



FINANCIAL STATEMENTS FOR THE YEARS  
ENDED JUNE, 2010 AND 2009 AND  
INDEPENDENT AUDITOR'S REPORT

INCLUDING SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS AND SINGLE AUDIT  
DOCUMENTS  
FOR THE YEAR ENDED JUNE 30, 2010



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## INDEPENDENT AUDITOR'S REPORT

Idaho State Board of Education  
University of Idaho  
Moscow, Idaho

We have audited the accompanying financial statements of the University of Idaho (University) as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the University's discretely presented component unit as described in Note 18, or the University of Idaho Health Benefits Trust 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 the 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, 2010 and 2009, and the aggregate remaining fund information of the University of Idaho, as of December 31, 2009 and 2008, 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 30, 2010, 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.

The Management's Discussion and Analysis on pages 3 through 10 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 taken as a whole. 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.

*Moss Adams LLP*

Eugene, Oregon  
September 30, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

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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.

The discussion and analysis that follows provides an overview of the University's financial activities for the fiscal year ended June 30, 2010 and in comparison to 2009 and 2008. 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, 2010

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 Thousands)			
	2010	2009	2008
<b>ASSETS</b>			
Current assets	\$ 69,459	\$ 47,658	\$ 37,157
Capital assets - net	381,501	358,971	343,070
Other noncurrent assets	137,581	153,084	196,143
Total assets	\$ 588,541	\$ 559,713	\$ 576,370
<b>LIABILITIES</b>			
Current liabilities	\$ 48,507	\$ 44,441	\$ 44,525
Noncurrent liabilities	159,748	142,472	146,009
Total Liabilities	\$ 208,255	\$ 186,913	\$ 190,534
<b>NET ASSETS</b>			
Invested in capital assets-net of debt	\$ 211,194	\$ 205,938	\$ 185,755
Restricted nonexpendable	67,830	62,392	77,042
Restricted expendable	74,964	68,225	84,838
Unrestricted	26,298	36,245	38,201
Total net assets	\$ 380,286	\$ 372,800	\$ 385,836
Total liabilities and net assets	\$ 588,541	\$ 559,713	\$ 576,370

Total assets for the University increased 5.2%, or \$28.8M, in fiscal year 2010. Current assets increased \$21.8M to \$69.4M over the year. The primary cause of the increase was a shift from long term investments to investments with shorter durations. A similar decrease of \$18.7M decrease in noncurrent investments reflects this change in investment holdings. Noncurrent assets increased \$7M primarily due a \$22.5M increase in capital assets in fiscal year 2010 and a \$5.4M increase in University assets held in trust by the Foundation. These increases were offset by the shift of restricted cash and investments to shorter term liquid investments. Restricted cash and equivalents decreased by \$2.4M and investments decreased by \$18.7M.

Current liabilities increased \$4.1M over the year primarily due to a \$2.1M increase in accrued salaries and benefits combined with a \$1.9M increase in deferred revenues. Grant and contracts activity was \$1.5M of this increase with increases in summer session participation making up most of the rest of the balance. Revenues collected in the current year for courses delivered after June 30 are deferred to the new fiscal year. Noncurrent liabilities increased \$17.3M due to the 2010 bond issues for capital improvements. Overall total liabilities increased \$21.3M, an 11.1% increase in fiscal year 2010 over 2009.

## MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

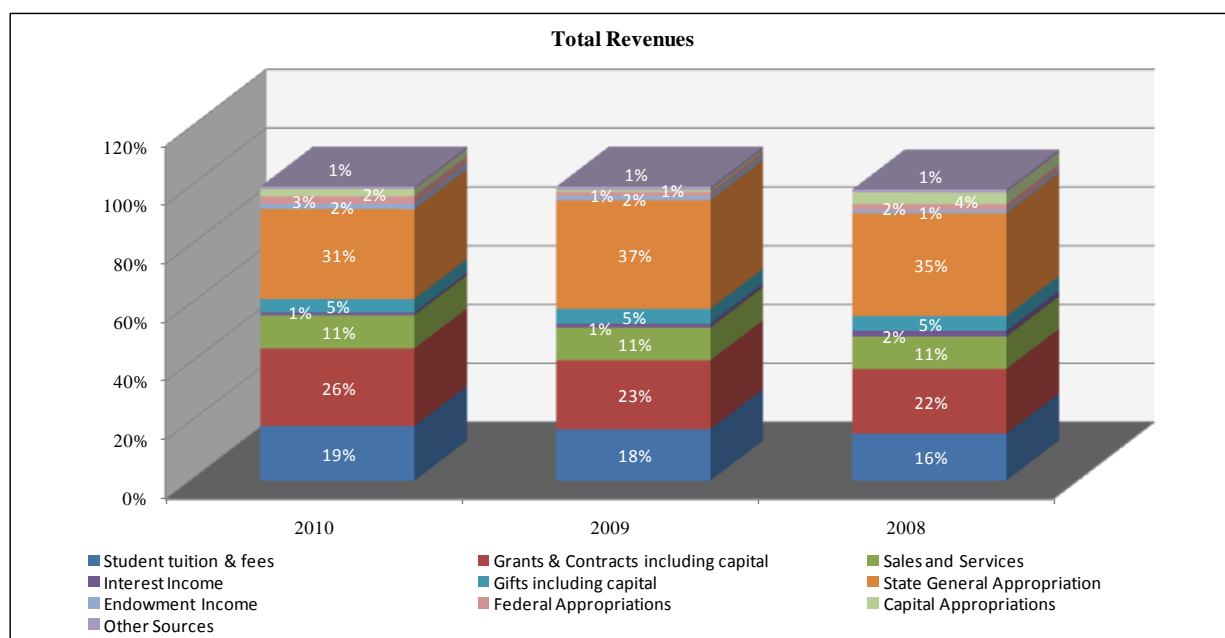
Net assets increased \$7.5M, 2%, for fiscal year 2010. Investment in capital assets increased \$5.3M as projects were completed over the year. Restricted nonexpendable assets increased \$5.4M by the change in assets held in trust by the Foundation and restricted expendable increased 9.9% to \$74.9M over fiscal year 2009 primarily due to increases in grant and contract activity and gifts distributed from the Foundation. Unrestricted assets decreased \$10M from the implementation of an early retirement incentive and as reductions in State funding shifted spending over to other funding sources. It was the University's decision to manage the reduction in funding by using available reserves during fiscal year 2010.

### 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 2010, as shown in the chart below, state appropriations account for 31% of the total revenue received while grants and contracts and student tuition and fees were 26% and 19% of the total respectively.





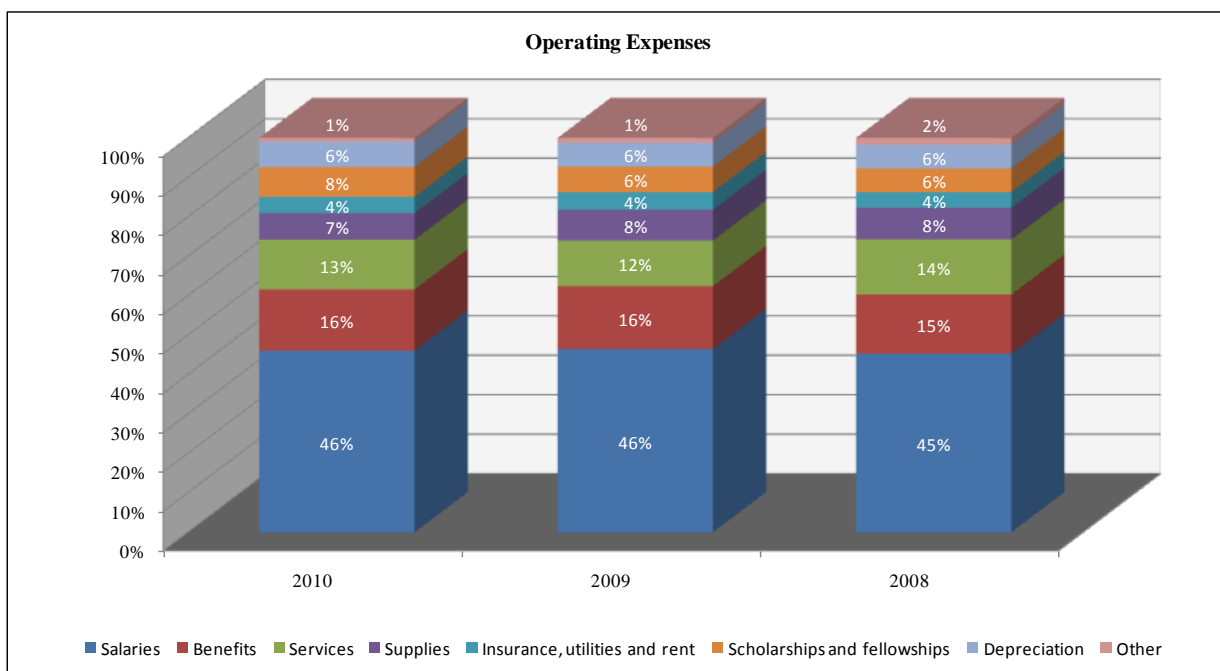
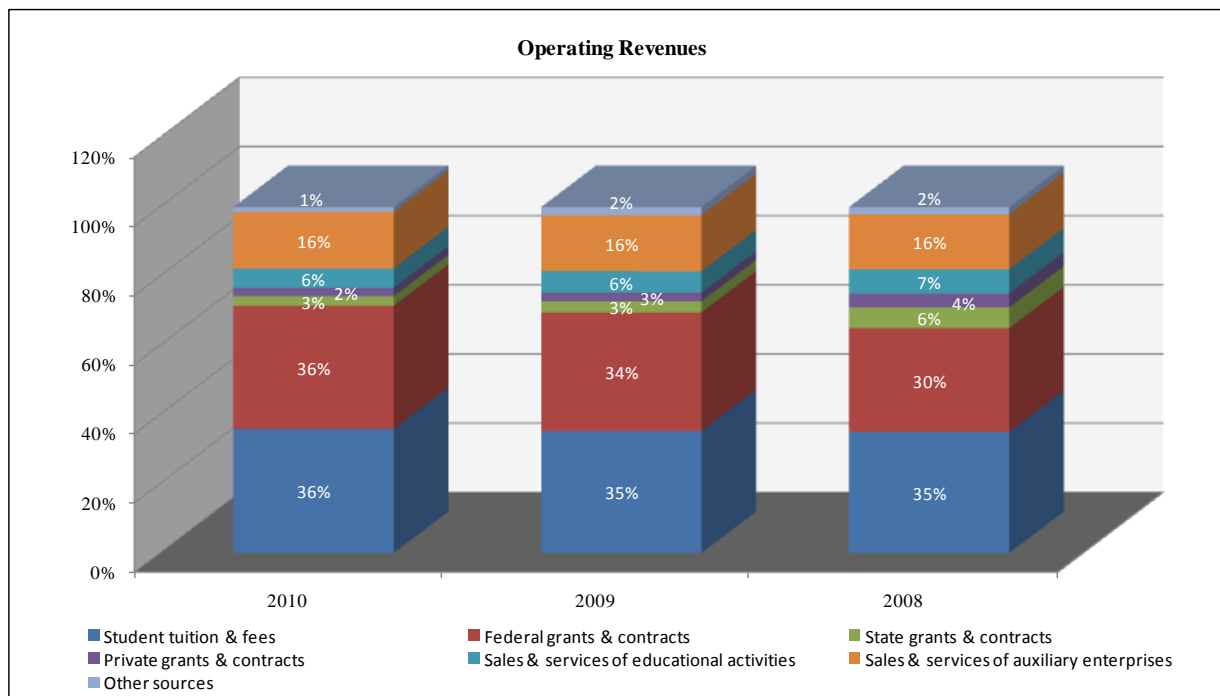
## MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

<b>Condensed Statement of Revenues, Expenses and Changes in Net Assets</b> <b>Fiscal Years Ended June 30</b> <b>(Dollars in Thousands)</b>			
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Operating revenues	\$ 181,537	\$ 172,234	\$ 165,285
Operating expenses	343,883	340,286	330,004
Operating loss	(162,346)	(168,052)	(164,719)
Net nonoperating revenues	158,281	151,047	154,390
Loss before other revenues	(4,065)	(17,005)	(10,329)
Other revenues	11,551	3,970	19,027
Increase in net assets	7,486	(13,035)	8,698
Net assets - Beginning of year	372,800	385,835	377,137
Net assets - End of year	\$ 380,286	\$ 372,800	\$ 385,835

The statement of revenues, expenses and changes in net assets details the \$7.5M increase in net assets for fiscal year 2010. Operating revenues increased \$9.3M, a 5.4% increase over fiscal year 2009, caused by increases in student fees, federal grants and contracts. Student fees increased \$4.4M with a 6.5% in undergraduate fee rates and an increased enrollment. Federal grants and contracts increased 11.2% with a \$7M increase in grant activity including \$1.5M of capital grants recorded in other revenue. Other sources of revenue decreased 37%, or \$1.4M, but were offset by a \$1.6M increase in sales and services of auxiliary enterprises. Operating expenses increased 1% overall from 2009. The primary cause of the increase was a \$4M increase in scholarship activity due to an increase in Pell grant funding. This increase was offset by a 13% decrease, \$3.5M, in spending for supplies in reaction to decreasing resources. The supplies expense however was offset by a \$3.2M increase in services fueled by the increase in federal grant activity.

Nonoperating revenues and expenses increased 4.8% over the fiscal year. State appropriation revenues decreased by \$20M primarily caused by \$18.5M in state holdbacks including \$10M appropriated for a new dairy farm. Federal appropriations increased \$4.7M due to \$5.3M in American Recovery and Reinvestment Act funding passed through from the state. Federal grants and contracts increased \$4.9M from increased Pell Grant funding. Net investment income dropped \$1.6M from fiscal year 2009 and net change in the fair value of investments decreased \$1.6M due to the investment decisions to hold more liquid investments. Interest expense for fiscal year 2010 decreased from the 2009 expense by \$1.1M due to a higher level of capitalized interest that made up part of the increase in capital assets reported on the Statement of Net Assets. Assets held by the Foundation for the University as part of the overall consolidated investment trust increased \$5.4M rebounding from large losses in fiscal years 2009 and 2008. Other revenues and expenditures increased \$7.6M over the year primarily due to several large projects, amounting to \$6.4M, with Idaho Public Works completing during fiscal year 2010. Adding to this increase is the \$1.5M in capital grants mentioned above.

## MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2010



### 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, 2010. The statement is divided into five parts. The first part details operating cash flows and the net

## MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

cash used by the operating activities of the University. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for 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.

<b>Condensed Statement of Cash Flows</b> <b>Fiscal Years Ended June 30</b> <b>(Dollars in Thousands)</b>			
Cash provided (used) by:	2010	2009	2008
Operating activities	\$ (140,060)	\$ (147,991)	\$ (150,571)
Noncapital financing activities	154,896	165,715	163,715
Capital and related financing activities	(21,157)	(42,921)	6,875
Investing activities	21,873	58,664	(21,686)
Net change in cash	15,552	33,467	(1,667)
Cash beginning of the year	41,839	8,372	10,039
Cash end of the year	<u>57,391</u>	<u>41,839</u>	<u>8,372</u>

Operating activities used \$140M in cash for the year, a decrease of \$8M from FY 2009. Noncapital financing activities provided \$154.9M in cash for the year, a \$10.8M decrease from FY 2009. This change was caused by the decrease in state appropriations offset by increases in federal appropriation and grants and contract activity. Capital and related financing activities used \$21.2M of cash during the year, the large variance from the previous fiscal year was primarily from a bond issuance in fiscal year 2010 while no bonds were issued in the previous year. Investing activities provided \$21.8M during fiscal year 2010.

### Capital Assets and Debt Management

The University had \$688.6M and \$646.9M of capital assets at June 30, 2010 and 2009 respectively, with accumulated depreciation of \$307.0M and \$287.9M respectively. The major categories and associated value of capital assets as well as accumulated depreciation at June 30, 2010, 2009 and 2008 are illustrated in the chart below (in thousands).

## MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009	2008
<b>Capital Asset at Cost</b>			
Buildings and improvements	\$ 467,312	\$ 457,030	\$ 446,769
Equipment	84,144	80,168	77,302
Construction in progress	48,509	24,431	8,343
Library materials	67,682	64,351	60,788
Capitalized collections	2,176	2,143	2,128
Land	18,768	18,768	18,768
<b>Total Capital Assets</b>	<b>\$ 688,591</b>	<b>\$ 646,891</b>	<b>\$ 614,098</b>
<b>Accumulated Depreciation</b>			
Building and improvements	\$ 188,184	\$ 176,853	\$ 165,685
Equipment	66,260	60,993	57,802
Library materials	52,645	50,075	47,542
<b>Total Accumulated Depreciation</b>	<b>\$ 307,089</b>	<b>\$ 287,921</b>	<b>\$ 271,029</b>

At June 30, 2010 and 2009 the University had debt (or similar long-term obligations) of \$165.1M and \$147.9M respectively.

### Economic Outlook

The deep financial downturn in the global economy that began in fiscal year 2008 has continued to be felt through fiscal year 2010. In fiscal year 2009, the University was directed to return to the State of Idaho \$6M of state appropriated funds. In fiscal year 2010, the University was again directed to return appropriated funds as part of another current year hold-back. This action was required in order for the state leadership to properly address budget shortfalls. In addition, investing activities for the University resulted in reduced investment income and reduced operating funds that typically come to the University from those revenue sources.

The University positioned itself strategically by: implementing an early exit program for employees; approving the continuation of only mission critical travel; continuation of case by case hiring actions; increased grant and contract proposal submissions; refinancing of Bonds, to include taking advantage of the Build America Bond program associated with the federal stimulus plan, and instituted a fiscal year 2010 furlough. Those actions were critical as they facilitated fiscal security for the enterprise and balancing of the FY2010 budget. With the uncertainty with regard to State of Idaho fiscal matters, the University leadership chose to hire an Executive Director of Strategic Planning and Budget. This action has resulted in more closely aligning critical University resources with the University strategic plan. Our student leadership worked closely with the administration and together received approval of a 9% student fee increase for academic year 2010 – 2011.

Additionally, in the fall of 2009, the University made permanent the strategic internal reallocation that was implemented in 2008 with one time funds. As a result, the University's major revenue producing engines (advancement, enrollment, graduate studies, and research), collectively received a permanent influx of approximately \$5M of annually recurring dollars. This action continues to pay dividends as the number of research proposals exceed last year (which was up over 40% of the year prior), graduate student enrollment is up, 2010

## **MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

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summer school enrollment was up 10%, total student enrollment increased by 2% in 2009 the University is anticipating another enrollment increase for fall 2010, student retention is up, and “gifting activity” is up as well.

Initial reports from the State of Idaho reflect that the challenging fiscal environment may have bottomed out and even with the current challenges, the combination of actions listed above have facilitated execution of a balanced fiscal year 2010 budget and initiation of a balanced fiscal year 2011 budget.

## STATEMENT OF NET ASSETS AS OF JUNE 30, 2010 AND 2009

	University of Idaho 2010	University of Idaho 2009	University of Idaho Foundation (note 18) 2010	University of Idaho Foundation (note 18) 2009
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 38,022,281	\$ 20,051,498	\$ 17,715,659	\$ 10,609,764
Due from state agencies	213,537	333,983	-	-
Prepaid expenses	638,454	547,070	-	-
Investments	601,879	601,759	6,415,105	2,793,163
Interest receivable	484,478	485,808	625,122	693,017
Student loans receivable	1,569,223	1,551,336	-	-
Accounts receivable & unbilled charges - net	25,376,360	22,213,837	-	-
Inventories	2,187,052	1,872,635	-	-
Pledges receivable - net	-	-	1,997,969	966,123
Notes receivable	365,400	-	59,417	52,085
Total Current Assets	69,458,664	47,657,926	26,813,272	15,114,152
<b>NONCURRENT ASSETS</b>				
Restricted cash and cash equivalents	19,368,655	21,787,443	5,976,696	6,399,527
Student loans receivable - net	10,633,027	10,917,931	-	-
Investments	37,582,031	56,335,644	168,497,013	156,761,325
Assets held in trust by Foundation	67,829,850	62,391,971	-	-
Pledges receivable - net	-	-	4,718,131	1,766,253
Notes receivable	-	-	535,478	602,226
Deferred bond financing costs	2,167,504	1,651,574	-	-
Capital assets	381,501,275	358,970,963	3,481,497	3,607,701
Other noncurrent assets	-	-	309,980	193,356
Total Noncurrent Assets	519,082,342	512,055,526	183,518,795	169,330,388
<b>TOTAL ASSETS</b>	<b>\$ 588,541,006</b>	<b>\$ 559,713,452</b>	<b>210,332,067</b>	<b>\$ 184,444,540</b>

See notes to financial statements

Continued

## STATEMENT OF NET ASSETS AS OF JUNE 30, 2010 AND 2009

	University of Idaho 2010	University of Idaho 2009	University of Idaho Foundation (note 18) 2010	University of Idaho Foundation (note 18) 2009
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 5,875,780	\$ 7,581,750	\$ 72,453	\$ 210,050
Accrued salaries and benefits payable	15,467,654	13,383,441	-	-
Compensated absences payable	8,170,074	8,113,752	-	-
Trust earnings payable to trust beneficiaries	-	-	6,829,153	7,329,504
Accrued interest payable	1,911,451	1,606,711	-	-
State teacher education loan advance	214,260	161,617	-	-
Deposits	746,106	630,027	-	-
Deferred revenue	8,398,441	6,490,153	-	-
Funds held in custody for others	209,106	332,444	-	-
Notes and bonds payable	6,246,876	5,417,076	-	-
Other liabilities	1,267,293	724,104	-	-
Split interest agreements	-	-	994,161	873,436
Total Current Liabilities	48,507,041	44,441,075	7,895,767	8,412,990
<b>NONCURRENT LIABILITIES</b>				
Notes and bonds payable	158,854,043	142,471,968	-	-
Assets held in trust for the University	-	-	67,829,850	62,391,971
Other liabilities	893,494	-	-	-
Split interest agreements	-	-	5,234,033	4,715,392
Total Noncurrent Liabilities	159,747,537	142,471,968	73,063,883	67,107,363
Total Liabilities	208,254,578	186,913,043	80,959,650	75,520,353
<b>NET ASSETS</b>				
Invested in capital assets - net of related debt	211,194,033	205,937,863	-	-
Restricted for:				
Nonexpendable	67,829,850	62,391,971	95,272,890	82,181,263
Expendable	74,964,487	68,225,541	29,719,205	23,534,496
Unrestricted	26,298,058	36,245,034	4,380,322	3,208,428
Total Net Assets	380,286,428	372,800,409	129,372,417	108,924,187
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 588,541,006</b>	<b>\$ 559,713,452</b>	<b>\$ 210,332,067</b>	<b>\$ 184,444,540</b>

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	University of Idaho 2010	University of Idaho 2009	University of Idaho Foundation (note 18) 2010	University of Idaho Foundation (note 18) 2009
<b>OPERATING REVENUES</b>				
Student tuition and fees including pledged revenues of \$63,960,825 and \$59,562,901 (net of scholarship allowance of \$14,035,710 and \$11,449,679 ) for FY 2010 and FY 2009 respectively	\$ 65,097,956	\$ 60,702,738	\$ -	\$ -
Federal grants and contracts	64,618,026	59,096,376	-	-
State and local grants and contracts	5,051,659	5,502,914	-	-
Private grants and contracts	4,464,960	4,342,407	-	-
Sales and services of educational activities including pledged revenues of \$10,130,640 and \$10,643,423 for FY 2010 and FY 2009 respectively	10,130,640	10,643,423	-	-
Sales and services of auxiliary enterprises including pledged revenues of \$29,563,701 and \$27,964,720 for FY 2010 and FY 2009 respectively	29,563,701	27,964,720	-	-
Interest on loans receivable	251,144	234,577	-	-
Other sources	2,358,795	3,747,033	69,728	145,572
Gifts	-	-	18,156,092	16,674,827
Total operating revenue	<u>181,536,881</u>	<u>172,234,188</u>	<u>18,225,820</u>	<u>16,820,399</u>
<b>OPERATING EXPENSES</b>				
Salaries	158,351,318	158,066,029	-	-
Benefits	53,425,133	54,263,999	-	-
Services	42,664,491	39,422,442	-	-
Supplies	23,123,214	26,594,469	-	-
Insurance, utilities and rent	14,173,632	15,249,708	-	-
Scholarships and fellowships	26,114,721	22,068,009	-	-
Depreciation	21,993,020	20,555,241	5,893	5,893
Other	4,037,797	4,066,756	400,843	381,830
Administrative expense	-	-	1,860,247	2,527,796
Total operating expenses	<u>343,883,326</u>	<u>340,286,653</u>	<u>2,266,983</u>	<u>2,915,519</u>
OPERATING (LOSS) INCOME	<u>\$ (162,346,445)</u>	<u>\$ (168,052,465)</u>	<u>\$ 15,958,837</u>	<u>\$ 13,904,880</u>

See notes to financial statements

Continued



## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	University of Idaho 2010	University of Idaho 2009	University of Idaho Foundation (note 18) 2010	University of Idaho Foundation (note 18) 2009
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	\$ 107,249,600	\$ 127,767,588	\$ -	\$ -
Land grant endowment income	6,164,400	5,307,300	-	-
Federal appropriations	9,248,194	4,562,982	-	-
Federal grants and contracts	16,624,864	11,706,909	-	-
Gifts (including gifts from Foundation)	14,839,365	15,731,753	-	-
Private grants and contracts	35,286	114,616	-	-
Net investment income including pledged revenues to UI of \$2,072,365 and \$3,040,962 for FY 2010 and FY 2009 respectively	2,939,116	4,529,713	7,606,675	9,265,193
Net increase (decrease) in fair value of investments	180,583	1,745,586	19,069,365	(37,208,454)
Change in value of assets held in trust for University	5,437,879	(14,650,447)	(5,437,879)	14,650,448
Distribution of endowment income to University and trust beneficiaries	-	-	(6,829,153)	(7,329,504)
Distribution to University and affiliates	-	-	(8,715,015)	(9,686,388)
Distribution of trust income to life income beneficiaries	-	-	(658,649)	(548,866)
Lease and rental income	-	-	25,864	65,770
Property management	-	-	(30,291)	(51,759)
Change to split interest trusts	-	-	(541,524)	1,976,562
Interest expense (net of capitalized interest of \$1,744,741 and \$734,106 for FY 2010 and FY 2009 respectively)	(5,184,622)	(6,292,913)	-	-
Other sources	747,229	524,166	-	-
Net nonoperating revenues (expenses)	158,281,894	151,047,253	4,489,393	(28,866,998)
LOSS BEFORE OTHER REVENUES	(4,064,551)	(17,005,212)	20,448,230	(14,962,118)
<b>OTHER REVENUES</b>				
Capital grants and contracts	2,008,091	435,823	-	-
Projects with Idaho Department of Public Works	8,274,055	1,897,555	-	-
Capital gifts from Foundation	1,268,424	1,636,408	-	-
Total other revenues	11,550,570	3,969,786	-	-
INCREASE (DECREASE) IN NET ASSETS	7,486,019	(13,035,426)	20,448,230	(14,962,118)
NET ASSETS - Beginning of year	372,800,409	385,835,835	108,924,187	123,886,305
NET ASSETS - End of year	\$ 380,286,428	\$ 372,800,409	\$ 129,372,417	\$ 108,924,187

See notes to financial statements

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	University of Idaho 2010	University of Idaho 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Receipts and disbursements		
Tuition and fees	\$ 68,282,261	\$ 60,456,013
Grants and contracts	71,239,775	68,941,696
Sales of services - net	38,986,392	38,608,144
Payments to or for employees	(209,187,018)	(211,911,390)
Payments to suppliers	(86,461,209)	(85,878,185)
Scholarships disbursed	(26,114,720)	(22,068,009)
Funds held for others	(123,338)	78,836
Student loans collected	2,221,947	1,709,102
Student loans disbursed	(1,795,882)	(1,932,773)
Other receipts	2,891,812	4,005,512
Net cash used by operating activities	<u>(140,059,980)</u>	<u>(147,991,054)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Appropriated general education revenues:		
State general account	107,236,213	127,767,588
Land grant endowment income	6,164,400	5,307,300
Federal Appropriations	9,248,194	4,562,982
Federal Grants and Contracts	16,660,150	11,706,909
Gifts	14,839,365	15,846,369
Other receipts	747,229	524,164
Net cash provided by noncapital financing activities	<u>154,895,551</u>	<u>165,715,312</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State appropriations, capital	8,274,056	1,897,555
Capital grants and gifts	3,276,515	435,821
Capital asset purchases	(44,523,333)	(34,819,570)
Proceeds from capital debt	42,173,495	-
Principal paid on capital debt	(25,477,550)	(4,092,727)
Interest paid on capital debt	(4,879,886)	(6,342,608)
Net cash used by capital & related financing activities	<u>(21,156,703)</u>	<u>(42,921,529)</u>

See notes to financial statements.

Continued



**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<b>University of Idaho 2010</b>	<b>University of Idaho 2009</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	41,210,877	46,219,269
Investment income	2,939,116	6,982,020
Repurchase agreement	-	33,649,058
Purchase of investments	(22,276,866)	(28,185,860)
Net cash provided by investing activities	<u>21,873,127</u>	<u>58,664,487</u>
 <b>NET INCREASE IN CASH</b>	 15,551,995	 33,467,216
Cash - Beginning of year	41,838,941	8,371,725
Cash - End of year	<u>\$ 57,390,936</u>	<u>\$ 41,838,941</u>
 <b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (162,346,445)	\$ (168,052,465)
Adjustments to reconcile:		
Depreciation expense	21,993,020	20,555,241
Noncash operating transactions		
Decrease (increase) in assets:		
Receivables, net	(3,424,034)	(374,881)
Inventories and prepaids	(405,801)	(141,498)
Deferred financing costs	(515,930)	134,363
Increase (decrease) in liabilities:		
Accounts payable	(1,705,970)	(403,314)
Accrued payroll, benefits and compensated absences	2,140,536	418,639
Current notes, bonds and accrued interest payable	1,134,540	(470,765)
Deposits and deferred revenues	2,024,367	(64,476)
Change in funds held for others	(123,338)	78,837
Other liabilities	1,169,075	329,265
Net cash used by operating activities	<u>\$ (140,059,980)</u>	<u>\$ (147,991,054)</u>
 <b>NONCASH TRANSACTIONS</b>		
Capital asset write-offs	\$ 652,499	\$ 369,626
Donated assets	1,268,424	1,636,408
Change in fair value of investments	180,583	1,048,850
Change in fair value of assets held in trust	5,437,879	(14,492,027)
Proceeds from capital debt deposited to escrow	10,707,368	-
Principal paid on capital debt through defeasance	(10,415,000)	-

See notes to financial statements

## STATEMENTS OF BENEFIT PLAN NET ASSETS AS OF DECEMBER 31, 2009 AND 2008

	Retiree Benefits Trust 2009	Retiree Benefits Trust 2008	Health Benefits Trust 2009	Health Benefits Trust 2008
<b>Assets</b>				
Cash and short-term investments	\$ 351,977	\$ 135,595	\$ 310,126	\$ 3,876,443
Receivables				
Accounts receivable	-	-	-	-
Interest receivable	9,803	5,380	25,401	13,037
Total receivables	9,803	5,380	25,401	13,037
Investments, at fair value				
Fixed income securities	6,051,699	2,383,521	4,426,179	1,434,504
Equity securities	5,415,625	2,113,837	131,318	97,787
Total investments	11,467,324	4,497,358	4,557,497	1,532,291
 Total assets	 \$ 11,829,104	 \$ 4,638,333	 \$ 4,893,024	 \$ 5,421,771
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 1,519,829	\$ 193,000
IBNR liability	-	-	1,232,000	1,612,000
 Total liabilities	 -	 -	 2,751,829	 1,805,000
 Net assets held in trust for benefits	 \$ 11,829,104	 \$ 4,638,333	 \$ 2,141,195	 \$ 3,616,771

See notes to financial statements

## STATEMENTS OF CHANGES IN BENEFIT PLAN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Retiree Benefits Trust 2009	Retiree Benefits Trust 2008	Health Benefits Trust 2009	Health Benefits Trust 2008
<b>Additions</b>				
Contributions				
Employer	\$ 5,451,760	\$ 5,295,203	\$ 13,051,378	\$ 12,083,737
Plan members	-	-	4,071,607	6,268,539
Total contributions	5,451,760	5,295,203	17,122,985	18,352,276
Interest	229,767	81,901	167,140	174,191
Realized gain in investments	-	37,548	-	-
Unrealized gain in investments	1,663,956	-	35,878	-
Total additions	7,345,483	5,414,652	17,326,003	18,526,467
<b>Deductions</b>				
Insurance claim benefits	-	-	15,989,549	17,015,326
Change in IBNR	-	-	255,500	295,000
Realized loss in investments	152,462	-	4,889	-
Unrealized loss in investments	-	775,194	-	2,296
Administrative expenses	2,250	1,125	2,551,641	10,330
Total deductions	154,712	776,319	18,801,579	17,322,952
Net increase in assets held in trust for benefits	7,190,771	4,638,333	(1,475,576)	1,203,515
Net plan assets, beginning of year	4,638,333	-	3,616,771	2,413,256
Net plan assets, end of year	\$ 11,829,104	\$ 4,638,333	\$ 2,141,195	\$ 3,616,771

See notes to financial statements

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### 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, 2010 AND 2009

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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, 2010 AND 2009

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***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 three years 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 \$629,496 and \$646,240 for the fiscal years ended 2010 and 2009, 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, 2010 AND 2009

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**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, 2010 AND 2009

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***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 FY2010 and FY2009 are \$14,035,710 and \$11,449,679 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.

***New Accounting Standards***— In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all identifiable intangible assets, not specifically excluded by the Statement, be recorded as capital assets. These intangible assets will be included in the net assets of the University. The implementation of this Statement is effective for fiscal years beginning after June 15, 2009. During fiscal year 2010, the University conducted an evaluation of its identifiable intangible assets and identified two specific assets acquired in previous fiscal years that would require recording on its financial statements under the implementation of GASB Statement No. 51. As a result, the University recorded \$1,165,600 of intangible assets and \$1,045,480 of related accumulated depreciation in its financial records. These assets and related accumulated depreciation are included in the furniture and equipment category identified in the June 30, 2010 property, plant and equipment schedule in Footnote 6 of these financial statements. Although these assets were acquired in fiscal years previous to 2010, the University elected not to restate prior years' financial statements due to the immaterial amount of these specific assets.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### 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, 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. At June 30, 2009, \$925,048 of the University's bank balance of \$41,838,941 was exposed to custodial credit risk because it was uninsured and uncollateralized.

### 3. INVESTMENTS

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

- FDIC passbook savings accounts.
- Certificates of deposit.
- U.S. securities.
- Federal funds repurchase agreements.
- Reverse repurchase agreements.
- Federal agency securities.
- Large money market funds.
- 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, 2010 and June 30, 2009 respectively:

	2010 Fair Value	2009 Fair Value
Corporate debt securities and preferred stock	\$ 1,689,565	\$ 6,601,147
U.S. government or government guaranteed securities	36,103,195	49,955,179
Mutual funds	391,150	381,077
	<u>\$ 38,183,910</u>	<u>\$ 56,937,403</u>

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### Interest Rate Risk

Interest rate risk is defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as the risk a government may face should interest rate variances affect the fair value of investments. The University does not presently have a formal policy that addresses interest rate risk. As of June 30, 2010 and June 30, 2009 respectively, the University had the following investments subject to interest rate risk:

#### 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
U.S. Government Agencies	36,103,195	601,879	1,053,532	3,925,370	30,522,414
Total	<u>\$ 37,792,760</u>	<u>\$ 601,879</u>	<u>\$ 1,211,346</u>	<u>\$ 3,974,146</u>	<u>\$ 32,005,389</u>

#### Investment Securities Subject to Interest Rate Risk at June 30, 2009

##### Investment Maturities in Years

Investment Type	Total Fair Value	<1	1-5	6-10	>10
U.S. Corporations	\$ 2,201,146	\$ -	\$ 237,001	\$ 736,035	\$ 1,228,110
U.S. Government Agencies	49,955,180	601,759	85,827	12,799,761	36,467,833
Total	<u>\$ 52,156,326</u>	<u>\$ 601,759</u>	<u>\$ 322,828</u>	<u>\$ 13,535,796</u>	<u>\$ 37,695,943</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, 2010 and June 30, 2009, the University had the following investment credit risk:

#### Investment Securities Subject to Credit Risk at June 30, 2010

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

#### Investment Securities Subject to Credit Risk at June 30, 2009

Credit Rating	U.S. Government			
	U.S. Corporations	Agencies	Mutual funds	Total
AAA	\$ 6,009,012	\$ 49,955,179	\$ -	\$ 55,964,191
AA	801,243	-	-	801,243
A	171,969	-	-	171,969
	<u>\$ 6,982,224</u>	<u>\$ 49,955,179</u>	<u>\$ -</u>	<u>\$ 56,937,403</u>

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### 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, 2010 that represented a 5 percent or greater concentration in any one issuer. At June 30, 2009, the University had investments that represented a 5 percent or greater concentration in any one issuer as follows:

#### Investment Securities Subject to Concentration of Credit Risk at June 30, 2009

Issuer:	Fair Value	% of Total Investments
Pimco Corp (AAA)	\$ 3,800,000	6.67%
Various securities (no single issuer) not exceeding 5% of total	53,137,403	93.33%
Total	<u>\$ 56,937,403</u>	<u>100.00%</u>

### 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, 2010 all investments were held by the University or its counterparty in the University's name.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### 4. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Receivables and unbilled charges consisted of the following at June 30, 2010 and June 30, 2009, respectively:

	2010	2009
Student tuition and fees	\$ 3,173,907	\$ 2,995,758
Auxiliary enterprises	2,139,546	1,833,097
Educational activities	1,462,382	1,060,882
Federal appropriations	16,839	3,452
Federal financial aid funds	119,544	132,348
Grants and contracts	12,534,803	9,639,932
Due from Foundation	6,332,939	7,044,168
	<u>\$ 25,779,960</u>	<u>\$ 22,709,637</u>
Less allowance for doubtful accounts	(403,600)	(495,800)
Net accounts receivable and unbilled charges	<u>\$ 25,376,360</u>	<u>\$ 22,213,837</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, 2010 and June 30, 2009. 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 \$1,499,868 for June 30, 2010 and \$1,406,441 at June 30, 2009.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### 6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at June 30, 2010 and 2009 consisted of the following:

	<b>Balance July 1, 2009</b>	<b>Year ended June 30, 2010</b>			<b>Balance June 30, 2010</b>
		<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	
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	<u>24,431,184</u>	<u>26,111,090</u>	<u>(1,839,316)</u>	<u>(193,996)</u>	<u>48,508,962</u>
Total property, plant and equipment not being depreciated	<u>\$ 45,464,986</u>	<u>\$ 27,773,538</u>	<u>\$ (2,833,003)</u>	<u>\$ (541,402)</u>	<u>\$ 69,864,119</u>
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	<u>64,351,162</u>	<u>3,737,763</u>		<u>(406,823)</u>	<u>67,682,102</u>
Total other property, plant and equipment	<u>601,427,133</u>	<u>17,755,035</u>	<u>2,833,003</u>	<u>(3,288,504)</u>	<u>618,726,667</u>
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	<u>(50,075,089)</u>	<u>(2,977,009)</u>		<u>406,823</u>	<u>(52,645,275)</u>
Total accumulated depreciation	<u>(287,921,156)</u>	<u>(21,993,021)</u>		<u>2,824,666</u>	<u>(307,089,511)</u>
Other property, plant and equipment—net	<u>\$ 313,505,977</u>	<u>\$ (4,237,986)</u>	<u>\$ 2,833,003</u>	<u>\$ (463,838)</u>	<u>\$ 311,637,156</u>
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	<u>601,427,133</u>	<u>17,755,035</u>	<u>2,833,003</u>	<u>(3,288,504)</u>	<u>618,726,667</u>
Total cost of property, plant and equipment	646,892,119	45,528,573		(3,829,906)	688,590,786
Less accumulated depreciation	<u>(287,921,156)</u>	<u>(21,993,021)</u>		<u>2,824,666</u>	<u>(307,089,511)</u>
Property, plant and equipment—net	<u>\$ 358,970,963</u>	<u>\$ 23,535,552</u>	<u>\$ -</u>	<u>\$ (1,005,240)</u>	<u>\$ 381,501,275</u>

In addition to accounts payable for construction in progress, the estimated cost to complete property authorized or under construction at June 30, 2010 is approximately \$26,417,869. 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, 2010 AND 2009

	<u>Balance July 1, 2008</u>	<u>Year ended June 30, 2009</u>			<u>Balance June 30, 2009</u>
		<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	
Property, plant and equipment not being depreciated:					
Land	\$ 18,767,952	\$			\$ 18,767,952
Capitalized collections	2,128,456	24,291		(9,350)	2,143,397
Equipment construction in progress	43,593	393,710	(303,909)	(10,941)	122,453
Construction in progress	8,342,704	20,369,160	(4,276,017)	(4,663)	24,431,184
Total property, plant and equipment not being depreciated	<u>\$ 29,282,705</u>	<u>\$ 20,787,161</u>	<u>\$ (4,579,926)</u>	<u>\$ (24,954)</u>	<u>\$ 45,464,986</u>
Other property, plant and equipment:					
Buildings	\$ 405,989,799	\$ 5,401,377	\$ 4,163,092	\$ (310,234)	\$ 415,244,034
Other improvements	40,779,373	955,338	112,925	(61,179)	41,786,457
Furniture and equipment	77,258,640	5,867,870	303,909	(3,384,939)	80,045,480
Library materials	60,788,450	3,858,570		(295,858)	64,351,162
Total other property, plant and equipment	<u>584,816,262</u>	<u>16,083,155</u>	<u>4,579,926</u>	<u>(4,052,210)</u>	<u>601,427,133</u>
Less accumulated depreciation:					
Buildings	(141,644,251)	(9,621,356)		104,193	(151,161,414)
Other improvements	(24,040,910)	(1,709,780)		59,514	(25,691,176)
Furniture and equipment	(57,801,526)	(6,395,213)		3,203,262	(60,993,477)
Library materials	(47,542,056)	(2,828,891)		295,858	(50,075,089)
Total accumulated depreciation	<u>(271,028,743)</u>	<u>(20,555,240)</u>		<u>3,662,827</u>	<u>(287,921,156)</u>
Other property, plant and equipment—net	<u>\$ 313,787,519</u>	<u>\$ (4,472,085)</u>	<u>\$ 4,579,926</u>	<u>\$ (389,383)</u>	<u>\$ 313,505,977</u>
Property, plant and equipment summary:					
Property, plant and equipment not being depreciated	\$ 29,282,705	\$ 20,787,161	\$ (4,579,926)	\$ (24,954)	\$ 45,464,986
Other property, plant and equipment—at cost	<u>584,816,262</u>	<u>16,083,155</u>	<u>4,579,926</u>	<u>(4,052,210)</u>	<u>601,427,133</u>
Total cost of property, plant and equipment	614,098,967	36,870,316		(4,077,164)	646,892,119
Less accumulated depreciation	<u>(271,028,743)</u>	<u>(20,555,240)</u>		<u>3,662,827</u>	<u>(287,921,156)</u>
Property, plant and equipment—net	<u>\$ 343,070,224</u>	<u>\$ 16,315,076</u>	<u>\$ -</u>	<u>\$ (414,337)</u>	<u>\$ 358,970,963</u>

## 7. ACCOUNTS PAYABLE

Accounts payable consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Operating activities	\$ 5,851,171	\$ 7,547,905
Taxes payable	<u>24,609</u>	<u>33,845</u>
Total accounts payable and accrued liabilities	<u>\$ 5,875,780</u>	<u>\$ 7,581,750</u>



## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### 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 \$3,326,143 for the year ended June 30, 2010 and \$2,977,349 for the year ended June 30, 2009.

Future minimum lease payments on noncancellable leases at June 30, 2010 are as follows:

2011	\$ 3,218,694
2012	159,492
2013	93,346
2014	23,700
2015	0
Total future minimum obligation	<u>\$ 3,495,232</u>

### 9. LONG-TERM LIABILITIES

Long-term liability activity for years ended June 30, 2010 and 2009 is as follows:

	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	<u>2,673,388</u>	<u>8,120,433</u>	<u>10,119,509</u>	<u>674,312</u>	<u>127,222</u>
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	<u>(5,144,058)</u>	<u>(408,503)</u>	<u>(346,238)</u>	<u>(5,206,323)</u>	<u>(323,552)</u>
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>

	Ending Balance June 30, 2008	Additions	Reductions	Ending Balance June 30, 2009	Amounts Due within One Year
Bonds and notes payable and capital lease obligations:					
Bonds payable	\$ 152,810,000	\$ -	\$ 5,855,000	\$ 146,955,000	\$ 5,440,000
Notes payable	<u>906,141</u>	<u>1,879,567</u>	<u>112,320</u>	<u>2,673,388</u>	<u>119,775</u>
Sub-Total	\$ 153,716,141	\$ 1,879,567	\$ 5,967,320	\$ 149,628,388	\$ 5,559,775
Premium on Bonds	3,598,876	-	194,162	3,404,714	180,853
Deferred Refunding Costs	<u>(5,467,608)</u>	<u>-</u>	<u>(323,550)</u>	<u>(5,144,058)</u>	<u>(323,552)</u>
Long-term liabilities	<u>\$ 151,847,409</u>	<u>\$ 1,879,567</u>	<u>\$ 5,837,932</u>	<u>\$ 147,889,044</u>	<u>\$ 5,417,076</u>

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### 10. NOTES AND BONDS PAYABLE

Notes and bonds payable consisted of the following at June 30, 2010 and 2009:

Description	Balance Outstanding 2010	Balance Outstanding 2009
Student Fee Refunding Bonds, Series 1996 (original balance of \$9,285,000), consisting of term bonds due in the year 2013 in the amount of \$3,125,000, plus interest at 5.80% through the year 2013, collateralized by a pledge of net revenues and certain student fees of the University. The Series 1996 bonds were issued to redeem the outstanding Series 1986 Student Fee Refunding Revenue Bonds, to advance refund the Series 1993 Auxiliary Facilities Revenue Bonds, and to pay certain issuance costs relating to the Series 1996 bonds.	\$ -	\$3,125,000
Student Fee Refunding Revenue Bonds, Series 1997B, (original balance of \$12,380,000), consisting of serial bonds due in annual installments commencing in 2003 and increasing annually from \$875,000 to a maximum of \$1,220,000, plus interest from 5.35% to 5.70% through the year 2016, collateralized by a pledge of net revenues of the Student Housing System, University's Student Matriculation Fee and other pledged net revenues. The 2005A General Revenue Refunding Bonds extended the general pledge to these Bonds. The Series 1997B bonds were issued to advance refund a portion of the Series 1992A Facility Revenue Bonds, advance refund a portion of the Series 1992B Facility Revenue Bonds, to fund an increase in the Debt Service Reserve Account of the Bond Fund, and to pay certain issuance costs relating to the Series 1997B bonds.	-	7,290,000

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

Description	Balance Outstanding 2010	Balance Outstanding 2009
<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	1,055,000

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

Description	Balance Outstanding 2010	Balance Outstanding 2009
<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>	8,490,000	10,015,000

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

Description	Balance Outstanding 2010	Balance Outstanding 2009
<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>	27,010,000	28,340,000

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

Description	Balance Outstanding 2010	Balance Outstanding 2009
<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	62,095,000
<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, 2010 AND 2009

Description	Balance Outstanding 2010	Balance Outstanding 2009
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.	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	-
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	-

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

Description	Balance Outstanding 2010	Balance Outstanding 2009
Other indebtedness, consisting of notes payable with interest rates ranging from 4.75% to 5.00% due through the year 2019.	674,312	2,673,388
Sub-total	166,174,312	149,628,388
Premium on Bonds	4,132,930	3,404,711
Deferred amount on Refunding – 2005A , 2007A, 2010A	(5,206,323)	(5,144,055)
<b>TOTAL</b>	<b>\$165,100,919</b>	<b>\$147,889,044</b>

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:

	<b>Bonds Payable</b>		<b>Notes Payable</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2011	\$ 6,230,000	\$ 8,083,295	\$ 127,222	\$ 37,915
2012	3,845,000	7,342,241	135,133	30,003
2013	4,015,000	7,008,720	143,537	21,600
2014	4,130,000	6,663,931	152,467	12,672
2015	4,525,000	4,685,803	84,332	3,777
2016-2020	15,125,000	27,081,147	31,621	3,187
2021-2025	10,645,000	20,259,357	-	-
2026-2030	7,675,000	15,364,674	-	-
2031-2035	2,430,000	11,249,269	-	-
2036-2040	6,390,000	5,837,691	-	-
2041-2045	100,490,000	495,333	-	-
	<u>\$ 165,500,000</u>	<u>\$ 114,071,461</u>	<u>\$ 674,312</u>	<u>\$ 109,154</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, 2010 AND 2009

***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, 2010 are as follows:

<b>Source of Pledged Revenues</b>	
Student Fees	\$ 63,960,825
Sales and Services Revenues	39,694,341
Other Operating Revenues	2,358,795
Investment Income	2,072,365
F&A Recovery Revenues	9,919,603
<b>Total Pledged Revenues</b>	<b>\$ 118,005,929</b>
 <b>Revenues Available for Debt Service</b>	
Debt Service on Bonds	\$ 118,005,929
Debt Service Coverage	11,110,027
	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, and 2010A bond issuances. The specific debt, principal payments, refunded amounts and remaining balances for the refunded bonds are as follows:

<b>Refunded Issue</b>	<b>Original Issue Amount</b>	<b>Principal Payments</b>	<b>Refunded Amount</b>	<b>Balance 6/30/2010</b>
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	2,275,000	38,035,000	620,000
Totals	<u>\$ 96,635,000</u>	<u>\$ 18,035,000</u>	<u>\$ 77,980,000</u>	<u>\$ 620,000</u>

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### 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, 2010 AND 2009

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### 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, 2010, 2009 and 2008, 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 \$5,607,259, \$5,718,252, and \$5,563,717, for the years ended June 30, 2010, 2009 and 2008, 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, 2010, 2009 and 2008 were \$13,569,621, \$13,358,559, and \$12,494,135, respectively, that consisted of \$7,688,265 from the University and \$5,881,335 from employees for 2010, \$7,621,025 from the University and \$5,737,534 from employees for 2009, and \$7,127,049 from the University and \$5,367,086 from employees for 2008.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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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, 2010, 2009 and 2008, these supplemental funding payments made to PERSI were \$1,242,655, \$1,226,593, and \$1,147,997 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 2010 range from \$0.00 to \$1901.38 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, 2010 AND 2009

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### 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	1,022	1,093	1,093	1,281
Retirees	840	178	706	N/A
Disableds	10	N/A	N/A	-
Retirees (Sick Leave)	N/A	N/A	N/A	5
Total Inactive	850	178	706	5
Total Combined	1,872	1,271	1,799	1,286

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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:

	<b><u>Entry Age Normal Level</u></b> <b><u>Dollar Cost Method</u></b>
Present Value of Benefits (PVB)	\$82,152,000
Actuarial Accrued Liability (AAL)	75,973,000
Annual Required Contribution (ARC) <sup>1</sup>	5,863,000
Estimated Pay-As-You-Go Contributions <sup>2</sup>	2,608,000
Contributions to Qualifying Trust	<u>4,211,000</u>
Total Actual Annual Contributions	6,819,000
Net Annual OPEB Cost (AOC) - Funding Excess	956,000
Total Actual Annual Contributions as % of ARC	116.3%

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

<sup>2E</sup> Estimated Pay-As-You-Go Contributions are net of estimated retiree contributions.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### **Funded Status, Utilizing Entry Age Normal Cost Method and Level Dollar Amortization Method of UAAL – As of June 30, 2010:**

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Sick Pay</u>	<u>Total</u>
Present Value of Benefits (PVB)					
Retirees	\$41,554,000	\$218,000	\$3,961,000	\$8,000	\$45,741,000
Actives	<u>33,046,000</u>	<u>212,000</u>	<u>486,000</u>	<u>2,667,000</u>	<u>36,411,000</u>
Total	\$74,600,000	\$430,000	\$4,447,000	\$2,675,000	\$82,152,000
Actuarial Accrued Liability (AAL)					
Retirees	\$41,554,000	\$218,000	\$3,961,000	\$8,000	\$45,741,000
Actives	<u>28,829,000</u>	<u>194,000</u>	<u>473,000</u>	<u>736,000</u>	<u>30,232,000</u>
Total	\$70,383,000	\$412,000	\$4,434,000	\$744,000	\$75,973,000
Assets	<u>\$7,720,000</u>	<u>\$45,000</u>	<u>\$486,000</u>	<u>\$82,000</u>	<u>\$8,333,000</u>
Unfunded AAL (UAAL)	\$62,663,000	\$367,000	\$3,948,000	\$662,000	\$67,640,000
Assets as % of AAL (Funded Ratio)	11.0%	10.9%	11.0%	11.0%	11.0%
UAAL as % of Annual Covered Payroll	98.9%	0.5%	5.9%	1.1%	54.3%
<b>Annual Required Contribution (ARC)</b>					
Normal Cost <sup>1</sup>	\$539,000	\$3,000	\$3,000	\$272,000	\$817,000
Amortization of Unfunded AAL <sup>2</sup>	<u>\$4,675,000</u>	<u>\$27,000</u>	<u>\$295,000</u>	<u>\$49,000</u>	<u>\$5,046,000</u>
Total ARC	\$5,214,000	\$30,000	\$298,000	\$321,000	\$5,863,000
Estimated Benefit Payments (pay-as-you-go) <sup>3</sup>	\$2,216,000	\$70,000	\$319,000	\$3,000	\$2,608,000
Covered Payroll	\$63,330,000	\$66,875,000	\$66,875,000	\$57,709,000	\$124,584,000

<sup>1</sup> Includes interest to year end.

<sup>2</sup> Level 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, 2010 AND 2009

	Retiree Benefits Trust ("RBT")
Valuation Date	7/1/2009
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%

### 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%



### 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, 2010 AND 2009

### 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, 2010 and 2009:

<u>Expenses 2010</u>	<u>Salaries</u>	<u>Benefits</u>	<u>Services</u>	<u>Supplies</u>	<u>Ins, utilities &amp; rent</u>	<u>Scholarships &amp; 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>

<u>Expenses 2009</u>	<u>Salaries</u>	<u>Benefits</u>	<u>Services</u>	<u>Supplies</u>	<u>Ins, utilities &amp; rent</u>	<u>Scholarships &amp; Fellowships</u>	<u>Depreciation</u>	<u>Other</u>	<u>Totals</u>
Instruction	\$ 57,299,218	\$ 17,053,278	\$ 6,378,181	\$ 6,223,160	\$ 485,779	\$ -	\$ -	\$ 2,300,803	\$ 89,740,419
Research	37,297,422	10,732,383	10,638,964	4,889,737	839,175	-	-	(1,998,996)	62,398,685
Public Service	15,622,975	5,338,266	5,410,593	1,365,766	322,188	-	-	2,055,803	30,115,591
Academic Support	7,241,997	2,359,159	1,705,977	1,211,323	190,592	-	-	278,524	12,987,572
Libraries	2,311,815	913,787	354,591	484,045	-	-	-	13,190	4,077,428
Student Services	5,499,546	2,074,633	1,416,900	469,157	110,658	-	-	246,877	9,817,771
Institutional Support	14,159,834	8,919,604	7,244,924	188,032	631,514	-	-	490,265	31,634,173
Plant Operations	7,034,371	3,097,803	418,729	1,028,194	10,538,265	-	20,555,241	25,761	42,698,364
Scholarships & Fellowships	461,059	3	-	(459)	-	22,068,009	-	66	22,528,678
Auxiliary Enterprises	11,137,792	3,775,083	5,853,583	10,735,514	2,131,537	-	-	654,463	34,287,972
	<u>\$ 158,066,029</u>	<u>\$ 54,263,999</u>	<u>\$ 39,422,442</u>	<u>\$ 26,594,469</u>	<u>\$ 15,249,708</u>	<u>\$ 22,068,009</u>	<u>\$ 20,555,241</u>	<u>\$ 4,066,756</u>	<u>\$ 340,286,653</u>

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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### 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, 2010 AND 2009

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, 2010 and 2009 are as follows:

**INVESTMENTS**—Investments in marketable securities are recorded at fair value as determined by quoted market prices. At June 30, 2010, the fair value of restricted and unrestricted investments was \$172,004,872 and \$2,907,246 respectively. At June 30, 2009, the fair value of restricted and unrestricted investments was \$157,461,475 and \$2,093,013 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, 2010 and June 30, 2009 respectively:

Investment Type	2010	2009
U.S. Government Agency Obligations	\$ 12,232,138	\$ 29,550,679
Corporate Bonds	30,772,530	38,678,823
Preferred Stock	2,936,295	4,162,640
Municipal Securities	1,038,217	959,004
U.S. Treasuries	23,678,854	3,102,292
Common Stock	89,907,666	75,090,656
International Equity Funds	3,170,291	3,231,155
Mutual Funds	2,516,525	2,238,747
Private Equity	3,569,303	2,535,292
Real Assets	4,529,667	-
Foreign Currency	560,632	5,200
	<u>\$ 174,912,118</u>	<u>\$ 159,554,488</u>

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### 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, 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>

As of June 30, 2009, 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	\$ 38,678,823	\$ 1,938,395	\$ 11,658,439	\$ 12,063,189	\$ 13,018,800
U.S. Government Agency Obligations	29,550,679	-	19,715	5,029,061	24,501,903
U.S. Treasuries	3,102,292	99,995	2,134,791	701,213	166,293
Municipal Securities	959,004	-	376,459	420,576	161,969
	<u>\$ 72,290,798</u>	<u>\$ 2,038,390</u>	<u>\$ 14,189,404</u>	<u>\$ 18,214,039</u>	<u>\$ 37,848,965</u>

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### 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, 2010, the Foundation had the following investment credit risk:

#### 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

#### Investment Securities Subject to Credit Risk at June 30, 2009

Credit Rating	U.S. Government Agency Obligations	Corporate Debt	Municipal Securities	Total
AAA	\$ 29,530,043	\$ 4,021,995	\$ -	\$ 33,552,038
AA	-	4,137,425	330,846	4,468,271
A	-	8,107,507	543,378	8,650,885
BBB	-	14,150,281	-	14,150,281
BB	-	2,816,482	31,910	2,848,392
B	-	1,219,516	-	1,219,516
CCC	-	3,299,524	-	3,299,524
CC	-	92,019	-	92,019
D	-	430,870	-	430,870
Not Rated	20,636	403,204	52,870	476,710
Total	\$ 29,550,679	\$ 38,678,823	\$ 959,004	\$ 69,188,506

### 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, 2010 AND 2009

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- 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, 2010 and June 30, 2009 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, 2010 and June 30, 2009 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, 2010 AND 2009

### 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, 2010 and June 30, 2009 respectively:

#### Investment Securities Subject to Foreign Currency Risk

Currency Type	June 30, 2010 Fair Value	June 30, 2009 Fair Value
AUD	\$ 2,477,884	\$ 1,846,423
BMD	407	-
BRL	306,812	-
CAD	458,760	40,125
CHF	959,741	846,518
CLP	30,543	-
CNY	259,446	-
COP	15,569	-
CZK	7,186	-
DKK	516,651	9,878
EGP	10,618	-
EUR	2,455,670	2,224,039
GBP	4,792,548	4,118,664
HKD	3,707,262	2,959,217
HUF	8,714	-
IDR	47,909	-
ILS	6,480	-
INR	167,632	-
JPY	4,518,890	4,349,797
KRW	269,904	-
MAD	2,994	-
MXN	88,302	-
MYR	58,915	-
NOK	22,401	6,585
NZD	222,066	294,605
PEN	8,921	-
PHP	9,621	-
PLN	24,988	-
PTE	-	3,231
RUB	125,497	-
SEK	574,150	765,654
SGD	1,368,920	984,425
THB	30,771	-
TRY	32,361	-
TWD	214,522	-
UAH	422	-
ZAR	144,745	-
	<u>\$ 23,948,222</u>	<u>\$ 18,449,161</u>



## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### DISTRIBUTIONS TO UNIVERSITY OF IDAHO AND AFFILIATES

During fiscal years 2010 and 2009, earnings from endowments invested in the C.I.T., direct gifts and other revenues to the Foundation were distributed as follows:

	2010		2009	
	C.I.T. Endowment Income	Gifts and Other Revenues	C.I.T. Endowment Income	Gifts and Other Revenues
Scholarships	\$ 3,985,636	\$ 3,316,883	\$ 4,318,636	\$ 3,339,809
Student loans	159,618	-	178,452	-
Building funds	-	937,510	-	1,485,433
University of Idaho College and				
Dept Operating Accounts				
Academic Excellence	371,167	52,110	418,711	57,167
Agricultural and Life Sciences	245,025	633,069	266,660	534,480
Art and Architecture	11,972	56,756	13,040	55,453
Athletics	37,886	441,076	44,180	551,721
Business and Economics	262,263	427,452	293,950	411,498
Education	24,448	171,103	20,805	16,417
Engineering	81,549	568,724	82,352	615,133
Law	176,465	128,043	200,805	179,823
Letters, Art and Social Science	387,842	314,459	416,452	358,439
Library	117,856	28,741	131,799	745
Natural Resources	180,928	359,760	195,418	260,130
Science	97,108	186,337	95,259	347,928
Other departments	309,375	1,044,243	364,740	1,204,212
Life beneficiaries	349,666	-	261,356	-
University of Idaho affiliates	30,349	48,749	26,889	268,000
<b>TOTAL DISTRIBUTIONS</b>	<b>\$ 6,829,153</b>	<b>\$ 8,715,015</b>	<b>\$ 7,329,504</b>	<b>\$ 9,686,388</b>

### 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, 2010 and June 30, 2009, \$2,418,134 and \$6,415,727 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, 2010 AND 2009

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restrictive reinvestment language. The approved fiscal year 2010 and 2009 spending rate was set at 4% 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, 2010 and 2009, the endowments held by the Foundation had net appreciation (depreciation) on donor restricted endowments of \$16,749,694 and \$(34,765,134). 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. Unaudited net assets of the Boosters at June 30, 2010 and 2009 were \$126,884 and \$119,137 respectively. Assets owned by the Boosters are not included in the accompanying financial statements.

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

### 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, 2010 AND 2009**

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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, 2009.

### **21. SUBSEQUENT EVENTS**

Subsequent to June 30, 2010, the University entered into two loan agreements with Wells Fargo Bank, both of which mature in August, 2016. The first loan was acquired in the amount of \$2,900,000 to finance improvements to the Kibbie Dome, and the second loan was acquired in the amount of \$2,500,000 to finance improvements to the Dan O'Brien Track and Field Complex. Both of these facilities are owned by the University.

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

Idaho State Board of Education  
University of Idaho  
Moscow, Idaho

We have audited the financial statements of the University of Idaho (University), its discretely presented component unit, and the University of Idaho Health Benefits Trust as of and for the year ended June 30, 2010, which collectively comprise the University's basic financial statements, and have issued our report thereon dated September 30, 2010. 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 discretely presented component unit and the University of Idaho Health Benefits Trust, 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**

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, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss Adams LLP*

Eugene, Oregon  
September 30, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROLOVER 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, 2010. 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. 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, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-01.

## 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.

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

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

*Moss Adams LLP*

Eugene, Oregon  
September 30, 2010

**UNIVERSITY OF IDAHO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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**Section I - Summary of Auditor's Results**

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*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies (s) identified that are not considered to be material weaknesses? \_\_\_\_\_ 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?   X   yes    \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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Multiple

Research and Development Cluster

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	

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, 2010**

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**Section II - Financial Statement Findings**

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**None.**

**UNIVERSITY OF IDAHO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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**Section III - Federal Award Findings and Questioned Costs**

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*Federal Program:* Research & Development Cluster

*Federal Agencies:* National Science Foundation (CFDA #47.082), Department of Health and Human Services (CFDA #93.389)

*Criteria* –OMB Circular A-110, Section 13, outlines requirements for recipients of federal financial assistance regarding compliance with the debarment and suspension common rule implementing Executive Orders (E. O. 12549 and 12689). This common rule restricts subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. For covered transactions occurring after November 26, 2003, the recipient must verify that the subrecipient or vendor entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. Covered transactions include procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria.

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

*Questioned Costs* – None. During the audit, the Excluded Parties List System (EPLS) was checked for the specific entities with negative results.

*Context* – The University’s process for checking suspension and debarment on purchases that do not go through a competitive bid process was lost with the departure of a trained employee and during transitional training of a new employee.

*Effect* – The absence verifying suspension and debarment for all categories of covered transactions permits the possibility for suspended or debarred parties to inappropriately receive federal funds.

*Cause* – The University had turnover in the purchasing department. During the loss of a trained employee and the transitional training of a new employee, suspension and debarment were not being verified on purchase orders and/or contracts that met certain criteria.

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

*Management Response---* All current staff members have been properly trained on suspension and debarment verification. A new Buyer has been hired. His duties will include maintenance of purchase order files to ensure compliance with suspension and debarment verification. The Senior Buyer will conduct a post-audit, bi-annual, representative sample of all “K” account purchase orders in excess of \$25,000 to ensure compliance with this procedure.

## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS YEAR ENDED JUNE 30, 2010

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### FINDING 2009-1 Financial Statement Corrections

**Condition:** The University did not have procedures in place to ensure that all records, books, and accounts were in agreement with the financial statement and schedule of expenditure of federal award dollar amounts and footnote disclosures.

**Recommendation:** We recommend the University perform a final review of its financial statements and schedule of federal awards by agreeing all dollar amounts and footnote is closures to final adjusted records, books, and accounts.

**Status:** During FY2010, the University developed review procedures and implemented them for the fiscal year 10 statement preparation.

### FINDING 2009-2 Allowable Costs

**Condition:** The University has not established internal controls to provide reasonable assurance of compliance with the 5 percent retirement contribution limit. As a result, the University did not comply with the requirement. The University charged approximately \$25,000 of retirement contributions to the Cooperative Extension program. This amount was 9% of the total salaries of approximately \$220,000 charged to the program. Per the above criteria, the maximum allowed for retirement contributions for that salary amount is 5 percent, or approximately \$11,000. The University charged approximately \$14,000 (6 percent) in excess of the maximum allowed.

**Recommendation:** We recommend the University develop policies and procedures to track compliance with the maximum retirement contribution, as stipulated by the United States Code and USDA Administrative Handbook for the Cooperative Extension program.

**Status:** In FY2010, the University instituted policies and procedures to track compliance with the authoritative agencies. The University is now charging the correct percentages and tracking on a monthly basis to assure compliance.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANT/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>RESEARCH EXPENDITURES</b>	<b>NON- RESEARCH EXPENDITURES</b>	<b>TOTAL EXPENDITURES</b>
DEPARTMENT OF AGRICULTURE				
DEPARTMENT OF AGRICULTURE				
09JV11221632177	10.		9,462.23	9,462.23
09PA11046000048	10.	6,592.34		6,592.34
2009-10003-05142	10.	40,841.69		40,841.69
2009-10003-05142	10.	57,386.63		57,386.63
04DGI1010000037	10.	(0.03)		(0.03)
SRS 05-DG-11330122-236	10.	13,830.80		13,830.80
08JV11221659038	10.	1,777.72		1,777.72
08CRI1010500012	10.	(569.15)		(569.15)
08CSI1010500034	10.	12,203.36		12,203.36
08JV11221633281	10.	27,870.99		27,870.99
08CSI1011800027	10.	5,940.34		5,940.34
08JV11221632296	10.	2,806.77		2,806.77
09JV11221632011	10.	4,354.29		4,354.29
MOD#305PA11015600051	10.	21,998.74		21,998.74
09JV11221632067	10.	15,718.59		15,718.59
FSN09CR11060500022	10.	6,090.46		6,090.46
09CRI1010500037	10.	14,853.68		14,853.68
09CSI1221633209	10.	8,658.85		8,658.85
PNW03JV11261988074	10.	(700.00)		(700.00)
03PA11046000030	10.	11,932.57		11,932.57
04CRI11132424144	10.	(0.26)		(0.26)
05JV11111124103	10.	6,306.12		6,306.12
06JV11111133065	10.	0.21		0.21
PNW06JV11261975281	10.	7,420.42		7,420.42
06JV11221648191	10.	32,732.90		32,732.90
06CA11120101028	10.	18,021.28		18,021.28
07JV11221659164	10.	18,538.72		18,538.72
07JV11111133088	10.	57,965.20		57,965.20
PNW07JV11261985166	10.	4,445.04		4,445.04
07JV11221659314	10.	36,442.40		36,442.40
07JV11221644280	10.	1,791.45		1,791.45
PNW07JV11261987168	10.	29,855.31		29,855.31
07CSI1221662248	10.	705.81		705.81
08JV11221659036	10.	57,819.61		57,819.61
08JV11221665050	10.	32,952.88		32,952.88
08-JV-11221633-159	10.	11,500.89		11,500.89
PNW08JV11261900081	10.	11,110.43		11,110.43
PNW08JV11261900082	10.	80,631.10		80,631.10
08JV11060123103	10.	51,586.91		51,586.91
08JV11221632238	10.	21,791.77		21,791.77
08JV11221634236	10.	77,376.58		77,376.58
08JV11221633293	10.	26,928.98		26,928.98
08JV11221633201	10.	38,714.59		38,714.59
08JV11221611160	10.	31,633.83		31,633.83
08-JV-11221633-159	10.	12,337.54		12,337.54
09CSI1221633210	10.	11,035.81		11,035.81
09JV11221637270	10.	51.98		51.98
09JV1221633325	10.	2,163.62		2,163.62
09JV11221634294	10.	578.49		578.49
09JV11052007214	10.	9,263.16		9,263.16
09CRI1221633327	10.	6,127.16		6,127.16
09CA11010403031	10.		7,372.89	7,372.89
09CSI1040204036	10.		19,399.99	19,399.99
10CRI1221637077	10.		254,567.04	254,567.04
07DGI1132762185	10.		6,262.28	6,262.28

# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANT/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>RESEARCH EXPENDITURES</b>	<b>NON- RESEARCH EXPENDITURES</b>	<b>TOTAL EXPENDITURES</b>
DEPARTMENT OF AGRICULTURE (Continued)				
08JV11221611160	10.		342,893.40	342,893.40
09JV11221637312	10.		466,643.40	466,643.40
IFTNCIntrmnt For. Tree Nutrition Co	10	18,943.44		18,943.44
<b>ARRA DEPARTMENT OF AGRICULTURE (RECOVERY)</b>				
<b>10JV112282B1015</b>	10.	12,762.05		12,762.05
DEPARTMENT OF AGRICULTURE				
Federal Pass Through				
IACAWARDLTR	10.	31,890.21		31,890.21
SRTGGAAWARDLTR	10.	17,388.41		17,388.41
IF&G Idaho Carnivore Project	10.	1,190.72		1,190.72
AGREEMENTFORSERVICES	10.	12,360.04		12,360.04
IF&G Amphibian Fungus	10.	682.81		682.81
IDAFIS - Wildlife Education	10.		16,392.35	16,392.35
20082009MOU	10.		4,363.46	4,363.46
G002539	10.		2,823.07	2,823.07
Nez Perce Tribe- Lapwai Sewer Proj	10.	3,025.16		3,025.16
IDOL ID Master Forest Owner Program	10.		14,991.25	14,991.25
IF&G Wolf DNA Analysis	10.	1,774.04		1,774.04
IETIC Director	10.	21,384.78		21,384.78
IETIC Data Manager	10.	722.58		722.58
Tree Nutrition Coop II	10.	1,552.82		1,552.82
IETIC Test 3 Systematic Insecticide	10.	758.83		758.83
AGRICULTURE RESEARCH SERVICE				
Agricultural Research-Basic and Applied Research	10.001	1,283,586.79	3,290.24	1,286,877.03
Federal Pass Through	10.001	185,204.69		185,204.69
AGRICULTURAL MARKETING SERVICE				
Federal-State Marketing Improvement Program	10.156	26,444.32		26,444.32
Specialty Crop Block Grant Program	10.169			-
Federal Pass Through	10.169		7,103.27	7,103.27
Specialty Crop Block Grant Program - Farm Bill	10.170			-
Federal Pass Through	10.170	39,398.26		39,398.26
ANIMAL AND PLANT HEALTH INSPECTION SERVICE				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	68,065.16		68,065.16
NATIONAL INSTITUTE OF FOOD AND AGRICULTURE				
Grants for Agricultural Research, Special Research Grants	10.200	1,510,751.91		1,510,751.91
Federal Pass Through	10.200	737,163.36	13,505.23	750,668.59
Cooperative Forestry Research	10.202	353,702.41		353,702.41
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	1,540,369.68		1,540,369.68
Grants for Agricultural Research_Competitive Research Grants	10.206	812,326.79		812,326.79
Federal Pass Through	10.206	110,050.94		110,050.94
Animal Health and Disease Research	10.207	46,352.25		46,352.25
Food and Agricultural Sciences National Needs Graduate Fellowship Gra	10.210			-
Federal Pass Through	10.210	834.48		834.48
Small Business Innovation Research	10.212			-
Federal Pass Through	10.212	8,106.35		8,106.35
Sustainable Agriculture Research and Education	10.215			-
Federal Pass Through	10.215	21,589.33	1,222.94	22,812.27
Higher Education Challenge Grants	10.217		21,418.42	21,418.42
Federal Pass Through	10.217	15,781.69	26,457.11	42,238.80

# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>RESEARCH EXPENDITURES</u>	<u>NON- RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF AGRICULTURE (Continued)				
Biotechnology Risk Assessment Research	10.219	61,944.59		61,944.59
Higher Education Multicultural Scholars Program	10.220		57,130.65	57,130.65
Secondary and Two-Year Postsecondary Agriculture Education Challen	10.226		21,878.62	21,878.62
1994 Institutions Research Program	10.227			-
Federal Pass Through	10.227	19,504.18		19,504.18
Integrated Programs	10.303	1,139,776.07		1,139,776.07
Federal Pass Through	10.303	10,574.73	33,039.59	43,614.32
Homeland Security_Agriculture	10.304			-
Federal Pass Through	10.304	72,534.61		72,534.61
Biodiesel	10.306		169,002.04	169,002.04
Organic Agriculture Research and Extension Initiative	10.307			-
Federal Pass Through	10.307	3,676.01		3,676.01
Specialty Crop Research Initiative	10.309			-
Federal Pass Through	10.309	7,540.15		7,540.15
Agriculture and Food Research Initiative (AFRI)	10.310	131,164.36		131,164.36
Federal Pass Through	10.310	4,110.75		4,110.75
Beginning Farmer and Rancher Development Program	10.311			-
Federal Pass Through	10.311		1,815.00	1,815.00
Cooperative Extension Service	10.500	285,837.91	3,433,791.25	3,719,629.16
Federal Pass Through	10.500	35,610.18	202,829.40	238,439.58
				-
FOOD AND CONSUMER SERVICE				-
Child and Adult Care Food Programs	10.558			-
Federal Pass Through	10.558		31,599.38	31,599.38
State Administrative Matching Grants for the Supplemental Nutrition .	10.561			-
Federal Pass Through	10.561		705,903.27	705,903.27
				-
FOREST SERVICE				-
Cooperative Forestry Assistance	10.664	156,959.80		156,959.80
Federal Pass Through	10.664	48,122.42	11,735.50	59,857.92
Rural Development, Forestry, and Communities	10.672	(94.85)		(94.85)
Forest Health Protection	10.680	4,521.70		4,521.70
ARRA Recovery Act of 2009: Capital Improvement and Mainte	10.687	14,760.67		14,760.67
				-
NATURAL RESOURCES CONSERVATION SERVICE				-
Resource Conservation and Development	10.901		18,034.02	18,034.02
Soil & Water Conservation	10.902	194,676.57		194,676.57
Soil Survey	10.903	10,615.90		10,615.90
Environmental Quality Incentives Program	10.912	6,457.26		6,457.26
Federal Pass Through	10.912	1,340.38		1,340.38
FOREIGN AGRICULTURAL SERVICE				
Cochran Fellowship Program-International Training-Foreign Participa	10.962		12,673.51	12,673.51
<b>Total - Department of Agriculture</b>		<b>10,043,216.26</b>	<b>5,917,600.80</b>	<b>15,960,817.06</b>
DEPARTMENT OF COMMERCE				
DEPARTMENT OF COMMERCE				
AB133F06SE4011	11.	6,524.90		6,524.90
AB133F06SE4951	11.	3,156.01		3,156.01
AB133F07CN0222	11.	3,979.91		3,979.91
ABK133F07CN0222	11.	40,752.94		40,752.94
AB133F07SE5377	11.	41,029.11		41,029.11
RA133R08SE2931	11.	4,278.96		4,278.96
AB133F06SE5682	11.	15,151.12		15,151.12
AB133F09SE3785	11.	21,984.44		21,984.44

# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **YEAR ENDED JUNE 30, 2010**

<b><u>FEDERAL GRANT/PROGRAM TITLE</u></b>	<b><u>FEDERAL CFDA NUMBER</u></b>	<b><u>RESEARCH EXPENDITURES</u></b>	<b><u>NON- RESEARCH EXPENDITURES</u></b>	<b><u>TOTAL EXPENDITURES</u></b>
DEPARTMENT OF COMMERCE (Continued)				
DEPARTMENT OF COMMERCE				
Federal Pass Through				
MML170521	11.		64,207.81	64,207.81
ECONOMIC DEVELOPMENT ADMINISTRATION				
Economic Development_Technical Assistance	11.303			-
Federal Pass Through	11.303		18,623.59	18,623.59
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION				
Climate and Atmospheric Research	11.431	20,931.81		20,931.81
Federal Pass Through	11.431	10,764.05		10,764.05
Pacific Coast Salmon Recovery: Pacific Salmon Treaty Program	11.438			-
Federal Pass Through	11.438	354,389.41		354,389.41
Hydrologic Research	11.462			-
Federal Pass Through	11.462	23,902.42		23,902.42
Unallied Science Program	11.472	112,815.80		112,815.80
Federal Pass Through	11.472	47,228.76		47,228.76
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY				
Manufacturing Extension Partnership	11.611			-
Federal Pass Through	11.611		143,957.55	143,957.55
<b>Total - Department of Commerce</b>		<b>706,889.64</b>	<b>226,788.95</b>	<b>933,678.59</b>
DEPARTMENT OF DEFENSE				
DEPARTMENT OF DEFENSE				
W912EF08C0009	12.	(337.68)		(337.68)
W9127N09200009	12.	10,674.78		10,674.78
TOW9127N0920009001	12.	3,827.38		3,827.38
W912HQ07C0014	12.	98,321.82		98,321.82
W91ZLK08P0739	12.	588.23		588.23
N0016708P0432	12.	16,798.23		16,798.23
N0016709P0457	12.	9,213.16		9,213.16
<b>ARRA DEPARTMENT OF DEFENSE (RECOVERY)</b>				
<b>ARRA W912EF10P0008</b>	12.	11,824.74		11,824.74
DEPARTMENT OF DEFENSE				
Federal Pass Through				
ACOEW912EF08D0005TO003	12.	84,579.07		84,579.07
ACOEW912EF08D0005TO003	12.	140,197.37		140,197.37
0800026804	12.	171,251.06		171,251.06
W912EF08D0005TO6	12.	184,392.29		184,392.29
8007000110	12.	34,665.33		34,665.33
080026805	12.	22,006.53		22,006.53
0800026806	12.	43,325.09		43,325.09
PO 173038 LINE #2	12.	37.39		37.39
RSC07046	12.	232,811.47		232,811.47
PO1107PROJECT8894	12.	1,294.30		1,294.30
AGREEMENT07/26/08	12.	134,671.58		134,671.58
00717161BR001	12.	267,297.40		267,297.40
UII	12.	37,875.86		37,875.86
114277G002680	12.	13,125.55		13,125.55

# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>RESEARCH EXPENDITURES</u>	<u>NON- RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF DEFENSE (Continued)				
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY				
Basic and Applied Scientific Research	12.300	2,312,492.01		2,312,492.01
DEPARTMENT OF THE AIR FORCE, HQ AIR FORCE MATERIAL COMMAND,				
Air Force Defense Research Sciences Program	12.800			-
Federal Pass Through	12.800	21,293.42		21,293.42
NATIONAL SECURITY AGENCY				
Mathematical Sciences Grants Program	12.901	4,618.47		4,618.47
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY				
Research and Technology Development	12.910	1,338,247.32		1,338,247.32
Federal Pass Through	12.910	36,710.60		36,710.60
<b>Total - Department of Defense</b>		<b>5,231,802.77</b>	<b>-</b>	<b>5,231,802.77</b>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development Block Grants/Brownfields Economic Develo	14.246		1,363,358.29	1,363,358.29
Federal Pass Through	14.246			-
<b>Total - Department of Housing and Urban Development</b>		<b>-</b>	<b>1,363,358.29</b>	<b>1,363,358.29</b>
DEPARTMENT OF THE INTERIOR				
DEPARTMENT OF INTERIOR				
06PG110390	15.		2,100.58	2,100.58
H2380040001J2340070059	15.		26,757.70	26,757.70
J1242040718	15.	22,000.60		22,000.60
L07AC14563 (NEW)	15.	(153.75)		(153.75)
H2303050007 J2303050007	15.	70,841.64		70,841.64
J8W07060004 H8W07060001	15.	119,698.80		119,698.80
KAA061023	15.	18,414.72		18,414.72
L08AC13003 (DLA060250)	15.	6,587.65		6,587.65
H8W07060001 J2410070064	15.	7,539.99		7,539.99
J2126080004	15.	12,455.49		12,455.49
RS08A44004	15.	454.02		454.02
J2126080004	15.	21,768.41		21,768.41
J2126080004	15.	18,308.49		18,308.49
J2126080004	15.	1,762.50		1,762.50
J8W07090004H8W07060001	15.	4,781.02		4,781.02
J8W07090006H8W07060001	15.	58,062.06		58,062.06
4500008126	15.	31,571.38		31,571.38
4500008126	15.	4,005.20		4,005.20
0001090001	15.	146,517.31		146,517.31
J8W07090017H8W07060001	15.	6,855.16		6,855.16
J9375090006	15.	8,283.76		8,283.76
J2130090237H1200090004	15.	273.31		273.31
J92601S0009	15.	14,537.30		14,537.30
CA 9700-5-9018	15.	(89.01)		(89.01)
101814M540	15.	38,523.66		38,523.66
04HQAG0136	15.	589.47		589.47
142504FC101115	15.	4,131.76		4,131.76
J9W88050016 CA9088A0008	15.	(23.52)		(23.52)
H8R07060001J8R07070008	15.	92,369.06		92,369.06
L07PX04919 (OLD#NAP070014)	15.	12.06		12.06



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANT/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>RESEARCH EXPENDITURES</b>	<b>NON- RESEARCH EXPENDITURES</b>	<b>TOTAL EXPENDITURES</b>
DEPARTMENT OF THE INTERIOR (Continued)				
J2126077001H1200040001	15.	34,587.64		34,587.64
J8W07080001_H8W07060001	15.	5,945.58		5,945.58
J8R07080003_H8R07060001	15.	7,377.84		7,377.84
H2380040001 J2370080538	15.	31,665.29		31,665.29
101818M840	15.	23,948.31		23,948.31
H8W07060001TA#J8W07080021	15.	24,674.45		24,674.45
J8R07090001H8R07060001	15.	41,761.95		41,761.95
06HQGR0082 M004	15.	18,213.53		18,213.53
J2302090001	15.	211,245.77		211,245.77
06HQGR0082 M004	15.	11,591.12		11,591.12
06HQGR0082 M004	15.	13,020.50		13,020.50
06HQGR0082 M004	15.	9,177.09		9,177.09
H2370094000 J2302090002	15.	320,180.61		320,180.61
301819M597	15.	17,250.47		17,250.47
J2330106500	15.	278,108.83		278,108.83
L08AC13334	15.		340.78	340.78
AG9C5000788	15.		4,009.96	4,009.96
J95600090114H2370094000	15.		25,529.24	25,529.24
H2303050007 J2303060002	15.		83,105.05	83,105.05
H2303050007 TA J2303060003	15.		5.79	5.79
AG7C5000738	15.		(7.49)	(7.49)
08HQGR0104	15.		890.42	890.42
DTP070043	15.		1,051.29	1,051.29
IFTNCIntrmnt For. Tree Nutrition Co	15.	5,679.18		5,679.18
DEPARTMENT OF INTERIOR				
Federal Pass Through				
SSIT & UOFIDAHOMOUNT AINGOAT	15.	3,693.02		3,693.02
NDG&F Paddlefish Aging II	15.	31,069.50		31,069.50
IF&G Black Bear Project	15.	18,684.30		18,684.30
IF&G Forest Carnivores in SW Idaho	15.	580.39		580.39
IF&G Pygmy Rabbit Distribution	15.	24,000.28		24,000.28
N/A	15.	4,523.01		4,523.01
NPT/UOFI: FECALDNA	15.	263.64		263.64
LETTER 9/27/07 MACK	15.	8,757.99		8,757.99
144208G004A	15.	12,947.83		12,947.83
IF&G: Pygmy Rabbit DNA	15.	8,536.30		8,536.30
AV08-ID03	15.		25,636.77	25,636.77
L0105A	15.		849.41	849.41
IDFG- Ungulate Ecology Atwood	15.	4,616.10		4,616.10
IF&G Wildlife Habitat Surveys	15.	1,195.15		1,195.15
IF&G Recovery Activities-Squirrels	15.	9,300.27		9,300.27
IF&G: Tiger Beetle Taxonomy	15.	15,000.00		15,000.00
IETIC Director - BLM	15.	4,185.82		4,185.82
IETIC Director - BIA	15.	3,761.94		3,761.94
IETIC Data Manager - BLM	15.	141.44		141.44
IETIC Data Manager - BIA	15.	127.11		127.11
IETIC Russell H Hudson Gene Archive	15.	101.55		101.55
Tree Nutrition Coop II	15.	311.04		311.04
IETIC Test 3 Systematic Insecticide - BLM	15.	148.53		148.53
IETIC Test 3 Systematic Insecticide - BIA	15.	133.49		133.49
Department of Interior	15.DAC	26,381.21		26,381.21
Department of Interior	15.DAV		2,735.43	2,735.43
Department of Interior	15.SFB		-	-
Federal Pass Through	15.SFB	27,528.15		27,528.15

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANT/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>RESEARCH EXPENDITURES</b>	<b>NON- RESEARCH EXPENDITURES</b>	<b>TOTAL EXPENDITURES</b>
DEPARTMENT OF THE INTERIOR (Continued)				
BUREAU OF INDIAN AFFAIRS				
Fish, Wildlife, and Parks Programs on Indian Lands	15.039	4,640.04		4,640.04
BUREAU OF LAND MANAGEMENT				
Cultural Resource Management	15.224			-
Federal Pass Through	15.224		737.58	737.58
Recreation Resource Management	15.225	60,304.07		60,304.07
National Fire Plan - Wildland Urban Interface Community Fire Assista	15.228			-
Federal Pass Through	15.228	6,487.47		6,487.47
Invasive and Noxious Plant Management	15.230	19,128.46		19,128.46
<b>ARRA Invasive and Noxious Plant Management (RECOVERY)</b>	15.230	64,185.32		64,185.32
<b>ARRA Fish, Wildlife and Plant Conservation Resource Manage</b>	15.231	4,251.76		4,251.76
Fish, Wildlife and Plant Conservation Resource Management	15.231	93,742.99		93,742.99
Federal Pass Through	15.231			-
Challenge Cost Share	15.238	22,625.15	4,693.64	27,318.79
Management Initiatives	15.239		7,334.05	7,334.05
BUREAU OF RECLAMATION				
Water 2025	15.507	78,742.69		78,742.69
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508			-
Federal Pass Through	15.508	3,166.46		3,166.46
OFFICE OF SURFACE MINING RECLAMATION & ENFORCEMENT				
Regulation of Surface Coal Mining & Surface Effects of Underground C	15.250	73,783.65		73,783.65
US FISH AND WILDLIFE SERVICE				
Sport Fish Restoration	15.605			-
Federal Pass Through	15.605	101,548.68		101,548.68
Fish and Wildlife Management Assistance	15.608	48,786.84		48,786.84
Federal Pass Through	15.608	(440.00)		(440.00)
Wildlife Restoration	15.611			-
Federal Pass Through	15.611	183,984.21		183,984.21
Cooperative Endangered Species Conservation Fund	15.615			-
Federal Pass Through	15.615	38,358.87		38,358.87
Conservation Grants Private Stewardship for Imperiled Species	15.632			-
Federal Pass Through	15.632	129,401.44		129,401.44
State Wildlife Grants	15.634			-
Federal Pass Through	15.634	22,446.55		22,446.55
Research Grants (Generic)	15.650	26,774.95		26,774.95
Endangered Species - Candidate Conservation Action Funds	15.660			-
Federal Pass Through	15.660		22,843.49	22,843.49
U.S.GEOLOGICAL SURVEY				
Assistance to State Water Resources Research Institutes	15.805	3,493.49		3,493.49
U.S. Geological Survey_ Research and Data Collection	15.808	221,971.17	148.53	222,119.70
National Spatial Data Infrastructure Cooperative Agreements Program	15.809		49,181.45	49,181.45
National Cooperative Geologic Mapping Program	15.810	236,200.06		236,200.06
Gap Analysis Program	15.811	816,518.79		816,518.79
Cooperative Research Units Program	15.812	1,001,464.03		1,001,464.03
National Geological and Geophysical Data Preservation Program	15.814		22,537.28	22,537.28
NATIONAL PARK SERVICE				
Outdoor Recreation_Acquisition, Development and Planning	15.916	(19.03)		(19.03)
Preservation of Japanese American Confinement Sites	15.933	1,972.93		1,972.93
<b>Total - Department of the Interior</b>		<b>5,234,015.80</b>	<b>280,480.95</b>	<b>5,514,496.75</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

<b><u>FEDERAL GRANT/PROGRAM TITLE</u></b>	<b><u>FEDERAL CFDA NUMBER</u></b>	<b><u>RESEARCH EXPENDITURES</u></b>	<b><u>NON- RESEARCH EXPENDITURES</u></b>	<b><u>TOTAL EXPENDITURES</u></b>
DEPARTMENT OF JUSTICE				
DEPARTMENT OF JUSTICE				
2004WAAX0031	16.000		0.18	0.18
DEPARTMENT OF JUSTICE				
Federal Pass Through				
2006WLAX0062	16.000		13,022.24	13,022.24
2009WLAX0016	16.000		187.34	187.34
JUVENILE JUSTICE & DELIQUENCY PREVENTION				
Enforcing Underage Drinking Laws Program	16.727			-
Federal Pass Through	16.727		27,011.45	27,011.45
BUREAU OF JUSTICE ASSISTANCE				
Congressionally Recommended Awards	16.753			-
Federal Pass Through	16.753		122,560.03	122,560.03
<b>ARRA Recovery Act - Edward Byrne Memorial Competitive Grants</b>	16.808			
<b>ARRA Federal Pass Through</b>			10,512.75	10,512.75
<b>Total - Department of Justice</b>		<b>-</b>	<b>173,293.99</b>	<b>173,293.99</b>
DEPARTMENT OF LABOR				
Federal Pass Through	17.			
IDA EYC IDStars ARS 08 Site Agrmt	17.		3.01	3.01
EMPLOYMENT AND TRAINING ADMINISTRATION				
WIA Pilots, Demonstrations, and Research Projects	17.261		(235.00)	(235.00)
MINE SAFETY AND HEALTH ADMINISTRATION				
Mine Health and Safety Grants	17.600		87,903.38	87,903.38
<b>Total - Department of Labor</b>		<b>-</b>	<b>87,671.39</b>	<b>87,671.39</b>
DEPARTMENT OF STATE				
DEPARTMENT OF STATE				
Federal Pass Through				
20009	19.	8,681.13		8,681.13
BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS				
Academic Exchange Programs - Undergraduate Programs	19.009			-
Federal Pass Through	19.009		194,920.64	194,920.64
<b>Total - Department of State</b>		<b>8,681.13</b>	<b>194,920.64</b>	<b>203,601.77</b>
DEPARTMENT OF TRANSPORTATION				
DEPARTMENT OF TRANSPORTATION				
DTOS59-06-G-00029	20.	44,579.18		44,579.18
DTRT07G0056	20.	15,169.06		15,169.06
DTRT07G0056	20.	7,732.79		7,732.79
DTRT07G0056	20.	23,018.01		23,018.01
DTRT07G0056	20.	36,049.99		36,049.99
DTFH6108G00009	20.		137,822.00	137,822.00
ID030029	20.		80,339.85	80,339.85
				-

# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>RESEARCH EXPENDITURES</u>	<u>NON- RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF TRANSPORTATION (Continued)				
DEPARTMENT OF TRANSPORTATION				
Federal Pass Through				
108664G002478	20.	7,487.00		7,487.00
108664G002478	20.	1,250.28		1,250.28
T0013GBT01	20.	25.09		25.09
SPR2005(032) #9666	20.	39,966.51		39,966.51
T0013G-B	20.	19,478.48		19,478.48
T0013G-B	20.	18,637.31		18,637.31
T0013RA	20.	5,504.34		5,504.34
HR2007271	20.	50,389.69		50,389.69
ITD JEMS Program	20.	55,922.12		55,922.12
08576	20.		3,818.91	3,818.91
Moscow FY10 Safe Rtes to School	20.		8,383.98	8,383.98
HCR20	20.		3,184.15	3,184.15
SWCA Sandpoint Archaeological Project	20.	46,450.52		46,450.52
ITD Superpave Performance Test	20.	22,829.23		22,829.23
ITD Develop Stat Correlations	20.	626.98		626.98
DEPARTMENT OF TRANSPORTATION				
ARRA Federal Pass Through				
ARRA 7297PROJA011(960)	20.		20,629.36	20,629.36
				-
FEDERAL HIGHWAY ADMINISTRATION				
Highway Planning and Construction	20.205			-
Federal Pass Through	20.205	192,884.63		192,884.63
FEDERAL TRANSIT ADMINISTRATION				
Capital Assistance Program for Elderly Persons and Persons with Disal	20.513			-
Federal Pass Through	20.513		(99.99)	(99.99)
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION				
University Transportation Centers Program	20.701	630,782.49		630,782.49
<b>Total - Department of Transportation</b>		<b>1,218,783.70</b>	<b>254,078.26</b>	<b>1,472,861.96</b>
DEPARTMENT OF TREASURY				
INTERNAL REVENUE SERVICE				
Low-Income Taxpayer Clinics	21.008		81,686.77	81,686.77
<b>Total - Department of Treasury</b>		<b>-</b>	<b>81,686.77</b>	<b>81,686.77</b>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
NNG05GA92G	43.	77,595.77		77,595.77
NNG05GA92G	43.	40,800.00		40,800.00
NNG06GG29G	43.	60,894.03		60,894.03
NNX06AC12G	43.	120.46		120.46
NNG06GG29G	43.	35,719.40		35,719.40
NNX06AB15G	43.	96,353.38		96,353.38
NNX06AB15G	43.	25,000.00		25,000.00
NNX06AB17G	43.	174,766.57		174,766.57
NNX06AB17G	43.	35,000.00		35,000.00
NNX06AB17G	43.	97,759.27		97,759.27
NNX07AL05A	43.	153,956.53		153,956.53
NNX07AQ67G	43.	161,945.56		161,945.56
NNX07AT60A	43.	162,156.51		162,156.51

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANT/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>RESEARCH EXPENDITURES</b>	<b>NON- RESEARCH EXPENDITURES</b>	<b>TOTAL EXPENDITURES</b>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (Continued)				
NNX08AL68G	43.	220,174.92		220,174.92
NNX08AK71G	43.	56,572.96		56,572.96
NNX08AT68A	43.	299,893.56		299,893.56
NNX08AQ94G	43.	80,723.88		80,723.88
NNX07AL05A	43.	3,717.68		3,717.68
NNX07AL05A	43.	(424.39)		(424.39)
NNX08BA10G	43.	68,111.42		68,111.42
NNX07AL05A	43.	163.32		163.32
NNA08BC34P	43.	0.27		0.27
NNX09AD39G	43.	159,461.54		159,461.54
NNX09AM99G	43.	44,987.04		44,987.04
NNX07AL05A	43.	22,755.18		22,755.18
NNX09AV04A	43.	10,907.57		10,907.57
				-
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Federal Pass Through				
1279002	43.	12,507.86		12,507.86
A797UNIVID	43.	51,135.23		51,135.23
Z650002	43.	16,113.96		16,113.96
PO#10285590	43.	44,775.87		44,775.87
3001056333	43.	149,293.60		149,293.60
1361190	43.	4,686.93		4,686.93
Y503506	43.	28,487.53		28,487.53
OR1241000101	43.	155.51		155.51
UND0014026	43.		30,267.01	30,267.01
1380195	43.		8,913.85	8,913.85
UND0015364	43.		28,354.41	28,354.41
1403702	43.		2,553.13	2,553.13
				-
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
ARRA Federal Pass Through				-
ARRA 10402	.43	27,659.52		27,659.52
				-
Aerospace Education Services Program	43.001	150,413.92	802,640.88	953,054.80
Technology Transfer	43.002			-
Federal Pass Through	43.002	15,385.05		15,385.05
<b>Total - National Aeronautics and Space Administration</b>		<b>2,589,727.41</b>	<b>872,729.28</b>	<b>3,462,456.69</b>
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
Federal Pass Through				
FED08040	45.		3,230.00	3,230.00
00945AE10	45.		9,368.00	9,368.00
ARRA NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
ARRA Federal Pass Through	45.			
ARRA-100010	45.		4,466.37	4,466.37
NATIONAL ENDOWMENT FOR THE ARTS				
Promotion of the Arts-Grants to Organizations & Individuals	45.024		20,472.46	20,472.46
Promotion of the Arts_Partnership Agreements	45.025			
Federal Pass Through	45.025		6,535.95	6,535.95

# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>RESEARCH EXPENDITURES</u>	<u>NON- RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES (Continued)				
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Promotion of the Humanities Federal-State Partnership	45.129			-
Federal Pass Through	45.129		4,576.74	4,576.74
Promotion of the Humanities_We the People	45.168			-
Federal Pass Through	45.168		738.00	738.00
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Grants to States	45.310			-
Federal Pass Through	45.310		693.52	693.52
<b>Total - National Foundation on the Arts and Humanities</b>		<b>-</b>	<b>50,081.04</b>	<b>50,081.04</b>
NATIONAL SCIENCE FOUNDATION				
National Science Foundation				
Federal Pass Through				
107980G002283	47.	8,846.31		8,846.31
AMP Minority Participation	47.	4,746.06		4,746.06
111462G002670	47.	4,590.65		4,590.65
Engineering Grants	47.041	366,160.74		366,160.74
Federal Pass Through	47.041	7,484.24		7,484.24
Mathematical and Physical Sciences	47.049	176,719.28		176,719.28
Federal Pass Through	47.049	39,630.45		39,630.45
Geosciences	47.050	365,129.65		365,129.65
Federal Pass Through	47.050	5,963.65		5,963.65
Biological Sciences	47.074	867,682.17		867,682.17
Federal Pass Through	47.074	156,672.33		156,672.33
Social Behavioral and Economic Sciences	47.075	113,454.09		113,454.09
Education and Human Resources	47.076	908,759.02		908,759.02
Federal Pass Through	47.076	7,225.33		7,225.33
Polar Sciences	47.078	83,930.42		83,930.42
International Science and Engineering (OISE)	47.079	48,459.16		48,459.16
Office of Cyberinfrastructure	47.080	2,924,610.32		2,924,610.32
Office of Experimental Program to Stimulate Competitive Research	47.081	57,423.05		57,423.05
ARRA Trans-NSF Recovery Act Research Support (RECOVER)	47.082	639,455.83		639,455.83
ARRA Federal Pass Through	47.082	3,622.06		3,622.06
<b>Total - National Science Foundation</b>		<b>6,790,564.81</b>	<b>-</b>	<b>6,790,564.81</b>
ENVIRONMENTAL PROTECTION AGENCY				
ENVIRONMENTAL PROTECTION AGENCY				
Federal Pass Through				
S332	66.	26,347.76		26,347.76
Nez Perce Tribe- Lapwai Sewer Proj	66.	3,025.16		3,025.16
OFFICE OF WATER				
Capitalization Grants for Drinking Water State Revolving Funds	66.468			-
Federal Pass Through	66.468		10,626.99	10,626.99
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE				
Underground Storage Tank Prevention, Detection and Compliance Pro	66.804			-
Federal Pass Through	66.804		8,782.67	8,782.67
<b>Total - Environmental Protection Agency</b>		<b>29,372.92</b>	<b>19,409.66</b>	<b>48,782.58</b>

# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **YEAR ENDED JUNE 30, 2010**

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>RESEARCH EXPENDITURES</u>	<u>NON- RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
NUCLEAR REGULATORY COMMISSION				
NUCLEAR REGULATORY COMMISSION				
NRC3808914	77.		54,894.43	54,894.43
<b>Total - Nuclear Regulatory Commission</b>		<b>-</b>	<b>54,894.43</b>	<b>54,894.43</b>
DEPARTMENT OF ENERGY				
DEPARTMENT OF ENERGY				
00037899	81.	303.60		303.60
0042600199102900	81.	51,588.10		51,588.10
00047127	81.	364.42		364.42
DEFG0203ER41270	81.	59,355.93		59,355.93
TO00043	81.	2.13		2.13
6838901	81.	152,524.38		152,524.38
42246TO41A2	81.	10,817.93		10,817.93
00042246TO00052	81.	38,157.08		38,157.08
TO00070	81.	34,400.55		34,400.55
DEPARTMENT OF ENERGY				
Federal Pass Through				
42246 TO6	81.		432,521.28	432,521.28
00042246 TO00069	81.		1,339,481.60	1,339,481.60
TO27	81.	34,336.70		34,336.70
TO46	81.	66,137.72		66,137.72
TC000005870000	81.	24,994.51		24,994.51
C0822C0802240	81.	422,706.34		422,706.34
DEGG08WB39265	81.	271.77		271.77
DEGG6509WB42007	81.	36,591.27		36,591.27
42246TO62	81.	1,986.37		1,986.37
TC000006567000	81.	19,337.34		19,337.34
04-251B	81.	53,401.56		53,401.56
04-251B	81.	34,539.94		34,539.94
10553-20763	81.	(962.54)		(962.54)
604006402	81.	35,220.05		35,220.05
TO16 42246	81.	186,208.96		186,208.96
TO33	81.	29,746.97		29,746.97
04-251B	81.	58,208.29		58,208.29
TO39	81.	33,051.21		33,051.21
TO38	81.	88,042.64		88,042.64
604006505	81.	8,706.20		8,706.20
04-251B	81.	45,012.57		45,012.57
TO42	81.	(44.61)		(44.61)
200200100UNIVERSITYFY09	81.	29,621.80		29,621.80
TO47TA42246	81.	77,094.13		77,094.13
9F-30302	81.	73,737.15		73,737.15
12.09.08LETTERSCHRIEVER	81.	41,721.05		41,721.05
605003301	81.	17,458.78		17,458.78
0042243TO31SOW6897	81.	34,999.28		34,999.28
AMEND04TO00026	81.	32,807.04		32,807.04
42246TO51	81.	52,783.81		52,783.81
42246TO50	81.	28,497.41		28,497.41
42246TO53	81.	34,418.08		34,418.08
84281/TASK 1	81.	24,101.02		24,101.02
00042246TO00055	81.	31,981.96		31,981.96
TO5400042246	81.	30,469.75		30,469.75
42246TO56	81.	7,839.24		7,839.24
604006402	81.	4,167.87		4,167.87

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANT/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>RESEARCH EXPENDITURES</b>	<b>NON- RESEARCH EXPENDITURES</b>	<b>TOTAL EXPENDITURES</b>
DEPARTMENT OF ENERGY (Continued)				
605006302	81.	15,027.44		15,027.44
00042246TO00057	81.	157,611.73		157,611.73
AC700760	81.	33,054.28		33,054.28
TO00058	81.	46,770.41		46,770.41
TO00060	81.	163,090.38		163,090.38
TO00061	81.	88,961.98		88,961.98
C0922POC0902240	81.	69,515.29		69,515.29
42246TO64	81.	2,868.00		2,868.00
200201100UNIVERSITYFY10	81.	51,039.33		51,039.33
00042246TO00065	81.	23,895.59		23,895.59
00042246TO00067	81.	33,298.61		33,298.61
193K340	81.	24,129.64		24,129.64
42246 TO 71	81.	23,610.63		23,610.63
42246TO73	81.	16,666.10		16,666.10
42246TO41A3	81.	2,960.20		2,960.20
00042246 TO00068	81.	4,305.90		4,305.90
42246TO74	81.	6,792.28		6,792.28
AC700980	81.	555.97		555.97
42246TO74	81.	16,749.06		16,749.06
42246TO50A2	81.	39,654.09		39,654.09
84281	81.	12,855.23		12,855.23
42246TO49	81.		1,317.29	1,317.29
37267A1	81.		54,023.56	54,023.56
10635	81.		2,017.88	2,017.88
IF&G Mitigation of Nutrient Loss	81.	40,341.07		40,341.07
IF&G Mitigation of Nutrient Loss	81.	39,239.66		39,239.66
CRITFC Genetic Analysis OE	81.	161,289.78		161,289.78
<b>ARRA DEPARTMENT OF ENERGY (RECOVERY)</b>				
<b>ARRA Federal Pass Through</b>	81.			-
<b>ARRA 00728394</b>	81.	28,472.66		28,472.66
				-
Fossil Energy Research and Development	81.089			-
Federal Pass Through	81.089	92,402.88		92,402.88
Regional Biomass Energy Programs	81.079			-
Federal Pass Through	81.079		9,994.00	9,994.00
OFFICE OF SCIENCE				
Office of Science Financial Assistance Program	81.049	169,411.72		169,411.72
Federal Pass Through	81.049	244,907.27		244,907.27
Office of Environmental Waste Processing	81.104			-
Federal Pass Through	81.104	2,163.07		2,163.07
OFFICE OF NUCLEAR ENERGY				
Nuclear Energy Research, Development & Demonstration	81.121	609,096.49		609,096.49
Federal Pass Through	81.121	119,591.50		119,591.50
<b>Total - Department of Energy</b>		<b>4,387,033.99</b>	<b>1,839,355.61</b>	<b>6,226,389.60</b>
DEPARTMENT OF EDUCATION				
DEPARTMENT OF EDUCATION				
Federal Pass Through				
089020	84.		31,894.35	31,894.35
MOU 100008	84.		335,176.51	335,176.51



# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANT/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>RESEARCH EXPENDITURES</b>	<b>NON- RESEARCH EXPENDITURES</b>	<b>TOTAL EXPENDITURES</b>
DEPARTMENT OF EDUCATION (Continued)				
DEPARTMENT OF EDUCATION				
Federal Pass Through	84.928A		27,784.18	27,784.18
<b>ARRA DEPARTMENT OF EDUCATION (RECOVERY)</b>	84.390A			
<b>ARRA Federal Pass Through</b>	84.390A		134,130.00	134,130.00
<b>ARRA STATE FISCAL STABILIZATION FUNDS (RECOVERY)</b>				
<b>ARRA Education State Grants, Recovery Act</b>	84.394A			
<b>ARRA Federal Pass Through</b>	84.394A		5,329,518.47	5,329,518.47
OFFICE OF STUDENT FINANCIAL ASSISTANCE				-
Federal Supplemental Educational Opportunity Grants	84.007		478,429.00	478,429.00
Federal Work-Study Program	84.033		607,086.64	607,086.64
Federal Perkins Loan Program-Federal Capital Contributions	84.038		461.65	461.65
Federal Pell Grant Program	84.063		14,404,790.00	14,404,790.00
Federal Direct Loan	84.268		63,754,978.00	63,754,978.00
Academic Competitiveness Grant	84.375		642,359.00	642,359.00
National Science and Mathematics Access to Retain Talent (SMART)				
Grants	84.376		640,333.00	640,333.00
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES				
Special Education Grants to States	84.027			-
Federal Pass Through	84.027		345,135.77	345,135.77
Federal Pass Through	84.027A		689,627.16	689,627.16
Assistive Technology	84.224		259,253.60	259,253.60
Assistive Technology	84.224A		158,640.31	158,640.31
Rehabilitation Services Demonstration and Training Program	84.235		129,804.03	129,804.03
Special Education_Technical Assistance and Dissemination to Improve	84.326		88,064.33	88,064.33
<b>ARRA Special Education - Grants for Infants and Families, Rec</b>	84.393			-
<b>ARRA Federal Pass Through</b>	84.393		36,224.70	36,224.70
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION				
TRIO - Student Support Services	84.042A		346,376.04	346,376.04
TRIO - Talent Search	84.044		320,738.64	320,738.64
TRIO - Upward Bound	84.047		638,884.20	638,884.20
TRIO - Upward Bound	84.047A		296,064.73	296,064.73
TRIO - Upward Bound	84.047M		277,730.55	277,730.55
TRIO: Educational Opportunity Centers	84.066		193,101.94	193,101.94
Fund for the Improvement of Postsecondary Education	84.116		145,250.80	145,250.80
TRIO _ McNair Post-Baccalaureate Achievement	84.217		254,573.13	254,573.13
Byrd Scholarship	84.135		46,500.00	46,500.00
Leveraging Educational Assistance Partnership	84.069		142,894.00	142,894.00
International Education_Technological Innovation and Cooperation for	84.337			-
Federal Pass Through	84.337		232,391.72	232,391.72
OFFICE OF VOCATIONAL AND ADULT EDUCATION				
Career and Technical Education -- Basic Grants to States	84.048			-
Federal Pass Through	84.048		95,672.52	95,672.52
Federal Pass Through	84.048A		101,380.23	101,380.23
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION				
Title I Grants to Local Educational Agencies	84.010			-
Federal Pass Through	84.010		348,587.57	348,587.57
Migrant Education-College Assistance Migrant Program	84.149		3,507.29	3,507.29
Safe and Drug-Free Schools and Communities_National Programs	84.184		111,508.39	111,508.39
Even Start - State Educational Agencies	84.213			-
Federal Pass Through	84.213		84,139.53	84,139.53

# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **YEAR ENDED JUNE 30, 2010**

<b><u>FEDERAL GRANT/PROGRAM TITLE</u></b>	<b><u>FEDERAL CFDA NUMBER</u></b>	<b><u>RESEARCH EXPENDITURES</u></b>	<b><u>NON- RESEARCH EXPENDITURES</u></b>	<b><u>TOTAL EXPENDITURES</u></b>
DEPARTMENT OF EDUCATION (Continued)				
Transition to Teaching	84.350			-
Federal Pass Through	84.350		4,300.16	4,300.16
Mathematics and Science Partnerships	84.366			-
Federal Pass Through	84.366		118,100.49	118,100.49
Improving Teacher Quality State Grants	84.367			-
Federal Pass Through	84.367		110,326.31	110,326.31
<b>Total - Department of Education</b>		<b>-</b>	<b>91,965,718.94</b>	<b>91,965,718.94</b>
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION				
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION				
National Historical Publications and Records Grants	89.003		21,644.75	21,644.75
<b>Total - National Archives and Records Administration</b>		<b>-</b>	<b>21,644.75</b>	<b>21,644.75</b>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
1R01GM61920-01	93.	115,572.08		115,572.08
HHSN276200800008C	93.	54,983.75		54,983.75
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Federal Pass Through				
409036	93.	29,788.82		29,788.82
100725G002268	93.	38,790.72		38,790.72
029029	93.	28,230.03		28,230.03
4/30/10AGREEMENT	93.		2,274.72	2,274.72
Nez Perce Tribe- Lapwai Sewer Proj	93.	3,025.16		3,025.16
IMP Epigenetic Biomarkers	93.	1,331.70		1,331.70
Special Programs for the Aging_ Title III, Part D_ Disease Prevention	93.043			-
Federal Pass Through	93.043		4,890.08	4,890.08
HEALTH RESOURCES AND SERVICES ADMINISTRATION				
Maternal and Child Health Federal Consolidated Programs	93.110			
Federal Pass Through	93.110		0.71	0.71
Area Health Education Centers Point of Service Maintenance and Enh	93.107			-
Federal Pass Through	93.107	61.80		61.80
ADMINISTRATION FOR CHILDREN AND FAMILIES				
Temporary Assistance for Needy Families	93.558			-
Federal Pass Through	93.558		11,617.42	11,617.42
Child Care and Development Block Grant	93.575			-
Federal Pass Through	93.575		3,980,959.82	3,980,959.82
Head Start	93.600			-
Federal Pass Through	93.600		1,239.30	1,239.30
Developmental Disabilities Projects of National Significance	93.631		82,817.06	82,817.06
University Centers for Excellence in Developmental Disabilities Educa	93.632		525,177.76	525,177.76
<b>ARRA - Child Care and Development Block Grant (RECOVER</b>	<b>93.713</b>			
<b>ARRA Federal Pass Through</b>	<b>93.713</b>		<b>384,319.64</b>	<b>384,319.64</b>
NATIONAL INSTITUTES OF HEALTH				
National Center for Research Resources	93.389	6,429,338.55		6,429,338.55
Federal Pass Through	93.389	37,202.94		37,202.94
<b>ARRA Trans-NIH Recovery Act Research Support (RECOVERY)</b>	<b>93.701</b>	<b>860,591.45</b>		<b>860,591.45</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANT/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>RESEARCH EXPENDITURES</b>	<b>NON- RESEARCH EXPENDITURES</b>	<b>TOTAL EXPENDITURES</b>
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Digestive Diseases and Nutrition Research	93.848			-
Federal Pass Through	93.848	(12,207.42)		(12,207.42)
Allergy, Immunology and Transplantation Research	93.855	94,107.83		94,107.83
Federal Pass Through	93.855	909,702.57		909,702.57
<b>ARRA Allergy, Immunology and Transplantation Research (RE</b>	<b>93.855</b>			
<b>ARRA Federal Pass Through</b>	<b>93.855</b>	6,883.00		6,883.00
Biomedical Research and Research Training	93.859	839,067.72		839,067.72
Child Health and Human Development Extramural Research	93.865	47,639.63		47,639.63
Federal Pass Through	93.865	3,545.31		3,545.31
Vision Research	93.867	296,085.68		296,085.68
HEALTH CARE FINANCING ADMINISTRATION				
Medical Assistance Program	93.778			-
Federal Pass Through	93.778		67,313.27	67,313.27
Centers for Medicare and Medicaid Services (CMS) Research, Demonst	93.779			-
Federal Pass Through	93.779		103,278.16	103,278.16
CENTERS FOR DISEASE CONTROL AND PREVENTION				
Occupational Safety and Health Program	93.262	6,828.96		6,828.96
Preventive Health and Health Services Block Grant	93.991			-
Federal Pass Through	93.991		7,458.12	7,458.12
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINI				
Block Grants for Prevention and Treatment of Substance Abuse	93.959			-
	93.959		5,372.92	5,372.92
<b>Total Department of Health and Human Services</b>		<b>9,790,570.28</b>	<b>5,176,718.98</b>	<b>14,967,289.26</b>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Learn and Serve America Higher Education	94.005			-
Federal Pass Through	94.005		1,680.31	1,680.31
<b>Total Corporation for National and Community Service</b>		<b>-</b>	<b>1,680.31</b>	<b>1,680.31</b>
DEPARTMENT OF HOMELAND SECURITY				
Emergency Management Performance Grants	97.042			-
Federal Pass Through	97.042	20,306.53	7,145.36	27,451.89
Pre-Disaster Mitigation	97.047			-
Federal Pass Through	97.047		194,145.04	194,145.04
<b>Total - Department of Homeland Security</b>		<b>20,306.53</b>	<b>201,290.40</b>	<b>221,596.93</b>
DEFENSE THREAT REDUCTION AGENCY				
HDTRA10710024	99.	70,590.32		70,590.32
<b>Total - Defense Threat Reduction Agency</b>		<b>70,590.32</b>	<b>-</b>	<b>70,590.32</b>
PENDING FEDERAL PASS THROUGH				
Unknown Federal Agency				
Federal Pass Through				
690386	99.	14,271.85		14,271.85
10398	99.		4,471.99	4,471.99
<b>Total - Unknown Federal Agency</b>		<b>14,271.85</b>	<b>4,471.99</b>	<b>18,743.84</b>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>		<b>46,135,827.41</b>	<b>108,787,875.43</b>	<b>154,923,702.84</b>

## Notes to Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2010

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#### 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 **\$11,845,547 and \$1,464,468** for year to date June 3, 2010.

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

#### 3. Subrecipients

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

## Notes to Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2010

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PAYMENTS TO SUBRECIPIENTS</u>
DEPARTMENT OF AGRICULTURE		
DEPARTMENT OF AGRICULTURE		
PNW03JV11261988074	10.	(700.00)
AGRICULTURE RESEARCH SERVICE		
Agricultural Research-Basic and Applied Research	10.001	26.32
AGRICULTURAL MARKETING SERVICE		
Federal-State Marketing Improvement Program	10.156	1,073.86
NATIONAL INSTITUTE OF FOOD AND AGRICULTURE		
Grants for Agricultural Research, Special Research Grants	10.200	542,239.25
Federal Pass Through	10.200	63,169.98
Grants for Agricultural Research, Competitive Research	10.206	161,604.51
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10.226	7,002.53
Integrated Programs	10.303	566,643.03
Agriculture and Food Research Initiative (AFRI)	10.310	3,672.40
Cooperative Extension Service	10.500	138,337.00
Federal Pass Through	10.500	1,200.00
FOREST SERVICE		
Cooperative Forestry Assistance	10.664	60,378.97
DEPARTMENT OF COMMERCE		
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION		
Unallied Science Program	11.472	41,791.27
DEPARTMENT OF DEFENSE		
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY		
Basic and Applied Scientific Research	12.300	183,546.89
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY		
Research and Technology Development	12.910	249,054.98
DEPARTMENT OF THE INTERIOR		
DEPARTMENT OF INTERIOR		
J8W07060004 H8W07060001	15.	45,908.06
H2380040001 J2370080538	15.	24,762.13
06HQGR0082 M004	15.	9,177.09
BUREAU OF LAND MANAGEMENT		
Invasive and Noxious Plant Management	15.230	7,000.00
<b>ARRA Invasive and Noxious Plant Management</b>	15.230	25,716.27
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT		
Regulation of Surface Coal Mining and Surface Effects of	15.250	(10,616.05)
GEOLOGICAL SURVEY		
Geological Survey Research and Data Acquisition	15.808	1,293.45

## Notes to Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2010

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PAYMENTS TO SUBRECIPIENTS</u>
National Spatial Data Infrastructure Cooperative Agreements Program	15.809	15,011.46
DEPARTMENT OF TRANSPORTATION		
DEPARTMENT OF TRANSPORTATION		
DTFH6108G00009	20.	53,968.42
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION		
University Transportation Centers Program	20.701	6,869.46
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
NNX07AL05A	43.	117,230.19
NNX07AT60A	43.	161,649.88
NNX09AV04A	43.	6,139.56
Aerospace Education Services Program	43.001	249,997.39
Technology Transfer		
Federal Pass Through	43.002	12,746.52
NATIONAL SCIENCE FOUNDATION		
Biological Sciences	47.074	5,907.28
Social Behavioral and Economic Sciences	47.075	21,941.63
Education and Human Resources	47.076	5,908.82
Office of Cyberinfrastructure	47.080	1,558,315.28
DEPARTMENT OF ENERGY		
DEPARTMENT OF ENERGY		
Federal Pass Through		
TO16 42246	81.	10,000.00
00042246TO00057	81.	43,432.06
TO00061	81.	20,123.37
OFFICE OF NUCLEAR ENERGY, SCIENCE AND TECHNOLOGY		
Nuclear Energy Research, Development and Demonstration	81.121	135,582.25
DEPARTMENT OF EDUCATION		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES		
Assistive Technology	84.224	75,368.93
Assistive Technology	84.224A	8,376.35
Special Projects and Demonstrations for Providing	84.235	98,664.11
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION		
Improving Teacher Quality State Grants		
Federal Pass Through	84.367	6,006.47
Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	84.390A	
ARRA Federal Pass Through	84.390A	128,880.00

**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2010**

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<b><u>FEDERAL GRANT/PROGRAM TITLE</u></b>	<b><u>FEDERAL CFDA NUMBER</u></b>	<b><u>PAYMENTS TO SUBRECIPIENTS</u></b>
DEPARTMENT OF HEALTH AND HUMAN SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES Federal Pass Through 029029	93.	1,615.62
ADMINISTRATION FOR CHILDREN AND FAMILIES Child Care and Development Block Grant Federal Pass Through	93.575	1,404,951.70
NATIONAL INSTITUTES OF HEALTH National Center for Research Resources	93.389	2,275,253.71
<b>ARRA Trans-NIH Recovery Act Research Support</b>	93.701	98,608.62
<b>ARRA – Child Care and Development Block Grant</b>	93.713	
<b>ARRA Federal Pass Through</b>	93.713	176,953.13
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE TO SUBRECIPIENTS</b>		<b>8,821,784.15</b>