



FINANCIAL STATEMENTS FOR THE YEARS
ENDED JUNE 30, 2011 AND 2010 AND
REPORT OF INDEPENDENT AUDITORS

INCLUDING SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS AND SINGLE AUDIT
DOCUMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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REPORT OF INDEPENDENT AUDITORS

Idaho State Board of Education
University of Idaho
Moscow, Idaho

We have audited the accompanying financial statements of the University of Idaho (the University), the discretely presented component unit, and the aggregate remaining fund information of the University of Idaho, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the University of Idaho Foundation, a discretely presented component unit as described in Note 18, or the University of Idaho Health Benefits Trust, a fiduciary fund, as described in Note 11. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit and the University of Idaho Health Benefits Trust, are based solely on the reports 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 audits 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 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 and the reports of other auditors 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, its discretely presented component unit, as of June 30, 2011 and 2010, and the aggregate remaining fund information of the University of Idaho, as of December 31, 2010 and 2009, and the respective changes in its financial position and cash flows, where applicable, 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 September 28, 2011, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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.

MOSS-ADAMS_{LLP}

The Management's Discussion and Analysis on pages 3 through 11 and certain information in Note 13, *Postemployment Benefits Other Than Pensions and Retiree Benefits Trust*, that is labeled as "required supplementary information" 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's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Eugene, Oregon
September 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

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 easy to read 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, June 30, 2011.

The discussion and analysis that follows provides an overview of the University's financial activities for the fiscal year ended June 30, 2011 and in comparison to 2010 and 2009. 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.

In accordance with GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, the University has included financial statements for the Health Benefits (HBT) and Retirement Benefits (RBT) Trusts. The HBT was established to meet the requirements of the State of Idaho Department of Insurance in order to manage the University's self insurance program. Separate audited financial statements are prepared for the HBT and may be obtained by contacting University of Idaho, Attn. General Accounting, P.O. Box 443166, Moscow, ID 83844-3166. The RBT was established to meet the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. These statements and related supplementary information is presented after the University's financial statements and preceding the notes to the financial statements.

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 groups net assets into four categories which are:

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

Invested in Capital Assets, Net of Related Debt - the University's investment in property, plant, and equipment - net of depreciation and outstanding debt obligations related to those capital assets.

Restricted Nonexpendable - the corpus of nonexpendable restricted resources is available only for investment purposes. These assets are held in perpetuity.

Restricted Expendable - subject to external donor or grantor stipulations regarding their use. The University may expend these assets for purposes as determined by donors and/or external entities.

Unrestricted - may be expended for any lawful purpose of the University.

Condensed Statement of Net Assets Fiscal Years Ended June 30 (Dollars in 000's)			
	2011	2010	2009
ASSETS			
Current assets	\$ 83,186	\$ 69,459	\$ 47,658
Capital assets - net	393,825	381,501	358,971
Other noncurrent assets	129,426	137,581	153,084
Total assets	\$ 606,437	\$ 588,541	\$ 559,713
LIABILITIES			
Current liabilities	\$ 50,117	\$ 48,507	\$ 44,441
Noncurrent liabilities	153,966	159,748	142,472
Total Liabilities	\$ 204,084	\$ 208,255	\$ 186,913
NET ASSETS			
Invested in capital assets-net of debt	\$ 235,066	\$ 211,194	\$ 205,938
Restricted nonexpendable	78,191	67,830	62,392
Restricted expendable	69,176	74,964	68,225
Unrestricted	19,921	26,298	36,245
Total net assets	\$ 402,354	\$ 380,286	\$ 372,800
Total liabilities and net assets	\$ 606,437	\$ 588,541	\$ 559,713

Total assets for the University increased \$17.9M, or 3%, to \$606.4M in fiscal year 2011. Current assets increased \$13.7M, or 20%, to \$83.2M, with the majority of the increase being driven by an overall net increase of \$8.6M in unrestricted cash & cash equivalents and a \$3.4M increase in prepaid expenses. Unrestricted cash & cash equivalents were positively influenced by a temporary shift in shorter term investments while the university completed its investment management oversight to a different professional firm. In fiscal year 2012, a more strategic long-term investment plan will be implemented that seeks to maximize interest rate yield while minimizing investment principal risk where possible. The increase of \$3.4M in prepaid expenses primarily represents the early payment of approximately \$2.9M in annual lease obligations due on the University's Water Center Building in Boise, ID, combined with a \$.6M early payment for annual library subscriptions to take advantage of pre-payment discounted pricing.

Noncurrent assets increased \$4.2M, or 1%, to \$523.3M in fiscal year 2011 primarily due to a \$12.3M increase in capital assets, a \$10.4M increase in University assets held in trust by the Foundation, and a \$16.9M reduction in investments. The reduction in long-term investments represents a temporary shift to shorter term liquid

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

investments coupled with bond proceeds investments expended on capital asset improvements during 2011.

Current liabilities increased only \$1.6M, or 3%, to \$50.1M in fiscal year 2011 primarily due to a \$2M increase in accounts payable, a \$1.9 million increase in accrued salaries and benefits, offset by a reduction of \$1.5 million in the current portion of notes and bonds payable. The \$2M increase in accounts payable was influenced primarily by the final construction phases of the capital assets improvements to the Kibbie Dome and the University's track and field sports complex.

Noncurrent liabilities decreased \$5.8M, or 4%, to \$154M over the year due primarily to a \$4.9M reduction in notes and bonds payable resulting from scheduled payments made and recent debt restructurings. In January 2011, the University executed a new series of Adjustable Rate General Revenue Refunding Bonds in the amount of \$60.8M with the proceeds used to refund 100% of the outstanding obligations due under the 2007A series (\$59.5M). No new bond proceeds or available credit under banking lines were secured during the year. Overall total liabilities decreased \$4.2M, or -2%, to \$204.1M and net assets increased by \$22.1M, or 6%, to \$402.4M in fiscal year 2011.

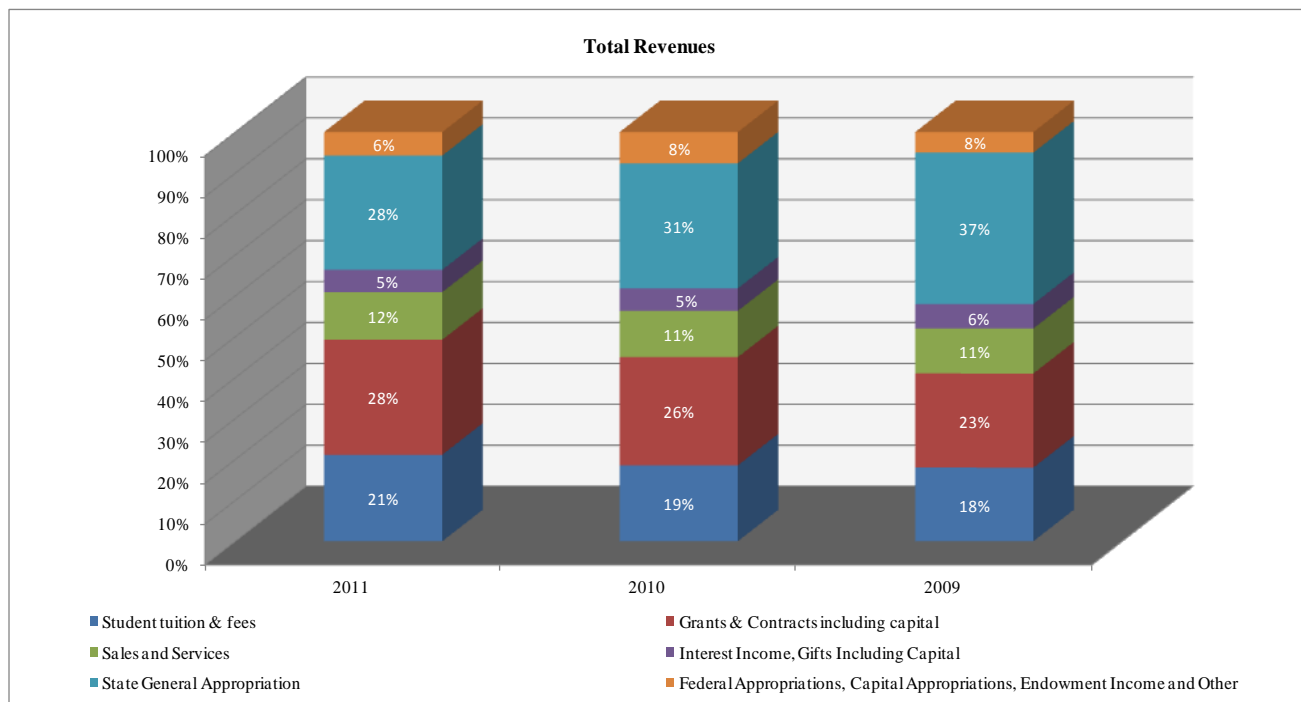
Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the revenues earned and expenses incurred during the year, classifying activities as either operating or non-operating. The GASB 34 reporting model classifies state appropriations, gifts, federal appropriations, and investment income as non-operating revenue which results in a net operating loss.

Operating revenues are derived from exchange transaction activities associated with providing goods and services for instruction, research, public service or related support to entities separate from the university. Examples include student tuition and fees, sales and services, grants and contracts. Operating expenses are those expenses paid to acquire or produce the goods and services provided to carry out the functions of the University. Examples include salaries, benefits, scholarships, and purchases of supplies. Non-operating revenues are primarily derived from activities that are non-exchange transactions, e.g., gifts and contributions; and from sources defined as such by GASB Statement No. 9, e.g., investment income; and from sources defined as such by GASB Statement Nos. 33 and 34, e.g., state and federal appropriations.

When comparing all of the University's sources of revenue in 2011, as shown in the chart below, state appropriations account for 28% of the total revenue received while grants and contracts and student tuition and fees were 28% and 21% of the total, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2011



	2011	2010	2009
Operating revenues	\$ 208,428	\$ 181,537	\$ 172,234
Operating expenses	354,206	343,883	340,286
Operating loss	(145,779)	(162,346)	(168,052)
Net nonoperating revenues	156,696	158,282	151,047
Gain (Loss) before other revenues	10,917	(4,065)	(17,005)
Other revenues	11,151	11,551	3,970
Increase in net assets	22,068	7,486	(13,035)
Net assets - Beginning of year	380,286	372,800	385,835
Net assets - End of year	\$ 402,354	\$ 380,286	\$ 372,800

The statement of revenues, expenses and changes in net assets details the \$22.1M increase in net assets for fiscal year 2011. Operating revenues increased \$26.9M, or 15%, to \$208M in fiscal year 2011 due primarily to increases in student fees, federal grants and contracts, and auxiliary enterprise sales and services. Student fees, net of scholarship allowances, increased \$13.5M due largely in part to a 9.5% increase in undergraduate fee rates, a 10% increase in graduate fee rates, and a 13% increase in non-resident fees. Overall student enrollments also experienced growth near 4% with strong gains made at both the undergraduate and graduate levels. Federal grants and contracts revenue increased \$9.6M, or 15%, to \$74.2M due to the recognition of higher research activities awarded in fiscal year 2010 over 2009 that is being expended in fiscal year 2011. Sales & services of auxiliary enterprises increased \$3.9M, or 13%, to \$33.4M due primarily to structural changes in the line item revenue and expense reporting for the new Sodexo food services contract executed in fiscal year 2011. This contract change amounted to approximately \$5M of increased auxiliary sales & services revenue over 2010 which were offset by higher operating expenses in fiscal year 2011. The net overall financial impact on the university's financial

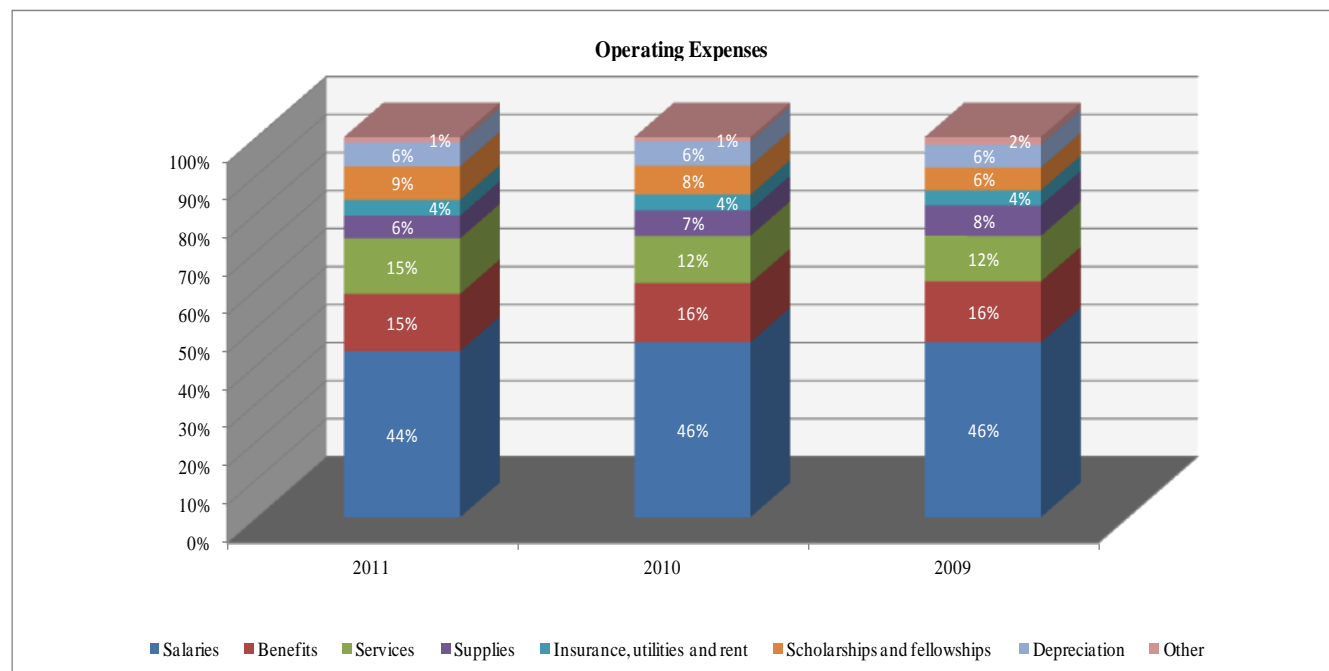
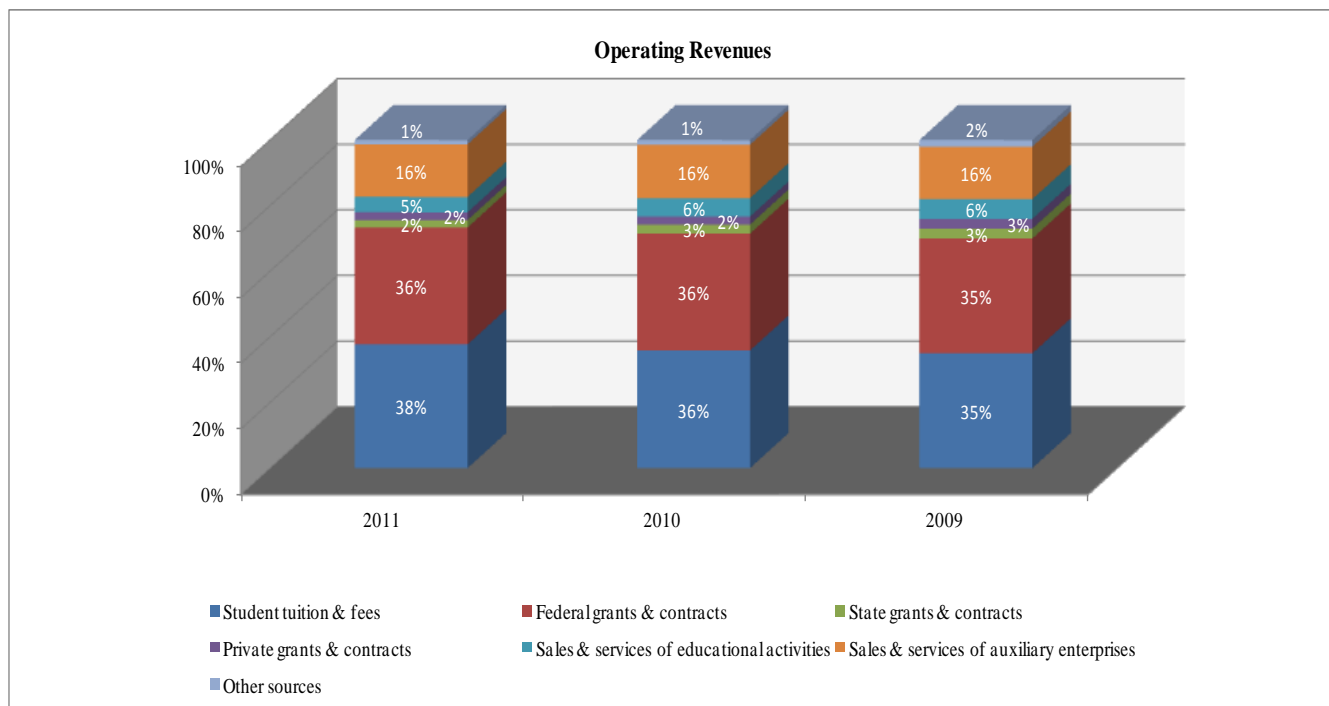
MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

statements by changing the Sodexo contract is immaterial.

Operating expenses increased \$10.3M, or 3%, to \$354.2M in fiscal year 2011. The primary cause of the increase was a \$9M increase in services, coupled with a \$5M increase in scholarships and fellowships activity due to higher tuition & fees and increased enrollments offset by a reduction of \$3.5M in salaries. Approximately \$7M of the \$9M increase in services is the result of a structural change in the line item revenue and expense reporting of the new Sodexo food service contract executed in fiscal year 2011. In fiscal year 2010 and prior, the University recorded its food costs payments to Sodexo in supplies expense and based its obligations on a per meal rate utilized. In fiscal year 2011, the new Sodexo agreement is a shared revenue contract that rewards Sodexo for higher food and retail revenue generated on campus. These revenue sharing payments are reported as contracted services. The net overall financial impact on the university's financial statements by changing the Sodexo contract is immaterial. Salaries decreased \$3.5M due largely in part to compensation wage freezes, delays in filling open faculty and staff positions, and no additional financial funding required from the \$1.8M of voluntary termination benefits fully accrued for in fiscal year 2010. Supplies expense decreased \$1.9M primarily due to Sodexo contract changes that reported food costs as services expense in fiscal year 2011.

Nonoperating revenues and expenses decreased only \$1.6M, or -1%, to \$156.7M in fiscal year 2011. State appropriation revenues decreased by \$3.4M, or -3%, to \$103.8M due to reduced State funding. Federal appropriations decreased \$4M due primarily due to no additional federal funding provided in fiscal year 2011 under the American Recovery and Reinvestment Act which accounted for some \$5.3M in fiscal year 2010. Federal grants and contracts increased \$3.3M from increased Pell Grant funding. Net investment income dropped \$1.1M to \$1.8M from fiscal year 2010 due to lower interest rate yields on high quality investments. Assets held by the Foundation for the University as part of the overall consolidated investment trust increased in market value \$4.9M, or 91%, to \$10.4M in fiscal year 2011 due to an improved financial equity market conditions. Other revenues stayed relatively flat with only a \$.4M decrease, or -3%, to \$11.2M in fiscal year 2011. Projects with the Idaho Department of Public Works accounted for \$7.8M of the total and capital gifts from the University's Foundation accounted for an additional \$2.8M.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2011



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, 2011. The statement is divided into five parts. The first part details operating cash flows and the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

financing activities. This section reflects the cash received and spent for non-operating, non-investing and non-capital 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.

Condensed Statement of Cash Flows Fiscal Years Ended June 30 (Dollars in 000's)			
	2011	2010	2009
Cash provided (used) by:			
Operating activities	(\$125,860)	(\$140,060)	(\$147,991)
Noncapital financing activities	150,330	154,896	165,715
Capital and related financing activities	(35,304)	(21,157)	(42,921)
Investing activities	18,730	21,873	58,664
Net change in cash	\$7,896	\$15,552	\$33,467
Cash beginning of the year	57,391	41,839	8,372
Cash end of the year	<u>\$65,287</u>	<u>\$57,391</u>	<u>\$41,839</u>

Operating activities used \$125.9M in cash for the year, a decrease of \$14.2M from FY 2010. Noncapital financing activities provided \$150.3M in cash for the year, a \$4.6M decrease from FY 2010. This reduction was caused primarily by the decrease in state and federal appropriations offset by increases in federal grants and contract activity. Capital and related financing activities used \$35.3M of cash during the year, an increase of \$14.1M over fiscal year 2010 due largely in part to additional bond proceeds secured in fiscal year 2010. There were no material new bond proceed funds generated in fiscal year 2011. Investing activities provided \$18.7M of cash during fiscal year 2011.

Capital Assets and Debt Management

The University had \$718.3M and \$688.6M of capital assets at June 30, 2011 and 2010 respectively, with accumulated depreciation of \$324.5M and \$307.1M respectively. The major categories and associated value of capital assets as well as accumulated depreciation at June 30, 2011, 2010 and 2009 are illustrated in the chart below.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

Capital Assets (Dollars in 000's) Fiscal Years Ended June 30			
	2011	2010	2009
Capital Asset at Cost			
Buildings and improvements	\$ 522,949	\$ 467,312	\$ 457,030
Equipment	85,595	84,144	80,168
Construction in progress	16,984	48,509	24,431
Library materials	71,389	67,682	64,351
Capitalized collections	2,204	2,176	2,143
Land	19,220	18,768	18,768
Total Capital Assets	\$ 718,342	\$ 688,591	\$ 646,891
Accumulated Depreciation			
Building and improvements	\$ 199,427	\$ 188,184	\$ 176,853
Equipment	69,601	66,260	60,993
Library materials	55,489	52,645	50,075
Total Accumulated Depreciation	\$ 324,516	\$ 307,090	\$ 287,921

At June 30, 2011 and 2010, the University had debt (or similar long-term obligations) of \$158.8M and \$165.1M respectively. In January 2011, the University executed a new series of Adjustable Rate General Revenue Refunding Bonds in the amount of \$60.8M with the proceeds used to refund 100% of the outstanding obligations due under the 2007A series (\$59.5M). No new bond proceeds or available credit under banking lines were secured during the year.

Economic Outlook

The economic downturn that began in fiscal year 2008 has continued to have negative effects on the State of Idaho's financial condition. Although there are solid signs in fiscal year 2010 and 2011 that that State is recovering, there continues to exist a systemic persistence to full economic recovery both at the local, state, and national level. In fiscal year 2011, the University's state appropriations budget was reduced by some \$4M and other federally funded stimulus programs such as the American Recovery and Reinvestment Act (ARRA) also ended. The forecast for improved economic growth for the State in the near term is optimistic but cautiously guarded. Continued national & global factors such as high unemployment, high gas prices, and ever expanding federal debt levels will continue to strain significant growth efforts. Fiscal efforts at the state and national level to sustain & potentially increase the funding levels for higher education are promising; however, positive improvements in the local and state economy need to solidify further to provide much needed stable and dependable state tax revenues.

In response to these continued fiscal challenges, the University's leadership has taken proactive measures over the past 2 to 3 years across the main campus and satellite campuses to help mitigate the negative effects as well as reposition much needed fiscal resources to critical academic, student services, and administrative areas. Senior

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

leadership continues to actively plan for future state funding scenarios and is well prepared to successfully address them as they materialize.

Increased investment in strategic enrollment efforts beginning in 2009 proved positive with Fall 2010 enrollments increasing some 4% above prior year. Successful student retention efforts allowed both the Spring and Summer 2011 terms to also exceed the prior year with material gains at both the undergraduate and graduate levels. Similar percentage growth gains were experienced in residential housing and meal plan participants.

The University continues to excel as a national leader in high quality academic research. Being recognized by the Carnegie Foundation as a high research activity institution, the University was actively engaged in over \$90M in research grant and contract expenditure activities in fiscal 2011. In February 2011, the University was awarded its single largest grant in school history, a \$20M grant from the USDA – National Institute of Food and Agriculture (NIFA) to study “Approaches to Climate Change for Inland Pacific Northwest Agriculture”. This grant brings together the collective research expertise from 3 national land grant universities, the University of Idaho, Washington State University, and Oregon State University, with the University of Idaho taking the lead project role in the consortium.

Major capital improvements in 2011 continued to positively enhance the beauty, productivity, and safety on the main campus with final construction efforts being expended on major life safety and interior enhancements to the Kibbie Dome, the track and field sports complex, and various other energy saving improvements across a number of buildings on campus. During fiscal year 2011, approximately \$34.5M was invested in capital improvements.

In spite of the economic challenges facing the State of Idaho and the nation, the University of Idaho will continue moving forward with strategic academic, student services, and fiscal initiatives that will advance the mission and long-term goals of the University. We will continue to seek efforts to grow and enhance existing revenue sources, while also seeking out new opportunities. We will continue to examine and restructure academic and administrative programs & services where prudent, strategically monitor employment staffing levels, scrutinize capital improvement activities, and meticulously contain costs where possible.

The leadership at the University of Idaho will continue to proactively address all challenges, financial and otherwise, by continuing to operate with a strong sense of integrity, accountability, and fiscal responsibility. Every member of the University's collective body: students, faculty, and staff are fully committed to playing an active role in the continued success of the State of Idaho's land grant and premier flagship institution.



STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011 AND 2010

	University of Idaho 2011	University of Idaho 2010	University of Idaho Foundation (note 18) 2011	University of Idaho Foundation (note 18) 2010
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 46,595,002	\$ 38,022,281	\$ 9,354,794	\$ 17,715,659
Due from state agencies	224,697	213,537	-	-
Prepaid expenses	4,023,156	638,454	-	-
Investments	602,000	601,879	11,667,502	6,415,105
Interest receivable	453,951	484,478	757,950	625,122
Student loans receivable	1,531,195	1,569,223	-	-
Accounts receivable & unbilled charges - net	27,081,924	25,376,360	-	-
Inventories	2,314,196	2,187,052	-	-
Pledges receivable - net	-	-	2,023,978	1,997,969
Notes receivable	359,970	365,400	66,000	59,417
Total Current Assets	83,186,091	69,458,664	23,870,224	26,813,272
NONCURRENT ASSETS				
Restricted cash and cash equivalents	18,692,219	19,368,655	8,188,267	5,976,696
Student loans receivable - net	10,392,076	10,633,027	-	-
Investments	20,643,978	37,582,031	201,805,823	168,497,013
Assets held in trust by Foundation	78,191,004	67,829,850	-	-
Pledges receivable - net	-	-	3,702,347	4,718,131
Notes receivable	-	-	528,411	535,478
Deferred bond financing costs	1,506,792	2,167,504	-	-
Capital assets	393,825,180	381,501,275	4,359,054	3,481,497
Other noncurrent assets	-	-	317,252	309,980
Total Noncurrent Assets	523,251,249	519,082,342	218,901,154	183,518,795
TOTAL ASSETS	\$ 606,437,340	\$ 588,541,006	\$ 242,771,378	\$ 210,332,067

See notes to financial statements

Continued

STATEMENT OF NET ASSETS AS OF JUNE 30, 2011 AND 2010

	University of Idaho 2011	University of Idaho 2010	University of Idaho Foundation (note 18) 2011	University of Idaho Foundation (note 18) 2010
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 7,903,834	\$ 5,875,780	\$ 83,261	\$ 72,453
Accrued salaries and benefits payable	17,397,958	15,467,654	-	-
Compensated absences payable	8,364,295	8,170,074	-	-
Trust earnings payable to trust beneficiaries	-	-	6,715,678	6,829,153
Accrued interest payable	1,263,688	1,911,451	-	-
State teacher education loan advance	236,069	214,260	-	-
Deposits	742,713	746,106	-	-
Deferred revenue	8,067,803	8,398,441	-	-
Funds held in custody for others	250,642	209,106	-	-
Notes and bonds payable	4,792,779	6,246,876	-	-
Other liabilities	1,097,519	1,267,293	-	-
Split interest agreements	-	-	1,014,845	994,161
Total Current Liabilities	50,117,300	48,507,041	7,813,784	7,895,767
NONCURRENT LIABILITIES				
Notes and bonds payable	153,966,208	158,854,043	-	-
Assets held in trust for the University	-	-	78,191,004	67,829,850
Other liabilities	-	893,494	-	-
Split interest agreements	-	-	5,985,477	5,234,033
Total Noncurrent Liabilities	153,966,208	159,747,537	84,176,481	73,063,883
Total Liabilities	204,083,508	208,254,578	91,990,265	80,959,650
NET ASSETS				
Invested in capital assets - net of related debt	235,066,193	211,194,033	-	-
Restricted for:				
Nonexpendable	78,191,004	67,829,850	111,668,453	95,272,890
Expendable	69,176,081	74,964,487	33,729,970	29,719,205
Unrestricted	19,920,553	26,298,058	5,382,690	4,380,322
Total Net Assets	402,353,831	380,286,428	150,781,113	129,372,417
TOTAL LIABILITIES AND NET ASSETS	\$ 606,437,339	\$ 588,541,006	\$ 242,771,378	\$ 210,332,067

See notes to financial statements



**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	University of Idaho 2011	University of Idaho 2010	University of Idaho Foundation (note 18) 2011	University of Idaho Foundation (note 18) 2010
OPERATING REVENUES				
Student tuition and fees including pledged revenues of \$69,717,657 and \$63,960,825 (net of scholarship allowance of \$14,379,843 and \$14,035,710) for FY 2011 and FY 2010 respectively	\$ 78,626,119	\$ 65,097,956	\$ -	\$ -
Federal grants and contracts	74,263,237	64,618,026	-	-
State and local grants and contracts	4,748,152	5,051,659	-	-
Private grants and contracts	4,919,739	4,464,960	-	-
Sales and services of educational activities including pledged revenues of \$9,791,049 and \$10,130,640 for FY 2011 and FY 2010 respectively	9,791,049	10,130,640	-	-
Sales and services of auxiliary enterprises including pledged revenues of \$33,440,256 and \$29,563,701 for FY 2011 and FY 2010 respectively	33,440,256	29,563,701	-	-
Interest on loans receivable	279,559	251,144	-	-
Other sources	2,359,512	2,358,795	85,539	69,728
Gifts	-	-	16,493,221	18,156,092
Total operating revenue	208,427,623	181,536,881	16,578,760	18,225,820
OPERATING EXPENSES				
Salaries	154,818,245	158,351,318	-	-
Benefits	53,212,942	53,425,133	-	-
Services	51,652,977	42,664,491	-	-
Supplies	21,213,913	23,123,214	-	-
Insurance, utilities and rent	14,822,788	14,173,632	-	-
Scholarships and fellowships	31,160,208	26,114,721	-	-
Depreciation	22,150,113	21,993,020	5,893	5,893
Other	5,176,052	4,037,797	108,789	400,843
Administrative expense	-	-	1,928,097	1,860,247
Total operating expenses	354,207,238	343,883,326	2,042,779	2,266,983
OPERATING (LOSS) INCOME	\$ (145,779,615)	\$ (162,346,445)	\$ 14,535,981	\$ 15,958,837

See notes to financial statements

Continued

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	University of Idaho 2011	University of Idaho 2010	University of Idaho Foundation (note 18) 2011	University of Idaho Foundation (note 18) 2010
NONOPERATING REVENUES (EXPENSES)				
State appropriations	\$ 103,804,200	\$ 107,249,600	\$ -	\$ -
Land grant endowment income	6,164,400	6,164,400	-	-
Federal appropriations	5,202,656	9,248,194	-	-
Federal grants and contracts	19,921,067	16,624,864	-	-
Gifts (including gifts from Foundation)	15,362,624	14,839,365	-	-
Private grants and contracts	28,248	35,286	-	-
Net investment income including pledged revenues to UI of \$1,454,834 and \$2,072,365 for FY 2011 and FY 2010 respectively	1,834,981	2,939,116	6,844,704	7,606,675
Net increase (decrease) in fair value of investments	(167,831)	180,583	29,070,872	19,069,365
Change in value of assets held in trust for University	10,361,154	5,437,879	(10,361,154)	(5,437,879)
Distribution of endowment income to University and trust	-	-	(6,715,678)	(6,829,153)
Distribution to University and affiliates	-	-	(10,959,562)	(8,715,015)
Distribution of trust income to life income beneficiaries	-	-	(721,641)	(658,649)
Lease and rental income	-	-	4,730	25,864
Property management	-	-	(16,570)	(30,291)
Change to split interest trusts	-	-	(272,986)	(541,524)
Interest expense (net of capitalized interest of \$658,396 and \$1,744,741 for FY 2011 and FY 2010 respectively)	(5,651,337)	(5,184,622)	-	-
Other sources	(164,076)	747,229	-	-
Net nonoperating revenues	156,696,086	158,281,894	6,872,715	4,489,393
GAIN (LOSS) BEFORE OTHER REVENUES	10,916,471	(4,064,551)	21,408,696	20,448,230
OTHER REVENUES				
Capital grants and contracts	561,720	2,008,091	-	-
Projects with Idaho Department of Public Works	7,789,383	8,274,055	-	-
Capital gifts from Foundation	2,799,828	1,268,424	-	-
Total other revenues	11,150,931	11,550,570	-	-
INCREASE IN NET ASSETS	22,067,402	7,486,019	21,408,696	20,448,230
NET ASSETS - Beginning of year	380,286,428	372,800,409	129,372,417	108,924,187
NET ASSETS - End of year	<u>\$ 402,353,830</u>	<u>\$ 380,286,428</u>	<u>\$ 150,781,113</u>	<u>\$ 129,372,417</u>

See notes to financial statements



**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	University of Idaho 2011	University of Idaho 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts and disbursements		
Tuition and fees	\$ 78,391,323	\$ 68,282,261
Grants and contracts	82,838,496	71,239,775
Sales of services - net	42,453,396	38,986,392
Payments to or for employees	(205,906,661)	(209,187,018)
Payments to suppliers	(95,412,790)	(86,461,209)
Scholarships disbursed	(31,160,208)	(26,114,720)
Funds held for others	41,536	(123,338)
Student loans collected	2,292,747	2,221,947
Student loans disbursed	(1,829,579)	(1,795,882)
Other receipts	2,431,435	2,891,812
Net cash used by operating activities	<u>(125,860,305)</u>	<u>(140,059,980)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Appropriated general education revenues:		
State general account	103,815,298	107,236,213
Land grant endowment income	6,164,400	6,164,400
Federal Appropriations	5,202,656	9,248,194
Federal Grants and Contracts	19,949,315	16,660,150
Gifts	15,362,624	14,839,365
Other receipts	(164,076)	747,229
Net cash provided by noncapital financing activities	<u>150,330,217</u>	<u>154,895,551</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State appropriations, capital	7,789,383	8,274,056
Capital grants and gifts	3,361,548	3,276,515
Capital asset purchases	(34,474,019)	(44,523,333)
Proceeds from capital debt	60,217,330	42,173,495
Principal paid on capital debt	(65,898,550)	(25,477,550)
Interest paid on capital debt	(6,299,100)	(4,879,886)
Net cash used by capital & related financing activities	<u>(35,303,408)</u>	<u>(21,156,703)</u>

See notes to financial statements.

Continued

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	University of Idaho 2011	University of Idaho 2010
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	38,920,204	41,210,877
Investment income	1,834,981	2,939,116
Purchase of investments	(22,025,404)	(22,276,866)
Net cash provided by investing activities	<u>18,729,781</u>	<u>21,873,127</u>
 NET INCREASE IN CASH	 7,896,285	 15,551,995
Cash - Beginning of year	57,390,936	41,838,941
Cash - End of year	<u>\$ 65,287,221</u>	<u>\$ 57,390,936</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (145,779,615)	\$ (162,346,445)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	22,150,113	21,993,020
Decrease (increase) in assets:		
Receivables, net	(1,515,774)	(3,424,034)
Inventories and prepaids	(3,511,846)	(405,801)
Deferred financing costs	-	(515,930)
Increase (decrease) in liabilities:		
Accounts payable	2,028,054	(1,705,970)
Accrued payroll, benefits and compensated absences	2,124,525	2,140,536
Current notes, bonds and accrued interest payable	-	1,134,540
Deposits and deferred revenues	(334,031)	2,024,367
Change in funds held for others	41,536	(123,338)
Other liabilities	(1,063,267)	1,169,075
Net cash used by operating activities	<u>\$ (125,860,305)</u>	<u>\$ (140,059,980)</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Capital asset write-offs	\$ 726,916	\$ 652,499
Donated assets	2,799,828	1,268,424
Change in fair value of investments	(167,831)	180,583
Change in fair value of assets held in trust	10,361,154	5,437,879

See notes to financial statements

STATEMENTS OF BENEFIT PLAN NET ASSETS AS OF DECEMBER 31, 2010 AND 2009

	Retiree Benefits Trust 2010	Retiree Benefits Trust 2009	Health Benefits Trust 2010	Health Benefits Trust 2009
Assets				
Cash and short-term investments	\$ 528,235	\$ 351,977	\$ 487,647	\$ 310,126
Receivables				
Accounts receivable	-	-	-	-
Interest receivable	10,138	9,803	28,126	25,401
Total receivables	10,138	9,803	28,126	25,401
Investments, at fair value				
Fixed income securities	9,244,501	6,051,699	4,004,166	4,426,179
Equity securities	8,085,042	5,415,625	131,461	131,318
Total investments	17,329,543	11,467,324	4,135,627	4,557,497
 Total assets	 \$ 17,867,916	 \$ 11,829,104	 \$ 4,651,400	 \$ 4,893,024
Liabilities				
Accounts payable	\$ -	\$ -	\$ 1,224,558	\$ 1,519,829
IBNR liability	-	-	1,362,000	1,232,000
 Total liabilities	 -	 -	 2,586,558	 2,751,829
 Net assets held in trust for benefits	 \$ 17,867,916	 \$ 11,829,104	 \$ 2,064,842	 \$ 2,141,195

See notes to financial statements

STATEMENTS OF CHANGES IN BENEFIT PLAN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Retiree Benefits Trust 2010	Retiree Benefits Trust 2009	Health Benefits Trust 2010	Health Benefits Trust 2009
Additions				
Contributions				
Employer	\$ 4,310,500	\$ 5,451,760	\$ 14,947,836	\$ 13,051,378
Plan members	<u>-</u>	<u>-</u>	<u>4,242,784</u>	<u>4,071,607</u>
Total contributions	<u>4,310,500</u>	<u>5,451,760</u>	<u>19,190,620</u>	<u>17,122,985</u>
Interest	316,493	229,767	162,943	167,140
Realized gain in investments	262,115	-	-	-
Unrealized gain in investments	<u>1,181,094</u>	<u>1,663,956</u>	<u>88,993</u>	<u>35,878</u>
Total additions	<u>6,070,202</u>	<u>7,345,483</u>	<u>19,442,556</u>	<u>17,326,003</u>
Deductions				
Insurance claim benefits	-	-	16,793,921	15,989,549
Change in IBNR	-	-	130,000	255,500
Realized loss in investments	31,390	152,462	4,564	4,889
Unrealized loss in investments	-	-	-	-
Administrative expenses	<u>-</u>	<u>2,250</u>	<u>2,590,424</u>	<u>2,551,641</u>
Total deductions	<u>31,390</u>	<u>154,712</u>	<u>19,518,909</u>	<u>18,801,579</u>
Net increase in assets held in trust for benefits	6,038,812	7,190,771	(76,353)	(1,475,576)
Net plan assets, beginning of year	<u>11,829,104</u>	<u>4,638,333</u>	<u>2,141,195</u>	<u>3,616,771</u>
Net plan assets, end of year	<u>\$ 17,867,916</u>	<u>\$ 11,829,104</u>	<u>\$ 2,064,842</u>	<u>\$ 2,141,195</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity—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.

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 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 (“CIT”). Earnings from the endowment are transferred annually to the University. Some funds invested in the CIT are held in trust for the University and are shown as an asset and 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.

The University of Idaho Health Benefits Trust (“HBT”) was established in June, 2007 in accordance with the State of Idaho Department of Insurance (“DOI”) requirements. The HBT receives the employer, employee and retiree contributions for the University’s self-insured health plan, and pays the medical, dental, mental health and vision claims, and corresponding administrative processing fees, associated with the health plan. In addition, the HBT maintains a balance sufficient to cover the actuarially-determined incurred-but-not-paid (“IBNR”) claims of the health plan, as well as DOI-required supplemental funding of 30% of the actuarially determined IBNR claims. The HBT is overseen by a group of four independent Trustees who are employed by the University. The Trustees are responsible for overseeing the investment of the Trust monies, and ensuring that the University adequately funds the HBT on an ongoing basis through the aforementioned contributions to allow payment of the ongoing claims. The HBT proceeds are managed on behalf of the Trustees by U.S. Bank.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

The University of Idaho Retiree Benefits Trust (“RBT”) was established in April, 2008 to fund the University’s actuarially-determined projected liability for its self-insured retiree health plan. The RBT is overseen by University of Idaho Administration and the Trust proceeds are managed on behalf of the University by Wells Fargo Bank.

The HBT and RBT both have December 31 fiscal year ends. The difference in the fiscal year end from the University does not materially impact the net assets of the University.

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.

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 5% 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 first-in-first-out 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 change in fair value of investments in the statement of revenues, expenses, and changes in net assets.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Restricted Cash and Cash Equivalents—Cash and cash equivalents that are restricted to make debt service payments, maintain sinking or reserve funds, except for currently due payments, are classified as non-current 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 tangible 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, entomological, musical, and wildlife subjects.

In fiscal year 2010, in accordance with the requirements and definitions of GASB No. 51, *Accounting and Financial Reporting for Intangible Assets*, the University adopted a policy of capitalizing any intangible assets \$200,000 or greater in value that have an expected useful life of one year or longer. Depreciation on intangible assets is computed using the straight-line, composite method over the estimated useful lives of the assets, primarily consisting of computer software and licenses that generally have a useful life of 5 years. The University adopted this policy in compliance with the State of Idaho guidelines related to the requirements of implementation for GASB No. 51.

Compensated Absences—Employee vacation and compensatory time pay is accrued at year-end for financial statement purposes. Compensated absence costs are included in benefits expense in the statement of revenues, expenses, and changes in net assets.

Waivers—Tuition waivers, provided directly by the University for faculty and staff benefits, amounted to \$701,737 and \$629,496 for the fiscal years ended 2011 and 2010, respectively.

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 includes amounts received from grant and contract sponsors that have not yet been earned.

Noncurrent Liabilities—Noncurrent liabilities primarily include (1) principal amounts of revenue bonds payable, and notes payable with contractual maturities greater than one year; and (2) estimated amounts for other liabilities that will not be paid within the next fiscal year.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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 revenues from 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.

Nonoperating Revenues - Nonoperating revenues include revenues from 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.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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 FY2011 and FY2010 are \$14,379,843 and \$14,035,710 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.

2. CASH AND CASH EQUIVALENTS

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, 2011, \$783,206 of the University's bank balance of \$65,287,221 was exposed to custodial credit risk because it was uninsured and uncollateralized. At June 30, 2010, \$607,867 of the University's bank balance of \$57,390,936 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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.
- Banker's 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.

The following table represents the fair value of investments by type at June 30, 2011 and June 30, 2010 respectively:

	2011 Fair Value	2010 Fair Value
Corporate debt securities and preferred stock	\$ -	\$ 1,689,565
U.S. government or government guaranteed securities	602,000	36,103,195
Mutual funds	20,643,979	391,150
	<u>\$ 21,245,979</u>	<u>\$ 38,183,910</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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; however, it does incorporate weighted average maturity methodology in selecting and reporting its investments. As of June 30, 2011 and June 30, 2010 respectively, the University had the following investments subject to interest rate risk:

Investment Securities Subject to Interest Rate Risk at June 30, 2011

Investment Maturities in Years

Investment Type	Total Fair Value	<1	1-5	6-10	>10
U.S. Corporations	\$ -	\$ -	\$ -	\$ -	\$ -
Mutual Funds	20,643,979	624,071	10,113,275	8,521,548	1,385,084
U.S. Government Agencies	602,000	602,000	-	-	-
Total	<u>\$ 21,245,979</u>	<u>\$ 1,226,071</u>	<u>\$ 10,113,275</u>	<u>\$ 8,521,548</u>	<u>\$ 1,385,084</u>

Investment Securities Subject to Interest Rate Risk at June 30, 2010

Investment Maturities in Years

Investment Type	Total Fair Value	<1	1-5	6-10	>10
U.S. Corporations	\$ 1,689,565	\$ -	\$ 157,814	\$ 48,776	\$ 1,482,975
Mutual Funds	-	-	-	-	-
U.S. Government Agencies	36,103,195	601,759	1,053,532	3,925,370	30,522,414
Total	<u>\$ 37,792,760</u>	<u>\$ 601,759</u>	<u>\$ 1,211,346</u>	<u>\$ 3,974,146</u>	<u>\$ 32,005,389</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, 2011 and June 30, 2010, the University had the following investment credit risk:

Investment Securities Subject to Credit Risk at June 30, 2011

Credit Rating	U.S. Corporations	U.S. Government		Total
		Agencies	Mutual funds	
AAA	\$ -	\$ 602,000	\$ 20,266,194	\$ 20,868,194
AA	-	-	45,417	45,417
A	-	-	245,663	245,663
BBB	-	-	86,705	86,705
	<u>\$ -</u>	<u>\$ 602,000</u>	<u>\$ 20,643,979</u>	<u>\$ 21,245,979</u>

Investment Securities Subject to Credit Risk at June 30, 2010

Credit Rating	U.S. Corporations	U.S. Government		Total
		Agencies	Mutual funds	
AAA	\$ 1,428,763	\$ 36,103,195	\$ 391,150	\$ 37,923,108
AA	157,814	-	-	157,814
A	-	-	-	-
BBB	102,988	-	-	102,988
	<u>\$ 1,689,565</u>	<u>\$ 36,103,195</u>	<u>\$ 391,150</u>	<u>\$ 38,183,910</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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 Governmental Accounting Standards Board 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 risk. The University did not have any investments at June 30, 2011 nor June 30, 2010 that represented a 5 percent or greater concentration in any one issuer.

Custodial Credit Risk

Custodial credit risk on investments is the risk that in the event of a failure of the counterparty, the University will not be able to recover the value of its investments that are in the possession of an outside party. The University does not have an investment policy for custodial credit risk. At June 30, 2011 and June 30, 2010 all investments were held by the University or its counterparty in the University's name.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

4. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Receivables and unbilled charges consisted of the following at June 30, 2011 and June 30, 2010, respectively:

	2011	2010
Student tuition and fees, including Federal financial aid funds	\$ 3,194,216	\$ 3,293,451
Auxiliary enterprises	2,002,906	2,139,546
Educational activities	2,376,931	1,462,382
Federal appropriations	5,741	16,839
Grants and contracts	13,627,435	12,534,803
Due from Foundation	6,277,095	6,332,939
	<u>\$ 27,484,324</u>	<u>\$ 25,779,960</u>
Less allowance for doubtful accounts	(402,400)	(403,600)
Net accounts receivable and unbilled charges	<u>\$ 27,081,924</u>	<u>\$ 25,376,360</u>

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, 2011 and June 30, 2010. 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.

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 allowance for uncollectible loans was \$1,625,766 for June 30, 2011 and \$1,499,868 at June 30, 2010.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at June 30, 2011 and 2010 consisted of the following:

	Balance July 1, 2010	Year ended June 30, 2011			Balance June 30, 2011
		Additions	Transfers	Retirements	
Property, plant and equipment not being depreciated:					
Land	\$ 18,767,952	\$ 615,433	18,790	\$ (181,922)	\$ 19,220,253
Capitalized collections	2,176,273	27,757			2,204,030
Equipment construction in progress	410,932	757,122	(916,566)	(10,226)	241,262
Construction in progress	<u>48,508,962</u>	<u>14,443,112</u>	<u>(45,950,224)</u>	<u>(17,555)</u>	<u>16,984,295</u>
Total property, plant and equipment not being depreciated	<u>\$ 69,864,119</u>	<u>\$ 15,843,424</u>	<u>\$ (46,848,000)</u>	<u>\$ (209,703)</u>	<u>\$ 38,649,840</u>
Other property, plant and equipment:					
Buildings	\$ 424,830,934	\$ 9,297,302	\$ 41,636,025	\$(3,492,813)	\$ 472,271,448
Other improvements	42,480,947	4,395,476	4,340,104	(539,026)	50,677,501
Furniture and equipment	83,732,684	3,402,817	871,871	(2,653,334)	85,354,038
Library materials	<u>67,682,102</u>	<u>4,014,721</u>		<u>(308,025)</u>	<u>71,388,798</u>
Total other property, plant and equipment	<u>618,726,667</u>	<u>21,110,316</u>	<u>46,848,000</u>	<u>(6,993,198)</u>	<u>679,691,785</u>
Less accumulated depreciation:					
Buildings	(160,795,159)	(10,962,657)		1,432,945	(170,324,871)
Other improvements	(27,388,746)	(2,132,338)		419,009	(29,102,075)
Furniture and equipment	(66,260,331)	(5,903,717)		2,563,201	(69,600,847)
Library materials	<u>(52,645,275)</u>	<u>(3,151,402)</u>		<u>308,025</u>	<u>(55,488,652)</u>
Total accumulated depreciation	<u>(307,089,511)</u>	<u>(22,150,114)</u>		<u>4,723,180</u>	<u>(324,516,445)</u>
Other property, plant and equipment—net	<u>\$ 311,637,156</u>	<u>\$ (1,039,798)</u>	<u>\$ 46,848,000</u>	<u>\$(2,270,018)</u>	<u>\$ 355,175,340</u>
Property, plant and equipment summary:					
Property, plant and equipment not being depreciated	\$ 69,864,119	\$ 15,843,424	\$ (46,848,000)	\$ (209,703)	\$ 38,649,840
Other property, plant and equipment—at cost	<u>618,726,667</u>	<u>21,110,316</u>	<u>46,848,000</u>	<u>(6,993,198)</u>	<u>679,691,785</u>
Total cost of property, plant and equipment	688,590,786	36,953,740		(7,202,901)	718,341,625
Less accumulated depreciation	<u>(307,089,511)</u>	<u>(22,150,114)</u>		<u>4,723,180</u>	<u>(324,516,445)</u>
Property, plant and equipment—net	<u>\$ 381,501,275</u>	<u>\$ 14,803,626</u>	<u>\$ -</u>	<u>\$(2,479,721)</u>	<u>\$ 393,825,180</u>

In addition to accounts payable for construction in progress, the estimated cost to complete property authorized or under construction at June 30, 2011 is approximately \$15,896,650. These costs will be financed by state appropriations, institutional funds, gifts, grants and contracts, the Department of Public Works, and/or long-term borrowing.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

	Balance July 1, 2009	Year ended June 30, 2010			Balance June 30, 2010
	Additions	Transfers	Retirements		
Property, plant and equipment not being depreciated:					
Land	\$ 18,767,952	\$			\$ 18,767,952
Capitalized collections	2,143,397	373,376		(340,500)	2,176,273
Equipment construction in progress	122,453	1,289,072	(993,687)	(6,906)	410,932
Construction in progress	24,431,184	26,111,090	(1,839,316)	(193,996)	48,508,962
Total property, plant and equipment not being depreciated	\$ 45,464,986	\$ 27,773,538	\$ (2,833,003)	\$ (541,402)	\$ 69,864,119
Other property, plant and equipment:					
Buildings	\$ 415,244,034	\$ 8,778,525	\$ 1,282,307	\$ (473,932)	\$ 424,830,934
Other improvements	41,786,457	152,721	557,009	(15,240)	42,480,947
Furniture and equipment	80,045,480	5,086,026	993,687	(2,392,509)	83,732,684
Library materials	64,351,162	3,737,763		(406,823)	67,682,102
Total other property, plant and equipment	601,427,133	17,755,035	2,833,003	(3,288,504)	618,726,667
Less accumulated depreciation:					
Buildings	(151,161,414)	(9,725,713)		91,968	(160,795,159)
Other improvements	(25,691,176)	(1,712,810)		15,240	(27,388,746)
Furniture and equipment	(60,993,477)	(7,577,489)		2,310,635	(66,260,331)
Library materials	(50,075,089)	(2,977,009)		406,823	(52,645,275)
Total accumulated depreciation	(287,921,156)	(21,993,021)		2,824,666	(307,089,511)
Other property, plant and equipment—net	\$ 313,505,977	\$ (4,237,986)	\$ 2,833,003	\$ (463,838)	\$ 311,637,156
Property, plant and equipment summary:					
Property, plant and equipment not being depreciated	\$ 45,464,986	\$ 27,773,538	\$ (2,833,003)	\$ (541,402)	\$ 69,864,119
Other property, plant and equipment—at cost	601,427,133	17,755,035	2,833,003	(3,288,504)	618,726,667
Total cost of property, plant and equipment	646,892,119	45,528,573		(3,829,906)	688,590,786
Less accumulated depreciation	(287,921,156)	(21,993,021)		2,824,666	(307,089,511)
Property, plant and equipment—net	\$ 358,970,963	\$ 23,535,552	\$ -	\$ (1,005,240)	\$ 381,501,275

7. ACCOUNTS PAYABLE

Accounts payable consisted of the following at June 30, 2011 and 2010:

	2011	2010
Operating activities	\$ 7,875,251	\$ 5,851,171
Taxes payable	28,583	24,609
Total accounts payable and accrued liabilities	\$ 7,903,834	\$ 5,875,780

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

8. OPERATING LEASES

The University has entered into various noncancellable operating lease agreements covering certain equipment. The lease terms range from one to five years. The expense for operating leases was \$3,233,354 for the year ended June 30, 2011 and \$3,326,143 for the year ended June 30, 2010.

Future minimum lease payments on noncancellable leases at June 30, 2011 are as follows:

2012	\$ 2,943,148
2013	103,503
2014	26,424
Total future minimum obligation	<u>\$ 3,073,075</u>

9. LONG-TERM LIABILITIES

Long-term liability activity for years ended June 30, 2011 and 2010 is as follows:

	Ending Balance June 30, 2010	Additions	Reductions	Ending Balance June 30, 2011	Amounts Due within One Year
Bonds and notes payable and capital lease obligations:					
Bonds payable	\$ 165,500,000	\$ 60,765,000	\$ 65,730,000	\$ 160,535,000	\$ 4,591,565
Notes payable	674,312	470,423	127,313	1,017,422	201,214
Sub-Total	\$ 166,174,312	\$ 61,235,423	\$ 65,857,313	\$ 161,552,422	\$ 4,792,779
Premium on Bonds	4,132,930	-	1,123,899	3,009,031	262,833
Deferred Refunding Costs	(5,206,323)	(1,018,093)	(421,951)	(5,802,465)	(411,268)
Long-term liabilities	<u>\$ 165,100,919</u>	<u>\$ 60,217,330</u>	<u>\$ 66,559,261</u>	<u>\$ 158,758,988</u>	<u>\$ 4,644,344</u>

	Ending Balance June 30, 2009	Additions	Reductions	Ending Balance June 30, 2010	Amounts Due within One Year
Bonds and notes payable and capital lease obligations:					
Bonds payable	\$ 146,955,000	\$ 33,525,000	\$ 14,980,000	\$ 165,500,000	\$ 6,119,654
Notes payable	2,673,388	8,120,433	10,119,509	674,312	127,222
Sub-Total	\$ 149,628,388	\$ 41,645,433	\$ 25,099,509	\$ 166,174,312	\$ 6,246,876
Premium on Bonds	3,404,714	936,565	208,349	4,132,930	180,853
Deferred Refunding Costs	(5,144,058)	(408,503)	(346,238)	(5,206,323)	(323,552)
Long-term liabilities	<u>\$ 147,889,044</u>	<u>\$ 42,173,495</u>	<u>\$ 24,961,620</u>	<u>\$ 165,100,919</u>	<u>\$ 6,104,177</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

10. NOTES AND BONDS PAYABLE

Notes and bonds payable consisted of the following at June 30, 2011 and 2010:

Description	Balance Outstanding 2011	Balance Outstanding 2010
<p>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 \$435,000 to a maximum of \$16,970,000, 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. A portion of these bonds are considered extinguished through defeasance by the 2007A General Revenue Refunding Bonds. The defeased amount was \$38,035,000 and the University's remaining annual installments range from \$435,000 to a maximum of \$620,000, plus interest from 4.000% to 4.125%. The Series 2001 bonds were issued to provide funds to finance the cost of acquisition and construction of student housing improvements, to renovate the University's athletic center, to acquire and construct a special math learning center (the "POLYA" project), to make the required deposit to the Debt Service Reserve Account of the Bond Fund, to pay bond issuance expenses, and to pay the capitalized interest on a portion of the Series 2001 bonds.</p>	-	620,000

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Description	Balance Outstanding 2011	Balance Outstanding 2010
<p>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 \$935,000 to a maximum of \$4,465,000, plus interest from 5.00% to 5.25% through the year 2022, collateralized by a pledge of net revenues of the Student Housing System, net revenues derived from the Telecommunications System, and certain other pledged revenues. The Series 2003 bonds were issued to provide funds to finance the cost of renovating and equipping certain research facilities on the University's campus, to refund a portion of the University's bank line of credit for a borrowing incurred for improvements to research facilities, to currently refund the outstanding Series 1994 Facility Refunding and Improvement Revenue Bonds in the principal amount of \$8,335,000 and the Series 1994 Student Building Fee Refunding Revenue Bonds in the principal amount of \$3,905,000, and to pay bond issuance expenses.</p>	7,555,000	8,490,000

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Description	Balance Outstanding 2011	Balance Outstanding 2010
<p>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 \$790,000 to a maximum of \$2,265,000, plus interest from 4.00% 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. The Series 2005A bonds were issued to advance refund the Series 1996 Student Fee Revenue Bonds (Telecommunications Infrastructure Facilities Project) in the principal amount of \$2,700,000, to advance refund the Series 1997 Student Fee Revenue Bonds (University Commons Project) in the principal amount of \$12,965,000, to advance refund the Series 1997 Student Fee Revenue Bonds (University Commons Supplemental Project) in the principal amount of \$4,120,000, to advance refund the Series 1999C Student Fee Revenue Bonds (University Infrastructure and Facilities Improvement Projects) in the principal amount of \$4,065,000, to advance refund all of the outstanding Series 1999D Student Fee Revenue Bonds (Kibbie and Enrollment Services Centers Improvement Projects) in the principal amount of \$6,020,000, to fund the debt service reserve account, and to pay bond issuance expenses.</p>	25,680,000	27,010,000

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Description	Balance Outstanding 2011	Balance Outstanding 2010
<p>General Revenue Refunding Bonds, Series 2007A, (original balance of \$62,445,000), consisting of bonds due in annual installments, commencing in 2009 and fluctuating periodically from \$300,000 to a maximum of \$59,500,000 plus interest from 3.250% to 4.375% through the year 2041, 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 Activity Center Bonds are pledged to the 2007A Bonds on a subordinate basis until the retirement of the Recreation Center Bonds and the Activity Center Bonds. The Series 2007A bonds were issued to advance refund a portion of the Series 1999 Student Fee Revenue Bonds (Recreation Center Project) in the principal amount of \$16,135,000, to advance refund the Series 1999A Student Fee Revenue Bonds in the principal amount of \$1,175,000, to advance refund the Series 1999B Student Fee Revenue Bonds (Sweet Avenue and University Campus Improvement Project) in the principal amount of \$4,970,000, and to advance refund the Series 2001 Student Fee Revenue Bonds (University Housing Improvement Projects) in the principal amount of \$38,035,000.</p>	-	60,820,000
<p>General Revenue Bonds, Series 2007B, (original balance of \$35,035,000), consisting of bonds due in annual installments, commencing in 2015 and fluctuating periodically from \$200,000 to a maximum of \$34,235,000 plus interest from 4.25% to 4.50% through the year 2041, 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. The Series 2007B bonds were issued to finance certain electrical upgrades and to fund capital maintenance and replacement of the University's utility corridor, central steam plant and central chiller, and related improvements located on the University's main campus.</p>	35,035,000	35,035,000

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Description	Balance Outstanding 2011	Balance Outstanding 2010
General Revenue Refunding Bonds, Series 2010A, (original balance of \$10,230,000), consisting of serial bonds due in annual installments commencing in 2011 and fluctuating periodically from \$585,000 to a maximum of \$2,075,000, plus interest from 2.25% to 5.00% through the year 2016, 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. The Series 2010A bonds were issued to refund the Series 1996 Student Fee Refunding Revenue Bonds in the principal amount of \$3,125,000 and to refund the Series 1997B Student Fee Refunding Revenue Bonds in the principal amount of \$7,290,000.	8,205,000	10,230,000
General Revenue Refunding Bonds, Series 2010B, (original balance of \$10,150,000), consisting of term bonds due beginning in 2024 and fluctuating periodically from \$1,660,000 to a maximum of \$2,430,000, plus interest from 4.01% to 4.65% through the year 2032, 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. The Series 2010B bonds were issued to pay off an interim loan from Wells Fargo Bank, N.A. which funded improvements to the University's Kibbie Dome.	10,150,000	10,150,000
General Revenue Refunding Bonds, Series 2010C, (original balance of \$13,145,000), consisting of term bonds due beginning in 2037 with two payments of \$6,390,000 and \$6,755,000, plus interest from 6.42% to 6.52% through the year 2041, 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. The Series 2010C bonds were issued to finance and reimburse costs incurred by the University for certain capital improvements to the University's Kibbie Dome.	13,145,000	13,145,000

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

<p>Adjustable Rate General Revenue Refunding Bonds, Series 2011, (original balance of \$60,765,000), consisting of term bonds carrying interest at 5.25% through March 31st, 2021, at which time the bonds are subject to mandatory tender for purchase. The bonds may be converted to another term interest period through 2041. The bonds are 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. The Series 2011 bonds were issued to refund the University's Series 2007A General Revenue Refunding Bonds and to pay the costs of issuance of the Series 2011 bonds.</p>	<p>60,765,000</p>	<p>-</p>
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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Description	Balance Outstanding 2011	Balance Outstanding 2010
Other indebtedness, consisting of notes payable with interest rates ranging from 4.75% to 5.00% due through the year 2019.	1,017,422	674,312
Sub-total	161,552,422	166,174,312
Premium on Bonds	3,009,029	4,132,930
Deferred amount on Refunding – 2005A , 2007A, 2010A	(5,802,463)	(5,206,323)
TOTAL	\$158,758,988	\$165,100,919

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

	Bonds Payable		Notes Payable	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 4,740,000	\$ 7,921,352	\$ 201,214	\$ 45,055
2013	4,955,000	7,739,178	234,344	33,839
2014	5,120,000	7,502,589	246,302	21,881
2015	5,570,000	7,279,178	181,307	10,064
2016	5,820,000	4,668,638	110,143	4,417
2017-2021	19,240,000	32,324,012	44,111	1,964
2022-2026	18,100,000	26,995,922	-	-
2027-2031	16,585,000	22,445,301	-	-
2032-2036	15,865,000	18,075,660	-	-
2037-2041	30,305,000	12,315,308	-	-
2042-2046	34,235,000	243,848	-	-
	<u>\$ 160,535,000</u>	<u>\$ 147,510,986</u>	<u>\$ 1,017,421</u>	<u>\$ 117,220</u>

In December 2008, the University entered into a line of credit agreement with Wells Fargo Bank to finance safety renovations and improvements for the University's Kibbie Dome athletic facility. The total available line of credit extended to the University under this agreement was \$10,000,000. This note was refinanced with the Series 2010B bond issuance.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Pledged Revenues – As stated in the bond descriptions above, the University has pledged certain revenues as collateral for debt instruments comprised of all outstanding University bond issuances. The pledged revenue amounts for the year ended June 30, 2011 and 2010 are as follows:

	2011	2010
Source of Pledged Revenues		
Student Fees	\$ 69,717,657	\$ 63,960,825
Sales and Services Revenues	43,068,366	39,694,341
Other Operating Revenues	3,617,633	2,358,795
Investment Income	1,454,834	2,072,365
F&A Recovery Revenues	10,727,148	9,919,603
Total Pledged Revenues	\$ 128,585,638	\$ 118,005,929
Revenues Available for Debt Service	\$ 128,585,638	\$ 118,005,929
Debt Service on Bonds	12,302,937	11,110,027
Debt Service Coverage	10.5	10.6

Debt Defeased Through Advance Refunding – The University has defeased certain debt obligations through advanced refunding. These advance refundings are comprised of the University's Series 2005A, Series 2007A, 2010A, and 2011 bond issuances. The specific debt, principal payments, refunded amounts and remaining balances for the refunded bonds are as follows:

Refunded Issue	Original Issue Amount	Principal Payments	Refunded Amount	Balance 6/30/2011
Student Fee Refunding Revenue Bonds, Series 1996	\$ 9,285,000	\$ 6,160,000	\$ 3,125,000	\$ -
Student Fee Refunding Revenue Bonds, Series 1997B	12,380,000	5,090,000	7,290,000	-
Student Fee Revenue Bonds (Recreation Center Project) Series 1999	20,115,000	795,000	19,320,000	-
Student Fee Revenue Bonds, Series 1999A	1,470,000	295,000	1,175,000	-
Student Fee Revenue Bonds, Series 1999B	6,150,000	1,180,000	4,970,000	-
Student Fee Revenue Bonds, Series 1999C	6,305,000	2,240,000	4,065,000	-
Student Fee Revenue Bonds, Series 2001	40,930,000	2,895,000	38,035,000	-
General Revenue Refunding Bonds, Series 2007A	62,445,000	2,945,000	59,500,000	-
Totals	\$ 159,080,000	\$ 21,600,000	\$ 137,480,000	\$ -

During the year ended June 30, 2011, the University issued the Series 2011 bonds in the amount of \$60,765,000 with an initial fixed interest rate of 5.25% for 10 years and an assumed variable rate of 5% for the remaining 20-year term. The Series 2011 bonds were issued to refund 100% of the outstanding balance of \$59,500,000 of the Series 2007A bonds. The Series 2007A bonds had an initial fixed rate of 3.42% for 5 years and an assumed variable rate of 4% for the remaining 25-year term. All bond premium, accrued interest and certain closing costs in the amount of \$1,265,000 were refinanced in the issuance of the Series 2011 bonds.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

The Series 2011 bond issuance was undertaken by the University to restructure the existing Series 2007A bond's total debt service (principal and interest) payment terms and to secure a new fixed interest rate of 5.25% for the succeeding ten-year period. From fiscal years 2011 through 2021, the refunding of the Series 2007A bonds will result in a cash flow savings of \$3,218,000 due to the reduced debt service payments during that period. The projected debt service payments under the total life of the Series 2011 bonds will increase by \$26,924,000 over the previously projected debt service payments over the life of the Series 2007A bonds, resulting in an economic cost to the University of \$6,786,000. Due to the credit terms negotiated in its issuance of the Series 2011 bonds, the University anticipates restructuring the then-outstanding balance of these bonds of \$49,375,000 in fiscal year 2021.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

11. HEALTH INSURANCE PLAN AND HEALTH BENEFITS TRUST

The University of Idaho (“University”) is self-insured for the health insurance benefits it provides to employees and retirees. In June, 2007, the University established an affiliated but independent trust for the purpose of funding and paying its medical, mental health, dental and vision claims and their associated administrative costs under its health insurance plan for both active and retired employees. This trust, known as the University of Idaho Health Benefits Trust (“HBT”), was established as a tax-exempt entity under Section 115(1) of the Internal Revenue Code of 1986, as amended. The HBT is administered by a board of four trustees who are members of the University’s active staff and faculty. The HBT is maintained in an independent trust account established with U.S. Bank. This trust account is maintained under the sole control of the HBT board of trustees.

The HBT receives its funding for the payment of University health plan claims through a combination of employer, employee and retiree contributions. These contribution amounts are established in advance of the health plan year based upon independent actuarial valuation which takes into account health plan participant demographics, health plan design, expected health claim costs, and expected investment returns on HBT reserves.

Employer and employee contributions are made to the HBT on a bi-weekly basis corresponding to the University’s payroll schedule. Retiree contributions are billed and collected by the University quarterly and deposited to the HBT each calendar quarter. Additional employer funding may be provided by the University to the HBT as necessary to ensure the solvency of the HBT. Deposits into the HBT are irrevocable and may only be utilized for the payment of participating employee and retiree health plan claims, the associated administrative costs of such claims, and other necessary incidental costs attributable to the administration of the HBT.

Payments under the HBT are initiated via electronic request by University personnel on a weekly basis based upon processed claim information provided to the University by its contracted health plan claim administrators. All retiree-related costs incurred on an annual basis within the HBT apply toward the calculation of the University’s Annual Required Contribution (“ARC”) as determined under the requirements of Governmental Accounting Standard Board Statement 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.” The funding of the University’s liability under GASB 45 is recorded separately from the HBT under a second trust, the “University of Idaho Retiree Benefits Trust” as disclosed in Footnote 12 of these financial statements.

The financial statements of the HBT are audited annually on a calendar-year basis, and are publicly available via public records request by writing to: University of Idaho, Attn. General Accounting, P.O. Box 443166, Moscow, ID 83844-3166.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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 or death, and for 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 sent to Public Employee Retirement System of Idaho, P.O. Box 83720, Boise, Idaho 83720-0078.

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 three years ended June 30, 2011, 2010 and 2009, 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 \$5,270,141, \$5,466,813, and \$5,718,252, for the years ended June 30, 2011, 2010 and 2009, 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.

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 requirements (and amounts paid) for the three years ended June 30, 2011, 2010 and 2009 were \$13,079,670, \$13,180,764, and \$13,358,559, respectively, that consisted of \$7,465,789 from the University and \$5,613,881 from employees for 2011, \$7,466,306 from the University and \$5,714,458 from employees for 2010, and \$7,621,025 from the University and \$5,737,534 from employees for 2009.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Although enrollees in the ORP no longer belong to PERSI, the University is required by the State of Idaho to contribute supplemental payments to PERSI for these enrollees in the amount of 1.49% of the annual covered payroll. The University will be required to make these annual supplemental payments through July 1, 2025. During the three years ended June 30, 2011, 2010 and 2009, these supplemental funding payments made to PERSI were \$1,196,093, \$1,207,148, and \$1,226,593 respectively. These supplemental amounts are not included in the regular University PERSI contribution discussed previously.

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS AND RETIREE BENEFITS TRUST

A. PLAN DESCRIPTION

The University of Idaho (the "University") provides medical and dental benefits to eligible retirees, disabled employees, spouses, and survivors. The University also provides life insurance benefits to eligible retirees. Long-term disabled employees are treated as retirees and eligible for these same retiree benefits. These benefits represent a single-employer defined benefit plan administered by the University. The University has established a trust to fund the medical and dental portions of these post-employment benefits as described below in Section B.

Under certain conditions the University pays a portion of the coverage for retirees and disabled employees and the retiree or disabled employee pays the remainder. Spouses and survivors are always required to pay 100% of the cost for these benefits. 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. Employees who were hired on or after January 1, 2002 are not eligible for this benefit. Employees hired after January 1, 2002 are eligible to participate in the University's health insurance plan, but the University does not cover any portion of their premiums, deductibles, or coinsurance; those costs are the sole responsibility of the employee. All University post-employment benefits may be further established or amended by the University or the State Board of Education.

Funding for these benefits is comprised of both University and retiree contributions, combined with appropriated funding by the State of Idaho. The University determines the defined premium costs that will be borne by its retiree plan participants, and the State of Idaho Legislature determines the amount of annual state appropriations that will be granted to the University for employee and retiree benefits, provided to the University as a fixed annual amount per full-time equivalent employee. The University allocates this appropriated sum to its various employee and retiree benefits, including the retiree health insurance program. The University solely bears the risk for adverse financial performance within the retiree health insurance program, subject to a cap of \$150,000 per retiree per year, after which the University is reinsured. Retiree premium rates through calendar year 2011 range from \$0.00 to \$2,003.78 per month, depending upon the retiree's status and number of dependents including spouse. Retiree health plan performance is reviewed annually and premium rates are then annually adjusted by the University as necessary.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

B. TRUST DESCRIPTION

The University of Idaho established the Retiree Benefits Trust (“RBT”) in 2008 to fund the future payments required to provide post-employment benefits other than pension (“OPEB”) as described in Section A. above. The RBT is an independent, irrevocable trust administered on behalf of the University by Wells Fargo Bank as trustee. Funding and payment of the annual, ongoing retiree medical and dental benefits under the University’s Health Benefits Trust (“HBT”), as described in Footnote 11 to these financial statements, do apply toward the funding of the RBT to meet the requirements of the Annual Contribution Rate (“ARC”).

The RBT financial statements are audited annually on a calendar-year basis as an integral part of the University’s annual audit as represented in these statements.

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — Financial statements for the RBT are prepared using the accrual basis of accounting. University contributions are recorded and recognized in the period in which they are paid into the RBT.

Valuation of Investments – Investments are reported at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of the net change in fair value of investments in the statement of changes in plan assets.

D. PLAN MEMBERSHIP, CONTRIBUTION AND FUNDING STATUS

The number and class of retirees and employees are disclosed in the following table. These retiree and disabled counts do not include spouses or surviving spouses. These counts are as follows:

	Medical	Dental	Life	Sick Pay
Active	907	1,013	1,013	1,286
Retirees	852	190	718	N/A
Disableds	2	N/A	N/A	-
Retirees (Sick Leave)	N/A	N/A	N/A	8
Total Inactive	854	190	718	8
Total Combined	1,761	1,203	1,731	1,294

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

The University's ongoing obligations and liabilities are actuarially determined. These actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and are subject to continual revision based upon actual results. Actuarial projections of benefits are based upon the types of benefits provided under the University's retiree health plan and the pattern of cost sharing between the University and retirees at the time of valuation. The University's actuarial calculations are based upon long-term expectations and include techniques that are designed to reduce short-term volatility in the actuarial accrued liabilities and corresponding asset values.

The Entry Age Normal cost method and the Level Dollar amortization method have been utilized to actuarially calculate the University's Present Value of Benefits ("PVB"), Actuarial Accrued Liability ("AAL"), Annual Required Contribution ("ARC") and Annual OPEB Cost ("AOC") for the retiree health plan. Due to the University's establishment of the RBT to hold the funds required to finance its unfunded OPEB liability, the Unfunded Accrued Liability ("UAL") is amortized with interest over a 30-year period. All expected amortization payments are discounted to the end of the year. These actuarial calculations utilize an estimated discount rate of 6.25% and an estimated salary inflation rate of 3.00%. The discount rate of 6.25% is based upon the University's historical and long-term expected investment returns on the trust that has been established to fund these future benefits. All retiree medical, prescription drug, dental, sick pay conversion and life insurance benefits are included in the University's actuarial calculations. The results of these calculations are summarized as follows:

	<u>Entry Age Normal Level</u> <u>Dollar Cost Method</u>
Present Value of Benefits (PVB)	\$79,771,000
Actuarial Accrued Liability (AAL)	74,563,000
Annual Required Contribution (ARC) ¹	5,250,000
Estimated Pay-As-You-Go Contributions ²	2,779,000
Contributions to Qualifying Trust	<u>2,841,000</u>
Total Actual Annual Contributions	5,620,000
Net Annual OPEB Cost (AOC) - Funding Excess	370,000
Total Actual Annual Contributions as % of ARC	107.0%

¹The ARC reflects a 30-year level dollar amortization of the unfunded AAL. The amortization also reflects interest at the discount rate.

² Estimated Pay-As-You-Go Contributions are net of estimated retiree contributions.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Funded Status, Utilizing Entry Age Normal Cost Method and Level Dollar Amortization Method of UAAL – As of June 30, 2011:

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Sick Pay</u>	<u>Total</u>
Present Value of Benefits (PVB)					
Retirees	\$44,871,000	\$223,000	\$4,064,000	\$24,000	\$49,182,000
Actives	<u>26,968,000</u>	<u>185,000</u>	<u>343,000</u>	<u>3,093,000</u>	<u>30,589,000</u>
Total	\$71,839,000	\$408,000	\$4,407,000	\$3,117,000	\$79,771,000
Actuarial Accrued Liability (AAL)					
Retirees	\$44,871,000	\$223,000	\$4,064,000	\$24,000	\$49,182,000
Actives	<u>23,839,000</u>	<u>170,000</u>	<u>335,000</u>	<u>1,037,000</u>	<u>25,381,000</u>
Total	\$68,710,000	\$393,000	\$4,399,000	\$1,061,000	\$74,563,000
Assets	<u>\$12,687,000</u>	<u>\$73,000</u>	<u>\$812,000</u>	<u>\$196,000</u>	<u>\$13,768,000</u>
Unfunded AAL(UAAL)	\$56,023,000	\$320,000	\$3,587,000	\$662,000	\$60,795,000
Assets as % of AAL(Funded Ratio)	18.5%	18.6%	18.5%	18.5%	18.5%
UAAL as % of Annual Covered Payroll	98.1%	0.5%	6.0%	1.1%	49.9%
Annual Required Contribution (ARC)					
Normal Cost ¹	\$415,000	\$2,000	\$2,000	\$295,000	\$714,000
Amortization of Unfunded AAL ²	<u>\$4,178,000</u>	<u>\$24,000</u>	<u>\$269,000</u>	<u>\$65,000</u>	<u>\$4,536,000</u>
Total ARC	\$4,593,000	\$26,000	\$271,000	\$360,000	\$5,250,000
Estimated Benefit Payments (pay-as-you-go) ³	\$2,355,000	\$81,000	\$327,000	\$16,000	\$2,779,000
Covered Payroll	\$57,117,000	\$59,971,000	\$59,971,000	\$6,186,000	\$12,183,400

¹Includes interest to year end.

²Level dollar basis for 30 years. Interest charged at the discount rate and paid at the end of the year.

The accompanying schedule of University contributions presents trend information about the amounts contributed to the plan by the University in comparison to the ARC, an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the University and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the University and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation is as follows:

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

	Retiree Benefits Trust ("RBT")
Valuation Date	7/1/2010
Reporting Date	7/1/2011
Measurement Date	4/1/2011
Actuarial Cost Method	Entry Age Normal
Actuarial Amortization Method	Level Dollar to decrement age
Remaining Amortization Period	30 Years, Open
Asset Valuation Method	Fair Market Value

Actuarial Assumptions:

Investment Rate of Return	6.25%
Healthcare Cost Trend Rates:	
Medical and drug initial	11%
Medical and drug ultimate	5%
Dental initial	5%
Dental ultimate	5%
Inflation Rate - All Other	N/A
Administrative Costs - Medical & Dental	Included in Claim Costs
- Life Insurance	10%

University of Idaho Retiree Benefits Trust Required Supplementary Information Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll (b-a)/(c)
6/30/2008	\$ 4,325,000	\$ 83,011,000	\$ 78,686,000	5.21%	\$ 120,560,000	65.27%
6/30/2009	8,333,000	77,141,000	68,808,000	10.80%	129,435,000	53.16%
6/30/2010	13,768,000	75,973,000	62,205,000	18.12%	124,584,000	49.93%
6/30/2011	19,159,000	74,563,000.00	55,404,000	25.70%	121,834,000	45.47%

University of Idaho Retiree Benefits Trust Required Supplementary Information Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 7,157,000	101%
2009	6,362,000	101%
2010	5,863,000	116%
2011	5,250,000	107%

14. VOLUNTARY TERMINATION BENEFITS

In November, 2009, the University initiated a voluntary Exit Incentive Program (EIP) to afford Board-appointed eligible faculty and staff members who desired to leave University employment an opportunity to do so with an economic incentive. In order to have been eligible to participate in this program, faculty and staff had to meet the following requirements on or before December 15, 2009:

- 1) Ten or more years of qualified service (as defined in the EIP) to the University;
- 2) Attainment of at least age 60 prior to June 30, 2010 and have accumulated at least 80 points through a combination of one point for each year of age and one point for each full year of qualified service;
- 3) Be an employee in good standing. They could not be under a suspension with or without pay, they could not have received a written notification of layoff, termination of employment, or nonrenewal (except for unit wide notices of nonrenewal), or have been notified of dismissal proceedings initiated by the University.

Eligible employees and faculty had to enroll in the EIP between December 15, 2009 and March 5, 2010. For those eligible persons who elected to enroll in the EIP, each participant signed a formal agreement releasing the University from certain types of legal liability and preventing the participant from being eligible to seek reemployment by the University for a period of at least 90 days. The University has obligated itself to make payments under this plan to the heirs or beneficiaries of the participant should the participant die before receiving payments under the EIP.

The exit incentive payment provided to eligible employees and faculty who enrolled is one-half of the employee's or faculty member's salary as defined in their salary agreement or salary letter and did not include any compensation amounts not included in the agreement or letter such as bonuses or summer salaries for faculty. Payment of the exit incentive amount will occur in two equal payments, the first in July, 2010 and the second in July, 2011, each payment comprised of $\frac{1}{4}$ of the employee or faculty member's salary as described above. Total incentive payments for those staff and faculty members who enrolled in the program have been calculated to be \$1,786,987. This amount has been recognized and recorded by the University in its FY10 Statement of Net Assets in "Other" liabilities, divided equally between current and noncurrent liabilities to reflect the timing of EIP payments. In accordance with the requirements of GASB Statement No. 47, *Accounting for Termination Benefits*, the University performed a present value analysis of the calculated payments for both years that resulted in an immaterial difference between the discounted and full value of these payments. The University therefore chose to record the EIP liability at its full amount. The recognition of this liability of \$1,786,987 resulted in a corresponding increase in the University's FY10 salaries expense in its Statement of Revenues, Expenses and Changes in Net Assets.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

15. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION

The following table shows the University's operating expenses by natural classifications within their functional classifications for the years ending June 30, 2011 and 2010:

<u>Expenses 2011</u>	<u>Salaries</u>	<u>Benefits</u>	<u>Services</u>	<u>Supplies</u>	<u>Ins, utilities & rent</u>	<u>Scholarships & Fellowships</u>	<u>Depreciation</u>	<u>Other</u>	<u>Totals</u>
Instruction	\$ 52,747,146	\$ 17,486,021	\$ 6,248,480	\$ 4,189,822	\$ 506,649	\$ 4,001,411	\$ -	\$ 1,459,784	\$ 86,639,313
Research	37,584,439	12,867,044	14,857,033	6,364,216	831,231	2,285,314	-	624,092	75,413,369
Public Service	15,078,982	5,044,236	6,626,826	1,304,362	368,390	2,006,155	-	704,706	31,133,657
Academic Support	6,884,581	2,159,284	1,530,796	738,778	141,581	(65,584)	-	204,793	11,594,229
Libraries	2,311,011	848,262	428,217	481,621	549	1,655	-	22,285	4,093,600
Student Services	6,660,127	2,354,457	1,292,189	493,248	407,441	111,180	-	479,563	11,798,205
Institutional Support	15,605,845	6,241,276	5,960,133	(759,964)	312,730	(334,694)	-	565,257	27,590,583
Plant Operations	6,899,142	2,938,597	1,782,313	1,205,645	9,749,545	19,467	22,150,113	273,223	45,018,045
Scholarships & Fellowships	605,820	280	4,924	5,783	-	21,531,157	-	-	22,147,964
Auxiliary Enterprises	10,441,152	3,273,485	12,922,066	7,190,402	2,504,672	1,604,147	-	842,349	38,778,273
	<u>\$ 154,818,245</u>	<u>\$ 53,212,942</u>	<u>\$ 51,652,977</u>	<u>\$ 21,213,913</u>	<u>\$ 14,822,788</u>	<u>\$ 31,160,208</u>	<u>\$ 22,150,113</u>	<u>\$ 5,176,052</u>	<u>\$ 354,207,238</u>

<u>Expenses 2010</u>	<u>Salaries</u>	<u>Benefits</u>	<u>Services</u>	<u>Supplies</u>	<u>Ins, utilities & rent</u>	<u>Scholarships & Fellowships</u>	<u>Depreciation</u>	<u>Other</u>	<u>Totals</u>
Instruction	\$ 56,350,286	\$ 16,447,418	\$ 6,007,422	\$ 4,700,508	\$ 529,876	\$ 4,095,709	\$ -	\$ 1,104,424	\$ 89,235,643
Research	38,065,980	10,655,661	12,213,906	4,537,921	644,962	1,478,204	-	320,508	67,917,142
Public Service	15,052,046	5,150,399	6,607,072	1,245,087	281,226	1,460,170	-	735,632	30,531,632
Academic Support	7,187,238	2,367,570	1,652,991	749,586	175,100	(47,183)	-	155,867	12,241,169
Libraries	2,308,791	871,409	327,433	456,329	80	34,112	-	2,146	4,000,300
Student Services	5,732,608	2,155,483	1,629,653	378,442	98,385	101,261	-	272,617	10,368,449
Institutional Support	15,310,771	9,062,679	5,882,695	(895,189)	390,560	(242,289)	-	605,508	30,114,735
Plant Operations	6,857,840	3,028,046	2,016,161	1,475,876	9,879,848	19,599	21,993,020	159,603	45,429,993
Scholarships & Fellowships	544,055	66	90	3,521	-	17,482,718	-	288	18,030,738
Auxiliary Enterprises	10,941,703	3,686,402	6,327,068	10,471,133	2,173,595	1,732,420	-	681,204	36,013,525
	<u>\$ 158,351,318</u>	<u>\$ 53,425,133</u>	<u>\$ 42,664,491</u>	<u>\$ 23,123,214</u>	<u>\$ 14,173,632</u>	<u>\$ 26,114,721</u>	<u>\$ 21,993,020</u>	<u>\$ 4,037,797</u>	<u>\$ 343,883,326</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

16. 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. The University considers any such potential refunds likely to be immaterial.

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 legal matters will not materially affect the financial position of the University.

17. RISK MANAGEMENT

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

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

18. COMPONENT UNIT

The University of Idaho Foundation, Inc. (Foundation) is a legally separate, 501(c)(3) component unit of the University of Idaho (University) which was established in 1970. The mission of the University of Idaho Foundation, Inc. Moscow, Idaho is to secure, manage, and distribute private support to enhance the growth and development of the University of Idaho. A Board of Directors comprised of up to 25 voting members governs and conducts the business of the Foundation, meeting at least four times in each fiscal year. The officers of the Foundation are Chairman, Vice-Chairman, Treasurer, Secretary, and Past Chairman. Committees include: the Executive Committee, Committee on Directors, Operations and Finance Committee, Investment Committee, Audit Committee, Gift Acceptance Committee, and other committees appointed by the Chairman as necessary to carry out the business of the Foundation. An Executive Director manages the operations of the Foundation. The Foundation professional staff also includes the Director of Finance; Director, Endowment and Gift Administration; Assistant Director, Finance; a Financial Specialist and support staff. The Foundation strategically partners with the leadership team at the University of Idaho including the President, Vice President of University Advancement and the Executive Director of Planning and Budget. 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.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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, 2011 and 2010 are as follows:

INVESTMENTS—Investments in marketable securities are recorded at fair value as determined by quoted market prices. At June 30, 2011, the fair value of restricted and unrestricted investments was \$209,277,568 and \$4,195,757 respectively. At June 30, 2010, the fair value of restricted and unrestricted investments was \$172,004,872 and \$2,907,246 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, 2011 and June 30, 2010 respectively:

Investment Type	2011	2010
U.S. Government Agency Obligations	\$ 7,397,744	\$ 12,232,138
Corporate Bonds	41,741,786	30,772,530
Preferred Stock	2,060,461	2,936,295
Municipal Securities	1,230,239	1,038,217
U.S. Treasuries	16,107,310	23,678,854
Common Stock	101,670,050	89,907,666
International Equity Funds	12,180,830	3,170,291
Mutual Funds	14,002,215	2,516,525
Private Equity	5,592,572	3,569,303
Real Assets	11,489,325	4,529,667
Foreign Currency	793	560,632
	<u>\$ 213,473,325</u>	<u>\$ 174,912,118</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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, 2011, 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	\$ 41,741,786	\$ 2,084,074	\$ 24,698,782	\$ 10,553,338	\$ 4,405,592
U.S. Government Agency Obligations	7,397,744	2,006,486	34,812	844,816	4,511,630
U.S. Treasuries	16,107,310	2,014,533	6,600,043	7,492,734	-
Municipal Securities	1,230,239	-	705,043	25,044	500,152
	<u>\$ 66,477,079</u>	<u>\$ 6,105,093</u>	<u>\$ 32,038,680</u>	<u>\$ 18,915,932</u>	<u>\$ 9,417,374</u>

As of June 30, 2010, 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	\$ 30,772,530	\$ 661,644	\$ 7,414,585	\$ 11,243,095	\$ 11,453,206
U.S. Government Agency Obligations	12,232,138	-	19,835	1,273,254	10,939,049
U.S. Treasuries	23,678,854	103,936	14,326,245	7,866,079	1,382,594
Municipal Securities	1,038,217	-	655,146	25,027	358,044
	<u>\$ 67,721,739</u>	<u>\$ 765,580</u>	<u>\$ 22,415,811</u>	<u>\$ 20,407,455</u>	<u>\$ 24,132,893</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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, 2011, the Foundation had the following investment credit risk:

Investment Securities Subject to Credit Risk at June 30, 2011

Credit Rating	U.S. Government Agency Obligations	Corporate Debt	Municipal Securities	Total
AAA	\$ 7,381,193	\$ 3,883,564	\$ -	\$ 11,264,757
AA	-	7,585,473	249,121	7,834,594
A	-	11,438,663	736,172	12,174,835
BBB	-	10,449,161	-	10,449,161
BB	-	1,815,059	39,830	1,854,889
B	-	4,340,858	-	4,340,858
CCC	-	727,806	-	727,806
CC	-	167	-	167
Not Rated	16,551	1,501,035	205,116	1,722,702
Total	\$ 7,397,744	\$ 41,741,786	\$ 1,230,239	\$ 50,369,769

Investment Securities Subject to Credit Risk at June 30, 2010

Credit Rating	U.S. Government Agency Obligations	Corporate Debt	Municipal Securities	Total
AAA	\$ 12,214,035	\$ 2,058,543	\$ -	\$ 14,272,578
AA	-	2,357,980	107,718	2,465,698
A	-	5,697,670	612,850	6,310,520
BBB	-	9,728,149	-	9,728,149
BB	-	2,001,994	38,413	2,040,407
B	-	4,381,077	-	4,381,077
CCC	-	1,926,186	-	1,926,186
CC	-	81,849	-	81,849
Not Rated	18,103	2,539,082	279,236	2,836,421
Total	\$ 12,232,138	\$ 30,772,530	\$ 1,038,217	\$ 44,042,885

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.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

- 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.)

As of June 30, 2011 and June 30, 2010 respectively, 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, 2011 and June 30, 2010 respectively, all Foundation funds were insured or registered investments, or investments held by the Foundation or their agent in the Foundation's name.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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 for June 30, 2011 and June 30, 2010 respectively:

Investment Securities Subject to Foreign Currency Risk

Currency Type	June 30, 2011 Fair Value	June 30, 2010 Fair Value
AUD	\$ 2,704,106	\$ 2,477,884
BMD	-	407
BRL	1,153,313	306,812
CAD	84,463	458,760
CHF	1,672,554	959,741
CLP	151,677	30,543
CNY	1,294,296	259,446
COP	37,171	15,569
CZK	27,935	7,186
DKK	29,562	516,651
EGP	15,674	10,618
EUR	4,061,707	2,455,670
GBP	6,371,007	4,792,548
HKD	2,958,430	3,707,262
HUF	48,855	8,714
IDR	236,473	47,909
ILS	17,247	6,480
INR	646,510	167,632
JPY	3,589,605	4,518,890
KRW	1,183,810	269,904
MAD	6,718	2,994
MXN	392,702	88,302
MYR	257,913	58,915
NOK	12,669	22,401
NZD	16,893	222,066
PEN	22,392	8,921
PHP	52,027	9,621
PLN	148,037	24,988
RUB	497,104	125,497
SEK	492,706	574,150
SGD	1,650,233	1,368,920
THB	149,867	30,771
TRY	131,934	32,361
TWD	960,107	214,522
UAH	-	422
ZAR	608,254	144,745
	<u>\$ 31,683,951</u>	<u>\$ 23,948,222</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

DISTRIBUTIONS TO UNIVERSITY OF IDAHO AND AFFILIATES

During fiscal years 2011 and 2010, earnings from endowments invested in the C.I.T., direct gifts and other revenues to the Foundation were distributed as follows:

	2011		2010	
	C.I.T. Endowment Income	Gifts and Other Revenues	C.I.T. Endowment Income	Gifts and Other Revenues
Scholarships	\$ 4,084,770	\$ 2,957,307	\$ 3,985,636	\$ 3,316,883
Student loans	166,600	-	159,618	-
Building funds	-	2,757,897	-	937,510
University of Idaho College and				
Dept Operating Accounts				
Academic Excellence	377,232	31,731	371,167	52,110
Agricultural and Life Sciences	252,304	1,088,830	245,025	633,069
Art and Architecture	12,599	127,562	11,972	56,756
Athletics	32,247	459,632	37,886	441,076
Business and Economics	232,871	548,305	262,263	427,452
Education	26,311	397,897	24,448	171,103
Engineering	73,203	567,074	81,549	568,724
Law	171,720	95,895	176,465	128,043
Letters, Art and Social Science	414,314	339,404	387,842	314,459
Library	117,669	745	117,856	28,741
Natural Resources	179,817	254,346	180,928	359,760
Science	109,083	287,802	97,108	186,337
Other departments	288,555	988,550	309,375	1,044,243
Life beneficiaries	176,018	-	349,666	-
University of Idaho affiliates	365	56,585	30,349	48,749
TOTAL DISTRIBUTIONS	\$ 6,715,678	\$ 10,959,562	\$ 6,829,153	\$ 8,715,015

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, and is applicable lacking any further guidance from the individual gift agreement. During the fiscal years ended June 30, 2011 and June 30, 2010, \$3,329,438 and \$2,418,134 was contributed to current endowments, respectively.

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 interest and dividends, and all realized gains are reinvested. 2) The Foundation Board of Directors establishes a spending rate annually for endowments without the

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

restrictive reinvestment language. The approved fiscal year 2011 and 2010 spending rates were set at 4.5% and 4% respectively of the three-year rolling average of the C.I.T.'s monthly fair market value. If total 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.

During the fiscal year ended June 30, 2011 and 2010, the endowments held by the Foundation had net appreciation (depreciation) on donor restricted endowments of \$28,121,710 and \$16,749,694. 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.

19. RELATED ORGANIZATIONS

The Idaho Research Foundation, Inc. (the "Research Foundation") is a separate legal entity that until 2008 provided technology transfer services to the University. In 2008 an agreement was reached between the University and Research Foundation to integrate some of the services into the University. The new role of the Research Foundation is to hold equity from licensing transactions on behalf of 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, the Research Foundation had drawn \$126,000 on the line-of-credit. As part of the agreement to integrate into the University the \$126,000 was forgiven and the note was removed from the University's books in fiscal year 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. It does not provide significant financial resources to the University and is not reported as a component unit.

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.

20. RISKS AND UNCERTAINTIES

Per Regents of University of Idaho policy, the University invests in various types of investment securities rated Aa or better. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, changes

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

in the values of investments securities may occur in the near term and such changes could affect the amounts reported in the statement of financial position.

Since June 2008, there has been significant volatility in the domestic and international investment markets, primarily as a result of liquidity issues in credit markets. Consequently, the fair value of the University's investments may be exposed to higher than typical price volatility which could result in a subsequent reduction in fair value of certain investments from the amounts reported as of June 30, 2011.

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

Idaho State Board of Education
University of Idaho
Moscow, Idaho

We have audited the financial statements of the University of Idaho (the University), its discretely presented component unit, and the aggregate remaining fund information of the University, as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements, and have issued our report thereon dated September 28, 2011. 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. Other auditors audited the financial statements of the University of Idaho Foundation, a discretely presented component unit, and the University of Idaho Health Benefits Trust, a fiduciary fund, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the University of Idaho Health Benefits Trust were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A deficiency in internal control 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



COMPLIANCE AND OTHER MATTERS

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

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

A handwritten signature in dark ink that reads "Moss Adams LLP".

Eugene, Oregon
September 28, 2011

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 University of Idaho's (University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2011. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.



INTERNAL CONTROL OVER COMPLIANCE

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on 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's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

A handwritten signature in dark ink that reads "Moss Adams LLP". The script is cursive and fluid.

Eugene, Oregon
September 28, 2011

UNIVERSITY OF IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency (ies) identified? _____ yes X none reported

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

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

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

Student Financial Assistance Cluster:

84.268	Federal Direct Loans
84.033	Federal Work-Study Program
84.038	Federal Perkins Loans
84.063	Pell Grant Program
84.007	Supplemental Educational Opportunity Grant Program
84.375	Academic Competitiveness Grant
84.376	National Science and Mathematics Access to Retain Talent

Child Care and Development Fund Cluster:

93.575	Child Care and Development Block Grant
93.713	ARRA – Child Care and Development Block Grant

State Fiscal Stabilization Fund Cluster

84.394	State Fiscal Stabilization Fund – Education State Grants, Recovery Act
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Dollar threshold used to distinguish between type A and type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? X yes _____ no

**UNIVERSITY OF IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, (Continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Section II - Financial Statement Findings

None.

**UNIVERSITY OF IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, (Continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Section III - Federal Award Findings and Questioned Costs

None.

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

Finding 2010-01: **Suspension and Debarment**
Federal Program: **Research and Development Cluster**
Federal Agencies: **National Science Foundation (CFDA 47.082)**
 Department of Health and Human Services (CFDA 93.389)

Condition: There were two covered transactions exceeding \$25,000 for which verification of suspension and debarment status did not occur.

Recommendation: Moss Adams recommended the purchasing office ensure suspension and debarment verifications are performed for all categories of covered transactions by training new employees. In addition, they further recommended management establish a monitoring or oversight mechanism to ensure compliance.

View of University Officials on Current Status of Finding: During FY2011, the University Purchasing Services department ensured that all staff members have been properly trained regarding the department's internal policies and procedures concerning suspension and debarment verification. The new buyer hired in FY11 has been assigned responsibility for conducting these verifications, and the senior buyer routinely conducts audits of sample purchase orders to confirm that the department's suspension/debarment policies and procedures are being followed. In addition, Purchasing Services is conducting EPLS searches on all "K" account procurements between \$5,000 to \$25,000 to ensure compliance with the Federal suspension/debarment requirements.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON- RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF AGRICULTURE							
DEPARTMENT OF AGRICULTURE							
09JV11221632177	10				36,234		36,234
10CS11010500029	10				3,275		3,275
09PA11046000048	10		14,277				14,277
RMRS99514RCRA	10		(305)				(305)
08CS11010500034	10		130				130
08CS11011800027	10		3,066				3,066
08JV11221633281	10		34,746				34,746
08JV11221659038	10		4,358				4,358
09CR11010500037	10		30,054				30,054
09CS11221633209	10		8,357				8,357
09JV11221632011	10		24,628				24,628
09JV11221632067	10		15,979				15,979
1081001547CA	10		41,921				41,921
10JV11221634247	10		3,103				3,103
10JV11261900065	10		16,356				16,356
11CS11010500001	10		19,246				19,246
AG0261P100083	10		15,853				15,853
FSN09CR11060500022	10		1,103				1,103
MOD#305PA11015600051	10		22,510				22,510
05PA11015600051 M1	10		20,074				20,074
06JV11221648191	10		18,074				18,074
07CS11221662248	10		1,663				1,663
07JV11111133088	10		36,567				36,567
07JV11221644280	10		4,211				4,211
07JV11221659164	10		13,911				13,911
07JV11221659314	10		10,558				10,558
08JV11060123103	10		77,748				77,748
08JV11221611160	10		21,066				21,066
08JV11221632238	10		336				336
08-JV-11221633-159	10		7,051				7,051
08-JV-11221633-159	10		14,748				14,748
08JV11221633201	10		17,216				17,216
08JV11221633293	10		3,146				3,146
08JV11221634236	10		38,675				38,675
08JV11221659036	10		105,845				105,845
08JV11221665050	10		39,986				39,986
09CR11221633327	10		4,873				4,873
09CS1221633210	10		18,964				18,964

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECTNON- RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF AGRICULTURE							
DEPARTMENT OF AGRICULTURE (Continued)							
09JV11052007214	10		20,058				20,058
09JV11221633340	10		3,394				3,394
09JV11221634294	10		3,145				3,145
09JV11221634314	10		38,665				38,665
09JV11221634314	10		50,344				50,344
09JV11221637270	10		12,853				12,853
10CR11221632182	10		28,369				28,369
10CS11221634262	10		2,959				2,959
10JV11111133093	10		27,851				27,851
10JV11221633206	10		18,000				18,000
10JV11221634252	10		12,683				12,683
10JV11261900039	10		16,300				16,300
10JV11272162041	10		42,738				42,738
11JV11221611115	10		1,228				1,228
PNW06JV11261975281	10		13,316				13,316
PNW07JV11261985166	10		1,678				1,678
PNW07JV11261987168	10		(3,140)				(3,140)
PNW08JV11261900081	10		(3,806)				(3,806)
PNW08JV11261900082	10		88,179				88,179
PNW10JV11261987041	10		4,079				4,079
GNK702	10		55,000				55,000
12029826000945	10				25,057		25,057
09CA11010403031	10				2,627		2,627
10CR11221637077	10				976,560		976,560
10PA11010404038	10				6,048		6,048
68054610003	10				13,500		13,500
08JV11221611160	10				340,517		340,517
09JV11221637312	10				19,400		19,400
10CR11221632267	10				2,495		2,495
IACAWARDLTR	10			16,351			16,351
SRTGGAAWARDLTR	10			14,664			14,664
LETTER FROM R. BATT	10			15,922			15,922
1132	10			14,712			14,712
AGREEMENTFORSERVICES	10			720			720
GFK388	10			-			-
GFK419	10			2			2
GFK942	10			1,317			1,317
2010AWARD	10			2,266			2,266

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY NUMBER	FEDERAL CFDA EXTENSION	DIRECT RESEARCH EXPENDITURES	PASS THROUGH RESEARCH EXPENDITURES	DIRECT NON- RESEARCH EXPENDITURES	PASS THROUGH NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF AGRICULTURE							
DEPARTMENT OF AGRICULTURE (Cont.)							
2010 AWARD	10			287			287
1408S001	10			25,982			25,982
G002539	10					7,155	7,155
IDOL ID Master Forest Owner Program	10					6,886	6,886
IF&G Wolf DNA Analysis	10			2,276			2,276
IF&G Grnd Squirrel Habitat & Fire	10			3,809			3,809
IETIC Director	10			(26)			(26)
IETIC Data Manager	10			(5)			(5)
IETIC Russell H Hudson Gene Archive	10			78			78
IETIC Test 3 Systematic Insecticide	10			(153)			(153)
ARRA DEPARTMENT OF AGRICULTURE (RECOVERY)	10						
ARRA 10JV112282B1015	10	ARRA	15,896				15,896
AGRICULTURE RESEARCH SERVICE							
Agricultural Research-Basic and Applied Research	10	001	962,880	304,874			1,267,754
AGRICULTURAL MARKETING SERVICE							
Federal-State Marketing Improvement Program	10	156	17,989				17,989
Specialty Crop Block Grant Program	10	169				43,566	43,566
Specialty Crop Block Grant Program - Farm Bill	10	170		207,763			207,763
ANIMAL AND PLANT HEALTH INSPECTION SERVICE							
Plant and Animal Disease, Pest Control, and Animal Care	10	025	12,806				12,806
NATIONAL INSTITUTE OF FOOD AND AGRICULTURE							
Grants for Agricultural Research, Special Research Grants	10	200	1,512,279	616,391		8,500	2,137,170
Cooperative Forestry Research	10	202	390,938				390,938
Payments to Agricultural Experiment Stations Under the Hatch Act	10	203	1,629,882				1,629,882
Grants for Agricultural Research_Competitive Research Grants	10	206	742,070	106,202			848,272
Animal Health and Disease Research	10	207	52,404				52,404
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10	210			290		290
Sustainable Agriculture Research and Education	10	215		67,244		1,449	68,693
Higher Education Challenge Grants	10	217	27,282	75,428		50,470	153,180
Biotechnology Risk Assessment Research	10	219	21,645				21,645
Higher Education Multicultural Scholars Program	10	220			40,700		40,700
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10	226			15,580		15,580
1994 Institutions Research Program	10	227		9			9

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY NUMBER	FEDERAL CFDA EXTENSION	DIRECT RESEARCH EXPENDITURES	PASS THROUGH RESEARCH EXPENDITURES	DIRECT NON- RESEARCH EXPENDITURES	PASS THROUGH NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF AGRICULTURE							
DEPARTMENT OF AGRICULTURE (Cont.)							
Integrated Programs	10	303	1,033,662	55,712			1,089,374
Homeland Security_Agriculture	10	304		66,821			66,821
Biodiesel	10	306			168,674		168,674
Organic Agriculture Research and Extension Initiative	10	307	21,992	40,987	6,653		69,632
Specialty Crop Research Initiative	10	309		64,075			64,075
Agriculture and Food Research Initiative (AFRI)	10	310	573,248	68,157		4,512	645,917
Beginning Farmer and Rancher Development Program	10	311				4,565	4,565
Cooperative Extension Service	10	500	252,679	13,737	3,177,978	236,507	3,680,901
FOOD AND NUTRITION SERVICE							
Child and Adult Care Food Programs	10	558				39,319	39,319
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10	561				759,623	759,623
FOREST SERVICE							
Cooperative Forestry Assistance	10	664	29,989	9,398		14,241	53,628
Forest Products Lab: Technology Marketing Unit (TMU)	10	674	2,862				2,862
Forest Health Protection	10	680	122,477	7,480			129,957
ARRA Recovery Act of 2009: Capital Improvement and Maintenance	10	687	54,199				54,199
RURAL DEVELOPMENT							
Rural Business Enterprise Grants	10	769				933	933
NATURAL RESOURCES CONSERVATION SERVICE							
Resource Conservation and Development	10	901			10,779	-	10,779
Soil & Water Conservation	10	902	26,727	13,394			40,121
Soil Survey	10	903	27,196				27,196
Environmental Quality Incentives Program	10	912	13,168	1,389			14,557
FOREIGN AGRICULTURAL SERVICE							
Cochran Fellowship Program-International Training-Foreign Participant	10	962			15,768	-	15,768
Total - Department of Agriculture			8,688,257	1,817,263	4,862,135	1,177,726	16,545,381
DEPARTMENT OF COMMERCE							
DEPARTMENT OF COMMERCE							
AB133F07CN0222	11		25,659				25,659
AB133F07SE5377	11		7,759				7,759
AB133F08SE5072	11		11,250				11,250

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY NUMBER	FEDERAL CFDA EXTENSION	DIRECT RESEARCH EXPENDITURES	PASS THROUGH RESEARCH EXPENDITURES	DIRECT NON- RESEARCH EXPENDITURES	PASS THROUGH NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF COMMERCE							
DEPARTMENT OF COMMERCE (Continued)							
AB133F09SE3090	11		12,114				12,114
AB133F06SE5682	11		1,091				1,091
AB133F09SE3785	11		25,228				25,228
ECONOMIC DEVELOPMENT ADMINISTRATION							
Economic Development_Technical Assistance	11	303				254	254
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION							
Climate and Atmospheric Research	11	431	30,172	30,637			60,809
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	11	438		221,537			221,537
Congressionally Identified Awards and Projects	11	469		56,346			56,346
Unallied Science Program	11	472	7,256	66,549			73,805
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY							
Manufacturing Extension Partnership	11	611		(100)		217,014	216,914
Total - Department of Commerce			120,529	374,969	-	217,268	712,766
DEPARTMENT OF DEFENSE							
DEPARTMENT OF DEFENSE							
IPA 1004	12				149,324		149,324
TOW9127N0920009001	12		59,484				59,484
MDA972-00-1-0001	12		(74)				(74)
N0016709P0457	12		15,626				15,626
W912HQ07C0014	12		(2,866)				(2,866)
W912EF08D0005TO6	12			(6,863)			(6,863)
080026805	12			34,398			34,398
0800026806	12			144,269			144,269
8007000110	12			33,062			33,062
8007000110MI	12			37,633			37,633
0800026807	12			132,534			132,534
UII	12			5,124			5,124
UII	12			72,351			72,351
RSC07046	12			153,752			153,752
114277G002680	12			31,515			31,515
AGREEMENT 07/26/08	12			45,788			45,788
08ESM346146	12			18,949			18,949

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECTNON- RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF DEFENSE							
OFFICE OF THE CHIEF OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY							
Basic and Applied Scientific Research	12	300	2,464,185				2,464,185
OFFICE OF THE SECRETARY OF DEFENSE							
Basic Scientific Research - Combating Weapons of Mass Destruction	12	351	21,173				21,173
DEPARTMENT OF THE AIR FORCE MATERIAL COMMAND							
Air Force Defence Research Sciences Program	12	800	7,146	241,899			249,045
NATIONAL SECURITY AGENCY							
Mathematical Sciences Grants Program	12	901	7,806				7,806
Information Security Grant Program	12	902	(251)				(251)
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY							
Research and Technology Development	12	910	921,357	4,601			925,958
Total - Department of Defense			3,493,586	949,012	149,324	-	4,591,922
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT							
Community Development Block Grants/Brownfields Economic Development Initiative	14	246			266,561	-	266,561
Total - Department of Housing and Urban Development			-	-	266,561	-	266,561
DEPARTMENT OF THE INTERIOR							
DEPARTMENT OF INTERIOR							
R10PX11033	15				3,989		3,989
H2380040001J2340070059	15				5,953		5,953
1443CA900095018 S14	15		(56)				(56)
1443CA900095018 S7M8	15		(135)				(135)
GI0PX01111	15		27,793				27,793
10877	15		749				749
0001090001	15		191,151				191,151
AGC00100014	15		7,200				7,200
H1200040001 J2130060434	15		1,211				1,211
H1200090004J2130090237	15		(273)				(273)
H2303050007 J2303050007	15		29,560				29,560
H2370094000J2370106512	15		167,959				167,959

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF THE INTERIOR							
DEPARTMENT OF INTERIOR (Continued)							
H8W07060001 J2410070064	15		30,908				30,908
J1242040718	15		31				31
J2126080004	15		4,239				4,239
J2126080004	15		16,615				16,615
J2126080004	15		27,490				27,490
J2126080004	15		36,471				36,471
J8W07060004 H8W07060001	15		112,050				112,050
J8W07090004H8W07060001	15		7,664				7,664
J8W07090006H8W07060001	15		78,703				78,703
J8W07090017H8W07060001	15		10,717				10,717
J92601S0009	15		30,895				30,895
KAA061023	15		37,685				37,685
L08AC13003 (DLA060250)	15		1,496				1,496
R2126100009	15		31,554				31,554
R2126100014	15		102				102
RS08A44004	15		2,808				2,808
06HQGR0082 M004	15		583				583
06HQGR0082 M004	15		10,823				10,823
101814M540	15		2,842				2,842
101818M840	15		132				132
10181AM8421014002069	15		27,068				27,068
CA 9700-5-9018	15		27				27
H1200090004 J9375100002	15		4,992				4,992
H2370094000 J2301100203	15		41,189				41,189
H2370094000 J2302090002	15		21,552				21,552
H2370094000/J2301110201	15		78,167				78,167
H2370094000J2330106500	15		8,499				8,499
H2370094000J2370106513	15		64,306				64,306
H2370094000R2330110008	15		268,621				268,621
H237009400J2370106506	15		466,323				466,323
H8R07060001J8R07070008	15		82,253				82,253
H8W07060001TA#J8W07080021	15		34,056				34,056
J2126077001H1200040001	15		(1,254)				(1,254)
J2302090001	15		656				656
J8R07080003_H8R07060001	15		25,721				25,721
J8R07090001H8R07060001	15		(669)				(669)
J8W07080001_H8W07060001	15		21,631				21,631
J8W07100041	15		37,763				37,763

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY NUMBER	FEDERAL CFDA EXTENSION	DIRECT RESEARCH EXPENDITURES	PASS THROUGH RESEARCH EXPENDITURES	DIRECT NON-RESEARCH EXPENDITURES	PASS THROUGH NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF THE INTERIOR							
DEPARTMENT OF INTERIOR (Continued)							
L07PX04919 (OLD#NAP070014)	15		800				800
1443CA900095018 SA 20 MOD 11	15				(252)		(252)
AG9C5000788	15				5,955		5,955
J9560100093H2370094000	15				66,061		66,061
LETTER09/17/10 LABOLLE	15				3,788		3,788
DTP070043	15				158		158
H2303050007 J2303060002	15				59,370		59,370
GFK236	15			596			596
SSIT&UOFIDAHOMOUNTAINGOAT	15			14,307			14,307
SR0906	15			33,281			33,281
LETTER 9/27/07 MACK	15			-			-
GFK642	15			-			-
GFK678	15			7,637			7,637
IF&G Grnd Squirrel Habitat & Fire	15			21,221			21,221
IETIC Director	15			(10)			(10)
IETIC Data Manager	15			(2)			(2)
IETIC Russell H Hudson Gene Archive	15			29			29
IETIC Test 3 Systematic Insecticide	15			(57)			(57)
Department of Interior	15	DAV	14,372		(9)		14,363
BUREAU OF LAND MANAGEMENT							
Cultural Resource Management	15	224				2	2
Recreation Resource Management	15	225	29,966				29,966
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15	228		1,137			1,137
Invasive and Noxious Plant Management	15	230	28,343				28,343
ARRA Fish, Wildlife and Plant Conservation Resource Management (RECOVERY)	15	231	242,122				242,122
Fish, Wildlife and Plant Conservation Resource Management	15	231	117,208				117,208
Challenge Cost Share	15	238	45,006				45,006
Management Initiatives	15	239			9,438	-	9,438
BUREAU OF RECLAMATION							
Water 2025	15	507	85,549				85,549
Providing Water to At-Risk Natural Desert Terminal Lakes	15	508		136,007			136,007
OFFICE OF SURFACE MINING							
Regulation of Surface Coal Mining & Surface Effects of Underground Coal Mining	15	250	73,501				73,501

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY NUMBER	FEDERAL CFDA EXTENSION	DIRECT RESEARCH EXPENDITURES	PASS THROUGH RESEARCH EXPENDITURES	DIRECT NON- RESEARCH EXPENDITURES	PASS THROUGH NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF THE INTERIOR							
US FISH AND WILDLIFE SERVICE							
Sport Fish Restoration Program	15	605		54,964			54,964
Fish and Wildlife Management Assistance	15	608	(116)	440			324
Wildlife Restoration	15	611		259,868			259,868
Cooperative Endangered Species Conservation Fund	15	615		24,384			24,384
State Wildlife Grants	15	634		37,501			37,501
Service Training and Technical Assistance (Generic Training)	15	649	6,826				6,826
Research Grants (Generic)	15	650	39,246				39,246
Endangered Species - Candidate Conservation Action Funds	15	660	3,656			53,154	56,810
U.S.GEOLOGICAL SURVEY							
Assistance to State Water Resources Research Institutes	15	805	27,285				27,285
U.S. Geological Survey_ Research and Data Collection	15	808	435,415				435,415
National Spatial Data Infrastructure Cooperative Agreements Program	15	809			17,845	-	17,845
National Cooperative Geologic Mapping Program	15	810	213,917				213,917
Gap Analysis Program	15	811	909,894				909,894
Cooperative Research Units Program	15	812	1,486,462				1,486,462
National Geological and Geophysical Data Preservation Program	15	814			34,034	-	34,034
National Land Remote Sensing_Education Outreach and Research	15	815				19,615	19,615
National Climate Change and Wildlife Science Cente	15	820		16,608			16,608
NATIONAL PARK SERVICE							
Outdoor Recreation_Acquisition, Development and Planning	15	916	2				2
Preservation of Japanese American Confinement Sites	15	933	13,840				13,840
Total - Department of the Interior			5,823,162	607,911	206,330	72,771	6,710,174
DEPARTMENT OF JUSTICE							
DEPARTMENT OF JUSTICE							
2010RJBX0025	16				85,209		85,209
2009WLAX0016	16					110,803	110,803
JUVENILE JUSTICE & DELINQUENCY PREVENTION							
Juvenile Mentoring Program	16	726				26,238	26,238
Enforcing Underage Drinking Laws Program	16	727				21,753	21,753
BUREAU OF JUSTICE ASSISTANCE							
Congressionally Recommended Awards	16	753				6,364	6,364

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY NUMBER	FEDERAL CFDA EXTENSION	DIRECT RESEARCH EXPENDITURES	PASS THROUGH RESEARCH EXPENDITURES	DIRECT NON- RESEARCH EXPENDITURES	PASS THROUGH NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF JUSTICE							
ARRA Recovery Act - Edward Byrne Memorial Competitive Grant Program	16	808				140,662	140,662
Total - Department of Justice			-	-	85,209	305,820	391,029
DEPARTMENT OF LABOR							
DEPARTMENT OF LABOR							
IDAEOY IDStars ARS 08 Site Agrmt	17					4	4
MINE SAFETY AND HEALTH ADMINISTRATION							
Mine Health and Safety Grants	17	600			25,667		25,667
Total - Department of Labor			-	-	25,667	4	25,671
DEPARTMENT OF STATE							
DEPARTMENT OF STATE							
IU-RX2050-932-11-B	19					15,508	15,508
BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS							
Academic Exchange Programs - Undergraduate Programs	19	009				2,782	2,782
Total - Department of State			-	-	-	18,290	18,290
DEPARTMENT OF TRANSPORTATION							
DEPARTMENT OF TRANSPORTATION							
DTFH6108G00009	20				347,859		347,859
ID030029	20				21,971		21,971
T0013G-B	20			(20)			(20)
T0013G-B	20			(13)			(13)
SPR2005(032) #9666	20			62,565			62,565
HR2007271	20			6,267			6,267
EHK207	20					1,614	1,614
09677	20					10,693	10,693
HCR20	20					39,585	39,585
SWCA Sandpoint Archaeological Project	20			172,225			172,225
DEPARTMENT OF TRANSPORTATION							
ARRA Federal Pass Through	20	ARRA					
ARRA 7297PROJA011(960)	20	ARRA				27,384	27,384

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY NUMBER	FEDERAL CFDA EXTENSION	DIRECT RESEARCH EXPENDITURES	PASS THROUGH RESEARCH EXPENDITURES	DIRECT NON-RESEARCH EXPENDITURES	PASS THROUGH NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF TRANSPORTATION							
FEDERAL HIGHWAY ADMINISTRATION							
Highway Planning and Construction	20	205	30,314	194,693			225,007
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION							
University Transportation Centers Program	20	701	846,645				846,645
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMIN							
Interagency Hazardous Materials Public Sector Training and Planning Grants	20	703		5,005			5,005
Total - Department of Transportation			876,959	440,722	369,830	79,276	1,766,787
DEPARTMENT OF TREASURY							
INTERNAL REVENUE SERVICE							
Low-Income Taxpayer Clinics	21	008			91,670		91,670
Total - Department of Treasury			-	-	91,670	-	91,670
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
NGT540056	43				(179)		(179)
FPK003	43		4,862				4,862
NNG05GA92G	43		5,081				5,081
NNG05GA92G	43		37,000				37,000
NNG06GG29G	43		6,789				6,789
NNX07AL05A	43		7,188				7,188
NNX07AL05A	43		21,800				21,800
NNX07AL05A	43		147,977				147,977
NNX07AQ67G	43		89,492				89,492
NNX07AT60A	43		111,964				111,964
NNX08AK71G	43		25,166				25,166
NNX08AL68G	43		202,091				202,091
NNX08AQ94G	43		64,700				64,700
NNX08AT68A	43		74,746				74,746
NNX08BA10G	43		79,050				79,050
NNX09AD39G	43		23,668				23,668
NNX09AM99G	43		51,336				51,336
NNX09AV04A	43		247,521				247,521
NNX10AN29A	43		40,077				40,077
NNX10AN30A	43		5,536				5,536

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (Continued)							
NNX10AO79H	43		26,518				26,518
NNX10AQ10G	43		9,974				9,974
NNX10AQ10G	43		24,514				24,514
NNX10AT77A	43				60,778		60,778
117916116	43				7,390		7,390
A797UNIVID	43			12,530			12,530
Z650002	43			6,309			6,309
090286	43			2,408			2,408
Y503506	43			21,986			21,986
PO#10285590	43			21,118			21,118
1418499	43			1,923			1,923
3001056333	43			14,211			14,211
1403702	43					7,247	7,247
061022	43					1,070	1,070
UND0015364	43					42,240	42,240
UND0014026	43					(2)	(2)
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
ARRA Federal Pass Through							
ARRA 10402	43	ARRA		259,503			259,503
Science	43	001	799,890		835,106		1,634,996
Total - National Aeronautics and Space Administration			2,106,940	339,988	903,095	50,555	3,400,578
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES							
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES							
00945AE10	45					(936)	(936)
ARRA NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES							
ARRA-100010	45	ARRA				4	4
NATIONAL ENDOWMENT FOR THE ARTS							
Promotion of the Arts-Grants to Organizations & Individuals	45	024			29,982	10,000	39,982
Promotion of the Arts_Partnership Agreements	45	025				4,250	4,250
NATIONAL ENDOWMENT FOR THE HUMANITIES							
Promotion of the Humanities_Federal/State Partnership	45	129				4,849	4,849

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON- RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES							
NATIONAL ENDOWMENT FOR THE HUMANITIES (Continued)							
Promotion of the Humanities_Public Programs	45	164			1,051		1,051
Promotion of the Humanities_We the People	45	168				719	719
Total - National Foundation on the Arts and Humanities			-	-	31,033	18,886	49,919
NATIONAL SCIENCE FOUNDATION							
National Science Foundation							
107980G002283	47			(65)			(65)
111462G002670	47			23,148			23,148
VXK101	47			3,600			3,600
Engineering Grants	47	041	521,398	5,624			527,022
Mathematical and Physical Sciences	47	049	310,219	7,921			318,140
Geosciences	47	050	406,405	13,991			420,396
Biological Sciences	47	074	956,214	433,496			1,389,710
Social, Behavioral, and Economic Sciences	47	075	93,552				93,552
Education and Human Resources	47	076	1,329,336	21,463	(1,000)		1,349,799
Polar Sciences	47	078	25,567				25,567
International Science and Engineering (OISE)	47	079	111,882				111,882
Office of Cyberinfrastructure	47	080	3,107,928				3,107,928
Office of Experimental Program to Stimulate Competitive Research	47	081	665,995				665,995
ARRA Trans-NSF Recovery Act Research Support (RECOVERY)	47	082	1,072,588	17,633			1,090,221
Total - National Science Foundation			8,601,084	526,811	(1,000)	-	9,126,895
SMALL BUSINESS ADMINISTRATION							
Small Business Development Centers	59	037				50,522	50,522
Total - Small Business Administration			-	-	-	50,522	50,522
ENVIRONMENTAL PROTECTION AGENCY							
ENVIRONMENTAL PROTECTION AGENCY	66						
R82283201	66		(75)				(75)
OFFICE OF WATER							
Water Pollution Control State, Interstate, and Tribal Program Support	66	419		1,982			1,982
Nonpoint Source Implementation Grants	66	460		84			84
Capitalization Grants for Drinking Water State Revolving Funds	66	468				4,101	4,101

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON- RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
ENVIRONMENTAL PROTECTION AGENCY							
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE							
Solid Waste Management Assistance Grants	66	808			8,717		8,717
Total - Environmental Protection Agency			(75)	2,066	8,717	4,101	14,809
NUCLEAR REGULATORY COMMISSION							
NUCLEAR REGULATORY COMMISSION							
NRC3810957	77				38,801		38,801
Total - Nuclear Regulatory Commission			-	-	38,801	-	38,801
DEPARTMENT OF ENERGY							
DEPARTMENT OF ENERGY							
11596	81		1,824				1,824
00047127	81		65,218				65,218
0042600199102900	81		(2,733)				(2,733)
00042246TO00052	81		7,682				7,682
42246TO75	81		4,276				4,276
DEFG0203ER41270	81		68,298				68,298
DESC00004751	81		60,790				60,790
TO00070	81		4,456				4,456
TO84MA00042246	81		13,749				13,749
42246TO77	81				19,683		19,683
00042246 TO00069	81					505,905	505,905
42246TO69	81					1,319,818	1,319,818
19XSX349V	81			(35)			(35)
C1102C1100240	81			718,229			718,229
6/24/10LETTERSCHRIEVER	81			48,154			48,154
11580	81			3,737			3,737
C0822C0802240	81			17,479			17,479
TC000006567000	81			22,288			22,288
TO46	81			77,170			77,170
TO27	81			67,704			67,704
42246TO81	81			9,631			9,631
42246TO98	81			3,392			3,392
C0922POC0902240	81			12,855			12,855
C1019POC1001940	81			171,208			171,208
AC700760	81			1,905			1,905
TO00058	81			88,024			88,024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON- RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF ENERGY							
DEPARTMENT OF ENERGY (Continued)							
00042246 TO 00078	81			2,133			2,133
04-251B	81			10,894			10,894
AC70098O	81			57,137			57,137
TO9100042246	81			62,415			62,415
04-251B	81			12,563			12,563
04-251B	81			16,396			16,396
84281/TASK 1	81			26,656			26,656
84281	81			26,329			26,329
04-251B	81			8,792			8,792
42246TO74	81			51,415			51,415
TO47TA42246	81			66,965			66,965
42246TO74	81			28,616			28,616
6838901	81			178,761			178,761
42246TO89	81			21,680			21,680
42246TO90	81			33,784			33,784
42246TO92	81			25,696			25,696
42246TO94	81			7,053			7,053
42246TO97	81			9,886			9,886
42246TO96	81			41,497			41,497
42246 TO 71	81			32,912			32,912
42246TO41A3	81			81,291			81,291
00042246 TO00068	81			2,921			2,921
TO00079 00042246	81			14,539			14,539
42246TO85	81			39,524			39,524
TO16 42246	81			48,477			48,477
42246TO100	81			15,431			15,431
00042246TO00082	81			43,252			43,252
TO39	81			13,649			13,649
42246TO74	81			37,316			37,316
42246TO86	81			7,827			7,827
1036609	81			19,818			19,818
42246TO93	81			6,725			6,725
200201100UNIVERSITYFY10	81			26,228			26,228
200201100UNIVERSITYFY11	81			44,647			44,647
12.09.08LETTERSCHRIEVER	81			36,032			36,032
C1024POC1002440	81			223,538			223,538
604006402	81			4,774			4,774
442246TO74	81			3,070			3,070

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY NUMBER	FEDERAL CFDA EXTENSION	DIRECT RESEARCH EXPENDITURES	PASS THROUGH RESEARCH EXPENDITURES	DIRECT NON-RESEARCH EXPENDITURES	PASS THROUGH NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF ENERGY							
DEPARTMENT OF ENERGY (Continued)							
TO33	81			453			453
00042246TO00057	81			149,058			149,058
42246TO73	81			99,212			99,212
AXH-1 -40456-05	81			4,027			4,027
604006402	81			938			938
95558	81			49,895			49,895
605006302	81			49,378			49,378
605003301	81			14,378			14,378
42246 TO45	81			(1)			(1)
100389	81			68,140			68,140
193K340	81			89,477			89,477
42246TO88	81			38,480			38,480
42246TO87	81			30,790			30,790
TO38	81			65,932			65,932
TO00060	81			227,437			227,437
TO00061	81			294,227			294,227
00042246TO00065	81			55,529			55,529
00042246TO00067	81			80,359			80,359
9F-30302	81			1,682			1,682
42246TO51	81			65,005			65,005
42246TO50A2	81			103,601			103,601
00042246TO00055	81			(323)			(323)
0004224600083	81			25,000			25,000
37267A1	81					37,629	37,629
10635	81					5,337	5,337
6934100	81					11,528	11,528
IF&G Mitigation of Nutrient Loss	81			80,193			80,193
CRITFC Genetic Analysis OE	81			109,790			109,790
ARRA DEPARTMENT OF ENERGY (RECOVERY)							
ARRA 42246 TO76	81	ARRA		19,487			19,487
ARRA 00728394	81	ARRA		86,141			86,141
ARRA 201016174-02	81	ARRA		64,144			64,144
ARRA RENEWABLE ENERGY RESEARCH AND DEVELOPMENT (RECOVERY)	81	087	102,388				102,388
Fossil Energy Research and Development	81	089		874			874
Office of Science Financial Assistance Program	81	049	227,498	596,736			824,234

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF ENERGY							
DEPARTMENT OF ENERGY (Continued)							
Nuclear Energy Research, Development & Demonstration	81	121	600,084	175,974			776,058
Total - Department of Energy			1,153,530	5,278,393	19,683	1,880,217	8,331,823
DEPARTMENT OF EDUCATION							
DEPARTMENT OF EDUCATION	84						
H024P950019	84				(120)		(120)
CC10-11-5805-ID	84					2,200	2,200
MOU 100008	84					46,545	46,545
051021	84					19,396	19,396
DEPARTMENT OF EDUCATION							
Federal Pass Through	84	928A				41,739	41,739
ARRA REHABILITATION SERVICES-VOCATIONAL REHABILITATION GRANTS TO STATES (RECOVERY)	84	390				73,632	73,632
ARRA DEPARTMENT OF EDUCATION (RECOVERY)	84	390A				(27,884)	(27,884)
ARRA STATE FISCAL STABILIZATION FUNDS (RECOVERY)							
ARRA Education State Grants, Recovery Act	84	394A				1,185,974	1,185,974
OFFICE OF STUDENT FINANCIAL ASSISTANCE PROGRAMS							
Federal Supplemental Educational Opportunity Grants	84	007			493,701		493,701
Federal Work-Study Program	84	033			656,814		656,814
Federal Perkins Loan Program-Federal Capital Contributions	84	038			1,084		1,084
Federal Pell Grant Program	84	063			17,268,738		17,268,738
Federal Direct Student Loans	84	268			71,872,498		71,872,498
Academic Competitiveness Grant	84	375			778,304		778,304
National Science and Mathematics Access to Retain Talent (SMART) Grants	84	376			937,737		937,737
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES							
Special Education Grants to States	84	027				829,558	829,558
Special Education Grants to States	84	027A				16,928	16,928
Rehabilitation Long-Term Training	84	129			(256)		(256)
Assistive Technology	84	224			116,402		116,402
Assistive Technology	84	224A			226,664		226,664
Special Education_Grants to States	84	323				189,778	189,778
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84	326			76,582		76,582

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY NUMBER	FEDERAL CFDA EXTENSION	DIRECT RESEARCH EXPENDITURES	PASS THROUGH RESEARCH EXPENDITURES	DIRECT NON- RESEARCH EXPENDITURES	PASS THROUGH NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF EDUCATION							
ARRA Special Education - Grants for Infants and Families, Recovery Act	84	393				256,244	256,244
OFFICE OF POSTSECONDARY EDUCATION							
TRIO_Student Support Services	84	042A			324,626		324,626
TRIO_Talent Search	84	044			330,208		330,208
TRIO_Upward Bound	84	047			627,053		627,053
TRIO_Upward Bound	84	047A			266,291		266,291
TRIO_Upward Bound	84	047M			322,544		322,544
TRIO_Educational Opportunity Centers	84	066			245,413		245,413
TRIO Staff Training Program	84	103			(125)		(125)
Fund for the Improvement of Postsecondary Education	84	116			106,599		106,599
TRIO_McNair Post-Baccalaureate Achievement	84	217			223,692		223,692
Byrd Scholarship	84	135			49,500		49,500
Leveraging Educational Assistance Partnership	84	069			134,071		134,071
International Education_Technological Innovation and Cooperation for Foreign Information Access	84	337				766,125	766,125
OFFICE OF VOCATIONAL AND ADULT EDUCATION							
Career and Technical Education -- Basic Grants to States	84	048				57,664	57,664
Career and Technical Education -- Basic Grants to States	84	048A				79,558	79,558
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION							
Title I Grants to Local Educational Agencies	84	010				112,156	112,156
Migrant Education_College Assistance Migrant Program	84	149			413,407		413,407
Even Start_State Educational Agencies	84	213				36	36
Transition to Teaching	84	350				5,160	5,160
Mathematics and Science Partnerships	84	366				18,696	18,696
Improving Teacher Quality State Grants	84	367				105,090	105,090
OFFICE OF SAFE AND DRUG-FREE SCHOOLS							
Safe and Drug-Free Schools and Communities_National Programs	84	184			253,438		253,438
Civic Education - We the People and the Cooperative Education Exchange Program	84	304				22,224	22,224
Total - Department of Education			-	-	95,724,865	3,800,819	99,525,684
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
1RO1GM61920-01	93		130,468				130,468
HHSN276200800008C	93		45,163				45,163
UTA98-0233	93			(506)			(506)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY NUMBER	FEDERAL CFDA EXTENSION	DIRECT RESEARCH EXPENDITURES	PASS THROUGH RESEARCH EXPENDITURES	DIRECT NON-RESEARCH EXPENDITURES	PASS THROUGH NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
100725G002268	93			16,748			16,748
409036	93			(2,150)			(2,150)
029029	93			1,352			1,352
051017	93			7,538			7,538
4/30/10 AGREEMENT	93				225		225
EDK586	93				2,912		2,912
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93	043				15,483	15,483
HEALTH RESOURCES AND SERVICES ADMINISTRATION							
Maternal and Child Health Federal Consolidated Programs	93	110				1	1
Area Health Education Centers Infrastructure Development Awards	93	824				950	950
ADMINISTRATION FOR CHILDREN AND FAMILIES							
Temporary Assistance for Needy Families	93	558				1,021	1,021
Child Care and Development Block Grant	93	575				3,915,326	3,915,326
Head Start	93	600				5,302	5,302
Developmental Disabilities Projects of National Significance	93	631			(189)		(189)
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93	632			538,286		538,286
ARRA – Early Head Start (RECOVERY)	93	709				383	383
ARRA – Child Care and Development Block Grant (RECOVERY)	93	713				1,360,241	1,360,241
NATIONAL INSTITUTES OF HEALTH							
National Center for Research Resources	93	389	5,732,504	242,098			5,974,602
ARRA Trans-NIH Recovery Act Research Support (RECOVERY)	93	701	2,344,644	43,030			2,387,674
Allergy, Immunology and Transplantation Research	93	855	785,860	967,699			1,753,559
Microbiology and Infectious Diseases Research	93	856	(25)				(25)
Biomedical Research and Research Training	93	859	542,427				542,427
Child Health and Human Development Extramural Research	93	865	43,850	111,340			155,190
Vision Research	93	867	449,180				449,180
CENTERS FOR MEDICARE AND MEDICAID SERVICES							
Medical Assistance Program	93	778				55,836	55,836
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93	779				54,174	54,174
CENTERS FOR DISEASE CONTROL AND PREVENTION							
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93	116		(444)			(444)
Occupational Safety and Health Program	93	262	5,473				5,473

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY NUMBER	FEDERAL CFDA EXTENSION	DIRECT RESEARCH EXPENDITURES	PASS THROUGH RESEARCH EXPENDITURES	DIRECT NON- RESEARCH EXPENDITURES	PASS THROUGH NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
CENTERS FOR DISEASE CONTROL AND PREVENTION (Continued)							
Preventive Health and Health Services Block Grant	93	991				8,706	8,706
 SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION							
Block Grants for Prevention and Treatment of Substance Abuse	93	959				1,240	1,240
 Total Department of Health and Human Services			10,079,544	1,386,705	538,097	5,421,800	17,426,146
DEPARTMENT OF HOMELAND SECURITY							
Emergency Management Performance Grants	97	042		49,066			49,066
Pre-Disaster Mitigation	97	047				121,881	121,881
Centers for Homeland Security	97	061				5,000	5,000
Earthquake Consortium	97	082		217			217
Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies	97	108	125,097				125,097
 Total - Department of Homeland Security			125,097	49,283	-	126,881	301,261
AGENCY FOR INTERNATIONAL DEVELOPMENT							
AGENCY FOR INTERNATIONAL DEVELOPMENT	98						
UIRX205070510K	98					259,977	259,977
							-
USAID Foreign Assistance for Programs Overseas	98	001				18,810	18,810
							-
 Total - Agency for International Development			-	-	-	278,787	278,787
PENDING FEDERAL PASS THROUGH							
Unknown Federal Agency							
2029	99					55,289	55,289
S-000471	99			11,118			11,118
EARLY SETUP	99			1,117			1,117
11574	99					3,500	3,500
LETTER	99					1,000	1,000
KC247200	99					603	603
11206	99					956	956
 Total - Unknown Federal Agency			-	12,235	-	61,348	73,583
 TOTAL FEDERAL FINANCIAL ASSISTANCE			41,068,613	11,785,358	103,320,017	13,565,071	169,739,059

Notes to Schedule of Expenditures of Federal Awards
Period Ended June 30, 2011

1. Basis 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 **\$11,660,516 and \$1,568,238** for year to date June 30, 2011.

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
Period Ended June 30, 2011

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PAYMENTS TO SUBRECIPIENTS</u>
DEPARTMENT OF AGRICULTURE		
DEPARTMENT OF AGRICULTURE		
1081001547CA	10.	3,090
10CR11221637077	10.	114,641
08JV11221611160	10.	14,311
10JV11111133093	10.	27,000
AGRICULTURE RESEARCH SERVICE		
Agricultural Research-Basic and Applied Research	10.001	3,552
AGRICULTURAL MARKETING SERVICE		
Federal-State Marketing Improvement Program	10.156	3,186
NATIONAL INSTITUTE OF FOOD AND AGRICULTURE		
Grants for Agricultural Research, Special Research Grants	10.200	547,089
Federal Pass Through	10.200	74,445
Grants for Agricultural Research, Competitive Research	10.206	264,859
Higher Education Challenge Grants	10.217	12,456
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10.226	10,886
Integrated Programs	10.303	452,836
Agriculture and Food Research Initiative (AFRI)	10.310	86,711
Cooperative Extension Service	10.500	42,694
Federal Pass Through	10.500	1,484
FOREST SERVICE		
Cooperative Forestry Assistance	10.664	5,000
Forest Health Protection	10.680	12,110
NATURAL RESOURCES CONSERVATION SERVICE		
Soil and Water Conservation	10.902	19,708

Notes to Schedule of Expenditures of Federal Awards
Period Ended June 30, 2011

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PAYMENTS TO SUBRECIPIENTS</u>
DEPARTMENT OF DEFENSE		
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY		
Basic and Applied Scientific Research	12.300	98,570
OFFICE OF THE SECRETARY OF DEFENSE		
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351	6,700
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY		
Research and Technology Development	12.910	182,801
DEPARTMENT OF THE INTERIOR		
DEPARTMENT OF INTERIOR		
J8W07060004 H8W07060001	15.	18,799
06HQGR0082 M004	15.	10,823
BUREAU OF LAND MANAGEMENT		
Recreation Resource Management	15.225	4,743
Invasive and Noxious Plant Management	15.230	7,035
ARRA Invasive and Noxious Plant Management	15.230	
ARRA Fish, Wildlife and Plant Conservation Resource Management	15.231	16,120
GEOLOGICAL SURVEY		
Geological Survey Research and Data Acquisition	15.808	2,839
Cooperative Research Units Program	15.812	36,801
National Land Remote Sensing_Education Outreach and Research	15.815	
Federal Pass Through	15.815	3,808
DEPARTMENT OF TRANSPORTATION		
DEPARTMENT OF TRANSPORTATION		
DTFH6108G00009	20.	231,634

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Notes to Schedule of Expenditures of Federal Awards
Period Ended June 30, 2011

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PAYMENTS TO SUBRECIPIENTS</u>
DEPARTMENT OF EDUCATION		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES		
Assistive Technology	84.224	4,111
Assistive Technology	84.224A	55,700
ARRA Rehabilitation Services-Vocational Rehabilitation Grants to States, Recover	84.390A	
ARRA Federal Pass Through	84.390A	(27,884)
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
ADMINISTRATION FOR CHILDREN AND FAMILIES		
Child Care and Development Block Grant		
Federal Pass Through	93.575	1,713,744
NATIONAL INSTITUTES OF HEALTH		
Child Health and Human Development Extramural Funding	93.865	
Federal Pass Through	93.865	10,000
National Center for Research Resources	93.389	2,223,608
ARRA Trans-NIH Recovery Act Research Support	93.701	914,686
ARRA – Child Care and Development Block Grant	93.713	
ARRA Federal Pass Through	93.713	118,650
AGENCY FOR INTERNATIONAL DEVELOPMENT		
UIRX205070510K	98.	166,088
TOTAL FEDERAL FINANCIAL ASSISTANCE TO SUBRECIPIENTS		<u><u>10,590,590</u></u>