

Idaho State University

*Financial Statements for the Years
Ended June 30, 2007 and 2006
and Independent Auditors' Report
Including Single Audit Reports
for the Year Ended June 30, 2007*

IDAHO STATE UNIVERSITY

TABLE OF CONTENTS

	Page
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
INDEPENDENT AUDITOR'S REPORT	9
FINANCIAL STATEMENTS:	
Statement of Net Assets	11
Statement of Revenues, Expenses and Changes in Net Assets	12
Statement of Cash Flows	13
Notes to Financial Statements	14
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	30
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH <i>OMB CIRCULAR A-133</i>	32
INDEPENDENT AUDITOR'S SCHEDULE OF FINDINGS AND QUESTIONED COSTS	34
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	36
Notes to Schedule of Expenditures of Federal Awards	44

IDAHO STATE UNIVERSITY

Management's Discussion and Analysis

For the year ended June 30, 2007

INTRODUCTION

Idaho State University (the University) has served the citizens of the State since 1901, when it was first established as the Academy of Idaho. The University provides undergraduate and graduate educational opportunities in arts, humanities, sciences, the professions, and technologies, not only in Pocatello, but also at education centers in Idaho Falls, Twin Falls, and Boise; as well as to outlying communities through distance learning. The University is home to the Idaho Museum of Natural History, the ISU Business and Research Park, and the Idaho Accelerator Center and maintains an expanding research program. A diverse range of degree programs from baccalaureate to post-doctoral levels are available through the University's various Colleges and the Graduate School. The University is designated as the primary educator for health professions in Idaho and maintains programs in pharmacy, health professions, medical residency, and dental education.

OVERVIEW

The following discussion and analysis provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2007, with selected comparative information for the fiscal years ended June 30, 2006 and 2005. Management has prepared this discussion, which should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*.

A brief explanation of each of these statements follows.

Statement of Net Assets – The statement of net assets includes all assets and liabilities of the University. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. This statement also identifies any major categories of restrictions on the net assets of the University.

Statement of Revenues, Expenses, and Changes in Net Assets – The statement of revenues, expenses, and changes in net assets presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows – The statement of cash flows presents the inflows and outflows of cash for the year and is summarized by operating, non-capital financing, capital and related financing, and investing activities.

Included in the statements as a component unit is the Idaho State University Foundation, Incorporated (Foundation.) It is the only affiliated organization that qualifies for component unit presentation due to the significant economic resources it holds that directly benefit the University. Accordingly, the Foundation is discretely presented on the face of the University's financial statements. The Foundation's separate, audited financial statements are available by contacting the Idaho State University Foundation, Campus Box 8050, Pocatello, ID 83209.

STATEMENT OF NET ASSETS

The *Statement of Net Assets* is the University's financial balance sheet and reflects the financial position of the University at the end of the fiscal year. The difference between total assets and total liabilities is net assets, which are one indicator of the current financial condition of the University. The change in net assets that occurs over time indicates whether the overall financial condition has improved or deteriorated 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. Net Assets are divided into three major categories on the statement. The first category, *Invested in Capital Assets Net of Related Debt*, consists of the University's capital assets, net of accumulated depreciation and the outstanding debt attributable to the acquisition, construction, or improvement of those assets. The second net asset category is *Restricted Net Assets*. These include assets available for expenditure by the University, but only in harmony with the time or purpose restrictions placed on the assets by the donors or external funding entities. The final category is *Unrestricted Net Assets*, which consist of assets available for expenditure by the institution for any lawful purpose.

Schedule of Net Assets

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Assets:			
Current Assets	\$ 65,698,248	\$ 54,417,984	\$ 56,408,669
Noncurrent Assets	160,796,861	159,141,692	160,643,608
Total Assets	<u>226,495,109</u>	<u>213,559,676</u>	<u>217,052,277</u>
Liabilities:			
Current Liabilities	23,754,729	23,640,419	24,803,491
Noncurrent Liabilities	60,405,316	52,904,601	55,338,273
Total Liabilities	<u>84,160,045</u>	<u>76,545,020</u>	<u>80,141,764</u>
Net Assets:			
Invested in capital assets, net of related debt	91,907,601	91,299,662	81,347,825
Restricted, expendable	18,887,429	14,599,005	24,701,888
Unrestricted	31,540,034	31,115,989	30,860,800
Total Net Assets	<u>\$ 142,335,064</u>	<u>\$ 137,014,656</u>	<u>\$ 136,910,513</u>

During fiscal year 2007, the University's total net assets increased by \$5.3 million. Current assets, consisting primarily of cash and cash equivalents; accounts and loans receivable; investments and inventory, increased by \$11.3 million. This increase is primarily due to bond proceeds from the new Center for Advanced Energy Studies (CAES) building in Idaho Falls, as well as a donation benefiting the Meridian facility in Boise.

Non-current assets, consisting primarily of land and capital assets, remained relatively flat overall. However, construction and equipment expenditures, primarily related to the Rendezvous Building, increased the balance by \$15.9 million. This increase was partially offset by a corresponding decrease of \$7.0 million in *Assets Held by Trustees* as funds were transferred by the State Department of Public Works to pay for the building construction. It is also offset by an increase in accumulated depreciation of \$5.9 million.

Capital and Debt Activities

The University's capital improvement and renewal efforts are essential to support the University's mission of providing excellent education and research programs. During FY2007, the University issued revenue bonds in the amount of \$10.0 million dollars to begin construction on the new Center for Advanced Energy Studies (CAES) facility in Idaho Falls, which is part of an energy research effort in collaboration with industry, Idaho universities, and the federal government. At June 30, 2007, liabilities totaled \$84.2 million compared to \$76.5 million at June 30, 2006. The increase of \$7.6 million is attributable to an increase in net bonding activity of \$7.9 million, primarily related to CAES.

Idaho State University continues to enjoy a favorable municipal bond credit rating of “A2” or equivalent from Moody’s Investors Service, Inc. and Standards & Poor’s Rating Services, which enables us to obtain future debt financing at favorable pricing.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

A summarized comparative statement of the University’s revenues, expenses, and changes in net assets for the years ended June 30, 2007, 2006, and 2005 is presented below.

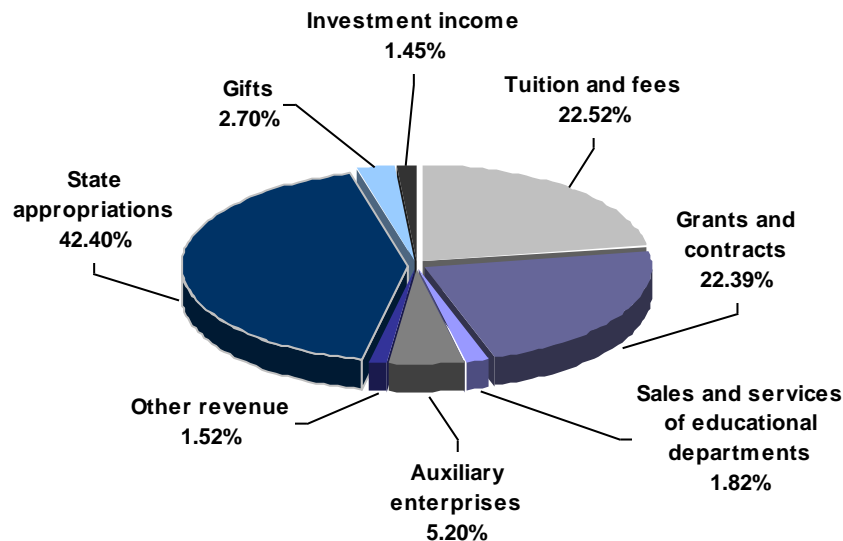
Summary Statement of Revenues, Expenses & Changes in Net Assets

	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Operating revenues			
Student tuition and fees (net of scholarship discounts and allowances)	\$ 45,443,297	\$ 44,368,605	\$ 40,519,023
Federal grants and contracts	29,100,557	28,362,060	32,515,851
State and local grants and contracts	9,766,815	12,524,242	10,223,913
Nongovernment grants and contracts	6,310,763	5,310,855	5,893,573
Sales and services of educational departments	3,674,570	3,511,345	2,748,009
Auxiliary enterprises sales and services	10,493,060	9,857,306	9,381,793
Other operating revenue	3,057,178	3,080,836	2,639,333
Total operating revenues	<u>107,846,240</u>	<u>107,015,249</u>	<u>103,921,495</u>
Operating expenses	<u>198,389,342</u>	<u>193,431,225</u>	<u>185,748,953</u>
Operating income (loss)	<u>(90,543,102)</u>	<u>(86,415,976)</u>	<u>(81,827,458)</u>
Nonoperating revenues (expenses)			
State appropriations	85,564,566	80,387,054	75,161,840
Gifts	5,440,862	5,081,013	4,325,901
Investment income	2,936,125	2,220,046	1,315,037
Amortization of bond financing costs	(45,954)		
Interest on capital asset related debt	(2,215,928)	(2,296,369)	(2,221,214)
Net nonoperating revenues	<u>91,679,671</u>	<u>85,391,744</u>	<u>78,581,564</u>
Other revenue and expenses			
Capital gifts and grants	4,221,860	1,125,435	5,891,531
Gain or (loss) on disposal of fixed assets	(38,021)	2,940	(48,861)
Net other revenues and expenses	<u>4,183,839</u>	<u>1,128,375</u>	<u>5,842,670</u>
Increase in net assets	5,320,408	104,143	2,596,776
Net assets - beginning of year	<u>137,014,656</u>	<u>136,910,513</u>	<u>134,313,737</u>
Net assets - end of year	<u><u>\$ 142,335,064</u></u>	<u><u>\$ 137,014,656</u></u>	<u><u>\$ 136,910,513</u></u>

Revenue

The State of Idaho, through annual appropriations, continues to be the major funding source for Idaho State University. Student tuition and fees, along with research related grants and contracts, also provide significant funding. In addition, the University obtains funding from the Idaho State University Foundation (a component unit of the University,) other gifts, and other enterprises that help support the mission of the University. Below is a graphic illustration of revenues by source (both operating and non-operating) that funded the University's operating activities for the year ended June 30, 2007.

Operating and Non-operating Revenue



Total revenues for the year ended June 30, 2007, were \$206 million. Of this amount, \$85.6 million was appropriated to the University from the state of Idaho. This represents an increase of 6.4 percent, or \$5.2 million, which is similar to the \$5.2 million increase experienced in FY 2006. The increase illustrates continued improvement in the economic condition of the state and the on-going efforts of the Governor and legislator to improve education in the state.

A 4.75 percent increase in student tuition and fees was approved by the Idaho State Board of Education for FY 2007. Total tuition and fee revenue of \$45.4 million was diminished slightly when compared to \$44.4 million from FY2006, due to a decline in enrollment experienced in FY2007.

As a research institution, the University continues its efforts to enhance and develop research opportunities for the advancement of education and learning. Research revenues vary from year to year for many reasons, including the availability of funding from sponsors and the commencement or closure of particularly large projects. During FY2007, grant revenue remained constant due to this variability, and in part due to diminished federal financial aid stemming from a slight decline in enrollment.

Expenses

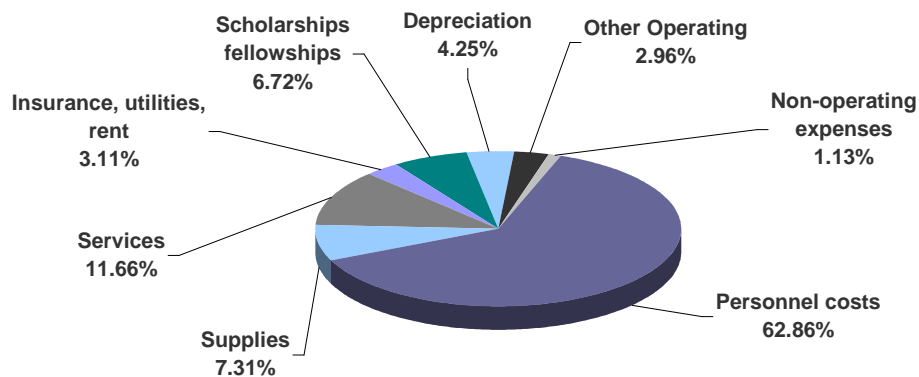
Expenses for the year ended June 30, 2007 are summarized and contrasted to prior years below.

Summary Statement of Expenses

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating			
Personnel costs	\$ 126,120,085	\$ 124,412,207	\$ 114,434,088
Supplies	14,676,017	13,799,007	13,349,246
Services	23,399,917	20,927,517	23,509,815
Insurance, utilities and rent	6,245,906	6,789,995	5,726,706
Scholarships and fellowships	13,487,571	13,693,498	15,342,720
Depreciation Expense	8,524,162	8,123,834	7,262,462
Other operating Expenses	5,935,684	5,685,167	6,123,916
Total operating expenses	<u>198,389,342</u>	<u>193,431,225</u>	<u>185,748,953</u>
Nonoperating			
Amortization of bond financing costs	45,954		
Interest on capital asset related debt	2,215,928	2,296,369	2,221,214
Total expenses	<u>\$ 200,651,224</u>	<u>\$ 195,727,594</u>	<u>\$ 187,970,167</u>

Total expenses by natural classification are illustrated in the chart below:

Operating and Non-operating Expenses



Nonoperating expenses include interest on capital debt and amortization of bond financing costs

Overall, operating expenses during FY2007 increased only slightly over FY2006. The 2.6 percent increase consists primarily of services, which went up by \$2.4 million, and personnel costs, which increased by \$1.7 million. The 11.8 percent increase in services is due to increased funding for maintenance and repair projects by the Department of

Public Works, as well as increases in service costs related to the start of implementation of a new Enterprise Resource Planning (ERP) system. Personnel costs were higher due to a 5 percent increase in salaries and wages approved by the state for FY2007. This increase is not fully reflected in the \$1.7 million difference because of a one-time, 1 percent salary adjustment made in FY2006, and a 3 percent salary increase for FY2007, which the Governor implemented early in February of FY2006.

In addition to their natural (object) classification, a comparative summary of the University's expenses categorized by functional classification for the years ended June 30, 2007, 2006 and 2005, provides additional insight into the nature of expenditures made by the University in fulfilling its role of providing higher education to the citizens of Idaho (see below). Expenditures for instruction, research, student services, and scholarships and fellowships comprise 61.7 percent of total operating expenses, which is consistent with the University's mission of educating students. A detailed matrix of expenses, natural versus functional, is contained in the footnotes to the financial statements.

Summary Statement of Expenses by Function

	<u>2007</u>		<u>2006</u>		<u>2005</u>
Instruction	\$ 84,694,999	\$	82,677,907	\$	75,445,854
Research	15,915,146		15,378,400		15,286,600
Public Service	4,984,057		5,150,169		5,671,367
Academic Support	9,070,235		8,672,960		7,669,927
Libraries	2,551,888		2,676,104		2,573,803
Student Services	8,209,447		8,364,355		7,847,947
Institutional Support	15,021,183		14,050,166		12,124,776
Maintenance and Operations	16,010,745		13,405,379		12,705,875
Auxiliary Enterprises	19,919,909		21,238,453		23,817,622
Scholarships and Fellowships	13,487,571		13,693,498		15,342,720
Depreciation	8,524,162		8,123,834		7,262,462
Total Functional Expenses	<u>\$ 198,389,342</u>	\$	<u>193,431,225</u>	\$	<u>185,748,953</u>

STATEMENT OF CASH FLOWS

The *Statement of Cash Flows* presents a view of the sources and uses of the University's cash resources and is useful in measuring its ability to satisfy financial obligations as they mature. The statement classifies the flow of cash in the following four categories.

- Operating activities - Displays the net cash flow required to conduct the day-to-day operating activities of the institution and reflects the continued need for funding from the state of Idaho.
- Non-capital financing activities - Reflects the net cash flow of non-operating transactions not related to investing or capital financing activities, and includes funds provided by state appropriations.
- Capital and related financing activities - Includes payments for the acquisition of capital assets, proceeds from long-term debt, and debt repayment.
- Investing activities – Details the funds involved in the purchase and sale of investments and reflects the change in rates of return on invested funds.

The statement summarizes the net cash flow at the bottom and is reconciled to the operating income or loss, as reflected on the *Statement of Revenues, Expenses and Changes in Net Assets*.

A summary of the *Statement of Cash Flows* for the year ended June 30, 2007 is presented below.

Summary Statement of Cash Flows

	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Cash (used in) or provided by:			
Operating activities	\$ (82,414,693)	\$ (75,786,724)	\$ (75,936,159)
Noncapital financing activities	88,800,634	82,351,869	79,352,195
Investing activities	2,640,185	1,941,077	846,756
Capital and related financing activities	<u>952,664</u>	<u>(10,334,835)</u>	<u>(9,247,627)</u>
Net increase (decrease) in cash	9,978,790	(1,828,613)	(4,984,835)
Cash and cash equivalents, beginning of year	44,509,087	46,337,700	51,322,535
Cash and cash equivalents, end of year	<u><u>\$ 54,487,877</u></u>	<u><u>\$ 44,509,087</u></u>	<u><u>\$ 46,337,700</u></u>

For purposes of the *Statement of Cash Flows*, the University considers all highly liquid investments with an original maturity of three months or less and all non-negotiable certificates of deposit to be cash equivalents.

ECONOMIC OUTLOOK

The State of Idaho continues to experience a stable economy with growing revenues. Expectations of continued economic stability in the foreseeable future enhance the opportunity for increased funding support for Idaho State University. Management believes the University is reasonably well positioned to sustain its fiscal position and is making concerted efforts to enhance that position through diverse revenue streams and prudent cost containment. These endeavors are essential to continue to provide excellent service to the University's students, the research community, and the state of Idaho.

Looking forward to fiscal year 2008, there continue to be many encouraging and positive undertakings at the University. Fall enrollment denotes the end of a two-year decline. Focused recruiting efforts will sustain and improve this progress. The \$38.8 million Rendezvous Building was completed and is servicing students and faculty for the fall semester of FY2008. This unique, multipurpose educational, residential, and social complex is the largest academic facility in the state and integrates upper and lower campuses in a facility where students and faculty can meet in both a classroom and social setting.

The College of Pharmacy received a \$5 million gift from the ALSAM Foundation to acquire more teaching and research space and expand health-care education programs in the Treasure Valley. The first of three payments of \$1.75 million was received in FY2007. The University will apply the gift toward the purchase of approximately 102,000 square feet of the Meridian School District building. ISU will renovate its portion of the building and move its Treasure Valley-based health-science programs to the site. The section that will house pharmacy will be named in honor of L.S. "Sam" Skaggs.

Construction began on the 55,000 square feet, \$17 million CAES facility located in Idaho Falls. Funding for the building comes from a pass-through of federal development grants from the University of Idaho, settlement funds originating from the Idaho National Laboratory (INL), and bond proceeds. The University is supervising construction of the building and will manage it once it is built. This collaborative effort between industry, the INL, and the state's

three universities, will address critical science and engineering issues to help resolve the challenges of energy needs and address the shortage of college students entering the field of nuclear energy research. The facility will support INL in executing its mission, while building the research and education programs at the three universities. As part of this project, the University will receive monthly lease payments from the INL approximating \$47,000 for the first 6 months, then increasing to approximately \$71,000, until the bond debt is fully amortized. Thereafter, the payment will be \$1 per square foot per year.

The University is moving ahead with implementation of the aforementioned Enterprise Resource Management (ERP) information system that will replace the aging legacy system. A project manager has been hired and implementation teams formed. Training has begun in what will undoubtedly be a challenge, but will present new opportunities to integrate and enhance campus information and communication.

Research continues to be a major area of focus. A new vice president position was established to oversee our research efforts and to expand and grow opportunities in all areas, including the University's mission focus on healthcare.

As the State of Idaho continues to benefit from an improving economy, Idaho State University will continue to evaluate and emphasize the actions necessary to continue its prudent use of resources, find creative solutions for containing costs, and generate other sources of revenues to strengthen the institution and help ensure it is well positioned to accomplish its mission in Idaho.

The audited financial statements included in this report, along with the accompanying notes to the financial statements, provide pertinent information and details related to the financial activities discussed and analyzed in this analysis.



INDEPENDENT AUDITOR'S REPORT

Idaho State Board of Education
Idaho State University
Pocatello, Idaho

We have audited the accompanying statements of net assets of Idaho State University (University) as of June 30, 2007 and 2006, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Idaho State University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Idaho State University Foundation, a discretely presented component unit, as described in Note 13. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, is based solely on the report of other auditors.

We conducted our audits 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 the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Idaho State University and its discretely presented component unit, as of June 30, 2007 and 2006, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2007 on our consideration of Idaho State University'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 considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 the information and express no opinion on it.

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

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Eugene, Oregon
November 16, 2007

IDAHO STATE UNIVERSITY

STATEMENT OF NET ASSETS AS OF JUNE 30, 2007 AND 2006

	University		Component Unit	
	2007	2006	2007	2006
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 53,609,058	\$ 39,650,723	\$ 1,051,076	\$ 2,549,169
Cash with Treasurer	878,819	4,858,364		
Student loans receivable	506,654	485,985		
Accounts receivable and unbilled charges, less allowance for doubtful accounts of \$643,088 and \$641,538	6,402,245	5,576,227		
Gifts and pledges receivable			331,140	304,555
Due from state agencies	3,805,628	3,274,436		
Interest receivable	91,495	54,340		
Inventories	242,369	268,527		
Prepaid expenses	161,980	249,382		
Total current assets	65,698,248	54,417,984	1,382,216	2,853,724
NONCURRENT ASSETS:				
Restricted cash and cash equivalents			1,928,248	2,000,463
Investments			39,558,573	33,187,085
Student loans receivable, less allowance for doubtful loans of \$409,964 and \$424,957	1,375,418	1,476,381		
Investments held in trust	4,989,338	11,372,931		
Deferred bond financing costs	1,127,099	346,672		
Gift pledges receivable, net of current portion			1,793,819	2,111,259
Property held for resale			1,125,372	1,125,372
Property, plant, and equipment, net	153,305,006	145,945,708		
Total noncurrent assets	160,796,861	159,141,692	44,406,012	38,424,179
TOTAL ASSETS	226,495,109	213,559,676	45,788,228	41,277,903
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	2,820,664	2,157,654	90,914	130,854
Due to Idaho State University			148,401	
Due to state agencies	1,529,310	1,714,910		
Accrued salaries and benefits payable	8,926,874	8,724,473		
Compensated absences payable	4,058,437	3,738,159		
Deposits	117,150	99,409		
Funds held in custody for others	546,554	547,469	5,967,154	5,744,516
Deferred revenue	2,810,963	3,911,228		
Accrued interest payable	739,777	632,117		
Notes and bonds payable	2,205,000	2,115,000	100,000	1,385,000
Total current liabilities	23,754,729	23,640,419	6,306,469	7,260,370
NONCURRENT LIABILITIES--Notes and bonds payable	60,405,316	52,904,601	10,910,000	19,400,000
TOTAL LIABILITIES	84,160,045	76,545,020	17,216,469	26,660,370
NET ASSETS:				
Invested in capital assets, net of related debt	91,907,601	91,299,662		
Restricted, expendable	18,887,429	14,599,005	6,038,657	5,929,651
Restricted, unexpendable			31,999,913	28,306,055
Unrestricted	31,540,034	31,115,989	(9,466,811)	(19,618,173)
Total net assets	142,335,064	137,014,656	28,571,759	14,617,533
TOTAL LIABILITIES AND NET ASSETS	\$ 226,495,109	\$ 213,559,676	\$ 45,788,228	\$ 41,277,903

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	University		Component Unit	
	2007	2006	2007	2006
OPERATING REVENUES				
Student tuition and fees including pledged revenue of \$30,801,400 and \$32,237,058 (net of scholarship discounts and allowances of \$14,126,314 and \$14,030,271, respectively)	\$ 45,443,297	\$ 44,368,605		
Federal grants and contracts	29,100,557	28,362,060		
State and local grants and contracts	9,766,815	12,524,242		
Private grants and contracts	6,310,763	5,310,855		
Sales and services of educational activities	3,674,570	3,511,345		
Sales and services of auxiliary enterprises including pledged revenue of \$3,524,614 and \$3,635,383	10,493,060	9,857,306		
Other	3,057,178	3,080,836		
Gifts and contributions			\$ 13,136,306	\$ 4,759,431
Investments income , including changes in fair value of \$3,986,836 and \$1,494,429 respectively			5,028,512	2,260,368
Total operating revenues	107,846,240	107,015,249	18,164,818	7,019,799
OPERATING EXPENSES				
Personnel costs	126,120,085	124,412,207		
Services	23,399,917	20,927,517	226,511	378,753
Supplies	14,676,017	13,799,007	233	
Insurance, utilities and rent	6,245,906	6,789,995	76,600	76,618
Scholarships and fellowships	13,487,571	13,693,498		
Depreciation	8,524,162	8,123,834		
Miscellaneous	5,935,684	5,685,167	14,557	3,832
Payments to Idaho State University			3,193,816	3,708,715
Investment Expense			55,797	20,601
Total operating expenses	198,389,342	193,431,225	3,567,514	4,188,519
OPERATING INCOME (LOSS)	(90,543,102)	(86,415,976)	14,597,304	2,831,280
NONOPERATING REVENUES (EXPENSES)				
State appropriations:				
State general account - general education	67,609,200	65,066,500		
Endowment income	1,691,071	1,609,679		
Other state appropriations Idaho dental education program	2,279,988	2,170,375		
Professional technical education	10,458,259	9,754,739		
Department of Public Works	3,526,048	1,785,761		
Gifts (including \$3,193,816 and \$2,610,794 respectively, from Idaho State University Foundation)	5,440,862	5,081,013		
Net investment income including pledged revenue of \$546,881 and \$309,978	2,936,125	2,220,046		
Amortization of bond financing costs	(45,954)	0		
Interest on capital asset related debt net of capitalized interest of \$310,402 and 0 in 2007 and 2006, respectively	(2,215,928)	(2,296,369)	(629,237)	(658,445)
Other distributions			(13,841)	(13,625)
Net nonoperating revenues (expenses)	91,679,671	85,391,744	(643,078)	(672,070)
GAIN (LOSS) BEFORE OTHER REVENUES AND EXPENSES	1,136,569	(1,024,232)	13,954,226	2,159,210
OTHER REVENUES AND EXPENSES				
Capital gifts and grants (including \$ 0 and \$1,097,921 respectively, from the Idaho State University Foundation)	4,221,860	1,125,435		
Gain or (loss) on disposal of fixed assets	(38,021)	2,940		
Net other revenues and expenses	4,183,839	1,128,375		
INCREASE IN NET ASSETS	5,320,408	104,143	13,954,226	2,159,210
NET ASSETS, BEGINNING OF YEAR	137,014,656	136,910,513	14,617,533	12,458,323
NET ASSETS, END OF YEAR	\$ 142,335,064	\$ 137,014,656	\$ 28,571,759	\$ 14,617,533

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Student fees	\$ 34,540,538	\$ 37,190,868
Grants and contracts	43,680,217	46,930,045
Sales and services of educational activities	4,038,143	3,488,492
Sales and services from auxiliary enterprises	10,792,275	10,062,147
Other operating revenue	4,089,727	3,900,500
Collection on loans to students	652,380	633,634
Payments to and on behalf of employees	(126,038,999)	(126,806,004)
Payments for services	(16,668,572)	(14,951,685)
Payments for supplies	(17,167,366)	(16,775,959)
Payments for insurance, utilities, rent	(6,045,733)	(5,950,051)
Payments for scholarships and fellowships	(7,741,726)	(7,632,945)
Other operating payments	(5,890,999)	(5,291,954)
Loans issued to students	(654,578)	(583,812)
Net cash provided (used) by operating activities	(82,414,693)	(75,786,724)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	82,270,123	78,553,066
Gifts	4,643,688	4,423,399
Agency account receipts	42,381,198	40,871,075
Agency account payments	(40,234,981)	(41,433,561)
Direct lending receipts	43,160,337	46,182,563
Direct lending payments	(43,419,731)	(46,244,673)
Net cash provided (used) by non-capital financing activities	88,800,634	82,351,869
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital gifts and grants	2,844,343	1,202,702
Capital Purchases	(6,885,928)	(6,889,215)
Bond proceeds	10,000,000	0
Bond costs of issuance	(207,277)	0
Principal paid on capital debt	(2,115,000)	(2,040,000)
Interest paid on capital debt	(2,683,474)	(2,608,322)
Net cash provided (used) by financing activities	952,664	(10,334,835)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	2,640,185	1,941,077
Net cash provided (used) by investing activities	2,640,185	1,941,077
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,978,790	(1,828,613)
CASH AND CASH EQUIVALENTS--Beginning of year	44,509,087	46,337,700
CASH AND CASH EQUIVALENTS--End of year	<u>\$ 54,487,877</u>	<u>\$ 44,509,087</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES		
Operating Loss	(90,543,102)	(86,415,976)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation	8,524,162	8,123,834
Maintenance costs paid by Department of Public Works and other	(9,388)	1,862,878
Change in assets and liabilities		
Accounts receivable, net	(772,305)	667,285
Deferred expenses	(54,282)	201,539
Student loans receivable, net	80,294	147,653
Inventory	26,158	(4,442)
Accounts payable and accrued liabilities	(17,671)	404,789
Accrued salaries and benefits payable	519,641	(821,079)
Deposits	17,741	(12,566)
Deferred revenue	(185,941)	59,361
Net cash used in operating activities	<u>\$ (82,414,693)</u>	<u>\$ (75,786,724)</u>

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Idaho State University (the “University”) is part of the public system of higher education in the State of Idaho. The system is considered part of the State of Idaho financial reporting entity. The State Board of Education, appointed by the Governor and affirmed by the legislature, directs the system. The University is located in Pocatello, Idaho. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity—In May 2002, GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The University implemented this statement for the fiscal year ended June 30, 2004, and made the determination that the Idaho State University Foundation, Inc. (Foundation) is an affiliated organization that meets the criteria for discrete component unit presentation.

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

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

Cash Equivalents—The University considers all liquid investments with a remaining maturity of three months or less at the date of acquisition and all non-negotiable certificates of deposit to be cash equivalents.

Student Loans Receivable—Loans receivable from students bear interest at rates ranging from 3 percent to 7 percent and are generally payable to the University in installments over a 5 to 10 year period, commencing 6 or 9 months after the date of separation from the University.

Accounts Receivable—Accounts receivable consist of fees charged to students as well as auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Idaho. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University’s grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

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

Investments—The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net assets. The total unrealized gain or loss was not significant for the years ended June 30, 2007 and 2006.

Noncurrent Cash and Investments—Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the statement of net assets.

Property, Plant and Equipment—Capital assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at date of gift. The University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 12 to 25 years for land improvements, 10 years for library books, and 5 to 13 years for equipment.

The University houses collections at the Idaho Museum of Natural History that it does not capitalize. These collections adhere to the University's policy to (a) maintain them for public exhibition, education or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. The University charges these collections to operations at the time of purchase, in accordance with generally accepted accounting principles.

Deferred Revenues—Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences—Employee vacation pay that is earned but unused is accrued at year-end for financial statement purposes. Amounts included in accrued salaries and benefits payable in the statement of net assets are \$4,058,437 and \$3,738,159 at June 30, 2007 and 2006, respectively.

Noncurrent Liabilities—Noncurrent liabilities include the principal portions of revenue bonds payable and notes payable with contractual maturities greater than one year.

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

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

Restricted, Expendable—Restricted expendable net assets include resources which the University is legally or contractually obligated to use in accordance with restrictions imposed by external third parties.

Unrestricted—Unrestricted net assets represent resources derived from student fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the University, and may be used at the discretion of the institution to meet current expenses for any purpose.

Income Taxes—The University, as a political subdivision of the State of Idaho, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

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

Operating Revenues—Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary

enterprises, (3) most federal, state and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.

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

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

New Accounting Standards—In June of 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB). This statement establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities. The University has not completed the process of evaluating the impact that will result from adopting this Statement. The requirements of this statement are effective for the fiscal year ending June 30, 2008.

In May 2007 the GASB issued Statement No. 50, Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27. This Statement more closely aligns financial reporting requirements for pensions with those for other post-employment benefits and provides enhanced information in the notes to the financial statements and required supplementary information. The University has not completed the process of evaluating the impact that will result from adopting this Statement. The requirements of this Statement are effective for the fiscal year ending June 30, 2008.

In June 2007 the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement defines an intangible asset's required characteristics, and generally requires that they be treated as capital assets. The University has not completed the process of evaluating the impact that will result from adopting this Statement. The requirements of this Statement are effective for the fiscal year ending June 30, 2010.

2. DEPOSITS AND INVESTMENTS

Deposits--The University accounts for its cash on a pooled basis whereby each fund has a positive or negative equity in cash, depending upon the net effect of its cash receipts and disbursements activity. The University's deposits are maintained in commercial checking accounts which, as of June 30, 2007 and 2006, were insured for \$100,000 by the Federal Deposit Insurance Corporation (FDIC). At times, deposits in commercial checking accounts exceed the insured limit of the FDIC, which potentially subjects the University to credit risk. After all debit and credit transactions have posted at the end of each business day, excess balances are automatically moved to the Automated Repurchase Investment Sweep account for overnight investment at competitive market rates to maximize the use of idle funds, including the cash float from outstanding checks. The investments in the sweep account consist of direct obligations or those that are fully guaranteed as to the principal and interest by the U.S. Government or its agencies and are collateralized at 100% of market value.

Balances classified as Cash with Treasurer are amounts that are required to be remitted to the State of Idaho as a result of the student fee collection process and, once remitted, these balances are under the control of the State Treasurer. The University is not entitled to any interest accruing on these balances.

At June 30, 2007 and June 30, 2006, total deposits consisted of the following:

	<u>2007</u>	<u>2006</u>
Cash	\$ 1,620,933	\$ 1,530,030
Non-negotiable certificates of deposit	1,347,726	1,327,276
Obligations of the U.S. Government and its agencies	53,095,490	40,619,811
Cash with Treasurer	<u>878,819</u>	<u>4,858,364</u>
Total deposits	<u>\$ 56,942,968</u>	<u>\$ 48,335,481</u>

The deposit amounts subject to custodial credit risk at June 30, 2007 and June 30, 2006, were \$2,868,659 and \$2,657,306, respectively, which were uncollateralized and uninsured.

At June 30, 2007 and June 30, 2006, the University had \$83,225 and \$105,637 respectively, of cash on hand in various change funds. The carrying amount of the University's cash and cash equivalents at June 30, 2007 and June 30, 2006, was \$54,487,876 and \$44,509,087, respectively. The net difference between deposits and the carrying amount of cash and cash equivalents is primarily a reflection of investment of the daily float.

Investments— The Idaho State Board of Education defines, in its Governing Policies and Procedures, Section V Subsection D, the types of securities authorized as appropriate investments for the University. Funds within the control of the institution may be invested without prior Board approval in FDIC passbook savings accounts, certificates of deposit, U.S. securities, federal funds repurchase agreements, reverse repurchase agreements, federal agency securities, large money market funds, bankers acceptances, corporate bonds of "Aa" grade or better, mortgage backed securities of "Aa" grade or better and commercial paper of prime or equivalent grade. Authority to make investments in any other form requires prior Board approval. Such Board approval may be in the form of general authority to invest or reinvest cash, securities and other assets.

Investments Held in Trust—As of June 30, 2007 and June 30, 2006, the only investments meeting the criteria for disclosure in GASB 40 consisted of investments held in trust. The entire amounts of these investments are restricted by bond indentures.

<u>Investment Type</u>	<u>Fair Value</u>		<u>Investment Maturity</u>	<u>Rating Must Exceed</u>	
	<u>2007</u>	<u>2006</u>		<u>Standard & Poors</u>	<u>Moody's</u>
Repurchase Agreement	\$ 4,989,338	\$ 11,372,931	1/1/2007	AA-	Aa3

Interest rate risk: Interest rate risk for investments is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not currently have a formal investment policy to address interest rate risk.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of the investments in the possession of an outside party. The University does not currently have a formal investment policy related to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk for investments is the risk of loss attributable to the magnitude of an investment in a single issuer. The University does not currently have a formal investment policy related to concentration of credit risk.

3. ACCOUNTS RECEIVABLE AND DUE FROM STATE AGENCIES

Accounts receivable and due from state agencies consisted of the following at June 30:

	<u>2007</u>	<u>2006</u>
Operating:		
Student tuition fees	\$ 9,052	\$ 51,048
Federal grants and contracts	1,787,058	1,898,590
State and local grants and contracts	2,896,959	2,156,219
Nongovernment grants and contracts	2,117,923	1,448,613
Sales and services of educational departments	253,775	497,250
Auxiliary enterprises sales and services	600,452	535,728
Other operating revenue	497,555	597,051
Services, supplies and other	73,722	10,684
Perkins	147,156	134,638
Revolving	574,789	854,766
Less allowance for doubtful accounts	<u>(643,088)</u>	<u>(641,538)</u>
Net operating accounts receivable and due from state agencies	8,315,353	7,543,049
Nonoperating:		
State appropriations	\$ 657,664	\$ 693,463
Gifts	259,242	10,245
Agency	<u>975,614</u>	<u>603,906</u>
Net nonoperating accounts receivable	<u>1,892,520</u>	<u>1,307,614</u>
Total accounts receivable and due from state agencies	<u>\$ 10,207,873</u>	<u>\$ 8,850,663</u>

4. STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program (the “Program”) comprise substantially all of the loans receivable at June 30, 2007 and 2006. Under this Program, the federal government provides approximately 75 percent of the funding for the Program, with the University providing the balance. A borrower may have all or part of their loan (including interest) canceled for engaging in teaching, public service, service in the Peace Corps or ACTION, or service in the military. The Department of Education reimburses the University each year for the principal and interest canceled in its Perkins Loan Fund for all of the cancellation provisions except death, total and permanent disability, and bankruptcy. The University must deposit this reimbursement into its Perkins loan fund. However, the University is not required to deposit reimbursements for loans made prior to July 1, 1972 into the Perkins Fund, as these reimbursements are considered institutional funds. In the event the University should withdraw from the Federal Perkins Loan Program or the government were to cancel the Program, the amount the University would be liable for as of June 30, 2007 and 2006, is \$2,000,892 and \$2,064,467, respectively.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management’s opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2007 and 2006, the allowance for uncollectible loans was approximately \$409,964 and \$424,957, respectively.

In the spring of 2006, the University began participation in the Nursing Faculty Loan Program (NFLP), a federal loan program authorized under Title VIII of the Public Health Service Act, to increase the number of

qualified nursing faculty. As per the agreement, the Department of Health and Human Services (HHS) makes an award to the University in the form of a Federal Capital Contribution (FCC). The University uses the FCC to establish a distinct account called the NFLP Fund, from which loans are made to full-time students enrolled in an eligible, advanced degree nursing program (master's or doctoral) at the University. In addition to the FCC award, the University must contribute an Institutional Capital Contribution (ICC) to the NFLP Fund equal to at least one-ninth of the total FCC award. There were \$14,400 and \$6,000 in loans issued to students in 2007 and 2006 respectively. In the event the University should withdraw from the NFLP Program, or the government was to cancel the Program, the amount the University would be liable for as of June 30, 2007 and 2006, is \$29,103 and \$28,664.

5. PROPERTY, PLANT AND EQUIPMENT

Following are the changes in property, plant and equipment for the years ended June 30:

	June 30, 2005	Additions	Retirements	June 30, 2006	Additions	Retirements	June 30, 2007
Property, plant and equipment:							
Land	\$ 3,291,993			\$ 3,291,993			\$ 3,291,993
Construction in progress	42,049,383	10,798,613	(33,854,336)	18,993,660	8,808,251		27,801,911
Total property, plant and equipment not being depreciated	\$ 45,341,376	\$ 10,798,613	\$ (33,854,336)	\$ 22,285,653	\$ 8,808,251	\$	\$ 31,093,904
Other property, plant and equipment:							
Buildings and improvements	\$126,468,149	\$ 34,087,992	\$	\$160,556,141		\$	\$160,556,141
Furniture, fixtures and equipment	30,589,522	2,467,527	(1,077,689)	31,979,360	4,686,261	(2,576,337)	34,089,284
Library materials	33,128,151	2,284,601		35,412,752	2,426,969		37,839,721
Total other property, plant and equipment	190,185,822	38,840,120	(1,077,689)	227,948,253	7,113,230	(2,576,337)	232,485,146
Less accumulated depreciation:							
Buildings and improvements	(52,044,818)	(4,052,436)		(56,097,254)	(4,037,849)		(60,135,103)
Furniture, fixtures and equipment	(20,219,818)	(2,316,602)	1,036,973	(21,499,447)	(2,611,778)	2,538,316	(21,572,909)
Library materials	(24,936,701)	(1,754,796)		(26,691,497)	(1,874,535)		(28,566,032)
Total accumulated depreciation	(97,201,337)	(8,123,834)	1,036,973	(104,288,198)	(8,524,162)	2,538,316	(110,274,044)
Other property, plant and equipment net of accumulated depreciation	\$ 92,984,485	\$ 30,716,286	\$ (40,716)	\$123,660,055	\$ (1,410,932)	\$ (38,021)	\$122,211,102
Property, Plant and Equipment Summary:							
Property, plant and equipment not being depreciated	\$ 45,341,376	\$ 10,798,613	\$ (33,854,336)	\$ 22,285,653	\$ 8,808,251	\$	\$ 31,093,904
Other property, plant and equipment at cost	190,185,822	38,840,120	(1,077,689)	227,948,253	7,113,230	(2,576,337)	232,485,146
Total property, plant and equipment	235,527,198	49,638,733	(34,932,025)	250,233,906	15,921,481	(2,576,337)	263,579,050
Less accumulated depreciation	(97,201,337)	(8,123,834)	1,036,973	(104,288,198)	(8,524,162)	2,538,316	(110,274,044)
Property, plant and equipment—net	\$138,325,861	\$ 41,514,899	\$ (33,895,052)	\$145,945,708	\$ 7,397,319	\$ (38,021)	\$153,305,006

Construction in progress includes \$25,919,205 for the Rendezvous building, a multipurpose educational, residential and social complex.

The Performing Arts Center was constructed by the Foundation with contributions and the proceeds from the Foundation's Multi-Mode Variable Rate Revenue Bond, issued in 2001. The facility was constructed on land leased by the Foundation from the University for \$1 a year for a 20 year term. The land and improvements were, in turn, leased back to the University for \$1 a year for 20 years, with a provision that title to the improvements transfers to the University at the earlier of the end of the lease or retirement of the bonds. A security interest in the land and improvements is held through a Deed of Trust issued by the Foundation to Wells Fargo Bank, N.A. The excess of the fair value of the improvements (i.e., cost) over the gross rents payable by the University were recorded as an

asset of the University in recognition of the permanent transfer of rights of use to the University for only nominal consideration.

The University also has a collection of historical artifacts located at the Museum of Natural History, the value of which is uncertain.

In addition to accounts payable for construction in progress, the estimated cost to complete property authorized or under construction at June 30, 2007, is approximately \$18,200,000. These costs will be financed by available resources of Idaho State University and through General Refunding and Improvement Revenue Bonds.

6. DEFERRED REVENUE

Deferred revenue consists of the following at June 30:

	2007	2006
Prepaid fees	\$ 1,462,887	\$ 2,343,441
Auxiliary enterprises	117,408	88,614
Grants and contracts	1,229,998	1,477,913
Other ticket sales	670	1,260
	\$ 2,810,963	\$ 3,911,228



7. NONCURRENT LIABILITIES

Notes and bonds payable at June 30 consisted of the following:

Description	Balance Outstanding 6/30/2005	Additions	Reductions	Balance Outstanding 6/30/2006	Additions	Reductions	Balance Outstanding 6/30/2007	Amounts Due Within One Year
Student Facilities Fee Revenue Bonds, Series 1998, (original balance of \$12,400,000), consisting of serial and term bonds (either directly or through sinking funds) in annual amounts increasing periodically from \$585,000 to a maximum of \$920,000, plus interest from 3.65% to 5.00% through the year 2022. All bonds are collateralized by certain student fees and other revenues.	10,180,000		(645,000)	9,535,000		(670,000)	8,865,000	700,000
General Refunding and Improvement Revenue Bonds, Series 2003 (original balance of \$35,895,000), consisting of serial bonds payable in annual amounts increasing periodically from \$715,000 to a maximum of \$3,115,000, plus interest from 3.00% to 5.00% through the year 2023. All bonds are collateralized by certain student fees and other revenues.	34,450,000		(1,090,000)	33,360,000		(1,140,000)	32,220,000	1,190,000
General Revenue Bonds, Series 2004A (original balance of \$4,980,000), consisting of serial bonds payable in annual amounts increasing periodically from \$210,000 to a maximum of \$375,000, plus interest from 2.00% to 4.375% through the year 2023. All bonds are collateralized by certain student fees and other revenues.	4,980,000		(210,000)	4,770,000		(210,000)	4,560,000	215,000
General Revenue Bonds, Series 2004B (original balance of \$3,305,000), consisting of serial and term bonds payable in annual amounts increasing periodically from \$55,000 commencing in 2022 to a maximum of \$345,000, plus interest from 4.50% to 4.75% through the year 2034. All bonds are collateralized by certain student fees and other revenues.	3,305,000			3,305,000			3,305,000	
General Revenue Bonds, Series 2004C (original balance of \$2,305,000), consisting of term bonds payable in annual amounts increasing periodically from \$95,000 to a maximum of \$190,000, plus interest of 4.880% through the year 2022. All bonds are collateralized by certain student fees and other revenues.	2,305,000		(95,000)	2,210,000		(95,000)	2,115,000	100,000
General Revenue Bonds, Series 2006 (original balance of \$10,000,000), consisting of term bonds payable in annual amounts increasing periodically from \$320,000 to a maximum of \$805,000, plus interest of 5.260% through the year 2028. All bonds are collateralized by certain student fees and other revenues.	-			-	10,000,000		10,000,000	
	-		-	-				
Premium on bonds	55,220,000	0	(2,040,000)	53,180,000	10,000,000	(2,115,000)	61,065,000	2,205,000
Discount on bonds	2,317,760		(328,189,000)	1,989,571		(303,801)	1,685,770	
	(159,487)		9,517	(149,970)		9,516	(140,454)	
Totals	\$ 57,378,273	\$ -	\$ (2,358,672)	\$ 55,019,601	\$ 10,000,000	\$ (2,409,285)	\$ 62,610,316	\$ 2,205,000

There are a number of limitations and restrictions contained in the various bond indentures. Management believes there were no conditions of noncompliance with any terms or debt covenants.

Principal and interest maturities on notes and bonds payable in future periods for the year ending June 30, 2007, are as follows:

	Bonds	
	Principal	Interest
2008	\$ 2,205,000	\$ 2,959,112
2009	2,315,000	2,855,732
2010	2,740,000	2,748,651
2011	2,870,000	2,618,993
2012	3,010,000	2,480,685
2013-2017	17,080,000	10,062,861
2018-2022	19,845,000	5,540,998
2023-2027	8,095,000	1,602,756
2028-2032	2,235,000	409,893
2033-2034	670,000	48,213
	<u>\$61,065,000</u>	<u>\$31,327,892</u>

Pledged Revenue—As disclosed, the University currently has two bond issues outstanding: the Student Facilities Fee Revenue Bond (“Series 1998”) and the General Refunding and Improvement Revenue Bonds, Series 2003, which include 2004A, 2004B, 2004C, and 2006. The University has pledged certain revenues as collateral for these bonds. The pledged revenue amounts as of June 30 are as follows:

	2007		
	Student Facilities Fee Revenue Bond	General Refunding and Improvement Revenue Bond	Total
Pledged Revenues	Series 1998	Series 2003, 2004A, 2004B, 2004C, 2006	
Matriculation fee	\$	\$ 27,147,385	\$ 27,147,385
Student facilities fee	3,233,087	420,928	3,654,015
Revenue of student housing system		3,524,614	3,524,614
Investment income	555	546,326	546,881
	<u>\$ 3,233,642</u>	<u>\$ 31,639,253</u>	<u>\$ 34,872,895</u>

	2006		
	Student Facilities Fee Revenue Bond	General Refunding and Improvement Revenue Bond	Total
Pledged Revenues	Series 1998	Series 2003, 2004A, 2004B, 2004C, 2006	
Matriculation fee	\$	\$ 28,360,077	\$ 28,360,077
Student facilities fee	3,430,202	446,779	3,876,981
Revenue of student housing system		3,635,383	3,635,383
Investment income	587	309,391	309,978
	<u>\$ 3,430,789</u>	<u>\$ 32,751,630</u>	<u>\$ 36,182,419</u>

As indicated, the Student Facilities Fee is pledged for Series 1998, Series 2003, Series 2004A, Series 2004B, Series 2004C and Series 2006 bonds. The Revenue of the Housing System is pledged for the General Refunding and Improvement bonds (Series 2003, 2004A, 2004B, 2004C, 2006).

8. OPERATING LEASE OBLIGATIONS

The University is a lessor under a ground lease agreement with Portneuf Medical Center (lessee). The lease is for 20 years with a renewal option for an additional 20 years, exercisable in the final year of the original lease term. The lease allows for the construction of a sports medicine facility (the Facility) on the premises, which was completed in September 1994. The lessee pays rent of \$1 per year for the ground lease, payable on the date of the execution of the lease and annually thereafter on the anniversary date of such execution.

The University leases a weight/training room and associated common areas from Portneuf Medical Center (lessor). The lease term is 20 years, with a renewal option for an additional 20 years, exercisable if the lessor exercises its option to renew, as provided in the ground lease agreement. Rent for the weight/training room portion of the lease is \$1 per year. Rent for shared use of the common areas is \$14,000 per year. Rents for the initial term and optional lease term are payable on the date of the execution of the lease and annually thereafter on the anniversary date of such execution. Upon expiration of the lease term, the Facility shall become the property of the University. ISU leases building and office facilities under various non-cancelable operating leases. Total costs for such leases were \$1,029,893 and \$934,955 for the years ended June 30, 2007 and 2006, respectively.

Future minimum lease payments at June 30, 2007 for all leases are as follows:

Fiscal Years	Payments
2008	\$ 1,111,552
2009	665,734
2010	242,689
2011	80,554
2012	14,001
2013-2015	<u>28,002</u>
Totals	<u>\$ 2,142,532</u>

9. RETIREMENT PLANS AND TERMINATION PAYMENTS

Public Employee Retirement System of Idaho—The Public Employee Retirement System of Idaho (“PERSI”), a cost-sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members’ years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. The benefits and obligations to contribute to the plan were established, and may be amended by, the Idaho State Legislature. Financial reports for the plan are available from PERSI upon request.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment

classification. For each month of credited service, the annual service retirement allowance is 2.0 percent or 2.3 percent (depending upon employee classification) of the average monthly salary for the highest consecutive 42 months.

For the year ended June 30, 2007, the required contribution rates as a percentage of covered payroll remained unchanged from FY 2006, at 10.39 percent for the University, and 6.23 percent for employees. The University contributions that were required and paid were \$2,844,156, \$2,905,913, and \$2,671,378, for the years ended June 30, 2007, 2006, and 2005, respectively.

Optional Retirement Plan—Effective July 1, 1990, the Idaho State Legislature authorized the Idaho State Board of Education to establish an Optional Retirement Plan (ORP), a defined contribution plan, for faculty and exempt employees. The employee contribution requirement for the ORP is based on a percentage of the total payroll. Employer contributions are determined by the State of Idaho. The plan provisions were established by, and may be amended by, the State of Idaho.

New faculty and exempt employees hired on or after July 1, 1990 automatically enroll in the ORP and select a vendor option. Faculty and exempt employees hired before July 1, 1990 had a one-time opportunity to enroll in the ORP. Enrollees in the ORP no longer belong to PERSI. Vendor options in the ORP include the *Teachers Insurance and Annuity Association - College Retirement Equities Fund* and the *Variable Annuity Life Insurance Company*.

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age. The contribution requirement (and amounts paid) for the years ended June 30, 2007 and 2006, were \$7,997,767 and \$7,765,136, respectively. These contributions consisted of \$4,202,531 and \$4,078,334 from the University and \$3,795,236 and \$3,686,802 from employees and represented approximately 7.72 percent and 6.97 percent of covered payroll, respectively.

Although enrollees in the ORP no longer belong to PERSI, the University is required to contribute 3.03 percent of the annual covered payroll to PERSI. These annual supplemental payments are required through July 1, 2015. During the years ended June 30, 2007 and 2006, supplemental funding payments to PERSI were \$1,649,546 and \$1,601,002, respectively. These amounts are not included in the regular University PERSI contribution discussed previously.

Financial statements and required supplementary information related to PERSI may be obtained by writing to Public Employee Retirement System of Idaho, P.O. Box 83720, Boise, ID 83720-0078.

Postretirement Benefits Other Than Pensions—The University offers a life insurance plan for retired employees. During the years ended June 30, 2007 and 2006, the University made expenditures totaling \$167,268 and \$153,802 to purchase life insurance for 278 and 271 retired employees receiving these benefits. This program is accounted for by the University on a pay-as-you-go basis. Note 1 discusses a new accounting standard (GASB Statement No. 45) that, when implemented, would require the University to record this obligation on an actuarially determined basis and would likely result in a higher accrual amount.

Termination Payments—Employees who qualify for retirement under PERSI or ORP are eligible to use 50 percent of the cash value of their unused sick leave to continue their medical insurance coverage through the University. The University partially funds these obligations by depositing .65 percent of employee gross payroll to PERSI, who administers the plan for all participating ISU employees and retirees under a trust fund. The total contributions for the years ended June 30, 2007 and 2006, were \$531,812 and \$525,244, respectively.

10. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION

2007								
	Personnel Costs	Services	Supplies	Insurance, Utilities and Rent	Scholarships and Fellowships	Depreciation	Miscellaneous	Operating Expenses Totals
Instruction	\$ 71,073,930	\$ 6,386,822	\$ 5,553,727	\$ 226,384			\$ 1,454,136	\$ 84,694,999
Research	10,442,435	3,412,680	1,459,984	111,447			488,600	15,915,146
Public services	3,985,457	464,402	252,197	108,285			173,716	4,984,057
Academic support	6,187,159	1,094,424	1,496,475	43,015			249,162	9,070,235
Libraries	2,232,271	159,612	134,495	100			25,410	2,551,888
Student services	6,506,176	787,829	455,591	36,639			423,212	8,209,447
Institutional support	10,161,456	2,206,587	1,696,060	144,345			812,735	15,021,183
Maintenance and operations	5,184,789	5,443,814	613,173	4,732,680			36,289	16,010,745
Auxiliary enterprises	10,346,412	3,443,747	3,014,315	843,011			2,272,424	19,919,909
Scholarships and fellowships					13,487,571			13,487,571
Depreciation						8,524,162		8,524,162
Total expenses	<u>\$ 126,120,085</u>	<u>\$ 23,399,917</u>	<u>\$ 14,676,017</u>	<u>\$ 6,245,906</u>	<u>\$ 13,487,571</u>	<u>\$ 8,524,162</u>	<u>\$ 5,935,684</u>	<u>\$ 198,389,342</u>

2006								
	Personnel Costs	Services	Supplies	Insurance, Utilities and Rent	Scholarships and Fellowships	Depreciation	Miscellaneous	Operating Expenses Totals
Instruction	\$ 70,256,242	\$ 4,717,569	\$ 5,960,921	\$ 231,952	\$	\$	\$ 1,511,223	\$ 82,677,907
Research	9,801,369	1,765,250	3,317,406	42,038			452,337	15,378,400
Public services	3,882,324	543,971	501,425	77,199			145,250	5,150,169
Academic support	6,121,495	1,261,789	911,986	47,798			329,892	8,672,960
Libraries	2,356,930	100,413	189,783	170			28,808	2,676,104
Student services	6,822,510	448,696	630,094	31,255			431,800	8,364,355
Institutional support	9,558,263	1,442,223	2,125,384	132,653			791,643	14,050,166
Maintenance and operations	5,355,182	516,260	2,897,170	4,768,788			(132,021)	13,405,379
Auxiliary enterprises	10,257,892	3,002,836	4,393,348	1,458,142			2,126,235	21,238,453
Scholarships and fellowships					13,693,498			13,693,498
Depreciation						8,123,834		8,123,834
Total expenses	<u>\$ 124,412,207</u>	<u>\$ 13,799,007</u>	<u>\$ 20,927,517</u>	<u>\$ 6,789,995</u>	<u>\$ 13,693,498</u>	<u>\$ 8,123,834</u>	<u>\$ 5,685,167</u>	<u>\$ 193,431,225</u>

11. CONTINGENCIES AND LEGAL MATTERS

Revenue from federal research and service grants includes amounts for the recovery of overhead and other costs allocated to these projects. The University may be required to make refunds of amounts received for overhead and other costs reimbursed as a result of audits by agencies of the federal government. University officials are of the opinion that the effect of these refunds, if any, will not have a significant effect on the financial position of the University.

The University is a defendant in litigation arising from the normal course of operations. Based on present knowledge, the University's administration believes any ultimate liability in these matters will not materially affect the financial position of the University.

12. SUBSEQUENT EVENTS

In August 2007, the University issued General Revenue Bonds, Series 2007 in the amount of \$16,120,000. The Series 2007 were issued to finance the costs to renovate and construct additions to an existing recreation facility and to finance the purchase and renovation of a portion of a building in Meridian, Idaho to be use for instructional purposes.

13. COMPONENT UNIT DISCLOSURE

The Idaho State University Foundation, Inc. is discretely presented on the face of the financial statements as a component unit, as prescribed by the Governmental Accounting Standards Board (GASB) Statement 14, The Reporting Entity, as amended by Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Separate audited financial statements are prepared for the Foundation and may be obtained by contacting Idaho State University Financial Services, Campus Box 8219, Pocatello, Idaho 83209.

The information disclosed hereafter is related to Foundation items that are determined to be significant to the reporting entity as a whole.

Pledges Receivable—The Foundation has outstanding pledges of all types of approximately \$86 million, which will be received over an extended period of years. Pledges receivable at June 30, 2007 and 2006, in the amount of \$2,124,959 and \$2,415,814, are recorded in accordance with GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*. Recorded pledges have not been discounted, nor is there an allowance for uncollectible pledges, as all amounts are expected to be collected. The remaining pledges are not included in the financial statements because they do not meet all the criteria in GASB Statement No. 33 for revenue recognition. Approximately \$9.6 million of the total unrecorded pledges balance is designated to support bonds related to the L.E. & Thelma E. Stephens Performing Arts Center.

Deposits—The Foundation maintains an Escrow/Reserve account for the Performing Arts Center invested in a Money Market Mutual Fund. The SIPC protects assets held in a brokerage safekeeping account against broker-dealer insolvency up to a value of \$500,000 (limited to \$100,000 for claims for cash). Lloyd's of London coverage provides additional protection up to \$149.5 million (including up to \$900,000 cash), for total protection of \$150 million (with a \$1 million limit for claims for cash). The June 30, 2007 and 2006 balances were \$1,928,248 and \$2,000,463, respectively. The foundation investment policy does not address custodial credit risk, as defined by GASB.

Investments—Investments are carried at fair value. Equity securities are valued at fair value as reported by the Investment Managers/Custodians. The change in fair value of the investments is noted parenthetically in the accompanying Statement of Revenues, Expenditures and Changes in Net Assets.

The Foundation, through its Board of Directors, appoints an investment committee that establishes investment guidelines, sets spending rules, and engages the investment managers and custodians. The Board oversees and approves all investment and asset allocation policies proposed by the Investment Committee. Furthermore, the Board and the Investment Committee acknowledge and understand their fiduciary role and seek to act prudently in the best interests of the Foundation.

The role of the Investment Committee is also to monitor and review the actions of the investment managers and custodians, make recommendations on investment policy, and oversee the management of all other assets of the Foundation. The Investment Committee reports regularly to the Board of Directors.

The overall investment policy is to maximize the return on investments within an acceptable range of risks. Appropriate levels of investment risk are determined by guidelines and influenced by spending rules. The principal of the Endowment should be protected over time, with a spending rule set to maintain the purchasing power of returns from the assets.

Concentration of Credit Risk—Concentration of credit risk for investments is the risk of loss attributable to the magnitude of an investment in a single issuer. The Foundation’s investment policy sets a target distribution for investment types to minimize this risk which is 25-30% for bonds, cash and cash equivalents and 75-80% for equity strategies, including private placements, hedges and commodity strategies. At June 30, 2007, the distribution of investments was:

Investment Type	Portfolio	Benchmark	Amount	
Fixed Income:	International and Domestic Fixed Income Mutual Funds	Lehman Aggregate	<u>\$ 10,874,606</u>	
	Total Fixed income		<u>10,874,606</u>	27%
Equity:				
Mutual funds	U.S. and International Equities	S&P 500	18,770,603	
Mutual funds	International Equities	MSCI World/Emerging Market	3,403,571	
Hedge and Absolute Return Funds	Domestic/International Hedged Equities	3-month T-bill and LIBOR + 200BP & 500BP	<u>4,940,591</u>	
	Total Equities		<u>27,114,765</u>	69%
Commodities:				
Commodities Fund	Commodity Assets	DJ AIG Commodity Index	<u>1,569,202</u>	
	Total Commodities		<u>1,569,202</u>	4%
Total Investments			<u><u>\$ 39,558,573</u></u>	

Through a “Cash Management Sweep Account and Automatic Daily Repurchase Agreement” with Key Bank National Association, the Foundation invests idle cash in uninsured repurchase agreements. The repurchase agreement is fully collateralized with an undivided, fractional interest in obligations of, or obligations that are fully guaranteed by, the United States government or any agency thereof. Titles to the securities are vested in the bank. The bank repurchases the undivided, fractional interest from the Foundation on the next banking day.

Credit Risk of Debt Securities—The risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's, and Fitch's. The Foundation's investment policy recognizes that fixed income securities are to be managed actively to pursue opportunities presented by the changes in interest rates, credit ratings, and maturity premiums. There are various investment limitations to the fixed income portfolio to minimize risks, concentrations, and deviation from portfolio benchmarks. The current portfolio is in compliance with those guidelines. However, included within debt securities are the Blackrock Core Bond fund and the CFI Multi-strategy Bond Fund, which are unrated in and of themselves.

Interest Rate Risk—Investments in debt securities that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The Blackrock Core Bond Fund has an average maturity of 4.73 years. The Common fund Institutional Multi-Strategy Bond Fund has an average maturity of 4.0 years. The Foundation's investment policy does not limit maturities of its interest bearing instruments.

Multi-Mode Variable Rate Revenue Bond—A Multi-Mode Variable Rate Revenue Bond for the construction, furnishing, equipping, and improving of certain real and personal property, comprising the L.E. and Thelma Stephens Performing Arts Center, was issued on May 30, 2001, in the amount of \$22,170,000. The Bonds fully mature on May 1, 2021, and are secured by donations, pledges and other funds held under the Bond Indenture. The debt balance at June 30, 2007 was \$11,010,000. In March, 2007, a principal payment of \$9,775,000 was made from the trust of Thelma Stephens. Total interest expense was \$629,237 and \$658,445 in 2007 and 2006, respectively.

The facility was constructed on land leased by the Foundation from the University for \$1 a year for a 20-year term. The land and improvements were, in turn, leased back to the University for \$1 a year for 20 years, with a provision that title to the improvements transfers to the University at the earlier of the end of the lease, or retirement of the bonds. The excess of the fair value of the improvements (i.e., cost) over the gross rents payable by the University were recorded as an asset of the University in recognition of the permanent transfer of rights of use to the University for only nominal consideration.

For the period from and including the date of issuance and delivery of the bonds, the bonds will bear interest at rates determined for the weekly rate, until converted to another permitted interest rate. The interest rate mode for the bonds may be changed from time to time to a semi-annual rate or a long-term rate. Each interest rate will be determined by the Remarketing Agent, initially Wells Fargo Brokerage Services, LLC. The interest rates were 3.73 percent at June 30, 2007, and 3.69 percent at June 30, 2006.



Principal maturities on bonds payable for the years` ending June 30 are as follows:

<u>Date</u>	<u>Amount</u>	<u>Interest</u>
2008	100,000	409,942
2009	100,000	406,213
2010	100,000	402,484
2011	100,000	398,755
2012	100,000	395,026
2013-2017	6,250,000	1,454,652
2018-2021	4,260,000	357,260
Totals	<u>\$ 11,010,000</u>	<u>\$ 3,824,332</u>

Unrestricted Net Assets—The unrestricted net asset balances as of June 30, 2007 and 2006, include balances from operations of \$3,091,424 and \$2,154,197, respectively, which are offset by a negative balance of \$12,558,235 and \$21,772,370, respectively. The negative net asset balances resulted from contributions by the Foundation to the University for construction of the L.E. and Thelma Stephens Performing Arts Center, which will be offset by future pledges and contributions not yet recognized or collected by the Foundation.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

Idaho State Board of Education
Idaho State University
Pocatello, Idaho

We have audited the financial statements of Idaho State University (University) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal control over financial reporting

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

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

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

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

Compliance and other matters

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

We communicated other matters which were noted during the course of our audit to management of the University and the Idaho State Board of Education.

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

Moss Adams LLP

Eugene, Oregon
November 16, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Idaho State Board of Education
Idaho State University
Pocatello, Idaho

Compliance

We have audited the compliance of Idaho State University (University) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal control over compliance

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

A *control deficiency* in the University's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the University's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the University's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the University's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Eugene, Oregon
November 16, 2007

I. Summary of Auditor's results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ none reported
- Significant Deficiencies(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ none reported
- Significant Deficiencies(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133? ☐ yes ☒ no

Identification of major programs:

CFDA

Number(s)

Name of Federal Program or Cluster

	U.S. Department of Education
	Student Financial Aid Cluster
84.007	Supplemental Educational Opportunity Grant Program
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan Program
84.063	Pell Grant Program
84.268	Federal Direct Lending Program
84.375	Academic Competitiveness Grant
84.376	National Science and Mathematics Access to Retain Talent Grant
93.925	Scholarships for Health Professions Students from Disadvantaged backgrounds
	U.S. Department of Health & Human Services
93.996	Bioterrorism Preparedness
Various	Research and Development Cluster

Dollar threshold used to distinguish between
type A and type B programs:

\$1,189,212

Auditee qualified as low-risk auditee?

 X yes no

II. Financial statement findings

None

III. Federal award findings and questioned costs

None

SUPPLEMENTAL INFORMATION

IDAHO STATE UNIVERSITY

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2007

Federal Grant/Program Title	Federal CFDA Number	Expenditures	
DEPARTMENT OF AGRICULTURE			
GERMINO: USDA WEEDS	10.206	52,311	1
R.U.S. GRANT	10.855	3,613	
USDA REMOTE SENSING TECHNIQUES	10.912	19,455	1
Pass Through Payments			
SWAT MAP WINDOW EXTENSIONS	10.001	11,522	1
ST HILAIRE SHELF-LIFE STUDY	10.200	2,222	1
ST. HILAIRE: FLY PROJECT-USDA	10.200	26,764	1
IDAHO DEPARTMENT OF LANDS	10.644	23,927	1
EARLY LEARNING CENTER IF	10.558	8,539	
EARLY LEARNING CENTER POC	10.558	71,683	
ISU PRESCHOOL	10.558	5,370	
UPWARD BOUND	10.559	6,300	
ENTREPRENEUR TRAINING	10.769	4,844	
TOTAL DEPARTMENT OF AGRICULTURE		236,550	
DEPARTMENT OF COMMERCE			
B-CAL 1	11.460	186,675	1
NOAA GEOSPATIAL OUTREACH	11.460	121,833	1
B-CAL-3	11.460	1,885	1
Pass Through Payments			
IDAHO MANUFACTURING ALLIANCE/EDA	11.303	85,224	
IDAHO MANUFACTURING ALLIANCE	11.611	790	
TOTAL DEPARTMENT OF COMMERCE		396,407	
DEPARTMENT OF DEFENSE			
DEVEAUX DURIP 2006	12.431	154,356	1
HI INTENSERAD CHEM/BIO DEF YR2	12.800	1,159,133	1
NIATEC	12.902	496,116	1
CNSS 4012	12.902	20,850	
Pass Through Payments			
OPTICAL-FISK	12.910	456,438	1
TOTAL DEPARTMENT OF DEFENSE		2,286,893	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass Through Payments			
CAES - INFRASTRUCTURE GRANT	14.246	444,137	
CAES - ADMINISTRATION GRANT	14.246	625,206	
LCIL	14.246	17,148	
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		1,086,491	

IDAHO STATE UNIVERSITY

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2007

Federal Grant/Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF INTERIOR		
GRAND STAIRCASE-ESCALANTE RES	15.224	6,199 1
MATOCQ: TOWNSEND - BLM 06	15.333	5,000 1
USGS - GREAT DIVIDE TRANSECT	15.808	32,653 1
U.S.G.S. PROJECTS	15.808	26,346 1
ST. HILAIRE: CHYTRID PROJ-USGS	15.808	18,714 1
KINGS PEAK EDMAP	15.810	3,405 1
PETERSON GRYN AMPHIBIAN PROTOC	15.923	59,622 1
HUNTLY - KIPUKA PLANTS	15.DAV	1,322 1
SAGE-STEPPE MONITORING	15.DAV	12,892 1
KIPUKA INVENTORY	15.DAV	8,953 1
URBAN INTERFACE	15.DDG	9,177
Pass Through Payments		
RESTORING MOUNTAIN QUAIL - QU	15.000	27,687 1
TEX CREEK ELK STUDY	15.611	24,221 1
BOB MARSHALL TAILED FROGS	15.634	23,087 1
BAXTER: USGS - GRAND CANYON	15.808	25,291 1
USGS SAWTOOTH MAPPING PROJECT	15.810	375 1
TOTAL DEPARTMENT OF INTERIOR		284,944
DEPARTMENT OF JUSTICE		
Pass Through Payments		
HOMELAND SECURITY PRGM PART II	16.007	14,794
TOTAL DEPARTMENT OF JUSTICE		14,794
DEPARTMENT OF LABOR		
ENERGY SYSTEMS TECH & ED CTR	17.269	64,542
Pass Through Payments		
WIA ADULT PROGRAM	17.258	542
WIA YOUTH ACTIVITIES	17.259	637
WIA DISLOCATED WORKERS	17.260	586
DOL FOOD PROC LEAN MANUF GRANT	17.261	5,415
R.I.T.A.	17.261	10,753
TOTAL DEPARTMENT OF LABOR		82,475
DEPARTMENT OF TRANSPORTATION		
Pass Through Payments		
ID DEPT/TRANSPORT. INTERNSHIP	20.205	13,491
BPO: SIDEWALKS	20.505	2,204 1
TOTAL DEPT OF TRANSPORTATION		15,695

IDAHO STATE UNIVERSITY

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2007

Federal Grant/Program Title	Federal CFDA Number	Expenditures	
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
NASA TLCC-NBR	43.000	401,856	1
NASA O'NEAL	43.000	151,818	1
NASA INTERNATIONAL	43.000	2,206	1
Pass Through Payments			
MAGNUSON NASA-ISGC	43.000	6,081	1
LEDBETTER NASA-ISGC FELLOWSHIP	43.000	16,560	
REMOTE DETECTION OF LIVING ORG	43.000	5,796	1
MAGNUSON NASA-EPSCoR	43.000	9,892	1
NASA SYNTHTC APERTURE RADAR	43.000	163,920	1
NASA ISGC K-12 OUTREACH FY06	43.000	13,493	1
ISGC SPG	43.000	3,129	
SPACECRAFT NAVIGATIONAL SYSTEM	43.000	8,858	1
TUMBLEWEED MICROROBOTS	43.000	13,979	1
ROBOTIC SENSOR PLATFORM	43.000	10,747	1
FIRST TEAM TRAVEL	43.000	26,162	
NASA IRELP GRANT	43.000	1,647	1
UT ST IRRAD OF THIN FILMS 06	43.001	28,642	1
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		864,786	
NATIONAL ENDOWMENT FOR THE ARTS			
Pass Through Payments			
NATIVE AMERICAN BEADWORK	45.025	600	
BORDER CROSSINGS CONFERENCE	45.129	5,000	
SHOSHONI PROJECT	45.129	2,698	1
TOTAL NATIONAL ENDOWMENT FOR THE ARTS		8,298	
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
IMNH ON THE ROAD	45.301	30,286	
Pass Through Payments			
ACRLC	45.310	900	
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES		31,186	
NATIONAL SCIENCE FOUNDATION			
SAHARA DESERT NSF	47.041	15,159	1
HARMONIOUS CALIBRATION	47.049	6,818	1
MATHEMATICS AND WATER RESOURCE	47.049	10,013	1
NSF-CLAS POLARIZATION	47.049	74,228	1
MAGNUSON BIOGEO	47.050	15,015	1
DIGITAL GEOLOGY OF IDAHO	47.050	29,792	1
NSF U-Pb GEO/WLDHORSE GNEISS	47.050	16,167	1

IDAHO STATE UNIVERSITY

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2007

Federal Grant/Program Title	Federal CFDA Number	Expenditures	
HYBRID – KEELEY	47.074	17,530	1
COOK – UMEB	47.074	5,507	1
COOK UMEB STUDENTS	47.074	41,707	1
GROOME/DEACTIVATION	47.074	29,366	1
KELCHNER NSF BAMBOO	47.074	77,847	1
STERIODS AND CARDIA FUNCTION	47.074	179,053	1
STEVE – KEELEY	47.074	613	1
MRCF-NSF-MRI	47.074	5,486	1
TERRESTRIAL EF/AQUATIC IN	47.074	33,657	1
MATOCQ: NSF - DDIG	47.074	7,794	1
COMPLEXITY ACROSS BOUNDARIES	47.074	21,535	1
VP COMPACTERIZATION	47.074	58,551	1
WE LEAD	47.075	61,714	
RSMITH BIOMETHODS CCLI	47.076	8,831	
RSMITHGK12	47.076	691,888	1
RSMITHGK12RENEW	47.076	2,473	
CSEM SCHOLARSHIPS	47.076	88,200	
SCHOLARSHIP FOR SERVICE	47.076	372,067	
FISHERIES POLICY PROJECT	47.078	63,746	1
SANAK BIOCOMPLEXITY PROJECT	47.078	485,303	1
NSF US-CHINA WKSHP MTN GLACIER	47.079	46,848	1
COLLAB EFF BET U.S. & COLUMBIA	47.079	2,724	1
Pass Through Payments			
QUARKNET - ND/NSF	47.049	4,631	
LA TECH GEM ISU	47.049	1,334	1
ANDERSON: SENSORIMOTOR INTEGRA	47.074	35,178	1
TBILISI RADON ASSESSMENT INIT	47.075	3,629	1
RODNICK/NSF EPSCoR - FISH	47.076	34,266	1
NSFEPSCOR - BAXTER	47.076	83,135	1
PORTNEUF RIVER EPSCoR PROJECT	47.076	62,261	1
NSF EPSCoR RII	47.076	52,144	1
NSF EPSCoR RII (INOUE)	47.076	296,542	1
NSF EPSCoR V	47.076	102,950	1
NSF EPSCOR SCHOLARSHIP	47.076	6,215	1
ID NSF EPSCoR SCHOL AWARD 2006	47.076	13,569	1
TOTAL NATIONAL SCIENCE FOUNDATION		3,165,486	
SMALL BUSINESS ADMINISTRATION			
Pass Through Payments			
SBDC - IDAHO FALLS GRANT	59.037	64,473	
SBDC - POCA TELLO GRANT	59.057	54,445	
TOTAL SMALL BUSINESS ADMINISTRATION		118,918	

IDAHO STATE UNIVERSITY

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2007

Federal Grant/Program Title	Federal CFDA Number	Expenditures	
ENVIRONMENTAL PROTECTION AGENCY			
Pass Through Payments			
ID DEPT/IDEQ INTERNSHIP	66.419	11,484	
TOTAL ENVIRONMENTAL PROTECTION AGENCY		11,484	
DEPARTMENT OF ENERGY			
MAGNUSON NABIR	81.049	103,022	1
MAGNUSON – DOE-BES	81.049	37,225	1
DOE EPSCOR IMPLEMENTATION	81.049	393,593	1
TRIPLE AAA PROGRAM AT IAC	81.049	107,449	1
GENERAL ATOMICS 2006	81.112	469,687	1
UNIVERSITY REACTOR SHARING	81.114	2,397	1
PASSIVE SAFETY SYSTEM DESIGNS	81.114	3,694	1
REACTOR INST/LAB UPGRADE	81.114	8,921	1
INSE-DOE IND. MATCHING GRANT	81.114	69,527	
IAC AFC RESEARCH	81.121	1,865,528	1
Pass Through Payments			
USTUR	81.000	49,908	1
NICCR TREELINES	81.049	5,554	1
INRA - PORTNEUF RIVER	81.049	1,242	1
INRA WATER RESOURCES	81.049	42,721	
CARBON SEQUESTRATION	81.089	60,802	1
DEQ ENVIRO SAMPLE ANALYSIS	81.092	5,488	1
INRA SUBSURFACE SCI GRAD PROGM	81.104	217,489	
INRA SSGP - CLASSROOM	81.104	700	
INRA SSGP FIELD TRIP '04	81.104	25,301	
GRAD DEAN SUPPORT	81.104	909	
CORE COURSE SUPPORT	81.104	19,386	
CORE COURSE SUSTAINABILITY	81.104	2,382	
NUCLEAR INFRASTRUCTURE & EDUC	81.114	18,201	1
INEEL OVERSIGHT ENVIR ANALYSIS	81.502	306,724	1
EARTHQUAKE HAZARDS & RISKS	81.807	40,893	1
TOTAL DEPARTMENT OF ENERGY		3,858,743	
DEPARTMENT OF EDUCATION			
SEOG	84.007	387,770	2
CWSP - AMERICA READS PROGRAM	84.033	13,892	2
CWSP-GENERAL	84.033	647,234	2
PELL GRANT-PRIOR YR COLLECTION	84.063	24,875	2
PELL GRANT-AID YEAR 2005-06	84.063	(13,759)	2
PELL GRANT-AID YEAR 2006-07	84.063	12,625,806	2
FED DIRECT LEND/SUB 2005-06	84.268	35,441	2
FED DIRECT LEND/UNSUB 2005-06	84.268	5,389	2

IDAHO STATE UNIVERSITY

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2007

Federal Grant/Program Title	Federal CFDA Number	Expenditures	
FED DIRECT LEND/PLUS 2005-06	84.268	1,658	2
FED DIRECT LEND SUB 2006-07	84.268	23,613,329	2
FED DIRECT LEND UNSUB 2006-07	84.268	19,087,889	2
FED DIRECT LEND PLUS 2006-07	84.268	381,237	2
FED DIRECT GRAD PLUS 2006-07	84.268	79,712	2
ACAD COMP (ACG) GRANT 2006-07	84.375	123,942	2
NATIONAL SMART GRANT 2006-07	84.376	563,204	2
TRIO PELL SUPPLEMENT	84.042A	34,540	
TRIO STUDENT SUPPORT SERVICES	84.042A	193,859	
EDUCATIONAL TALENT SEARCH	84.044A	53,357	
EDUCATIONAL TALENT SEARCH	84.044A	293,530	
UPWARD BOUND	84.047A	227,095	
UPWARD BOUND	84.047A	62,966	
MSDH	84.116Z	97,214	
VIMNH YEAR 2	84.116Z	69,596	1
CHALLENGE COURSE	84.128J	76,429	
SERIOUS BEHAVIOR DISORDERS	84.324B	84,826	1
I-HIP III	84.325A	90,769	
CHILD CARE FOR STUDENT SERVICE	84.335A	131,149	
Pass Through Payments			
ADULT BASIC ED	84.002	341,141	
ABE 10% SET ASIDE	84.002	9,726	
ABE STAFF DEVELOPMENT	84.002	20,734	
EL/CIVICS GRANT	84.002	10,828	
HRTD PRESERVICE WORKSHOP	84.048	27,432	
TITLE IIC COUNSELOR	84.048	182,849	
TECH GENERAL ED	84.048	144,727	
SEX EQUITY	84.048	13,065	
RESOURCE CENTER	84.048	55,197	
DIVERSITY/RETENTION SPECIALIST	84.048	116,737	
CARL PERKINS SUPPORT	84.048	21,313	
AREA V TECH PREP CONSORTIUM	84.048	47,108	
SPEECH AND HEARING CLINIC	84.181	1,173	
ROBERT C BYRD SCHOLARSHIP	84.185	10,500	
AREA V TECH PREP CONSORTIUM	84.243	55,301	
TP INDIVIDUAL TRAINING – S.SPRINGS	84.243	1,326	
TP CABINET & MILLWORK - BLACKFOOT	84.243	2,195	
TP HEALTH PROFESSIONS - SNAKERIVER	84.243	5,696	
MATH SCIENCE PARTNERSHIP-EDUC	84.366	20,687	
MATH SCIENCE PARTNERSHIP-ENGIN	84.366	9,880	
MATH SCIENCE PARTNERSHIP-ICEE	84.366	11,788	
REGIONAL SPECIAL ED CONSULTANT	84.027A	410,759	
LEVERAGING ED ASST PRTNR/LEAP	84.069A	21,439	
SLEAP	84.069A	10,658	
ECONOMIC & FINANCIAL LITERACY	84.215B	1,568	1

IDAHO STATE UNIVERSITY

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2007

Federal Grant/Program Title	Federal CFDA Number	Expenditures	
NCEE GOLDMAN SACHS ECON CHALL	84.215B	4,532	
DISTRIB AND TRNG OF ECON CURR	84.215B	4,390	
DRAFTING/CBET TECH SUPPORT	84.243A	6,604	
TRANSITION TO TEACHING	84.350B	13,198	
ELIGIBLE PARTNERSHIP SUBGRANT	84.367B	264,241	
ELIG PARTNER GRANT-SHELT INST	84.367B	22,296	
TOTAL DEPARTMENT OF EDUCATION		60,862,037	
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
TBI	93.234	62,901	1
CHILD TRAUMA CENTER	93.243	643,509	1
YOUTH SUICIDE PREVENTION	93.243	297,797	1
NURSING FACULTY LOAN PROGRAM	93.264	14,400	
ETHANOL/GENDER SELECT. EFFECTS	93.271	209,618	1
ALCOHOL & COGNITION	93.273	335,366	1
MUCOADHESIVE BUPRENORPHINE	93.279	18,504	1
PROF. NURSING TRAINEESHIP 1993	93.358	25,139	
IAGD BOISE	93.884	197,885	
QUALITY TITLE VII GRANT	93.884	216,059	
PHYSICIAN ASSISTANTS	93.884	24,201	
TIICC – TELE IDA	93.888	799,262	1
SANE/SART REGIONAL DEVELOPMENT	93.912	69,440	
RYAN WHITE III – CDG	93.918	718	
SCHPS/DISADVNTGD PA STUDENTS	93.925	31,402	2
SCHPS/DISADVNTGD PT STUDENTS	93.925	13,932	2
SDS – AUDIOLOGY	93.925	4,711	2
SDS – PHARMACY	93.925	106,700	2
SDS SPEECH PATHOLOGY	93.925	9,420	2
BIOTERRORISM PREPAREDNESS	93.996	1,369,909	3
Pass Through Payments			
RAPE PREV & EDUC PGM/MENS GRP	93.136	14,395	
HIV TRAINING PROGRAM	93.145	110,634	
NRHA	93.155	4,534	
RURAL HEALTH GRANT	93.192	40,856	
SR HEALTH MOBILE CONTINUATION	93.192	20,864	1
SEID HOSPITAL	93.211	27,584	
TBI IMPLEMENTATION	93.234	214	1
TBI IMPLEMENTATION	93.234	62,367	1
DISCOVERY HOUSE	93.243	15,158	
ID PREPAREDNESS LEARNING CTR	93.283	48,783	
PUB HEALTH EMER PREPAREDNESS	93.283	7,172	
GRTR AWARENESS/ID NURSES PROJ	93.359	4,068	
INBRE	93.389	408,477	1

IDAHO STATE UNIVERSITY

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2007

Federal Grant/Program Title	Federal CFDA Number	Expenditures
BETTER TODAYS BETTER TOMORROWS	93.558	136,997
JET	93.558	166,722
TITLE IV-E	93.658	81,423
TITLE IV-E SUPERVISION/TRAINING	93.658	151,509
CHILD DEVELOPMNT CNTR TRNSHIP	93.778	21,662
CENTER FOR DISABILITY EVALUATN	93.778	2,438,568
DRUG UTILIZATION REVIEW	93.778	201,232
REAL CHOICES PHASE II	93.779	69,272 1
AIM-HIGH	93.837	19,275 1
TEMPORAL LOBE EPILEPSY	93.853	15,254 1
HIV COMMUNITY / PREVENTION	93.940	6,140
W.I.S.E.	93.940	6,063
HIV PREVENTION EDUCATION 2006	93.940	46,982
COMMUNITY INTEGRATION MRKTG.	93.958	19,465
CAC/CDT	93.959	27,761
HISPANIC HEALTH PROJECTS	93.988	9,000
RYAN WHITE III GRANT	93.918A	65,343
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		8,698,647
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Pass Through Payments		
ICHC YEAR 6	94.006	26,353
ICHC	94.006	94,765
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		121,118
DEPARTMENT OF HOMELAND SECURITY		
Pass Through Payments		
FY04 ST HOMELAND SEC GR PROG.	97.004	467,465
FIRE SERVICE TRAINING GRANT	97.043	2,606
FY05 ST HOMELAND SEC GR PROG.	97.067	204,908
FY06 ST HOMELAND SEC GRNT PROG	97.067	25,120
TOTAL DEPARTMENT OF HOMELAND SECURITY		700,099
TOTAL FEDERAL EXPENDITURES		82,845,051

- (1) Research and Development grants combined and tested as a major program
(2) Student Financial Aid grants combined and tested as a major program
(3) Bioterrorism Preparedness tested as a major program

IDAHO STATE UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2007

1. BASIS OF PRESENTATION

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

2. UNIVERSITY ADMINISTERED LOAN PROGRAMS

The University administers the following Federal Perkins Loan Program (CFDA number 84.038). The outstanding loan balance and total loan disbursements were \$2,252,331 and \$530,775, respectively, for the year ended June 30, 2007. The cumulative administrative costs allowance as of the year ended June 30, 2007 was \$613,869.

Funds distributed as agent for the Federal Direct Lending Program of \$43,204,655 are not included in the revenues or expenses of the University.

3. FEDERAL WORK STUDY

The University participates in the Federal Work Study program (FWS). A portion of the federal award amount for this program is used by the University to fund America Reads. Under the America Reads waiver provided by the U.S. Department of Education, the federal government waives the 25% matching requirement and pays 100% of the wages of FWS student who serve as reading mentors or tutors to preschool and elementary school children.

4. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the University provided federal awards to the following subrecipients:

Program Title	Federal CFDA Number	Amounts Provided to Subrecipients
<u>St Hilaire: Fly Project – USDA</u>	10.200	
University of Idaho State University		\$ 6,031
Texas Cooperative Extension		1,049
<u>Germino USDA Weeds</u>	10.206	
University of North Carolina – Ashville		\$ 2,305
<u>COLD Project</u>	12.910	
University of Utah		\$ 112,000
<u>Digital Geology of Idaho State University</u>	47.050	
University of Houston		\$ 10,814
University of Idaho		1,170
Lewis-Clark State College		626

Program Title	Federal CFDA Number	Amounts Provided to Subrecipients
<u>Complexity Across Boundaries</u>	47.074	
Montana State University		\$ 8,414
University of Wyoming		4,167
University of Iowa		2,977
<u>Steroids and Cardia Function</u>	47.074	
Oregon State University		\$ 42,333
Mountain State Tumor & Med Res Inst		44,172
<u>Sanak Biocomplexity Project</u>	47.078	
Rocky Mountain Biological Laboratory		\$ 37,377
University of Alaska Fairbanks		27,638
<u>Magnuson Nabir</u>	81.049	
Point Loma Nazarene University		\$ 29,778
<u>DOE EPSCoR Implementation</u>	81.049	
University of Idaho State University		\$ 243,893
Boise State University		99,037
<u>Triple AAA Program at IAC</u>	81.049	
Texas Engineering Experiment		\$ 13,201
University of Michigan		2,033
<u>General Atomics 2006</u>	81.112	
General Atomics		\$ 267,486
<u>Passive Safety System Design</u>	81.114	
University of Idaho		\$ 2,040
<u>Eligible Partnership Subgrant</u>	84.367B	
University of Idaho		\$ 9,294
Boise State University		11,665
Albertson College of Idaho		9,574
Lewis-Clark State College		7,313
Northwest Nazarene University		9,235
Blackfoot School Dist #55		10,300
West Jefferson School Dist #253		14,598
Aberdeen School Dist #58		10,483
American Falls Joint Sch Dist #381		11,727
Caldwell School Dist #132		12,563
Castleford Joint School Dist #417		7,268
Clark County School Dist #161		12,486
Post Falls School Dist #273		14,677
Preston School Dist #201		5,278
Vallivue School Dist #139		27,674
Nampa School Dist #131		6,836
<u>Child Trauma Center</u>	93.243	
University of Wyoming		\$ 35,853
Boise State University		11,885
<u>Idaho Youth Suicide Prevention</u>	93.243	
Boise State University		\$ 13,940

Program Title	Federal CFDA Number	Amounts Provided to Subrecipients
<u>Ethanol/Gender Select Effects</u> Portland VA Research Foundation	93.271	\$ 57,441
<u>Alcohol and Cognition</u> Mountain State Group, Inc.	93.273	\$ 8,523
<u>Mucoadhesive Buprenorphine</u> Butler University	93.279	\$ 18,504
<u>Community Integration Marketing</u> Centaur Creative Media	93.958	\$ 15,000
<u>Bioterrorism Training and Curriculum Dev</u> Mountain State Group, Inc.	93.996	\$ 77,969