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INDEPENDENT AUDITOR'S REPORT

Idaho State Board of Education
University of Idaho
Moscow, Idaho

We have audited the accompanying financial statements of the University of Idaho as of and for the years ended June 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the University of Idaho'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 the University of Idaho's discretely presented component unit as described in the Component Unit note disclosure. Those financial statements were audited by other auditors whose report thereon 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 of Idaho'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 opinions.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Idaho and its discretely presented component unit, as of June 30, 2007 and 2006, and the changes in its 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 the University of Idaho's internal control over financial reporting and on 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 required supplementary information. However we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the University of Idaho'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 of the University of Idaho. 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

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

The University of Idaho (the "University") is a doctoral-research extensive land-grant institution, with the principal responsibility for research and granting Ph.D. degrees in Idaho. The University serves state, national and international communities by providing academic instruction and conducting research that advances fundamental knowledge. In addition to its main campus in Moscow, the University has instructional centers in Coeur d'Alene, Boise, Twin Falls and Idaho Falls as well as research and extension centers located across the state.

OVERVIEW

The Management's Discussion and Analysis is designed to provide an easily readable analysis of the University's financial condition, results of operations and cash flows based on facts, decisions and conditions known at the date of the auditor's reports. The emphasis of this discussion of the financial performance of the University is for the current year.

The discussion and analysis that follows provides an overview of the University's financial activities for the fiscal year ended June 30, 2007. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. They are prepared using the accrual basis of accounting, whereby revenues are recognized when services are provided and expenses are recognized when goods or services are received, regardless of when cash is exchanged.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units, an Amendment of GASB Statement 14*, these statements also present information for the University of Idaho Foundation, Inc. (the "Foundation") which qualifies as a component unit of the University. Separate audited financial statements are prepared for the Foundation and may be obtained by contacting University of Idaho Foundation, P.O. Box 443143, Moscow, ID 83844-3143.

Statement of Net Assets

The statement of net assets outlines the University's financial condition at fiscal year end. This is a point-in-time financial statement and presents end-of-year data concerning assets, liabilities and net assets. From the data presented, readers are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes vendors, investors and lending institutions. Finally, it provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the University.

The statement of net assets is presented in a classified format, which differentiates between current and noncurrent assets and liabilities, and also places net assets into four categories:

- *Invested in Capital Assets, Net of Related Debt* - Net assets representing the University's investment in property, plant and equipment net of depreciation and outstanding debt obligations related to those capital assets.
- *Restricted Nonexpendable* - Net assets subject to donor stipulations requiring the net assets to be maintained permanently by the University. These assets are managed by the Foundation.
- *Restricted Expendable* - Net assets subject to donor stipulations regarding their use. The University may expend these assets for purposes as determined by donors and/or external entities.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

- *Unrestricted* - Net assets not subject to donor stipulations which may be expended for any lawful purpose of the University.

Condensed Statement of Net Assets Fiscal Years Ended June 30 (Thousands)

	2007	2006	2005
Assets:			
Current assets	\$ 38,637	\$ 40,442	\$ 39,966
Capital assets – net	327,313	309,387	306,409
Other noncurrent assets	<u>178,994</u>	<u>161,946</u>	<u>138,583</u>
Total assets	<u>\$ 544,944</u>	<u>\$ 511,775</u>	<u>\$ 484,958</u>
Liabilities:			
Current liabilities	\$ 50,258	\$ 43,950	\$ 45,263
Noncurrent liabilities	<u>117,549</u>	<u>121,870</u>	<u>127,010</u>
Total liabilities	<u>167,807</u>	<u>165,820</u>	<u>172,273</u>
Net assets:			
Invested in capital assets—net of debt	202,640	179,267	171,201
Restricted nonexpendable	88,789	84,672	78,667
Restricted expendable	39,823	29,203	21,252
Unrestricted	<u>45,885</u>	<u>52,813</u>	<u>41,565</u>
Total net assets	<u>\$ 377,137</u>	<u>\$ 345,955</u>	<u>\$ 312,685</u>
Total liabilities and net assets	<u>\$ 544,944</u>	<u>\$ 511,775</u>	<u>\$ 484,958</u>

Current assets include the University's cash, accounts receivable, loans receivable, inventories and prepaid expenses expected to benefit the University within one year. Accounts receivable and loans receivable result primarily from student accounts and from sponsored projects which are payable primarily on a cost reimbursement basis. Inventories include books and supplies from auxiliary operations and supplies for resale in other University departments.

Capital assets - net, are acquisition values or purchase costs related to construction in progress, library materials, collections, furniture and equipment, buildings and improvements. Equipment acquisitions relate largely to the University's research and instruction programs and include acquisitions of scientific equipment.

Other noncurrent assets include endowment fund assets, student loans receivable and investments expected to mature over a period greater than one year.

Current liabilities include payroll and related liabilities, amounts payable to suppliers for goods and services received, cash received for which the University has not yet earned the related revenue, and debt principal payments due within one year.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Noncurrent liabilities include notes and bonds payable with due dates over a period greater than one year.

Amounts invested in capital assets - net of related debt, consist of the historical acquisition value of capital assets, reduced by both accumulated depreciation expense charged against assets and debt balances related to capital assets.

Restricted, nonexpendable balances must be held in perpetuity, and include endowment principal.

Restricted, expendable net assets represent balances that may be expended by the University, but only in accordance with the restrictions imposed upon the University by an external entity or action, such as a donor or legislative mandate. The University's most significant restricted, expendable balance relates to funds held by trustees in accordance with bond covenants, which may only be expended for the renewal and replacement of assets whose revenues are pledged as security for repayment of debt.

Unrestricted net assets may be designated for specific purposes by action of management or the Board of Regents, or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for specific purposes as described in the notes to the financial statements, and include funds accumulated for contractual payments such as debt service and grant funded employee termination payouts, funds earmarked for facility renewal and replacement and student organization funds.

YEAR ENDED JUNE 30, 2007 COMPARED TO YEAR ENDED JUNE 30, 2006

Significant Changes in the Statement of Net Assets

Total assets increased approximately \$33.2 million (6%) from FY 2006 to FY 2007. The increase was largely due to a \$14.1 million (22%) net increase in investments, and an increase of \$17.9 million (6%) in capital assets.

The investment increase was largely driven by a management decision to enhance investment portfolios to take advantage of favorable market conditions. The net increase in capital assets is largely due to the completion of the Life Science South project for \$7.4 million and the Collaborative Center for Applied Fish Sciences projects for \$3.3 million. In addition, the University received a gift of the building that houses the College of Business and Economics valued at over \$12.9 million.

Other changes of note include assets held in trust by the Foundation which increased by \$4.1 million (5%) because of market upswings.

Liabilities did not experience any significant changes overall in FY 2007 with a \$2.0 million (1%) net increase. The change is largely due to increases in accrued salaries and benefits, deferred revenue, and compensated absences offset by decreases in funds held in custody for others, and notes and bonds payable.

Accrued salaries and benefits payable increased by \$2.0 million (11%) due to funding to pay health claims that were incurred but not reported for employees and retirees. Deferred revenue increased by \$2.7 million (46%) mainly because of increased web-based courses offered during the summer sessions and changes to grants and contracts payment dates.

Notes and bonds payable, current liabilities, increased by \$1.2 million or (23%) reflecting annual debt service payments. Noncurrent notes and bonds payable decreased by \$4.3 million (4%) in keeping with the extinguishment requirements of the debt agreements.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the revenues received and expenses incurred during the year, classifying activities as either "operating" or "nonoperating." This distinction results in operating deficits for those institutions that depend on state aid and gifts, because the GASB 34 reporting model classifies state appropriations, gifts, federal appropriations, and investment income as nonoperating revenue. The utilization of capital assets is reflected in the financial statements as depreciation expense, which allocates the cost of assets over their expected useful lives.

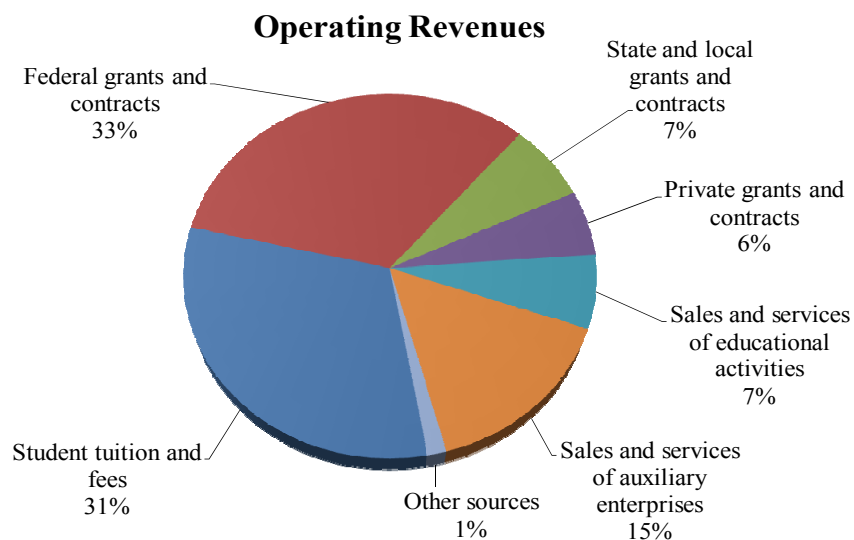
Condensed Statements of Revenues, Expenses and Changes in Net Assets Fiscal Years Ended June 30 (Thousands)

	2007	2006	2005
Operating revenues	\$ 176,659	\$ 176,715	\$ 170,790
Operating expenses	<u>317,589</u>	<u>302,176</u>	<u>296,438</u>
Operating loss	(140,930)	(125,461)	(125,648)
Net nonoperating revenues	<u>147,994</u>	<u>147,997</u>	<u>138,450</u>
Income before other revenues	7,064	22,536	12,802
Other revenues	<u>24,118</u>	<u>10,734</u>	<u>4,359</u>
Increase in net assets	31,182	33,270	17,161
Net assets - beginning of year	<u>345,955</u>	<u>312,685</u>	<u>295,524</u>
Net assets - end of year	<u>\$ 377,137</u>	<u>\$ 345,955</u>	<u>\$ 312,685</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

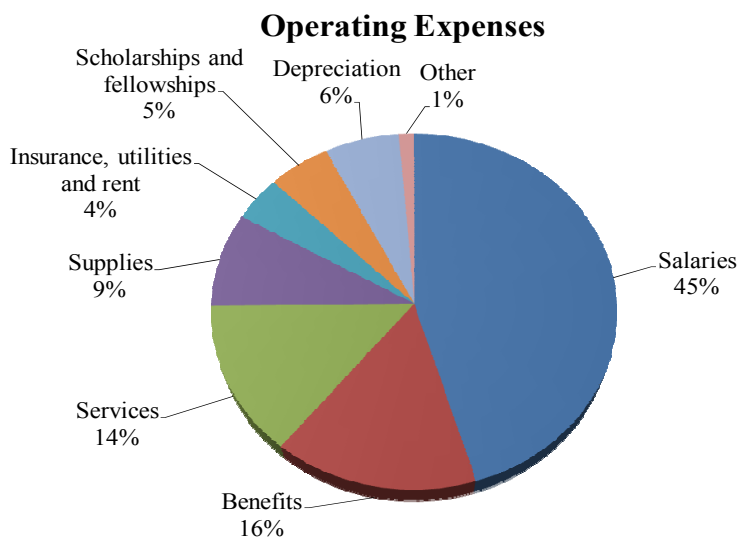
Operating Revenues

Operating revenues are generated through providing services to the various customers and constituencies of the University. Operating revenues include tuition and fees, grant and contract revenues, and sales and service revenue generated by student housing, bookstores and other auxiliary enterprises. The two largest sources of operating revenues for the University are federal grants and contracts and student tuition and fees as shown in the following chart.



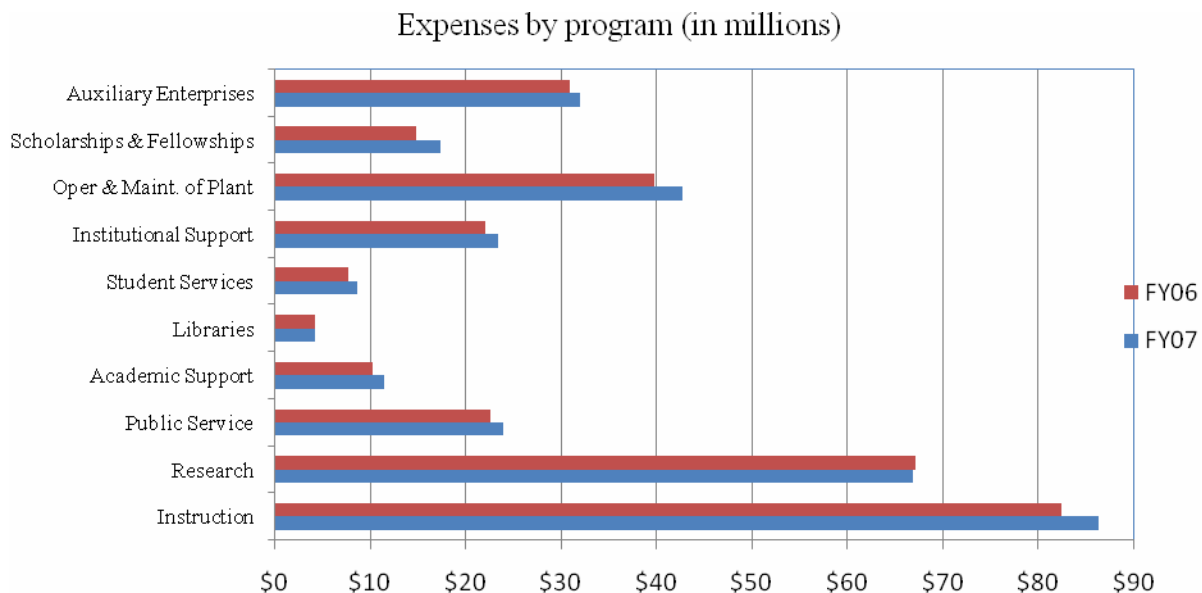
Operating Expenses

As shown in the chart below, over 60% of the University's expenses relate to employee compensation and benefits. This relationship is expected to continue, and the proportion may grow as compensation, insurance and other payroll related costs increase. Services are the next largest expenditure category and consist primarily of travel, telephone and computer services, and repair and maintenance of equipment.



MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

When depicting operating expenses by functional categories, instruction and research activities together constitute over half the University's expenses as shown in the graph below. The cost of investing in the operation and maintenance of plant is the third largest cost category while auxiliary service expenses constitute the fourth largest cost category.



Nonoperating Revenues and Expenses

Similar to most public higher education institutions, the University receives significant nonoperating revenues, including state appropriations, which offset the losses generated by operating activities. The operating loss of \$140.9 million for FY 2007 was offset by \$148.0 million in net nonoperating revenues, principally comprised of \$123.2 million of state appropriations, \$4.9 million of state land grant endowment income, \$12.3 million of gifts, and \$5.4 million of net investment income. Net nonoperating revenues were offset by \$8.0 million in interest expense.

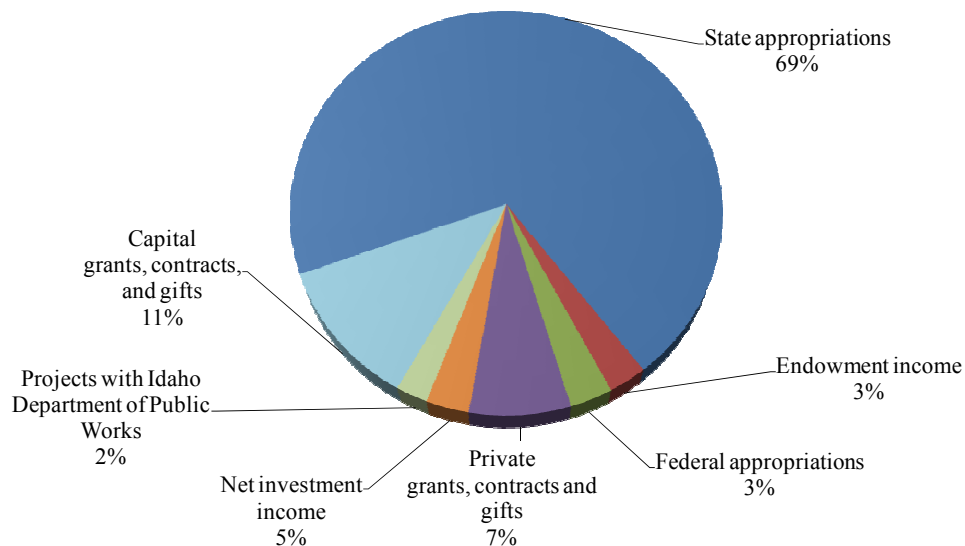
Other Revenues

Other revenues include contributions to the University for capital assets from the Foundation and the state's permanent building fund.

The following chart illustrates all percentages of the University's nonoperating revenue and other revenue.

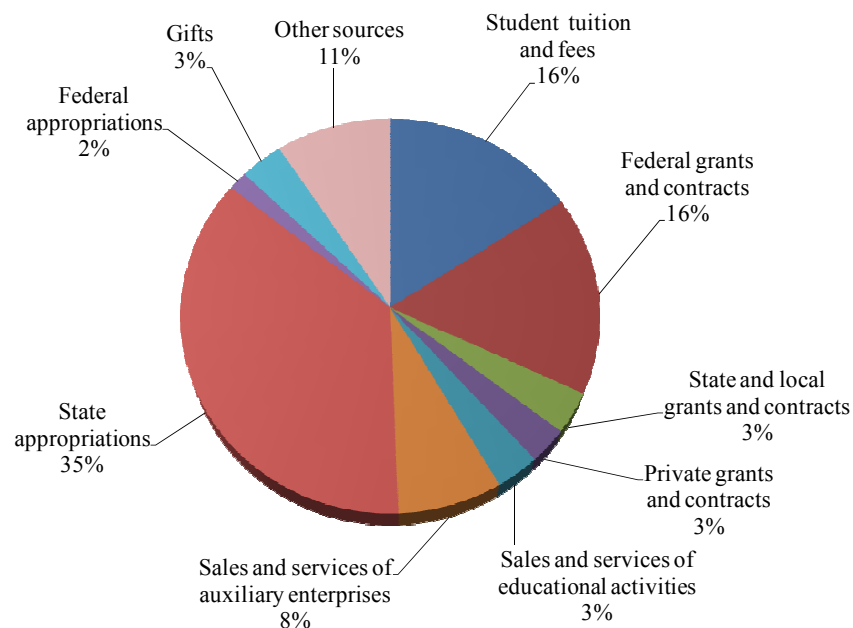
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Nonoperating and Other Revenue



When comparing all of the University's sources of revenue, as shown in the chart below, state appropriations account for 35% of the total revenue received while federal grants and contracts and student tuition and fees were both 16% of the total respectively.

Total Revenue



MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Significant Changes in the Statement of Revenues, Expenses and Changes in Net Assets

Operating Revenues

Overall, net operating revenues remained stable with reported revenues of \$176.6 and \$176.7 million for FY 2007 and FY 2006 respectively. Significant changes within operating revenues include decreases in private grants and contracts, sales and services of educational activities, and other revenue sources.

Private grants and contracts decreased by \$1.2 million (10%) due to a reduction in the number of grants and contracts awarded. Four grants in particular posted significantly lower expenditures in FY 2006 as opposed to FY 2007, \$2.4 million and \$0.4 million respectively. Sales and services of educational activities decreased by \$1.7 million (13%) mainly because of a reduction in timber sales and facility rentals. The \$1.4 million (35%) decrease in other revenue sources was primarily due to several nonroutine transactions that occurred in FY 2006 including revenue received as a result of the Idaho Place settlement and other miscellaneous reimbursements.

The decrease was largely offset by a \$3.5 million (7%) increase in student tuition and fees due mainly to a 6% increase in tuition fees on average.

Operating Expenses

Expenses increased, in total, by \$15.4 million (5%). This change was largely due to an increase in salaries and benefits, services and supplies, and scholarships and fellowships. Decreases of note include a \$0.6 million (14%) decrease in other expenses which was mainly due to a \$0.3 million reduction of bad debt expenses, awards and settlements. In addition insurance, utilities and rents decreased by \$0.3 million due primarily to reduced utility costs.

Salaries and benefits increased by \$6.1 million (4%) and by \$2.7 million (6%) respectively due to a 5% increase approved by the state and increased health care costs. Services and supplies increased by \$1.5 million (4%) and by \$3.0 million (13%) respectively due to a \$0.9 million increase in computer hardware and software spending, and \$1.9 million increase in noncapitalized building and equipment expenditures. Scholarships and fellowships increased by \$2.1 million (15%) due to a \$0.6 million increase in available scholarships and the reclassification of funds (to both FY 2006 and FY 2007) previously accounted for as Agency funds.

Decreases of note include other expenses which was mainly due to a \$0.3 million reduction of bad debt expenses, awards and settlements. In addition, insurance, utilities and rents decreased by \$0.3 million due primarily to reduced utility costs.

Nonoperating Revenues and Expenses

Overall nonoperating revenues and expenses stabilized in FY 2007 with a change of less than 1%. The net change was driven by increases in state and federal appropriations, investment earnings and interest expense. The decreases were mainly attributable to land grant endowment income, gifts, and change in fair value of investments.

The \$2.7 million (2%) increase in state appropriations along with the \$0.5 million (9%) increase in federal appropriations was awarded to fund payroll increases. Investment income increased by \$1.6 million (41%), and the fair value of investments increased by \$1.6 million (107%) due to a larger principal balance.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Interest expense increased by \$1.8 million (30%) due to the writing off of the deferred amount on the refunding balances for three bond issues that were refunded by the 2005A bond issue and fully extinguished at June 30, 2007.

The decrease in land grant endowment income of \$1.5 million (23%) was largely due to a reduction in funds allocated by the state. Allocations are based on revenue projections of the Endowment Fund Investment Board. Gifts decreased by \$1.0 million (8%) because overall gifts to colleges and departments declined.

The change in fair value of investments, held in trust for the University by the Foundation, decreased by \$1.9 million (31.4%) in FY 2007. The fair value of the investments had an overall increase of \$7.9 million which is consistent with previous years and reflects the favorable investment environment. The overall decrease in the change reflects the \$3.8 million transfer of the J.I. Morgan Trust.

Other Revenues

Other revenues had a significant increase of \$13.0 million (125%) in FY 2007 due to additional capital assets procured from the Federal and State governments, and the Foundation.

Capital grants and contracts had a net increase of \$1.5 million (65%). Fluctuations are generally influenced by the project completion dates and billing cycles of the various grants. The Fish Science Center project had the largest impact with \$1.7 million of revenues in FY 2007. Projects with Idaho Department of Public Works increased by \$2.9 million (252%) due to the completion of building construction or improvements. The largest projects completed by the State were \$1.8 million, \$0.7 million and \$0.6 million of improvements to Renfrew Hall, The Center for Applied Fish Science, and the Continuing Education Building respectively. Capital gifts from the Foundation increased by \$9.0 million (123%) due primarily to the transfer of the J.A. Albertson College of Business and Economics building to the University.

Statement of Cash Flows

The statement of cash flows presents detailed information about the cash activities of the University during the year ended June 30, 2007. The statement is divided into five parts. The first part shows operating cash flows and the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting and noncapital financing purposes. The third section, cash flows from capital and related financing activities, shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds and interest received. The fifth section reflects the net change in cash position.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Condensed Statement of Cash Flows Fiscal Years Ended June 30 (Thousands)

	2007	2006	2005
Cash provided (used) by:			
Operating activities	\$ (114,981)	\$ (107,636)	\$ (103,569)
Noncapital financing activities	146,614	145,644	135,810
Capital and related financing activities	(24,870)	(22,405)	(24,477)
Investing activities	<u>(8,630)</u>	<u>(15,872)</u>	<u>(11,566)</u>
Net change in cash	(1,867)	(269)	(3,802)
Cash, beginning of the year	<u>11,906</u>	<u>12,175</u>	<u>15,977</u>
Cash, end of the year	<u>\$ 10,039</u>	<u>\$ 11,906</u>	<u>\$ 12,175</u>

Operating activities used \$115.0 million in cash for the year, an increase of \$7.3 million over FY 2006.

Noncapital financing activities provided \$146.6 million in cash for the year, a slight increase of \$0.9 million, over FY 2006.

Capital and related financing activities used \$24.9 million of cash during the year, \$2.5 million more than FY 2006; this is related to an increase in the purchase of capital assets.

Investing activities used \$7.2 million less cash in FY 2007. The net change was due to a decrease in purchases of investments which were offset by an increase in sales of investments and investment income.

Capital Assets and Debt Management

The University had \$581.5 million and \$547.4 million of capital assets at June 30, 2007 and 2006 respectively, with accumulated depreciation of \$254.2 million and \$238.1 million respectively. The major categories and associated value of capital assets as well as accumulated depreciation at June 30, 2007 and 2006 are illustrated in the chart below (in thousands).

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Capital Assets - Cost	2007	2006	2005
Buildings and Improvements	\$ 424,862	\$ 392,396	\$ 385,841
Equipment	73,521	68,167	66,163
Construction In Progress	5,060	11,592	10,638
Library Materials	57,704	55,116	52,936
Capitalized Collections	2,084	2,109	2,207
Land	18,244	18,016	11,498
Total Capital Assets	<u>\$ 581,475</u>	<u>\$ 547,396</u>	<u>\$ 529,283</u>
Accumulated Depreciation - Capital Assets			
Buildings and Improvements	\$ 154,813	\$ 144,194	\$ 134,425
Equipment	53,859	50,162	46,405
Library Materials	45,490	43,653	42,044
Total Accumulated Depreciation	<u>\$ 254,162</u>	<u>\$ 238,009</u>	<u>\$ 222,874</u>

At June 30, 2007 and 2006 the University had debt (or similar long-term obligations) of \$124.0 million and \$127.0 million respectively. The University did not assume any additional debt in FY 2007.

ECONOMIC OUTLOOK

In FY 2007, the University executed a balanced budget and all colleges and divisions were able to carry forward reserves for future strategic needs. As in past years, the University will continue to strive for the proper balance between revenue increases and spending reductions to ensure that quality programs remain viable, while access to the University is not unduly limited by the cost of attendance. The portion of the budget that is supported by state appropriations remains stable at approximately one third of the total revenue received by the institution and fee increases for FY 2008 remain reasonable at five percent.

Overall enrollment declined 5% from FY 2006 to FY 2007 as measured in the fall 2006 census. From FY 2005 to FY 2006, the decline as measured at fall census was 2.2%. As a partial response to the enrollment decline, the University instituted a number of strategies to address the issue. One of the strategies that appear to have had positive results was instituting new scholarship awards and revising some existing scholarship awards to enhance the effectiveness of the scholarship program. In addition, the University hired a chief enrollment officer whose primary responsibility is to identify and implement enrollment tactics and strategies that will increase retention and overall enrollment. As a result of these efforts, the FY 2008 enrollment projection reflects stoppage of the decline and for the number of students to be level, rather than in decline, as compared to FY 2007 at the fall census date.

The University had success in FY 2007 in the capital gift arena. In August, 2007, the Board of Regents approved the construction of a campus in Sandpoint, Idaho that will expand programs to serve the northern panhandle area of the state. The development is a private-public partnership between the University of Idaho and northern Idaho's Wild Rose Foundation, a nonprofit charitable organization. The entire cost of the buildings and construction will be paid by the Wild Rose Foundation which will also support the academic programs' operations for a five year period. Additionally, the University received the gift of the J.A. Albertson Business Building from the University of Idaho Foundation. This building was built entirely by donor contributions.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

The University administration plans on another balanced and productive year in FY 2008 as it continues to align University priorities with the strategic plan. In particular, the University intends to continue to develop and implement checks and balances and modifications where necessary as it continues to harmonize all activities around the alignment of the FY 2009 budget, (as well as all succeeding years), with its strategic plan.

STATEMENTS OF NET ASSETS JUNE 30, 2007 AND JUNE 30 2006

	University of Idaho 2007	University of Idaho 2006	Component Unit (Note 16) 2007	Component Unit (Note 16) 2006
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 8,961,170	\$ 9,050,005	\$ 12,070,468	\$ 12,778,393
Due from state agencies	155,762	676,064	-	-
Prepaid expenses	772,238	1,075,697	-	-
Investments	1,360,565	2,126,951	8,008,333	8,380,548
Interest receivable	414,447	420,718	-	-
Student loans receivable	1,320,773	1,322,965	-	-
Accounts receivable & unbilled charges - net	23,894,658	24,144,595	1,899,434	923,330
Inventories	1,632,024	1,625,292	-	-
Pledges receivable - net	-	-	492,600	866,972
Notes receivable	126,000	-	47,800	41,159
Total Current Assets	38,637,637	40,442,287	22,518,635	22,990,402
NONCURRENT ASSETS				
Restricted cash and cash equivalents	1,077,733	2,856,205	19,378,295	6,622,500
Student loans receivable - net	10,231,499	10,081,752	-	-
Investments	77,221,313	62,328,274	186,645,025	175,604,810
Interest receivable	-	94,462	-	-
Assets held in trust by Foundation	88,788,847	84,671,646	-	-
Pledges receivable - net	-	-	1,314,692	1,467,692
Notes receivable	-	126,000	709,121	763,234
Deferred bond financing costs	1,674,025	1,787,953	-	-
Capital assets	327,313,233	309,386,566	4,543,670	19,875,986
Other noncurrent assets	-	-	214,748	243,043
Total Noncurrent Assets	506,306,650	471,332,858	212,805,551	204,577,265
TOTAL ASSETS	\$ 544,944,287	\$ 511,775,145	\$ 235,324,186	\$ 227,567,667

See notes to financial statements.

Continued

STATEMENTS OF NET ASSETS JUNE 30, 2007 AND JUNE 30 2006

	University of Idaho 2007	University of Idaho 2006	Component Unit (Note 16) 2007	Component Unit (Note 16) 2006
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 5,099,543	\$ 4,882,017	\$ 110,829	\$ 164,560
Accrued salaries and benefits payable	22,621,017	18,244,443	-	-
Compensated absences payable	7,449,965	6,719,516	-	-
Trust earnings payable to trust beneficiaries	-	-	7,658,112	6,913,160
Accrued interest payable	1,479,483	1,531,007	-	-
State teacher education loan advance	119,385	165,337	-	-
Deposits	596,321	621,207	-	-
Deferred revenue	6,185,067	5,846,553	-	-
Funds held in custody for others	250,052	641,760	-	-
Obligations under capital leases	34,257	40,705	-	-
Notes payable	6,259,771	5,098,904	-	2,650,000
Other liabilities	163,579	158,302	-	-
Split interest agreements	-	-	1,117,223	1,059,908
Total Current Liabilities	50,258,440	43,949,751	8,886,164	10,787,628
NONCURRENT LIABILITIES				
Obligations under capital leases	-	34,257	-	-
Notes and bonds payable	117,548,439	121,836,170	-	-
Assets held in trust for the University	-	-	88,788,847	84,671,646
Split interest agreements	-	-	7,136,818	6,738,400
Total Noncurrent Liabilities	117,548,439	121,870,427	95,925,665	91,410,046
Total Liabilities	167,806,879	165,820,178	104,811,829	102,197,674
NET ASSETS				
Invested in capital assets - net of related debt	202,639,863	179,267,162	-	-
Restricted for:				
Nonexpendable	88,788,847	84,671,646	103,226,280	93,102,914
Expendable	39,823,699	29,202,744	25,495,882	29,933,762
Unrestricted	45,885,000	52,813,415	1,790,195	2,333,317
Total Net Assets	377,137,409	345,954,967	130,512,357	125,369,993
TOTAL LIABILITIES AND NET ASSETS	\$ 544,944,287	\$ 511,775,145	\$ 235,324,186	\$ 227,567,667

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2007 AND 2006

	University of Idaho 2007	University of Idaho 2006	Component Unit (Note 16) 2007	Component Unit (Note 16) 2006
OPERATING REVENUES				
Student tuition and fees including pledged revenues of \$32,604,354 and \$32,848,214 (net of scholarship allowance of \$11,872,500 and \$12,182,570) for FY 2007 and FY 2006 respectively	\$ 55,433,037	\$ 51,976,798	\$ -	\$ -
Federal grants and contracts	57,566,518	57,955,693	-	-
State and local grants and contracts	12,077,643	11,406,131	-	-
Private grants and contracts	10,077,723	11,233,477	-	-
Sales and services of educational activities including pledged revenues of \$3,441,688 and \$3,423,940 for FY 2007 and FY 2006 respectively	11,506,759	13,157,974	-	-
Sales and services of auxiliary enterprises including pledged revenues of \$22,254,308 and \$22,378,095 for FY 2007 and FY 2006 respectively	27,223,911	26,840,877	-	-
Interest on loans receivable	189,849	170,907	-	-
Other sources	2,583,091	3,973,319	356,567	391,598
Gifts	-	-	11,265,313	27,688,021
Total Operating Revenue	176,658,531	176,715,176	11,621,880	28,079,619
OPERATING EXPENSES				
Salaries	143,780,406	137,690,687	-	-
Benefits	49,480,845	46,816,736	-	-
Services	44,251,813	42,730,543	-	-
Supplies	27,065,768	24,029,702	-	-
Insurance, utilities and rent	12,992,018	13,240,156	-	-
Scholarships and fellowships	16,420,676	14,334,337	-	-
Depreciation	19,713,258	18,812,934	5,893	5,893
Other	3,883,978	4,521,405	48,051	16,063
Administrative expense	-	-	1,952,984	1,304,670
Total Operating Expenses	317,588,762	302,176,500	2,006,928	1,326,626
OPERATING (LOSS) INCOME	(140,930,231)	(125,461,324)	9,614,952	26,752,993

See notes to financial statements.

Continued

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2007 AND 2006

	University of Idaho 2007	University of Idaho 2006	Component Unit (Note 16) 2007	Component Unit (Note 16) 2006
NONOPERATING REVENUES (EXPENSES)				
State appropriations	123,192,100	120,445,669	-	-
Endowment income	4,859,600	6,314,000	-	-
Federal appropriations	5,416,579	4,957,425	-	-
Gifts (including gifts from Foundation)	12,260,710	13,304,566	-	-
Private grants and contracts	192,889	422,775	-	-
Net investment income including pledged revenues of \$85,929 and \$94,607 for FY 2007 and FY 2006 respectively	5,400,129	3,842,495	10,106,367	8,624,016
Net increase (decrease) in fair value of investments	99,034	(1,527,352)	19,032,737	4,324,313
Change in fair value of investments held in trust by the Foundation	4,117,201	6,004,464	(4,117,201)	(6,004,464)
Distribution of endowment income to trust beneficiaries	-	-	(7,658,112)	(6,913,160)
Distribution to University and affiliates	-	-	(20,799,019)	(22,488,548)
Distribution of trust income to life income beneficiaries	-	-	(690,486)	(652,618)
Lease and rental income	-	-	92,377	69,956
Property management	-	-	(94,874)	(123,187)
Change to split interest trusts	-	-	(286,846)	424,807
Interest expense (net of capitalized interest of \$384,448 and \$493,621 for FY2007 and FY2006 respectively)	(8,016,613)	(6,168,942)	(40,130)	(89,726)
Other	472,108	401,968	(17,401)	(34,803)
Net nonoperating revenues (expenses)	147,993,737	147,997,068	(4,472,588)	(22,863,414)
INCOME BEFORE OTHER REVENUES	7,063,506	22,535,744	5,142,364	3,889,579
OTHER REVENUES				
Capital grants and contracts	3,673,773	2,221,813	-	-
Projects with Idaho Dept of Public Works	4,032,672	1,146,567	-	-
Capital gifts from Foundation	16,412,490	7,365,624	-	-
Recovery on impairment of Idaho Water Center	-	-	-	9,907,226
Total other revenues	24,118,935	10,734,004	-	9,907,226
INCREASE IN NET ASSETS	31,182,441	33,269,748	5,142,364	13,796,805
NET ASSETS - Beginning of year	345,954,968	312,685,220	125,369,993	111,573,188
NET ASSETS - End of year	\$ 377,137,409	\$ 345,954,968	\$ 130,512,357	\$ 125,369,993

See notes to financial statements.

Continued

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2007 AND 2006

	University of Idaho 2007	University of Idaho 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 58,430,071	\$ 51,358,197
Grants and contracts	79,721,884	80,595,301
Sales of services - net	38,730,670	39,998,851
Payments to employees	(190,487,348)	(185,507,676)
Payments to suppliers	(87,479,710)	(83,737,331)
Scholarships and fellowships disbursed	(16,420,676)	(14,334,337)
Funds held for others	(391,709)	(95,583)
Student loans collected	3,037,814	3,472,091
Student loans disbursed	(3,190,963)	(3,221,039)
Other receipts	3,068,988	4,383,863
Other payments	-	(547,850)
Net cash used by operating activities	(114,980,979)	(107,635,513)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Appropriated general education revenues:		
State general account	123,192,100	120,445,669
Land grant endowment income	4,859,600	6,314,000
Federal Appropriations	5,416,579	4,957,425
Gifts from Foundation	12,453,599	13,727,341
Other receipts (payments)	692,569	199,450
Net cash provided by noncapital financing activities	146,614,447	145,643,885
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State appropriations, capital	4,032,672	1,146,567
Capital grants and contracts	3,673,773	-
Capital gifts	-	2,221,813
Purchase of capital assets	(21,227,433)	(14,424,851)
Principal paid on capital debt	(3,281,496)	(5,125,519)
Interest paid on capital debt	(8,068,136)	(6,222,859)
Net cash used by capital and related financing activities	(24,870,620)	(22,404,849)

See notes to financial statements.

Continued

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2007 AND 2006

	Univeristy of Idaho 2007	Uinversity of Idaho 2006
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	\$ 18,784,860	\$ 22,560,776
Investment income	5,400,129	3,842,495
Purchase of investments	(32,815,143)	(42,275,385)
Net cash used by investing activities	<u>(8,630,154)</u>	<u>(15,872,114)</u>
NET DECREASE IN CASH	(1,867,307)	(268,591)
Cash - Beginning of year	11,906,210	12,174,801
Cash - End of year	<u>\$ 10,038,903</u>	<u>\$ 11,906,210</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (140,930,231)	\$ (125,461,324)
Adjustments to reconcile:		
Depreciation expense	19,713,258	18,812,934
Effect on cash of changes in operating assets and liabilities:		
Receivables, net	652,701	39,889
Inventories and prepaid expenses	296,727	241,121
Other assets	-	14,916
Deferred financing costs	113,928	98,935
Accounts payable and accrued liabilities	217,526	543,355
Accrued salaries and benefits payable	2,773,902	(1,000,253)
Deferred revenues	2,671,634	(687,245)
Deposits	(24,886)	(34,544)
Funds held in custody for others	(391,708)	(95,583)
Other liabilities	(73,830)	(107,714)
Net cash used by operating activities	<u>\$ (114,980,979)</u>	<u>\$ (107,635,513)</u>
NONCASH TRANSACTIONS:		
Capital asset write-offs	\$ 136,206	\$ -
Donated assets	16,412,492	7,365,624
Change in fair value of investments	99,034	(1,583,560)
Change in fair value of assets held in trust	4,117,201	6,004,464

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University of Idaho (the “University”) is a publicly-supported comprehensive land grant institution created in 1889 by a statute of the 15th territorial legislature and 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 confirmed by the State Senate, directs the University. The significant accounting policies followed by the University are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting - For financial statement 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 is presenting its financial statements in accordance with GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and GASB Statement 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, an amendment of GASB Statement No. 34.

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

Component Unit - The University of Idaho Foundation, Inc. (the “Foundation”) is considered a component unit of the University as determined by GASB 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No.14, which requires reporting, as a component unit, an organization that raised and holds economic resources for the direct benefit of a governmental unit. The Foundation was established in 1970 to solicit financial support for the University of Idaho and to manage and invest the resulting charitable gifts. The Foundation is a legally separate 501(c)(3) corporation comprised of 25 members who serve as a self-perpetuating Board of Directors.

The Foundation receives all gifts to the University and transfers gifts to the donor specified area within the University on a regular schedule. In addition, it manages the endowment funds in a pooled investment fund, the Consolidated Investment Trust (“C.I.T.”). Earnings from the endowment are transferred annually to the University. Funds invested in the C.I.T. are held in trust for the University and are shown as an asset on the University’s financial statements and a liability on the Foundation’s financial statements.

The Foundation also manages a number of split-interest agreements. These are contributions in the form of irrevocable charitable remainder trusts and charitable gift annuities. These gifts have been received from donors subject to obligations to pay stipulated amounts periodically to the donors or designated beneficiaries during their lifetimes or a period of years. These assets for which the Foundation serves as trustee are included in investments, and the present value of the estimated future payments to be made to the donors or other beneficiaries is included in the liabilities. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, amortization of the discount, or the estimated life of the trust.

During the years ended June 30, 2007 and June 30, 2006, the Foundation distributed \$20,799,019 and \$22,488,548, respectively, to the University from gifts and other revenues and \$7,658,112 and \$6,913,160, respectively, from C.I.T. endowment income.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Cash and Cash Equivalents - The University considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

Student Loans Receivable - Loans receivable from students bear interest at rates ranging from 3% to 7% and are generally repayable in installments to the University over a 5- to 10-year period commencing 6 or 9 months from the date of separation from the University. Collections on these student loans are primarily handled through a third party servicer.

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

Inventories - All inventories are valued at the lower of 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 the net increase in fair value of investments in the statement of revenues, expenses, and changes in net assets.

Restricted Cash and Cash Equivalents - Cash and cash equivalents that are restricted to make debt service payments, maintain sinking or reserve funds, or (except for currently due payments), are classified as noncurrent assets in the statement of net assets.

Capital Assets - Capital Assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at the date of gift. For equipment, 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, composite method over the estimated useful lives of the assets, generally 40 years for buildings, 20 years for improvements other than buildings, 10 years for library materials and an average of 7 years for equipment. Depreciation is not computed on capitalized collections which include works of art, historical treasures, and various special collections comprising of anthropological, geological, insect, jazz, and wildlife subjects.

Compensated Absences - Employee vacation and compensatory time pay is accrued at year-end for financial statement purposes. The accrued liability at June 30, 2007 and 2006 for compensated absences earned but not used are \$7,449,964 and \$6,719,516, respectively. Compensated absence costs are included in benefits expense in the statement of revenues, expenses, and changes in net assets.

Waivers - Tuition and fees revenue include waivers for faculty and staff benefits charged to the appropriate expense programs to which the applicable personnel relate. The total of these waivers at June 30, 2007 and 2006 was \$622,825 and \$676,751, respectively.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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

Noncurrent Liabilities - Noncurrent liabilities primarily include principal amounts 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 investment in capital assets, net of depreciation and 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 - Nonexpendable - Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

Unrestricted - Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, investment income, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board for any lawful purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

Income Taxes - The University is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, per letter dated November 7, 1945. The University is also considered a Section 501(c)(3) corporation via letter from the Internal Revenue Service dated August 29, 1961. The University is subject to unrelated business income tax.

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

Operating Revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts, and (4) interest on institutional student loans.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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

Scholarship Discounts and Allowances - Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. Scholarship allowances for FY2007 and FY2006 are \$11,872,500 and \$12,182,570 respectively.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net assets and disclosures regarding contingent assets and liabilities. Actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made in the 2006 financial statements to conform to the 2007 presentation.

New Accounting Standards - In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. This Statement generally requires that the University account for and report the cost and obligations related to post-employment healthcare and other nonpension benefits ("OPEB") and include disclosures regarding its OPEB plans. OPEB costs are likely to be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of Statement No. 45 may be applied prospectively and do not require the University to fund its OPEB plans. The University may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded liability is required to be amortized over future periods. The requirements of this Statement for the University are effective for the fiscal year ending June 30, 2008. The University has not completed the process of evaluating the impact that will result from adopting this Statement and is therefore unable to disclose the impact that adopting the Statement will have on its financial statements.

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination). remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The University has not completed the process of evaluating the impact that will result from adopting this Statement and is therefore unable to disclose the impact that adopting the Statement will have on its GASB No. 49 financial statements. The requirements of this Statement are effective for the fiscal year ending June 30, 2009.

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 disclosures in the notes to

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

financial statements and required supplementary information. Management has not yet determined the impact this standard will have on the State's financial statements. 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. Management has not yet determined the impact this standard will have on the State's financial statements. The requirements of this Statement are effective for the fiscal year ending June 30, 2010.

2. CASH AND CASH EQUIVALENTS

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.

Cash and cash equivalents are deposited with various financial institutions. Custodial credit risk on deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. At June 30, 2007, \$1,158,388 of the University's bank balance of \$10,038,903 was exposed to custodial credit risk because it was uninsured and uncollateralized. At June 30, 2006, \$973,771 of the University's bank balance of \$11,906,210 was exposed to custodial credit risk because it was uninsured and uncollateralized.

3. INVESTMENTS

The general investment policy of the University as adopted by the State Board of Education is that investments in securities are to be made with the objectives of maximizing long-term total return, ensuring safety of principal and providing satisfactory current income. Investment of cash shall be restricted to:

- 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.
- Commercial paper of prime or equivalent grade.

In accordance with established investment policy, the University may invest in various mortgage-backed securities, such as collateralized mortgage obligations. These securities are recorded at fair value in the statement of net assets. Investment income, including change in fair value of investments, is recognized as revenue in the statement of revenues, expenses and changes in net assets.

Custodial Credit Risk

The University's investments described above are categorized below to give an indication of the level of risk assumed by the University at June 30, 2007. Category 1 includes investments that are insured or registered, or for which the securities are held by the University or its agent in the University's name.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the University's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty whether or not in the University's name; or by the counterparty's trust department or agent but not in the University's name.

	2007			
	Investment Risk Category			Total Carrying Amount
	1	2	3	
INVESTMENTS:				
Corporate debt securities and preferred stock	\$ 29,331,326	\$ -	\$ -	\$ 29,331,326
U.S. government or government guaranteed securities	47,751,599	1,133,995	-	48,885,594
Mutual funds	<u>364,958</u>	<u>-</u>	<u>-</u>	<u>364,958</u>
	<u>\$ 77,447,883</u>	<u>\$ 1,133,995</u>	<u>\$ -</u>	<u>\$ 78,581,878</u>

	2006			
	Investment Risk Category			Total Carrying Amount
	1	2	3	
INVESTMENTS:				
Corporate debt securities and preferred stock	\$ 29,356,222	\$ -	\$ -	\$ 29,356,222
U.S. government or government guaranteed securities	33,179,136	1,133,074	-	34,312,210
Mutual funds	<u>786,793</u>	<u>-</u>	<u>-</u>	<u>786,793</u>
	<u>\$ 63,322,151</u>	<u>\$ 1,133,074</u>	<u>\$ -</u>	<u>\$ 64,455,225</u>

Interest Rate Risk

Interest rate risk is defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as the risk a government may face should interest rate variances affect the fair value of investments. The University does not presently have a formal policy that addresses interest rate risk. As of June 30, 2007, the University had the following investments subject to interest rate risk:

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Debt Security Investments At June 30, 2007

Investment Maturities In Years

<u>Investment Type:</u>	<u>Fair Value</u>	<u>≤1</u>	<u>1-5</u>	<u>6-10</u>	<u>≥10</u>	<u>Total</u>
US Corporations	\$ 3,781,325	\$ -	\$ 282,125	\$ 325,556	\$ 3,173,644	\$ 3,781,325
US Government Agencies	48,885,594	1,360,565	398,918	5,520,592	41,605,519	48,885,594
Total	<u>\$ 52,666,919</u>	<u>\$ 1,360,565</u>	<u>\$ 681,043</u>	<u>\$ 5,846,148</u>	<u>\$ 44,779,163</u>	<u>\$ 52,666,919</u>

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB 40 requires disclosure of credit quality ratings for investments in debt securities. The University does not presently have a formal policy that addresses credit risk. (The credit risk ratings listed below are issued upon standards set by Standard and Poor's.) As of June 30, 2007, the University had the following investment credit risk:

	U.S. Corporations	United States Agencies	Total
AAA	\$ 29,282,305	\$ 48,885,594	\$ 78,167,899
AA	413,979	-	413,979
	<u>\$ 29,696,284</u>	<u>\$ 48,885,594</u>	<u>\$ 78,581,878</u>

Concentration of Credit Risk

Per GASB Statement No. 40, Concentration of Credit Risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB has adopted a principle that governments should provide note disclosure when 5 percent of investments are concentrated in any one issuer. The University does not presently have a formal policy that addresses concentration of credit risk.

Issuer	Fair Value	% of Total Investments
Cohen & Steers (AAA)	\$ 8,100,000	10.31%
Pimco Corp (AAA)	6,850,000	8.72%
Nicholas Applegate (AAA)	3,925,000	4.99%
Various (no single issuer exceeds 5% of total)	59,706,878	75.98%
Total	<u>\$ 78,581,878</u>	<u>100.00%</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

4. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Accounts receivable and unbilled charges consisted of the following at June 30, 2007 and June 30, 2006, respectively:

	June 30, 2007	June 30, 2006
	Current	Current
Student tuition and fees	\$ 2,511,572	\$ 2,080,677
Auxiliary enterprises	1,312,338	1,002,872
Other activities	744,858	555,326
Federal appropriations	207,657	219,466
Federal financial aid funds	14,698	39,705
Grants and contracts	12,275,691	14,196,719
Due from Foundation	7,323,644	6,506,130
	24,390,458	24,600,895
Less allowance for doubtful accounts	(495,800)	(456,300)
Net accounts receivable and unbilled charges	\$ 23,894,658	\$ 24,144,595

5. 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 June 30, 2006. Under this Program, the federal government provides approximately 67% of the funding for the Program with the University providing the balance. The Program provides for the cancellation of a loan at rates of 12.5% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the University for amounts cancelled under these provisions. In the event the University should withdraw from the Program or the government was to cancel the Program, the amount the University would be liable for is approximately \$10,038,859 at June 30, 2007 and \$10,146,489 at June 30, 2006.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and 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. The allowance for uncollectible loans was \$1,094,485 at June 30, 2007 and \$1,078,707 at June 30, 2006.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

6. CAPITAL ASSETS

Capital Assets at June 30, 2007 and 2006 consisted of the following:

	<u>Year ended June 30, 2007</u>				
	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2007</u>
Capital assets not being depreciated:					
Land	\$ 18,015,669	\$ 228,000	\$ -	\$ -	\$ 18,243,669
Capitalized collections	2,108,681	67,243	-	(91,350)	2,084,574
Equipment construction in progress	212,252	739,200	(823,451)	(13,798)	114,203
Construction in progress	<u>11,591,731</u>	<u>4,128,559</u>	<u>(8,551,655)</u>	<u>(2,108,635)</u>	<u>5,060,000</u>
Total capital assets not being depreciated	<u>\$ 31,928,333</u>	<u>\$ 5,163,002</u>	<u>\$ (9,375,106)</u>	<u>\$ (2,213,783)</u>	<u>\$ 25,502,446</u>
Other capital assets:					
Buildings	\$ 353,802,327	\$ 23,559,502	\$ 8,281,514	\$ (142,299)	\$ 385,501,044
Other improvements	38,593,905	496,617	270,141	-	39,360,663
Furniture and equipment	67,955,499	8,112,385	823,451	(3,484,171)	73,407,164
Library materials	<u>55,115,912</u>	<u>3,246,247</u>	<u>-</u>	<u>(658,317)</u>	<u>57,703,842</u>
Total other capital assets	<u>515,467,643</u>	<u>35,414,751</u>	<u>9,375,106</u>	<u>(4,284,787)</u>	<u>555,972,713</u>
Less accumulated depreciation:					
Buildings	(123,460,474)	(9,051,041)	-	58,251	(132,453,264)
Other improvements	(20,733,905)	(1,625,555)	-	-	(22,359,460)
Furniture and equipment	(50,161,586)	(6,541,898)	-	2,844,174	(53,859,310)
Library materials	<u>(43,653,445)</u>	<u>(2,494,764)</u>	<u>-</u>	<u>658,317</u>	<u>(45,489,892)</u>
Total accumulated depreciation	<u>(238,009,410)</u>	<u>(19,713,258)</u>	<u>-</u>	<u>3,560,742</u>	<u>(254,161,926)</u>
Other capital assets - net	<u>\$ 277,458,233</u>	<u>\$ 15,701,493</u>	<u>\$ 9,375,106</u>	<u>\$ (724,045)</u>	<u>\$ 301,810,787</u>
Capital assets summary:					
Capital assets not being depreciated	\$ 31,928,333	\$ 5,163,002	\$ (9,375,106)	\$ (2,213,783)	\$ 25,502,446
Other capital assets - at cost	<u>515,467,643</u>	<u>35,414,751</u>	<u>9,375,106</u>	<u>(4,284,787)</u>	<u>555,972,713</u>
Total cost of capital assets	547,395,976	40,577,753	-	(6,498,570)	581,475,159
Less accumulated depreciation	<u>(238,009,410)</u>	<u>(19,713,258)</u>	<u>-</u>	<u>3,560,742</u>	<u>(254,161,926)</u>
Capital assets - net	<u>\$ 309,386,566</u>	<u>\$ 20,864,495</u>	<u>\$ -</u>	<u>\$ (2,937,828)</u>	<u>\$ 327,313,233</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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 \$12,650,050. These costs will be financed by state appropriations, institutional funds, gifts, grants and contracts, the Department of Public Works, and/or long-term borrowing.

	<u>Year ended June 30, 2006</u>				
	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Balance June 30, 2006</u>
Capital assets not being depreciated:					
Land	\$ 11,498,448	\$ 6,517,221	\$ -	\$ -	\$ 18,015,669
Capitalized collections	2,207,204	41,313	-	(139,836)	2,108,681
Equipment construction in progress	520,552	683,870	(974,815)	(17,355)	212,252
Construction in progress	<u>10,637,818</u>	<u>4,643,128</u>	<u>(3,592,278)</u>	<u>(96,937)</u>	<u>11,591,731</u>
Total capital assets not being depreciated	<u>\$ 24,864,022</u>	<u>\$ 11,885,532</u>	<u>\$ (4,567,093)</u>	<u>\$ (254,128)</u>	<u>\$ 31,928,333</u>
Other capital assets:					
Buildings	\$ 348,786,099	\$ 1,996,199	\$ 3,042,868	\$ (22,839)	\$ 353,802,327
Other improvements	37,054,893	1,104,807	549,410	(115,205)	38,593,905
Furniture and equipment	65,642,089	4,509,601	974,815	(3,171,006)	67,955,499
Library materials	<u>52,936,155</u>	<u>2,944,009</u>	<u>-</u>	<u>(764,252)</u>	<u>55,115,912</u>
Total other capital assets	<u>504,419,236</u>	<u>10,554,616</u>	<u>4,567,093</u>	<u>(4,073,302)</u>	<u>515,467,643</u>
Less accumulated depreciation:					
Buildings	(115,195,338)	(8,267,991)	-	2,855	(123,460,474)
Other improvements	(19,229,757)	(1,619,353)	-	115,205	(20,733,905)
Furniture and equipment	(46,405,530)	(6,551,503)	-	2,795,447	(50,161,586)
Library materials	<u>(42,043,610)</u>	<u>(2,374,087)</u>	<u>-</u>	<u>764,252</u>	<u>(43,653,445)</u>
Total accumulated depreciation	<u>(222,874,235)</u>	<u>(18,812,934)</u>	<u>-</u>	<u>3,677,759</u>	<u>(238,009,410)</u>
Other capital assets - net	<u>\$ 281,545,001</u>	<u>\$ (8,258,318)</u>	<u>\$ 4,567,093</u>	<u>\$ (395,543)</u>	<u>\$ 277,458,233</u>
Capital assets summary:					
Capital assets not being depreciated	\$ 24,864,022	\$ 11,885,532	\$ (4,567,093)	\$ (254,128)	\$ 31,928,333
Other capital assets - at cost	<u>504,419,236</u>	<u>10,554,616</u>	<u>4,567,093</u>	<u>(4,073,302)</u>	<u>515,467,643</u>
Total cost of capital assets	529,283,258	22,440,148	-	(4,327,430)	547,395,976
Less accumulated depreciation	<u>(222,874,235)</u>	<u>(18,812,934)</u>	<u>-</u>	<u>3,677,759</u>	<u>(238,009,410)</u>
Capital assets - net	<u>\$ 306,409,023</u>	<u>\$ 3,627,214</u>	<u>\$ -</u>	<u>\$ (649,671)</u>	<u>\$ 309,386,566</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2007 and 2006:

	2007	2006
Operating activities	\$ 4,904,724	\$ 4,689,158
Taxes payable	23,179	22,419
Foundation payable	<u>171,640</u>	<u>170,440</u>
Total accounts payable and accrued liabilities	<u>\$ 5,099,543</u>	<u>\$ 4,882,017</u>

8. OPERATING LEASES

The University has entered into various noncancellable operating lease agreements covering certain assets. The lease terms range from one to five years. The expense for operating leases was \$565,119 for the year ended June 30, 2007 and \$373,021 for the year ended June 30, 2006.

Future minimum lease payments on noncancellable leases at June 30, 2007 are as follows:

2008	\$ 530,553
2009	239,574
2010	157,472
2011	56,210
2012	<u>2,360</u>
Total future minimum obligations	<u>\$ 986,169</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

9. LONG-TERM LIABILITIES

Long-term liability activity for years ended June 30, 2007 and 2006 is as follows:

	Ending Balance June 30, 2006	Additions	Reductions	Ending Balance June 30, 2007	Amounts Due within One Year
Bonds and notes payable and capital lease obligations:					
Bonds payable	\$ 125,852,385	\$ -	\$ 3,031,103	\$ 122,821,282	\$ 5,361,438
Notes payable	1,082,689	-	95,761	986,928	898,333
Capital lease obligations	<u>74,962</u>	<u>-</u>	<u>40,705</u>	<u>34,257</u>	<u>34,257</u>
Long-term liabilities	<u>\$ 127,010,036</u>	<u>\$ -</u>	<u>\$ 3,167,569</u>	<u>\$ 123,842,467</u>	<u>\$ 6,294,028</u>

	Ending Balance June 30, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts Due within One Year
Bonds and notes payable and capital lease obligations:					
Bonds payable	\$ 130,578,803	\$ -	\$ 4,726,418	\$ 125,852,385	\$ 5,006,419
Notes payable	1,313,642	-	230,953	1,082,689	92,485
Capital lease obligations	<u>144,172</u>	<u>-</u>	<u>69,210</u>	<u>74,962</u>	<u>40,705</u>
Long-term liabilities	<u>\$ 132,036,617</u>	<u>\$ -</u>	<u>\$ 5,026,581</u>	<u>\$ 127,010,036</u>	<u>\$ 5,139,609</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

10. NOTES AND BONDS PAYABLE

Notes and bonds payable consisted of the following at June 30, 2007 and 2006:

Description	Balance Outstanding 2007	Balance Outstanding 2006
Student Fee Refunding Bonds, Series 1996 (original balance of \$9,285,000), consisting of serial bonds due in annual installments increasing periodically from \$585,000 to a maximum of \$860,000, plus interest from 5.15% to 5.80% through the year 2013, collateralized by a pledge of net revenues and certain student fees of the University.	\$4,375,000	\$4,960,000
Student Fee Refunding Revenue Bonds, Series 1997B, (original balance of \$12,380,000), consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from \$775,000 to a maximum of \$1,220,000, plus interest from 5.15% to 5.70% through the year 2016, collateralized by a pledge of net revenues of the Student Housing System, University's Student Matriculation Fee and other pledged net revenues. The 2005A General Revenue Refunding Bonds extended the general pledge to these Bonds.	8,905,000	9,680,000
Student Fee Revenue Bonds (University Commons Project) Series 1997, (original balance of \$14,100,000), was collateralized by a pledge of certain student fees, and certain other pledged revenue. A portion of these bonds are considered extinguished through defeasance by the 2005A General Revenue Refunding Bonds. The defeased amount was \$12,965,000 and the University has no remaining annual installments.	-	145,000
Student Fee Revenue Bonds (University Commons Supplemental Project) Series 1997, (original balance of \$5,620,000), consisting of serial bonds due in annual installments commencing in 2000 and increasing periodically from \$190,000 to a maximum of \$405,000, plus interest from 4.80% to 5.35% through the year 2022, collateralized by a pledge of certain student fees, and certain other pledged revenue. A portion of these bonds are considered extinguished through defeasance by the 2005A General Revenue Refunding Bonds. The defeased amount is \$4,120,000 and the University's remaining annual installments range from \$190,000 to a maximum of \$200,000, plus interest from 4.85% to 5.35%.	200,000	390,000

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Description	Balance Outstanding 2007	Balance Outstanding 2006
Student Fee Revenue Bonds (Recreation Center Project), Series 1999, (original balance of \$20,115,000), consisting of serial bonds due in annual installments commencing in 2002 and increasing periodically from \$600,000 to a maximum of \$1,425,000, plus interest from 4.15% to 6.50% through the year 2025, collateralized by a pledge of certain student fees, and certain other pledged revenue.	\$17,390,000	\$17,990,000
Student Fee Revenue Bonds, Series 1999A, (original balance of \$1,470,000), consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from \$45,000 to a maximum of \$105,000, plus interest from 4.30% to 5.25% through the year 2025, collateralized initially by a pledge of the University's Student Matriculation Fee and other pledged net revenues. 2005A General Revenue Refunding Bonds extended the general pledge to these Bonds.	1,270,000	1,315,000
Student Fee Revenue Bonds, Series 1999B, (original balance of \$6,150,000), consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from \$155,000 to a maximum of \$445,000, plus interest from 4.95% to 5.625% through the year 2025, collateralized initially by a pledge of net revenues of the University's Student Matriculation Fee and other pledged net revenues. 2005A General Revenue Refunding Bonds extended the general pledge to these Bonds.	5,350,000	5,505,000
Student Fee Revenue Bonds, Series 1999C, (original balance of \$6,305,000), consisting of serial bonds due in annual installments commencing in 2001 and increasing periodically from \$270,000 to a maximum of \$515,000, plus interest from 4.85% to 5.70% through the year 2019, collateralized initially by a pledge of University's Student Matriculation Fee, and other pledged revenues. 2005A General Revenue Refunding Bonds extended the general pledge to these Bonds. A portion of these bonds are considered extinguished through defeasance by the 2005A General Revenue Refunding Bonds. The defeased amount is \$4,065,000 and the University's remaining annual installments range from \$270,000 to a maximum of \$295,000, plus interest from 4.85% to 5.70%.	580,000	850,000

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Description	Balance Outstanding 2007	Balance Outstanding 2006
Student Fee Revenue Bonds, Series 2001, (original balance of \$40,930,000), consisting of serial bonds due in annual installments commencing in 2005 and increasing periodically from \$390,000 to a maximum of \$2,125,000, plus interest from 4.00% to 5.40% through the year 2041, collateralized initially by a pledge of net revenues of the University's Student Matriculation Fee. 2005A General Revenue Refunding Bonds extended the general pledge to these Bonds.	\$39,915,000	\$40,305,000
Student Fee Refunding and Revenue Bonds, Series 2003, (original balance of \$17,585,000), consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from \$1,335,000 to a maximum of \$1,525,000, plus interest from 4.00% to 5.25% through the year 2014, collateralized by a pledge of net revenues of the Student Housing System, net revenues derived from the Telecommunications System, and certain other pledged revenues.	12,870,000	14,205,000
General Revenue Refunding Bonds, Series 2005A, (original balance of \$30,740,000), consisting of bonds due in annual installments commencing in 2005 and fluctuating periodically from \$575,000 to a maximum of \$2,265,000, plus interest from 3.00% to 5.00% through the year 2026, collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. Revenues pledged to the Recreation Center Bonds and to the Activity Center Bonds are pledged to the 2005A bonds on a subordinate basis until the retirement of the Recreation Center Bonds and Activity Center Bonds.	30,060,000	30,635,000
Other indebtedness, consisting of notes payable with interest rates ranging from 4.75% to 5.00% due through the year 2019.	986,928	1,082,689
Total	121,901,928	127,062,689
Premium on Bonds	2,737,183	2,892,762
Deferred amount on Refunding – 2005A	(830,901)	(3,020,377)
TOTAL	\$123,808,210	\$126,935,074

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

There are a number of limitations and restrictions contained in the various bond indentures. Management believes the University is in compliance with all bond covenants as of June 30, 2007 and 2006.

Principal and interest maturities on notes and bonds payable, excluding amortization of bond premium and principal and interest on bonds subject to an insubstance debt defeasance are as follows for the years ending June 30:

	Interest		Principal	
2008	\$	6,167,124	\$	6,259,771
2009		5,904,091		5,603,275
2010		5,650,431		5,858,617
2011		5,361,675		5,648,977
2012		5,081,309		5,324,353
2013-2017		20,875,756		29,078,113
2018-2022		13,930,456		25,678,380
2023-2027		8,036,539		18,678,051
2028-2032		5,210,588		6,009,063
2033-2037		3,429,000		7,789,063
2038-2042		1,090,260		7,880,547
	\$	80,737,229	\$	123,808,210

Pledged Revenues – As stated in the bond descriptions above, the University has pledged certain revenues as collateral for debt instruments. The pledge revenue amounts for the year ended June 30, 2007 are as follows:

	Fee and General Revenue System Series 1997B, 1999A, 1999B, 1999C, 2001, 2003 & 2005A		Activity Center Fee System Series 1996, 1997 Commons Supplemental		Recreation Center System Student Recreation Center Series 1999		Total
Pledged Revenues							
Student matriculation fee	\$	27,168,102	\$	-	\$	147,341	\$ 27,315,443
Residence hall system		7,630,688		-		-	7,630,688
Apartment housing system		1,571,533		-		-	1,571,533
Food service (meal plan)		3,714,179		-		-	3,714,179
Food service (institutional food service system)		-		142,973		-	142,973
Bookstore		-		7,982,948		-	7,982,948
Parking system		1,211,987		-		-	1,211,987
Telecommunications system							
communications system		3,441,688		-		-	3,441,688
Other student fees and tuition		1,580,159		2,044,876		1,663,876	5,288,911
Investment income		84,094		759		1,076	85,929
Total pledged revenues	\$	46,402,430	\$	10,171,556	\$	1,812,293	\$ 58,386,279

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

11. CAPITAL LEASES

The University has entered into various capital lease agreements covering certain computer, maintenance and telecommunication assets. At June 30, 2007 and 2006, assets under capital lease totaled \$181,654 and \$333,588, respectively, and are included in capital assets. Future minimum lease obligations under these agreements for the year ending June 30, 2007 are as follows:

Total minimum obligations	\$ 35,225
Less amount representing interest	<u>(968)</u>
Present value of minimum obligations	<u>\$ 34,257</u>

12. RETIREMENT PLANS

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. PERSI 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. It is a defined benefit plan requiring that both the member and the employer contribute. Designed as a mandatory system for eligible state employees, the legislation provided for 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 five 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 year of credited service, the annual service retirement allowance is 2% of the average monthly salary for the highest consecutive 42 months.

For the years ended June 30, 2007 and 2006, the required contribution rate as determined by PERSI was 10.39% and 6.23% of covered payroll for the University and employees, respectively. The University’s contributions required and paid were \$5,356,667 and \$5,316,110, for the years ended June 30, 2007 and 2006, respectively.

Optional Retirement Plan – Effective July 1, 1990, the Idaho State Legislature authorized the Board of Regents 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 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 July 1, 1990 or thereafter automatically enroll in the ORP and select their 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 include Teachers Insurance and Annuity Association – College Retirement Equities Fund and Variable Annuity Life Insurance Company.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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 amount paid) for the year ended June 30, 2007 and 2006 was \$10,147,956 and \$9,116,733, respectively, that consisted of \$5,354,885 from the University and \$4,793,071 from employees for 2007 and \$4,791,086 from the University and \$4,325,647 from employees for 2006.

Although enrollees in the ORP no longer belong to PERSI, the University is required to contribute to PERSI 3.03% of the annual covered payroll. This percentage will decrease to 1.49% of the annual covered payroll effective July 1, 2007. The University will be required to make these annual supplemental payments through July 1, 2025. During the years ended June 30, 2007 and 2006, the supplemental funding payments made to PERSI were \$2,023,096 and \$1,880,248. This amount is not included in the regular University PERSI contribution discussed previously.

Postretirement Benefits Other Than Pensions - In addition to the pension benefits described above, the University provides post-retirement medical, dental and life insurance coverage for life to employees who meet certain age and service requirements. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. This benefit was not offered to employees hired on or after January 1, 2002. Employees who do not qualify for this benefit but who do qualify for retirement under PERSI or ORP are eligible to use 50% 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 a percentage of employee gross payrolls into a reserve. This percentage was 1.5% at June 30, 2007 and June 30, 2006. The University had expenses totaling \$2,831,752 at June 30, 2007 to purchase insurance for 585 retired employees and expenses totaling \$2,942,073 at June 30, 2006 to purchase insurance for 714 retired employees receiving these benefits. As of June 30, 2007, approximately \$6,501,258 is available to fund these obligations. In FY 2006, the amount available was \$6,333,063.

The University has begun the necessary preparation to record the Other Post Employment Benefits (OPEB) liability required by GASB 45. The University has hired actuaries to quantify the unrecorded obligations and to review the provisions of its benefit plan. The initial Annual Required Contribution (ARC) liability estimate for FY 2008 will be approximately \$7.7 million using the Entry Age Normal method and \$8.2 million using the Unit Credit method. The Actuarial Accrued Liability (AAL) which is the liability or obligation for benefits earned based on certain actuarial methods and assumptions is estimated to be \$98.7 million under the Entry Age Normal method and \$88.4 million under the Unit Credit method. The plan's Present Value of Benefits (PVB) which is the value of the benefits promised to current and future retirees, is \$102.8 million. Fifty-seven percent of this liability is for current active employees. Benefits for this purpose are defined as paid claims and expenses from the plan and net of retiree contributions.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

13. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION

For fiscal years prior to 2003, the University reported expenses in functional categories. In order to be consistent with the State of Idaho's reporting method, operating expenses are displayed in their natural classifications for FY 2007 and 2006. The following table shows natural classifications with functional classifications:

Expenses 2007	Salaries	Benefits	Services	Supplies	Ins, Utilities, Rent	Sch. & Fellow	Depreciation	Other	Totals
Instruction	\$ 52,880,294	\$ 17,554,133	\$ 8,344,597	\$ 5,952,607	\$ 382,624	\$ -	\$ -	\$ 1,269,170	\$ 86,383,426
Research	36,739,277	12,213,359	12,226,483	4,862,050	408,652	-	-	426,086	66,875,907
Public Service	13,815,257	4,563,770	3,613,079	1,295,537	223,866	-	-	540,277	24,051,787
Academic Support	6,132,065	2,320,061	1,416,003	1,167,668	222,075	-	-	230,181	11,488,053
Libraries	2,248,530	868,010	698,240	546,730	5,570	-	-	(30,164)	4,336,916
Student Services	4,804,585	1,834,727	1,488,149	458,157	59,741	-	-	127,955	8,773,314
Institutional Support	10,861,468	4,178,719	7,466,352	133,171	282,068	-	-	475,931	23,397,709
Plant Operations	5,675,206	2,616,896	2,230,653	1,702,908	10,731,476	-	19,713,258	155,848	42,826,244
Scholarships & Fellowships	638,598	56	284,922	-	-	16,420,676	-	64,065	17,408,317
Auxiliaries	9,985,126	3,331,114	6,483,335	10,946,940	675,946	-	-	624,629	32,047,089
	<u>\$ 143,780,406</u>	<u>\$ 49,480,845</u>	<u>\$ 44,251,813</u>	<u>\$ 27,065,768</u>	<u>\$ 12,992,018</u>	<u>\$ 16,420,676</u>	<u>\$ 19,713,258</u>	<u>\$ 3,883,978</u>	<u>\$ 317,588,762</u>

Expenses 2006	Salaries	Benefits	Services	Supplies	Ins, Utilities, Rent	Sch. & Fellow	Depreciation	Other	Totals
Instruction	\$ 48,579,801	\$ 17,832,837	\$ 9,713,628	\$ 4,465,968	\$ 575,590	\$ -	\$ -	\$ 1,258,342	\$ 82,426,166
Research	37,659,881	10,554,813	13,070,995	4,712,723	800,831	-	-	309,949	67,109,192
Public Service	12,872,200	4,273,889	3,509,184	1,030,582	253,367	-	-	661,569	22,600,791
Academic Support	5,777,486	2,060,110	1,099,847	1,052,846	148,885	-	-	237,718	10,376,892
Libraries	2,279,371	855,187	679,543	411,453	(20)	-	-	24,404	4,249,938
Student Services	4,382,744	1,640,443	1,153,575	406,708	60,017	-	-	120,159	7,763,646
Institutional Support	10,422,358	3,803,410	6,755,953	368,899	304,206	-	-	411,626	22,066,452
Plant Operations	5,570,629	2,560,974	1,873,636	1,153,224	9,112,132	-	18,812,934	673,322	39,756,850
Scholarships & Fellowships	450,552	(91)	-	-	-	14,334,337	-	69,366	14,854,164
Auxiliaries	9,695,665	3,235,164	4,874,182	10,427,299	1,985,148	-	-	754,950	30,972,409
	<u>\$ 137,690,687</u>	<u>\$ 46,816,736</u>	<u>\$ 42,730,543</u>	<u>\$ 24,029,702</u>	<u>\$ 13,240,156</u>	<u>\$ 14,334,337</u>	<u>\$ 18,812,934</u>	<u>\$ 4,521,405</u>	<u>\$ 302,176,500</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

14. 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.

15. RISK MANAGEMENT

The University participates in the State of Idaho's Retained Risk Fund for risk and insurance programs. The Fund has a \$500,000 cap for tort claims and includes property and casualty lines of coverage. The University's premiums are based on the State's actuarial calculations and are weighted for losses sustained by the University. Deductibles for the program include \$2,000 for property losses, \$500 for auto physical damage, \$5,000 for boiler and machinery losses, and \$50 for inland marine losses. There are no casualty deductibles, and all other covered losses are paid by the State.

The State Fund of Idaho, a competitive state fund, writes the University's Worker Compensation coverage. The University's premiums and the State Fund loss experience modifications are based on the loss experience of all State agencies.

16. COMPONENT UNIT

The University of Idaho Foundation, Inc. (Foundation) is a legally separate, 501(c)(3) component unit of the University of Idaho (University). The Foundation was established in 1970 for the purpose of soliciting donations and to hold and manage invested donations for the benefit of the University. A Board of Directors comprised of up to 25 voting members and a number of nonvoting directors, governs and conducts the business of the Foundation, meeting at least four times in each fiscal year. The Foundation is supported by professional staff of the University in the Foundation Office, Trust & Investment Office, the Development Office, and throughout the colleges. Separate audited financial statements are prepared for the Foundation and may be obtained by contacting University of Idaho Foundation, PO Box 443143, Moscow, Idaho 83844-3143.

The majority of the resources, or income earned from those resources, that the Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University and because these resources provide a significant amount of support to the University, the Foundation has been determined to be a component unit of the University and is discretely presented in the University's financial statements. Significant accounting policies associated with the University, described in Note 1, apply to the Foundation, when applicable. Significant disclosures at June 30, 2007 and 2006 are as follows:

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

INVESTMENTS—Investments in marketable securities are recorded at fair value as determined by quoted market prices. At June 30, 2007, the fair value of restricted and unrestricted investments was \$190,630,412 and \$4,022,946 respectively. At June 30, 2006, the fair value of restricted and unrestricted investments was \$181,750,596 and \$2,234,762 respectively.

The majority of investments held by the Foundation are part of the pooled endowment fund referred to as the Consolidation Investment Trust (C.I.T.) The C.I.T. was established by the Regents of the University of Idaho in 1959 to pool endowment funds received by the University and the Foundation. The C.I.T. utilizes the market value share method of accounting. The fair value of the C.I.T.'s portfolio is divided by the number of outstanding unit participation shares owned by the individual endowments to determine the value of a share when additional contributions are added.

The following table represents the fair value of investments by type at June 30, 2007:

Investment Type	Fair Value
U.S. Government Agency Obligations	\$ 24,840,842
Corporate Bonds	18,442,501
Preferred Stock	5,475,321
Municipal Securities	3,371,634
U.S. Treasuries	2,730,984
Bond Mutual Funds	17,075,767
Common Stock	114,287,973
International Equity Funds	6,597,102
Mutual Funds	1,347,516
Private Equity	483,718
	<u>\$ 194,653,358</u>

Interest Rate Risk

Interest rate risk is defined by GASB Statement No. 40 as the risk a government may face should interest rate variances affect the fair value of investments. The Foundation does not presently have a formal policy that addresses interest rate risk. As of June 30, 2007, the Foundation had the following investments subject to interest rate risk:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. Corporations	\$ 18,442,501	\$ 323,024	\$ 3,346,012	\$ 4,257,234	\$ 10,516,231
U.S. Government Agency Obligations	24,840,842	37,989	986,461	2,366,329	21,450,063
U.S. Treasuries	2,730,984		1,811,967	204,201	714,816
Municipal Securities	3,371,634	5,013	115,721	796,584	2,454,316
Bond Mutual Funds	17,075,767			17,075,767	
	<u>\$ 66,461,728</u>	<u>\$ 366,026</u>	<u>\$ 6,260,161</u>	<u>\$ 24,700,115</u>	<u>\$ 35,135,426</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB 40 requires disclosure of credit quality ratings for investments in debt securities. The Foundation does not presently have a formal policy that addresses credit risk. (The credit risk ratings listed below are issued upon standards set by Standard and Poor's.) As of June 30, 2007, the Foundation had the following investment credit risk:

Investment Ratings	Investment Type					Total
	U.S. Government Agency Obligations	Corporate Debt	Municipal Securities	Bond Mutual Fund		
AAA	\$ 24,806,308	\$ 2,889,475	\$ 2,100,000	\$ -	\$	29,795,783
AA	-	2,701,077	25,208	-		2,726,285
A	-	3,099,341	1,084,338	-		4,183,679
BBB	-	2,180,430	-	-		2,180,430
BB	-	2,584,352	40,467	-		2,624,819
B	-	3,163,832	-	-		3,163,832
CCC	-	1,423,013	-	-		1,423,013
D	-	63,250	-	-		63,250
Not Rated	34,534	337,731	121,621	17,075,767		17,569,653
	\$ 24,840,842	\$ 18,442,501	\$ 3,371,634	\$ 17,075,767	\$	63,730,744

Concentration of Credit Risk

Per GASB Statement No. 40, Concentration of Credit Risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Foundation has a formal policy addressing concentration of credit risk. Investments shall be diversified with the intent to minimize the risk of large realized and unrealized losses to the invested assets. The total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holding in individual issues, corporations, or industries.

- Not more than 5% of the total equity portfolio valued at market may be invested in the common stock of any one corporation.
- Not more than 5% of the total outstanding shares of any one company may be held.
- Not more than 20% of the equity portfolio valued at market may be held in any one industry category.
- Not more than 15% of the equity portfolio valued at market may be invested in securities issued as American Depositary Receipts.
- Fixed income securities of any one issuer shall not exceed 5% of the market value of the total bond portfolio at the time of the purchase (except US Treasury or other federal agencies).
- Holdings of any individual fixed income issue must not exceed 5% of the value of the total issue (except US Treasury or other federal agency issues.)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

As of June 30, 2007, the Foundation had not invested more than 5 percent of their investments in any one issuer.

Custodial Credit Risk

The Foundation minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to Foundation ownership and further to the extent possible, be held in the Foundation's name. At June 30, 2007 all Foundation funds were insured or registered investments, or investments held by the Foundation or their agent in the Foundation's name.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Foundation does not presently have a policy that addresses foreign currency risk. The Foundation is exposed to foreign currency risk in foreign stocks that it holds as follows:

<u>Currency Type</u>	<u>Fair Value</u>
AUD	\$ 3,545,424
CAD	25,307
CHF	646,606
DKK	10,402
EUR	4,530,957
GBP	10,657,149
HKD	3,379,684
JPY	3,959,368
MYR	353,946
NOK	10,116
NZD	503,533
SEK	406,362
SGD	859,115
	<u>\$ 28,887,969</u>

Distribution to University of Idaho and Affiliates

During fiscal years 2007 and 2006, earnings from endowments invested in the C.I.T., direct gifts and other revenues to the Foundation were distributed as follows:

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

	2007		2006	
	C.I.T. Endowment Income	Gifts and Other Revenues	C.I.T. Endowment Income	Gifts and Other Revenues
Scholarships	\$ 4,323,644	\$ 2,576,779	\$ 3,878,150	\$ 3,033,827
Student loans	197,326	100	187,514	250
Building funds	-	909,649	-	280,048
Real property	-	15,326,424	-	6,965,000
University of Idaho College and Dept Operating Accounts				
Academic Excellence	620,960	44,149	583,932	42,082
Agricultural and Life Sciences	252,221	276,795	228,647	265,081
Art and Architecture	12,931	18,510	12,129	
Athletics	48,923	309,527	43,711	97,576
Business and Economics	297,846	97,455	281,133	216,853
Education	22,626	47,854	16,592	226,589
Engineering	90,831	178,126	79,224	401,406
Law	226,269	203,025	206,007	242,177
Letters, Art and Social Science	369,791	144,838	359,557	480,738
Library	132,338	6,690	123,220	9,387
Natural Resources	130,963	134,129	117,906	646,862
Science	163,128	82,356	146,300	177,899
Other departments	219,429	420,885	190,664	847,252
Life beneficiaries	519,207	-	417,274	-
University of Idaho affiliates	29,679	21,728	41,200	8,555,521
TOTAL DISTRIBUTIONS	\$ 7,658,112	\$ 20,799,019	\$ 6,913,160	\$ 22,488,548

Donor Restricted Endowments

The Foundation receives certain gift assets that are restricted for endowment purposes, and by definition the original gift amount will be held in perpetuity for the benefit of the University. Restriction requirement for principal preservation is addressed by Idaho statute under "management of Institutional Funds," and is applicable lacking any further guidance from the individual gift agreement. During the fiscal year ended June 30, 2007, \$3,120,545 was contributed to current endowments.

The Foundation has a two-tier spending policy dependent upon the endowment agreement that exists for each endowment. 1) Endowments with language requiring the reinvestment of all realized capital gains as principal can distribute only realized interest and dividends, and all realized gains are reinvested. 2) The Foundation Board of Directors establishes a spending rate annually for endowments without the restrictive reinvestment language. The approved FY 2007 spending rate was set at 4.5% of the three-year rolling average of the C.I.T.'s monthly fair market value. If total realized dividends, interest and short-term capital gains are less than the total amount required to make the distributions based on this spending rate, realized long-term gains will be used to make up the shortfall.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

During the fiscal year ended June 30, 2007 and 2006, the endowments held by the Foundation had net appreciation on donor restricted endowments of \$17,881,930 and \$4,533,023. Per terms of the endowment agreements realized capital gains are either reinvested as principal or distributed per the donor agreement. Unrealized appreciation is included with the "Restricted – Non Expendable" Fund Balance.

17. RELATED ORGANIZATIONS

The Idaho Research Foundation, Inc. (the "Research Foundation") is a separate legal entity that provides technology transfer services to the University. On January 17, 2002, the University executed a revolving line-of-credit agreement with the Research Foundation not to exceed \$200,000. As of June 30, 2007 and 2006, the Research Foundation has drawn \$126,000 on the line-of-credit. Interest of 5.00% is due annually on the outstanding balance. The note had an original due date of June 30, 2005 but has been extended without the ability to take further draws. Payment of all outstanding interest and principal is due June 30, 2008. The Research Foundation is a legally separate organization which provides a valuable service to the University. It does not provide financial resources to the University and is not reported as a component unit.

The Vandal Boosters, Inc. (the "Boosters") is a fund raising organization that provides financial assistance and services to the University of Idaho intercollegiate athletic department. Contributions received by the University from this organization are recorded as gifts. Unaudited net assets of the Boosters at June 30, 2007 and 2006 were \$257,952 and \$225,542, respectively. Assets owned by the Boosters are not included in the accompanying financial statements.

The University of Idaho Alumni Association (the "Association") was established to develop and maintain a positive relationship with alumni, parents, and friends of the University. The Association is a legally separate organization which provides a valuable service to the University. It does not provide significant financial resources to the University and is not reported as a component unit.

18. SUBSEQUENT EVENT

On October 31st, 2007, the University of Idaho issued \$97,480,000 of Adjustable Rate General Revenue Bonds consisting of \$62,445,000 Revenue Refunding Bonds, Series 2007A and \$35,035,000 Revenue Bonds, Series 2007B to (i) advance refund certain outstanding bonds, (ii) finance capital improvements, and (iii) pay cost of issuance for the 2007 bonds.

The proceeds from the sale of the Series 2007A Bonds advance refunded a portion of the following Bonds: \$16,135,000 principal amount of the Student Fee Revenue Bonds (Recreation Center Project), Series 1999; \$1,175,000 principal amount of the Student Fee Revenue Bonds, Series 1999A; \$4,970,000 principal amount of the Student Fee Revenue Bonds (Sweet Avenue and University Campus Improvement Project), Series 1999B; and \$38,035,000 principal amount of the Student Fee Revenue Bonds, Series 2001 (University Housing Improvement Projects).

The proceeds from the sale of the Series 2007B Bonds will be used to finance certain electrical equipment upgrades and capital maintenance on, and replacement of, the University's utility corridor, central steam plant and central chiller and related improvements located on the University's Moscow, Idaho campus.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

The principal and interest obligations of the 2007 Bond Series are secured by the pledged revenues of the General Revenue Bond System which include student fees and other revenue sources. The pledged revenues do not include general account appropriated funds of the State of Idaho and restricted gifts and grant revenues.

**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
University of Idaho
Moscow, Idaho

We have audited the financial statements of University of Idaho 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 University of Idaho'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 University of Idaho's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University of Idaho's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 2007-01 and 2007-02 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University of Idaho'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule to findings and questioned costs as item 2007-04.

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

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.



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
University of Idaho
Moscow, Idaho

Compliance

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

We did not audit the University Idaho's compliance with the requirements governing Student Loan Billing and Due Diligence in Collection compliance requirements specified by the Federal Perkins Loan Program and described in the *OMB Circular A-133 Compliance Supplement*. Compliance with these requirements was audited by other auditors whose report thereon has been furnished to us and our opinion expressed, herein, insofar as it relates to the University of Idaho's compliance with those requirements, is based solely on the report of other auditors.

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 of Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University of Idaho's compliance with those requirements.

In our opinion, the University of Idaho 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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2007-03 and 2007-04.

Internal Control Over Compliance

The management of the University of Idaho is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University of Idaho'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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133, 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 of Idaho's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-04 to be a significant deficiency.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the University of Idaho's internal control that might be significant deficiencies or material weaknesses. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

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



Eugene, Oregon
November 16, 2007

UNIVERSITY OF IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Section I - Summary of Auditor's Results

Financial statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u> X </u> none reported
Significant Deficiency(ies) identified		
not considered to be material weaknesses?	<u> X </u> yes	_____ none reported
Noncompliance material to consolidated financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	<u> X </u> none reported
Significant Deficiency(ies) identified		
Not considered to be material weaknesses?	<u> X </u> yes	_____ none reported

Type of auditor's report issued on compliance for major programs:	Unqualified	
Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u> X </u> yes	_____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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Student Financial Assistance Cluster:

84.007	Federal Supplemental Education Opportunity Grant
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.069	Leveraging Educational Assistance Partnership
84.268	Federal Direct Lending Program
84.375	Academic Competitiveness Grant
84.376	National Science and Mathematics Access to Retain Talent Grant

Various	Research & Development Cluster
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Dollar threshold used to distinguish between Type A and Type B programs:	\$2,407,953
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Auditee qualified as low-risk auditee?	_____ yes	<u> X </u> no
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UNIVERSITY OF IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Section II - Financial Statement Findings

Finding 2007-1

Criteria: Reviews and monitoring should be applied to all computations important to the financial statements.

Condition and Perspective Information: During the audit, we identified a \$230,868 error in the calculation of deferred revenue. Due to this error, deferred revenue was overstated by \$230,868, and student tuition and fees revenue was understated by \$230,868.

Questioned Costs: None

Effect: Complex spreadsheets with a number of arithmetic formulas can provide the opportunity for errors to go undetected.

Cause: When reviewing the calculation of summer session tuition and fees deferred revenue, the reviewer overlooked a human error included within a spreadsheet arithmetic formula.

Recommendation: We recommend that spreadsheet reviewers use formula auditing functions to ensure that arithmetic formula errors are identified.

Views of the Responsible Officials: Agree. A review of schedules prepared using spreadsheets will be revised to include formula auditing functions and will be included in the documented procedures for audit preparation beginning in FY 2008.

Finding 2007-2

Criteria: Maintain effective control over and accountability for all funds, property and other assets, and safeguard all such assets and assure the authorized purposes.

Condition and Perspective Information: The University's brokerage accounts are permitted to transfer funds only to bank accounts in the name of the Board of Regents of the University of Idaho. The employee responsible for notifying the brokerage firm of these Board of Regent bank accounts is an employee who is also responsible for initiating brokerage account fund transfers.

Questioned Costs: None

Effect: The employee ultimately has the ability to transfer brokerage account funds to any bank account setup in the name of the Board of Regents of the University of Idaho.

Cause: The day-to-day investment transactions are both initiated and reviewed in the University's Trust & Investment Office, and additional monitoring controls should be provided outside of that office.

UNIVERSITY OF IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Recommendation: We recommend the University assign an employee outside of the Trust & Investment Office to provide instructions to their brokers. Those instructions should allow no other University employees permission to direct what bank accounts in the name of the Board of Regents of the University of Idaho may receive brokerage account transfers. That individual should be independent of the investment transfer function.

Views of the Responsible Officials: Agree. UI will reissue the standing letters of agreement with its brokers will and document the procedures to ensure an ongoing separation of duties. The university will revise procedures so the no one individual can both direct brokerage firms to transfer funds to a specific bank account and sign wire transfer requests from investment accounts.

Section III - Federal Award Findings and Questioned Costs

FINDING 2007-03—Submission of Reporting Package and Data Collection Form

Federal Program: General—Federal Audit Clearinghouse

Federal Agency: Department of Education—Cognizant Agency

Award Year: 2005-2006

Criteria: OMB Circular A-133, Section 320, requires the auditee to complete and sign certain sections of a data collection form that states whether the audit was completed in accordance with Circular A-133 and provides information about the auditee, its federal programs, and the results of the audit. The auditee is responsible for submitting the data collection form and the reporting package, including auditor's reports. The auditee is required to submit the data collection form and the reporting package within the earlier of 30 days after the receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Condition and Perspective Information: The University did not have procedures in place to ensure the timely filing of the 2005-2006 data collection form. It was determined the data collection form was filed more than 120 days past receipt of the auditor's report.

Questioned Costs: None

Effect: Late filing can jeopardize future funding.

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Year Ended June 30, 2007

Cause: The absence of a thorough and complete process for submitting a timely reporting package and data collection form. The University was aware the data collection form and the reporting package were to be submitted prior to nine months after the end of the audit period, but was unaware of the 30 day requirement. The lack of a complete understanding of the reporting requirement caused the late submission.

Recommendation: Moss Adams recommends the University prepare a data collection form draft in conjunction with the preparation of the year-end financial statements. Creating a reminder in a tickler system once the auditor's report has been received can also ensure timely filing with the Federal Audit Clearinghouse.

Views of the Responsible Officials: Agree. Upon completion of the SEFA, the data collection form will be drafted. Upon the issuance of the audit, the data collection form will be finalized and submitted to the Federal Audit Clearinghouse within the required thirty day time frame.

FINDING 2007-04—Allowable Costs: Internal Controls at the Center for Advanced Microelectronics and Biomolecular Research (Repeat Finding of 2006-06)

Federal Program: Research and Development (R&D) Cluster

Federal Agency: Department of Defense and Department of National Aeronautics and Space Administration

Award Year: 2004-2005, 2005-2006, 2006-07

Criteria: OMB Circular A-110, Section 21, requires recipients of federal awards to operate financial management systems that provide "effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes." OMB Circular A-133, section 300, requires recipients of federal awards to "maintain internal controls over federal programs that provide reasonable assurance that the [recipient] is managing federal awards in compliance with laws, regulations, and the provisions of grants and contracts." Section 105 of Circular A-133 provides further definition to internal controls over the compliance requirements for federal programs, with emphasis on proper recording and accounting for transactions; compliance with laws, regulations, and provisions of grant agreements; maintaining accountability over assets; and safeguards against unauthorized use of funds and other assets. OMB Circular A-21 provides cost principles for educational institutions, with specific guidance on the reasonableness, allowability and allocation of costs.

Condition: The Center for Advanced Microelectronics and Biomolecular Research (CAMBR) was established in 2002 as a research institute of the University located in Post Falls, Idaho. Almost all of CAMBR funding is federal. Prior year review of the internal control environment

UNIVERSITY OF IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

at CAMBR revealed significant deficiencies in the structure and operation of internal controls of the organization. These deficiencies permitted violation of and noncompliance with OMB Circulars, State of Idaho, and University of Idaho policies. Corrective actions have taken time to implement, and as such oversight and monitoring was considered insufficient for much of 2007.

Questioned Costs: Undetermined.

Context: Past allegations of improper management, misuse of federal funds, and the private use of University employees and funds at CAMBR prompted an internal investigation of CAMBR internal controls by the University. The investigation substantiated all of the instances cited in the *Conditions* paragraph above, plus numerous lesser violations. Subsequent review by the external auditors further substantiated the inadequate internal control environment at CAMBR. The lack of adequate internal controls crossed several fiscal years and affected multiple grants, either through direct or indirect charges to the grants.

Effect: The inadequate internal control environment at CAMBR and associated lack of oversight by the University resulted in instances of employee salaries, fringe benefits, and equipment costs being improperly charged to federal grants.

Cause: The geographical separation of CAMBR from the main University campus and the lack of formal oversight by the University Research Office contributed to the weak control environment. In addition, CAMBR management was either unaware or did not enforce established policies as required by University, Federal or State regulations.

Recommendations: We understand the CAMBR Business Manager position has been filled and reports to the personnel outside of CAMBR, and the Vice President of Research position will be eventually filled by a permanent employee. We recommend the University continue to undertake a detailed examination of all CAMBR activities, as an inadequate control environment raises concerns about the CAMBR operation, not just the specific allegations investigated in prior years.

Views of the Responsible Officials: Agree. The Business Manager position for the CAMBR operation is in place and a Compliance Officer search is progress. The search for a Vice President for Research is ongoing with an interim in place until a hire is made. UI will continue to scrutinize the CAMBR operation and monitor for any reoccurrence of unallowable activities.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2007

Finding 2006-01: General Ledger Access/Segregation of Duties

Comment: During our audit of the University's June 30, 2006 financial statements, we noted a sizable number of individuals who had journal entry rule code access within the general ledger. The listing of individuals who had this access included people who rarely post journal entries, IT personnel and one former employee. In addition, we noted instances wherein certain employees had the ability to initiate journal entries as well as check signing authority, thus creating improper segregation of duties related to internal controls. The absence of a central process to regularly monitor individuals with general ledger access and check signing authority appears to be due to personnel changes and organizational shifts in the responsibility as to what personnel should be performing and reviewing control activities.

Auditor Recommendation: Moss Adams recommends the University implement policies and procedures to limit the number of University personnel with the authority to post journal entries as well as to create clearly defined segregation of duties within the University's internal control environment.

University's Response: Agree. This finding is partially resolved. In June 2006 the University began the process of implementing policies and procedures to limit the number of personnel who can post journal entries. In addition, journal entry approval processes have been significantly improved. The University Controller, the General Accounting Manager, and an Accountant in the Controller's office are the only individuals who are authorized to approve journal entries. Finally, the University Controller is developing policies and procedures that will clearly delineate and define responsibilities across the University to assure appropriate segregation of duties. Financial training programs for personnel in the divisions and colleges will commence in the spring, 2007 and will include in depth training on establishing and maintaining an adequate system of internal controls. Implementation date: March 31, 2007.

Status: Journal entry access has been changed to include only those individuals who have a need to input them. Three individuals in general accounting as well as the University Controller have approval authority but no input access. In addition, there are no longer any individuals who have check signature authority that can initiate journal entries. Due to changes in the financial organization of the university the final implementation of the recommendation was delayed and will be completed by February 29th, 2008. A formal training program for all department fiscal officers will be in place by that date.

Finding 2006-02: Preparation of the Schedule of Expenditures of Federal Awards (SEFA) – (Repeat finding 2005-01)

Comment: The University did not have procedures in place to ensure the completeness of the SEFA. Amounts identified as Federal funds passed through from the State of Idaho were not completely reconciled to University records for inclusion in the SEFA. Further, amounts received from pass-through entities other than educational institutions were not examined for determination of the amount of Federal funds involved. Rather, the University treated all funds received as Federal if the pass-through entity indicated there were any Federal funds associated with the grant or award. The absence of a thorough and complete process for preparing the SEFA appears to be due to personnel changes in key positions and organizational shifts in the responsibility for preparation of the Schedule, coupled with incorrect historical practices.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2007

Recommendation: Moss Adams recommends the University continue developing and implementing policies to ensure the preparation of the SEFA is complete and thorough. Such a policy should include mechanisms for the timely and accurate identification of federal funds received from all sources. Additionally, responsibility for preparation of the Schedule should be considered from an institution-wide perspective, rather than on a component basis.

University's Response: Agree. The University is formalizing policies and procedures to ensure the SEFA is complete and thorough. These policies and procedures will include mechanisms for the timely and accurate identification of federal funds received from all sources. Formal policies and procedures will be completed by March 31, 2007. In addition, the University has now shifted the preparation from a component basis to a university-wide basis.

Status: Implementation complete as of March 31, 2007.

Finding 2006-03: Subrecipient Monitoring – Review of Subcontractor Invoices and Subcontractor Audit Reports (Repeat Finding of 2005-03)

Comment: Review and approval of several subcontractor invoices for payment for work performed on Federal awards were done by administrative or fiscal personnel, not by the grant Principal Investigator (PI) or other qualified research personnel. Secondly, the process for obtaining and reviewing subcontractor audit reports was not timely or complete in fiscal year 2006. The prior year finding was not finalized until February 28, 2006; consequently the University's corrective action was not in place for more than half of the current year.

Monitoring of subcontractor performance, in terms of work performed and audit results, was either not effectively performed or was performed by personnel not skilled in the research areas. Accordingly, funds passed through to the associated subcontractors may not have been used in compliance with grant provisions or could be inappropriate for the services performed. Inadequate or incomplete review of subcontractor invoices appears to be due to a lack of clear understanding as to what personnel should be doing the review and approval. The lack of timely or complete monitoring of subcontractor audits appears to be due to personnel turnover and staffing constraints within the University Research Office.

Auditor Recommendation: Moss Adams recommends the University continue implementing policies to specify, by level or position, review and approval responsibilities for subcontractor requests for payment, with consideration of the technical skills required and the presence or absence of other reviews external to the using organization for this type of expenditure. Secondly, we recommend the University continue implementing policies for monitoring subcontractor audits, and take appropriate action to ensure compliance with those policies in the future.

University's Response: The University Administrative Procedure Manual (APM) Chapter 45.15 Section E-2 addresses review and approval responsibilities for subcontractor requests for payment. This policy was created on May 23, 2006. In addition, OSP has updated the policy and procedure for monitoring subcontractor audits. The draft policy is published on the Office of Sponsored Programs (OSP) home page. The OSP has completed additional revisions which will be incorporated into the APM upon formal approval.

Status: Implementation complete January 31, 2007.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2007

Finding 2006-04: Allowable Costs: Personnel Level of Effort Reporting (Repeat Finding of 2005-04)

Comment: Testing of the Research and Development (R&D) Cluster revealed 65 out of approximately 1,270 Personnel Activity Reports (PAR) for the period July 1, 2005 through December 31, 2005 had not been completed as of August 2006. Additionally, under the new electronically developed PAR system, the second semester PAR's cannot be completed until the first semester PAR's have been all completed. As such no PAR's for the period January 1, 2006 through June 30, 2006 had been completed as of August 2006.

The prior year finding was not finalized until February 28, 2006; consequently the University's corrective action was not in place for more than half of the current year. Furthermore, the implementation of an electronic PAR system has taken time to fully integrate. As a result, on-line approval of all electronic reports was not timely. The instances of noncompliance with the PAR requirement appears to be due to a lack of emphasis within the associated departments and colleges of the University. The delay in the current year reporting within OSP appears to be due to personnel turnover and establishment of higher priorities.

Auditor Recommendation: Moss Adams recommends the University continue implementing procedures to strengthen the personnel effort reporting system. We understand transition to on-line submission of the reports has been a work in progress; we recommend concurrent review of the reporting procedures to ensure complete and timely compliance with Circular A-21.

University's Response: Agree. An electronic Personnel Activity Reporting (PAR) system was implemented in May 2006 which has allowed the University to streamline and strengthen the personnel effort reporting system. We will review the results of the process for the PAR's which were requested at the end of October for the period January, 2006 – June, 2006 and will make any modifications needed for the period covering July 1, 2006 – December 31, 2006.

Status: Implementation complete January 31, 2007.

Finding 2006-05: Reporting – Timeliness of Report Filing

Comment: The University did not have procedures in place to ensure timely reporting of the SF-269 Financial Status Report or SF-269A Financial Status Report (Short Form) for the Research and Development (R&D) Cluster. From a sample of financial reports filed with Federal awarding agencies, two out of twenty financial reports were filed more than one month late. Not extensions for the reporting due dates were requested from the Federal awarding agency. Filing requirements are indicated either as a general requirements by the Federal awarding agency or specifically in the grant award document

The absence of a thorough and complete process for preparing timely financial reports appears to be due to personnel changes in key positions and delays in implementation of a database tracking system.

Auditor Recommendation: Moss Adams recommends the University create a tickler system to ensure timely filing of required reports, with periodic review by grant managers and research officials.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2007**

University's Response: Agree. The Office of Sponsored Programs will work with grant managers and research officials to create a system that will ensure that procedures are in place to ensure timely filing of financial reports. The system will be in place by December 31, 2006.

Status: Implementation complete as of June 30, 2007.

Finding 2006-06: Allowable Costs – Internal Controls at the Center for Advanced Microelectronics and Biomolecular Research (CAMBR) - (Repeat Finding of 2005-05)

Comment: Review of the internal control environment at CAMBR revealed significant deficiencies in the structure and operation of internal controls of the organization. These deficiencies permitted violation of and noncompliance with OMB Circulars, State of Idaho, and University of Idaho policies. Specific instances involved improper timekeeping for CAMBR employees, use of University employees and equipment for private-commercial purposes, charging unallowable moving costs to federal grants, inappropriate charging of personnel fringe benefits to federal grants, and violation of nepotism policies. Additionally, oversight and monitoring of CAMBR activities by the University was insufficient to identify and correct the noncompliance and policy violations.

The geographical separation of CAMBR from the main University campus and the lack of formal oversight by the University Research Office contributed to the weak control environment. In addition, CAMBR management was either unaware or did not enforce established policies as required by University, Federal or State regulations.

Auditor Recommendation: Moss Adams recommends the University expedite the establishment of a Compliance Officer position within the University Research Office as a top priority. That position's primary responsibility would be to oversee the operations of the several research centers and institutes of the University. Secondly, we recommend the University undertake a detailed examination of all CAMBR activities, as an inadequate control environment raises concerns about the CAMBR operation, not just the specific allegations investigated this year.

University's Response: Agree. This finding is partially resolved. A detailed examination of all CAMBR activities has been conducted and is ongoing. A business manager position with a reporting line to the University Controller as well as to the CAMBR Director is in the final stages of a search as of early November 2006. The establishment of a Compliance Officer position within the University Research Office has not been completed due to the lack of funds. Through the use of faculty committees and existing specialized staff, we are managing compliance issues.

Status: All recommendations were substantially implemented by June 30, 2007 with the exception of the hiring of a Federal Compliance Officer. Funds have been budgeted for the position and a search is presently underway. In addition, the CAMBR business manager has a reporting line to the Senior Director of Administrative Services in the Division of Finance and Administration. Finally, a reorganization of the CAMBR operation has resulted in formalizing administrative oversight in the University Research Office.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	<u>TOTAL</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF AGRICULTURE				
DEPARTMENT OF AGRICULTURE				
00-CS-110118000-040 M2	10.	\$ 80	\$	80
06-JV-11221617-264	10.	2,375		2,375
4530001809	10.	259,242		259,242
5801116003	10.	20,775		20,775
59-53586282	10.	7,597		7,597
NRCS 683A755236	10.	118,761		118,761
NRCS 683A755236	10.	127,927		127,927
04DG11010000037	10.	106,369		106,369
04DG11010000037	10.	50,708		50,708
04DG11010000037	10.	1,602		1,602
04DG11010000037	10.	35,293		35,293
04DG11010000037	10.	81,867		81,867
05CS110118000012	10.	29,070		29,070
06-PA-11011724-001	10.	(348)		(348)
SRS 05-DG-11330122-236	10.	2,045		2,045
01PA11015600071	10.	9,974		9,974
02CR11060000133	10.	4,674		4,674
02JV11222014196	10.	28,047		28,047
02JV11222048203 A3	10.	24,770		24,770
02JV11222048203 M6	10.	94,886		94,886
02JV11222048203 M7	10.	32,546		32,546
03-CS-11010400-061	10.	12,430		12,430
03CS11222065177	10.	25,932		25,932
03JV11222014060	10.	62,818		62,818
03JV11222044286	10.	6,196		6,196
03JV11222065068	10.	10,295		10,295
03JV11222065068	10.	4,223		4,223
03JV11222065191	10.	2,477		2,477
03JV11222065279	10.	847		847
03PA11046000030	10.	10,505		10,505
04CR11132424144	10.	13,323		13,323
04JV11040206055	10.	3,717		3,717
04JV11111133058	10.	14,909		14,909
04JV11222044217 RWO 4901	10.	17,769		17,769
04JV11222048021	10.	17,297		17,297
04JV11222063299	10.	26,663		26,663
05DG11132762241	10.	34,214		34,214
05JV11040205050	10.	28,972		28,972
05JV11111124103	10.	36,107		36,107
05JV11221663261	10.	3,625		3,625
05PA11015600051 M1	10.	46,648		46,648
06CA11120101028	10.	25,878		25,878
06JV11111133065	10.	571		571
06JV11221648191	10.	30,883		30,883
06JV11221663074	10.	23,700		23,700
06JV11221668274	10.	829		829
58-53011501 T653566010	10.	8,815		8,815
5853016186 T653566050	10.	24,731		24,731
AG82FTP060102	10.	1,190		1,190

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			<u>TOTAL</u>
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF AGRICULTURE (Continued)				
EMAIL AGREEMENT	10.	(616)		(616)
PNW03JV11261988074	10.	29,421		29,421
PNW04CA11261967062	10.	24,396		24,396
PNW04JV11261975218	10.	6,987		6,987
PNW06JV11261975281	10.	8,368		8,368
W91ZLK-05-P-0709	10.	33,301		33,301
05PA1100111724046	10.		11,670	11,670
01DG11130152212	10.		24,110	24,110
APPROPRIATION 2011930100	10.		29,174	29,174
DEPARTMENT OF AGRICULTURE				
Federal Pass Through				
4163021	10.		11,851	11,851
PO L82981	10.		(65)	(65)
AMASUG Pressed Beet Pulp Market	10.	7,872		7,872
Rural Roots Sustainable Food	10.	2,914		2,914
AB133F05SE3635	10.	13,944		13,944
IF&G Idaho Carnivore Project	10.	3,332		3,332
Clear Springs Foods CWD Vaccine	10.	49,741		49,741
101271 G001506 0	10.	(1,275)		(1,275)
101704_G001588_0	10.	16,260		16,260
5/12/06 LETTER	10.	6,523		6,523
IDAFIS - Wildlife Education	10.		18,649	18,649
2006 COST SHARE FUNDS	10.	16,003		16,003
2007 COST SHARE FUNDS	10.	2,072		2,072
2006 COST SHARE FUNDS	10.		15,681	15,681
2007 COST SHARE FUNDS	10.		6,261	6,261
AGRICULTURE RESEARCH SERVICE				
Agricultural Research-Basic and Applied Research	10.001	1,182,277	(123)	1,182,154
Federal Pass Through	10.001	453,498		453,498
ANIMAL AND PLANT HEALTH INSPECTION SERVICE				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	8,839	84,665	93,504
Federal Pass Through	10.025		33,000	33,000
AGRICULTURAL MARKETING SERVICE				
Specialty Crop Block Grant Program	10.169			-
Federal Pass Through	10.169	11,500		11,500

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	<u>TOTAL</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF AGRICULTURE (Continued)				
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE				
Grants for Agricultural Research, Special Research Grants	10.200	1,542,932	9,768	1,552,700
Federal Pass Through	10.200	1,126,766	103,172	1,229,938
Cooperative Forestry Research	10.202	388,739		388,739
Hatch Act Appropriation	10.203	1,649,764		1,649,764
Grants for Agricultural Research, Competitive Research	10.206	782,679		782,679
Federal Pass Through	10.206	146,549		146,549
Animal Health and Disease Research	10.207	65,129		65,129
Food and Agricultural Sciences National Needs Graduate Fellowshi	10.210			-
Federal Pass Through	10.210	3,554		3,554
Higher Education Challenge Grants	10.217	68,223	139,019	207,242
Federal Pass Through	10.217		19,444	19,444
Biotechnology Risk Assessment Research	10.219	14,021		14,021
Higher Education Multicultural Scholars Program	10.220		22,500	22,500
Initiative for Future Agriculture and Food Systems	10.302			-
Federal Pass Through	10.302	4,107		4,107
Integrated Programs	10.303	811,317		811,317
Federal Pass Through	10.303	60,813	77,144	137,957
Homeland Security_Agriculture	10.304			-
Federal Pass Through	10.304	75,933		75,933
Cooperative Extension Service	10.500		4,434,277	4,434,277
Federal Pass Through	10.500	61,870	194,655	256,525
RISK MANAGEMENT AGENCY				
Crop Insurance	10.450			-
Federal Pass Through	10.450		16,392	16,392
Community Outreach & Assistance Partnership Program	10.455			-
Federal Pass Through	10.455		12,186	12,186
Commodity Partnerships for Risk Management Education	10.457			-
Federal Pass Through	10.457		4,063	4,063
FOOD AND CONSUMER SERVICE				
Child and Adult Care Food Programs	10.558			-
Federal Pass Through	10.558		33,019	33,019
State Administrative Matching Grants for Food Stamp Program	10.561			-
Federal Pass Through	10.561		561,924	561,924
FOREST SERVICE				
Forestry Research	10.652	67,475		67,475
Federal Pass Through	10.652	4,979		4,979
Cooperative Forestry Assistance	10.664	85,759	23,725	109,484
Federal Pass Through	10.664	57,183	13,175	70,358
NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER				
National Sheep Industry Improvement Center	10.774		13,678	13,678

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			<u>TOTAL</u>
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF AGRICULTURE (Continued)				
NATURAL RESOURCES CONSERVATION SERVICE				
Soil & Water Conservation	10.902	4,088		4,088
Federal Pass Through	10.902		20,176	20,176
River Basin Surveys & Investigations	10.906	6,810		6,810
Environmental Quality Incentives Program	10.912			-
Federal Pass Through	10.912	27,959		27,959
FOREIGN AGRICULTURAL SERVICE				
Technical Agricultural Assistance	10.960			-
Federal Pass Through	10.960		344	344
Scientific Cooperation & Research	10.961	5,302		5,302
Total - Department of Agriculture		10,471,132	5,933,534	16,404,666

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			<u>TOTAL</u>
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF COMMERCE				
DEPARTMENT OF COMMERCE				
AB133F04CN0080	11.	(2,322)		(2,322)
AB133F05SE6680	11.	6,393		6,393
AB133F06SE4011	11.	55,211		55,211
AB133F06SE4951	11.	11,925		11,925
EA133CO4CN0057	11.	(337)		(337)
RA133R-06-AE-0014	11.	25,120		25,120
AB133F06SE3838	11.	31,908		31,908
RA133R07SE1756	11.	7,353		7,353
RA134105SE6352	11.	(4,159)		(4,159)
ECONOMIC DEVELOPMENT ADMINISTRATION				
Economic Development Technical Assistance	11.303			-
Federal Pass Through	11.303		(1,347)	(1,347)
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION				
Climate and Atmospheric Research	11.431	64,978		64,978
Pacific Coast Salmon Recovery: Pacific Salmon Treaty Program	11.438			-
Federal Pass Through	11.438	164,874		164,874
Cooperative Science & Education Program	11.455	33,817		33,817
Unallied Science Program	11.472			-
Federal Pass Through	11.472	160,217		160,217
Coastal Services Center	11.473	65,868		65,868
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY				
Manufacturing Extension Partnership	11.611			-
Federal Pass Through	11.611	4,163	559,199	563,362
Total - Department of Commerce		625,009	557,852	1,182,861
DEPARTMENT OF DEFENSE				
DEPARTMENT OF DEFENSE				
DACW6800C0030	12.	41,567		41,567
DAAD19-01-1-0428	12.	(219)		(219)
DACW6801D0006	12.	156,459		156,459
DACW6801D00060005	12.	61,600		61,600
H98230ST064042	12.	32,761		32,761
N0016706M5543	12.	21,015		21,015
N0017407M0119	12.	425		425
W912EF06C0018	12.	218,791		218,791
W912EF06C0018	12.	94,162		94,162
W912HQ07C0014	12.	97,069		97,069

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	<u>TOTAL</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF DEFENSE (Continued)				
DEPARTMENT OF DEFENSE				
Federal Pass Through				
DACW6802D0002 TO 12	12.	6,353		6,353
DAMD17-03-1-0746 SUBK U OF I	12.	69,691		69,691
GLOTEC Zn/Air Battery Systems	12.	13,153		13,153
DACW6802D0002 TO 0009	12.	84,188		84,188
DACW6802D0002 TO3 M8	12.	311,662		311,662
KT7953	12.	33,420		33,420
PO #173038 LINE 1	12.	47,108		47,108
PO 173038 LINE #2	12.	4,929		4,929
SPONSORED RESEARCH AGREEMENT	12.	16,224		16,224
06-219B	12.		8,961	8,961
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY				
Basic and Applied Scientific Research	12.300	2,466,979		2,466,979
Federal Pass Through	12.300	11,463		11,463
ARMY RESEARCH OFFICE, ARMY MATERIAL COMMAND				
Basic Scientific Research	12.431			-
Federal Pass Through	12.431	66,332		66,332
DEPARTMENT OF THE AIR FORCE, HQ AIR FORCE MATERIAL COMMAND,				
Air Force Defense Research Sciences Program	12.800	553,461		553,461
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY				
Research and Technology Development	12.910	1,182,155		1,182,155
Total - Department of Defense		5,590,748	8,961	5,599,709
CENTRAL INTELLIGENCE AGENCY				
Central Intelligence Agency				
Federal Pass Through				
STONEY Feldspar Forensics in N. ID	13.	45,260		45,260
Total - Central Intelligence Agency		45,260	-	45,260
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development Block Grants/Brownsfield Economic				
Development Initiative	14.246	157,779	968,673	1,126,452
Federal Pass Through	14.246	3,868	6,735	10,603
Total - Department of Housing and Urban Development		161,647	975,408	1,137,055

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>		
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
		<u>EXPENDITURES</u>	<u>TOTAL</u>
DEPARTMENT OF THE INTERIOR (Continued)			
DEPARTMENT OF INTERIOR			
04PG110195	15.		4,251
DLA040107	15.		1,617
SMK0E050719	15.		145,907
H1200040001 J9280050559	15.	15,016	15,016
142502FC108970	15.	3,788	3,788
AG6C5000695	15.	295	295
DLA040101	15.	(3,221)	(3,221)
DLA050205	15.	22,328	22,328
DLA060250	15.	8,082	8,082
ESA04J011 TOESF04J014	15.	20,975	20,975
ESF04J002	15.	861	861
ESF04J009 ESA04J011	15.	27,387	27,387
H1200040001 J2130060434	15.	6,307	6,307
H2303050007 J2303050007	15.	21,120	21,120
H2303050007 J2303050007	15.	6,920	6,920
H2380040001 J2360064070	15.	5,367	5,367
J1242040718	15.	1,189	1,189
J8W07060004 H8W07060001	15.	56,537	56,537
KAA061023	15.	19,673	19,673
04HQAG0136	15.	313,913	313,913
06WRSA0435	15.	12,000	12,000
101814M540	15.	23,613	23,613
142504FC101115	15.	33,082	33,082
142504FC101116	15.	1,566	1,566
142505FG1U1184	15.	9,980	9,980
143402HQRU1579 RWO 112	15.	(2,179)	(2,179)
143402HQRU1579 RWO 113	15.	30,580	30,580
143402HQRU1579 RWO115	15.	38,336	38,336
AG5C5000621	15.	1,514	1,514
ESA04J011 ESF04J010	15.	87,999	87,999
ESA04J011 ESF04J012	15.	6,116	6,116
ESA04J011 ESF04J013	15.	518	518
ESA04J011 TO#ESF04J006	15.	483	483
H1200040001 J1242060007	15.	1,601	1,601
H1200040001 J9260040042	15.	2,832	2,832
H2380040001 J2303050030	15.	30,275	30,275
H2380040001 J2380401403	15.	21,991	21,991
H8R07060001 J8R07060022	15.	94	94
H8R07060001J8R07070008	15.	3,491	3,491
H8W07060001 J8W07070003	15.	9,665	9,665
J212605013 H1200040001	15.	5,562	5,562
J8W07060004 H8W07060001	15.	3,482	3,482
J9055030116 H1200040001 M0001	15.	940	940
J9260040042 H1200040001	15.	17,601	17,601
J9W88030003 CA9088A0008 M03	15.	(5)	(5)
J9W88040001 CA9088A0008 M1	15.	12,850	12,850

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	<u>TOTAL</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF THE INTERIOR (Continued)				
J9W88040002 CA9088A0008	15.	11,685		11,685
J9W88040011 CA9088A0008	15.	14,418		14,418
J9W88050004 CA9088A0008	15.	(28)		(28)
J9W88050016 CA9088A0008	15.	91,998		91,998
J9W88050016 CA9088A0008	15.	1,421		1,421
J9W88050016 CA9088A0008	15.	36,406		36,406
J9W88050023 CA9088A0008	15.	7,902		7,902
J9W99040001 CA9088A0008	15.	6,858		6,858
H1200040001 J9260060007	15.		6,371	6,371
10813M097	15.		1,118	1,118
AG5C5000622	15.		2,134	2,134
AG6C5000668	15.		14,573	14,573
AG6C5000669	15.		15,739	15,739
ESA04J004 ESA04J011	15.		5,945	5,945
H2303050007 J2303060002	15.		36,757	36,757
H2303050007 TA J2303060003	15.		40,590	40,590
J1242059007 H1200040001	15.		175,906	175,906
J8R07050010 H8R07010001	15.		8,759	8,759
DEPARTMENT OF INTERIOR				
Federal Pass Through				
NDG&F Paddlefish Aging	15.	57,496		57,496
ISDA Livestock Trampling II	15.	2,758		2,758
T150406	15.	137		137
041309	15.	9,690		9,690
20050289000	15.	61,103		61,103
IF&G Forest Carnivores in SW Idaho	15.	28,904		28,904
IF&G Game Research Projects	15.	768		768
IDFG - Mountain Quail Translocation	15.	18,749		18,749
IF&G Pygmy Rabbit Distribution	15.	9,857		9,857
IF&G West Central Sage Grouse	15.	14,451		14,451
IF&G Pygmy Rabbit Aerial Survey	15.	3,108		3,108
IF&G Recovery Activities-Squirrel	15.	16,010		16,010
CON00658	15.	6,014		6,014
T15	15.	6,409		6,409
T15	15.	12,153		12,153
W-160-R-31	15.	(3,864)		(3,864)
PG518401	15.	23,519		23,519
7/27/04 LETTER	15.		10,461	10,461
2005 COST SHARE FUNDS	15.	1		1
2006 COST SHARE FUNDS	15.	48,008		48,008
2007 COST SHARE FUNDS	15.	6,215		6,215
IF&G Desert Redband Trout	15.	16,690		16,690
2006 COST SHARE FUNDS	15.		14,346	14,346
2007 COST SHARE FUNDS	15.		3,730	3,730
Department of Interior	15.DAC	9,659		9,659
Department of Interior	15.DAK			-
Federal Pass Through	15.DAK	107		107
Department of Interior	15.DAV	8,108	2,994	11,102
Department of Interior	15.SFB			-
Federal Pass Through	15.SFB	15,334		15,334

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	<u>TOTAL</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF THE INTERIOR (Continued)				
BUREAU OF INDIAN AFFAIRS				
Tribal Self-Governance	15.022			-
Federal Pass Through	15.022	10,724		10,724
BUREAU OF LAND MANAGEMENT				
Cultural Resource Management	15.224	11,173		11,173
Federal Pass Through	15.224			-
Recreation Resource Management	15.225	15,941		15,941
Federal Pass Through	15.225	7,434		7,434
National Fire Plan-Wildland Urban Interface Comm Fire Asst.	15.228			-
Federal Pass Through	15.228	56,407		56,407
Fish, Wildlife and Plant Conservation Resource Management	15.231	3,303		3,303
Federal Land Policy and Management	15.DDG	(6)		(6)
OFFICE OF SURFACE MINING RECLAMATION & ENFORCEMENT				
Regulation of Surface Coal Mining & Surface Effects of Undergrou	15.250	30,419		30,419
US FISH AND WILDLIFE SERVICE				
Sport Fish Restoration	15.605			-
Federal Pass Through	15.605	750		750
Fish and Wildlife Management Assistance	15.608			-
Federal Pass Through	15.608	1,502		1,502
Wildlife Restoration	15.611			-
Federal Pass Through	15.611	214,567		214,567
Cooperative Endangered Species Conservation Fund	15.615			-
Federal Pass Through	15.615	23,361		23,361
Conservation Grants Private Stewardship for Imperiled Species	15.632			-
Federal Pass Through	15.632	84,803		84,803
Landowner Incentive	15.633			-
Federal Pass Through	15.633	4,088		4,088
State Wildlife Grants	15.634			-
Federal Pass Through	15.634	30,963		30,963
GEOLOGICAL SURVEY				
Assistance to State Water Resources Research Institutes	15.805	54,771		54,771
Geological Survey Research and Data Acquisition	15.808	805,293	11,247	816,540
Federal Pass Through	15.808	8,280		8,280
National Spatial Data Infrastructure Competitive Cooperative Agree	15.809		13,908	13,908
National Cooperative Geologic Mapping Program	15.810	284,769		284,769
Gap Analysis Program	15.811	145,018		145,018
Cooperative Research Units Program	15.812	488,490		488,490
NATIONAL PARK SERVICE				
Historic Preservation Fund Grants-In-Aid	15.904			-
Federal Pass Through	15.904		733	733
Outdoor Recreation Acquisition, Development and Planning	15.916	599,269		599,269
Total - Department of the Interior		4,303,887	517,086	4,820,973

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>RESEARCH EXPENDITURES</u>	<u>NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF JUSTICE				
DEPARTMENT OF JUSTICE				
2004WAAX0031	16.000		128,335	128,335
OFFICE OF JUSTICE PROGRAMS				
Crime Victim Assistance/Discretionary Grants	16.582			-
Federal Pass Through	16.582		78,880	78,880
JUVENILE JUSTICE & DELIQUENCY PREVENTION				
National Institute for Juvenile Justice & Delinquency	16.542			-
Federal Pass Through	16.542		57,337	57,337
Enforcing Underage Drinking Laws Program	16.727			-
Federal Pass Through	16.727	3,184		3,184
Total - Department of Justice		3,184	264,552	267,736
DEPARTMENT OF LABOR				
EMPLOYMENT AND TRAINING ADMINISTRATION				
WIA Dislocated Workers	17.260			-
Federal Pass Through	17.260		38,219	38,219
Pilots, Demonstrations, and Research Projects	17.261		340,079	340,079
MINE SAFETY AND HEALTH ADMINISTRATION				
Mine Health and Safety Grants	17.600		92,794	92,794
Total - Department of Labor		-	471,092	471,092
DEPARTMENT OF TRANSPORTATION				
DEPARTMENT OF TRANSPORTATION				
DTOS59-06-G-00029	20.	13,307		13,307
DEPARTMENT OF TRANSPORTATION				
Federal Pass Through				
SPR2005(032) #9666	20.	165,310		165,310
9709 V069830	20.		134,336	134,336
6387	20.	18,123		18,123
FEDERAL HIGHWAY ADMINISTRATION				
Highway Planning and Construction	20.205			-
Federal Pass Through	20.205	155,476	174,455	329,931
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION				
University Transportation Centers Program	20.701	918,551		918,551
Total - Department of Transportation		1,270,767	308,791	1,579,558
DEPARTMENT OF TREASURY				
DEPARTMENT OF TREASURY				
2004136	21.		(4,123)	(4,123)
INTERNAL REVENUE SERVICE				
Low-Income Taxpayer Clinics	21.008		86,456	86,456
Total - Department of Treasury		-	82,333	82,333

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	<u>TOTAL</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
478930	43.		27,345	27,345
NNG04GJ53G	43.	247,407		247,407
NNG04GM37G	43.	193,667		193,667
NNG05GB09G	43.	15,539		15,539
NNX07AK11A	43.	20,266		20,266
NAG511112	43.	27,831		27,831
NAG511734	43.	(18,737)		(18,737)
NAG511734	43.	(47,230)		(47,230)
NCC5577	43.	143,920		143,920
NCC5577	43.	157,667		157,667
NCC5577	43.	42,013		42,013
NCC5577	43.	1,331		1,331
NCC5577	43.	3,671		3,671
NCC5577	43.	1,663		1,663
NCC5577	43.	14,741		14,741
NNC04GA77G	43.	58,788		58,788
NNG04GD99G	43.	74,604		74,604
NNG04GE96G	43.	119,698		119,698
NNG04GE96G	43.	67,189		67,189
NNG05GA92G	43.	243,087		243,087
NNG05GA92G	43.	31,065		31,065
NNG05GB52G	43.	285,218		285,218
NNG05GC51G	43.	7,401		7,401
NNG05GC51G	43.	52,417		52,417
NNG05GJ67G	43.	(309)		(309)
NNG05GL68G	43.	43,702		43,702
NNG05GR45G	43.	133,106		133,106
NNG06GB45G	43.	318,089		318,089
NNG06GB45G	43.	77,711		77,711
NNG06GG29G	43.	303,595		303,595
NNX06AC12G	43.	42,302		42,302
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Federal Pass Through				
06-027	43.		7,822	7,822
1279002	43.	49,684		49,684
12418	43.	1,429		1,429
1295766	43.	2,742		2,742
3000644831	43.	4,710		4,710
5392	43.	3,296		3,296
659	43.	26,775		26,775
ASI158	43.	35,321		35,321
NNG05GL56G	43.	796,502		796,502
SDSM&TUID0623	43.	105,752		105,752
785	43.		77,110	77,110
Aerospace Education Services Program	43.001		694,458	694,458
Total - National Aeronautics and Space Administration		3,687,623	806,735	4,494,358

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			<u>TOTAL</u>
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
Promotion of the Arts: Partnership Agreements	45.025			-
Federal Pass Through	45.025		13,028	13,028
INSTITUTE OF MUSEUM & LIBRARY SERVICES				
National Leadership Grants	45.312		204,326	204,326
NATIONAL ENDOWMENT FOR THE ARTS				
Promotion of the Arts-Grants to Organizations & Individuals	45.024		9,913	9,913
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Promotion of the Humanities Federal-State Partnership	45.129			-
Federal Pass Through	45.129		8,632	8,632
Promotion of the Humanities _ Public Programs	45.164		1,000	1,000
Promotion of the Humanities _ We the People	45.168		92,468	92,468
Total - National Foundation on the Arts and Humanities		-	329,367	329,367
NATIONAL SCIENCE FOUNDATION				
National Science Foundation				
EAR0511061	47.	64,869		64,869
EPS0611870	47.	182,408		182,408
EPS0715690	47.		41,653	41,653
National Science Foundation				
Federal Pass Through				
C611	47.		7,393	7,393
04-251B	47.	30,531		30,531
04-251B	47.	1,102		1,102
04-251B	47.	65,063		65,063
04-251B	47.	60,270		60,270
04-251B	47.	48,416		48,416
03260B	47.		1,170	1,170
Engineering Grants	47.041	650,476	9,453	659,929
Federal Pass Through	47.041	34,574		34,574
Mathematical and Physical Sciences	47.049	414,185		414,185
Federal Pass Through	47.049	66,136		66,136
Geosciences	47.050	546,729		546,729
Computer and Information Science and Engineering	47.070	110,292		110,292
Biological Sciences	47.074	753,207	105,607	858,814
Federal Pass Through	47.074	24,740		24,740
Social Behavioral and Economic Sciences	47.075	22,567		22,567
Education and Human Resources	47.076	3,184,990	993,526	4,178,516
Polar Sciences	47.078	70,854		70,854
Total - National Science Foundation		6,331,409	1,158,802	7,490,211

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			<u>TOTAL</u>
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
ENVIRONMENTAL PROTECTION AGENCY				
ENVIRONMENTAL PROTECTION AGENCY				
NE960312010	66.		26,707	26,707
FP916626010	66.	2,579		2,579
Surveys, Studies, Investigations and Special Purpose Grants	66.606			-
Federal Pass Through	66.606	117,060		117,060
OFFICE OF WATER				
Nonpoint Source Implementation Grants	66.460			-
Federal Pass Through	66.460	6,376		6,376
Capitalization Grants for Drinking Water State Revolving Funds	66.468			-
Federal Pass Through	66.468	7,131	8,664	15,795
OFFICE OF RESEARCH AND DEVELOPMENT				
Environmental Protection Consolidated Research	66.500	45,415		45,415
Total - Environmental Protection Agency		178,561	35,371	213,932
DEPARTMENT OF ENERGY				
DEPARTMENT OF ENERGY				
00004544 A6	81.	14,102		14,102
00028298	81.	1,475		1,475
DEFG0203ER41270	81.	33,483		33,483
DEFG0203ER46034	81.	70,186		70,186
DEFG0203ER63567	81.	26,529		26,529
00021796 PI 200104600	81.		1,690,425	1,690,425
DEPARTMENT OF ENERGY				
Federal Pass Through				
00013707 A002	81.		25,134	25,134
0004224600006	81.		345,726	345,726
604006004IF	81.		7,453	7,453
604006403	81.		18,602	18,602
T.O. 06 00042246	81.		902,506	902,506
25-3208-0005-002	81.	41,380		41,380
SPO 529538	81.	27,999		27,999
42246 TO10	81.	383		383
T.O. 15 00042246	81.	4,445		4,445
TO22	81.	19,874		19,874
TO30	81.	53,351		53,351
IF&G Anadromous Project	81.	1,306		1,306
Kootenai Tribe Part IV Oper Loss	81.	53,075		53,075
00042246 T.O.17	81.	13,181		13,181
00042246 TO00005	81.	48,099		48,099
00042246 TO8	81.	62,455		62,455
03-124	81.	1,522		1,522
200201100-UI06	81.	22,003		22,003
23005	81.	59,254		59,254
35481	81.	106,695		106,695
39103	81.	31,892		31,892
42246 TO00009	81.	22,061		22,061
489-8868	81.	12,094		12,094
604006401	81.	8,089		8,089
GC061-04-Z3493	81.	745		745

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			<u>TOTAL</u>
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF ENERGY (Continued)				
NONE	81.	491		491
R.N. 0153695	81.	135,166		135,166
SMSUOI4101	81.	10,812		10,812
T.O. 19 UNDER 00042246	81.	33,681		33,681
TO 0020	81.	7,240		7,240
TO 13 UNDER 00042246	81.	44,248		44,248
TO 14 UNDER MASTER 00042246	81.	9,115		9,115
TO 18 UNDER 00042246	81.	7,157		7,157
TO 31	81.	365		365
TO00009	81.	4,996		4,996
TO00011	81.	49,972		49,972
TO12	81.	12,641		12,641
TO16 42246	81.	246,947		246,947
TO23	81.	13,029		13,029
TO24	81.	11,196		11,196
TO25	81.	15,349		15,349
TO28	81.	3,426		3,426
IF&G Kokanee & Bull Trout	81.	(192)		(192)
C05-06	81.	42,616		42,616
OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY				
Regional Biomass Energy Programs	81.079			-
Federal Pass Through	81.079	17,590		17,590
Energy Efficiency & Renewable Energy Information Dissemination,	81.117			-
Federal Pass Through	81.117		495	495
State Energy Program Special Projects	81.119			-
Federal Pass Through	81.119	1		1
OFFICE OF SCIENCE				
Office of Science Financial Assistance Program	81.049	302,826		302,826
Federal Pass Through	81.049	57,072		57,072
Office of Science and Technology for Environmental Management	81.104			-
Federal Pass Through	81.104		241,904	241,904
OFFICE OF FOSSIL ENERGY				
Fossil Energy Research & Development	81.089			-
Federal Pass Through	81.089	121,796		121,796
NUCLEAR SECURITY ADMINISTRATION				
Defense Nuclear Nonproliferation Research	81.113			-
Federal Pass Through	81.113	39,182		39,182
OFFICE OF NUCLEAR ENERGY				
Nuclear Energy Research, Development & Demonstration	81.121	131,048		131,048
Total - Department of Energy		2,053,448	3,232,245	5,285,693

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>		
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
			<u>TOTAL</u>
DEPARTMENT OF EDUCATION			
DEPARTMENT OF EDUCATION			
Federal Pass Through			
Whitepine Troy Learning Center	84.	47	47
ISDE FY06 PBS Contract	84.	13,173	13,173
107174	84.	10,122	10,122
Department of Education			
Federal Pass Through	84.928A	52,818	52,818
OFFICE OF STUDENT FINANCIAL ASSISTANCE			
Federal Supplemental Educational Opportunity Grants	84.007	370,992	370,992
Federal Work-Study Program	84.033	478,508	478,508
Federal Perkins Loan Program-Federal Capital Contributions	84.038	-	-
Federal Pell Grant Program	84.063	8,200,817	8,200,817
Leveraging Educational Assistance Partnership (Former SSIG)	84.069	205,875	205,875
Federal Direct Loan	84.268	42,919,150	42,919,150
ACG	84.375	369,342	369,342
SMART	84.376	502,313	502,313
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES			
Special Education Grants to States	84.027		-
Federal Pass Through	84.027	303,005	303,005
Federal Pass Through	84.027A	549,309	549,309
Assistive Technology	84.224	407,334	407,334
Rehabilitation Services Demonstration and Training Program	84.235	32,268	32,268
Federal Pass Through	84.323	6,316	6,316
Special Education: Technical Assistance & Dissemination to Improv Services & Results for Children with Disabilities	84.326	83,235	83,235
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION			
TRIO - Student Support Services	84.042	37,751	37,751
TRIO - Student Support Services	84.042A	276,347	276,347
TRIO - Talent Search	84.044	389,016	389,016
TRIO - Upward Bound	84.047	1,020,105	1,020,105
TRIO: Educational Opportunity Centers	84.066	378,687	378,687
Higher Education_ TRIO Staff Training Program	84.103	202,333	202,333
Fund for the Improvement of Postsecondary Education	84.116	371,318	556,208
TRIO _ McNair Post-Baccalaureate Achievement	84.217	192,159	192,159
Teacher Quality Enhancement Grants for States & Partnerships	84.336		-
Federal Pass Through	84.336	148,350	148,350
OFFICE OF ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION			
Vocational Education - Basic Grants to States	84.048		-
Federal Pass Through	84.048	136,484	136,484

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>		
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
		<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF EDUCATION (Continued)			
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION			
Migrant Education-College Assistance Migrant Program	84.149		363,901
Even Start - State Educational Agencies	84.213		-
Federal Pass Through	84.213		133,733
Comprehensive School Reform Demonstration	84.332		-
Federal Pass Through	84.332		2,486
Improving Teacher Quality State Grants	84.367		-
Federal Pass Through	84.367		12,127
OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT			
Fund for the Improvement of Education	84.215		115,219
Federal Pass Through	84.215		19,391
Total - Department of Education		563,477	57,925,444
			58,488,921
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
1RO1GM61920-02	93.	(25,650)	(25,650)
1RO1GM61920-01	93.	244,866	244,866
5P20RR01645406	93.	2,845,373	2,845,373
5P20RR01645406	93.	8,778	8,778
5P20RR01645406	93.	8,585	8,585
5P20RR01645406	93.	8,360	8,360
5P20RR01645406	93.	3,800	3,800
5P20RR01645406	93.	7,517	7,517
5P20RR01645406	93.	8,778	8,778
5P20RR01645406	93.	8,766	8,766
5P20RR01645406	93.	8,778	8,778
5P20RR01645406	93.	8,614	8,614
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Federal Pass Through			
HC524800	93.	3,289	3,289
HC558200	93.	12,725	12,725
PREVENTATIVE HEALTH AGREEMENT	93.	6,120	6,120
3/9/06 LETTER	93.	1	1
Disease Prevention and Health Promotion Services	93.043		-
Federal Pass Through	93.043	(78)	(78)
HEALTH RESOURCES AND SERVICES ADMINISTRATION			
Model State-Supported Area Health Education Centers	93.107		-
Federal Pass Through	93.107	2,250	2,250
ADMINISTRATION FOR CHILDREN AND FAMILIES			
Temporary Assistance for Needy Families	93.558		-
Federal Pass Through	93.558	633,723	633,723
Child Care and Development Block Grant	93.575		-
Federal Pass Through	93.575	2,846,319	2,846,319
Developmental Disabilities Basic Support & Advocacy Grants	93.630		-
Federal Pass Through	93.630	10,000	10,000
Developmental Disabilities Projects of National Significance	93.631	219,769	219,769
Developmental Disabilities University Affiliated Programs	93.632	501,487	501,487

Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			<u>TOTAL</u>
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
NATIONAL INSTITUTES OF HEALTH				
Institute of Environmental Health Services	93.113	245,154		245,154
Mental Health Research Grants	93.242	303,177		303,177
National Center for Research Resources	93.389	3,679,956	352,968	4,032,924
Federal Pass Through	93.389	138,226		138,226
Digestive Diseases and Nutrition Research	93.848			-
Federal Pass Through	93.848	24,397		24,397
Extramural Research Programs in the Neurosciences & Neurologica	93.853	58,127		58,127
Allergy, Immunology and Transplantation Research	93.855	223,899		223,899
Federal Pass Through	93.855	54,649		54,649
Microbiology and Infectious Diseases Research	93.856	155,192		155,192
Federal Pass Through	93.856	626,609		626,609
Biomedical Research and Research Training	93.859	729,095		729,095
Genetics and Developmental Biology Research	93.862	293,482		293,482
Vision Research	93.867	378,854		378,854
HEALTH CARE FINANCING ADMINISTRATION				
Medical Assistance Program	93.778			-
Federal Pass Through	93.778		33,456	33,456
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION				
Block Grants for Prevention and Treatment of Substance Abuse	93.959			-
Federal Pass Through	93.959	15,045	3,648	18,693
Total Department of Health and Human Services		10,062,428	4,625,676	14,688,104
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Americorps	94.006			-
Federal Pass Through	94.006		127,716	127,716
Planning and Program Development Grants	94.007			-
Federal Pass Through	94.007		4,165	4,165
Total Corporation for National and Community Service		-	131,881	131,881

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007**

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u>			<u>TOTAL</u>
	<u>CFDA</u>	<u>RESEARCH</u>	<u>NON-RESEARCH</u>	
	<u>NUMBER</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
DEPARTMENT OF HOMELAND SECURITY				
Emergency Management Performance Grants	97.042			-
Federal Pass Through	97.042	8,680		8,680
Total - Department of Homeland Security		8,680	-	8,680
DEFENSE THREAT REDUCTION AGENCY				
Defense Threat Reduction Agency				
HDTRA10710024	99.	57,189		57,189
Total - Defense Threat Reduction Agency		57,189	-	57,189
OPEN WORLD LEADERSHIP CENTER				
Open World Leadership Center				
OWLC0604	99.		55,378	55,378
OWLC-0702	99.		422	422
Total - Open World Leadership Center		-	55,800	55,800
PENDING FEDERAL PASS THROUGH				
Unknown Federal Agency				
Federal Pass Through				
1/17/06 LETTER	99.		989	989
IDACOA Domestic Violence Project	99.		32,614	32,614
Total - Unknown Federal Agency		-	33,603	33,603
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 45,414,449	\$ 77,454,533	\$ 122,868,982

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

1. Basic of Presentation

The accompanying schedule of expenditures of federal awards includes 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 on 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 Federal Perkins Loan Program (CDFA number 84.038). The outstanding student loan balance and total loan disbursements were \$11,398,781 and \$2,821,231 for the year ended June 30, 2007.

The above expenditures for the Federal Perkins Loan Program include loans to students and administrative cost allowances. The expenditures reported in the Schedule of Expenditures of Federal Awards represent the administrative cost allowance for the year reported. The federal capital contribution was discontinued for FY 2006.

3. Subrecipients

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

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>PAYMENTS TO SUBRECIPIENTS</u>
DEPARTMENT OF AGRICULTURE		
DEPARTMENT OF AGRICULTURE		
04DG11010000037	10.	\$ 33,578
NRCS 683A755236	10.	94,438
DEPARTMENT OF AGRICULTURE		
Federal Pass Through		
2006 COST SHARE FUNDS	10.	9,500
AGRICULTURE RESEARCH SERVICE		
Agricultural Research-Basic and Applied Research	10.001	3,246
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE		
Grants for Agricultural Research, Special Research Grants	10.200	729,581
Federal Pass Through	10.200	30,039
Grants for Agricultural Research, Competitive Research	10.206	15,997
Higher Education Challenge Grants	10.217	84,500
Integrated Programs	10.303	212,430
Federal Pass Through	10.303	22,324
Cooperative Extension Service	10.500	106,965
Federal Pass Through	10.500	11,780
FOREST SERVICE		
Cooperative Forestry Assistance	10.664	17,945
FOREIGN AGRICULTURAL SERVICE		
Scientific Cooperation & Research	10.961	4,985
DEPARTMENT OF DEFENSE		
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY		
Basic and Applied Scientific Research	12.300	314,762
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY		
Research and Technology Development	12.910	161,537
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grants/Economic Development Ini	14.246	968,615
DEPARTMENT OF THE INTERIOR		
DEPARTMENT OF INTERIOR		
AG6C5000668	15.	10,000
DEPARTMENT OF INTERIOR		
Federal Pass Through		
2006 COST SHARE FUNDS	15.	28,500
US FISH AND WILDLIFE SERVICE		
Fish and Wildlife Management Assistance		
Federal Pass Through	15.608	(18,797)
GEOLOGICAL SURVEY		
Assistance to State Water Resources Research Institutes	15.805	12,922

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>PAYMENTS TO SUBRECIPIENTS</u>
DEPARTMENT OF TRANSPORTATION		
Federal Pass Through		
SPR2005(032) #9666	20.	36,252
FEDERAL HIGHWAY ADMINISTRATION		
Highway Planning and Construction		
Federal Pass Through	20.205	9,878
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION		
University Transportation Centers Program	20.701	29,029
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
NAG511734	43.	(12,500)
NNG05GB52G	43.	550
NCC5577	43.	38,794
NCC5577	43.	101,413
NNG04GM37G	43.	159,719
NNG04GJ53G	43.	173,801
Aerospace Education Services Program	43.001	161,302
NATIONAL SCIENCE FOUNDATION		
NNC04GA77G	47.	10,616
Engineering Grants	47.041	(163)
Geosciences	47.050	11,813
Biological Sciences	47.074	46,793
Education and Human Resources	47.076	1,032,486
DEPARTMENT OF EDUCATION		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES		
Assistive Technology	84.224	74,135
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION		
Fund for the Improvement of Postsecondary Education	84.116	15,594
OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT		
Fund for the Improvement of Education	84.215	10,812
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
5P20RR01645406	93.	1,795,951
ADMINISTRATION FOR CHILDREN AND FAMILIES		
Temporary Assistance for Needy Families		
Federal Pass Through	93.558	14,162
Child Care and Development Block Grant		
Federal Pass Through	93.575	1,603,514

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>PAYMENTS TO SUBRECIPIENTS</u>
NATIONAL INSTITUTES OF HEALTH		
Environmental Health	93.113	120,390
Mental Health Research Grants	93.242	238,368
National Center for Research Resources	93.389	150,111
Genetics and Developmental Biology Research	93.862	15,509
TOTAL FEDERAL FINANCIAL ASSISTANCE TO SUBRECIPIENTS		<u>\$ 8,693,176</u>