

Census Block Waiver Request (Item 16)

UEN as a middle mile applicant is requesting a waiver of having to provide coverage for the entire territory of census blocks served in this project. This project is to connect community anchor facilities, and UEN as state K-20 networking organization does not provide services to homes, businesses, and residential dwellings.

**U.S. Department of Commerce
Broadband Technology Opportunities Program**

(i) I certify that I am authorized to submit this grant application on behalf of the eligible entity(ies) listed on this application, that I have examined this application, that all of the information and responses in this application, including certifications, and forms submitted, all of which are part of this grant application, are material representations of fact and true and correct to the best of my knowledge, that the entity(ies) that is requesting grant funding pursuant to this application and any subgrantees and subcontractors will comply with the terms, conditions, purposes, and federal requirements of the grant program; that no kickbacks were paid to anyone; and that a false, fictitious, or fraudulent statements or claims on this application are grounds for denial or termination of a grant award, and/or possible punishment by a fine or imprisonment as provided in 18 U.S.C. §1001 and civil violations of the False Claims Act.

(ii) I certify that the entity(ies) I represent have and will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, codes, orders and programmatic rules and requirements relating to the project. I acknowledge that failure to do so may result in rejection or deobligation of the grant or loan award. I acknowledge that failure to comply with all federal and program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.

(iii) I certify that the entity(ies) I represent has and will comply with all applicable administrative and federal statutory, regulatory, and policy requirements set forth in the DOC Pre-Award Notification, published in the Federal Register on February 11, 2008 (73 FR 7696), as amended; DOC Financial Assistance Standard Terms and Conditions (Mar. 8, 2009); DOC American Recovery and Reinvestment Act Award Terms (April 9, 2009); and any Special Award Terms and Conditions that are included by the Grants Officer in the award."

AUG 12 2009

(Date)

Brent K. Brown

(Authorized Representative's Signature)

Name:

BRENT K. BROWN, ESQ.

DIRECTOR

OFFICE OF SPONSORED PROJECTS

Title:

Disclosure of Lobbying Activities

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure)

<p>1. Type of Federal Action: <u>B</u> a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance</p>	<p>2. Status of Federal Action: <u>B</u> a. bid/offer/application b. initial award c. post-award</p>	<p>3. Report Type: <u>A</u> a. initial filing b. material change For material change only: Year _____ quarter _____ Date of last report _____</p>
<p>4. Name and Address of Reporting Entity: _____ Prime _____ Subawardee Tier _____, if Known: UNIVERSITY OF UTAH 1471 FEDERAL WAY SALT LAKE CITY, UT 84102 Congressional District, if known: 2ND</p>		<p>5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime: Congressional District, if known: 2ND</p>
<p>6. Federal Department/Agency: N/A</p>	<p>7. Federal Program Name/Description: N/A CFDA Number, if applicable: _____</p>	
<p>8. Federal Action Number, if known: </p>	<p>9. Award Amount, if known: \$ 13, 861, 800</p>	
<p>10. a. Name and Address of Lobbying Registrant (if individual, last name, first name, MI): N/A</p>	<p>b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI): N/A</p>	
<p>11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.</p>	<p>Signature: <u>Brent K. Brown</u> Print Name: _____ BRENT K. BROWN, ESQ. Title: _____ DIRECTOR OFFICE OF SPONSORED PROJECTS Telephone No.: <u>801-251-3003</u> Date: <u>AUG 12 2009</u></p>	
<p>Federal Use Only</p>	<p>Authorized for Local Reproduction Standard Form - LLL (Rev. 7-97)</p>	

ASSURANCES - CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

<p>1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.</p> <p>2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.</p> <p>3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal interest in the title of real property in accordance with awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.</p> <p>4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.</p> <p>5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.</p> <p>6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.</p> <p>7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.</p>	<p>8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).</p> <p>9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.</p> <p>10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), as amended relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.</p>
---	--

<p>11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.</p> <p>12. Will comply with the provisions of the Hatch Act (5 U.S.C. 1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.</p> <p>13. Will comply, as applicable, with the provision of the Davis-Bacon Act (40 U.S.C. 276a to 276a-7), the Copeland Act (40 U.S.C. 276c and 18 U.S.C.874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333) regarding labor standards of federally assisted construction subagreements.</p> <p>14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.</p> <p>15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the</p>	<p>National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in flood plains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).</p> <p>16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.</p> <p>17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).</p> <p>18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, AAudits of States, Local Governments, and Non-Profit Organizations.@</p> <p>19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.</p>
--	---

<p>SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</p> <p><i>Bill G. Anderson for Brent Brown</i></p>	<p>TITLE</p> <p>BRENT K. BROWN, ESQ. DIRECTOR OFFICE OF SPONSORED PROJECTS</p>
<p>APPLICANT ORGANIZATION</p> <p><i>UNIVERSITY OF UTAH</i></p>	<p>DATE SUBMITTED</p> <p>AUG 12 2009</p>



KUEN-TV
(A Public Telecommunications Department of the University of Utah)

Financial Statements

June 30, 2007 and 2006

(With Independent Auditors' Report Thereon)

KUEN-TV
(A Public Telecommunications Department of the University of Utah)

Table of Contents

	Page(s)
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 7
Statements of Net Assets	8
Statements of Revenues, Expenses, and Changes in Net Assets	9
Statements of Cash Flows	10
Notes to Financial Statements	11 – 16





KPMG LLP
Suite 1500
15 West South Temple
Salt Lake City, UT 84101-9901

Independent Auditors' Report

KUEN-TV
The University of Utah Board of Trustees
and
Michael K. Young, President:

We have audited the accompanying statement of net assets of KUEN-TV (a public telecommunications department of the University of Utah) as of June 30, 2007, 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 KUEN-TV's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1(a) to financial statements, the financial statements present the financial position of KUEN-TV, a public telecommunications department of the University of Utah, and do not purport to, and do not present fairly the financial position of the University of Utah as of June 30, 2007, and the changes in its financial position or cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KUEN-TV as of June 30, 2007, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.



In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2008, on our consideration of KUEN-TV's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

The Management's Discussion and Analysis presented on pages 3 through 7 is not a required part of the basic financial statements of KUEN-TV, but is supplementary 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 supplementary information. However, we did not audit this information and express no opinion on it.

KPMG LLP

January 28, 2008

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2007 and 2006

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of KUEN-TV (the Station) as of and for the year ended June 30, 2007, with selected comparative information as of and for the year ended June 30, 2006. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto.

The Station is licensed to the Utah State Board of Regents, is not a member of the Public Broadcasting Service (PBS), and is the only public television station in Utah with a 24-hour weekly program schedule dedicated to education and lifelong learning. Advertising and promotional materials refer to the Station as UEN-TV. Although the Station is not a member of PBS, the Station qualifies for funding under the community service grant administered by the Corporation for Public Broadcasting (CPB). Working in cooperation with the Utah State Office of Education and Utah's System of Higher Education, the Station broadcasts college-credit telecourses, instructional programs for children and adults, and teacher professional development courses. The Station's viewing audiences include Kindergarten through 12th grade students and teachers, college students, adult students enrolled in public education programs, senior citizens, and the general public.

In conjunction with the Utah Education Network (UEN – a publicly funded consortium supporting educational technology needs for Utah's public and higher education institutions, public libraries, and state agencies), the Station provides internet access for all Utah public middle schools, high schools, and higher education institutions. The Station also operates EDNET, a fully interactive distance learning network interconnecting public schools and higher education institutions statewide. The UEN Satellite System also provides citizen access to higher education courses via satellite.

FINANCIAL HIGHLIGHTS

The Station's financial position remained favorable at June 30, 2007, with assets of \$23.7 million and total liabilities of \$2.3 million. Net assets, which represent the residual interest in the Station's assets after liabilities are deducted, increased by \$3.4 million to \$21.4 million at June 30, 2007.

Changes in net assets represent the total activity of the Station, which results from all revenues, expenses, gains, and losses, and are summarized for the years ended June 30, 2007 and 2006 as follows:

	<u>2007</u>	<u>2006</u>
Total revenues	\$35,231,908	\$31,313,028
Total expenses	<u>31,808,309</u>	<u>29,143,406</u>
Increase in net assets	<u>\$ 3,423,599</u>	<u>\$ 2,169,622</u>

Fiscal year 2007 revenues increased 12.5% or \$3.9 million, while expenses increased 9% or \$2.7 million. As a result, the increase in net assets for fiscal 2007 was \$1.2 million higher than in fiscal 2006.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2007 and 2006

USING THE FINANCIAL STATEMENTS

The Station's financial report is prepared on the accrual basis of accounting and conforms to principles of *Accounting and Financial Reporting for Public Telecommunication Entities*, published by the CPB, which conforms to U.S. generally accepted accounting principles and includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

STATEMENT OF NET ASSETS

The Statement of Net Assets presents the financial position of the Station at the end of the fiscal year and includes all assets and liabilities. The difference between total assets and total liabilities is net assets and is one indicator of the current financial condition of the Station, while the change in net assets is an indicator of whether the Station's overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values except for capital assets, which are stated at historical cost less an allowance for depreciation.

A summarized comparison of the Station's assets, liabilities, and net assets at June 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Current assets		
Current assets, unrestricted	\$12,497,964	\$ 9,987,669
Current assets, restricted	221,465	151,637
Noncurrent assets		
Investments in joint venture	758,673	795,151
Capital assets, net	<u>10,237,471</u>	<u>9,181,069</u>
Total assets	23,715,573	20,115,526
Current liabilities	<u>2,357,571</u>	<u>2,181,123</u>
Net assets	<u>\$21,358,002</u>	<u>\$17,934,403</u>

A review of the Station's Statements of Net Assets at June 30, 2007 and 2006 shows that the Station still maintains its favorable financial foundation. This financial position reflects the prudent utilization of its financial resources.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2007 and 2006

Current assets consist of cash, receivables, and prepaid expenses. Total current assets increased \$2.6 million in fiscal year 2007. The increase in current assets is primarily due to the increase in cash of \$3.3 million, a decrease in accounts receivable of \$0.8 million, and an increase in prepaid expenses of \$0.1 million. The \$3.3 million increase in cash is caused by the timely submission for and collection of telecommunication reimbursements.

Noncurrent assets increased \$1.0 million in fiscal year 2007. The increase is primarily due to increased capital asset purchases offset by normal depreciation and a decline in the joint venture investment.

Current liabilities consist of accounts payable, accrued personnel services, and current installments of obligations under a capital lease. Total current liabilities increased \$0.2 million in fiscal year 2007. The increase was primarily due to an increase in accounts payable related to the timing of invoice processing.

NET ASSETS

Net assets represent the residual interest of the Station's assets after liabilities are deducted. *Invested in capital assets, net of related debt* represents the Station's capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition of those assets. *Restricted expendable net assets* are subject to externally imposed restrictions governing their use. Although *unrestricted net assets* are not subject to externally imposed stipulations, most of the Station's unrestricted net assets have been designated for various programming, outreach, and broadcasting projects to be used during fiscal year 2007.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses, and Changes in Net Assets presents the results of the Station's operations. A summarized comparison of the Station's revenues, expenses, and changes in net assets for the years ended June 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 28,489	\$ 43,798
Operating expenses	31,808,309	29,143,406
Nonoperating revenues	<u>35,203,419</u>	<u>31,269,230</u>
Increase in net assets	3,423,599	2,169,622
Net assets – beginning of year	<u>17,934,403</u>	<u>15,764,781</u>
Net assets – end of year	<u>\$21,358,002</u>	<u>\$17,934,403</u>

In fiscal year 2007, operating expenses increased \$2.7 million. The increase in operating expenses was largely due to a \$2.3 million increase in installation and transportation from additional State Appropriations received to replace the satellite conferencing system with an internet-based video conferencing project and the upgrading of the network infrastructure. This video conferencing project will completely eliminate the satellite system and replace it with new internet-based hardware, network infrastructure, and software. The network infrastructure will provide high speed ethernet connectivity to the secondary schools. The remaining increase was due to a \$0.4 million increase in programming and production expenses from an increase of in-kind contributions of educational courses provided through EDNET video conferencing, satellite, or Internet-based video conferencing.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2007 and 2006

Educational courses for high school or college students intended for delivery via EDNET video conferencing, satellite, or interactive Internet-based video conferencing are reviewed by the Station for quality, accreditation, delivery method, and scheduling. These systems make it possible for several thousand students throughout the state of Utah to attend high quality distance learning classes taught by teachers located elsewhere in high schools, colleges, and universities.

In fiscal year 2007, nonoperating revenue increased \$3.9 million. The increase in revenues is primarily the result of obtaining an additional \$4 million of State Appropriations. The majority of the additional state appropriations are designated toward increasing network capacity and converting the EDNET system to an internet-based video conferencing technology.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the Station's financial activity, by reporting the major sources and uses of cash.

The Station's cash balance at year-end increased \$3.3 million from the previous year. The increase in cash is caused primarily by the timely submission for and collection of telecommunication reimbursements.

The Station's significant sources of cash provided from noncapital financing activities include state appropriations, federal grants, Corporation for Public Broadcasting grants, and private gifts.

CURRENT FACTORS HAVING PROBABLE FUTURE FINANCIAL SIGNIFICANCE

The Station continues to face significant financial challenges in the next fiscal year and for the next decade. In the Telecommunications Act of 1996, the Federal Communications Commission (FCC) mandated that all public television stations transition to digital operations (DTV) by May 2003 and retain analog operations at least until May 2006. In the fall of 2000, PBS projected the total cost of digital transition for all public TV and radio stations nationwide to be \$1.8 billion. The PBS projection provides a sound benchmark for the Station as members of the PBS have operations similar to the Station. By utilizing partnerships and combining resources with other stations, the Station successfully began broadcasting DTV services in the greater Salt Lake City metropolitan area in April 2003.

The Station has three main objectives.

- The first is to expand DTV services statewide to rural communities and schools. The Station estimates an additional \$1.5 to \$2.5 million will be needed to complete the statewide digital transition over the next decade.
- The second objective is to complete the upgrade/replacement of the EDNET distance learning system to an Internet-based video conferencing system. Geographically and economically diverse learners throughout the state will gain access to college and high school courses formerly inaccessible to them. In order to complete this conversion to an internet-based video conferencing system the Station is requesting \$3.1 million in one-time state funds.
- The third objective is to complete the bandwidth upgrade at all public colleges, universities, and secondary public schools. When completed, all entities shall have sufficient bandwidth to accommodate the increasing demand for online educational services in Utah's education system. The Station is requesting \$1.5 million in ongoing state funds to support this objective.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2007 and 2006

Analysts with the State of Utah are projecting that one-time and ongoing funds will be available. The Station is requesting additional one-time and ongoing state appropriations to help cover the costs described above. The Station is also participating in a federal discount program for telecommunication costs incurred by Public schools (K-12). This discount program helps to offset the additional telecommunication expenses. The Station is working continuously to obtain grant funding from federal government programs, state and county governments, and private and local service organizations in order to assist with the digital conversion and expansion of the analog TV translator network. The Station will continue its prudent long-term financial planning. While impossible to predict the ultimate results, Station management's diligence in aggressively responding to changing economic situations will help to ensure its favorable financial position is maintained.



KUEN-TV**(A Public Telecommunications Department of the University of Utah)****STATEMENT OF NET ASSETS**

As of June 30

	2007	[For Comparison Only] 2006
ASSETS		
Current assets		
Cash	\$ 6,106,681	\$ 2,791,202
Cash, restricted	101,465	151,637
Receivables (Note 2)	6,249,623	7,053,946
Prepaid expenses	141,660	142,521
Prepaid expenses, restricted	120,000	
Total current assets	<u>12,719,429</u>	<u>10,139,306</u>
Noncurrent assets		
Investments in joint venture (Note 4)	758,673	795,151
Capital assets, net (Note 3)	10,237,471	9,181,069
Total noncurrent assets	<u>10,996,144</u>	<u>9,976,220</u>
Total assets	<u>23,715,573</u>	<u>20,115,526</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,416,149	1,314,517
Accrued personnel services	941,422	860,743
Current maturities of long-term debt (Note 5)		5,863
Total current liabilities	<u>2,357,571</u>	<u>2,181,123</u>
NET ASSETS		
Invested in capital assets, net of related debt (Notes 3 and 5)	10,237,471	9,177,352
Restricted – expendable	221,465	151,637
Unrestricted	10,899,066	8,605,414
Total net assets	<u>\$21,358,002</u>	<u>\$17,934,403</u>

See accompanying notes to financial statements

KUEN-TV**(A Public Telecommunications Department of the University of Utah)****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

Years ended June 30

	2007	[For Comparison Only] 2006
OPERATING REVENUES		
Commercial	\$ 28,489	\$ 43,798
Total operating revenues	28,489	43,798
OPERATING EXPENSES		
Broadcasting	3,077,888	3,368,828
Education service and training	1,692,419	1,584,263
Installation and transport	15,624,671	13,278,269
Programming and production	9,646,012	9,259,487
Program information	423,582	452,823
Management and general	1,343,737	1,199,736
Total operating expenses	31,808,309	29,143,406
Operating loss	(31,779,820)	(29,099,608)
NONOPERATING REVENUES		
State of Utah appropriations	22,462,357	18,453,245
Direct support from University of Utah	21,170	20,486
Indirect in-kind support from governmental entities	7,008,725	7,237,524
Corporation for Public Broadcasting grants – CPB	2,775,015	2,510,012
Indirect support from University of Utah	2,368,539	2,216,378
Other grants	174,601	529,476
Support from KUED-TV	255,983	58,291
Other	18,347	174,074
Interest income	118,682	69,744
Total nonoperating revenue	35,203,419	31,269,230
Increase in net assets	3,423,599	2,169,622
NET ASSETS		
Net assets – beginning of year	17,934,403	15,764,781
Net assets – end of year	\$ 21,358,002	\$ 17,934,403

See accompanying notes to financial statements

KUEN-TV**(A Public Telecommunications Department of the University of Utah)****STATEMENT OF CASH FLOWS**

Years ended June 30

	2007	[For Comparison Only] 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sales and services	\$ 28,489	\$ 43,798
Cash payment for salaries, wages, and benefits	(8,220,324)	(7,296,247)
Cash payments for other operating expenses	(11,714,641)	(14,704,042)
Net cash used by operating activities	<u>(19,906,476)</u>	<u>(21,956,491)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from State of Utah appropriations	22,462,357	18,453,245
Cash received from Corporation for Public Broadcasting	2,775,015	2,510,012
Cash received from other grants	174,601	529,476
Cash received from KUED-TV	55,530	55,530
Cash received from other income	116,660	53,618
Cash received from University of Utah	21,170	20,486
Net cash provided by noncapital financing activities	<u>25,605,333</u>	<u>21,622,367</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on capital leases and notes payable	(5,863)	(101,967)
Purchases of capital assets	(2,454,219)	(820,771)
Net cash used by capital financing activities	<u>(2,460,082)</u>	<u>(922,738)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in joint venture	(92,150)	(86,550)
Cash received from interest income	118,682	69,744
Net cash provided by (used by) investing activities	<u>26,532</u>	<u>(16,806)</u>
Net increase (decrease) in cash	3,265,307	(1,273,668)
Cash, beginning of year	2,942,839	4,216,507
Cash, end of year	<u>\$ 6,208,146</u>	<u>\$ 2,942,839</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$(31,779,820)	\$(29,099,608)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	1,596,993	1,458,541
Loss on sale of equipment	1,277	
Loss in joint venture	128,628	126,241
Transfer of equipment to University of Utah		7,545
In-kind donations	9,250	5,750
Indirect support from University of Utah	2,368,539	2,216,378
Indirect in-kind support from governmental entities	7,008,725	7,237,524
Change in assets and liabilities		
Prepaid expenses	(119,139)	(73,825)
Receivables related to operating revenue	696,760	(4,651,741)
Accounts payable and accrued personnel services	182,311	816,704
Net cash used by operating activities	<u>\$(19,906,476)</u>	<u>\$(21,956,491)</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated equipment	200,453	11,711

See accompanying notes to financial statements

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2007 and 2006

(1) Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting and conform to principles of *Accounting and Financial Reporting for Public Telecommunications Entities*, published by the Corporation for Public Broadcasting (CPB), which conforms to U.S. generally accepted accounting principles.

(a) Organization

KUEN-TV (the Station) is operated by the University of Utah (the University), Salt Lake City, Utah. There are common management and facilities between the Station and an affiliated television station, KUED-TV, and an affiliated radio station, KUER-FM Radio. Certain Station personnel share their time among the Station, KUED-TV, and KUER-FM Radio.

All Governmental Accounting Standards Board (GASB) pronouncements and all applicable Financial Accounting Standards Board (FASB) pronouncements are applied by the Station in the accounting and reporting of their operations. However, in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Station has elected not to apply FASB pronouncements issued after November 30, 1989.

(b) Basis of Accounting

All statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Operating activities include all revenues and expenses, derived on an exchange basis, used to support the service efforts of the Station. Additionally, donations in-kind that are deemed to support the service efforts of the Station, as defined by its mission, goals, and objectives, are recorded as operating expenses. Such donations in-kind are also reflected as a part of nonoperating revenues as they are considered nonexchange transactions as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The accounting for nonoperating revenues of the Station recorded in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets is as follows:

- **State of Utah appropriations** – State of Utah appropriations represent direct support from the State of Utah as appropriated by the Utah State Legislature. These funds support Station personnel, programming and production, broadcasting, program information, installation and transport, and educational service and training. These revenues are recognized upon being legally effective which is the first day of the State of Utah's fiscal year, July 1.
- **Indirect in-kind support from governmental entities** – Indirect in-kind support from governmental entities represents services provided by governmental entities, including instructional TV programming and certain transmitter expenses. This support is recognized throughout the year as costs are incurred and expended by other governmental entities.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2007 and 2006

- **Corporation for Public Broadcasting** – Corporation for Public Broadcasting represents funds received from the CPB to support the operations of the Station, including personnel, programming and production, broadcasting, program information, educational services and training, and purchase of capital assets. These revenues are recognized at the time the Station has met the eligibility requirements as defined by the grant.
- **Indirect support from University of Utah** – Indirect support from the University represents costs associated with certain administrative services provided by the University. These amounts are recorded as revenue and expense at estimated fair value at the time such costs are incurred. Administrative support consists of allocated costs of financial and accounting services, development services, and certain other expenses incurred by the University on behalf of the Station.
- **Federal grants** – Federal grants represent funds received from federal agencies to assist in the purchase of capital assets and support programming and operating activities. These revenues are recognized in other grants at the time the Station has met the eligibility requirements as defined by the grant.
- **Nongovernmental grants** – Nongovernmental grants represent funds received from agencies to assist in content, training, and operating activities. These revenues are recognized in other grants at the time the Station has met the eligibility requirements as defined by the grant.

(c) **Cash and Cash Equivalents**

Cash and cash equivalents held and pooled by the University of Utah, include amounts in demand deposits as well as short-term investments with an original maturity date of less than 90 days.

(d) **Capital Assets**

Capital assets are recorded at cost or, in the case of donated equipment, at estimated fair value at date of donation. Depreciation is computed using the straight-line method using the following estimated useful lives:

Building	30 years
Transmitter	15 years
Broadcast equipment	5 to 10 years

Expenditures for repairs and maintenance are charged to expense as incurred.



KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2007 and 2006

The Station presents its share of depreciation on the building based on a 30 year useful life for the purposes of these financial statements. In applying for various federal funding opportunities, the Station utilizes the University's negotiated facilities and administrative rate which includes depreciation determined per the University's stated policy. University policy, as described in the University's Financial Report and Cost Accounting Standards Disclosure Statement (DS-2), provides a 40 year useful life on buildings and additions. Depreciation, as reflected in these statements, is not included in requests for federal funding. If the Station were to use a 40 year useful life, consistent with the University's Financial Report, depreciation expense would be approximately \$52,710 lower than is shown in the Statement of Revenues, Expenses, and Changes in Net Assets.

(e) Income Taxes

The University, as a political subdivision of the State of Utah, has a dual status for federal income tax purposes. The University is both an Internal Revenue Code (IRC) Section 115 organization and an IRC Section 501(c)(3) charitable organization. This status exempts the University from paying federal income tax on revenue generated by activities that are directly related to the University's mission. This exemption does not apply to unrelated business activities. On these activities, the University is required to report and pay federal and state income tax. The Station, as a separate department of the University, shares in these same tax exemptions.

(f) Use of Estimates

Management of the Station has made estimates and assumptions relating to the reporting of assets, liabilities, revenues, and expenses to prepare these financial statements in conformity to U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(g) Restricted Resources

When the Station has both restricted and unrestricted resources available to finance a particular program, it is the Station's policy to use restricted resources before unrestricted resources.

(h) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

(2) Accounts Receivable

Accounts receivable at June 30 consists of the following:

	2007	[For Comparison Only] 2006
Telecommunication providers' receivables	\$6,208,573	\$6,777,167
Miscellaneous governmental entities	41,050	276,779
Total	<u>\$6,249,623</u>	<u>\$7,053,946</u>

Telecommunication providers' receivables represent reimbursements to be received by the Station for providing telecommunication lines for internet access to public schools throughout the State of Utah as provided for under the Telecommunications Act of 1996.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2007 and 2006

(3) Capital Assets

Capital assets at June 30, 2007 consists of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending balance</u>
Transmitter	\$ 232,924			\$ 232,924
Broadcast equipment	11,111,417	\$2,654,672	\$643,540	13,122,549
Building	8,775,527			8,775,527
Total	<u>20,119,868</u>	<u>2,654,672</u>	<u>643,540</u>	<u>22,131,000</u>
Less accumulated depreciation				
Transmitter	232,924			232,924
Broadcast equipment	8,708,695	1,304,475	642,263	9,370,907
Building	1,997,180	292,518		2,289,698
Total accumulated depreciation	<u>10,938,799</u>	<u>1,596,993</u>	<u>642,263</u>	<u>11,893,529</u>
Capital assets, net	<u>\$ 9,181,069</u>	<u>\$1,057,679</u>	<u>\$ 1,277</u>	<u>\$10,237,471</u>

(4) Investment in Joint Venture

The Station has an investment in DTV Utah, LC, a joint venture with seven other Wasatch front stations. The Station has a 13% interest in DTV Utah, LC at June 30, 2007. DTV Utah, LC was formed to design, construct, and operate a facility to transmit high-definition television signals of the participating members as mandated by the Federal Communications Commission. The facility was completed during fiscal year 2000. The Station's ongoing financial responsibility is to fund its share of operating and maintenance costs. The loss in the joint venture of \$128,628, which is included in other operating expenses in the Statement of Revenues, Expenses, and Changes in Net Assets, represents the Station's equity interest in the net loss of DTV Utah, LC for the year ended June 30, 2007. The net loss comprised mainly of depreciation and other operating expenses. Financial statements for the joint venture are the responsibility of and are available from KSL-TV, one of the joint venture participants.

(5) Long-Term Debt

The Station's notes payable and capital lease obligations from fiscal year 2006 had varying rates of interest ranging from 1.9% to 3.9%. The capital lease obligations were collateralized by leased equipment with a cost value at June 30, 2006 of \$170,881. The notes payable and capital lease obligations were paid off in the year ending June 30, 2007.

The Station's rent for fiscal year 2007 totaled \$16,076, for land on which the Station transmitter is located. The rental payments under the lease are approximately \$15,575 per year expiring in July 2012, with a renewal option for an additional 10 years.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2007 and 2006

(6) Commitments

The Station contracts for certain long-term internet-based services. Internet fees for such services totaled \$15,688,393 for fiscal year 2007 and are shown net of \$8,057,856 in federal telecommunications reimbursements as installation and transport on the Statement of Revenue, Expenses, and Changes in Net Assets. At June 30, 2007, future commitments under these service contracts consist of the following:

2008	\$15,623,406
2009	11,849,520
2010	11,003,467
2011	9,961,864
2012 – 2013	<u>16,983,178</u>
Total	<u>\$65,421,435</u>

All telecommunication contracts have a non-appropriation clause. The non-appropriation clauses express that if the Station is not appropriated funds or appropriated insufficient funds to pay the charges for the telecommunication services, the Station may terminate the agreement.

(7) Pension Plans and Retirement Benefits

As required by state law, eligible nonexempt employees (as defined by the U.S. Fair Labor Standards Act) of the Station are covered by the Utah State and School Contributory or Noncontributory Retirement Systems (Systems), and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA – CREF).

The Station contributes to the Systems that are multi-employer, cost-sharing, defined benefit pension plans. The Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the *Utah Code Annotated, 1953*, as amended. The Utah State Retirement Office Act provides for the administration of the Utah Retirement Systems Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems.

Plan members in the Utah State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salaries, all of which is paid by the Station, and the Station is required to contribute 9.73% of their annual salaries. In the Utah State and School Noncontributory Retirement System, the Station is required to contribute 14.22% (including 1.50% to a 401(k) salary deferral program) of plan members' annual salaries. The contribution requirements of the Systems are authorized by statute and specified by the Board, and the contribution rates are actuarially determined.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2007 and 2006

TIAA-CREF provides individual retirement fund contracts with each participating employee. Benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement. Contributions by the Station to the employees' contracts become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. For the year ended June 30, 2007, the Station's contribution to this defined contribution pension plan was 14.2% of the employees' annual salaries. The Station has no further liability once contributions are made.

For the years ended June 30, 2007, 2006, and 2005, the Station's contributions to the Systems and TIAA – CREF were equal to the required amounts as follows: \$853,991, \$757,718, and \$658,072, respectively.

(8) Risk Management

The Station participates in the University's insurance coverage program for commercial general liability, automobile, errors and omissions, and property (building and equipment) through policies administered by the Utah State Risk Management Fund. Employees of the Station and authorized volunteers are covered by workers' compensation and employees' liability through the Workers' Compensation Fund of Utah.

In addition, the Station participates in the University-maintained self-insurance funds for health care, dental, and auto/physical damage, as well as hospital and physicians' malpractice liability self-insurance funds, which are held in a trust with an independent financial institution in compliance with Medicare reimbursement regulations. The Station's participation in these programs is funded through indirect support provided by the University.





KUEN-TV
(A Public Telecommunications Department of the University of Utah)

Financial Statements

June 30, 2008

(With Independent Auditors' Report Thereon)

KUEN-TV
(A Public Telecommunications Department of the University of Utah)

Table of Contents

	Page(s)
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 7
Statement of Net Assets	8
Statement of Revenues, Expenses, and Changes in Net Assets	9
Statement of Cash Flows	10
Notes to Financial Statements	11 – 16





KPMG LLP
Suite 1500
15 West South Temple
Salt Lake City, UT 84101-9901

Independent Auditors' Report

KUEN-TV
The University of Utah Board of Trustees
and
Michael K. Young, President:

We have audited the accompanying statement of net assets of KUEN-TV (a public telecommunications department of the University of Utah) 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 KUEN-TV's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1(a) to the financial statements, the financial statements present the financial position of KUEN-TV, a public telecommunications department of the University of Utah, and do not purport to, and do not present the financial position of the University of Utah as of June 30, 2008, and the changes in its financial position or cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KUEN-TV as of June 30, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.



In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008, on our consideration of KUEN-TV's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

The Management's Discussion and Analysis presented on pages 3 through 7 is not a required part of the basic financial statements of KUEN-TV, but is supplementary 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 supplementary information. However, we did not audit this information and express no opinion on it.

KPMG LLP

December 19, 2008

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of KUEN-TV (the Station) as of and for the year ended June 30, 2008, with selected comparative information as of and for the year ended June 30, 2007. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto.

The Station is licensed to the Utah State Board of Regents, is not a member of the Public Broadcasting Service (PBS), and is the only public television station in Utah with a 24-hour weekly program schedule dedicated to education and lifelong learning. Advertising and promotional materials refer to the Station as UEN-TV. Although the Station is not a member of PBS, the Station qualifies for funding under the community service grant administered by the Corporation for Public Broadcasting (CPB). Working in cooperation with the Utah State Office of Education and Utah's System of Higher Education, the Station broadcasts college-credit telecourses, instructional programs for children and adults, and teacher professional development courses. The Station's viewing audiences include Kindergarten through 12th grade students and teachers, college students, adult students enrolled in public education programs, senior citizens, and the general public.

In conjunction with the Utah Education Network (UEN – a publicly funded consortium supporting educational technology needs for Utah's public and higher education institutions, public libraries, and state agencies), the Station provides internet access for all Utah public middle schools, high schools, and higher education institutions. The Station also operates a fully interactive distance learning network interconnecting public schools and higher education institutions statewide.

FINANCIAL HIGHLIGHTS

The Station's financial position remained favorable at June 30, 2008, with assets of \$25.9 million and total liabilities of \$2.1 million. Net assets, which represent the residual interest in the Station's assets after liabilities are deducted, increased by \$2.5 million to \$23.8 million at June 30, 2008.

Changes in net assets represent the total activity of the Station, which results from all revenues, expenses, gains, and losses, and are summarized for the years ended June 30, 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Total revenues	\$35,621,556	\$35,231,908
Total expenses	<u>33,148,996</u>	<u>31,808,309</u>
Increase in net assets	<u>\$ 2,472,560</u>	<u>\$ 3,423,599</u>

Fiscal year 2008 revenues increased 1.1% or \$0.4 million, while expenses increased 4.2% or \$1.3 million. As a result, the increase in net assets for fiscal 2008 was \$0.9 million lower than in fiscal 2007.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

USING THE FINANCIAL STATEMENTS

The Station's financial report is prepared on the accrual basis of accounting and conforms to principles of *Accounting and Financial Reporting for Public Telecommunication Entities*, published by the CPB, which conforms to U.S. generally accepted accounting principles and includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

STATEMENT OF NET ASSETS

The Statement of Net Assets presents the financial position of the Station at the end of the fiscal year and includes all assets and liabilities. The difference between total assets and total liabilities is net assets and is one indicator of the current financial condition of the Station, while the change in net assets is an indicator of whether the Station's overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values except for capital assets, which are stated at historical cost less an allowance for depreciation.

A summarized comparison of the Station's assets, liabilities, and net assets at June 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Current assets		
Current assets, unrestricted	\$15,624,110	\$12,497,964
Current assets, restricted	49,628	221,465
Noncurrent assets		
Investments in joint venture	713,518	758,673
Capital assets, net	<u>9,521,154</u>	<u>10,237,471</u>
Total assets	25,908,410	23,715,573
Current liabilities	<u>2,077,848</u>	<u>2,357,571</u>
Net assets	<u>\$23,830,562</u>	<u>\$21,358,002</u>

A review of the Station's Statements of Net Assets at June 30, 2008 and 2007 shows that the Station still maintains its favorable financial foundation. This financial position reflects the prudent utilization of its financial resources.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

Current assets consist of cash, receivables, and prepaid expenses. Total current assets increased \$2.9 million in fiscal year 2008. The increase in current assets is primarily due to the increase in cash of \$2.4 million, a decrease in accounts receivable of \$0.2 million, and an increase in prepaid expenses of \$0.7 million. The \$2.4 million increase in cash is caused by the timely submission for and collection of telecommunication reimbursements.

Noncurrent assets decreased \$0.8 million in fiscal year 2008. The decrease is primarily due to decreased capital asset purchases offset by normal depreciation and a decline in the joint venture investment.

Current liabilities consist of accounts payable and accrued personnel services. Total current liabilities decreased \$0.3 million in fiscal year 2008. The decrease was primarily due to a decrease in accounts payable related to the timing of invoice processing.

NET ASSETS

Net assets represent the residual interest of the Station's assets after liabilities are deducted. *Invested in capital assets, net of related debt* represents the Station's capital assets, net of accumulated depreciation. *Restricted expendable net assets* are subject to externally imposed restrictions governing their use. Although *unrestricted net assets* are not subject to externally imposed stipulations, most of the Station's unrestricted net assets have been designated for various programming, outreach, and broadcasting projects to be used during fiscal year 2009.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses, and Changes in Net Assets presents the results of the Station's operations. A summarized comparison of the Station's revenues, expenses, and changes in net assets for the years ended June 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 64,180	\$ 28,489
Operating expenses	33,148,996	31,808,309
Nonoperating revenues	<u>35,557,376</u>	<u>35,203,419</u>
Increase in net assets	2,472,560	3,423,599
Net assets – beginning of year	<u>21,358,002</u>	<u>17,934,403</u>
Net assets – end of year	<u>\$23,830,562</u>	<u>\$21,358,002</u>

In fiscal year 2008, operating expenses increased \$1.3 million. The increase in operating expenses was largely due to a \$1.7 million increase in the line item programming and production expenses, which is a direct result of an increase of in-kind contributions of educational courses aired through UEN-TV or UEN's Internet-based video conferencing system. There was a decrease of \$1.2 million in installation and transportation expenses, which resulted from the completion of the Internet-based video conferencing and the network infrastructure projects in the prior year. There also was an increase of \$0.5 million in broadcasting expenses resulting from onetime funds received to license and implement a course management system. Lastly, there was an increase of \$0.3 million in the line item management and general. The increase in expenses resulted in an increase of two full-time staff and an overall increase in general operational expense, which was needed to help support the growth within the station.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

The increase of in-kind contribution of educational courses is a reflection of the increase in classes for the high school or college students taken over UEN-TV or the interactive Internet-based video conferencing system. These classes are reviewed by the Station for quality, accreditation, delivery method, and scheduling. These systems make it possible for several thousand students throughout the state of Utah to attend high quality distance learning classes taught by teachers located elsewhere in high schools, colleges, and universities.

In fiscal year 2008, nonoperating revenue increased \$0.4 million. The increase in revenues is primarily the result of receiving an increase of \$1.8 million in indirect in-kind support from governmental entities, a decrease of \$1.0 million in State Appropriations, a decrease of \$0.1 million in other /other grant support, and a decrease of \$0.3 million from the Corporation for Public Broadcasting. The decrease in State Appropriations is due to the one-time money received in FY 2007, to be used for a one-time project.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the Station's financial activity, by reporting the major sources and uses of cash.

The Station's cash balance at year-end increased \$2.4 million from the previous year. The increase in cash is caused primarily by the timely submission for and collection of telecommunication reimbursements.

The Station's significant sources of cash provided from noncapital financing activities include state appropriations, federal grants, Corporation for Public Broadcasting grants, and private gifts.

CURRENT FACTORS HAVING PROBABLE FUTURE FINANCIAL SIGNIFICANCE

The Station has significant financial challenges in the next fiscal year and for the next decade. In the Telecommunications Act of 1996, the Federal Communications Commission (FCC) mandated that public television stations transition to digital (DTV) operations by May 2003 and retain analog operations at least until May 2006. In the fall of 2000, PBS projected the total cost of digital transition for all public TV and radio stations nationwide to be approximately \$1.8 billion. The Station has met this mandate and is broadcasting DTV services in the greater Salt Lake City, Utah metro area. The shut-off date for analog operations is still mandated to be February 17, 2009. The Station is taking steps to make certain the over-the-air viewers are informed of the analog shut-off date and have either a television equipped with a digital tuner or a digital-to-analog set-top box converter so they will still receive the Station's broadcast signal after February 17, 2009.

The Station needs to expand DTV services statewide to rural communities and schools. This will require a substantial amount of material and labor costs, as Utah has the most extensive rural broadcast translator system in the United States (about 10% of the total FCC-licensed rural translators). These analog translators need to be converted to digital. The Station received grants to assist with the conversion of the translators to digital.

The Station has three main objectives.

- The first is to expand DTV services statewide to rural communities and schools. The Station estimates an additional \$1.5 to \$2.5 million will be needed to complete the statewide digital transition over the next decade.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

- The second objective is to complete the upgrade/replacement of the EDNET distance learning system to an Internet-based video conferencing system. Geographically and economically diverse learners throughout the state will gain access to college and high school courses formerly inaccessible to them. This objective is going forward, but slower than anticipated due to the turbulent economy.
- The third objective is to complete the bandwidth upgrade at all public colleges, universities, and public schools. When completed, all entities shall have sufficient bandwidth to accommodate the increasing demand for online educational services in Utah's education system. The station has upgraded all colleges, universities, and secondary schools. Elementary schools are being upgraded as funding permits.

Anticipating decreases in budgets within the State of Utah, the Station plans to obtain grant funding from federal government programs, state and county governments, and local sources to assist with the conversion and expansion of the analog translator network to digital technology. The Station is also participating in a federal discount program for telecommunication costs incurred by Public schools (K-12). This discount program helps to offset the additional telecommunication expenses.

The Station will continue to be prudent in its long-term planning. While it is not possible to predict the ultimate results, management will be aggressive in meeting these economic uncertainties to maintain its favorable financial position.



KUEN-TV**(A Public Telecommunications Department of the University of Utah)****STATEMENT OF NET ASSETS**

As of June 30

	2008	[For Comparison Only] 2007
ASSETS		
Current assets		
Cash	\$ 8,533,648	\$ 6,106,681
Cash, restricted	49,628	101,465
Receivables (Note 2)	6,086,761	6,249,623
Prepaid expenses	1,003,701	141,660
Prepaid expenses, restricted		120,000
Total current assets	<u>15,673,738</u>	<u>12,719,429</u>
Noncurrent assets		
Investments in joint venture (Note 4)	713,518	758,673
Capital assets, net (Note 3)	9,521,154	10,237,471
Total noncurrent assets	<u>10,234,672</u>	<u>10,996,144</u>
Total assets	<u>25,908,410</u>	<u>23,715,573</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,005,647	1,416,149
Accrued personnel services	1,072,201	941,422
Total current liabilities	<u>2,077,848</u>	<u>2,357,571</u>
NET ASSETS		
Invested in capital assets	9,521,154	10,237,471
Restricted – expendable	49,628	221,465
Unrestricted	14,259,780	10,899,066
Total net assets	<u>\$23,830,562</u>	<u>\$21,358,002</u>

See accompanying notes to financial statements

KUEN-TV**(A Public Telecommunications Department of the University of Utah)****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

Years ended June 30

	2008	[For Comparison Only] 2007
OPERATING REVENUES		
Commercial	\$ 64,180	\$ 28,489
Total operating revenues	64,180	28,489
OPERATING EXPENSES		
Broadcasting	3,566,521	3,077,888
Education service and training	1,735,196	1,692,419
Installation and transport	14,451,845	15,624,671
Programming and production	11,322,284	9,646,012
Program information	420,329	423,582
Management and general	1,652,821	1,343,737
Total operating expenses	33,148,996	31,808,309
Operating loss	(33,084,816)	(31,779,820)
NONOPERATING REVENUES		
State of Utah appropriations	21,424,880	22,462,357
Direct support from University of Utah	8,437	21,170
Indirect in-kind support from governmental entities	8,823,767	7,008,725
Corporation for Public Broadcasting grants – CPB	2,451,784	2,775,015
Indirect support from University of Utah	2,321,718	2,368,539
Other grants	184,055	174,601
Support from KUED-TV	55,530	255,983
Other	66,374	18,347
Interest income	220,831	118,682
Total nonoperating revenue	35,557,376	35,203,419
Increase in net assets	2,472,560	3,423,599
NET ASSETS		
Net assets – beginning of year	21,358,002	17,934,403
Net assets – end of year	\$ 23,830,562	\$ 21,358,002

See accompanying notes to financial statements

KUEN-TV**(A Public Telecommunications Department of the University of Utah)****STATEMENT OF CASH FLOWS**

Years ended June 30

	2008	[For Comparison Only] 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sales and services	\$ 64,180	\$ 28,489
Cash payment for salaries, wages, and benefits	(8,964,843)	(8,220,324)
Cash payments for other operating expenses	(11,940,147)	(11,714,641)
Net cash used by operating activities	<u>(20,840,810)</u>	<u>(19,906,476)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from State of Utah appropriations	21,424,880	22,462,357
Cash received from Corporation for Public Broadcasting	2,451,784	2,775,015
Cash received from other grants	157,353	174,601
Cash received from KUED-TV	55,530	55,530
Cash received from other income	46,600	116,660
Cash received from University of Utah	8,437	21,170
Net cash provided by noncapital financing activities	<u>24,144,584</u>	<u>25,605,333</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on capital leases and notes payable		(5,863)
Cash proceeds from sale of capital assets	25,645	
Purchases of capital assets	(1,087,520)	(2,454,219)
Net cash used by capital financing activities	<u>(1,061,875)</u>	<u>(2,460,082)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in joint venture	(87,600)	(92,150)
Cash received from interest income	220,831	118,682
Net cash provided by investing activities	<u>133,231</u>	<u>26,532</u>
Net increase in cash	2,375,130	3,265,307
Cash, beginning of year	6,208,146	2,942,839
Cash, end of year	<u>\$ 8,583,276</u>	<u>\$ 6,208,146</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$(33,084,816)	\$(31,779,820)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	1,578,249	1,596,993
Loss on sale of equipment		1,277
Loss in joint venture	132,755	128,628
In-kind donations	8,850	9,250
Indirect support from University of Utah	2,321,718	2,368,539
Indirect in-kind support from governmental entities	8,823,767	7,008,725
Change in assets and liabilities		
Prepaid expenses	(742,041)	(119,139)
Receivables related to operating revenue	178,581	696,760
Accounts payable and accrued personnel services	(57,873)	182,311
Net cash used by operating activities	<u>\$(20,840,810)</u>	<u>\$(19,906,476)</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated equipment		200,453

See accompanying notes to financial statements

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

(1) Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting and conform to principles of *Accounting and Financial Reporting for Public Telecommunications Entities*, published by the Corporation for Public Broadcasting (CPB), which conform to U.S. generally accepted accounting principles.

(a) Organization

KUEN-TV (the Station) is operated by the University of Utah (the University), Salt Lake City, Utah. There are common management and facilities between the Station and an affiliated television station, KUED-TV, and an affiliated radio station, KUER-FM Radio. Certain Station personnel share their time among the Station, KUED-TV, and KUER-FM Radio.

All Governmental Accounting Standards Board (GASB) pronouncements and all applicable Financial Accounting Standards Board (FASB) pronouncements are applied by the Station in the accounting and reporting of its operations. However, in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Station has elected not to apply FASB pronouncements issued after November 30, 1989.

(b) Basis of Accounting

All statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Operating activities include all revenues and expenses, derived on an exchange basis, used to support the service efforts of the Station. Additionally, donations in-kind that are deemed to support the service efforts of the Station, as defined by its mission, goals, and objectives, are recorded as operating expenses. Such donations in-kind are also reflected as a part of nonoperating revenues as they are considered nonexchange transactions as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The accounting for nonoperating revenues of the Station recorded in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets is as follows:

- **State of Utah appropriations** – State of Utah appropriations represent direct support from the State of Utah as appropriated by the Utah State Legislature. These funds support Station personnel, programming and production, broadcasting, program information, installation and transport, and educational service and training. These revenues are recognized upon being legally effective which is the first day of the State of Utah's fiscal year, July 1.
- **Indirect in-kind support from governmental entities** – Indirect in-kind support from governmental entities represents services provided by governmental entities, including instructional TV programming and certain transmitter expenses. This support is recognized throughout the year as costs are incurred and expended by other governmental entities.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

- **Corporation for Public Broadcasting** – Corporation for Public Broadcasting represents funds received from the CPB to support the operations of the Station, including personnel, programming and production, broadcasting, program information, educational services and training, and purchase of capital assets. These revenues are recognized at the time the Station has met the eligibility requirements as defined by the grant.
- **Indirect support from University of Utah** – Indirect support from the University represents costs associated with certain administrative services provided by the University. These amounts are recorded as revenue and expense at estimated fair value at the time such costs are incurred. Administrative support consists of allocated costs of financial and accounting services, development services, and certain other expenses incurred by the University on behalf of the Station.
- **Federal grants** – Federal grants represent funds received from federal agencies to assist in the purchase of capital assets and support programming and operating activities. These revenues are recognized in other grants at the time the Station has met the eligibility requirements as defined by the grant.
- **Nongovernmental grants** – Nongovernmental grants represent funds received from agencies to assist in content, training, and operating activities. These revenues are recognized in other grants at the time the Station has met the eligibility requirements as defined by the grant.

(c) **Capital Assets**

Capital assets are recorded at cost or, in the case of donated equipment, at estimated fair value at the date of donation. Depreciation is computed using the straight-line method using the following estimated useful lives:

Building	30 years
Transmitter	15 years
Broadcast equipment	5 to 10 years

Expenditures for repairs and maintenance are charged to expense as incurred.



KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

The Station presents its share of depreciation on the building based on a 30 year useful life for the purposes of these financial statements. In applying for various federal funding opportunities, the Station utilizes the University's negotiated facilities and administrative rate which includes depreciation determined per the University's stated policy. University policy, as described in the University's Financial Report and Cost Accounting Standards Disclosure Statement (DS-2), provides a 40 year useful life on buildings and additions. Depreciation, as reflected in these statements, is not included in requests for federal funding. If the Station were to use a 40 year useful life, consistent with the University's Financial Report, depreciation expense would be approximately \$52,710 lower than is shown in the Statement of Revenues, Expenses, and Changes in Net Assets.

(d) Income Taxes

The University, as a political subdivision of the State of Utah, has a dual status for federal income tax purposes. The University is both an Internal Revenue Code (IRC) Section 115 organization and an IRC Section 501(c)(3) charitable organization. This status exempts the University from paying federal income tax on revenue generated by activities that are directly related to the University's mission. This exemption does not apply to unrelated business activities. On these activities, the University is required to report and pay federal and state income tax. The Station, as a separate department of the University, shares in these same tax exemptions.

(e) Use of Estimates

Management of the Station has made estimates and assumptions relating to the reporting of assets, liabilities, revenues, and expenses to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(f) Restricted Resources

When the Station has both restricted and unrestricted resources available to finance a particular program, it is the Station's policy to use restricted resources before unrestricted resources.

(2) Accounts Receivable

Accounts receivable at June 30 consist of the following:

	2008	[For Comparison Only] 2007
Telecommunication providers' receivables	\$5,869,121	\$6,208,573
Miscellaneous governmental entities	217,640	41,050
Total	<u>\$6,086,761</u>	<u>\$6,249,623</u>

Telecommunication providers' receivables represent reimbursements to be received by the Station for providing telecommunication lines for internet access to public schools throughout the State of Utah as provided for under the Telecommunications Act of 1996.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

(3) Capital Assets

Capital assets at June 30, 2008 consist of the following:

	Beginning balance	Additions	Retirements	Ending balance
Transmitter	\$ 232,924			\$ 232,924
Broadcast equipment	13,122,549	\$1,087,520	\$1,123,924	13,086,145
Building	8,820,887			8,820,887
Total	22,176,360	1,087,520	1,123,924	22,139,956
Less accumulated depreciation				
Transmitter	232,924			232,924
Broadcast equipment	9,370,907	1,285,731	898,336	9,758,302
Building	2,335,058	292,518		2,627,576
Total accumulated depreciation	11,938,889	1,578,249	898,336	12,618,802
Capital assets, net	\$10,237,471	\$ (490,729)	\$ 225,588	\$9,521,154

(4) Investment in Joint Venture

The Station has an investment in DTV Utah, LC, a joint venture with seven other Wasatch front stations. The Station has a 13% interest in DTV Utah, LC at June 30, 2008. DTV Utah, LC was formed to design, construct, and operate a facility to transmit high-definition television signals of the participating members as mandated by the Federal Communications Commission. The facility was completed during fiscal year 2000. The Station's ongoing financial responsibility is to fund its share of operating and maintenance costs. The loss in the joint venture of \$128,628, which is included in broadcasting expenses in the Statement of Revenues, Expenses, and Changes in Net Assets, represents the Station's equity interest in the net loss of DTV Utah, LC for the year ended June 30, 2008. The net loss comprised mainly of depreciation and other operating expenses. Financial statements for the joint venture are the responsibility of and are available from KSL-TV, one of the joint venture participants.

(5) Commitments

The Station contracts for certain long-term Internet-based services. Internet fees for such services totaled \$15,623,406 for fiscal year 2008 and are shown net of \$8,506,180 in federal telecommunications reimbursements as installation and transport on the Statement of Revenue, Expenses, and Changes in Net Assets. At June 30, 2008, future commitments under these service contracts consist of the following:

2009	\$24,545,351
2010	16,885,897
2011	15,844,294
2012	14,229,521
2013 – 2017	27,837,773
Total	\$99,342,836

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

All telecommunication contracts have a nonappropriation clause. The nonappropriation clauses express that if the Station is not appropriated funds or appropriated insufficient funds to pay the charges for the telecommunication services, the Station may terminate the agreement.

The Station's rent for fiscal year 2008 totaled \$16,076, for land on which the Station transmitter is located. The rental payments under the lease are approximately \$16,676 per year expiring in July 2012, with a renewal option for an additional 10 years.

(6) Pension Plans and Retirement Benefits

As required by state law, eligible nonexempt employees (as defined by the U.S. Fair Labor Standards Act) of the Station are covered by the Utah State and School Contributory or Noncontributory Retirement Systems (Systems), and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF), Fidelity Investments (Fidelity), or Vanguard Group, Inc. (Vanguard).

The Station contributes to the Systems that are multi-employer, cost-sharing, defined benefit pension plans. The Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the *Utah Code Annotated, 1953*, as amended. The Utah State Retirement Office Act provides for the administration of the Utah Retirement Systems Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems.

Plan members in the Utah State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salaries, all of which is paid by the Station, and the Station is required to contribute 9.73% of their annual salaries. In the Utah State and School Noncontributory Retirement System, the Station is required to contribute 14.22% (including 1.50% to a 401(k) salary deferral program) of plan members' annual salaries. The contribution requirements of the Systems are authorized by statute and specified by the Board, and the contribution rates are actuarially determined.

TIAA-CREF, Fidelity, and Vanguard provide individual retirement fund contracts with each participating employee. Employees may allocate contributions by the Station to any or all of the providers and the contributions to the employee's contracts(s) become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. Benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement. For the year ended June 30, 2008, the Station's contribution to this defined contribution pension plan was 14.20% of the employees' annual salaries. The Station has no further liability once contributions are made.

For the years ended June 30, 2008, 2007, and 2006, the Station's contributions to the Systems and TIAA-CREF, Fidelity, and Vanguard were equal to the required amounts as follows: \$1,004,187, \$853,991, and \$757,718, respectively.

KUEN-TV

(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

(7) Risk Management

The Station participates in the University's insurance coverage program for commercial general liability, automobile, errors and omissions, and property (building and equipment) through policies administered by the Utah State Risk Management Fund. Employees of the Station and authorized volunteers are covered by workers' compensation and employees' liability through the Workers' Compensation Fund of Utah.

In addition, the Station participates in the University-maintained self-insurance funds for health care, dental, and auto/physical damage, as well as hospital and physicians' malpractice liability self-insurance funds, which are held in a trust with an independent financial institution in compliance with Medicare reimbursement regulations. The Station's participation in these programs is funded through indirect support provided by the University.



ATTACHMENT C – COMPETITOR TABLE – MIDDLE MILE

Existing Middle Mile Broadband Service Providers and Services Offered: Please complete a table describing the competing middle mile providers’ broadband service offerings being advertised in the last mile service areas associated with the proposed middle mile project. **For BIP**, please provide this information for each census designated community within each last mile service area. For each competitor, explain the following: a) technology; b) service tiers; c) point-to-point of the competitor’s service offering; d) speed; and e) pricing. Include any other comments to explain your findings if necessary.

Utah Education Network (UEN) Elementary, Charter, Library and Head Start Programs								
Service Area	Middle Mile Services Provider	Technology Platform	Service Tier	Point-to-Point	Minimum Peak Load Network Bandwidth Capacity	Pricing	Other Comments	
All Elementary, Library, and Charter Schools Locations Head Start Programs: Centro De Familia Migrant Salt Lake CAP Ogden-Weber Community Partnership	Qwest (All locations in this application except for Fort Duchesne, Wellington, Delta, Filmore Monticello, & Blanding)		Entry Level Plan					
		Twisted Copper	Highest Speed Plan	T-1	1.5MB	\$100-\$400 per month depending on mileage	This is the existing WAN level of service at each of the elementary, library, and charter school locations. Some locations actually have less service currently than a T-1 line.	
			Other Plans (e.g., Mid-Tier Plan)					
	Comcast (Box Elder District, Ogden District, Tooele District, Provo, Salt Lake Area, Jordan District)	Coaxial Cable	Entry Level Plan			2MB		Note: Comcast Cable is the other major provider in many of the serving areas in our proposal; however their infrastructure is not terminated in the local school, charter school, or library locations. Their pricing per MB in the past few year of UEN’s RFPs for broadband Ethernet for schools and libraries has been very costly both on a one-time and recurring basis for broadband service. They have not been successful in winning contracts with UEN against their competitors in large procurements.
			Highest Speed Plan					
			Other Plans (e.g., Mid-Tier Plan)					

Ute Indian Tribe Head Start Program	Strata Networks (UBTA-UBET)	DSL	Entry Level Plan		256KB	\$200 per month	Service to the Ute Indian Tribe Reservation: No other middle mile providers
			Highest Speed Plan		256KB	\$200 per month	
			Other Plans (e.g., Mid-Tier Plan)				
	None		Entry Level Plan				
			Highest Speed Plan				
			Other Plans (e.g., Mid-Tier Plan)				

Rural Utah Child Development Head Start (Wellington)	Emery Telephone	DSL	Entry Level Plan		256KB	\$200 per month	Service to the Head Start in Wellington, Utah. No other middle mile providers
			Highest Speed Plan		256KB	\$200 per month	
			Other Plans (e.g., Mid- Tier Plan)				
	None		Entry Level Plan				
			Highest Speed Plan				
			Other Plans (e.g., Mid- Tier Plan)				

Blanding, Filmore, Delta, and Monticello Public Libraries	Frontier Communications	DSL	Entry Level Plan		2MBs	\$100 per month	Frontier is the only wireline middle mile provider in Monticello, Blanding, Delta and Fillmore.
			Highest Speed Plan		2MBs	\$100 per month	
			Other Plans (e.g., Mid-Tier Plan)				
	None		Entry Level Plan				
			Highest Speed Plan				
			Other Plans (e.g., Mid-Tier Plan)				

Statement of Cash Flows

	Historical						
	2008	2009	2010	2011	2012	2013	2014
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
Beginning Cash	\$ 6,208,146	\$ 8,583,276	\$ 10,351,289	\$ 8,751,822	\$ 5,773,114	\$ 3,415,606	\$ 2,823,475
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net Income	2,472,560	1,616,805	(1,403,327)	(2,795,025)	(2,173,825)	(408,448)	(408,448)
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>							
Add: Depreciation	1,578,249	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Add: Amortization	-	-	-	-	-	-	-
<i>Changes in Current Assets and Liabilities:</i>							
Marketable Securities	-	-	-	-	-	-	-
Accounts Receivable	162,862	1,037,929	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Prepayments	(742,041)	(1,299)	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-	-
Accounts Payable	(410,502)	(44,375)	-	-	-	-	-
Other Current Liabilities	130,779	(652,201)	-	-	-	-	-
Net Cash Provided (Used) by Operations	\$ 719,347	\$ 1,840,054	\$ 1,500,000				
CASH FLOWS FROM FINANCING ACTIVITIES:							
Notes Receivable	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-
Principal Payments	-	-	-	-	-	-	-
New Borrowing	-	-	-	-	-	-	-
Additional Paid-in Capital	-	-	-	-	-	-	-
Additions to Patronage Capital Credits	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-
Net Cash Provided by Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES:							
Capital Expenditures	(816,777)	(1,688,846)	(1,696,140)	(1,683,683)	(1,683,683)	(1,683,683)	(1,683,683)
Amortizable Asset (Net of Amortization)	-	-	-	-	-	-	-
Long-Term Investments	-	-	-	-	-	-	-
Net Cash Used by Investing Activities	\$ (816,777)	\$ (1,688,846)	\$ (1,696,140)	\$ (1,683,683)	\$ (1,683,683)	\$ (1,683,683)	\$ (1,683,683)
Net Increase (Decrease) in Cash	\$ 2,375,130	\$ 1,768,013	\$ (1,599,467)	\$ (2,978,708)	\$ (2,357,508)	\$ (592,131)	\$ (592,131)
Ending Cash	\$ 8,583,276	\$ 10,351,289	\$ 8,751,822	\$ 5,773,114	\$ 3,415,606	\$ 2,823,475	\$ 2,231,344

Balance Sheet

Assets	Historical						
	2008	2009	2010	2011	2012	2013	2013
<i>Current Assets</i>	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 13
Cash	\$ 8,583,276	\$ 10,351,289	\$ 8,751,822	\$ 5,773,114	\$ 3,415,606	\$ 2,823,475	\$ 2,231,344
Marketable Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	\$ 6,086,761	\$ 5,048,832	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Notes Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepayments	\$ 1,003,701	\$ 1,005,000	\$ 1,005,000	\$ 1,005,000	\$ 1,005,000	\$ 1,005,000	\$ 1,005,000
Other Current Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Assets	\$ 15,673,738	\$ 16,405,121	\$ 14,756,822	\$ 11,778,114	\$ 9,420,606	\$ 8,828,475	\$ 8,236,344
<i>Non-Current Assets</i>							
Long-Term Investments	\$ 713,518	\$ 713,518	\$ 713,518	\$ 713,518	\$ 713,518	\$ 713,518	\$ 713,518
Amortizable Asset (Net of Amortization)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 9,521,154	\$ 9,710,000	\$ 9,893,700	\$ 10,077,383	\$ 10,261,066	\$ 10,444,749	\$ 10,628,432
Total Non-Current Assets	\$ 10,234,672	\$ 10,423,518	\$ 10,607,218	\$ 10,790,901	\$ 10,974,584	\$ 11,158,267	\$ 11,341,950
Total Assets	\$ 25,908,410	\$ 26,828,639	\$ 25,364,040	\$ 22,569,015	\$ 20,395,190	\$ 19,986,742	\$ 19,578,294
Liabilities and Owners' Equity							
Liabilities							
<i>Current Liabilities</i>							
Accounts Payable	\$ 1,005,647	\$ 961,272	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Portion - Total RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Portion - Other Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Liabilities	\$ 1,072,201	\$ 420,000	\$ 420,000	\$ 420,000	\$ 420,000	\$ 420,000	\$ 420,000
Total Current Liabilities	\$ 2,077,848	\$ 1,381,272	\$ 1,320,000				
<i>Long-Term Liabilities</i>							
Existing RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proposed RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing non-RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-Term Liabilities	\$ -						
Total Liabilities	\$ 2,077,848	\$ 1,381,272	\$ 1,320,000				
Owner's Equity							
Capital Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Paid-In Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Patronage Capital Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retained Earnings	\$ 23,830,562	\$ 25,447,367	\$ 24,044,040	\$ 21,249,015	\$ 19,075,190	\$ 18,666,742	\$ 18,258,294
Total Equity	\$ 23,830,562	\$ 25,447,367	\$ 24,044,040	\$ 21,249,015	\$ 19,075,190	\$ 18,666,742	\$ 18,258,294
Total Liabilities and Owner's Equity	\$ 25,908,410	\$ 26,828,639	\$ 25,364,040	\$ 22,569,015	\$ 20,395,190	\$ 19,986,742	\$ 19,578,294

Income Statement

	Historical		Forecast Period				
	2008	2009	2010	2011	2012	2013	2014
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
Revenues							
Network Services Revenues:							
Local Voice Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Broadband Data	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Video Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Network Access Service Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Universal Service Fund	\$ 8,506,180	\$ 8,569,620	\$ 10,817,475	\$ 10,817,475	\$ 10,817,475	\$ 9,877,952	\$ 9,877,952
Toll Service/Long Distance Voice	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installation Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Operating Revenues	\$ 64,180	\$ 56,326	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Other Revenues	\$ 35,557,376	\$ 35,690,061	\$ 39,627,800	\$ 37,694,400	\$ 35,209,600	\$ 34,390,000	\$ 34,390,000
Uncollectible Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 44,127,736	\$ 44,316,007	\$ 50,495,275	\$ 48,561,875	\$ 46,077,075	\$ 44,317,952	\$ 44,317,952
Expenses							
Backhaul	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Network Maintenance/Monitoring	\$ 9,594,021	\$ 9,522,995	\$ 9,918,500	\$ 9,918,500	\$ 9,918,500	\$ 9,500,000	\$ 9,500,000
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Leasing	\$ 11,785,755	\$ 13,078,126	\$ 21,238,400	\$ 21,238,400	\$ 18,132,400	\$ 15,026,400	\$ 15,026,400
Sales/Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Billing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate G&A	\$ 1,652,821	\$ 1,694,142	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000
Other Operating Expense	\$ 17,044,330	\$ 16,903,939	\$ 17,541,702	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000
Total	\$ 40,076,927	\$ 41,199,202	\$ 50,398,602	\$ 49,856,900	\$ 46,750,900	\$ 43,226,400	\$ 43,226,400
EBITDA	\$ 4,050,809	\$ 3,116,805	\$ 96,673	\$ (1,295,025)	\$ (673,825)	\$ 1,091,552	\$ 1,091,552
Depreciation	\$ 1,578,249	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings Before Interest and Taxes	\$ 2,472,560	\$ 1,616,805	\$ (1,403,327)	\$ (2,795,025)	\$ (2,173,825)	\$ (408,448)	\$ (408,448)
Interest Expense - New RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense - Existing RUS Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Before Taxes	\$ 2,472,560	\$ 1,616,805	\$ (1,403,327)	\$ (2,795,025)	\$ (2,173,825)	\$ (408,448)	\$ (408,448)
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 2,472,560	\$ 1,616,805	\$ (1,403,327)	\$ (2,795,025)	\$ (2,173,825)	\$ (408,448)	\$ (408,448)

Disclosure of Lobbying Activities

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure)

<p>1. Type of Federal Action: <u>B</u> a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance</p>	<p>2. Status of Federal Action: <u>B</u> a. bid/offer/application b. initial award c. post-award</p>	<p>3. Report Type: <u>A</u> a. initial filing b. material change For material change only: Year _____ quarter _____ Date of last report _____</p>
<p>4. Name and Address of Reporting Entity: _____ Prime _____ Subawardee Tier _____, if Known: UNIVERSITY OF UTAH 1471 FEDERAL WAY SALT LAKE CITY, UT 84102 Congressional District, if known: 2ND</p>		<p>5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime: Congressional District, if known: 2ND</p>
<p>6. Federal Department/Agency: N/A</p>	<p>7. Federal Program Name/Description: N/A CFDA Number, if applicable: _____</p>	
<p>8. Federal Action Number, if known:</p>	<p>9. Award Amount, if known: \$ 13, 061, 000</p>	
<p>10. a. Name and Address of Lobbying Registrant (if individual, last name, first name, MI): N/A</p>	<p>b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI): N/A</p>	
<p>11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.</p>	<p>Signature: <u>Brent K. Brown</u> Print Name: _____ BRENT K. BROWN, ESQ. Title: _____ DIRECTOR OFFICE OF SPONSORED PROJECTS Telephone No.: <u>801-251-3003</u> Date: <u>AUG 12 2009</u></p>	
<p>Federal Use Only</p>	<p>Authorized for Local Reproduction Standard Form - LLL (Rev. 7-97)</p>	

UEN NTIA BTOP
Schools, Charters, and Libraries
Logan, Utah Area

Legend:

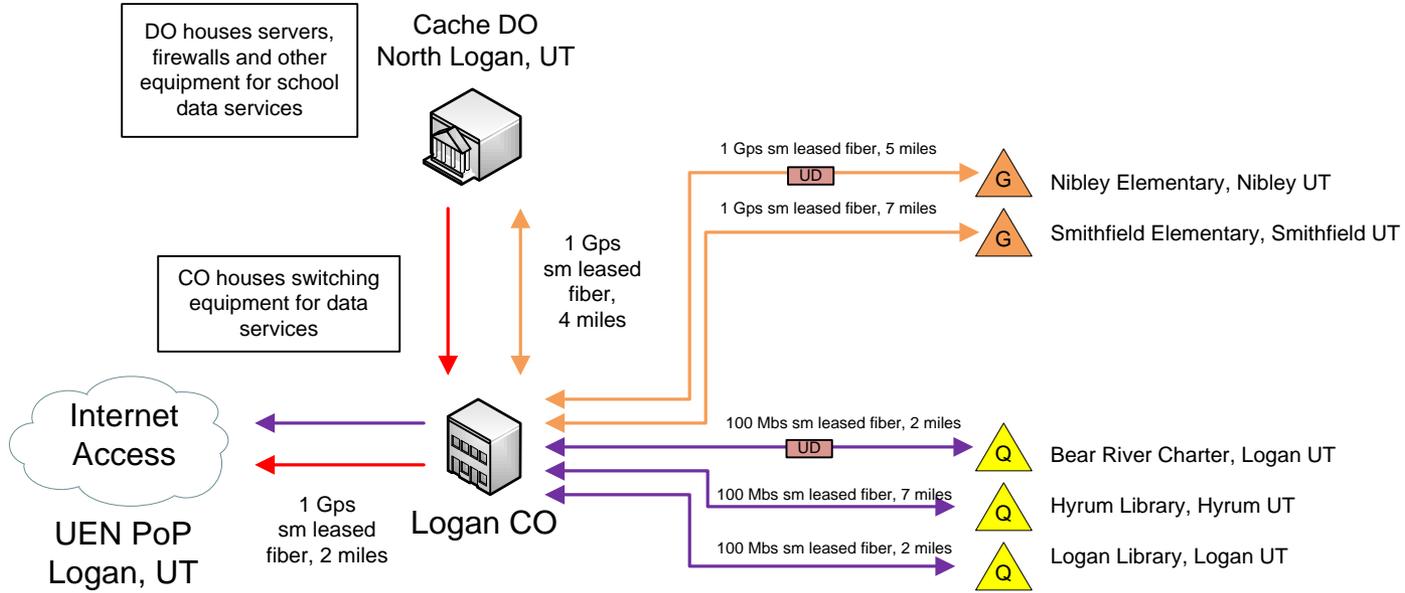
CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbs
GigE- Gigabit Ethernet, 1000 Mbs
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

 GigE Site
 QMoE Site

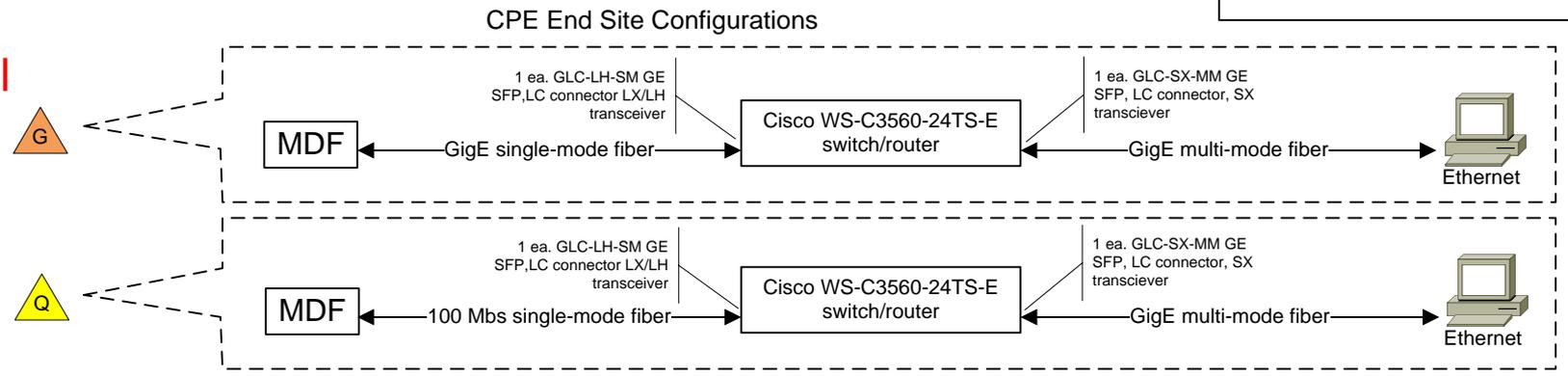
 New GigE Fiber
 New QMoE Fiber
 Existing GigE Fiber

Interconnection Points
 Unserved
 Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP



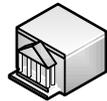
This network diagram is for example only- For full network documentation please see attached supplemental materials.



DO houses servers, firewalls and other equipment for school data services

Box Elder DO
Brigham City, UT

WS-C6503-E Chassis w/
WS-SUP32-GE-3B, WS-
C6503-E-FAN, 2 ea.
PWR-950-AC, WS-X6724-
SFP interface module w/
10 GLC-SX-MM
transceivers



10 pair 1 Gps
sm leased
fiber,
2 miles

CO houses switching
equipment for data
services

Brigham City CO



This network diagram is for example only- For full network documentation please see attached supplemental materials.

1 Gps
sm leased
fiber,
3 miles

Ogden CO

1 Gps
sm leased
fiber,
25 miles

- 100 Mbs sm leased fiber, 2 miles
- 1 Gps sm leased fiber, 8 miles
- 1 Gps sm leased fiber, 3 miles
- 1 Gps sm leased fiber, 2 miles
- 1 Gps sm leased fiber, 2 miles
- 1 Gps sm leased fiber, 7 miles



Brigham City Library, Brigham City UT



Bunderson Elementary, Brigham City UT



Discovery Elementary, Brigham City UT



Foothill Elementary, Brigham City UT



Lake View Elementary, Brigham City UT



Willard Elementary, Willard UT



Three Mile Creek Elementary, Perry UT



District Transportation Bldg, Brigham City UT



Mountain View Elementary, Brigham City UT



Corrine Early Learning Center, Corrine UT

UEN NTIA BTOP
Schools, Charters, and Libraries
Brigham City, Utah Area

Legend:

CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbs
GigE- Gigabit Ethernet, 1000 Mbs
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

GigE Site

QMoE Site

New GigE Fiber

New QMoE Fiber

Existing GigE Fiber

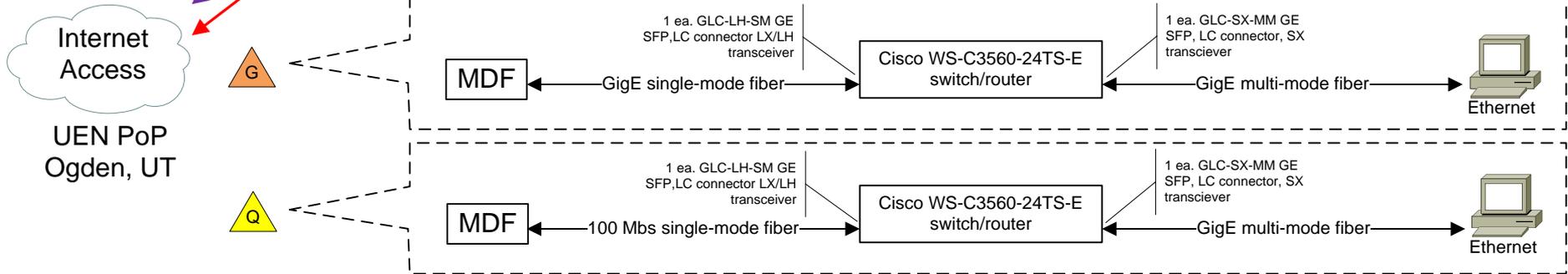
Interconnection Points

US Unserved

UD Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP

CPE End Site Configurations

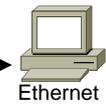


Internet
Access

UEN PoP
Ogden, UT

MDF

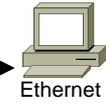
Cisco WS-C3560-24TS-E
switch/router



Ethernet

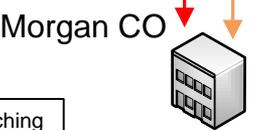
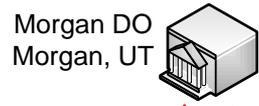
MDF

Cisco WS-C3560-24TS-E
switch/router

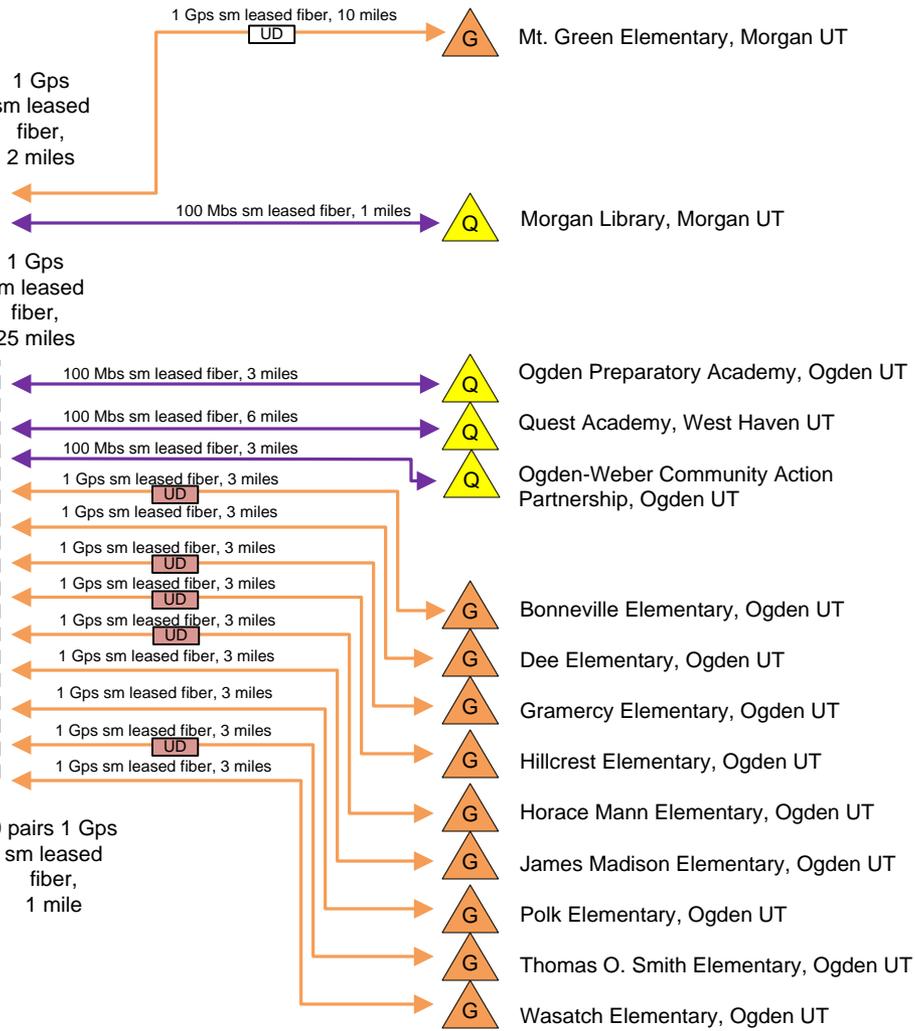
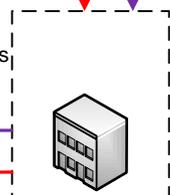


Ethernet

DO houses servers, firewalls and other equipment for school data services



CO houses switching equipment for data services



UEN NTIA BTOP
Schools, Charters, and Libraries
Ogden, Utah Area

Legend:

CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbs
GigE- Gigabit Ethernet, 1000 Mbs
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

GigE Site

QMoE Site

New GigE Fiber

New QMoE Fiber

Existing GigE Fiber

Interconnection Points

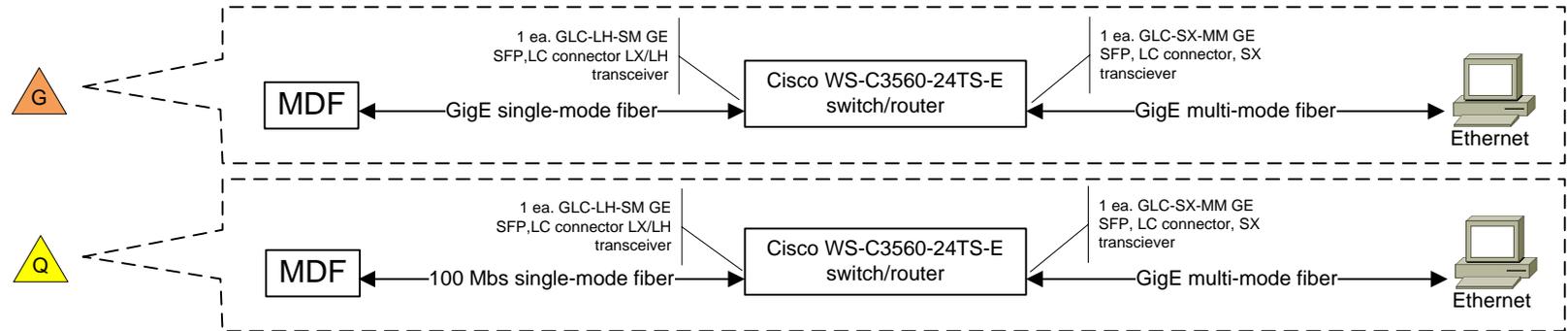
Unserved

Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP

This network diagram is for example only- For full network documentation please see attached supplemental materials.

CPE End Site Configurations



UEN NTIA BTOP
Schools, Charters, and Libraries
Logan, Utah Area

Legend:

CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbs
GigE- Gigabit Ethernet, 1000 Mbs
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

 GigE Site

 QMoE Site

 New GigE Fiber

 New QMoE Fiber

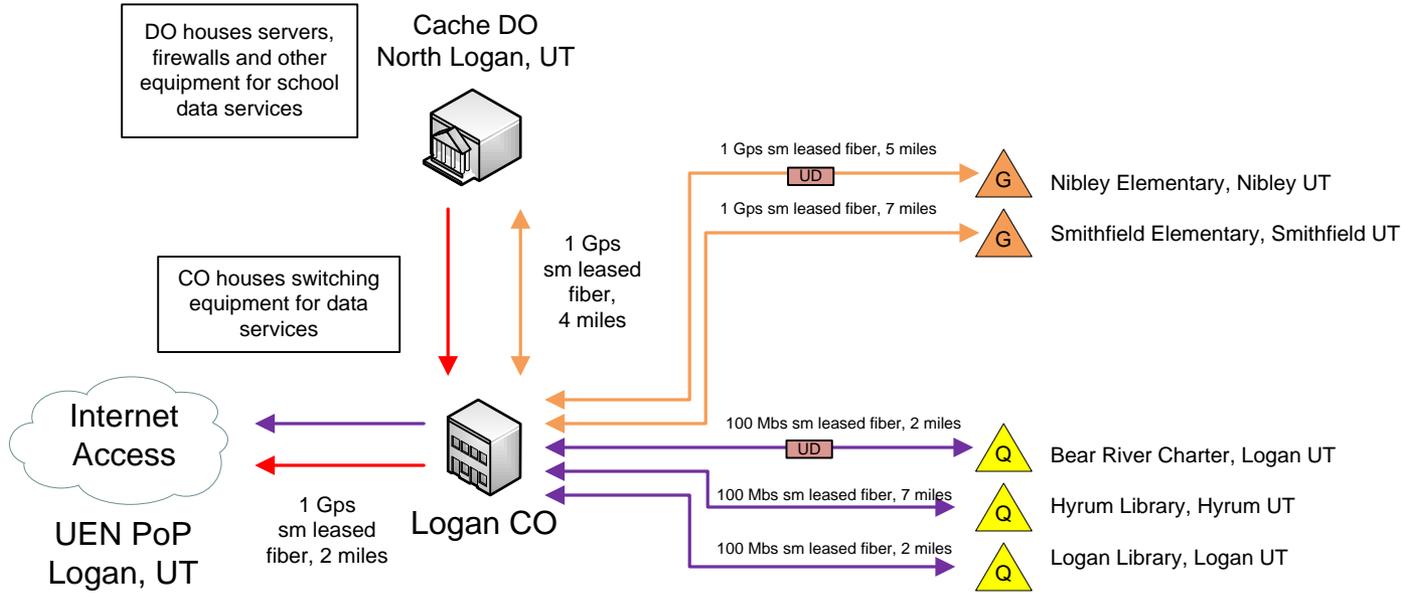
 Existing GigE Fiber

Interconnection Points

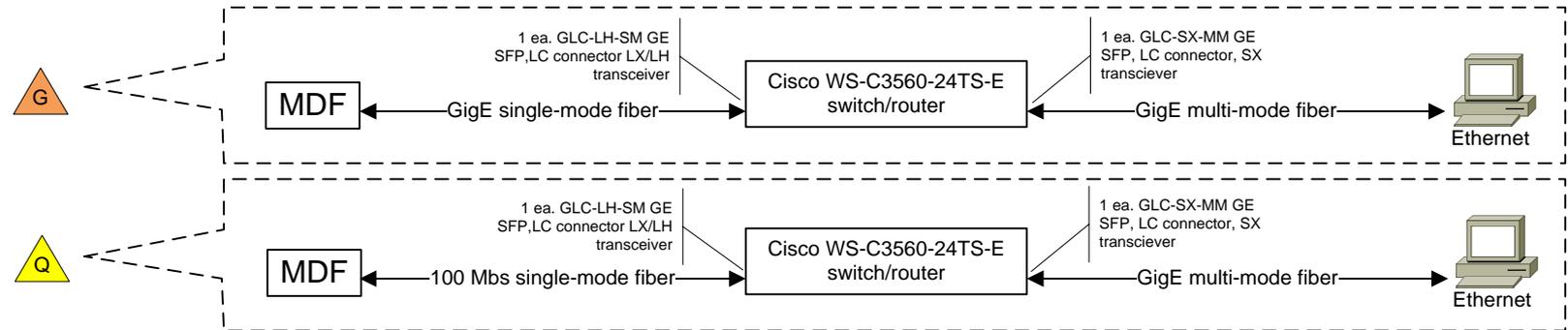
 Unserved

 Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP



CPE End Site Configurations



DO houses servers, firewalls and other equipment for school data services

Box Elder DO
Brigham City, UT

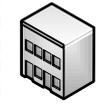
WS-C6503-E Chassis w/
WS-SUP32-GE-3B, WS-
C6503-E-FAN, 2 ea.
PWR-950-AC, WS-X6724-
SFP interface module w/
10 GLC-SX-MM
transceivers



10 pair 1 Gps
sm leased
fiber,
2 miles

CO houses switching
equipment for data
services

Brigham City CO



Internet
Access

Ogden CO

1 Gps
sm leased
fiber,
3 miles

1 Gps
sm leased
fiber,
25 miles

- 100 Mbs sm leased fiber, 2 miles
- 1 Gps sm leased fiber, 8 miles
- 1 Gps sm leased fiber, 3 miles
- 1 Gps sm leased fiber, 2 miles
- 1 Gps sm leased fiber, 2 miles
- 1 Gps sm leased fiber, 7 miles



Brigham City Library, Brigham City UT



Bunderson Elementary, Brigham City UT



Discovery Elementary, Brigham City UT



Foothill Elementary, Brigham City UT



Lake View Elementary, Brigham City UT



Willard Elementary, Willard UT



Three Mile Creek Elementary, Perry UT



District Transportation Bldg, Brigham City UT



Mountain View Elementary, Brigham City UT



Corrine Early Learning Center, Corrine UT

UEN NTIA BTOP
Schools, Charters, and Libraries
Brigham City, Utah Area

Legend:

CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbs
GigE- Gigabit Ethernet, 1000 Mbs
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

GigE Site

QMoE Site

New GigE Fiber

New QMoE Fiber

Existing GigE Fiber

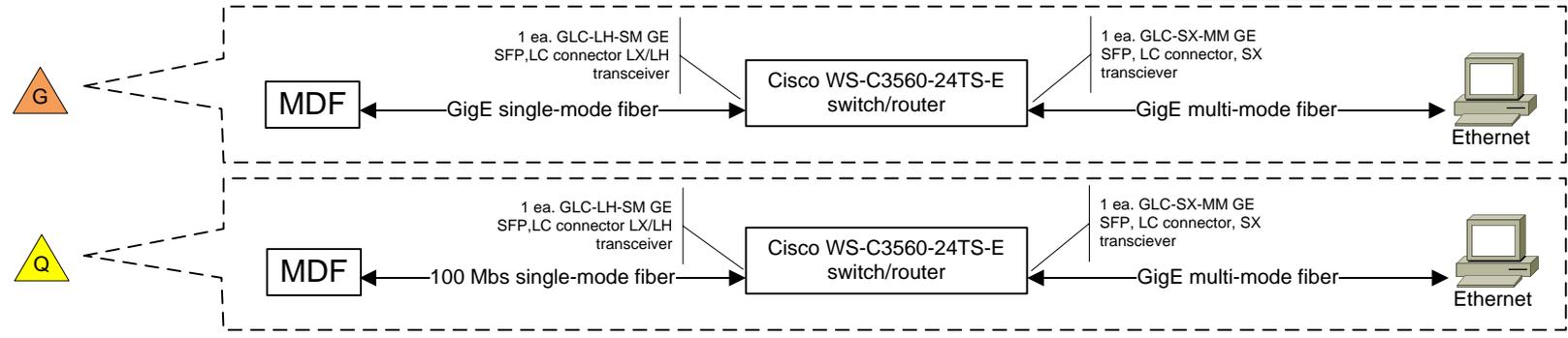
Interconnection Points

Unserved

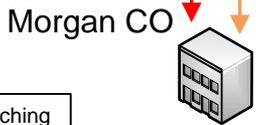
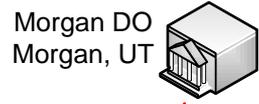
Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP

CPE End Site Configurations



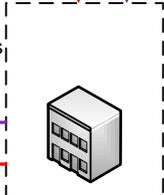
DO houses servers, firewalls and other equipment for school data services



CO houses switching equipment for data services



UEN PoP
Ogden, UT



1 Gps sm leased fiber, 10 miles
UD

Mt. Green Elementary, Morgan UT

1 Gps sm leased fiber, 2 miles

100 Mbs sm leased fiber, 1 miles

Morgan Library, Morgan UT

1 Gps sm leased fiber, 25 miles

100 Mbs sm leased fiber, 3 miles

Ogden Preparatory Academy, Ogden UT

100 Mbs sm leased fiber, 6 miles

Quest Academy, West Haven UT

100 Mbs sm leased fiber, 3 miles

Ogden-Weber Community Action Partnership, Ogden UT

1 Gps sm leased fiber, 3 miles
UD

1 Gps sm leased fiber, 10 miles

100 Mbs sm leased fiber, 1 miles

100 Mbs sm leased fiber, 3 miles

100 Mbs sm leased fiber, 6 miles

1 Gps sm leased fiber, 3 miles

UEN NTIA BTOP
Schools, Charters, and Libraries
Ogden, Utah Area

Legend:

CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbs
GigE- Gigabit Ethernet, 1000 Mbs
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

GigE Site

QMoE Site

New GigE Fiber

New QMoE Fiber

Existing GigE Fiber

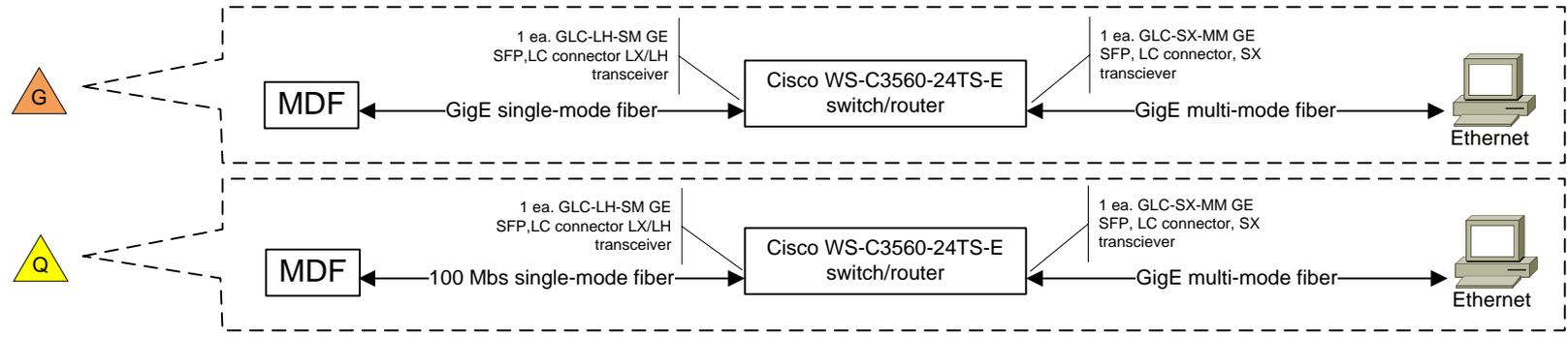
Interconnection Points

Unserved

Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP

CPE End Site Configurations



UEN NTIA BTOP
 Schools, Charters, and Libraries
 Kaysville, Utah Area

Legend:

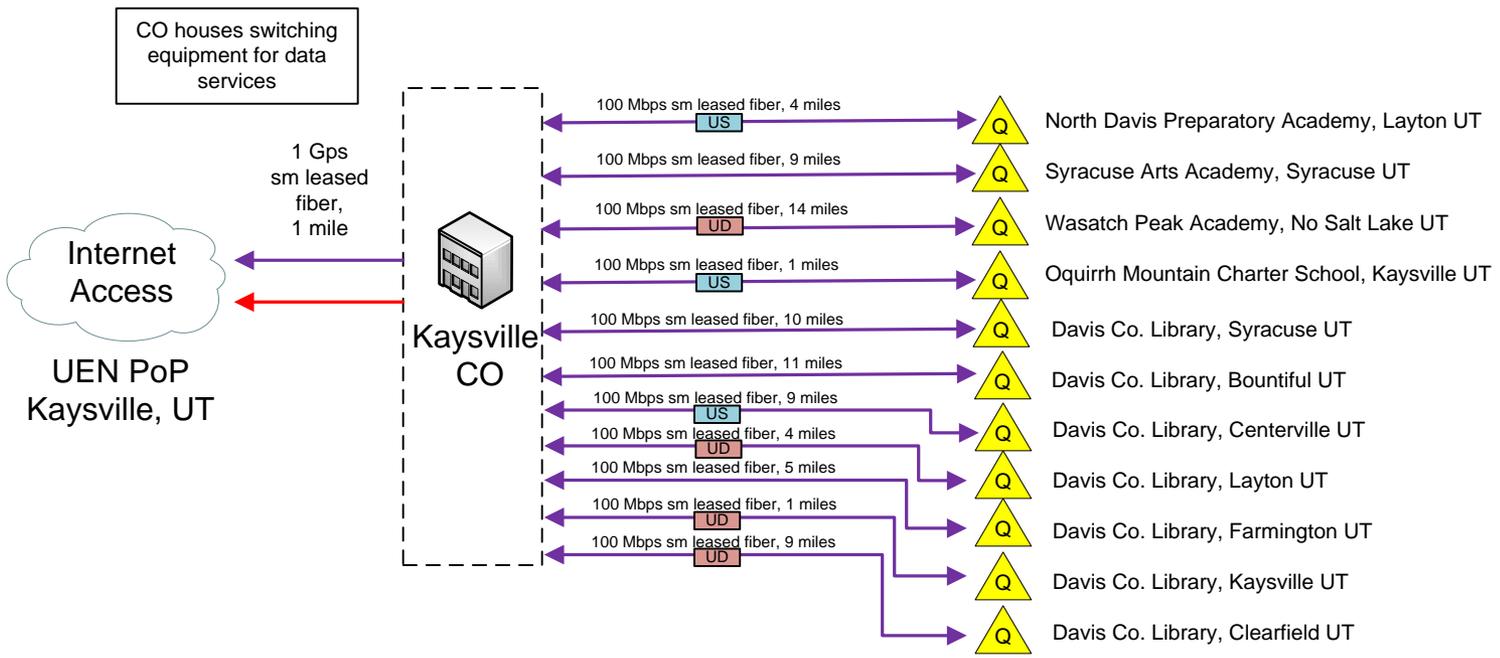
CO- Central Office
 DO- School District Office
 FastE- FastEthernet, 100 Mbs
 GigE- Gigabit Ethernet, 1000 Mbs
 Mbs- Megabits per second
 MDF- Main Distribution Frame
 PoP- Point-of-Presence

 GigE Site
 QMoE Site

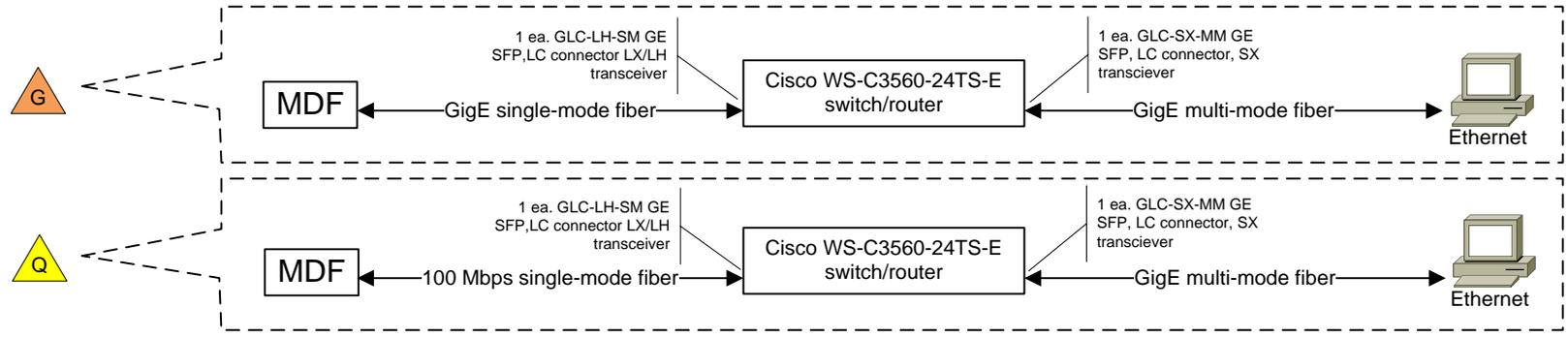
 New GigE Fiber
 New QMoE Fiber
 Existing GigE Fiber

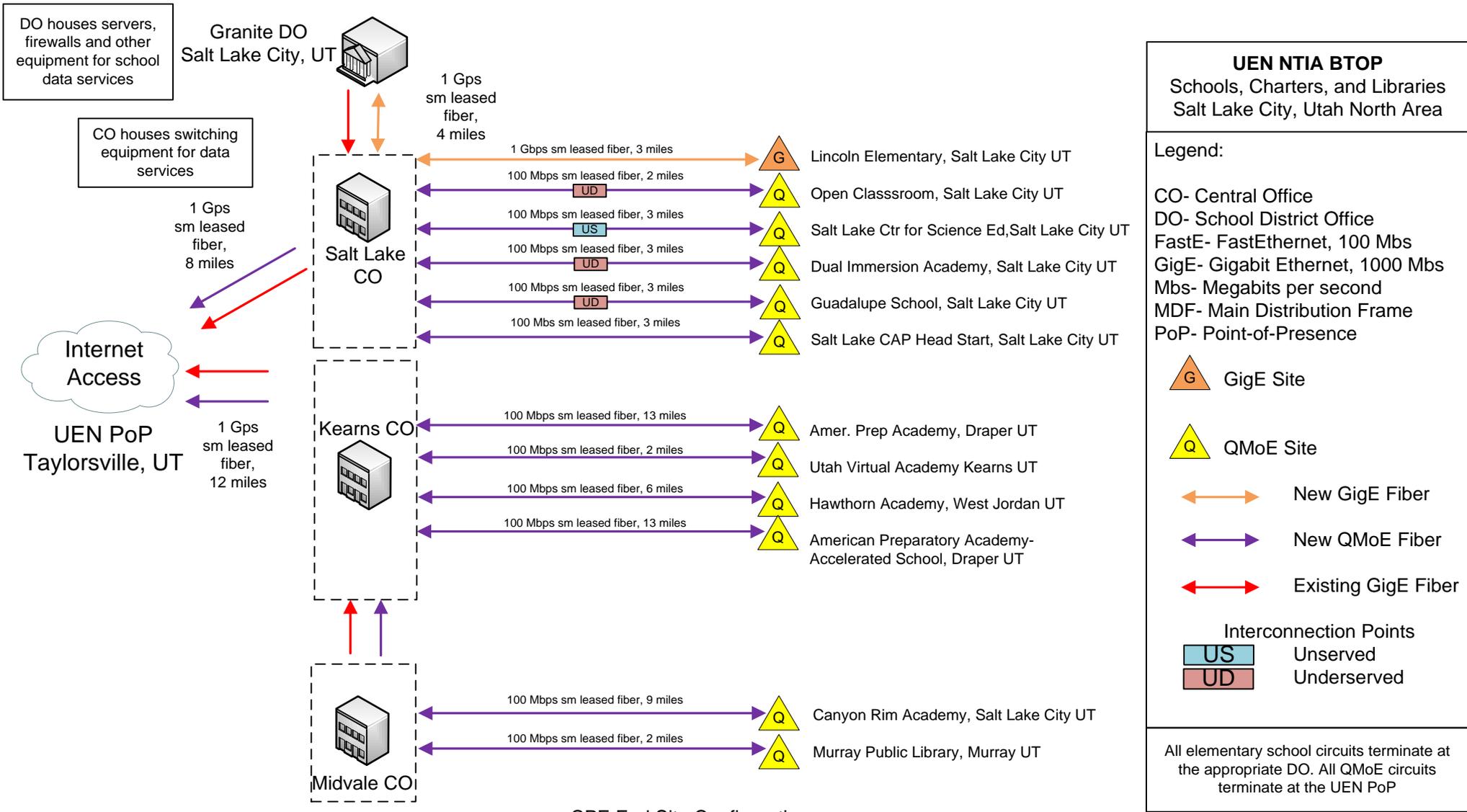
Interconnection Points
 Unserved
 Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP

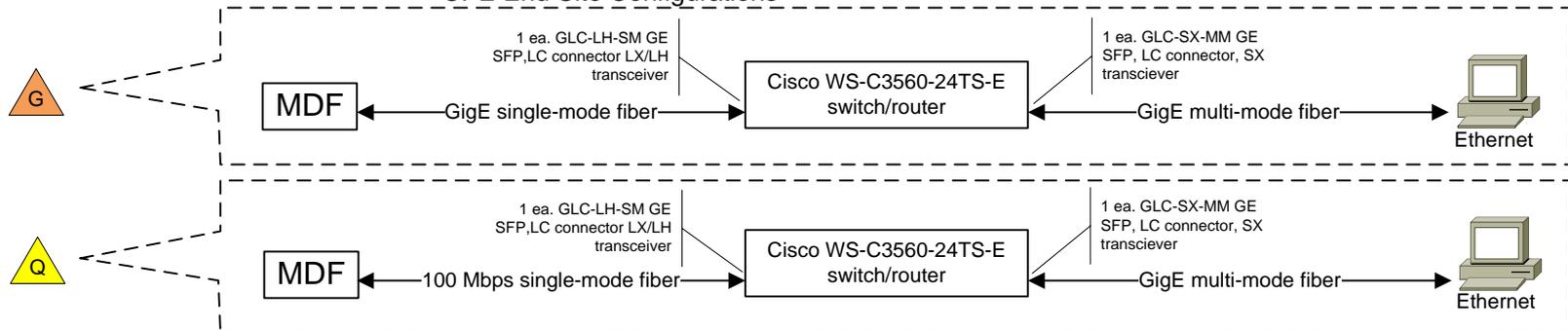


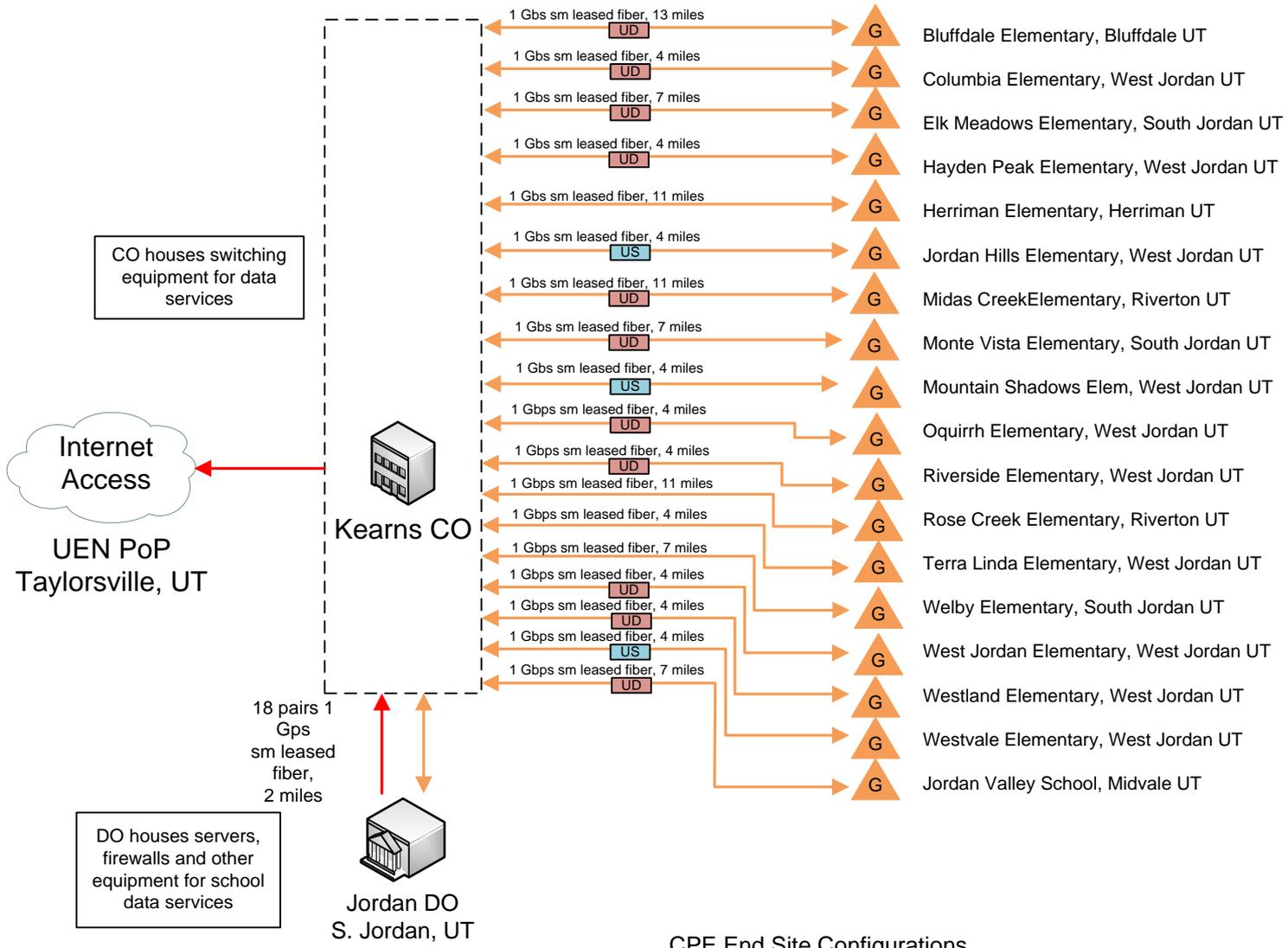
CPE End Site Configurations





CPE End Site Configurations





UEN NTIA BTOP

Schools, Charters, and Libraries
Salt Lake City, Utah South Area

Legend:

CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbs
GigE- Gigabit Ethernet, 1000 Mbs
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

GigE Site

QMoE Site

New GigE Fiber

New QMoE Fiber

Existing GigE Fiber

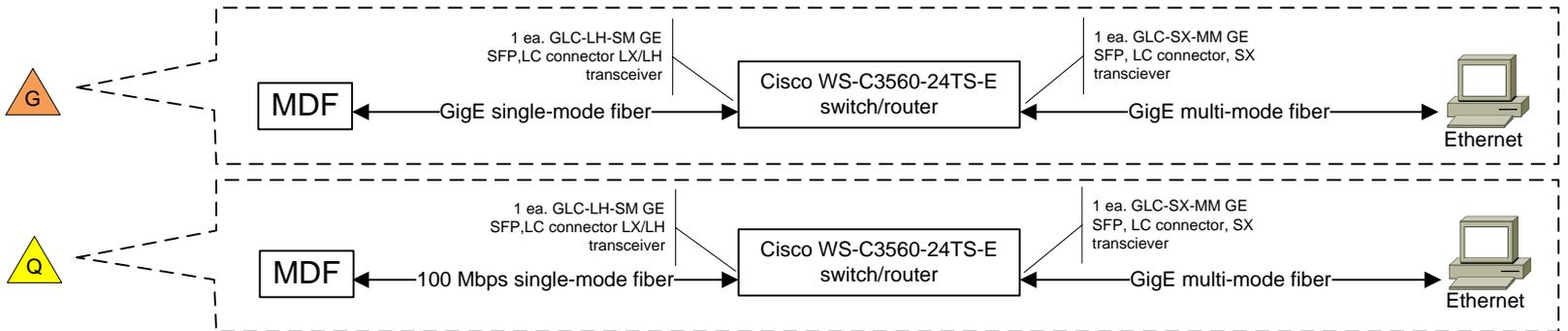
Interconnection Points

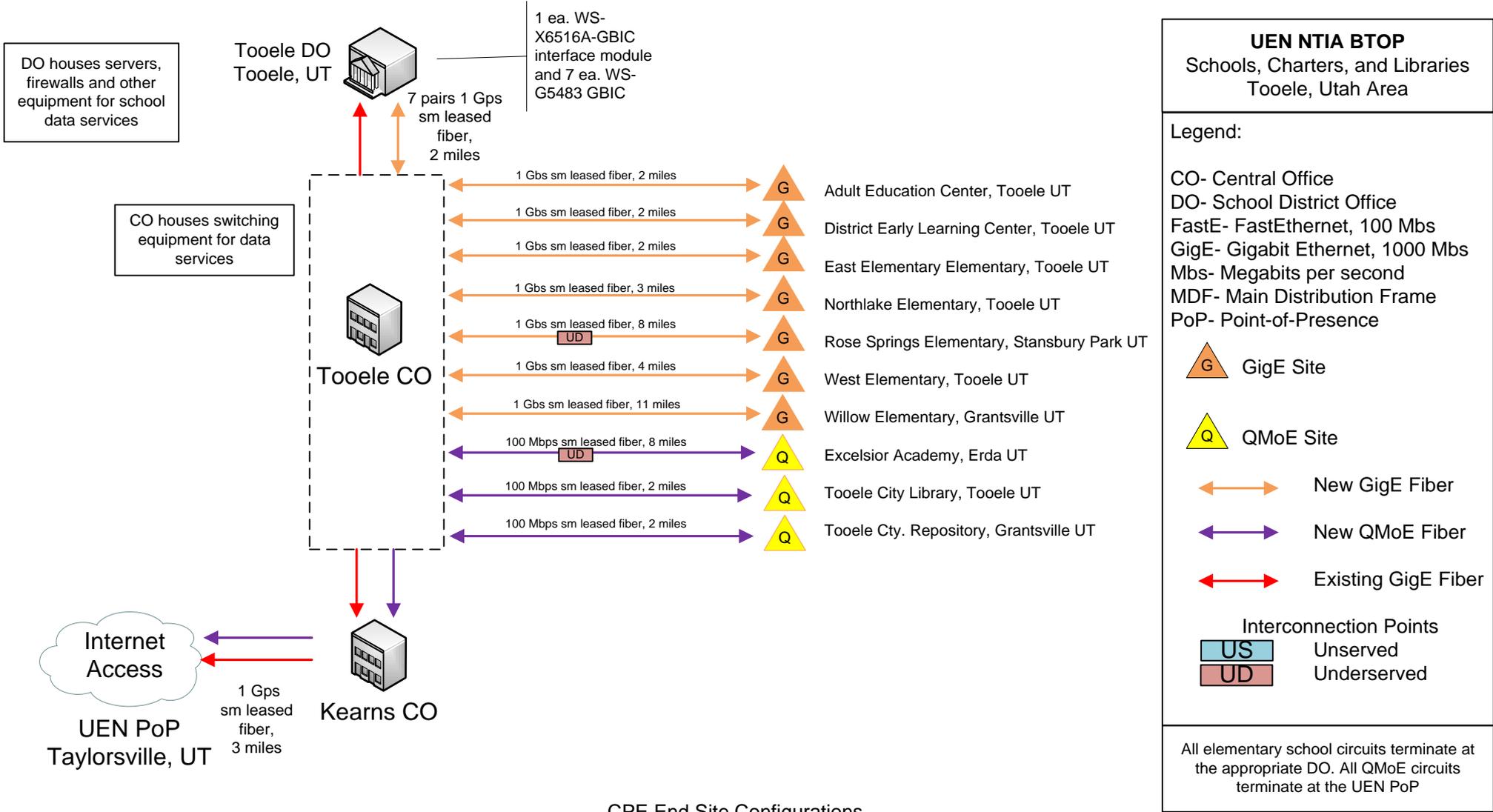
Unserved

Underserved

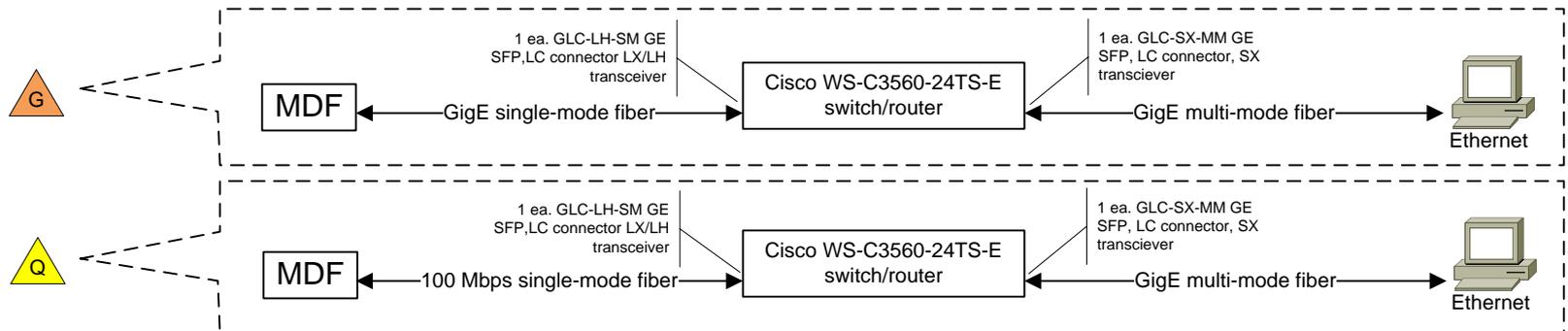
All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP

CPE End Site Configurations





CPE End Site Configurations



UEN NTIA BTOP
Schools, Charters, and Libraries
Orem, Utah Area

Legend:

CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbps
GigE- Gigabit Ethernet, 1000 Mbps
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

 GigE Site

 QMoE Site

 New GigE Fiber

 New QMoE Fiber

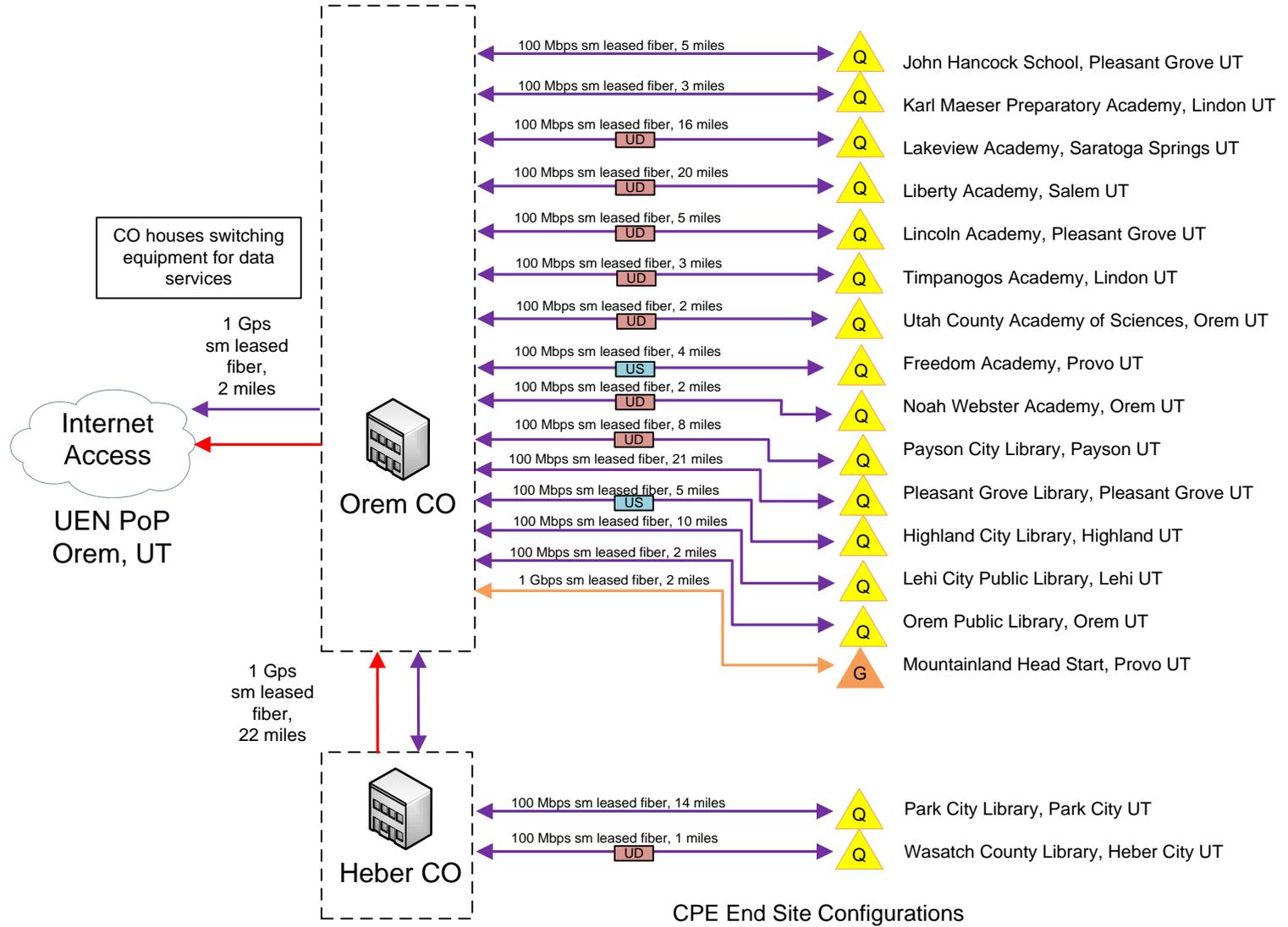
 Existing GigE Fiber

Interconnection Points

 Unserved

 Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP



UEN NTIA BTOP
Schools, Charters, and Libraries
Cedar City/Richfield, Utah Area

Legend:

CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbs
GigE- Gigabit Ethernet, 1000 Mbs
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

 GigE Site

 QMoE Site

 New GigE Fiber

 New QMoE Fiber

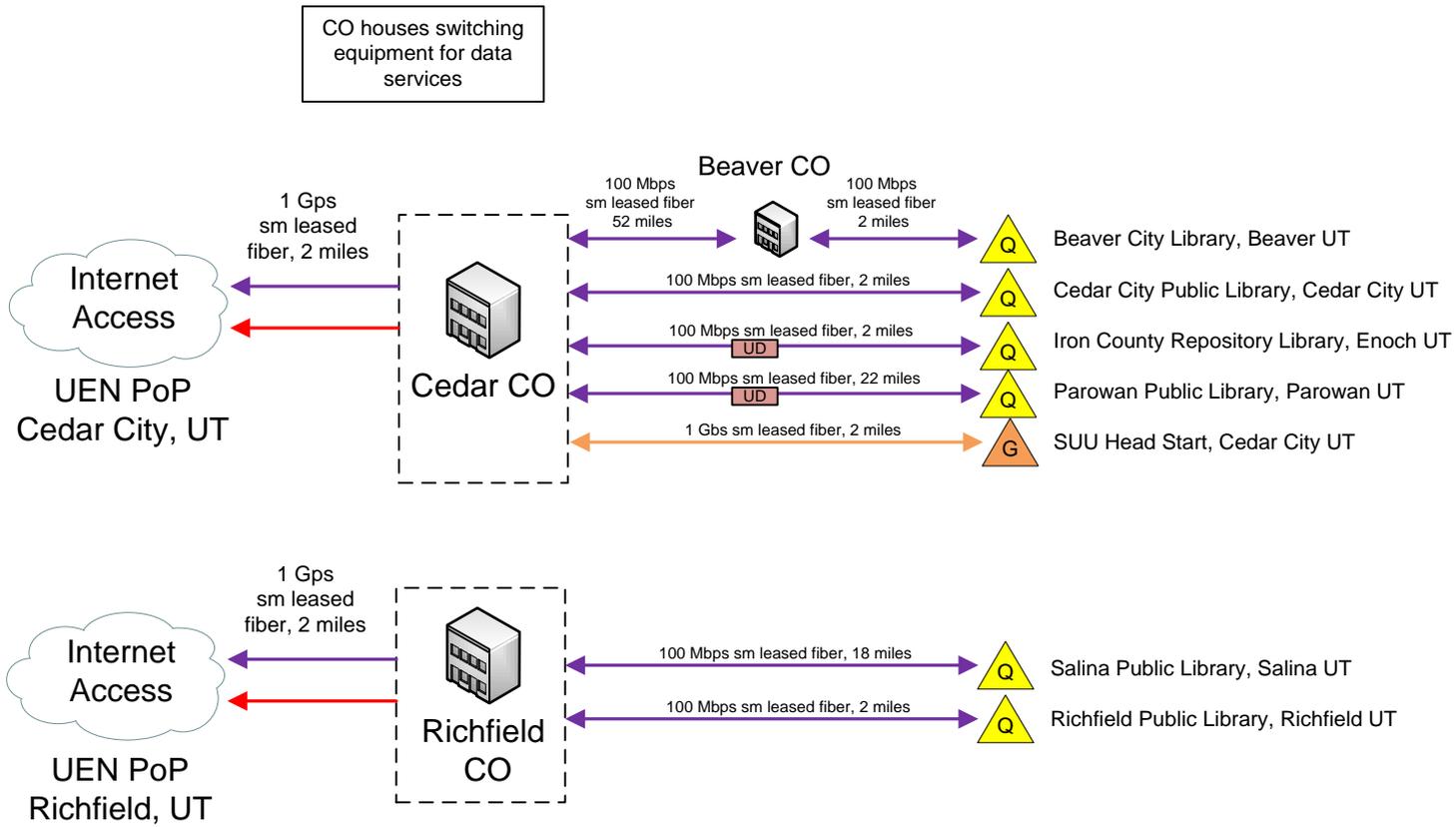
 Existing GigE Fiber

Interconnection Points

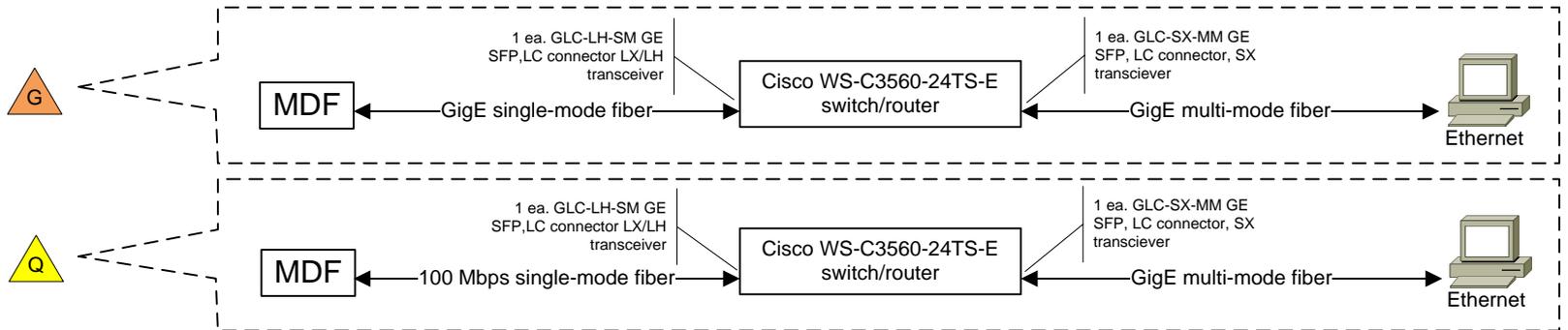
 Unserved

 Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP



CPE End Site Configurations



UEN NTIA BTOP
Schools, Charters, and Libraries
St. George, Utah Area

Legend:

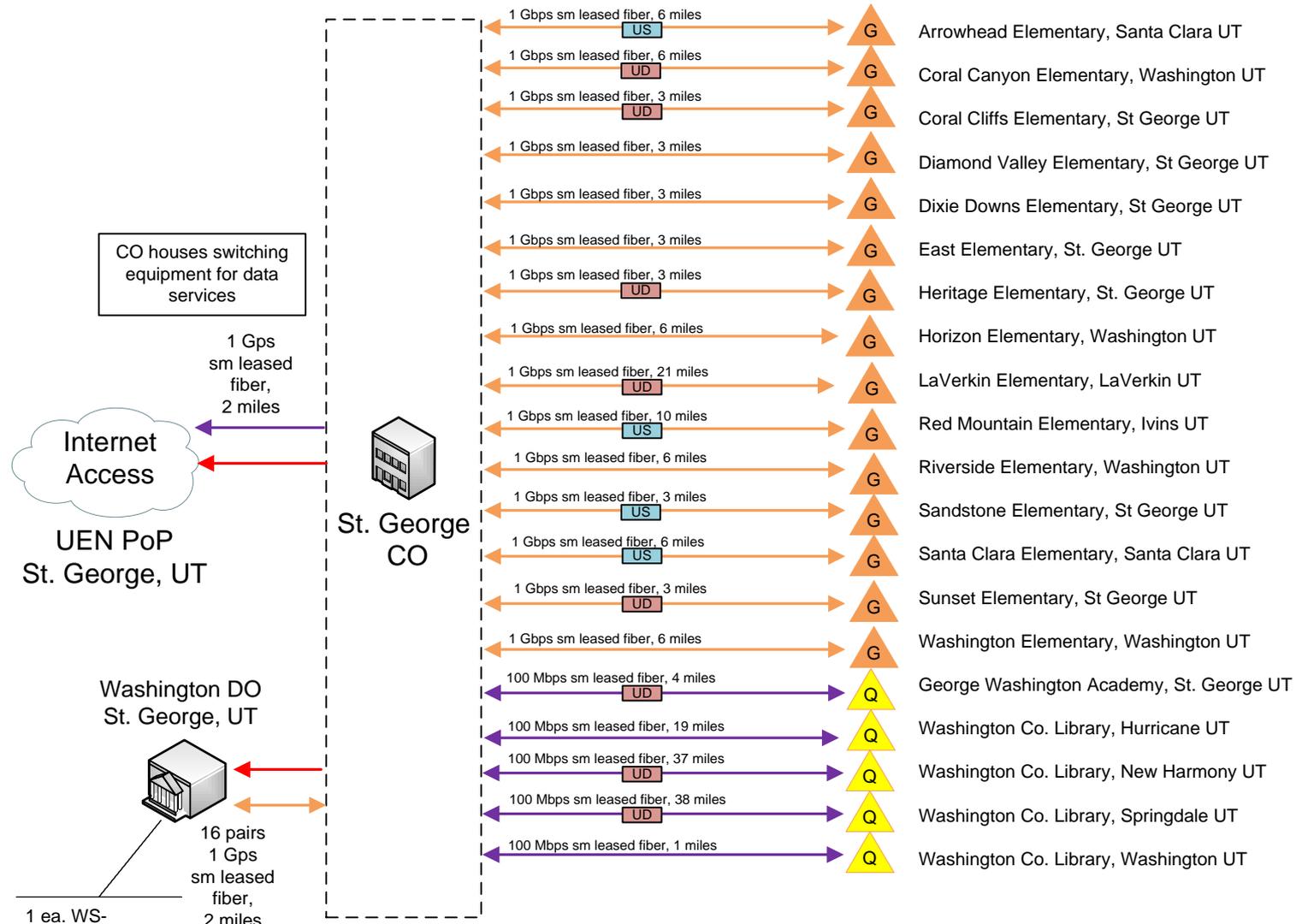
CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbs
GigE- Gigabit Ethernet, 1000 Mbs
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

 GigE Site
 QMoE Site

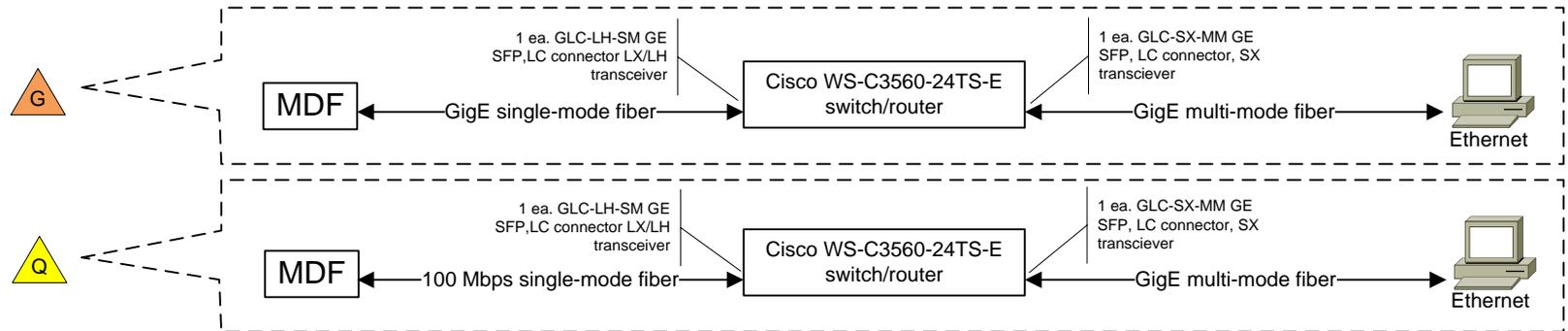
 New GigE Fiber
 New QMoE Fiber
 Existing GigE Fiber

Interconnection Points
 Unserved
 Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP



CPE End Site Configurations



1 ea. WS-X6516A-GBIC interface module and 16 ea. WS-G5483 GBIC

UEN NTIA BTOP
Schools, Charters, and Libraries
Delta/Blanding, Utah Areas

Legend:

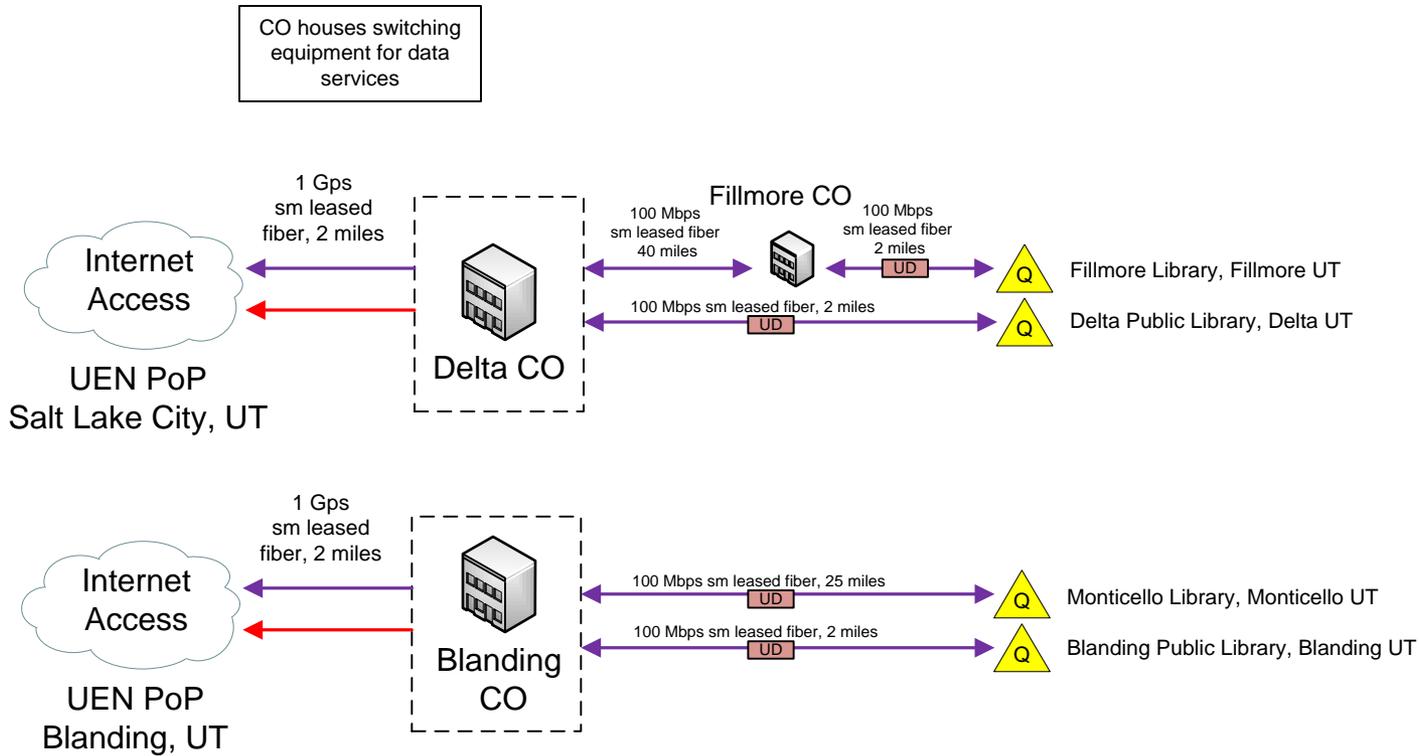
CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbs
GigE- Gigabit Ethernet, 1000 Mbs
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

 GigE Site
 QMoE Site

 New GigE Fiber
 New QMoE Fiber
 Existing GigE Fiber

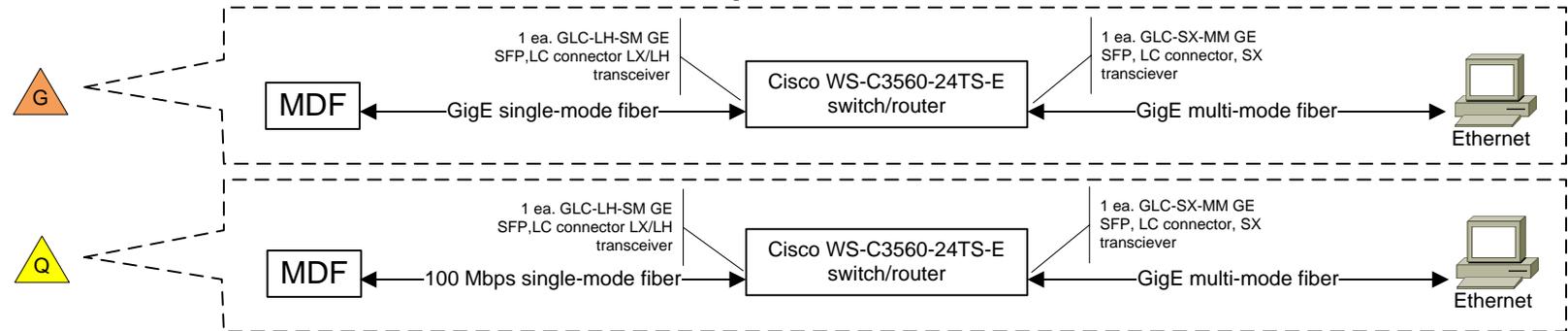
Interconnection Points
 Unserved
 Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP



CO houses switching equipment for data services

CPE End Site Configurations



UEN NTIA BTOP
Schools, Charters, and Libraries
Price/Roosevelt, Utah Area

Legend:

CO- Central Office
DO- School District Office
FastE- FastEthernet, 100 Mbs
GigE- Gigabit Ethernet, 1000 Mbs
Mbs- Megabits per second
MDF- Main Distribution Frame
PoP- Point-of-Presence

 GigE Site

 QMoE Site

 New GigE Fiber

 New QMoE Fiber

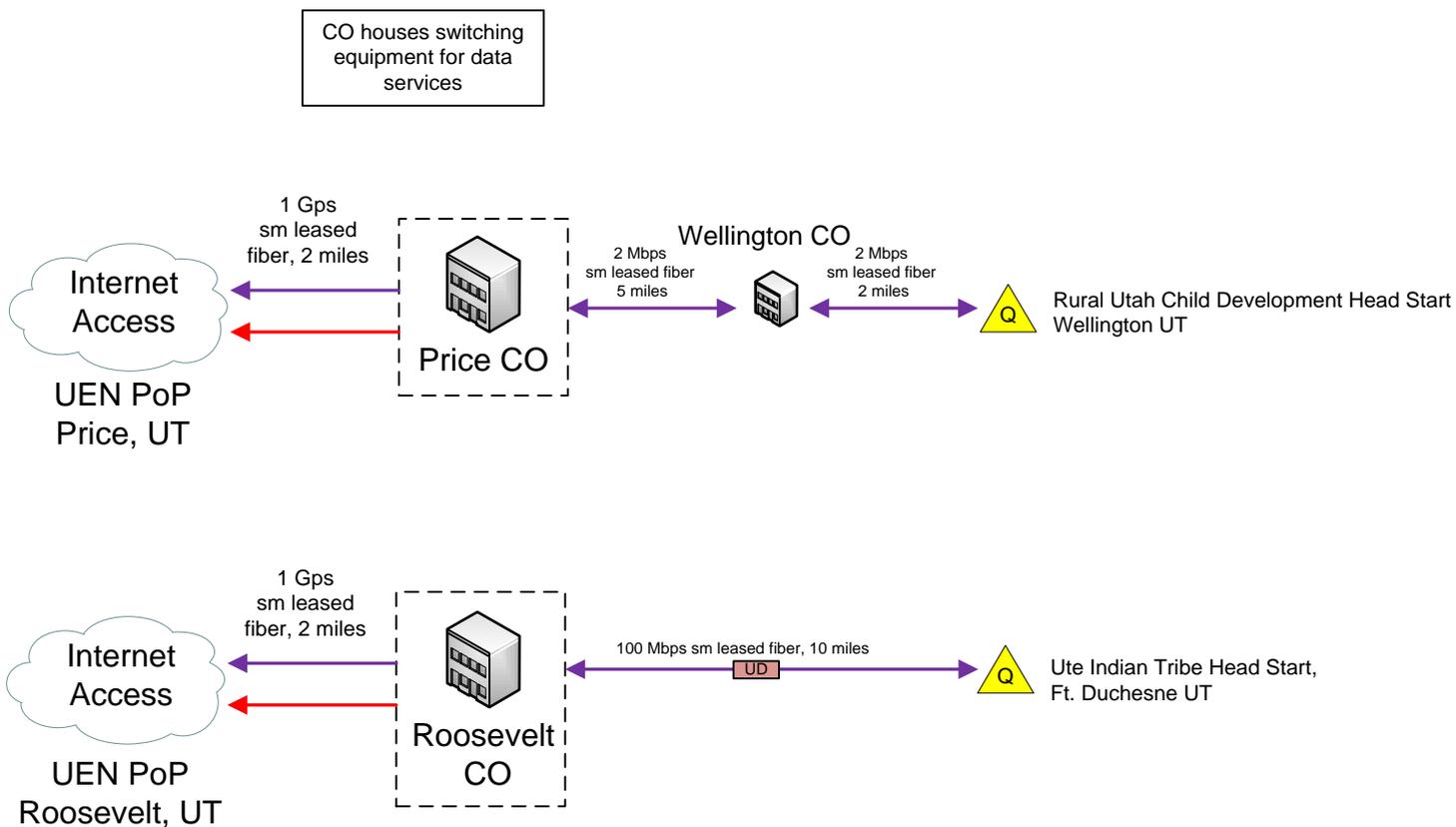
 Existing GigE Fiber

Interconnection Points

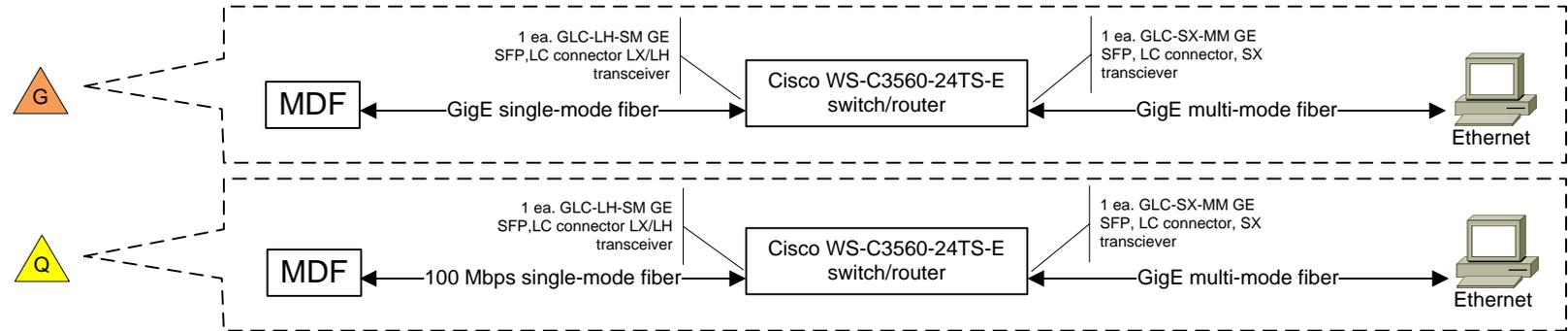
 Unserved

 Underserved

All elementary school circuits terminate at the appropriate DO. All QMoE circuits terminate at the UEN PoP



CPE End Site Configurations



Network Design and Implementation Plan Certification (to be complete for projects requesting more than \$1 million in federal assistance)

U.S. Department of Agriculture and U.S. Department of Commerce
BIP and BTOP Program

We the undersigned, certify that the proposed broadband system will work as described in the System Design and Network Diagram sections, and can deliver the proposed services outlined in the Service Offerings Section. Moreover, the system, as designed, can meet the proposed build-out timeframe based on the resources designated in Project Viability Section, and will be substantially complete in two years, and complete within three years.

8/7/09

(Date)



(Authorized Representative's Signature)

KEVIN QUIRE

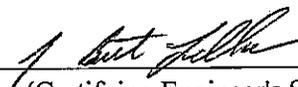
Name:

SENIOR NETWORK ENGINEER

Title:

8/11/09

(Date)



(Certifying Engineer's Signature)

James Brett Ledlow

Name:

Civil Engineer (P.E.)

Title:

**CERTIFICATION REGARDING LOBBYING
LOWER TIER COVERED TRANSACTIONS.**

(REV 12-04)

Applicants should review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, "New Restrictions on Lobbying."

LOBBYING As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over \$100,000 or a loan or loan guarantee over \$150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

Statement for Loan Guarantees and Loan Insurance The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above applicable certification.

NAME OF APPLICANT

AWARD NUMBER AND/OR PROJECT NAME

UNIVERSITY OF UTAH

BRENT K. BROWN, ESQ.

PRINTED NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

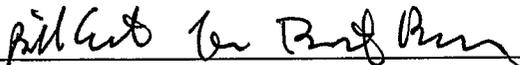
DIRECTOR

BRENT BROWN, ESQ.

OFFICE OF SPONSORED PROJECTS

SIGNATURE

DATE



AUG 12 2009