,936,713**	**$ 51,781,073**	**$ 77,019,749**

Capital Assets and Debt Administration

Capital Assets

The University made significant additions to capital during fiscal year 2008 (see Note 5). These capital asset additions were financed with University funds, state capital appropriations, bond proceeds, gifts and grants. Major capital projects completed during the fiscal year ended June 30, 2008 and the primary resources that funded their construction included (in millions):

Alvin C. Adams Residence Hall - Athens Campus	$ 23.4	Bond proceeds & University funds
Lausche Heating Plant upgrades - Athens Campus	$ 3.4	Bond proceeds, State Capital Appropriations & University funds
South Green Chilled Water Plant - Athens Campus	$ 1.4	Bond proceeds & University funds
Gamertsfelder Residence Hall Roof	$ 1.3	University funds

Cumulative costs associated with capital projects continuing after the fiscal year ended June 30, 2008, totaled approximately $24.6 million at June 30, 2008. These projects include (in millions):

Lincoln Hall renovation	$ 6.6
Academic & Research Center	$ 5.7
Porter Hall addition and roadway	$ 5.3

The University's estimated future capital commitments, for which funding has been identified, total approximately $54,022,590.

The University completed its facilities master plan and the related capital funding plan in fiscal year 2007. These were driven by academic priorities as outlined in Vision Ohio, the University's strategic master plan.

Debt Administration

At fiscal year end, the University had $166,965,000 in bonds and notes obligations outstanding, versus $182,585,000 and $192,770,000 at the end of 2007 and 2006, respectively. Detailed information exists in Note 7 related to borrowings and retirements for fiscal years 2008 and 2007. The only fiscal year 2008 issuance was a rollover of bond anticipation notes, which were reduced by $800,000 in the rollover.

The University's Standard and Poor's bond rating of A+ and Moody's bond rating of A1 were both reaffirmed in fiscal year 2008.

Economic Factors That Will Affect The Future

The University System of Ohio (USO), created by Governor Ted Strickland in fiscal year 2007 and led by Eric Fingerhut as Chancellor, has asked all public institutions of higher learning in Ohio to perform an extensive review of their academic programs to identify "Centers of Excellence". Once identified, these Centers will be the strategic focus of investment going forward to further increase the nationwide competitiveness of Ohio higher education. The USO is also driving increased collaboration, among public institutions in the State of Ohio, including in the area of procurement. Benefiting from the combined purchasing power of all USO member institutions, the University expects to realize significant savings from USO procurement contracts.

In accordance with Governor Strickland's plan for the funding of higher education, tuition rates for fiscal year 2008 will remain unchanged in fiscal year 2009. House Bill 119 authorized a 10 percent increase to the State's Share of Instruction for fiscal year 2009.

Requests for Information

This MD&A is intended to provide additional information for the reader of the audited financial statements which follow. Further questions may be addressed to: Gina L. Fetty, Controller, 204 HDL Center, Athens, Ohio 45701.

Ohio University

Statements of Net Assets

	June 30, 2008		June 30, 2007	
	Primary Institution	The Ohio University Foundation	Primary Institution	The Ohio University Foundation
Assets				
Current Assets				
Cash and cash equivalents	$ 48,850,210	$ 9,826,952	$ 37,117,319	$ 5,849,783
Investments	112,219,274	140,005,118	111,750,833	88,583,204
Accounts and pledges receivable - net	43,309,109	12,348,568	44,486,015	7,095,881
Interest and dividends receivable	384,594	315,998	352,870	240,470
Notes receivable - net	2,001,368	-	3,365,266	-
Prepaid expenses and deferred charges	13,300,265	1,296,876	16,172,819	1,114,849
Inventories	2,263,482	-	1,977,771	-
Total current assets	222,328,302	163,793,512	215,222,893	102,884,187
Noncurrent Assets				
Restricted cash and cash equivalents	2,086,503	3,405,144	14,663,754	3,072,984
Pledges receivable - net	-	13,175,962	-	10,987,232
Bequests receivable	-	1,424,120	-	1,688,039
Cash surrender value - life insurance policies	-	2,020,464	-	2,133,520
Charitable remainder trusts	-	2,871,788	-	2,684,684
Charitable remainder annuities	-	2,489,816	-	2,960,350
Endowment investments	16,237,286	132,770,249	16,818,390	121,505,896
Notes receivable - net	12,737,648	-	11,650,443	-
Capital assets - net	565,835,713	29,479,324	554,662,276	30,514,914
Total noncurrent assets	596,897,150	187,636,867	597,794,863	175,547,619
TOTAL ASSETS	$ 819,225,452	$ 351,430,379	$ 813,017,756	$ 278,431,806

Ohio University

Statements of Net Assets

	June 30, 2008		June 30, 2007	
	Primary Institution	The Ohio University Foundation	Primary Institution	The Ohio University Foundation
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$ 43,822,048	$ 2,131,707	$ 42,579,902	$ 829,258
Deferred revenue	30,607,236	-	24,523,487	-
Refunds and other liabilities	3,453,259	3,232,313	4,810,021	3,292,511
Capital lease obligations	89,615	-	86,942	-
Bonds and notes payable	16,620,000	893,900	20,770,000	822,600
Deposits held in custody for others	1,235,280	249,817	1,562,329	296,757
Total current liabilities	95,827,438	6,507,737	94,332,681	5,241,126
Noncurrent Liabilities				
Compensated absences	13,460,923	-	12,787,146	-
Capital lease obligations	348,412	-	242,664	-
Bonds and notes payable	150,345,000	32,681,600	161,815,000	33,575,500
Bonds premium - net	5,178,561	-	5,661,054	-
Refundable advances for federal student loans	8,456,624	-	8,621,865	-
Total noncurrent liabilities	177,789,520	32,681,600	189,127,729	33,575,500
Total liabilities	$ 273,616,958	$ 39,189,337	$ 283,460,410	$ 38,816,626
Net Assets				
Invested in capital assets - net of related debt	393,337,530	3,384,468	386,411,424	3,512,898
Restricted:				
Nonexpendable	16,237,286	132,770,249	16,818,390	121,505,896
Expendable	46,436,126	175,531,755	40,874,666	111,188,428
Unrestricted	89,597,552	554,570	85,452,866	3,407,958
Total net assets	545,608,494	312,241,042	529,557,346	239,615,180
TOTAL LIABILITIES AND NET ASSETS	$ 819,225,452	$ 351,430,379	$ 813,017,756	$ 278,431,806

Ohio University

Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2008 and 2007

	2008		2007	
	Primary Institution	The Ohio University Foundation	Primary Institution	The Ohio University Foundation
OPERATING REVENUES:				
Student tuition and fees - net of scholarship allowances of $46,280,584 and $39,514,236, respectively	$ 215,984,213	$ -	$ 217,740,577	$ -
Federal grants and contracts	26,209,405	-	27,404,263	-
State grants and contracts	5,105,983	-	7,294,112	-
Local grants and contracts	437,340	-	383,291	-
Private grants and contracts	8,028,607	-	8,180,953	-
Sales and services	9,619,377	-	10,113,479	-
Auxiliary enterprises - net of scholoarship allowances of $7,297,519 and $7,484,302, respectively	69,154,022	-	65,090,980	-
Other sources	11,504,445	10,512,381	10,208,019	10,639,334
Total operating revenues	346,043,392	10,512,381	346,415,674	10,639,334
OPERATING EXPENSES:				
Educational and general:				
Instruction and departmental research	201,036,806	4,719,693	201,643,484	5,849,044
Separately budgeted research	32,995,537	285,703	32,457,968	338,367
Public service	21,917,621	123,021	20,961,207	35,718
Academic support	58,703,123	1,584,506	58,184,520	1,733,161
Student services	28,771,592	498,347	26,798,723	780,732
Institutional support	28,522,321	8,085,046	27,313,424	9,139,820
Operation and maintenance of plant	41,562,900	-	42,401,934	-
Student aid	9,344,798	3,384,370	10,250,507	2,972,107
Depreciation	32,308,560	1,393,212	30,652,755	1,409,835
Auxiliary enterprises	68,845,947	-	70,306,093	-
Operating expenses - Foundation's subsidiaries	-	6,633,195	-	6,716,987
Total operating expenses	524,009,205	26,707,093	520,970,615	28,975,771
OPERATING LOSS	$ (177,965,813)	$ (16,194,712)	$ (174,554,941)	$ (18,336,437)

Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended June 30, 2008 and 2007

	2008		2007	
	Primary Institution	The Ohio University Foundation	Primary Institution	The Ohio University Foundation
NONOPERATING REVENUES AND EXPENSES:				
State appropriations	$ 144,999,895	$ -	$ 137,197,682	$ -
Federal grants	23,487,928	-	20,694,075	-
State grants	7,142,428	-	6,593,195	-
Local grants	7,206	-	1,785	-
Private gifts	3,966,477	83,795,215	4,556,275	3,670,924
Donor gift change in designation or beneficiary	-	-	-	(15,317,456)
University support	-	3,394,637	-	3,397,557
Investment income (loss) - net of investment expense	589,930	(8,978,281)	19,442,211	32,445,939
Interest on capital asset - related debt	(7,447,971)	-	(7,431,076)	-
Disposal and write-offs of plant facilities	(174,000)	-	(707,561)	-
Net nonoperating revenues	172,571,893	78,211,571	180,346,586	24,196,964
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(5,393,920)	62,016,859	5,791,645	5,860,527
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:				
State capital appropriations	17,603,472	-	14,024,105	-
Capital grants and gifts	3,829,024	-	3,444,433	-
Additions to permanent endowments	12,572	10,609,003	7,301	14,956,538
Total other revenues	21,445,068	10,609,003	17,475,839	14,956,538
INCREASE IN NET ASSETS	16,051,148	72,625,862	23,267,484	20,817,065
NET ASSETS				
Beginning of year	529,557,346	239,615,180	506,289,862	218,798,115
End of year	$ 545,608,494	$ 312,241,042	$ 529,557,346	$ 239,615,180

Statements of Cash Flows
Years Ended June 30, 2008 and 2007

	Primary Institution	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 214,397,379	$ 213,247,160
Grants and contracts	41,911,326	36,260,223
Payments to suppliers	(107,784,285)	(98,375,930)
Payments to or on behalf of employees	(346,734,842)	(337,205,429)
Payments for scholarships and fellowships	(36,234,429)	(37,585,701)
Loans issued to students	(1,863,553)	(4,261,745)
Collection of loans to students	1,966,745	2,898,452
Auxiliary enterprise sales	68,734,264	63,613,961
Sales and services	9,518,605	9,015,529
Other receipts (payments)	11,252,538	9,066,410
Net cash used in operating activities	(144,836,252)	(143,327,070)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	145,549,917	137,816,243
Gifts and grants for other than capital purposes	34,066,588	31,852,631
Federal direct student loan programs receipts	105,632,233	97,628,329
Federal direct student loan programs disbursements	(104,842,084)	(97,650,287)
Student organization agency transactions	278,632	(28,183)
Net cash provided by noncapital financing activities	180,685,286	169,618,733
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds from capital debt	5,550,000	-
Capital appropriations	21,281,947	11,394,203
Capital grants and gifts received	8,331,892	3,728,626
Purchases of capital assets	(43,905,610)	(53,081,762)
Principal paid on capital debt and leases	(21,270,694)	(10,284,049)
Interest paid on capital debt and leases	(7,447,971)	(7,431,076)
Net cash used in capital financing activities	(37,460,436)	(55,674,058)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	6,661,744	38,864,231
Investment income	8,186,782	7,648,449
Purchase of investments	(14,081,484)	(42,368,961)
Net cash provided by investing activities	767,042	4,143,719
NET DECREASE IN CASH AND CASH EQUIVALENTS	(844,360)	(25,238,676)
CASH AND CASH EQUIVALENTS - Beginning of year	51,781,073	77,019,749
CASH AND CASH EQUIVALENTS - End of year	$ 50,936,713	$ 51,781,073

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

Statements of Cash Flows
Years Ended June 30, 2008 and 2007

	2008	2007
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (177,965,813)	$ (174,554,941)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	32,308,560	30,652,755
Changes in assets and liabilities:		
Accounts receivable - net	(5,054,579)	(7,762,725)
Notes receivable - net	276,693	(1,162,321)
Prepaid expenses and deferred charges	3,426,560	2,785,882
Inventories	(285,711)	(111,511)
Accounts payable and accrued liabilities	1,928,198	5,173,743
Deferred revenue	1,922,758	(1,366,691)
Refunds and other liabilities	(1,392,918)	3,018,739
NET CASH USED IN OPERATING ACTIVITIES	$ (144,836,252)	$ (143,327,070)

Note 1 - Organization, Basis of Presentation and Significant Accounting Policies

Organization - Ohio University ("University") is a public institution established by the State of Ohio ("State") in 1804 under Chapter 3337 of the Ohio Revised Code ("ORC"). As such, it is a component unit of the State and is included as a discretely presented entity in the State's Comprehensive Annual Financial Report. The University is the oldest of the State-assisted universities in Ohio. It is defined by statute to be a body politic and corporate and an instrumentality of the State.

The University is governed by a 13-member Board of Trustees. The Governor, with the advice and consent of the State Senate, appoints nine trustees for staggered nine-year nonrenewable terms. In addition, two non-voting student members are appointed to the Board of Trustees for staggered two-year terms. The Ohio University Board of Trustees created two non-voting National Trustee positions and invites two distinguished out-of-state University alumni to sit with the Trustees and participate in the deliberations of the Board. One term is two years and the other is three years.

Basis of Presentation - The financial statements of the University have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"), including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and GASB No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities (an amendment of GASB No. 34)*. The presentation required by GASB Statement No. 34 and GASB Statement No. 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net assets, revenues, expenses, and changes in net assets and cash flows. It replaces fund groups with net asset groups, and requires the direct method of cash flow presentation.

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

Note 1 - Organization, Basis of Presentation and Significant Accounting Policies (Continued)

GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*, was implemented by the University effective July 1, 2003. It further clarifies that certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government. The University has determined that The Ohio University Foundation ("Foundation") meets this definition and is therefore included as a discretely presented component unit in the University's financial statements. The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as prescribed by the FASB. See Note 18 for additional disclosures regarding the Foundation.

Basis of Accounting - The University is a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35. Accordingly, the financial statements are presented using an economic resources measurement focus and are presented on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when incurred. All significant interfund transactions have been eliminated. The financial statements of its component unit are also presented under the accrual basis of accounting.

Cash and Cash Equivalents - Cash consists primarily of petty cash, cash in banks, and money market accounts. Cash equivalents are short-term highly liquid investments readily convertible to cash with original maturities of three months or less.

Investments - All investments are carried 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. Non-publicly traded investments are valued based on independent appraisals and estimates considering market prices of similar investments. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statements of Revenues, Expenses, and Changes in Net Assets. Investments classified as current assets in the Statements of Net Assets include those that can be withdrawn on demand.

Note 1 - Organization, Basis of Presentation and Significant Accounting Policies (Continued)

Accounts Receivable - Accounts receivable consists of amounts due for tuition and fees, grants and contracts, and auxiliary enterprise services. Grants and contracts accounts receivable include amounts due from the Federal government, State and local governments, or private sources, as reimbursement of certain expenditures made in accordance with agreements. Uncollectible amounts have been reserved.

Inventories - Inventories are stated at lower of weighted-average cost or net realizable value.

Restricted Cash and Cash Equivalents - Restricted cash and cash equivalents are primarily funds externally restricted for capital expenditures subject to bond and note agreements and which are either held by bond trustees or temporarily invested in STAR Ohio. In addition, it includes some funds held in escrow based on terms and conditions of various agreements.

Capital Assets - Purchased or constructed capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair market value as of the date received. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

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

Asset Class	Capitalize At	Estimated Useful Life
Land	Any amount	N/A
Land improvements	$100,000	N/A
Works of art and historical treasures	$2,500	N/A
Infrastructure	$100,000	10–50 years
Buildings	Any amount	40 years
Machinery and equipment	$2,500	5–25 years
Library books and publications	Any amount	10 years
Transportation equipment	$2,500	5–10 years

Note 1 - Organization, Basis of Presentation and Significant Accounting Policies (Continued)

Building renovations that materially increase the value or extend the useful life of the structure are also capitalized. The costs of normal maintenance and repairs are not capitalized. Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. Land, land improvements, and works of art and historical treasures are not depreciated. Any impairment of capital assets and insurance recoveries are disclosed in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

Deferred Revenue - Deferred revenue includes amounts for tuition and fees, grants and contracts, and certain auxiliary activities received prior to the end of the fiscal year, related to the subsequent accounting period.

Compensated Absences - University employees earn vacation and sick leave benefits based, in part, on length of service. Upon separation from service, employees are paid their accumulated vacation and sick pay based upon the nature of separation (termination, retirement, or death). Certain limits are placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding the limits are forfeited. The estimated and accrued liability is recorded at year-end in the Statements of Net Assets, and the net change from the prior year is recorded as a component of operating expense in the Statements of Revenues, Expenses, and Changes in Net Assets.

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

Invested in Capital Assets - Net of Related Debt - This net asset class represents the University's investment in capital assets net of debt obligations related to those capital assets, except to the extent of debt proceeds not yet expended.

Restricted Net Assets - Nonexpendable - This net asset class represents the donor contributed portion of University endowments. It also includes capital appreciation of those endowments where the donor has not adopted the University's endowment expenditure policy, meaning that the capital appreciation of those accounts remain a part of the corpus.

Restricted Net Assets - Expendable - Restricted expendable net assets represent assets that are restricted by a third party, either legally or contractually.

Unrestricted Net Assets - Unrestricted net assets are resources derived primarily from student tuition, fees, State appropriations, and auxiliary enterprises. These net assets are used for general obligations of the University. They may be used at the discretion of the Board of Trustees for any purpose furthering the University's mission.

Note 1 - Organization, Basis of Presentation and Significant Accounting Policies (Continued)

Restricted vs. Unrestricted Resources - When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to apply the expense at the discretion of University management.

Income Taxes - The University is an organization described in Section 115 of the Internal Revenue Code (the "Code") and has further been classified as an organization that is not a private foundation in accordance with Sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code. However, certain revenues are considered unrelated business income and are taxable under Internal Revenue Code Sections 511 through 513.

Classification of Revenues - Revenues classified as operating or non-operating are done so according to the following:

Operating Revenues - Operating revenues include revenues from activities that have characteristics similar to exchange transactions. These include student tuition and fees (net of scholarship discounts and allowances), sales and services of auxiliary enterprises (net of scholarship discounts and allowances), and certain Federal, State, local and private grants, and contracts. The presumption is that there is a fair exchange of value between all parties to the transaction.

Nonoperating Revenues – Nonoperating revenues include revenues from activities that have the characteristics of non-exchange transactions, such as State appropriations, and certain Federal, State, local and private gifts, and grants. The implication is that such revenues are derived from more passive efforts, efforts related more to the acquisition of the revenue, rather than the earning of it.

Scholarship Discounts and Allowances - Student tuition and fees revenue, and certain other payments recorded as auxiliary enterprises revenue, are net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the charge for tuition and fees, and the amount paid by students or by third parties making the payments on the students' behalf. As of June 30, 2008 and 2007, respectively, scholarship discounts and allowances were $53,578,103 (of which $46,280,584 is netted against student tuition and fees and $7,297,519 is netted against auxiliary enterprises revenues) and $46,998,538 (of which $39,514,236 is netted against student tuition and fees and $7,484,302 is netted against auxiliary enterprises revenues).

Note 1 - Organization, Basis of Presentation and Significant Accounting Policies (Continued)

Auxiliary Enterprises - Auxiliary revenues are derived primarily from revenues generated from residence halls, dining services, intercollegiate athletics, airport operations, telephone operations, parking services, and campus recreation. They are shown net of scholarship discounts and allowances, primarily for room and board.

Eliminations - The University eliminates interfund assets and liabilities, and revenues and expenses, related to internal activities.

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

Newly Issued Accounting Pronouncements - The University will be required to implement the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective with the fiscal year ending June 30, 2009. The University will be required to address the accounting and financial reporting for pollution (including contamination) remediation obligations. The University has not yet determined the full impact of GASB Statement No. 49 on its financial statements.

The University will be required to implement the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective with the fiscal year ending June 30, 2009. The University will be required to address accounting and financial reporting for intangible assets with regard to recognition, initial measurement, and amortization. The University has not yet determined the full impact of GASB Statement No. 51 on its financial statements.

The University will be required to implement the provisions of GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, effective with the fiscal year ending June 30, 2009. The University will be required to report endowment of land and other real estate investments at fair value. The University has not yet determined the full impact of GASB Statement No. 52 on its financial statements.

The University will be required to implement the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective with the fiscal year ending June 30, 2010. The University will be required to address accounting and financial reporting for derivative instruments with regard to recognition, measurement, and disclosure. The University has not yet determined the full impact of GASB Statement No. 53 on its financial statements.

Note 1 - Organization, Basis of Presentation and Significant Accounting Policies (Continued)

Reclassifications – Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments

At June 30, 2008, the carrying amount of the University's cash and cash equivalents for all funds was $50,936,713, compared to bank balances of $52,149,774. The differences in carrying amount and bank balances are caused by outstanding checks and deposits-in-transit. Of the bank balances, $603,123 is covered by Federal deposit insurance and $51,546,651 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

The University's investment portfolio may include investments in the following:

- Obligations of the U.S. Treasury and other Federal agencies and instrumentalities
- Municipal and State bonds
- Certificates of deposit
- Repurchase agreements
- Mutual funds
- Commercial paper
- Corporate bonds and notes
- Common and preferred stock
- Asset-backed securities
- Private equity and venture capital

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

U.S. Government and Agency securities are invested through trust agreements with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University. Common stocks, corporate bonds, money market instruments, mutual funds, and other investments are invested through trust agreements with banks who keep the investments in their safekeeping account in the appropriate custodial bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the University.

Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments (Continued)

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

Type	2008	2007
Common stock	$ 3,977,324	$ 4,814,473
Equity mutual funds	42,624,139	49,143,494
U.S. government obligations	1,775,941	2,023,610
U.S. government agency obligations	5,878,114	5,647,895
Mortgage-backed securities	1,385,993	1,003,162
Corporate bonds and notes	1,095,612	1,091,009
Bond mutual funds	42,160,800	44,432,232
Other	29,558,637	20,413,348
Total	$ 128,456,560	$ 128,569,223

The University's investment strategy incorporates certain financial instruments that involve, to varying degrees, elements of market risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and rate fluctuations embodied in forward, futures, commodity, or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded.

Additional Disclosures Related to Interest-Bearing Investments - Statement Nos. 3 and 40 of the GASB require certain additional disclosures related to the interest rate, credit, and foreign currency risks, associated with interest-bearing investments.

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 in interest rates.

Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments (Continued)

As of June 30, 2008, maturities of the University's interest-bearing investments are as follows:

Investment Type	Market Value	Investment Maturities (In Years) Less than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government obligations	$ 1,775,941	$ 584,922	$ 1,191,019	$ -	$ -
U.S. government agency obligations	5,878,114	529,067	5,148,299	200,748	-
Mortgage-backed securities	1,385,993	-	37,911	403,255	944,827
Corporate bonds	1,095,612	24,597	873,910	197,105	-
Bond mutual funds	42,160,800	6,464,960	19,499,246	14,622,072	1,574,522
Other	1,500,868	1,001,868	499,000	-	-
Total	**$ 53,797,328**	**$ 8,605,414**	**$ 27,249,385**	**$ 15,423,180**	**$ 2,519,349**

Concentration of Credit Risk

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the statements of net assets and is not represented by the contract or notional amounts of the instruments. Credit quality information, as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations 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:

	Market Value	Credit Quality (Moody's) Aaa	Aa	A	Baa	Ba	B
Money market	$ 1,500,868	$ 1,500,868	$ -	$ -	$ -	$ -	$ -
U.S. government obligations	1,775,941	1,775,941	-	-	-	-	-
U.S. government agency obligations	5,878,114	5,878,114	-	-	-	-	-
Mortgage-backed securities	1,385,993	1,385,993	-	-	-	-	-
Corporate bonds	1,095,612	402,291	657,346	24,155	11,820	-	-
Bond mutual funds	42,160,800	481,343	41,671,117	-	-	-	8,340
Total	$ 53,797,328	$ 11,424,550	$ 42,328,463	$ 24,155	$ 11,820	$ -	$ 8,340

Note 2 - Deposits with Financial Institutions, Cash and Cash Equivalents, and Investments (Continued)

Custodial Credit Risk - 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 possession of an outside party. As of June 30, 2008, the University had no custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2008, there were no single issuer investments that exceeded 5 percent.

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. At June 30, 2008, the University's exposure to foreign currency risk is as follows:

Currency	Equity Mutual Funds	Bond Mutual Funds	Other
Australian dollar	$ 382,425	$ 130,625	$ -
Brazilian real	560,548	377,360	-
Chinese yuan	313,557	-	-
Euro	4,469,105	377,361	100,976
Hong Kong dollar	440,765	-	-
Indian Rupee	320,175	-	-
Israeli shekels	108,285	-	-
Japanese yen	2,285,297	101,597	-
Malaysian ringgit	93,255	-	-
Mexican new peso	335,717	72,569	-
Pound Sterling	1,996,804	1,132,081	-
Russian ruble	164,510	-	-
Singapore dollar	116,418	-	-
South African rand	136,774	-	-
South Korean won	468,820	-	-
Swedish krona	78,480	-	18,933
Swiss franc	526,354	-	-
Taiwan dollar	328,312	-	-
Thai baht	152,316	-	-
Turkish lira	136,774	-	-
Other foreign currencies	699,002	-	-
Total	$ 14,113,693	$ 2,191,593	$ 119,909

Note 3 - Accounts Receivable

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

	2008	2007
Student receivables for fees, room, and board	$ 27,358,072	$ 23,600,597
Research and other sponsored programs	11,937,546	14,493,406
Other	11,110,093	13,113,861
	50,405,711	51,207,864
Less allowance for doubtful accounts	(7,096,602)	(6,721,849)
Net accounts receivable	$ 43,309,109	$ 44,486,015

Note 4 - Notes Receivable

The University's notes receivable at June 30, 2008 and 2007 is net of allowance for doubtful accounts of $1,664,497 and $1,526,043, respectively. Principal repayment and interest terms vary. Federal loan programs are funded primarily through Federal contributions under Perkins and various nursing programs.

The University distributed $104,842,084 and $97,650,287 for student loans through the U.S. Department of Education Federal Direct Lending program during the years ended June 30, 2008 and 2007, respectively. These distributions and the related funding sources are included as cash disbursements and cash receipts in the accompanying Statements of Cash Flows.

The composition of notes receivable as of June 30, 2008 and 2007 is as follows:

	2008	2007	Current Portion
Student loan program	$ 15,416,984	$ 15,534,740	$ 1,915,202
COM former students	986,529	1,007,012	86,166
	$ 16,403,513	$ 16,541,752	$ 2,001,368
Less allowance for doubtful accounts	(1,664,497)	(1,526,043)	
Net notes receivable	$ 14,739,016	$ 15,015,709	

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Transfers	Retirements	Balance June 30, 2008
Capital assets not being depreciated:					
Land	$ 16,216,224	$ -	$ -	$ -	$ 16,216,224
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	27,416,131	34,416,007	(37,182,656)	(15,671)	24,633,811
Works of art and historical treasures	8,515,247	39,980	-	-	8,555,227
Total capital assets not being depreciated	56,848,693	34,455,987	(37,182,656)	(15,671)	54,106,353
Capital assets being depreciated:					
Infrastructure	96,864,565	204,081	3,557,271	-	100,625,917
Buildings	624,645,045	1,412,813	33,625,385	(89,258)	659,593,985
Machinery and equipment	106,141,012	4,498,680	-	(4,555,327)	106,084,365
Library books and publications	77,441,870	2,416,395	-	(818,364)	79,039,901
Transportation equipment	19,526,636	917,653	-	(440,280)	20,004,009
Total capital assets being depreciated	924,619,128	9,449,622	37,182,656	(5,903,229)	965,348,177
Total capital assets	981,467,821	43,905,609	-	(5,918,900)	1,019,454,530
Less accumulated depreciation:					
Infrastructure	35,200,169	4,517,279	-	-	39,717,448
Buildings	247,507,303	15,158,626	-	(40,810)	262,625,119
Machinery and equipment	71,354,491	7,736,321	-	(4,212,225)	74,878,587
Library books and publications	61,527,973	3,304,146	-	(818,364)	64,013,755
Transportation equipment	11,215,609	1,592,188	-	(423,889)	12,383,909
Total accumulated depreciation	426,805,545	32,308,560	-	(5,495,288)	453,618,817
Total capital assets being depreciated - Net	497,813,583	(22,858,938)	37,182,656	(407,941)	511,729,360
Capital assets - Net	$ 554,662,276	$ 11,597,049	$ -	$ (423,612)	$ 565,835,713

Note 5 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Transfers	Retirements	Balance June 30, 2007
Capital assets not being depreciated:					
Land	$ 16,216,224	$ -	$ -	$ -	$ 16,216,224
Land improvements	4,701,091	-	-	-	4,701,091
Construction in progress	82,363,253	40,647,177	(95,412,882)	(181,417)	27,416,131
Works of art and historical treasures	8,234,552	280,695	-	-	8,515,247
Total capital assets not being depreciated	111,515,120	40,927,872	(95,412,882)	(181,417)	56,848,693
Capital assets being depreciated:					
Infrastructure	95,146,560	715,734	5,193,591	(4,191,320)	96,864,565
Buildings	533,513,188	912,566	90,219,291	-	624,645,045
Machinery and equipment	103,122,011	6,736,990	-	(3,717,989)	106,141,012
Library books and publications	76,579,733	2,692,742	-	(1,830,605)	77,441,870
Transportation equipment	19,190,903	1,095,858	-	(760,125)	19,526,636
Total capital assets being depreciated	827,552,395	12,153,890	95,412,882	(10,500,039)	924,619,128
Total capital assets	939,067,515	53,081,762	-	(10,681,456)	981,467,821
Less accumulated depreciation:					
Infrastructure	34,711,814	4,319,675	-	(3,831,320)	35,200,169
Buildings	234,138,747	13,368,556	-	-	247,507,303
Machinery and equipment	66,679,674	7,998,447	-	(3,323,630)	71,354,491
Library books and publications	59,918,188	3,440,390	-	(1,830,605)	61,527,973
Transportation equipment	10,262,134	1,525,686	-	(572,211)	11,215,609
Total accumulated depreciation	405,710,557	30,652,754	-	(9,557,766)	426,805,545
Total capital assets being depreciated - Net	421,841,838	(18,498,864)	95,412,882	(942,273)	497,813,583
Capital assets - Net	$ 533,356,958	$ 22,429,008	$ -	$ (1,123,690)	$ 554,662,276

Note 6 - Accounts Payable and Accrued Liabilities

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

	2008	2007
Accounts payable	$ 15,672,146	$ 16,000,974
Accrued liabilities	28,149,902	26,578,928
Total	$ 43,822,048	$ 42,579,902

Note 7 - Bonds and Notes Payable

The University's bonds and notes payable at June 30, 2008 is summarized as follows:

	July 1, 2007	Borrowed	Retired	June 30, 2008	Current
Subordinated general receipts bonds - Series 2006C	$ 5,590,000	$ -	$ 4,960,000	$ 630,000	$ 630,000
Subordinated general receipts bonds - Series 2006B	29,170,000	-	1,025,000	28,145,000	1,070,000
Subordinated general receipts bonds - Series 2006A	27,790,000	-	1,090,000	26,700,000	1,125,000
General receipts bond anticipation notes	6,350,000	5,550,000	6,350,000	5,550,000	5,550,000
Subordinated general receipts bonds - Series 2004	49,250,000	-	1,455,000	47,795,000	1,510,000
Subordinated general receipts bonds - Series 2003	38,285,000	-	3,785,000	34,500,000	4,000,000
Subordinated variable general receipts bonds - Series 2001	26,150,000	-	2,505,000	23,645,000	2,735,000
Total bonds and notes payable	$ 182,585,000	$ 5,550,000	$ 21,170,000	$ 166,965,000	$ 16,620,000

Note 7 - Bonds and Notes Payable (Continued)

The University's bonds and notes payable at June 30, 2007, is summarized as follows:

	July 1, 2006	Borrowed	Retired	June 30, 2007	Current
Subordinated general receipts bonds - Series 2006C	$ 8,025,000	$ -	$ 2,435,000	$ 5,590,000	$ 4,560,000
Subordinated general receipts bonds - Series 2006B	29,170,000	-	-	29,170,000	1,025,000
Subordinated general receipts bonds - Series 2006A	28,145,000	-	355,000	27,790,000	1,090,000
General receipts bond anticipation notes	7,050,000	6,350,000	7,050,000	6,350,000	6,350,000
Subordinated general receipts bonds - Series 2004	49,760,000	-	510,000	49,250,000	1,455,000
Subordinated general receipts bonds - Series 2003	41,885,000	-	3,600,000	38,285,000	3,785,000
Subordinated variable general receipts bonds - Series 2001	28,735,000	-	2,585,000	26,150,000	2,505,000
Total bonds and notes payable	$ 192,770,000	$ 6,350,000	$ 16,535,000	$ 182,585,000	$ 20,770,000

On January 16, 2008, the University issued General Receipts Bond Anticipation Notes (the Superior Notes) totaling $5,550,000. The proceeds are being used to finance the replacement of major administrative systems which include: human resources, payroll, financial and the purchase of an imaging system. The principal payment on the Notes was made as scheduled. Notes outstanding of $5,550,000 at June 30, 2008, mature on July 16, 2008, and bear an interest rate of 3.625 percent.

On April 6, 2006, the University issued $29,170,000 in Subordinated General Receipts Bonds, Series 2006B, and $8,025,000 in Subordinated Variable Rate General Receipts Bonds, Series 2006C. The proceeds were used to pay part of the costs of construction of a 350-bed residence hall, and to finance the following: development of a Student Information System, an Energy Performance Contract, audio visual equipment and furniture, design costs for the renovation of the former Baker Center facility for the College of Communication, and design costs for the Academic and Research Center. The balances outstanding for the Series 2006B and Series 2006C Bonds as of June 30, 2008 were $28,145,000 and $630,000, respectively. For Series 2006C, the variable rate of interest in effect at June 30, 2008 was 1.68 percent, and the average variable rate of interest for the year ended June 30, 2008 was 2.95 percent.

Note 7 - Bonds and Notes Payable (Continued)

On February 16, 2006, the University issued $28,145,000 in Subordinated General Receipts Bonds, Series 2006A. The proceeds were used to refund the Series 1999 Bonds, as described below. The balance outstanding as of June 30, 2008 was $26,700,000.

On March 15, 2004, the University issued $52,885,000 in Subordinated General Receipts Bonds, Series 2004. The proceeds were used to refund the Series 2003B Notes, and for capital equipment and construction costs on various building projects. The balance outstanding as of June 30, 2008 was $47,795,000.

On September 3, 2003, the University issued $47,860,000 in Subordinated General Receipts Bonds, Series 2003. The proceeds were used to refund the Series 1993 Bonds and the Series 2003A Notes. The balance outstanding as of June 30, 2008 was $34,500,000.

On May 3, 2001, the University issued $48,025,000 in Subordinated Variable Rate General Receipts Bonds, Series 2001. The proceeds were for capital equipment and construction costs on various building projects. The balance outstanding as of June 30, 2008 was $23,645,000. The variable rate of interest in effect at June 30, 2008 was 1.68 percent. The average variable rate of interest for the year ended June 30, 2008 was 2.95 percent.

On October 3, 2001, the University entered into a swap agreement with Morgan Guaranty Trust Company of New York to hedge $31,020,000 of the University's Series 2001 Bonds. The swap agreement converts the Series 2001 Bonds' variable interest rate to a fixed rate of 4.039 percent, settled on the first day of each month. The total amounts paid related to the swap agreement for the year ended June 30, 2008 and June 30, 2007 are $251,922 and $100,852, respectively. These amounts are included as an adjustment to interest on capital asset-related debt in the statements of revenues, expenses, and changes in net assets. As of June 30, 2008, the swap had a negative fair value of $808,416. As the swap has a negative fair value, the University is not exposed to credit risk. However, should interest rates begin to rise; the negative fair value of the swap would be reduced and could eventually become positive. At that point, the University would be exposed to counterparty credit risk since the counterparty would be obligated to make payments to the University. The occurrence of a credit event with respect to the University or the counterparty, defined as a reduction in the long term bond rating to less than Baa2 by Moody's Investors Service, Inc. or BBB by Standard & Poor's, would result in termination of the swap agreement. As of June 30, 2008, no termination events have occurred.

Note 7 - Bonds and Notes Payable (Continued)

On March 15, 1999, the University issued $32,520,000 in General Receipts Bonds, Series 1999, with which to pay construction costs on various building projects. On February 16, 2006, the Series 1999 Bonds were refinanced and rolled into the Series 2006A Bonds.

The Superior Notes and the Series 1999 Bonds are bound by the provisions of a Trust Agreement dated June 1, 1972 (the Prior Indenture) and its supplements as described below. The Prior Indenture and its supplements relate to the provisions of the Superior Notes and the Series 1999 Bonds. These obligations are secured by a gross pledge of and first lien on the General Receipts of the University. The General Receipts include the full amount of every type and character of campus receipts, except for State appropriations and receipts previously pledged or otherwise restricted. The University has complied with all covenants of the Prior Indenture and its supplements.

The Series 2006A Bonds, the Series 2006B Bonds, the Series 2006C Bonds, the Series 2004 Bonds, the Series 2003 Bonds and the Series 2001 Bonds are secured by a Trust Agreement dated May 1, 2001 (the Subordinated Indenture) and its supplements as described below. While any Superior Obligations issued are outstanding, the pledge and lien on the General Receipts authorized and granted by the Subordinated Indenture are subordinate to the pledge and lien on the General Receipts that secure the Superior Obligations.

A First Supplemental Trust Agreement to the Subordinated Indenture binds the Series 2001 Bonds. A Second Supplemental Trust Agreement binds the Series 2003 Bonds. The Series 2003B Notes were issued pursuant to a Third Supplemental Trust Agreement (there are no notes presently outstanding under the Third Supplemental Agreement). A Fourth Supplemental Trust Agreement binds the 2004 Bonds. A Fifth Supplemental Trust Agreement binds the Series 2006A Bonds. A Sixth Supplemental Trust Agreement binds the Series 2006B and Series 2006C Bonds.

Note 7 - Bonds and Notes Payable (Continued)

Details of the series are as follows:

Series	Interest Rate	Maturity Fiscal Year	Initial Issue Amount	Outstanding at June 30, 2008
2001	Variable	2027	$ 48,025,000	$ 23,645,000
2003	5.00%–5.25%	2024	47,860,000	34,500,000
2004	2.00%–5.00%	2032	52,885,000	47,795,000
2006A	3.50%–5.00%	2025	28,145,000	26,700,000
2006B	3.75%–5.00%	2037	29,170,000	28,145,000
2006C	Variable	2009	8,025,000	630,000
				$ 161,415,000

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

Year ended June 30	Principal	Interest	Swap Interest	Total
2009	$ 11,070,000	$ 6,400,241	$ 819,253	$ 18,289,494
2010	9,605,000	6,010,982	747,141	16,363,123
2011	9,685,240	5,652,089	670,231	16,007,560
2012	10,005,000	5,285,465	590,584	15,881,049
2013	8,220,000	4,958,393	510,446	13,688,839
2014-2018	43,205,600	20,197,967	1,227,944	64,631,511
2019-2023	27,260,000	12,655,698	333,881	40,249,579
2024-2028	21,374,160	6,945,291	99,959	28,419,410
2029-2033	16,095,000	2,751,788	-	18,846,788
2034-2037	4,895,000	452,588	-	5,347,588
	$161,415,000	$ 71,310,502	$ 4,999,439	$237,724,941

Note 8 - Capital Leases

The University has $438,027 in capital lease obligations that have varying maturity dates through 2014 and carry implicit interest rates ranging from 5.8 percent to 10.0 percent. Lease arrangements are being used to provide partial financing for certain equipment. Capital asset balances as of June 30, 2008 that are financed under capital leases are $651,021.

Note 8 - Capital Leases (Continued)

Capital leases as of June 30, 2008 and 2007 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
For the year ended:					
June 30, 2008	$ 329,606	$ 209,115	$ (100,694)	$ 438,027	$ 89,615
June 30, 2007	$ 92,349	$ 336,306	$ (99,049)	$ 329,606	$ 86,942

The scheduled maturities of these leases as of June 30, 2008, are:

	Minimum Lease Payments
2009	$ 116,588
2010	116,588
2011	103,450
2012	89,779
2013	70,318
2014	13,440
Total minimum lease payments	510,163
Less amount representing interest	72,136
Net minimum capital lease payments	438,027
Less current portion	89,615
Noncurrent capital lease obligations	$ 348,412

Note 9 - Operating Leases

The University leases various facilities and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the statements of net assets. The total rental expense under these agreements was $1,591,756 and $2,159,771 for the years ended June 30, 2008 and 2007, respectively.

Note 9 - Operating Leases (Continued)

Future minimum payments for all significant operating leases with initial terms in excess of one year as of June 30, 2008 are as follows:

2009	$ 1,641,006
2010	1,445,166
2011	1,288,414
2012	949,000
2013	380,964
2014-2019	189,982
Total minimum lease payments	$ 5,894,532

Note 10 - Compensated Absences

Per University policy, eligible salaried administrative appointments earn vacation at the rate of 22 days per year with a maximum accrual of 32 days. Upon termination they are entitled to a payout of their accumulated balance. Hourly classified employees earn vacation at rates per years of service, ranging from 10 to 25 days per year. The maximum accrual is equal to the amount earned in three years, which is subject to payout upon termination. The liability for accrued vacation at June 30, 2008 and 2007 was $9,734,397 and $10,025,718, respectively.

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro-rata monthly basis for salaried employees and on a pro-rata hourly basis for classified hourly employees). Salaried employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25 percent of unused days (maximum of 30 days). Hourly classified employees with 10 or more years of service are eligible for payout upon retirement of up to 50 percent of unused days (maximum of 60 days). The estimated liability for accrued sick leave at June 30, 2008 and 2007 was $4,456,526 and $3,461,428, respectively.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
For the year ended:					
June 30, 2008	$ 13,487,146	$ 11,259,885	$ (10,556,108)	$ 14,190,923	$ 730,000
June 30, 2007	$ 13,772,319	$ 10,111,409	$ (10,396,582)	$ 13,487,146	$ 700,000

Note 11 - Retirement Plans

Employees of Ohio University are covered under one of three retirement plans, unless eligible for exemption in the case of most student employees. The particular system in which an employee is eligible to enroll is dependent on their position with the University. Generally faculty appointments are eligible for enrollment in a defined benefit plan, administered by the State Teachers Retirement System of Ohio (STRS Ohio), and all other employees are eligible for enrollment in a defined benefit plan, administered by the Ohio Public Employees Retirement System of Ohio (OPERS). In addition, full-time employees may opt out of the state retirement system for a defined contribution plan also referred to as an alternative retirement plan (ARP) with one of nine independent providers or a defined contribution plan, now offered by both STRS Ohio and OPERS or combined plans offered by both of the state retirement systems. All options are discussed below in more detail.

Defined Benefit Plans - The defined benefit plans of STRS Ohio and OPERS are cost-sharing multiple employer public employee retirement plans. Both systems provide retirement and disability benefits, annual cost of living adjustments, survivor benefits and postretirement health care. Authority to establish and amend benefits is provided by State statute. Both STRS Ohio and OPERS issue stand-alone financial reports. Interested parties may obtain a copy of the STRS Ohio report by making a written request to 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling toll free 888-227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org. The OPERS report may be obtained by making a written request to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Defined Contribution Plans - The Alternative Retirement Plan (“ARP”) is a defined contribution pension plan, under IRS section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education. The University’s Board of Trustees adopted the University’s plan on April 18, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS Ohio or OPERS, from the list of nine providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS Ohio and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Note 11 - Retirement Plans (Continued)

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS Ohio or OPERS and who elect to participate in the ARP must contribute the employee's share of retirement contributions to one of nine private providers approved by the Ohio Department of Insurance. The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 3.5 percent for STRS Ohio and 0.77 percent for OPERS for the year ended June 30, 2008. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

The ARP does not provide disability benefits, survivor benefits or postretirement health care. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan

Retirement Plan Funding - The Ohio Revised Code provides statutory authority for employee and employer contributions to retirement systems. The employee and employer rates are the same for ARP employees as the retirement system under which they would otherwise be. However, for those who would otherwise be covered by STRS Ohio and who instead elect the ARP, 3.5 percent of the employer contribution goes to the STRS Ohio retirement system and 0.77 percent of the employer contribution goes to the OPERS systems as of August 1, 2007. The University's contributions each year are equal to its required contributions.

Note 11 - Retirement Plans (Continued)

Following are the employee and employer contribution rates in effect for fiscal year 2008:

	Contribution Rates		
	STRS Ohio	OPERS	ARP
Faculty			
Employee - all year	10%		10%
University - all year	14%		14%
Staff			
Employee			
July - December, 2007		9.50%	9.50%
January - June, 2008		10.00%	10.00%
University			
July - December, 2007		13.77%	13.77%
January - June, 2008		14.00%	14.00%
Law Enforcement Staff			
Employee - all year		10.10%	10.10%
University			
July - December, 2007		17.17%	17.17%
January - June, 2008		17.40%	17.40%

University contributions for the current and two preceding years are summarized as follows:

	Employer Contributions		
	STRS Ohio	OPERS	ARP
2008	$ 11,278,000	$ 13,582,000	$ 8,037,000
2007	11,166,000	13,327,000	7,426,000
2006	11,020,000	12,628,000	6,931,000

The payroll for employees covered by OPERS and STRS for the year ended June 30, 2008 was $99,334,000 and $80,557,000, respectively. The payroll for employees covered by OPERS and STRS for the year ended June 30, 2007 was $97,595,000 and $79,755,000, respectively. For the years ended June 30, 2008 and 2007, the University's total payroll was $267,719,000 and $261,104,000, respectively.

Note 11 - Retirement Plans (Continued)

Other Post-Employment Benefits - In addition to the pension benefits described above, Ohio Law provides that the University fund postretirement health care benefits to retirees and their dependents through employer contributions to the Ohio Public Employees Retirement System of Ohio ("OPERS") and the State Teachers Retirement System of Ohio ("STRS Ohio").

OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of its plans. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to OPERS is set aside for 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. Local government employer units contributed at a rate of 13.85% of covered payroll and public safety while law enforcement employer units contributed at a rate of 17.17%. The portion of employer contributions, for all employers, 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 number of active contributing participants as of December 31, 2007 was 374,979.

The actuarial value of the OPERS' net assets available for OPEB at December 31, 2006 (the date of the system's latest actuarial review) is $12.0 billion. 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.

STRS Ohio 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, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code ("ORC"), the State Teachers Retirement Board (the "Board") has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The ORC grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses, and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14.0 percent of covered payroll.

Note 11 - Retirement Plans (Continued)

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal years ended June 30, 2007 and June 30, 2006, the board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was $4.1 billion on June 30, 2007, the date of the most recent information available from STRS Ohio.

For the fiscal year ended June 30, 2007, the date of the most recent information available from STRS, net health care costs paid by STRS Ohio were $265,600,000. There were 122,934 eligible benefit recipients.

Note 12 - Early Retirement Incentive Plan

In FY 2006, the University Board of Trustees approved an Early Retirement Incentive Plan (ERIP) buyout for eligible employees in the Ohio Public Employees Retirement System (OPERS). An ERIP allows the University to purchase additional service credit, in this case one year, which enables eligible employees to retire early or to retire with a larger retirement benefit than they may have otherwise. The buyout period began on April 1, 2006. The period remained open until August 31, 2007. A $10,000 incentive was offered to employees who signed up for the buyout by April 28, 2006, and who would retire by July 1, 2006. Eligible employees were those eligible to retire with five years of service at age 60, 25 years of service at age 55, or 30 years of service at any age; who became eligible to retire due to the incentive plan; who became eligible to retire during the open period; or who became eligible due to purchasing additional service credit, i.e., exempt, refunded, military, or other eligible time.

As of August 31, 2007, 132 employees had taken advantage of the ERIP for a total cost of approximately $4.4 million which included sick and vacation payouts in accordance with standard policy, the $10,000 incentive bonus for the 68 employees who left by July 1, 2006, and the OPERS payment calculated and billed by OPERS.

Note 13 - Risk Management and Contingencies

Legal - During the normal course of operations, the University has become a defendant in various legal and administrative actions. In accordance with Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*, 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 in-house legal counsel and University management, the disposition of all pending litigation would not have a material adverse effect on the University's financial position.

Note 13 - Risk Management and Contingencies (Continued)

Self-Insurance - The University provides medical and dental coverage for its employees on a self-insurance basis. Expenses for claims are recorded on an accrual basis based on the date claims are incurred. The University applies GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

A summary of changes in the self-insurance claims liability for each of the periods in the three-year period ended June 30, 2008, is as follows:

	2008	2007	2006
Accrued claims liability - Beginning of year	$ 3,644,000	$ 3,644,000	$ 3,644,000
Incurred claims - Net of favorable settlements	33,190,880	33,790,462	33,103,688
Claims paid	(33,190,880)	(33,790,462)	(33,103,688)
Accrued claims liability - End of year	$ 3,644,000	$ 3,644,000	$ 3,644,000

Liability for claims is accrued based on estimates of the claims liabilities made by the University's third-party actuary. These estimates are based on past experience and current claims outstanding. Actual claims experience may differ from the estimate.

Commercial Insurance Coverage - The University has the following commercial insurance policies:

Type	Deductible	Coverage
Aircraft Liability (Flight Training)	$ 10,000	$ 5,000,000
Aircraft Liability (Singular)	None	50,000,000
Airport Liability	10,000	10,000,000
General, Auto and Educators Liability	100,000	1,000,000
Excess Liability	1,000,000	4,000,000
Excess Liability (Shared)	5,000,000	45,000,000
Medical Malpractice	25,000	3,000,000
Foreign Liability	None	4,000,000
Crime	100,000	5,000,000
Property (Shared)	100,000	1,000,000,000

Note 13 - Risk Management and Contingencies

Workers' Compensation Coverage - The University participates in a plan that pays workers' compensation benefits to employees who have been injured on the job. The Ohio Bureau of Workers' Compensation calculates the estimated amount of cash needed in the subsequent fiscal year to pay the claims for these workers and sets rates to collect this estimated amount from participating state agencies and universities in the subsequent year.

Note 14 - Capital Project Commitments

At June 30, 2008, the University is committed to future capital expenditures as follows:

Contractual commitments	$ 26,484,221
Estimated completion costs of projects	27,538,369
	$ 54,022,590
These projects will be funded by:	
State appropriations	$ 19,896,598
University funds	25,279,152
Gifts, grants, and other	8,846,840
	$ 54,022,590

Note 15 - Other Noncurrent Liabilities

Refundable Advances for Federal Student Loans - Refundable advances for federal student loans for the years ended June 30, 2008 and 2007, respectively, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
For the year ended:					
June 30, 2008	$ 8,621,865	$ -	$ (165,241)	$ 8,456,624	$ -
June 30, 2007	$ 10,666,751	$ -	$ (2,044,886)	$ 8,621,865	$ -

Note 16 - Donor-restricted Endowments

Under the standard established by Section 1715.56 of the Ohio Revised Code, an institution may appropriate so much as is prudent of the realized and unrealized net appreciation of the fair value of the assets of the endowment fund over the historic dollar value of the fund for the uses and purposes for which an endowment fund is established. The University's endowment spending policy is based on the concept of total return and the spending rate for fiscal year 2008 was 5 percent (including a 1 percent administrative fee, the same as for fiscal year 2007).

The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the Board were $12,687,332 and $14,682,216 for June 30, 2008 and 2007, respectively. Those amounts are reported as restricted expendable net assets.

Note 17 - Subsequent Events

On July 10, 2008, the University issued $15,350,000 in General Receipts Bonds including $2,005,000 in Taxable General Receipts Bonds. The proceeds are being used to finance the acquisition of an office building in Athens, Ohio for use by various University support functions, previously leased by the University, as well as several commercial tenants and to provide various capital improvements to the facility. The proceeds were also used to refund the Series 2008 General Receipts Bond Anticipation Notes totaling $5,550,000.

Subsequent to year end, the Foundation's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

Subsequent to year end, a significant portion of the outstanding Series 2001 variable rate general receipts bonds was tendered to the University due primarily to the credit crisis in the capital markets exacerbated by the lack of liquidity. To support the tendered bonds, the University has drawn on a line of credit ("LOC") provided by Dexia at a rate of prime. The University has access to the LOC for a period of 90 days during which RBC Dain Rauscher Inc. will continue to remarket the bonds pursuant to a remarketing agreement. Thereafter, in the event that buyers are not identified for the bonds, the University has access to a take-out facility at a rate of prime which can be utilized for a period of up to five years. The University is currently investigating alternative financing options in the event that market rates do not return to more normalized levels.

Note 18 - The Ohio University Foundation

The Ohio University Foundation (the "Foundation") was incorporated in Ohio in October 1945 to support the educational undertakings of Ohio University (the "University"). The Foundation is authorized to solicit and receive gifts and contributions for the benefit of the University and to ensure that funds and property received are applied to the uses specified by the donor.

The Foundation's wholly owned subsidiary, Inn-Ohio of Athens, Inc. (the "Inn"), owns and operates a 144-room hotel and restaurant facility in Athens, Ohio known as The Ohio University Inn. The Foundation's other wholly owned subsidiary, Housing for Ohio, Inc. ("Housing"), constructed and operates a 182-unit student-housing complex in Athens, Ohio. The Foundation also owns a minority interest (44.18 percent at June 30, 2008 and 44.3 percent at June 30, 2007) in Diagnostic Hybrids, Inc. (DHI), which develops and manufactures tissue cell cultures, antibody kits, and biological reagents for use in medical laboratories. The Foundation consolidates a supporting organization that is deemed to be financially interrelated under the provisions of Financial Accounting Standards Board Statement No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*.

The Foundation entered into an agreement with the Sugar Bush Foundation ("Sugar Bush"), an Ohio not-for-profit corporation, in August 2005. Sugar Bush is a supporting organization as defined in Code Section 509(a)(3) and the Foundation is its primary supporting organization receiving 51 percent of its charitable distributions. This agreement was further amended in August 2007 with Sugar Bush pledging to commit all of its charitable distributions to the Foundation. Upon dissolution of Sugar Bush, and payment of all Sugar Bush liabilities, all of its assets shall be transferred to the Foundation, provided the Foundation is then recognized as a non-profit Ohio corporation and as a tax exempt organization under Section 501(c)(3) of the Code.

Basis of Accounting - The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting. The accompanying consolidated financial statements present the financial position and results of activities of the Foundation and its wholly owned subsidiaries - the Inn, Housing, and one supporting organization. All intercompany transactions have been eliminated.

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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of

Note 18 - The Ohio University Foundation (Continued)

the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk - Financial instruments, which potentially subject the Foundation to a concentration of credit risk, consist principally of pledges receivable, investments for the Foundation, and receivables related to operations of the Inn. Exposure to losses on pledges receivable is principally dependent on each donor's financial condition. The Foundation monitors the exposure for credit losses and maintains allowances for anticipated losses of receivables.

Investments are recorded at fair value. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Foundation's consolidated statements of financial position and activities.

Regarding the Inn, the management company that operates the Inn is responsible for collection of receivables. Additionally, the Inn provides a reserve for any estimated uncollectible balances.

Gifts and Contributions - Contributions are recorded at their fair value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset categories. When a donor restriction expires (when a stipulated time restriction ends or the purpose of restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Contributed property is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property are recorded as unrestricted support.

Contributions of charitable gift annuities are reduced by the actuarially determined liability resulting from acceptance of the gift. Contributions are held in charitable remainder trusts at the present value of their estimated future benefits to be received when the trust assets are distributed upon notification of the donor's death.

Note 18 - The Ohio University Foundation (Continued)

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate. The discount rate utilized was 1.74 percent for fiscal year 2008 and 4.69 percent for fiscal year 2007. Amortization of the discounts is included in contribution revenues. Unconditional promises to give, which are silent as to the due date, are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

Intentions - The Foundation receives communications from donors indicating that the Foundation has been included in the donor's will or life insurance policy as beneficiary, representing intentions to give rather than promises to give. Such communications are not unconditional promises to give because the donors retain the ability to modify their wills and insurance policies during their lifetimes. The total realizable value of these intended gifts has not been established, nor have the intended gifts been recognized as an asset or contribution revenue. Such gifts are recorded when the Foundation is notified of the donor's death, the will is declared valid by a probate court, and the proceeds are measurable.

Cash Surrender Value of Insurance Policies - The Foundation records as an asset the cash surrender value of insurance policies for which it is the owner and beneficiary.

Investments - Investments in securities are recorded at fair value based on quoted market values, with changes in market value during the year reflected in the consolidated statements of activities. Purchases and sales of investments are accounted for as of the trade date.

Income from Investments - All investment income in the form of interest and dividends is credited to unrestricted net assets unless otherwise designated by the donor. All capital appreciation/depreciation earned on permanently restricted, temporarily restricted, and unrestricted investments is credited to unrestricted net assets unless otherwise restricted by the donor.

Property and Equipment - Property and equipment are recorded at the estimated fair value, if received as a gift, or at the purchase cost, plus any expenditures for improvements.

Note 18 - The Ohio University Foundation (Continued)

Depreciation of buildings is recorded over periods ranging from 10 to 40 years using the straight-line method. Depreciation and amortization of other property, equipment, and improvements is recorded over periods ranging from 5 to 15 years using the straight-line method.

Annually, or more frequently if events or circumstances change, a determination is made by management to ascertain whether property and equipment and intangibles have been impaired based on the sum of expected future undiscounted cash flows from operating activities. If the estimated net cash flows are less than the carrying amount of such assets, the Foundation will recognize an impairment loss in an amount necessary to write down the assets to a fair value as determined from expected future discounted cash flows. Based upon its most recent analysis, the Foundation has determined that no impairment to the carrying value of its long-lived assets existed at June 30, 2008 and 2007.

Restricted Cash - Restricted cash represents cash that, under terms of the bond issue trust indenture agreement ("Trust Indenture") (related to Housing for Ohio, Inc.), is restricted for various purposes. In accordance with the terms of the Trust Indenture and related agreements, the proceeds from the bonds not used to construct the student housing facility and certain equipment and improvements were deposited with the trustee. The Foundation is also required to deposit all revenue directly into a designated revenue fund. The trustee is then authorized, without further direction from the Foundation, to transfer funds out of the revenue fund to other funds as outlined in the Trust Indenture.

Donor Gift Change in Designation or Beneficiary - The changes in designation or beneficiary are due to specific direction received from donors in fiscal year 2007 of gifts received by the Foundation in previous fiscal years. One pledge in an undiscounted amount of $6,250,000 was transferred from the Foundation to the University.

Functional Allocation of Expenses - The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the programs and supporting services benefited.

Income Taxes - The Internal Revenue Service has determined that the Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated income. Income taxes for the Inn totaled $11,000 and $2,009, respectively, for the years ended June 30, 2008 and 2007.

Note 18 - The Ohio University Foundation (Continued)

Fair Value of Financial Instruments - The carrying values of the Foundation's financial instruments in the accompanying consolidated statements of financial position approximate their respective estimated fair value at June 30, 2008 and 2007.

The Foundation has estimated the fair values of its financial instruments using available quoted market information and other valuation methodologies in accordance with FASB Statement No. 107, *Disclosures About Fair Value of Financial Instruments*. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. Determinations of fair value are based on subjective data and significant judgment relating to timing of payments and collections and the amounts to be realized. Different market assumptions and/or estimation methodologies might have a material effect on the estimated fair value amounts.

Advertising Costs - Advertising costs of the Inn are included in marketing expenses and are expensed as incurred.

Recent Accounting Pronouncements - In July 2006, the FASB issued Interpretation ("FIN") No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109*, which clarifies the accounting for uncertainty in income taxes recognized in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, on the tax return. This Interpretation also provides guidance on de-recognition, classification, interest, penalties, accounting in interim periods, disclosure, and transition. The evaluation of a tax position in accordance with this Interpretation is a two-step process. The first step will determine if it is more likely than not that a tax position will be sustained upon examination and should therefore be recognized. The second step will measure a tax position that meets the more likely than not recognition threshold to determine the amount of benefit to recognize in the financial statements. This Interpretation is effective for fiscal year ending June 30, 2009. The Foundation is currently evaluating the impact this Statement will have on the consolidated financial statements.

In September 2006, the FASB issued Statement No. 157, *Fair Value Measurements*, which defines fair value, establishes a framework for using fair value to measure assets and liabilities, and expands disclosures about fair value measurements. FASB Statement No. 157 applies whenever other statements require or permit assets or liabilities to be measured at fair value. FASB Statement No. 157 is effective for fiscal years beginning after November 15, 2007. The Foundation is currently evaluating the impact this Statement will have on the consolidated financial statements.

Note 18 - The Ohio University Foundation (Continued)

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Asset and Financial Liability: Including an amendment of FASB Statement No. 115*. FASB Statement No. 159 permits all entities to elect to measure certain financial instruments and other items at fair value with changes in fair value reported in earnings. FASB Statement No. 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. The Foundation is evaluating the impact, if any, adopting FASB Statement No. 159 may have on its consolidated financial statements.

In March 2008, the FASB issued statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities*. FASB Statement No. 161 changes the disclosure requirements for derivative instruments and hedging activities. FASB Statement No. 161 is effective as of the beginning of the first fiscal year that begins after November 15, 2008. The Foundation is currently evaluating the impact this Statement will have on the consolidated financial statements.

Net Assets:

Unrestricted Net Assets - The unrestricted net assets consist of operating funds available for any purpose authorized by the board of trustees.

Unrestricted net assets as of June 30, 2008 and 2007 are available for the following purposes:

	2008		2007	
Board-designated quasi-endowment		$ 12,794,776		$ 11,180,794
Board-designated other:				
Board-designated 1804 fund	$ 543,634		$ 465,483	
Board-designated carryforward	-	543,634	67,954	533,437
Designated underwater accounts		(1,417,699)		(397,968)
Undesignated:				
Undesignated housing	(2,621,331)		(2,689,718)	
Undesignated other	(5,689,091)	(8,310,422)	(1,705,689)	(4,395,407)
Unrestricted net assets		$ 3,610,289		$ 6,920,856

Note 18 - The Ohio University Foundation (Continued)

Temporarily Restricted Net Assets - Temporarily restricted net assets consist of funds that are restricted for a specific use or time determined by the donor.

Temporarily restricted net assets as of June 30, 2008 and 2007 are available for the following purposes:

	2008	2007
Alumni relations	$ 367,985	$ 873,876
Institutional support	9,387,204	12,254,763
Instruction and departmental support	110,006,798	35,885,281
Academic services support	9,190,998	10,613,894
Intercollegiate athletics support	1,450,300	1,094,548
Student services	1,624,432	1,934,092
Scholarships and fellowships	39,757,269	45,063,407
Public services	378,940	457,570
Research	1,254,372	1,331,756
Fund raising and development	2,259,954	1,654,241
Other	24,442	25,000
	$ 175,702,694	$ 111,188,428

Included in these statements for the year ended June 30, 2008 is a large portion of a gift from the Dolores H. Russ Trust either received or designated for the Foundation, specifically the College of Engineering. This portion of the gift was received on June 4, 2008 in the form of cash and publically traded securities. The majority of the securities were liquidated prior to June 30, 2008. This portion of the gift is reported in the function of "Instruction and departmental support".

In addition, the Foundation was notified of further gifts of real property and privately held investments from the Dolores H. Russ Trust during the fiscal year ended June 30, 2008. Donations of these types require Foundation Board approval in order for the gifts to be accepted by the Foundation. Since such approval occurred after June 30, 2008, those gifts are not reflected in the accompanying financial statements. They will be recorded on the books of the Foundation for the fiscal year ended June 30, 2009 at their fair market value.

Note 18 - The Ohio University Foundation (Continued)

Permanently Restricted Net Assets - Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses as authorized from time to time by the donor.

Permanently restricted net assets as of June 30, 2008 and 2007 are available for the following purposes:

	2008	2007
Alumni relations	$ 606,004	$ 1,398,107
Institutional support	4,658,554	3,931,688
Instruction and departmental support	62,559,763	52,066,229
Academic services support	6,060,266	4,671,199
Intercollegiate athletics support	909,820	137,389
Student services	2,539,978	2,046,852
Scholarships and fellowships	55,426,463	56,223,647
Public services	328,389	317,004
Research	(196,179)	497,938
Fund-raising and development	22,384	187,482
Other	12,617	28,361
	$ 132,928,059	$ 121,505,896

Trust Receivable - The Foundation was informed of an additional amount of cash to come from the Dolores H. Russ Trust beyond that which was received by the Foundation prior to June 30, 2008. The amount is recorded as Trust Receivable on the books of the Foundation as of June 30, 2008.

Note 18 - The Ohio University Foundation (Continued)

Pledges Receivable - Amounts included in pledges receivable for unconditional promises to give at June 30, 2008 and 2007 are as follows:

	2008	2007
Unconditional promises to give before unamortized discount and allowance for uncollectibles	$ 29,365,517	$ 22,329,882
Less allowance for uncollectibles	(5,491,475)	(4,153,358)
Subtotal	23,874,042	18,176,524
Less unamortized discount	(2,058,047)	(965,215)
Unconditional promises to give - Net	$ 21,815,995	$ 17,211,309

	2008		2007	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Amounts due in:				
Less than one year	$ 5,290,897	$ 3,349,136	$ 2,875,439	$ 3,348,638
One to five years	4,667,267	6,780,986	1,635,499	6,079,229
More than five years	3,539	1,724,170	27,229	3,245,275
Total	$ 9,961,703	$ 11,854,292	$ 4,538,167	$ 12,673,142

As of June 30, 2008, the Foundation has approximately $89,683,000 in numerous outstanding pledges which are considered to be intentions to give and are contingent upon future events. These pledges are not accrued as pledges receivable or recognized as revenue because they do not represent unconditional promises to give. It is not practicable to estimate the ultimate realizable value of these commitments or the period over which they might be collected.

Note 18 - The Ohio University Foundation (Continued)

Investments in Securities - The cost and market value of the investments in securities at June 30, 2008 and 2007, are as follows:

	2008		2007	
	Cost	Market	Cost	Market
Common and preferred stock	$ 98,977,123	$ 98,623,689	$ 106,351,182	$ 125,373,901
Short-term cash investments	64,745,827	64,745,823	10,979	10,979
Bonds and debentures	35,910,848	36,808,405	34,013,478	33,530,913
Alternative investments	59,498,960	72,597,450	36,785,018	51,173,307
Total investments	$ 259,132,758	$ 272,775,367	$ 177,160,657	$ 210,089,100

At June 30, 2008 and 2007, the Foundation's investment in DHI was recorded at fair market value of $7,970,109 and $6,942,150, respectively (cost of $3,467,829 at June 30, 2008 and 2007) and is included within alternative investments. Other alternative investments include absolute return funds, venture capital, buyout, mezzanine/distressed debt, and real estate.

Market prices are not available for certain investments, primarily private equity and hedge funds. These investments are carried at estimated fair value provided by the funds' managements. Some fund valuations are determined as of June 30, while the remaining valuations are determined as of March 31 and adjusted by cash receipts, cash disbursements, and securities distributions through June 30. The Foundation believes that the carrying amounts are reasonable estimates of fair value as of year-end. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the financial statements using the equity method of accounting.

Subsequent to year end, the Foundation's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

Note 18 - The Ohio University Foundation (Continued)

Property and Equipment - As of June 30, 2008 and 2007, property and equipment (primarily relating to Housing and the Inn) are as follows:

	2008	2007
Land	$ 805,198	$ 805,198
Land improvements	660,654	419,726
Building and building improvements	35,226,877	35,460,015
Furnishings, fixtures, and equipment	4,478,480	4,300,189
Construction in progress	-	14,766
	41,171,209	40,999,894
Less accumulated depreciation and amortization	(11,691,885)	(10,484,980)
Property and equipment - Net	$ 29,479,324	$ 30,514,914

Total depreciation expense of $1,418,989 and $1,409,835 was recorded in fiscal years 2008 and 2007, respectively.

Support from Ohio University - During 2008 and 2007, the University paid certain payroll costs amounting to $3,187,641 and $3,346,008 and additional costs of $206,996 and $51,549, respectively, for the Foundation's Development Office, Office of Alumni Relations, and Accounting Office. The support costs paid by the University are reflected in the consolidated statements of activities as University support, with a like amount included in expenses.

The University provides office space and the use of certain common facilities and services to the Foundation at no cost. These costs have not been recorded as University support because they are not considered to be material to the results of activities of the Foundation.

Included in accounts receivable at June 30, 2008 and 2007 is $0 and $63,667, respectively, owed to the Foundation by the University.

Note 18 - The Ohio University Foundation (Continued)

Split-interest Agreements:

Charitable Gift Annuities - Under charitable gift annuity agreements, all assets are held by the Foundation. Therefore, the Foundation has recorded the donated assets at fair value and the liabilities to the donor or his/her beneficiaries discounted to the present value of the estimated future payments to be distributed by the Foundation to such individuals at a rate established at the beginning of the agreement. The amount of the contribution is the difference between the asset and liability and is recorded as contribution revenue. The discount rate applied to gift annuities held at June 30, 2008 and 2007, ranged from 3.2 percent to 9.4 percent.

Charitable Remainder Trusts - Under charitable remainder trust agreements, the Foundation serves as the remainderman, whereby the Foundation will receive the net assets of the trust upon death of the donor's beneficiary. During the life of the trust, the donor, or the donor-designated beneficiary, will receive regular payments as established by the trust.

In instances where the donor has not specifically reserved the right to change the remainderman, and all assets of charitable remainder trust are maintained by a third-party trustee in an irrevocable trust for the benefit of the Foundation, the Foundation will recognize, as contribution revenue and as a receivable, the present value of the estimated future benefits to be received when the trust assets are distributed. The trustee disburses income earned on the assets of the charitable remainder trust to the donor or donor designated-beneficiaries.

In instances where the donor has not specifically reserved the right to change the remainderman, and the Foundation serves as the trustee, the Foundation will recognize the fair market value of the assets of the trust, as well as a liability for the net present value of future payments to be distributed by the Foundation to the donor or his/her designated beneficiaries. The amount of the contribution is the difference between the asset and liability at the inception of the trust. The present value of the future payments to the donor-designated beneficiary is determined using a discount rate established at the beginning of the trust. At June 30, 2008 and 2007, the discount rate applied to the charitable remainder trusts was 1.74 percent and 4.82 percent, respectively.

Certain charitable remainder trust transactions are not reported on the consolidated statements of financial position or the consolidated statements of activities, as, in these cases, the remainderman can be changed by the donor prior to his/her death.

Note 18 - The Ohio University Foundation (Continued)

Adjustments to the receivable to reflect amortization of the discount, revaluation of the present value of the estimated future payments to the donor-designated beneficiaries, and changes in actuarial assumptions during the term of the trust will be recognized as changes in the value of split-interest agreements. Upon the death of the donor-designated beneficiaries, the receivable is closed, the assets received from the trust are recognized at fair value, and any difference is reported as a change in the value of split-interest agreements.

Revocable Trusts - Under revocable trust agreements, the Foundation serves as the remainderman, whereby the Foundation will receive the net assets of the trust upon death of the donor's beneficiary. All assets of the trust may be maintained by a third-party trustee for the benefit of the Foundation, or by the Foundation if named as a trustee. The trustee disburses income earned on the assets of trust to the donor or donor-designated beneficiaries. Under revocable trust agreements, the donor maintains the ability to legally dissolve the trusts and may or may not reserve the right to change the remainderman. For these reasons, the Foundation does not report revocable trust transactions on the consolidated statement of financial position or the consolidated statement of activities if the trust is held by a third-party trustee.

Inn-Ohio of Athens, Inc.:

The Inn was purchased by the Foundation on August 30, 1986. The primary purpose for which the Foundation invested in the Inn was to provide affordable and convenient housing, dining, and conference facilities for the University employees, alumni, and guests. As a significant portion of the Inn's revenues is derived from these customers, the Foundation is committed to financially supporting the Inn.

The Inn's business is subject to all of the risks inherent in the lodging industry. These risks include, among other factors, varying levels of demand for rooms and related services, adverse effects of general and local economic and market conditions, changes in governmental regulations that influence wages or prices, changes in interest rates, the availability of credit and changes in real estate taxes and other operating expenses, and the recurring need for renovation, refurbishment, and improvements.

Note 18 - The Ohio University Foundation (Continued)

Operations - The Inn's operations for the years ended June 30, 2008 and 2007 are summarized below:

	2008	2007
Revenue	$ 4,154,994	$ 4,331,178
Operating and general expenses	3,460,129	3,494,976
Depreciation and amortization	522,675	520,795
Interest expense - Net	178,438	243,308
Provision for income taxes	11,000	2,009
Total expenses	4,172,242	4,261,088
Net (loss) income	(17,248)	70,090
Unrealized gains	13,167	15,735
Change in net assets	$ (4,081)	$ 85,825

Effective November 30, 1996, a management agreement (the "Management Agreement") was entered into with Winegardner & Hammons, Inc, (the "Manager"). The Management Agreement was amended during fiscal 2001 to automatically renew annually unless notified in writing 60 days prior to the end of the fiscal year. The Manager's compensation is a base fee plus 15 percent of the hotel's net available operating profit as defined in the Management Agreement.

In fiscal years 2008 and 2007 base management fees incurred by the Inn with respect to the Manager were $100,000 per year and incentive fees were $66,413 and $97,715, respectively.

The Inn has Alternative Minimum Tax credit carryforwards of approximately $54,000 at June 30, 2008 and June 30, 2007, which have indefinite lives.

Note 18 - The Ohio University Foundation (Continued)

Debt Obligations - Long-term debt of the Inn as of June 30, 2008 and 2007 consists of the following:

	2008	2007
Term Loan - Principal due through June 2021, interest at 6.2 percent through June 2011 and adjusted thereafter	$ 3,655,500	$ 3,833,100
Less current portion of long-term debt	(188,900)	(177,600)
Total	$ 3,466,600	$ 3,655,500

In June 2006, the Inn obtained a $4,000,000 term loan, the proceeds of which were used to pay a dividend of $3,000,000 in June 2006 and $1,000,000 of which was placed in the bond fund to retire the 1996 Serial and Term Project Bonds in November 2006. The term loan is guaranteed by the Foundation.

Substantially all of the property and equipment is pledged as collateral for the term loan. The interest rate on the new term loan is fixed at 6.2 percent through June 2011. The interest rate will be adjusted to the index rate as defined in the agreement plus 1.4 percent in June 2011 and every five years thereafter.

Maturities of long-term debt at June 30, 2008 are set forth in the following schedule:

Years Ending November 1	Amount
2009	$ 188,900
2010	201,000
2011	213,800
2012	227,400
2013	242,000
Due thereafter	2,582,400
Total	$ 3,655,500

The fair value of the debt obligations approximate their carrying value at June 30, 2008 and 2007.

Note 18 - The Ohio University Foundation (Continued)

Housing for Ohio, Inc.:

In November 1999, the Foundation established Housing, a limited liability company and 501(c)(3) corporation, with the purpose of acquiring, developing, constructing, and operating a 182-unit student-housing rental project which contains 580 beds. The property, known as University Courtyard Apartments (the "Project"), is located in Athens, Ohio on property owned by the University and leased to Housing. The facility is managed and operated by a private entity.

Debt - In September 2000, Housing offered $31,985,000 of variable-rate, tax-exempt bonds (the "2000 Bonds"). The proceeds of the 2000 Bonds financed the construction, installation, and equipping of the Project. The 2000 Bonds will be fully matured at June 2032 and bear interest at an adjustable rate as determined weekly by the remarketing agent, based on their knowledge of prevailing market conditions, except that in no event will the interest rate exceed 12 percent.

The average interest rate for the years ended June 30, 2008 and 2007 was 2.97 percent and 3.68 percent, respectively, and the actual interest rates at June 30, 2008 and 2007 were 1.65 percent and 3.79 percent, respectively.

As collateral, until all principal and interest on any of the 2000 Bonds have been paid, Housing has pledged, assigned, and granted a security interest to its right, title, and interest in gross revenues of University Courtyard and related assets. The Foundation has made no additional pledge of assets or revenues to the 2000 Bonds, which are nonrecourse to the Foundation.

Principal payments for the bonded debt for the years subsequent to June 30, 2008 are summarized as follows:

Years Ending June 30	Principal
2009	$ 635,000
2010	670,000
2011	705,000
2012	740,000
2013	780,000
Thereafter	25,970,000
Total	$ 29,500,000

Note 18 - The Ohio University Foundation (Continued)

Debt issuance costs are included in property on the consolidated statements of financial position and are amortized over the term of the Bonds. Amortization during each of the years ended June 30, 2008 and 2007 was $34,965.

Additionally, Housing has an outstanding promissory note to the Project's developer in the original amount of $700,000. The note is payable in 10 annual installments of $70,000 through June 2014. The payment terms are predicated on the Project's current management company remaining the manager of the Project. In the event that the current management company's services are terminated prior to the final payment, the remaining balance shall become immediately due and payable. There is no interest accruing on the note, and management of Housing believes that the present value discount of future payments and the calculation of imputed interest on this note are not material to the consolidated financial statements. Maturities of the note payable at June 30, 2008, are set forth in the following schedule:

Years Ending June 30	Principal
2009	$ 70,000
2010	70,000
2011	70,000
2012	70,000
2013	70,000
2014	70,000
Total	$ 420,000

Subsequent to year end, a significant portion of the outstanding Series 2000 variable rate general receipts bonds was tendered to Housing due primarily to the credit crisis in the capital markets exacerbated by a lack of liquidity. To support the tendered bonds, Housing has drawn on a letter of credit ("LOC") provided by Wachovia at a rate of prime plus 1.0 percent. Housing has access to the LOC for a period of 90 days during which George K. Baum & Company will continue to remarket the bonds pursuant to a remarketing agreement. Thereafter, in the event that buyers are not identified for the bonds, Housing has access to a take-out facility at a rate of prime plus 2.0 percent which can be utilized for a period of up to five years. Housing is currently investigating alternative financing options in the event that market variable rates do not return to more normalized levels.

Supplemental Information

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
STUDENT AID CLUSTER			
DEPARTMENT OF EDUCATION			
Direct Programs:			
Supplemental Educational Opportunity Grants	84.007	P007A073342	$ 1,165,071
Federal Family Education Loans	84.032		16,261,988
College Work-Study Program	84.033	P033A073342	929,013
College Work-Study Program (JLD)	84.033	P033A073342	1,008
Pell Grant Program	84.063	P063P070345	19,587,634
Pell Grant Program (Prior Year)	84.063	P063P070345	7,606
Federal Direct Student Loan	84.268		104,842,084
Academic Competitiveness Grant	84.375	P375A070345	1,012,404
Academic Competitiveness Grant (Prior Year)	84.375	P375A070345	2,683
National Science and Mathematics Access to Retain Talent Grant	84.376	P376S070345	294,082
National Science and Mathematics Access to Retain Talent Grant (Prior Year)	84.376	P376S070345	591
Subtotal Direct Programs			144,104,164
Pass-Through Programs From:			
Sallie Mae - Federal Family Education Loan Program	84.032	834266	237,988
Subtotal Pass-Through Programs			237,988
Total Department of Education			144,342,152
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	T08HP08081	49,500
Total Department of Health and Human Services			49,500
TOTAL STUDENT AID CLUSTER			144,391,652
RESEARCH AND DEVELOPMENT CLUSTER			
DEPARTMENT OF AGRICULTURE			
Direct Programs:			
Policy Plan Invest Open Space	10.XXX	06-JV-11242300-070	131
Leaf Area Index SE Ohio	10.XXX	05-JV-11242328-126	4,478
Injury And Mortality Risks	10.XXX	06-JV-11242328-002	57,874
Agricultural and Rural Economic Research	10.250	58-4000-6-0120	14,171
Total Department of Agriculture			76,654
DEPARTMENT OF DEFENSE			
Direct Programs:			
US Army			
FY07 Diamondback Terrapin Md	12.XXX	W912DR-06-P-0306	10,173
FY08 Diamondback Terrapin Md	12.XXX	W912DR-07-P-0323	17,740
Military Medical Research and Development	12.420	W81XWH-07-1-0251	50,279
			78,192
Air Force			
Air Force Defense Research Sciences Program	12.800	FA8651-07-1-0010	41,762
Air Force Defense Research Sciences Program	12.800	FA9550-07-1-0383	208,482
			250,244
National Security Agency			
Mathematical Sciences Grants Program	12.901	H98230-07-1-0070	1,990
Office of The Chief of Naval Research			
Supernova Remnants Microquasar	12.XXX	N00173-07-P-2006	735
Subtotal Direct Programs			331,161

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
DEPARTMENT OF DEFENSE (Continued)			
Pass-Through Programs From:			
Alien Technology Corporation	12.XXX	UNKNOWN	$ (94)
Austral Engineering And Software	12.XXX	FA8650-04-M-3435/FA8650-05-C-3520	39,132
CH2M Hill, Inc.	12.XXX	CY07ROKFCF07R501	39,775
Dayton Area Graduate Studies Institute	12.XXX	UNKNOWN	42,878
Dayton Area Graduate Studies Institute	12.XXX	UNKNOWN	51,168
Defense Research Associates, Inc.	12.XXX	F33615-02-D-1291	1,426
General Dynamics Information Technology, Inc.	12.XXX	F33601-02-F-A581	239,545
General Dynamics Information Technology, Inc.	12.800	F33601-02-F-A581	5,497
Honeywell International	12.XXX	UNKNOWN	35,000
Honeywell International	12.XXX	UNKNOWN	66,349
Innovative Scientific Solutions	12.XXX	F33615-03-D-2829	247
ITT Corporation	12.XXX	N00173-03-C-2037	269,381
Kaya Associates, Inc.	12.XXX	UNKNOWN	2,315
Kaya Associates, Inc.	12.XXX	DASG60-03-C-0081	8,890
Kaya Associates, Inc.	12.XXX	W9113M-05-C-0118	11,043
Material Innovations	12.XXX	UNKNOWN	809
Miami University	12.800	FA9550-07-1-0354	40,000
Nanohmics, Inc.	12.XXX	FA8650-05-M-2514/FA8650-05-C-2628	2,697
Nanohmics, Inc.	12.XXX	FA9550-07-C-0138	37,469
Nascc Air Operations	12.XXX	UNKNOWN	42,755
Navteq	12.XXX	UNKNOWN	63,690
Penn State University	12.431	W911NF-06-2-0026	127,426
Pulse Tech Products Corporation	12.XXX	W15P7T-07-C-P445	97,551
Rockwell Collins, Inc	12.XXX	F33615-01-1856	45,378
Science Applications International Corporation	12.XXX	N00019-02-C-3002	308,954
Trandes Corporation	12.XXX	N66001-00-D-0534	18,035
Trandes Corporation	12.XXX	N66001-00-D-5034	34,127
UES, Inc.	12.XXX	M67854-05-C-0014/06-C-0017	(10,096)
University Of Cincinnati	12.XXX	W91260-06-D-0005	17,815
Wyle Laboratories	12.XXX	FA8601-04-D-0005	503
Wyle Laboratories	12.XXX	FA8601-04-D-0005	1,409
Subtotal Pass-Through Programs			1,641,074
Total Department of Defense			1,972,235
DEPARTMENT OF EDUCATION			
Pass-Through Programs From:			
Southern Local School District	84.XXX	UNKNOWN	642
Westat Inc	84.XXX	ED-04-CO-0059	2,410
Westat Inc	84.XXX	ED-04-CO-0059	3,876
Ohio Department Of Education	84.XXX	UNKNOWN	16,873
Total Department of Education			23,801
DEPARTMENT OF ENERGY			
Direct Programs:			
Eval Fine Particulate Matter	81.XXX	DE-FC26-03NT41723	47,028
Planar Solid Oxide Fuel Cells	81.XXX	DE-FG36-03GO13059	278,012
Office Of Science Financial Assistance Program	81.049	DE-FG02-06ER46300	63,043
Office Of Science Financial Assistance Program	81.049	DE-FG02-02ER46012	80,154
Office Of Science Financial Assistance Program	81.049	DE-FG02-06ER46317	115,546
Office Of Science Financial Assistance Program	81.049	DE-FG02-88ER40387	289,740
Office Of Science Financial Assistance Program	81.049	DE-FG02-93ER40756	371,973
			920,456

Ohio University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
DEPARTMENT OF ENERGY (Continued)			
University Coal Research	81.057	DE-FG26-05NT42527	$ 51,411
Renewable Energy Research and Development	81.087	DE-FG36-05GO85029	344,427
Stewardship Science Grant Program	81.112	DE-FG52-06NA26187	306,903
Subtotal Direct Programs			1,948,237
Pass-Through Programs From:			
Advanced Technology Systems	81.XXX	DE-FC26-02NT41476	-
Applied Sciences Inc	81.XXX	DE-FG02-05ER86237	107,465
Argonne National Laboratory	81.XXX	DE-AC02-06CH11357	32,133
Georgia Institute Of Technology	81.121	DE-FG07-07ID14887	4,718
Jefferson Science Associates, LLC	81.XXX	UNKNOWN	16,413
Jefferson Science Associates, LLC	81.XXX	DE-AC05-06OR23177	31,461
National Renewable Energy Lab	81.XXX	DE-AC36-99GO10337	5,719
National Security Technologies	81.XXX	DE-AC52-06NA25946	25,000
S E Universities Research Assoc	81.XXX	DE-AC05-84ER40150	125
S E Universities Research Assoc	81.XXX	DE-AC05-84ER40150	5,518
Subtotal Pass-Through Programs			228,552
Total Department of Energy			2,176,789
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
National Institute of Health			
Research Related To Deafness And Communication Disorders	93.173	DC006161	52,587
Research Related To Deafness And Communication Disorders	93.173	5R01 DC005063	430,516
			483,103
Mental Health Research Grants	93.242	5 R01 MH057832	139,231
Mental Health Research Grants	93.242	R01 MH078749	382,275
Mental Health Research Grants	93.242	R01 MH067566	524,765
			1,046,271
Alcohol Research Programs	93.273	R01 AA014294	158,920
Drug Abuse Research Programs	93.279	R01 DA013939	21,064
Discovery and Applied Research for Technological Innovations to Improve Human Heal	93.286	R21 EB006934	189,809
National Center for Research Resources	93.389	R25 RR020447	247,060
Cancer Cause And Prevention Research	93.393	R03 CA112639	24,985
Cancer Cause And Prevention Research	93.393	R01 CA086928	163,372
			188,357
Cancer Treatment Research	93.395	1 R15 CA098036-01A1	14,025
Cancer Research Manpower	93.398	3 K01 CA079743	631
Lung Diseases Research	93.839	R01 HL077438	237,340
Diabetes, Endocrinology and Metabolism Research	93.847	1R15 DK081192-01	2,408
Diabetes, Endocrinology and Metabolism Research	93.847	K01 DK064905	15,328
Diabetes, Endocrinology and Metabolism Research	93.847	R15 DK075436	58,882
Diabetes, Endocrinology and Metabolism Research	93.847	R34 DK071545	191,480
			268,098

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Kidney Diseases, Urology and Hematology Research	93.849	R15 DK073066	$ 109,166
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R15 NS051848	35,107
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	NS050260	36,466
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R15 NS050492	101,158
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	5 R01 NS032374	133,148
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	R01 NS22979	149,471
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	K01 NS046582	154,909
			610,259
Allergy, Immunology and Transplantation Research	93.855	R15 AI047165	93,290
Allergy, Immunology and Transplantation Research	93.855	1R15AI077896-01	106,701
			199,991
Biomedical Research and Research Training	93.859	5 R01 GM050690	5,160
Biomedical Research and Research Training	93.859	R01 GM061048	10,212
Biomedical Research and Research Training	93.859	F31 GM077096	30,001
Biomedical Research and Research Training	93.859	R01 GM073188	469,963
			515,336
Child Health and Human Development Extramural Research	93.865	R01 HD045512	277,721
Aging Research	93.866	R03AG030029	43,817
Medical Library Assistance	93.879	G13 LM008048	9,683
			4,620,651
Centers for Disease Control			
Injury Prevention and Control Research and State and Community Based Programs	93.136	R49 CE000923	141,115
Subtotal Direct Programs			4,761,766
Pass-Through Programs From:			
Miami University	93.XXX	UNKNOWN	21,151
Myers Research Institute	93.242	R34 MH080622	28,125
Promiliad Biopharma	93.856	1 R41 AI060249-01A2	(669)
Southern Illinois University	93.866	R01 AG019899	58,557
University Of Cincinnati	93.262	OH008432	6,435
University Of Cincinnati	93.847	5 U24 DK059630	461
University Of Kentucky Research Foundation	93.239	5ASPE 417	4,318
University Of Michigan	93.838	HL055397	48,953
University Of North Carolina At Charlotte	93.838	R01 HL068706	934
Subtotal Pass-Through Programs			168,265
Total Department of Health and Human Services			4,930,031
DEPARTMENT OF THE INTERIOR			
Direct Programs:			
Abandoned Mine Land Reclamation	15.252	S06PC12053	44,243
Pass-Through Programs From:			
Ohio Department Of Natural Resources	15.XXX	NGSCW-06-42; 07-42	11,905
Ohio State University Research Foundation	15.805	06HQGR0113	5,895
The American Chestnut Foundation	15.XXX	UNKNOWN	206
Subtotal Pass-Through Programs			18,006
Total Department of The Interior			62,249

Ohio University

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
U S DEPARTMENT OF TRANSPORTATION			
Architecture Enhancement Volpe	20.XXX	DTRT57-05-C-10123	$ 25,685
FEDERAL AVIATION ADMINISTRATION			
Tech Support Serv Nav N Land	20.XXX	DTFAAC-03-D-00394/DTFAA-02-03-D-00394	1,512
CEGS Conference	20.XXX	DTFAAC-08-P-04949	4,588
Wireless Testbed Airport App	20.XXX	06-G-005	64,329
Waas/Baro Tech Advance Avn	20.XXX	DTFAAC-03-A-15689 0007	157,620
DTFA01-01-C-00071	20.XXX	DTFA01-01-C-00071	2,676,370
Aviation Research Grants	20.108	95-G-014	84,490
Aviation Research Grants	20.108	98-G-002	535,086
Subtotal Direct Programs			3,549,680
Pass-Through Programs From:			
Albany County Airport Authority	20.XXX	UNKNOWN	(83)
Delta Airport Consultants, Inc.	20.XXX	UNKNOWN	33,019
Engineering & Software Consultants, Inc.	20.XXX	DTFH61-05-D-00017	731
ITT Corporation	20.XXX	UNKNOWN	(464)
ITT Corporation	20.XXX	UNKNOWN	8,152
Ohio Department Of Transportation	20.205	UNKNOWN	78
Ohio Department Of Transportation	20.205	UNKNOWN	120
Ohio Department Of Transportation	20.205	E080514	821
Ohio Department Of Transportation	20.205	E060901	32,533
Ohio Department Of Transportation	20.205	E080051	34,392
Ohio Department Of Transportation	20.205	E051383	47,627
Ohio Department Of Transportation	20.205	E071046	67,132
Ohio Department Of Transportation	20.205	E051425	75,785
Ohio Department Of Transportation	20.205	E060(117)	97,939
Ohio Department Of Transportation	20.205	E051427	139,260
Ohio Department Of Transportation	20.205	E070227	146,414
Ohio Department Of Transportation	20.205	TPF-5(121)	413,731
University Of Akron	20.701	DTRT06-G-0037	517
Subtotal Pass-Through Programs			1,097,704
Total Department of Transportation			4,647,384
ENVIRONMENTAL PROTECTION AGENCY			
Direct Programs:			
Mercury Monitoring Oh Valley	66.XXX	UNKNOWN	53,968
Surveys Studies Investigations Demonstrations….Relating to the Clean Air Act	66.034	XA-96588501	213,448
Congressionally Mandated Projects	66.202	EM-83350201	20,147
Science To Achieve Results (STAR) Research Program	66.509	RD-83136501	193,191
P3 Award: National Student Design Competition for Sustainability	66.516	SU-83353901-0	9,978
Total Environmental Protection Agency			490,732
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Direct Programs:			
Glenn Research Center			
Support NASA Dtn Code Base	43.XXX	NNC06GA41G	56,267
Goddard Space Flight Center			
Integral Observation 3C 279	43.XXX	NNG06GD57G	3,666
Looking For Thermal Emission	43.XXX	NNX07AR88G	11,588
Triggered Observations Tev	43.XXX	NNX08AD67G	12,671
			27,925
Langley Research Center			
Integrated Intell Deck Tech	43.XXX	NNX07AN14A	170,544
Subtotal Direct Programs			254,736

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (Continued)			
Pass-Through Programs From:			
Auburn University	43.XXX	NNX07AN46G	$ 19,538
Case Western Reserve University	43.XXX	NNC06CA46C	59,623
Morehouse College	43.XXX	NNK06EA02G	4,933
Nanohmics, Inc.	43.XXX	NNX08CC81P	1,007
Smithsonian Astrophysical Observatory	43.XXX	NAS8-03060	1,229
Space Telescope Science Institute	43.XXX	NAS5-26555	4,577
Space Telescope Science Institute	43.XXX	NAS5-26555	19,070
Subtotal Pass-Through Programs			109,977
Total National Aeronautics and Space Administration			364,713
NATIONAL SCIENCE FOUNDATION			
Direct Programs:			
Engineering Grants	47.041	IIP-0227907	11,414
Engineering Grants	47.041	CMS-0533290	61,710
Engineering Grants	47.041	CBET-0547165	78,177
			151,301
Mathematical and Physical Sciences	47.049	DMS-0533726	1,947
Mathematical and Physical Sciences	47.049	AST-0708284	13,288
Mathematical and Physical Sciences	47.049	AST-0407152	22,580
Mathematical and Physical Sciences	47.049	CHE-0745590	27,039
Mathematical and Physical Sciences	47.049	DMS-0506063	49,669
Mathematical and Physical Sciences	47.049	PHY-0555558	50,869
Mathematical and Physical Sciences	47.049	DMR-0710581	59,908
Mathematical and Physical Sciences	47.049	PHY-0653422	78,336
Mathematical and Physical Sciences	47.049	DMS-0545895	97,064
Mathematical and Physical Sciences	47.049	PHY-0653454	108,702
Mathematical and Physical Sciences	47.049	DMR-0600073	110,400
			619,802
Geosciences	47.050	EAR-0617561	117,562
Computer and Information Science and Engineering	47.070	CCF-0622158	70,923
Biological Sciences	47.074	IOB-0520855	25,389
Biological Sciences	47.074	IBN-0343744	27,489
Biological Sciences	47.074	IOB-0316687	29,311
Biological Sciences	47.074	DEB-0629819	38,639
Biological Sciences	47.074	IOB-0520100	40,295
Biological Sciences	47.074	DBI-0619572	44,183
Biological Sciences	47.074	MCB-0618334	46,488
Biological Sciences	47.074	IOB-0517257	57,858
Biological Sciences	47.074	DEB-0640896	62,649
Biological Sciences	47.074	DEB-0516031	108,364
Biological Sciences	47.074	IOS-0345500	109,361
Biological Sciences	47.074	IOS-0622394	114,456
Biological Sciences	47.074	DBI-0649757	124,841
Biological Sciences	47.074	IOS-0724135	125,985
Biological Sciences	47.074	IOS-0618506	138,507
Biological Sciences	47.074	IOS-0615753	140,452
			1,234,267
Social, Behavioral, and Economic Sciences	47.075	SES-0718526	1,308
Social, Behavioral, and Economic Sciences	47.075	BCS-0720025	10,606
Social, Behavioral, and Economic Sciences	47.075	SES-0453302	27,833
Social, Behavioral, and Economic Sciences	47.075	BCS-0515890	43,123
Social, Behavioral, and Economic Sciences	47.075	SES-0724542	65,141
Social, Behavioral, and Economic Sciences	47.075	SES-0724700	72,548
			220,559

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
RESEARCH AND DEVELOPMENT CLUSTER (Continued)			
NATIONAL SCIENCE FOUNDATION (Continued)			
Education and Human Resources	47.076	DGE-0337438	$ 2,243
Education and Human Resources	47.076	DGE-0538588	576,024
			578,267
Polar Programs	47.078	ANT-0436190	43,461
International Science and Engineering	47.079	OISE-0730257	198,899
Subtotal Direct Programs			3,235,041
Pass-Through Programs From:			
Worldtek, Inc.	47.041	IIP-0637689	37,349
University Of Michigan	47.075	ECS 0601345	28,407
University Of Illinois Urbana	47.049	DMR-0605890	73,466
University Of Connecticut	47.XXX	BES-9812042	477
University Of Connecticut	47.041	BES 0302351	12,538
Ohio State University Research Foundation	47.041	ECS-0524924	4,560
Ohio State University Research Foundation	47.049	CHE-05322560	12,395
Association Of Universities For Research In Astron	47.XXX	AST0132798	17,543
Arizona State University	47.075	BCS-0624159	45,930
Subtotal Pass-Through Programs			232,665
Total National Science Foundation			3,467,706
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			18,212,294
CHILD NUTRITION CLUSTER			
Pass-Through Programs From:			
Ohio Department Of Education	10.559	UNKNOWN	3,514
Federal Hocking Local School District	10.559	UNKNOWN	4,460
Athens City School District	10.559	UNKNOWN	6,611
Ohio Department Of Education	10.559	UNKNOWN	10,196
Ohio Department Of Education	10.559	UNKNOWN	14,458
TOTAL CHILD NUTRITION CLUSTER			39,239
HOMELAND SECURITY CLUSTER			
Department of Homeland Security			
Pass-Through Programs From:			
National Association Of Regulatory And Utility Com	97.XXX	HSHQDC-06-D-0003	25,000
TOTAL HOMELAND SECURITY CLUSTER			25,000
TRIO CLUSTER			
Direct Programs:			
TRIO_Student Support Services	84.042A	P042A050180	327,501
TRIO_Upward Bound	84.047A	P047A030183	88,558
TRIO_Upward Bound	84.047A	P047A080818	178,891
TRIO_McNair Post-Baccalaureate Achievement	84.217A	P217A030004	246,418
TOTAL TRIO CLUSTER			841,368

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
SPECIAL EDUCATION CLUSTER			
Pass-Through Programs From:			
Ohio Department of Education	84.173	UNKNOWN	$ 153
Ohio Department of Education	84.173	UNKNOWN	612
TOTAL SPECIAL EDUCATION CLUSTER			765
FISH AND WILDLIFE CLUSTER			
Pass-Through Programs From:			
Commonwealth Of Kentucky Department Of Fish And Wildlife	15.605	UNKNOWN	866
TOTAL FISH AND WILDLIFE CLUSTER			866
WIA CLUSTER			
Pass-Through Programs From:			
Ohio Department of Job and Family Services	17.258	AA-16048-07-55-A-39	10,720
TOTAL WIA CLUSTER			10,720
CCDF CLUSTER			
Pass-Through Programs From:			
Ohio Child Care Resource And Referral Association	93.575	UNKNOWN	18,032
TOTAL CCDF CLUSTER			18,032
OTHER PROGRAMS			
APPALACHIAN REGIONAL COMMISSION			
Direct Programs:			
Electronic Data Interchange	23.XXX	OH-15508-06	70,494
Appalachian Regional Development	23.001	OH-14779-0-I	65,757
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	CO-15728-07	15,000
Subtotal Direct Programs			151,251
Pass-Through Programs From:			
East Tennessee State University	23.011	CO-12600-F-C4; CO-12600-F-C5	4,367
Subtotal Pass-Through Programs			4,367
Total Appalachian Regional Commission			155,618
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Pass-Through Programs From:			
Jumpstart National	94.006	03ACH-K729-04-A147#40	44,047
Ohio Community Service Council	94.006	06 ACH-M540-07-A017	21,716
Ohio Community Service Council	94.006	06ACH-M540-07-A120/08-OC068	194,351
Ohio Community Service Council	94.006	06 ACH-M540-08-OC087	322,919
Total Corporation for National and Community Service			583,033
DEPARTMENT OF AGRICULTURE			
Direct Programs:			
Hist Records African Railroad	10.XXX	04-PA-11091400-030	19,868
Subtotal Direct Programs			19,868

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (Continued)			
DEPARTMENT OF AGRICULTURE (Continued)			
Pass-Through Programs From:			
Ohio Department of Education	10.558	UNKNOWN	$ 3,564
Subtotal Pass-Through Programs			3,564
Total Department of Agriculture			23,432
DEPARTMENT OF COMMERCE			
Direct Programs:			
Public Telecommunications Facilities Planning and Construction	11.550	39-01-N06014	15,325
Pass-Through Programs From:			
Bowling Green State University	11.303	06-66-04858/04616/04741/04955/05054	70,394
Maryland Sea Grant College	11.417	NA05OAR4171042	500
Subtotal Pass-Through Programs			70,894
Total Department of Commerce			86,219
DEPARTMENT OF DEFENSE			
Pass-Through Programs From:			
Net2Net Solutions, Inc.	12.XXX	UNKNOWN	10,260
Ohio Department Of Development	12.002	MBDD 07-015/08-012	38,000
Total Department of Defense			48,260
DEPARTMENT OF EDUCATION			
Direct Programs:			
National Resource Centers...Language and International Studies	84.015A	P015A030005	11,281
National Resource Centers...Language and International Studies	84.015A	P015A060008	223,723
National Resource Centers...Language and International Studies	84.015A	P015A060159	259,205
National Resource Centers...Language and International Studies	84.015B	P015B060008	273,548
			767,757
Undergraduate International Studies and Foreign Language Programs	84.016A	P016A050049	49,392
Overseas_Group Projects Abroad	84.021A	P021A080002	38,190
Overseas_Group Projects Abroad	84.021A	P021A050019	41,150
			79,340
Subtotal Direct Programs			896,489
Pass-Through Programs From:			
Adena Local School District	84.XXX	UNKNOWN	234
Alexander Local School District	84.287C	UNKNOWN	163,710
Athens City School District	84.287C	043521-T151-03	(578)
Athens City School District	84.287C	UNKNOWN	197,772
Athens Meigs Educational Service Center	84.XXX	UNKNOWN	35,117
Columbus State Community College	84.243	VETP 2002-01-FB/2007/2008	158,217
Community Action Commission Of Belmont County	84.213	UNKNOWN	4,312
Community Action Commission Of Belmont County	84.314	UNKNOWN	322
Federal Hocking Local School District	84.287C	045914-T1S1-03	(578)
Federal Hocking Local School District	84.287C	UNKNOWN	156,269
Logan Hocking Schools	84.XXX	UNKNOWN	2,000
National Writing Project Corporation	84.928A	UNKNOWN	29,961
Ohio Board Of Regents	84.367	UNKNOWN	86,879
Ohio Board Of Regents	84.203G	U203G050022	8,637
Ohio Board Of Regents	84.334S	P334S050016	117,392
Ohio Board Of Regents	84.XXX	UNKNOWN	2,358
Ohio Board Of Regents	84.XXX	UNKNOWN	14,657
Ohio Board Of Regents	84.XXX	UNKNOWN	121,699

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (Continued)			
DEPARTMENT OF EDUCATION (Continued)			
Ohio Child Care Resource And Referral Association	84.181	UNKNOWN	$ 16,696
Ohio College Access Network	84.XXX	UNKNOWN	7,685
Ohio College Access Network	84.XXX	UNKNOWN	21,237
Ohio Department Of Education	84.002	063024-AB-SL-2007/2008	370,422
Ohio Department Of Education	84.366	CI667-OSCI-06-10/07-10/08-16	151,362
Ohio State University Research Foundation	84.350C	U350C070001	18,577
Perry Hocking Educational Service Center	84.XXX	UNKNOWN	21,790
Southern Local School District	84.XXX	UNKNOWN	20,578
University Of Rio Grande	84.XXX	UNKNOWN	22,224
Warren Local Schools	84.287C	UNKNOWN	17,008
Subtotal Pass-Through Programs			1,765,959
Total Department of Education			2,662,448
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
Centers for Disease Control			
Diabetes Ed For Appalachians	93.XXX	05IPA43708	75,980
Health Resources and Services Administration			
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912	D06RH07920	179,097
US Department of Health and Human Services			
Centers of Excellence	93.157	D34HP04027	83,980
Grants for Training in Primary Care Medicine and Dentistry	93.884	D56HP05223	171,780
			255,760
Subtotal Direct Programs			510,837
Pass-Through Programs From:			
9C Rural Consortium Board	93.XXX	UNKNOWN	1,566
Adelante, Inc.	93.XXX	UNKNOWN	2,874
Athens City School District	93.558	UNKNOWN	139,779
Athens County Family And Children First Council	93.590	UNKNOWN	14,137
Athens County Job And Family Services	93.558	UNKNOWN	11,500
Athens County Job And Family Services	93.558	UNKNOWN	216,221
Case Western Reserve University	93.969	D31HP08841	44,506
Columbiana County Department Of Job And Family Ser	93.XXX	UNKNOWN	3,437
Friends Of The Congressional Glaucoma Caucus	93.XXX	1U50-DP001134-01	976
Highland County Family & Children First Council	93.558	UNKNOWN	7
Morgan County Family And Children First Council	93.XXX	UNKNOWN	1,584
Ohio Child Care Resource & Referral Association	93.XXX	UNKNOWN	(7)
Ohio Child Care Resource And Referral Association	93.110	UNKNOWN	4,675
Ohio Child Care Resource And Referral Association	93.994	UNKNOWN	27,381
Ohio Department Of Education	93.558	UNKNOWN	921
Ohio Department Of Education	93.558	UNKNOWN	3,671
Ohio Department Of Health	93.994	L932	75,703
Ohio Department Of Health	93.XXX	UNKNOWN	22,599
Ohio Department Of Jobs And Family Services	93.XXX	06-167/07-022	128
Ohio Department Of Mental Health	93.XXX	SEARCH-08-OU1	12,600
Paint Valley Adamhs Board	93.XXX	UNKNOWN	-
Ross County Department Of Jobs And Family Service	93.XXX	UNKNOWN	1,000
Southern Consortium For Children	93.211	1 H2ATH00985-01-00	2,800
The University Of Toledo	93.107	5 U77 HP 03029	69,821
Tri County Mental Health And Counseling Services	93.XXX	UNKNOWN	5,200
University Of Illinois At Chicago	93.XXX	N01-LM6-3503	1,250
Vinton County Department Of Job And Family Service	93.558	UNKNOWN	101,110
Subtotal Pass-Through Programs			765,439
Total Department of Health and Human Services			1,276,276

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (Continued)			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-Through Programs From:			
Huntington Ironton Empowerment Zone	14.244	UNKNOWN	$ 151,440
Total Department of Housing and Urban Development			151,440
DEPARTMENT OF THE INTERIOR			
Pass-Through Programs From:			
MEM And Associates	15.XXX	UNKNOWN	3,605
Total Department of The Interior			3,605
DEPARTMENT OF JUSTICE			
Pass-Through Programs From:			
Washington County Mental Health And Addiction Boar	16.XXX	UNKNOWN	67
Total Department of Justice			67
DEPARTMENT OF LABOR			
Pass-Through Programs From:			
IT Alliance Of Appalachian Ohio	17.XXX	UNKNOWN	-
IT Alliance Of Appalachian Ohio	17.XXX	UNKNOWN	1,741
Lawrence County Department Of Jobs And Family Serv	17.XXX	UNKNOWN	70,574
Community Action Organization Of Scioto County, Inc	17.XXX	UNKNOWN	81,250
Lawrence County Department Of Jobs And Family Serv	17.XXX	UNKNOWN	121,174
Total Department of Labor			274,739
DEPARTMENT OF STATE			
Direct Programs:			
Professional Exchanges_Annual Open Grant	19.415	S-ECAPE-06-GR-191 (DT)	145,114
Educational Partnerships Program	19.404	S-ECAAS-04-GR-209(MA)	20,901
Subtotal Direct Programs			166,015
Pass-Through Programs From:			
Institute For International Education	19.402	S-ECAAE-07-GR-146 (MA)	24,241
Institute For International Education	19.402	S-ECAAE-06-CA-022 (CS)	122,582
Subtotal Pass-Through Programs			146,823
Total Department of State			312,838
DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
Airport Improvement Program	20.106	3-39-0006-0904	7,993
Airport Improvement Program	20.106	3-39-0006-1005	(1,778)
Airport Improvement Program	20.106	3-39-0006-1106	17,561
Airport Improvement Program	20.106	3-39-0006-1207	141,090
Subtotal Direct Programs			164,866
Pass-Through Programs From:			
Adams County Commissioners	20.XXX	UNKNOWN	25,000
City Of Athens	20.XXX	UNKNOWN	24,609
City Of Columbus	20.XXX	UNKNOWN	14
Northeast Ohio Areawide Coordinating Agency	20.XXX	UNKNOWN	48,876
Subtotal Pass-Through Programs			98,499
Total Department of Transportation			263,365

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (Continued)			
ENVIRONMENTAL PROTECTION AGENCY			
Direct Programs:			
Congressionally Mandated Projects	66.202	XP-00E39301-0	$ 211,600
Pass-Through Programs From:			
Miami Valley Regional Planning Commission	66.XXX	UNKNOWN	24,606
Midwest Biodiversity Institute	66.XXX	UNKNOWN	150,050
Northeast Ohio Areawide Coordinating Agency	66.XXX	UNKNOWN	14,131
Ohio Department Of Natural Resources	66.460	UNKNOWN	35,000
Ohio Environmental Protection Agency	66.460	C9-97550007	16,187
Vinton County Soil And Water District	66.XXX	UNKNOWN	15
Subtotal Pass-Through Programs			239,989
Total Environmental Protection Agency			451,589
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Pass-Through Programs From:			
Space Telescope Science Institute	43.XXX	NAS5-26555	3,113
Smithsonian Astrophysical Observatory	43.XXX	NAS8-03060	14,235
Total National Aeronautics and Space Administration			17,348
NATIONAL ENDOWMENT FOR THE ARTS			
Direct Programs:			
Promotion of the Arts_Grants to Organizations and Individuals	45.024	08-3400-7021	10,000
Pass-Through Programs From:			
Ohio Humanities Council	45.XXX	UNKNOWN	1,500
Ohio Humanities Council	45.XXX	UNKNOWN	2,029
Subtotal Pass-Through Programs			3,529
Total National Endowment for The Arts			13,529
NATIONAL SCIENCE FOUNDATION			
Direct Programs:			
IPA Agreement - Chamberlin	47.XXX	IOS-0717019	142,496
Mathematical and Physical Sciences	47.049	DMR-0742595	16,020
Education and Human Resources	47.076	DUE-0510198	36,723
Education and Human Resources	47.076	DUE-0633618	45,586
International Science and Engineering (OISE)	47.079	OISE-0736531	22,867
International Science and Engineering (OISE)	47.079	OISE-0616472	34,048
Subtotal Direct Programs			297,740
Pass-Through Programs From:			
Ohio State University Research Foundation	47.076	HRD-0331560	22,860
The Regents Of The University Of California	47.076	DUE-0618869	8,313
University Of Tennessee	47.076	ESI-0119679	134,605
Subtotal Pass-Through Programs			165,778
Total National Science Foundation			463,518
SMALL BUSINESS ADMINISTRATION			
Pass-Through Programs From:			
Ohio Department of Development	59.037	ECDD 04-101/07-146/08-102	97,943
Adena Ventures	59.051	UNKNOWN	313,351
Total Small Business Administration			411,294

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Agency/Pass-Through Grantor	CFDA Number	Federal /Pass-Through Grant Number	Expenditures
OTHER PROGRAMS (Continued)			
UNITED STATES PEACE CORP			
Direct Programs:			
Peace Corps Strategy Agreement	08.XXX	UNKNOWN	$ 12,265
Total Unites States Peace Corp			12,265
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT			
Pass-Through Programs From:			
Academy For Educational Development	98.XXX	GPO-A-00-07-00004-00	124,958
Washington State University	98.XXX	306-A-00-06-00524-00	185,236
Total United States Agency for International Development			310,194
TOTAL OTHER PROGRAMS			7,521,077
GRAND TOTAL--Federal Awards			**$ 171,061,013**

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Ohio University and is presented on the same basis of accounting as the basic financial statements. 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 in, or used in the preparation of, the basic financial statements.

Note 2 - Noncash Assistance

During the year ended June 30, 2008, Ohio University did not receive any nonmonetary assistance.

Note 3 - Loans Outstanding

The institution had the following loan balances outstanding at June 30, 2008. These loan balances are not included in the federal expenditures presented in the schedule.

CFDA Number	Program Title	Amount Outstanding
	U.S. DEPARTMENT OF EDUCATION	
84.038	Federal Perkins Loan Program	$8,808,106
	U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES	
93.342	Health Profesision Loan Program	2,338,638
93.XXX	Loans for Disadvantaged Students Program	2,226,976
	Total	$13,373,720

Note 4 - Subrecipient Awards

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

CFDA Number	Program Title	Expended
15.252	Abandoned Mine Land Reclamation (AMLR) Program	$ 21,619
19.415	Professional Exchanges_Annual Open Grant	7,998
20.205	Highway Planning and Construction	138,110
47.041	Engineering Grants	17,257
47.050	Geosciences	11,753
66.034	Surveys Studies Relating to the Clean Air Act	35,175
66.509	Science To Achieve Results (STAR) Research Program	22,629
93.173	Research Related to Deafness and Communication Disorders	182,679
93.242	Mental Health Research Grants	381,926
93.273	Alcohol Research Programs	55,295
93.389	National Center for Research Resources	51,948
93.839	Blood Diseases and Resources Research	5,558
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	8,915
93.855	Allergy, Immunology and Transplantation Research	64,472
93.859	Biomedical Research and Research Training	193,266
93.865	Biomedical Research and Research Training	59,316
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program	10,226
10.XXX	Historical Records of African American and Underground Railroad History in Southeastern Ohio	2,830
12.XXX	Dietary Energy Requirements in Physically Active Men and Women	(493)
20.XXX	DTFA01-01-C-00071	257,555
20.XXX	WAAS/Baro VNAV Flight Inspection Methodology for Precision Approach Procedures	13,494
81.XXX	Planar Solid Oxide Fuel Cells	4,610
		$ 1,546,138

Note 5 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, in the year ended June 30, 2008, the University expended $122,890 of the 2006-2007 Federal Work Study Program (84.033) award carried forward to the 2006-2007 award year. In addition, in the year ended June 30, 2008, the University carried forward $100,000 of the 2007-2008 Federal Work Study Program (84.033) to be expended on the Federal Work Study Program (84.033) in the 2008-2009 award year.

During the year ended June 30, 2008, the University transferred $302,377 of the 2007-20087 Federal Work Study Program (84.033) award to the Supplemental Educational Opportunity Grant Program (84.007). In addition, in the year ended June 30, 2008, the University carried forward $4,508 of the Supplemental Educational Opportunity Grant Program (84.007) to be expended on the Supplemental Educational Opportunity Grant Program (84.007) in the 2008-2009 year.

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

To the Board of Trustees
Ohio University
Athens, Ohio

We have audited the financial statements of Ohio University as of and for the year ended June 30, 2008 and have issued our report thereon dated October 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ohio University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ohio University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ohio University's internal control over financial reporting.

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

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

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

To the Board of Trustees
Ohio University

Compliance and Other Matters

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

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

Plante & Moran, PLLC

October 15, 2008

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

To the Board of Trustees
Ohio University
Athens, Ohio

Compliance

We have audited the compliance of Ohio 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 major federal programs of Ohio University 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 Ohio University's management. Our responsibility is to express an opinion on Ohio University's compliance based on our audit.

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

In our opinion, Ohio 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.

To the Board of Trustees
Ohio University

Internal Control Over Compliance

The management of Ohio 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 Ohio 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 entity'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.

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

Plante & Moran, PLLC

October 15, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: 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? ____ Yes __X__ None reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major program(s):

- 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 program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ____ Yes __X__ No

Identification of major program(s):

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375, 84.376, 93.342, 93.925. and 93.XXX	Student Financial Aid including School as Lender

Dollar threshold used to distinguish between type A and type B programs: $1,491,569

Auditee qualified as low-risk auditee? ____ Yes __X__ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2008

Reference Number	Findings
2007-01	**Finding Type** – Significant Deficiency

Description – The University has specific policies and procedures surrounding various aspects of a code of conduct. This includes a conflict of interest statement specifically for research and educational activities, distribution of the Ohio ethics laws when hired, and a confidential reporting line (EthicsPoint). However, there is no overall policy on University code of conduct and ethics, nor are conflict of interests representations required or monitored beyond the research and educational activities.

Status - Corrective action has been taken. The University created a code of conduct and ethics during the 2007-2008 fiscal year. The code of conduct and ethics is currently being reviewed and approved through the University's formal approval process and, as a result, no issues have been identified subsequently.

Reference Number	Findings
2007-02	**Finding Type** – Significant Deficiency

Description - Three out of 25 journal entries selected did not include a secondary authorization as designated in the internal control policy. A secondary approval was not obtained as these entries were initiated by management, and it was concluded that a secondary approval was not required. This resulted in management having the ability to record entries to the general ledger specific to accounts that they themselves manage and reconcile.

Status - Corrective action has been taken. The University corrected the issue during the 2007-2008 fiscal year. Subsequent reviews were conducted of all journal entries during the 2007-2008 fiscal year and will continue during the 2008-2009 fiscal year until a comfort level is attained. Thereafter, testing of signatures on journal entries will be conducted. As a result, no issues have been identified subsequently.

Reference Number	Findings
2007-03	**Finding Type** – Significant Deficiency

Description – The University had not completed an overall risk assessment of its internal control.

Status - Corrective action has been taken. The University initiated a university-wide discussion of the control environment during Winter 2008 and conducted a Control Self-Assessment. This was based on the COSO best practices internal control framework. The survey was conducted to 2,698 employees and 54 percent responded.

An Internal Control Environment Improvement Committee has been formed to prioritize and implement projects. The committee will report their efforts at the next Audit Committee meeting of the Board of Trustees.

Reference Number	Findings
2007-04	**Finding Type** – Significant Deficiency

Description - Within SIS, 11 programmers have update access to production program source libraries and data, which creates a segregation of duties conflict. In addition, there are currently 19 users with Power User functionality within SIS.

Programmers having access to program source libraries and data constitutes an inadequate segregation of duties. The risk of unauthorized changes to system resources in production increases significantly without an adequate segregation of duties. Excessive access to functions is a concern as most individuals do not need the access to perform their everyday job functions. Access listings should be kept at a minimal level to help alleviate the threat of unnecessary activity that could occur through shared accounts.

Reference Number	Findings
2007-04	**Status** - The number of power users for the online SIS environment has been reduced from 11 to 4. Any online production updates must have an issue ticket created in our Footprints tracking system and the Manager of the SIS system assigns one of the 4 programmers to make the change and the ticket is updated with the change requested. The second part of this having to do with library access, is addressed by having different staff move any development changes to production, other than those making the change. This is also limited to 4 staff members that can deploy changes to the production environment. These 4 staff are different staff than listed above for the online update access. The controls are being reviewed as a part of a new Student Information System implementation. This new technology and architecture will allow for the integration of better segregation into the product itself, rather than through external business processes.

Reference Number	Findings
2007-05	**Finding Type** – Significant Deficiency **Description** – There were no adequate resources in the University's IT environment for IT to run at the most efficient and secure levels. There was also an inadequate number of personnel working in the IT department. **Status -** The University began taking corrective action during the 2007-2008 fiscal year and over the next three years, 24 new critical Full Time Employee (FTE) positions will be added. As of September 30, 2008, 8 new mission critical FTE positions were added to the University.

Reference Number	Findings
2007-06	**Program Name** - Student Financial Aid Cluster - 84.007, 84.032, 84.033, 84.063, 84.268, 84.375, 84.376, and 93.925 **Finding Type** – Significant Deficiency **Description** – The University failed to identify and accurately report within the prior years' Schedule of Expenditures of Federal Awards, Federal Family Education Loans with the University's College of Medicine. **Status** - Corrective action has been taken. The University corrected the issue during the 2007-2008 fiscal year and worked closely with the University College of Medicine during the 2007-2008 fiscal year. As a result, no issues have been identified subsequently.

Ohio University
National Collegiate Athletics Association

Agreed-upon Procedures Report

June 30, 2008

Ohio University
National Collegiate Athletics Association Report

Contents

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Independent Accountant's Report on
the Application of Agreed-upon Procedures

Dr. Roderick J. McDavis
President
Ohio University
Athens, OH 45701

We have performed the procedures enumerated below, which were agreed to by the president of Ohio University (the "University"), solely to assist you in evaluating whether the accompanying Intercollegiate Athletics Program statement of revenues and expenditures of Ohio University is in compliance with the National Collegiate Athletics Association (NCAA), Bylaw 6.2.3 for Division I for the year ended June 30, 2008. Ohio University's management is responsible for the statement of revenue and expenditures (statement) and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-upon Procedures Related to the Statement of Revenues and Expenditures

The procedures that we performed and our results are as follows:

<u>Internal Control Structure</u>

A. **Procedure:** In preparation for our procedures related to the University's internal control structure, we met with the Associate Director of Intercollegiate Athletics - Business Operations and the Director of Intercollegiate Athletics, if available, and inquired about the general control environment over intercollegiate athletic finances, the level of control consciousness in the University, the competence of personnel, and the protection of records and equipment; we obtained and inspected the audited financial statements for the year ended June 30, 2008 and any additional reports regarding internal controls and any corrective action taken in response to comments concerning the internal control structure; and we obtained and inspected any documentation of the accounting systems and procedures unique to the intercollegiate athletics department.

   Result: We met with the Associate Director of Intercollegiate Athletics - Business Operations and inquired about the general control environment over intercollegiate athletic finances, the level of control consciousness in the University, the competence of personnel, and the protection of records and equipment. We obtained and inspected an organization chart for the intercollegiate athletics department prepared by management.

We inspected information obtained and work performed in the audit of the financial statements of the University for the year ended June 30, 2008.

B. **Procedure:** We obtained and inspected documentation for the accounting systems and procedures unique to the intercollegiate athletics department that have not been addressed in connection with the audit of the University's financial statements. For those accounting systems that pertain to the intercollegiate athletics department, we performed the following specific procedures:

   1) We selected three football games and tested the ticket collection receipting process by comparing the total receipts for such games to the reconciliation and documentation of the related cash deposit amount with the bank.
   2) We inquired as to the methods and practices used for ticket reconciliation.
   3) We obtained reconciliations for three home football game ticket sales as compared to actual attendance figures (per athletic ticket office) and compared to revenue reported on the statement of revenues and expenses.

   Result: We obtained and inspected any documentation of the accounting systems and procedures unique to the intercollegiate athletics department. We determined that there were no systems and procedures related to cash disbursements, payroll, and cash receipts that were unique or different than those already addressed in connection with the audit of the University's financial statements. We determined that the ticket collection and receipting processes were the only systems unique to athletics; therefore, we selected three home football games during the year and compared the total receipts for such events, as documented by the University's ticket reconciliation procedures, to documentation of the related cash deposit amount with the bank. We inquired as to the methods and practices used for ticket reconciliations. We obtained reconciliations for three home football games and compared to actual attendance figures and compared to revenue reported on the statement of revenues and expenses.

Capital Expenditure Survey and Related Debt

C. In preparation for our procedures related to the capital expenditure survey, we obtained the capital expenditure survey for the reporting period prepared by management; we obtained the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets; and we obtained repayment schedules for all outstanding intercollegiate athletics debt maintained by the University during the reporting period. We then performed the following procedures:

   1) **Procedure:** We agreed the data provided on the capital expenditure survey to the University's general ledger and disclosed additions, deletions, and book values in the report.

      Result: We agreed the data provided on the capital expenditure survey to the general ledger and disclosed additions, deletions, and book values in the report.

2) **Procedure:** We recalculated the annual maturities (consisting of principal and interest) provided in the schedules obtained. We then agreed the total annual maturities to supporting documentation and the University's general ledger, as applicable and disclosed in the report.

   Result: We recalculated the annual maturities included in the schedules obtained. We agreed the total annual maturities to debt amortization schedules and the University's general ledger and included the annual maturities in the report.

Intercollegiate Athletics Restricted and Endowment and Plant Funds

D. **Procedure:** We obtained a summary of significant additions exceeding 10 percent or more to restricted funds related to intercollegiate athletics, as well as significant changes exceeding 10 percent or more to endowment and plant funds related to intercollegiate athletics, prepared by management. We disclosed these significant additions in the report.

   Result: We obtained a summary of contributions received during the year, and no additions exceeded 10 percent of total contributions related to intercollegiate athletics during the year.

Statement of Revenues and Expenditures

E. **Procedure:** We obtained the Intercollegiate Athletics Program statement of revenues and expenditures for the reporting period prepared by management and recalculated the amounts on the statement. We then compared the amounts on the statement to management's worksheets supporting the preparation of the statement and agreed the amounts on such worksheets to the University's general ledger.

   Result: We obtained the Intercollegiate Athletics Program statement of revenues and expenditures for the reporting period prepared by management. We recalculated the amounts on the statement, compared the amounts on the statement to management's worksheets supporting the preparation of the statement, and agreed the amounts on such worksheets to the University's general ledger.

F. **Procedure:** We compared revenue and expenditure amounts for the intercollegiate athletics program with the respective prior year amounts and current year budget amounts (if applicable) and inquired of management regarding explanations for any changes exceeding 10 percent of the prior year balance and/or current year budget.

   Result: We compared revenue and expenditure amounts for the intercollegiate athletics program with the respective prior year amounts and inquired of management regarding explanations for any changes exceeding 10 percent of the prior year balance. We did not receive budget information for the year.

Revenues

G. **Revenue Procedures:**

1) Ticket Sales
Procedure: We compared tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the University in the statement and related attendance figures and recalculated totals.

Result: We compared tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the University in the statement and related attendance figures and recalculated totals.

2) Guarantees
Procedure: We selected a sample of three away conference football games during the reporting period and agreed each selection to the Univesity's general ledger and/or the statement. We selected a sample of one contractual agreement pertaining to revenues derived from an away non-conference football game during the reporting period and compared and agreed the selection to the University's general ledger and/or the statement, and recalculated totals.

Result: Per discussion with management, there is no guaranteed revenue amounts between MAC institutions; guarantees only apply to non-conference games. No portion of the ticket revenue is paid to Ohio University for conference away games. We obtained supporting documentation for the non-conference away game and agreed it to the University's general ledger.

3) Contributions
Procedure: We compared each revenue account to prior period amounts and budget estimates. We obtained and documented an understanding of any significant variations of 10 percent or more. Contributions mean monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals that constitute 10 percent or more of all contributions received for intercollegiate athletics during the reporting periods.

Result: We compared each revenue account to prior period amounts and budget estimates. We obtained an explanation from management for variances over 10 percent.

Dr. Roderick J. McDavis
President
Ohio University

4) NCAA/Conference Distributions Including All Tournament Revenues
Procedure: We obtained and inspected agreements related to the Institution's participation in revenues from tournaments during the reporting period. We compared and agreed the related revenues to the University's general ledger and/or the statement, and recalculated totals.

Result: We obtained and inspected documentation and communication from the MAC conference related to the University's participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed the related revenues to the University's general ledger and/or statement, and recalculated totals on the report.

Expenditures

H. **Expenditure Procedures:**

1) Athletic Student Aid
Procedure: We selected a sample of 15 students from the listing of institutional student aid recipients during the reporting period. We obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account and recalculated totals.

Result: We selected a sample of 15 students from the listing of institutional student aid recipients during the year ended June 30, 2008. We obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's accounts and recalculated totals.

2) Guarantees
Procedure: We obtained and inspected three home football settlement reports prepared by the University during the reporting period and agreed related expenses to the University's general ledger and/or the statement. We obtained and inspected contractual agreements pertaining to expenses recorded by the University from home football games during the reporting period. We compared and agreed related amounts expensed by the University during the reporting period to the University's general ledger and/or the statement and recalculated totals.

Result: Per discussion with management, there is no guaranteed revenue amounts between MAC institutions; guarantees apply only to non-conference games. No portion of the ticket revenue is paid to the visiting institution for conference home games. We compared and agreed related amounts expensed by the University to the general ledger and/or the statement and recalculated totals.

3) Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities
Procedure: We obtained and inspected a listing of coaches employed by the University during the reporting period. We selected a sample of five coaches' contracts that included the head football and head men's and women's basketball coaches from the above listing. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the statement during the reporting period. We obtained and inspected W-2s, 1099s, etc. for each selection. We compared and agreed related W-2s, 1099s, etc. to the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period and recalculated totals.

Result: We obtained and inspected a listing of coaches employed by the University during the reporting period. From this list, we selected a sample of five coaches' contracts that included the head football and head men's and women's basketball coaches. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University in the statement during the reporting period. We obtained and inspected W-2s, 1099s, etc. for each selection. We compared and agreed related W-2s, 1099s, etc. to the related coaching salaries, benefits, and bonuses paid by the University and expensed in the statement during the reporting period and recalculated totals. Per discussion with management, there were no 1099s issued to coaches by the University.

Affiliated and Outside Organizations

1. **Procedure:** We inquired of management as to whether they have identified any affiliated and outside organizations that meet any of the following criteria:

   1) Booster organizations established by or on behalf of an intercollegiate athletics program

   2) Independent or affiliated foundations or other organizations that have as a principal purpose, generating or maintaining of grants-in-aid or scholarships funds, gifts, endowments or other monies, goods, or services to be used entirely or in part by the intercollegiate athletics program

   3) Alumni organizations that have as one of its principal purposes the generating of monies, goods, or services for or on behalf of intercollegiate athletics programs and that contribute monies, goods, or services directly to an intercollegiate athletics program, booster group, or independent or affiliated foundation as previously noted

Dr. Roderick J. McDavis
President
Ohio University

Result: We inquired and obtained documentation as to the University's practices and procedures for monitoring affiliated and outside organizations, which included the Green and White Boosters Club.

J. **Procedure:** We obtained a listing of all identified and outside organizations, prepared by the University, and compared that list to the activities recorded in the University's financial statements and to the Intercollegiate Athletics Program statement of revenues and expenditures. If it is determined that the activity is not included in the University's financial statements and the intercollegiate athletics statement of revenues and expenditures, we will obtain a schedule of revenues and expenditures to include in our report and perform the following required testing on that schedule:

1) We compared and agreed a sample of operating expense categories reported in the organization's statement during the reporting period to revenues received and recorded by the University (University Development).

Result: The only outside organization identified by management was The Green and White Club. We compared and agreed operating expense categories reported in the organization's statement during the reporting period to expenses paid and recorded by the University (University Development). We determined that the activity is included in the University financial statements and the Intercollegiate Athletics statement of revenues and expenditures and therefore, we did not obtain a schedule of revenues and expenditures to include in our report.

We were not engaged to and did not conduct an examination, the objective of which would have been the expression of an opinion on the accompanying Intercollegiate Athletics Program statement of revenues and expenditures. 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 Ohio University's management and the National Collegiate Athletics Association and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

January 15, 2009

Ohio University
National Collegiate Athletics Association Report

Intercollegiate Athletics Program Statement of Revenues and Expenditures
Year Ended June 30, 2008

	Men's Football	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Operating Revenues						
Ticket Sales - Gate Receipts	$ 438,727	$ 291,681	$ 5,776	$ 22,885	$ 46,702	$ 805,771
Guarantees	665,000	78,800	-	1,500	-	745,300
Contributions	160,452	23,555	8,100	157,203	337,233	686,543
Direct Institutional Support	3,196,142	1,055,733	646,037	3,433,432	4,078,944	12,410,288
Indirect Facilities and Administrative Support	477,780	157,818	96,574	513,251	935,811	2,181,234
NCAA/Conference Distributions Including All Tournament Revenues	391,631	208,437	55,359	481,425	33,485	1,170,337
Broadcast, Television, Radio, and Internet Rights	5,539	82,498	-	-	-	88,037
Program Sales, Concessions, Novelty Sales, and Parking	15,869	12,695	-	-	150,037	178,601
Royalties, Advertisements, and Sponsorships	-	-	-	-	556,540	556,540
Sports Camp Revenues	18,270	186,888	2,617	160,211	-	367,986
Endowment and Investment Income	5,642	8,859	-	17,922	50,756	83,179
Other	14,170	359	520	43,582	118,113	176,744
Total Operating Revenues	5,389,222	2,107,323	814,983	4,831,411	6,307,621	19,450,560
Operating Expenditures						
Athletic Student Aid	1,763,202	277,291	286,396	1,960,310	1,685,852	5,973,051
Guarantees	325,000	113,927	2,500	-	-	441,427
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	1,371,571	538,674	382,690	1,465,421	-	3,758,356
Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities	48,474	7,080	5,737	45,471	2,376,781	2,483,543
Recruiting	165,054	46,183	44,269	121,381	(2,934)	373,953
Team Travel	384,208	209,441	88,616	549,905	73,238	1,305,408
Equipment, Uniforms, and Supplies	170,951	28,575	16,999	234,158	205,797	656,480
Game Expenses	36,600	51,200	31,500	45,975	-	165,275
Fund Raising, Marketing, and Promotion	20,285	4,048	4,553	39,913	707,372	776,171
Sports Camp Expenses	18,902	146,723	(682)	150,641	(14,272)	301,312
Direct Facilities, Maintenance, and Rental	46,920	4,254	988	30,784	325,457	408,403
Indirect Facilities and Administrative Support	477,780	157,818	96,574	513,251	935,811	2,181,234
Medical Expenses and Medical Insurance	618	-	-	-	461,855	462,473
Memberships and Dues	91	7,210	836	20,111	205,893	234,141
Other Operating Expenses	94,013	33,937	34,247	111,892	501,743	775,832
Total Operating Expenditures	4,923,669	1,626,361	995,223	5,289,213	7,462,593	20,297,059
Excess of Revenues Over (Under) Expenditures	**$ 465,553**	**$ 480,962**	**($ 180,240)**	**($ 457,802)**	**($ 1,154,972)**	**($ 846,499)**

See Notes to Intercollegiate Athletics Program Statement of Revenues and Expenditures.

**Notes to Intercollegiate Athletics Program
Statement of Revenues and Expenditures
Year Ended June 30, 2008**

Note 1 - Intercollegiate Athletics-related Assets

Property and equipment assets are recorded at cost. Donated assets are recorded at their estimated fair market value as of the date received. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset. No depreciation is recorded on land. Building renovations that materially increase the value or extend the useful life of the structure are also capitalized. Estimated useful lives range from 5-50 years depending on class.

The current year capitalized additions and deletions to facilities during the year ended June 30, 2008 are as follows:

	Additions	Deletions
Football athletics facilities	$ -	$ -
Basketball athletics facilities	646	-
Other athletics facilities	-	-
Total athletics facilities	$ 646	$ -
Other institutional facilities	$ 36,032,255	$ 104,929

The total estimated book values of property, plant, and equipment, net of depreciation, of the University as of the year ended June 30, 2008 are as follows:

Athletics related property, plant, and equipment balance	$ 15,603,000
University's total property, plant, and equipment balance	565,836,000

Note 2 - Intercollegiate Athletics-related Debt

The annual debt service and debt outstanding for the University as of the year ended June 30, 2008 is as follows:

	Annual Debt Service	Debt Outstanding
Athletics-related facilities	$ 280,362	$ 4,086,887
University's total	26,144,016	237,724,941

Note 2 - Intercollegiate Athletics-related Debt (Continued)

The repayment schedule for all outstanding intercollegiate athletics debt maintained by the University during the year ended June 30, 2008 is as follows:

	Bond Series 1999	Bond Series 2001	Total Intercollegiate Athletics Debt
2009	$ 159,208	$ 121,154	$ 280,362
2010	159,239	121,690	280,929
2011	158,949	112,415	271,364
2012	158,846	-	158,846
2013	239,687	-	239,687
2014-2018	1,193,327	-	1,193,327
2019-2023	1,188,184	-	1,188,184
2024-2025	474,188	-	474,188
Total	$ 3,731,628	$ 355,259	$ 4,086,887

Mary Taylor, CPA
Auditor of State

OHIO UNIVERSITY

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 3, 2009

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