

UNIVERSITY OF IDAHO

**Financial Statements for the Year Ended
June 30, 2000 and Independent Auditors'
Report Including Single Audit Reports
for the Year Ended June 30, 2000**

UNIVERSITY OF IDAHO

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INDEPENDENT AUDITORS' REPORT

To the Board of Regents of the
University of Idaho:

We have audited the accompanying balance sheet of the University of Idaho (the "University") as of June 30, 2000, and the related statements of changes in fund balances and current funds revenues, expenditures and other changes for the year then ended. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Idaho at June 30, 2000, and the changes in fund balances and the current funds revenues, expenditures and other changes for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the University, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose 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. This schedule is the responsibility of the management of the University. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2000 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

September 8, 2000

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UNIVERSITY OF IDAHO

BALANCE SHEET

JUNE 30, 2000 WITH COMPARATIVE TOTALS FOR 1999

ASSETS	Current Funds			Student Loan Funds
	Unrestricted	Auxiliary Enterprises	Restricted	
Cash and cash equivalents	\$ 2,361,568	\$ 90,721		\$ 260,461
Student loans receivable, less allowance for doubtful loans of \$1,158,665				10,786,429
Accounts receivable and unbilled charges, less allowance for doubtful accounts of \$259,521	2,757,173	1,053,469	\$12,633,939	45,363
Due from other funds	5,203,407	24,091	1,486,372	67,313
Due from State of Idaho	513,385		35,848	
Accrued interest receivable	169			429,976
Investments	23,295,283	432,975		1,048,672
Investments held in trust				
Inventories	625,496	1,110,365		
Deferred bond financing costs				
Property, plant and equipment				
Installment contracts receivable				
Other assets	2,482,915	195,271	43,081	2,246
	<u>\$37,239,396</u>	<u>\$2,906,892</u>	<u>\$14,199,240</u>	<u>\$12,640,460</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$17,797,784	\$1,418,740	\$ 6,219,981	\$ 42
Trust earnings payable to trust beneficiaries				
Accrued interest payable				
Due to other funds			4,232,241	
Deposits		379,291		142,143
Deferred revenue	2,468,970	412,189		
Amounts held in custody for others				
Obligations under capital leases				
Notes and bonds payable				
	<u>20,266,754</u>	<u>2,210,220</u>	<u>10,452,222</u>	<u>142,185</u>
FUND BALANCES:				
Unrestricted:				
Designated	1,257,053			
General	15,715,589	696,672		
Unexpended plant				
Renewal and replacement				
Retirement of indebtedness				
Restricted:				
General			3,747,018	3,140,942
Unexpended plant				
Renewal and replacement				
Retirement of indebtedness				
U.S. government grants refundable				9,357,333
Held in trust by the University of Idaho Foundation				
Net investment in plant				
	<u>16,972,642</u>	<u>696,672</u>	<u>3,747,018</u>	<u>12,498,275</u>
	<u>\$37,239,396</u>	<u>\$2,906,892</u>	<u>\$14,199,240</u>	<u>\$12,640,460</u>

See notes to financial statements.

Endowment and Similar Funds	Combined Plant Funds	Agency Funds	Totals	
			2000	1999
\$ 2,222,214	\$ 29,793,198	\$ 54,789	\$ 34,782,951	\$ 49,420,151
			10,786,429	10,225,466
6,478	8,791	7,908	16,513,121	15,669,496
		220	6,781,403	6,879,352
			549,233	886,711
375,731	147,437		953,313	802,388
4,884,624	8,306,679	14,957,961	52,926,194	47,244,147
70,149,140	1,446,500		71,595,640	70,712,068
			1,735,861	1,527,967
	1,860,006		1,860,006	1,678,965
	417,397,697		417,397,697	383,479,358
1,495,254			1,495,254	1,524,317
1,331,221	133,638		4,188,372	2,044,126
<u>\$80,464,662</u>	<u>\$ 459,093,946</u>	<u>\$15,020,878</u>	<u>\$ 621,565,474</u>	<u>\$ 592,094,512</u>
\$ 26,878	\$ 380,181	\$ 109,988	\$ 25,953,594	\$ 25,703,285
256,843			256,843	260,605
	1,238,317		1,238,317	1,159,701
2,549,162			6,781,403	6,879,352
			521,434	491,088
			2,881,159	2,540,325
		14,910,890	14,910,890	7,601,877
	221,541		221,541	113,275
	102,797,957		102,797,957	93,627,089
<u>2,832,883</u>	<u>104,637,996</u>	<u>15,020,878</u>	<u>155,563,138</u>	<u>138,376,597</u>
			1,257,053	1,257,053
			16,412,261	11,921,522
	1,559,697		1,559,697	311,219
	3,565,364		3,565,364	4,899,241
	4,136,724		4,136,724	4,807,791
			6,887,960	5,697,712
	28,734,313		28,734,313	39,191,216
	2,081,653		2,081,653	6,319,664
			9,357,333	9,022,581
77,631,779			77,631,779	80,550,922
	314,378,199		314,378,199	289,738,994
<u>77,631,779</u>	<u>354,455,950</u>		<u>466,002,336</u>	<u>453,717,915</u>
<u>\$80,464,662</u>	<u>\$ 459,093,946</u>	<u>\$15,020,878</u>	<u>\$ 621,565,474</u>	<u>\$ 592,094,512</u>

UNIVERSITY OF IDAHO

STATEMENT OF CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2000 WITH COMPARATIVE TOTALS FOR 1999

	Current Funds			Student Loan Funds
	Unrestricted	Auxiliary Enterprises	Restricted	
REVENUES AND OTHER ADDITIONS:				
Unrestricted current funds revenues	\$ 135,248,256	\$27,898,066		
Private gifts, grants and contracts			\$ 12,195,692	\$ 10,361
Government grants and contracts			66,141,645	99,331
Governmental appropriations			32,349,728	
Investment income				131,033
Interest on loans receivable				258,409
Expended for plant facilities, including \$5,631,741 charged to current funds' expenditures and capitalized interest of \$830,216				
Retirement of indebtedness				
Change in fair value of investments				(39,690)
Proceeds from issuance of bonds and notes payable				
Public works projects completed				
Other additions			2,957,471	92,778
Total revenues and other additions	<u>135,248,256</u>	<u>27,898,066</u>	<u>113,644,536</u>	<u>552,222</u>
EXPENDITURES AND OTHER DEDUCTIONS:				
Educational and general expenditures	124,972,861		108,481,967	
Auxiliary enterprises expenditures		26,387,779		
Indirect costs recovered			4,570,807	
Loan cancellations, write-offs and provisions for doubtful accounts				50,410
Expended for plant facilities, including noncapitalized expenditures of \$2,227,604				
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Additions to indebtedness				
Additions to capital leases				
Other deductions				11,035
Total expenditures and other deductions	<u>124,972,861</u>	<u>26,387,779</u>	<u>113,052,774</u>	<u>61,445</u>
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):				
Mandatory:				
Principal and interest	(5,289,987)	(1,646,660)	(57,091)	
Loans and matching grants	(364,241)		331,130	33,111
Net transfers (voluntary)	(634,166)	640,111	185,238	(49,927)
Total transfers	<u>(6,288,394)</u>	<u>(1,006,549)</u>	<u>459,277</u>	<u>(16,816)</u>
NET INCREASE (DECREASE) FOR THE YEAR	<u>3,987,001</u>	<u>503,738</u>	<u>1,051,039</u>	<u>473,961</u>
FUND BALANCES, BEGINNING OF YEAR	<u>12,985,641</u>	<u>192,934</u>	<u>2,695,979</u>	<u>12,024,314</u>
FUND BALANCES, END OF YEAR	<u>\$ 16,972,642</u>	<u>\$ 696,672</u>	<u>\$ 3,747,018</u>	<u>\$12,498,275</u>

See notes to financial statements.

Endowment and Similar Funds	Plant Funds				Totals	
	Unexpended Plant	Renewal and Replacement	Retirement of Indebtedness	Net Investment In Plant	2000	1999
\$ 4,070,856	\$ 311,967 3,434,452			\$ 152,545	\$ 163,146,322 16,741,421 69,675,428 32,349,728 6,343,434 258,409	\$ 150,244,036 12,410,191 64,979,422 30,805,110 7,777,408 296,377
3,870,830	1,874,453		\$ 467,118			
				36,395,732 3,268,484	36,395,732 3,268,484	17,639,464 4,644,237
(6,067,001)	(344)	\$ (94,070)	(105,217)		(6,306,322)	3,360,000
	10,850,000		1,475,000		12,325,000	29,381,969
				2,683,661	2,683,661	1,360,762
<u>181,089</u>	<u>143,300</u>		<u>17,879</u>		<u>3,392,517</u>	<u>2,738,779</u>
<u>2,055,774</u>	<u>16,613,828</u>	<u>(94,070)</u>	<u>1,854,780</u>	<u>42,500,422</u>	<u>340,273,814</u>	<u>325,637,755</u>
					233,454,828 26,387,779 4,570,807	219,712,483 25,352,617 3,982,274
					50,410	124,109
	30,671,034	1,267,727			31,938,761	12,045,786
			3,268,484 5,284,934		3,268,484 5,284,934	4,644,237 4,098,629
				5,313,599 12,325,000 222,618	5,313,599 12,325,000 222,618	8,554,988 29,381,969 162,175
<u>4,974,917</u>			<u>186,221</u>		<u>5,172,173</u>	<u>3,851,413</u>
<u>4,974,917</u>	<u>30,671,034</u>	<u>1,267,727</u>	<u>8,739,639</u>	<u>17,861,217</u>	<u>327,989,393</u>	<u>311,910,680</u>
			6,993,738			
	<u>4,848,781</u>	<u>27,920</u>	<u>(5,017,957)</u>			
	<u>4,848,781</u>	<u>27,920</u>	<u>1,975,781</u>			
(2,919,143)	(9,208,425)	(1,333,877)	(4,909,078)	24,639,205	12,284,421	13,727,075
<u>80,550,922</u>	<u>39,502,435</u>	<u>4,899,241</u>	<u>11,127,455</u>	<u>289,738,994</u>	<u>453,717,915</u>	<u>439,990,840</u>
<u>\$77,631,779</u>	<u>\$30,294,010</u>	<u>\$3,565,364</u>	<u>\$ 6,218,377</u>	<u>\$314,378,199</u>	<u>\$466,002,336</u>	<u>\$453,717,915</u>

UNIVERSITY OF IDAHO

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES YEAR ENDED JUNE 30, 2000 WITH COMPARATIVE TOTALS FOR 1999

	Unrestricted	Auxiliary Enterprises
REVENUES:		
Appropriated general education revenues:		
State general account - general education	\$ 72,231,296	\$ 1,782,004
Endowment income	7,835,324	
Student fees and miscellaneous receipts	19,024,324	
Other state general accounts		
Federal appropriations		
Federal grants and contracts	68,739	
State grants and contracts	45,354	
Private gifts, grants and contracts	3,168,961	1,053,011
Other student fees	16,666,433	4,126,920
Sales and services of educational departments	5,251,409	
Sales and services of auxiliary enterprises		20,319,659
Indirect costs recovered	4,570,807	
Other sources	7,355,977	632,863
Change in fair value of investments	(970,368)	(16,391)
	<u>135,248,256</u>	<u>27,898,066</u>
Total revenues		
EXPENDITURES AND MANDATORY TRANSFERS:		
Educational and general:		
Instruction	54,774,378	
Research	11,529,211	
Public service	1,273,468	
Academic support	9,228,077	
Libraries	5,793,814	
Student services	6,611,844	
Institutional support	16,415,640	
Operations and maintenance of plant	13,791,867	
Scholarships and fellowships	5,554,562	
	<u>124,972,861</u>	
Educational and general expenditures		
Mandatory transfers for loans and matching grants	364,241	
Mandatory transfers for principal and interest	5,289,987	
	<u>130,627,089</u>	
Total educational and general		
Auxiliary enterprises:		
Expenditures		26,387,779
Mandatory transfers for principal and interest		1,646,660
		<u>28,034,439</u>
Total auxiliary enterprises		
Total expenditures and mandatory transfers	<u>130,627,089</u>	<u>28,034,439</u>
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):		
Excess (deficiency) of restricted receipts over transfers to revenue		
Net transfers (voluntary)	(634,166)	640,111
	<u>(634,166)</u>	<u>640,111</u>
Total other transfers and additions (deductions)		
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 3,987,001</u>	<u>\$ 503,738</u>

See notes to financial statements.

Agricultural Research	Restricted	Other	Totals	
	Agricultural Extension		2000	1999
			\$ 74,013,300	\$ 71,385,700
			7,835,324	7,050,233
			19,024,324	18,221,788
\$13,461,751	\$ 8,668,734	\$ 5,387,795	27,518,280	26,382,861
1,755,074	2,767,075		4,522,149	4,211,215
		54,832,400	54,901,139	55,094,165
64,815		6,762,226	6,872,395	5,670,993
		11,550,587	15,772,559	12,413,652
		109,792	20,903,145	18,764,737
41,238			5,292,647	4,422,568
			20,319,659	19,150,682
			4,570,807	3,982,274
1,325		2,805,116	10,795,281	7,013,182
			(986,759)	(364,372)
<u>15,324,203</u>	<u>11,435,809</u>	<u>81,447,916</u>	<u>271,354,250</u>	<u>253,399,678</u>
		13,395,259	68,169,637	64,574,495
15,267,112		24,738,688	51,535,011	49,809,751
	11,435,809	2,446,034	15,155,311	14,098,973
			9,228,077	8,744,636
			5,793,814	5,738,885
			6,611,844	5,859,192
			16,415,640	13,570,198
			13,791,867	11,802,561
		41,199,065	46,753,627	45,513,792
<u>15,267,112</u>	<u>11,435,809</u>	<u>81,779,046</u>	<u>233,454,828</u>	<u>219,712,483</u>
		(331,130)	33,111	45,192
57,091			5,347,078	4,832,167
<u>15,324,203</u>	<u>11,435,809</u>	<u>81,447,916</u>	<u>238,835,017</u>	<u>224,589,842</u>
			26,387,779	25,352,617
			1,646,660	1,575,665
			28,034,439	26,928,282
<u>15,324,203</u>	<u>11,435,809</u>	<u>81,447,916</u>	<u>266,869,456</u>	<u>251,518,124</u>
430,857	(121,558)	556,502	865,801	(593,463)
222,161	(23,715)	(13,208)	191,183	(1,595,738)
<u>653,018</u>	<u>(145,273)</u>	<u>543,294</u>	<u>1,056,984</u>	<u>(2,189,201)</u>
<u>\$ 653,018</u>	<u>\$ (145,273)</u>	<u>\$ 543,294</u>	<u>\$ 5,541,778</u>	<u>\$ (307,647)</u>

UNIVERSITY OF IDAHO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University of Idaho (the "University") is a publicly-supported comprehensive land grant institution created in 1889 by a statute of the 15th territorial legislature and is part of the public system of higher education in the State of Idaho. The system is considered part of the State of Idaho financial reporting entity. The Board of Regents, appointed by the Governor and confirmed by the legislature, directs the University.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with the principles outlined in the American Institute of Certified Public Accountants' Industry Audit Guide, *Audits of Colleges and Universities*. In accordance with the practice generally acceptable for governmental colleges and universities, no provision for depreciation has been recorded by the University. The statement of current funds revenues, expenditures and other changes is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses. The financial information shown for 1999 in the accompanying financial statements is included to provide a basis for comparison with 2000 and presents summarized totals only.

Fund Accounting - In order to ensure observance of limitations and restrictions placed on the use of the resources available, the University maintains its accounting records in accordance with the principles of "fund accounting". These principles require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for the resources. Accounts are separately maintained for each fund. However, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the University's Board of Regents. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the University's Board of Regents retains full control to use in achieving any of its institutional purposes.

All changes in fair value of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from receivables and the like is accounted for in the fund owning such assets. Income derived from investments of endowment and similar funds is accounted for in the fund to which it is restricted. Income derived from non-endowment type investments is accounted for in the fund to which it restricted, or if unrestricted, as revenues in unexpended plant funds.

Description of Funds

Current Funds - Current funds are used primarily to account for amounts which are expended in performing the primary and support objectives of the University, i.e., instruction, research, public service, academic support, libraries, student services, institutional support, operations and maintenance of plant, scholarships and fellowships and auxiliary activities. Funds included in this classification consist of the following:

- a. Unrestricted funds - These funds are used to account for transactions related to the educational and general operations of the University. These funds may be used at the discretion of the Board of Regents or their designee to meet current expenditures for any purpose.
- b. Auxiliary enterprise funds - These funds are used to account for transactions of substantially self-supporting activities that primarily provide services to students, faculty and staff. Auxiliary enterprises include, but are not limited to, student housing, food services, bookstore and intercollegiate athletics.
- c. Restricted funds - These funds are used to account for current funds expended for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used. Revenues of the restricted funds are reported in the statement of current funds revenues, expenditures and other changes only to the extent expended for current operating purposes. The excess or deficiency of receipts over expenditures is included as an addition or deduction directly to fund balances during the year.

Student Loan Funds - These funds, which are primarily obtained from the Federal Government, are used to account for loans to students. The University participates in the Perkins Student Loan Program which requires the University to match 33% of the federal contributions. A portion or all of the loan principal and interest may be canceled upon the occurrence of certain events. The amount of such cancellations is partially absorbed by the Federal Government.

Endowment and Similar Funds - Endowment funds are subject to the restrictions of donor gift instruments requiring that the principal be invested in perpetuity and that only the income be utilized. Term endowment funds provide that upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended. Quasi-endowment funds have been established by the University Administration for the same purposes as endowment funds and any portion of such funds may be expended.

Plant Funds - These funds are used to account for the transactions relating to investment in University properties. Plant funds include (1) Unexpended Plant Funds, (2) Renewal and Replacement Funds, (3) Retirement of Indebtedness Funds and (4) Net Investment in Plant Funds. The Unexpended Plant Funds are comprised of amounts which have been appropriated or designated for land, improvements, buildings and equipment. The Renewal and Replacement Funds are comprised of amounts provided for renewal and replacement of certain properties. The Retirement of Indebtedness Funds represent bond sinking funds used to provide for payment of principal and interest pursuant to terms of bond indentures. Net Investment in Plant Funds represent the accumulated cost of property, buildings, equipment over related liabilities.

Agency Funds - These funds are used to account for assets held by the University as custodian or fiscal agent for others. Consequently, the transactions of these funds do not affect the statement of changes in fund balances.

Interfund Borrowings - All interfund borrowings are payable within one year without interest.

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

Inventories - Bookstore inventories are valued at average cost. All other inventories are valued at the lower of FIFO cost or market.

Property, Plant and Equipment - To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal additions; (2) mandatory transfers, in the case of required provisions for debt amortization and interest; and (3) as voluntary transfers for all other cases.

Plant assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair market value at date of gift.

Accrued Vacation - Included in accounts payable and accrued liabilities at June 30, 2000 is \$6,582,852 related to compensated absences earned but unused.

Summer Session Activities - Revenues and related expenditures resulting from summer sessions are reported within the fiscal year in which the total summer sessions program is predominantly conducted. Accordingly, only the revenues and expenditures of the 1999 summer sessions are included in the statement of current operating funds revenues, expenditures and other changes. Receipts and disbursements related to the 2000 summer sessions are reflected in the financial statements as deferred items.

Grants-in-Aid - Tuition and fees revenue include grants-in-aid charged to scholarships and fellowships and grants-in-aid for faculty and staff benefits charged to the appropriate expenditure programs to which the applicable personnel relate. Grants-in-aid for 2000 total \$6,181,808.

New Accounting Standards - The Governmental Accounting Standards Board has issued Statements No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, and No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The University has not completed the process of evaluating the impact that will result from adopting these Statements. The University is therefore unable to disclose the impact that adopting Statement of Government Accounting Standards Nos. 33 and 35 will have on its financial position and revenues, expenditures and other changes in fund balance. The requirements of these statements are effective for the fiscal years ending June 30, 2001 and 2002, respectively.

Reclassifications - Certain prior year amounts have been reclassified to conform with the current year's presentation.

2. CASH AND CASH EQUIVALENTS

The University accounts for its cash on a pooled basis whereby each fund has a positive or negative equity in cash depending upon the net effect of its cash receipts and disbursements activity. In effect, funds with negative cash balances are borrowing from those with positive cash balances and are recorded as due to other funds.

Cash and cash equivalents are deposited with various financial institutions. Such deposits for the year ended June 30, 2000 are categorized below to give an indication of the level of risk assumed by the University at year end. Category 1 includes deposits that are insured or collateralized with securities held by the University or its agent in the University's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent in the University's name. Category 3 includes uninsured deposits which are uncollateralized. Balances of deposits by such categories at June 30, 2000 consisted of the following:

Category 1	\$ 100,000
Category 2	34,323,729
Category 3	<u>359,222</u>
Total	<u>\$34,782,951</u>

Of the cash and cash equivalents reported on the balance sheet at June 30, 2000, \$4,007,465 is restricted by donors, granting agencies, or other contractual agreements.

3. INVESTMENTS AND INVESTMENTS HELD IN TRUST

The general investment policy of the University as adopted by its Board of Regents 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. Long-term investments shall be restricted to rated securities traded on standard exchanges of the United States. Temporary investment of cash shall be restricted to:

- Certificates of deposit in major Idaho banking organizations.
- All obligations of the U.S. Government.
- Federal funds bank repurchase agreements.
- Deposits in savings accounts of commercial banks and savings and loan associations in the state of Idaho.
- Commercial paper of prime or equivalent grade.

Covenants of certain bond resolutions restrict investment of funds to U.S. Government or government guaranteed securities. Repurchase agreements are collateralized by U.S. Government securities held by the pledging financial institution or financial institution's agent in the University's name.

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 balance sheet. Investment income including change in fair value of investments, is recognized as revenue in the statement of current funds revenues, expenditures, and other changes (or in the statement of changes in fund balance depending on the fund).

Investments are held by the University, recorded at fair value, and are generally held until maturity. A total of \$22,337,757 of these investments were restricted by donors, granting agencies, or other contractual agreements at June 30, 2000.

Investments Held in Trust represent investments in the Endowment and similar funds which are held in trust by the University of Idaho Foundation, Inc. and investments held in trust in the University's name. These investments consist of cash and cash equivalents, corporate debt securities, U.S. Government or government guaranteed securities, common stocks and mutual funds. These investments are either restricted to the purpose established by the donors or restricted by bond indentures or other contractual agreements.

The University's investments described above are categorized below to give an indication of the level of risk assumed by the University at June 30, 2000. Category 1 includes investments that are insured or registered, or for which the securities are held by the University or its agent in the University's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the University's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty whether or not in the University's name; or by the counterparty's trust department or agent but not in the University's name.

	Investment Risk Category			Total
	1	2	3	
INVESTMENTS:				
Corporate debt securities and preferred stock	\$16,364,871			\$16,364,871
U.S. Government or government guaranteed securities	34,916,918			34,916,918
Common stocks	761,813			761,813
Mutual Funds	<u>882,592</u>			<u>882,592</u>
	<u>\$52,926,194</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$52,926,194</u>
INVESTMENTS HELD IN TRUST:				
Corporate debt securities and preferred stock	\$18,740,243			\$18,740,243
U.S. Government or government guaranteed securities	11,732,614	\$1,446,500		13,179,114
Common stocks	39,033,745			39,033,745
Mutual funds	<u>642,538</u>			<u>642,538</u>
	<u>\$70,149,140</u>	<u>\$1,446,500</u>	<u>\$ 0</u>	<u>\$71,595,640</u>

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at June 30, 2000 consisted of the following:

Buildings and improvements	\$270,069,945
Furniture, equipment and library materials	121,810,038
Land	7,980,726
Construction in progress	<u>17,536,988</u>
	<u>\$417,397,697</u>

In addition to the accounts payable for construction costs shown in the Plant Fund, the estimated cost to complete property authorized or under construction at June 30, 2000 is \$64,239,200. These costs will be financed by State appropriations, available resources and/or long-term borrowing.

5. CAPITAL LEASES

The University has entered into various capital lease agreements covering equipment and furniture system assets. At June 30, 2000, assets under capital lease total \$290,287 and are included in property, plant and equipment. Future minimum lease obligations under these agreements for the years ending June 30 are as follows:

2001	\$ 78,131
2002	69,033
2003	63,365
2004	28,908
2005	<u>11,504</u>
Total minimum obligations	250,941
Less interest	<u>(29,400)</u>
Present value of minimum obligations	<u>\$ 221,541</u>

6. NOTES AND BONDS PAYABLE

Notes and bonds payable at June 30, 2000 consisted of the following:

Description	Balance Outstanding
Facility Revenue Bonds, Series 1992A, consisting of serial bonds due in annual amounts increasing periodically from \$180,000 to a maximum of \$195,000, plus interest from 6.10% to 6.20% through the year 2002, collateralized by a pledge of net revenues derived from the rentals of the family student and graduate student apartments, the operation of the University Conference Facility, certain utility charges assessed by the University, and by a portion of matriculation fees.	\$ 375,000
Facility Revenue Bonds, Series 1992B, consisting of serial bonds due in annual amounts increasing periodically from \$265,000 to a maximum of \$300,000, plus interest from 5.80% to 6.00% through the year 2002, collateralized by a pledge of net revenues derived from the rentals of the family student and graduate student apartments and by a portion of matriculation fees.	845,000
Facility Refunding and Improvement Revenue Bonds, Series 1994, consisting of serial bonds due in annual installments increasing periodically from \$390,000 to a maximum of \$815,000, plus interest from 4.55% to 5.40% through the year 2016, collateralized by a pledge of net revenues of the Student Housing System, a portion of matriculation fees, and certain other designated funds and revenues.	9,125,000
Student Building Fee Refunding Revenue Bonds, Series 1994, consisting of serial bonds due in annual installments increasing periodically from \$375,000 to a maximum of \$580,000, plus interest from 4.55% to 5.35% through the year 2010, collateralized by a pledge of certain net revenues of the University and the Student Building Debt Service Fees.	4,670,000

(continued)

Description	Balance Outstanding
Student Fee Refunding Revenue Bonds, Series 1996, consisting of serial bonds due in annual installments increasing periodically from \$410,000 to a maximum of \$860,000, plus interest from 4.55% to 5.80% through the year 2013, collateralized by a pledge of revenues and certain student fees of the University.	\$ 7,860,000
Student Fee Revenue Bonds, Series 1996, consisting of serial bonds due in annual installments ranging periodically from \$370,000 to a maximum of \$685,000, plus interest from 4.80% to 5.85% through the year 2011, collateralized by a pledge of the University's Student Matriculation Fee and other pledged net revenues derived from the Telecommunications System, Non-Dormitory Housing System, and Parking System.	5,440,000
Student Fee Refunding Bonds, Series 1997A, consisting of serial bonds due in annual installments increasing periodically from \$320,000 to a maximum of \$390,000, plus interest from 6.75% to 6.85% through the year 2002, collateralized by a pledge of net revenues of the Student Housing System, University's Student Matriculation Fee and other pledged net revenues.	710,000
Student Fee Refunding Revenue Bonds, Series 1997B, consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from \$640,000 to a maximum of \$1,220,000, plus interest from 5.00% 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.	12,380,000
Student Fee Revenue Bonds (University Commons Project), Series 1997, consisting of serial bonds due annual installments increasing periodically from \$140,000 to a maximum of \$1,650,000, plus interest from 4.50% to 5.70% through the year 2022, collateralized by a pledge of certain student fees, and certain other pledged revenue.	13,910,000
Student Fee Revenue Bonds Series 1997 (University Commons Supplemental Project), consisting of serial bonds due in annual installments commencing in 2000 and increasing periodically from \$145,000 to a maximum of \$405,000, plus interest from 4.10% to 5.35% through the year 2022, collateralized by a pledge of certain student fees, and certain other pledged revenue.	5,480,000
Student Fee Revenue Bonds, Series 1999, consisting of serial bonds due in annual installments commencing in 2002 and increasing periodically from \$330,000 to a maximum of \$1,425,000, plus interest from 3.65% to 6.50%, through the year 2025, collateralized by a pledge of certain student fees, and certain other pledged revenue.	20,115,000
Student Fee Revenue Bonds, Series 1999A, consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from \$35,000 to a maximum of \$105,000, plus interest from 3.80% to 5.25% through the year 2025, collateralized by a pledge of net revenues of the Student Housing System, University's Student Matriculation Fee, and other pledged net revenues.	1,470,000

(continued)

Description	Balance Outstanding
Student Fee Revenue Bonds, Series 1999B, consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from \$150,000 to a maximum of \$445,000, plus interest from 4.80% to 5.625% through the year 2025, collateralized by a pledge of net revenues of the Student Housing System, University's Student Matriculation Fee, and other pledged net revenues.	\$ 6,150,000
Student Fee Revenue Bonds, Series 1999C, consisting of serial bonds due in annual installments commencing in 2001 and increasing periodically from \$210,000 to a maximum of \$515,000, plus interest from 4.15% to 5.70% through the year 2019, collateralized by a pledge of net revenues of the Student Housing System, University's Student Matriculation Fee, and other pledged revenues.	6,305,000
Student Fee Revenue Bonds, Series 1999D, consisting of serial bonds due in annual installments commencing in 2023 and increasing periodically from \$1,385,000 to a maximum of \$1,630,000, plus interest from 5.85% to 6.00% through the year 2026, collateralized by a pledge of revenues of the Activity Center Complex Fee, and certain other pledged net revenues.	6,020,000
Other indebtedness, consisting of notes payable and line-of-credit with interest rates ranging from 5% to 10%, due through the year 2017.	<u>1,670,482</u>
	102,525,482
Premium on bonds	<u>272,475</u>
	<u>\$ 102,797,957</u>

There are a number of limitations and restrictions contained in the various bond indentures.

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

2001	\$ 3,417,339
2002	3,602,992
2003	3,884,332
2004	3,719,611
2005	3,949,225
Thereafter	<u>83,951,983</u>
	<u>\$ 102,525,482</u>

At June 30, 2000, debt in the amount of \$17,091,309 is considered extinguished through refunding of prior issues by a portion of current issues. Sufficient proceeds are invested in government securities and placed in escrow to assure timely payments of the maturities of those prior issues. Neither the debt nor the escrowed assets are reflected in the University's financial statements.

The University has an unsecured revolving line of credit with a bank for the purchase of real property, equipment, and other capital expenditures. The University may borrow at a variable or fixed rate based on the five year U.S. Government Treasury Note Index less 1.35%. The minimum interest rate is 5.0%, and interest is due semi-annually on any outstanding balance. The maximum available line is \$1,500,000 with \$741,921 in outstanding borrowings at June 30, 2000.

7. 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. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. The benefits and obligations to contribute to the plan were established and may be amended by the Idaho State Legislature. Financial reports for the plan are available from PERSI upon request.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 1.917% or 2.225% (depending upon employee classification) of the average monthly salary for the highest consecutive 42 months.

For the year ended June 30, 2000, the required contribution rate for general employees was 9.77% and 5.86% of covered payroll for the University and its employees, respectively. The University contributions required and paid were \$4,993,312, \$4,932,886, and \$5,080,343 for the three years ended June 30, 2000, 1999, and 1998, 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 requirement (and amount paid) for the year ended June 30, 2000 was \$6,561,639 which consisted of \$3,448,330 from the University and \$3,113,309 from employees. These contributions represented approximately 7.72% and 6.97% of covered payroll.

Although enrollees in the ORP no longer belong to PERSI, the University is required to contribute to PERSI 3.03% of the annual covered payroll. These annual supplemental payments are required through July 1, 2015. During the year ended June 30, 2000, this supplemental funding payment made to PERSI was \$1,353,150. This amount is not included in the regular University PERSI contribution discussed previously.

Postretirement Benefits Other Than Pensions - In addition to the pension benefits described above, the University provides postretirement medical, dental and life insurance coverage for life to employees who meet certain age and service requirements. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Employees who do not qualify for this benefit, but who do qualify for retirement under PERSI or ORP are eligible to use 50% of the cash value of their unused sick leave to continue their insurance coverage through the University. The University partially funds these obligations by depositing .45% of employee gross payroll into a reserve. The University made expenditures totaling \$537,246 in fiscal 2000 to purchase insurance for 637 retired employees receiving these benefits. As of June 30, 2000, approximately \$3,397,424 is available to fund these obligations. The GASB is studying a new accounting standard that would require the University to record these obligations on an actuarially determined basis. The University intends to hire actuaries to quantify the unrecorded obligations and is reviewing the provisions of its benefit plans. The actuarially determined obligations are expected to be significantly higher than the amount currently accrued.

8. ENCUMBRANCES

The accrual basis of accounting provides that expenditures include only amounts associated with goods and services received and liabilities include only the unpaid amounts associated with such expenditures. Accordingly, \$5,601,258 of outstanding purchase orders and purchase commitments are not reported in the financial statements.

9. CONTINGENCIES AND LEGAL MATTERS

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

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

10. RELATED ORGANIZATIONS

The University of Idaho Foundation, Inc. (the Foundation) was established for the purpose of soliciting donations and to hold and manage invested donations for the exclusive benefit of the University. Net assets of the Foundation at June 30, 2000 were \$151,735,234. Of this amount, \$77,631,779 are University net assets held and managed in trust by the Foundation and are included in the accompanying financial statements. The remaining net assets of \$74,103,455, of which \$67,921,670 are restricted to uses designated by the donors, are owned by the Foundation.

On January 18, 2000, the Foundation executed a promissory note with the University of Idaho for \$1,907,000 due January 19, 2003. Interest is due annually and is based on IRS Section 1274(d). The University has recorded this note as other assets in the unrestricted fund.

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, 2000 were \$188,584, of which \$18,763 are restricted to uses designated by the donors. Assets owned by the Boosters are not included in the accompanying financial statements.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED UPON AN AUDIT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Regents of the
University of Idaho:

We have audited the financial statements of the University of Idaho (the "University") as of and for the year ended June 30, 2000, and have issued our report thereon dated September 8, 2000. 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.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the University's internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the University in a separate letter dated September 8, 2000.

Board of Regents of the
University of Idaho
Page 2

This report is intended solely for the information and use of the Board of Regents, 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.

Deloitte & Touche LLP

September 8, 2000

**OTHER REPORTS FOR THE YEAR ENDED
JUNE 30, 2000**

SINGLE AUDIT INFORMATION

UNIVERSITY OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
<u>AGENCY FOR INTERNATIONAL DEVELOPMENT</u>		
Agency for International Development Federal Pass Through	02.000	\$ 132,491
Total Agency for International Development		<u>\$ 132,491</u>
<u>DEPARTMENT OF AGRICULTURE</u>		
Department of Agriculture Federal Pass Through	10.000 (1) 10.000 (1)	\$ 337,677 100,244
Research and Development Federal Pass Through	10.RD (1)	2,001
AGRICULTURE RESEARCH SERVICE:		
Agricultural Research-Basic and Applied Research Federal Pass Through	10.001 (1) 10.001 (1)	1,551,881 67,584
ANIMAL AND PLANT HEALTH INSPECTION SERVICE:		
Plant and Animal Disease, Pest Control and Animal Care	10.025	107,956
CONSOLIDATED FARM SERVICE AGENCY:		
Conservation Reserve Program Federal Pass Through	10.069 (1)	(4)
AGRICULTURAL MARKETING SERVICE:		
Federal-State Marketing Improvement Program Federal Pass Through	10.156 (1)	2,344
COOPERATIVE STATE RESEARCH, EDUCATION AND EXTENSION SERVICE:		
Grants for Agricultural Research, Special Research Grants Federal Pass Through	10.200 (1) 10.200 (1)	805,218 393,753
Cooperative Forestry Research	10.202 (1)	494,580
Grants for Agricultural Research, Competitive Research Grants Federal Pass Through	10.206 (1) 10.206 (1)	826,432 31,295
Animal Health and Disease Research	10.207 (1)	50,333
Higher Education Challenge Grants Federal Pass Through	10.217 10.217 (1)	55,077 36,564
Buildings and Facilities Program	10.218 (4)	2,515,111
Higher Education Multicultural Scholars Program	10.220	14,430
Fund for Rural America-Research, Education, and Extension Activities Federal Pass Through	10.224 (1) 10.224 (1)	202,598 97,194

(continued)

UNIVERSITY OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
<u>DEPARTMENT OF AGRICULTURE (continued)</u>		
COOPERATIVE STATE RESEARCH, EDUCATION AND EXTENSION SERVICE:		
Cooperative Extension Service	10.500 (1)	\$ 745,803
Federal Pass Through	10.500 (1)	112,598
Agricultural Telecommunications Program	10.501	40,711
Federal Pass Through	10.501	13,985
ECONOMIC RESEARCH SERVICE:		
Agricultural and Rural Economic Research	10.250	1,169
FOOD AND CONSUMER SERVICE:		
Child and Adult Care Food Programs		
Federal Pass Through	10.558	12,811
State Administrative Matching Grants for Food Stamp Program		
Federal Pass Through	10.561	163,289
Food Stamps		
Federal Pass Through	10.551	299,828
FOREST SERVICE:		
Forestry Research	10.652 (1)	37,114
Cooperative Forestry Assistance	10.664 (1)	33,254
Federal Pass Through	10.664 (1)	39,383
National Forest Dependent Rural Communities		
Federal Pass Through	10.670 (1)	<u>369</u>
Total Department of Agriculture		<u>\$ 9,192,582</u>
<u>DEPARTMENT OF COMMERCE</u>		
Department of Commerce	11.000 (1)	\$ 100,868
Federal Pass Through	11.000 (1)	60,930
ECONOMIC DEVELOPMENT ADMINISTRATION:		
Economic Development Technical Assistance		
Federal Pass Through	11.303 (1)	24,145
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION:		
Climate and Atmospheric Research	11.431 (1)	6,745
Environmental Research Laboratories Cooperative Institutes		
Federal Pass Through	11.432 (1)	66,215
Cooperative Science and Education Program		
Federal Pass Through	11.455 (1)	26,243

(continued)

UNIVERSITY OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
<u>DEPARTMENT OF COMMERCE (continued)</u>		
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY:		
Manufacturing Extension Partnership Federal Pass Through	11.611 (1)	\$ 280,888
Total Department of Commerce		<u>\$ 566,034</u>
<u>DEPARTMENT OF DEFENSE</u>		
Department of Defense Federal Pass Through	12.000 (1) 12.000 (1)	\$ 620,083 248,903
OFFICE NAVAL RESEARCH, DEPARTMENT OF THE NAVY:		
Basic and Applied Scientific Research Federal Pass Through	12.300 (1) 12.300 (1)	382,528 31,633
ARMY RESEARCH OFFICE, ARMY MATERIAL COMMAND:		
Basic Scientific Research	12.431 (1)	352,868
OFFICE OF THE SECRETARY OF DEFENSE:		
Basic, Applied and Advanced Research in Science and Engineering	12.630 (1)	<u>171,825</u>
Total Department of Defense		<u>\$ 1,807,840</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Department of Housing and Urban Development Community Development Block Grants/Economic Development Initiative	14.000 14.246	\$ 791,008 <u>185,916</u>
Total Department of Housing and Urban Development		<u>\$ 976,924</u>
<u>DEPARTMENT OF THE INTERIOR</u>		
Department of the Interior Federal Pass Through	15.000 (1) 15.000 (1)	\$ 1,315,580 390,845
Department of Interior	15.810 (1)	104,436
Department of Interior	15.DAC (1)	6,092
BUREAU OF INDIAN AFFAIRS:		
Assistance to Tribally Controlled Community Colleges and Universities	15.027	46,949

(continued)

UNIVERSITY OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
<u>DEPARTMENT OF INTERIOR (continued)</u>		
BUREAU OF LAND MANAGEMENT:		
Cooperative Inspection Agreements with States and Tribes	15.222 (1)	(1)
Cultural Resource Management	15.224 (1)	14,134
US FISH AND WILDLIFE SERVICE:		
Sport Fish Restoration	15.605 (1)	\$ 3,770
Federal Pass Through	15.605 (1)	125,187
Fish and Wildlife Management Assistance		
Federal Pass Through	15.608 (1)	5,405
Wildlife Restoration	15.611 (1)	1,107
Federal Pass Through	15.611 (1)	9,049
GEOLOGICAL SURVEY:		
Assistance to State Water Resources Research Institutes	15.805 (1)	90,188
Federal Pass Through	15.805 (1)	24,196
Geological Survey Research and Data Acquisition	15.808 (1)	1,117,895
National Spatial Data Infrastructure Competitive Cooperative Agreements Program	15.809 (1)	14,247
NATIONAL PARK SERVICE:		
Historic Preservation Fund Grants-In-Aid		
Federal Pass Through	15.904 (1)	4,145
Outdoor Recreation Acquisition, Development and Planning	15.916 (1)	487,213
Total Department of the Interior		<u>\$ 3,760,437</u>
<u>DEPARTMENT OF LABOR</u>		
MINE SAFETY AND HEALTH ADMINISTRATION:		
Mine Health and Safety Grants	17.600	\$ 69,035
Total Department of Labor		<u>\$ 69,035</u>
<u>DEPARTMENT OF TRANSPORTATION</u>		
Department of Transportation		
Federal Pass through	20.000 (1)	122,441
FEDERAL HIGHWAY ADMINISTRATION:		
Highway Planning and Construction		
Federal Pass Through	20.205 (1)	414,021

(continued)

UNIVERSITY OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
<u>DEPARTMENT OF TRANSPORTATION (continued)</u>		
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION: University Transportation Centers Program	20.701 (1)	\$ 673,035
Total Department of Transportation		<u>\$ 1,209,497</u>
<u>DEPARTMENT OF TREASURY</u>		
Department of Treasury	21.000	\$ 79,907
Total Department of Treasury		<u>\$ 79,907</u>
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>		
National Aeronautics and Space Administration	43.000	\$ 621,192
Federal Pass Through	43.000	435,142
Aerospace Education Services Program		
Federal Pass Through	43.001 (1)	<u>168,967</u>
Total National Aeronautics and Space Administration		<u>\$ 1,225,301</u>
<u>NATIONAL FOUNDATION OF THE ARTS AND HUMANITIES</u>		
National Foundation on the Arts and the Humanities		
Federal Pass Through	45.000	\$ 6,459
National Foundation on the Arts and the Humanities	45.312 (1)	278,259
<u>NATIONAL ENDOWMENT FOR THE ARTS:</u>		
Promotion of the Arts-Arts in Education		
Federal Pass Through	45.003	12,750
Promotion of the Arts State and Regional Program		
Federal Pass Through	45.007 (1)	11,700
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES:</u>		
Promotion of the Humanities Federal-State Partnership		
Federal Pass Through	45.129 (1)	<u>2,397</u>
Total National Foundation for the Arts and the Humanities		<u>\$ 311,565</u>

(continued)

UNIVERSITY OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
<u>NATIONAL SCIENCE FOUNDATION</u>		
National Science Foundation	47.000 (1)	\$ 197,209
Federal Pass Through	47.000 (1)	2,992
Engineering Grants	47.041 (1)	77,465
Federal Pass Through	47.041 (1)	12,828
Mathematical and Physical Sciences	47.049 (1)	426,976
Federal Pass Through	47.049 (1)	13,832
Geosciences	47.050 (1)	201,400
Computer and Information Science and Engineering	47.070 (1)	62,742
Biological Sciences	47.074 (1)	473,800
Social Behavioral and Economic Sciences	47.075 (1)	2,805
Education and Human Resources	47.076 (1)	794,634
Federal Pass Through	47.076	8,514
Academic Research Facilities and Instrumentation	47.077 (1)	<u>209,804</u>
Total National Science Foundation		<u>\$ 2,485,001</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>		
Environmental Protection Agency	66.000 (1)	\$ 17,013
Federal Pass Through	66.000 (1)	88,085
Surveys, Studies, Investigations and Special Purpose Grants	66.606 (1)	623,010
Federal Pass Through	66.606 (1)	83,650
<u>OFFICE OF WATER:</u>		
Nonpoint Source Implementation Grants		
Federal Pass Through	66.460 (1)	157,043
Wetlands Protection State and Tribal Development Grants		
Federal Pass Through	66.461 (1)	3,562
National Pollutant Discharge Elimination System Related	66.463 (1)	12,005
<u>OFFICE OF RESEARCH AND DEVELOPMENT:</u>		
Environmental Protection Consolidated Research	66.500 (1)	118,797
Federal Pass Through	66.500 (1)	62,725
Water Pollution Control Research Development	66.505 (1)	<u>6,621</u>
Total Environmental Protection Agency		<u>\$ 1,172,511</u>

(continued)

UNIVERSITY OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
<u>DEPARTMENT OF ENERGY</u>		
Department of Energy	81.000 (1)	\$ 1,563,498
Federal Pass Through	81.000 (1)	2,014,885
BBWI INEEL Education Program	81.000 (3)	1,566,230
<u>OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY:</u>		
Energy-Related Inventions	81.036 (1)	11,289
State Energy Program		
Federal Pass Through	81.041 (1)	636
Regional Biomass Energy Programs	81.079 (1)	28,219
Conservation Research and Development		
Federal Pass Through	81.086 (1)	10,967
Renewal Energy Research and Development	81.087 (1)	125,946
Federal Pass Through	81.087 (1)	26,014
<u>OFFICE OF SCIENCE</u>		
Office of Science Financial Assistance Program	81.049 (1)	<u>214,059</u>
Total Department of Energy		<u>\$ 5,561,743</u>
<u>UNITED STATES INFORMATION AGENCY</u>		
United States Information Agency	82.011	<u>\$ 54</u>
Total United States Information Agency		<u>\$ 54</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>		
Federal Emergency Management Agency		
Federal Pass Through	83.000 (1)	\$ 15,892
<u>MITIGATION DIRECTORATE:</u>		
Mitigation Assistance		
Federal Pass Through	83.535 (1)	<u>53,620</u>
Total Federal Emergency Management Agency		<u>\$ 69,512</u>

(continued)

UNIVERSITY OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
<u>DEPARTMENT OF EDUCATION</u>		
Department of Education	84.000 (1)	\$ 216,650
Federal Pass Through	84.000	306,420
OFFICE OF VOCATIONAL AND ADULT EDUCATION:		
Adult Education - State Grant Program		
Federal Pass Through	84.002	68,363
OFFICE OF STUDENT FINANCIAL ASSISTANCE:		
Federal Supplemental Educational Opportunity Grants	84.007 (2)	538,131
Federal Work-Study Program	84.033 (2)	529,524
Federal Perkins Loan Program - Federal Capital Contribution	84.038 (2)	99,331
Federal Pell Grant Program	84.063 (2)	5,762,768
Leveraging Educational Assistance Partnership (Former SSIG)	84.069 (2)	170,507
Federal Direct Loan	84.268 (2)	31,004,889
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES:		
Services for Children With Deaf-Blindness	84.025	15,599
Special Education - Grants to States		
Federal Pass Through	84.027	(1,379)
Special Education - Personnel Development and Parent Training		
Federal Pass Through	84.029	172,958
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION:		
TRIO - Student Support Services	84.042	\$ 215,919
TRIO - Talent Search	84.044	212,656
TRIO - Upward Bound	84.047	567,303
Department of Education	84.047M	96,003
Teacher Quality Enhancement Grants for States & Partnerships	84.336	152,273
OFFICE OF ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION:		
Vocational Education-Basic Grants to States		
Federal Pass Through	84.048	190,160
OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES:		
Rehabilitation Services - Vocational Rehabilitation Grants to State		
Federal Pass Through	84.126	13,786
Rehabilitation Long-term Training	84.129	99,082
Assistive Technology	84.224	703,452

(continued)

UNIVERSITY OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
<u>DEPARTMENT OF EDUCATION (continued)</u>		
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION:		
Migrant Education - College Assistance Migrant Program	84.149	\$ 245,067
Even Start - State Educational Agencies		
Federal Pass Through	84.213	96,715
Eisenhower Professional Development State Grants		
Federal Pass Through	84.281	172,023
Indian Education Special Programs	84.299	<u>86,956</u>
Total Department of Education		<u>\$41,735,156</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Department of Health and Human Services	93.000 (1)	\$ 70,405
Federal Pass Through	93.000 (1)	366,303
HEALTH RESOURCES AND SERVICES ADMINISTRATION:		
Maternal and Child Health Federal Consolidated Program		
Federal Pass Through	93.110 (1)	619
Programs of Excellence in Health Professions Education for		
Federal Pass Through	93.157	60,051
Maternal and Child Health Services Block Grant to the States		
Federal Pass Through	93.994	6,867
CENTERS FOR DISEASE CONTROL AND PREVENTION, PUBLIC HEALTH SERVICE:		
Project Grants and Cooperative Agreements for Tuberculosis		
Federal Pass Through	93.116 (1)	5,600
Centers for Disease Control and Prevention Investigations		
Federal Pass Through	93.283 (1)	1,145
Preventive Health and Health Services Block Grant		
Federal Pass Through	93.991	7,613
ADMINISTRATION FOR CHILDREN AND FAMILIES:		
Family Preservation and Support Services		
Federal Pass Through	93.556	12,300
Temporary Assistance for Needy Families		
Federal Pass Through	93.558	118,790
Family Support Payments to States Assistance Payments		
Federal Pass Through	93.560 (1)	116,024

(continued)

UNIVERSITY OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>		
ADMINISTRATION FOR CHILDREN AND FAMILIES (continued):		
Child Care and Development Block Grant		
Federal Pass Through	93.575	\$ 9,155
Developmental Disabilities Basic Support and Advocacy		
Federal Pass Through	93.630	1,832
Developmental Disabilities University Affiliated Programs	93.632	283,407
NATIONAL INSTITUTES OF HEALTH, PUBLIC HEALTH SERVICE:		
Biomedical Research Support		
Federal Pass Through	93.337 (1)	22,051
Cell Biology and Biophysics Research	93.821 (1)	77,411
Biological Basis Research in the Neurosciences	93.854 (1)	190,970
Microbiology and Infectious Diseases Research	93.856 (1)	289,814
Genetics and Developmental Biology Research	93.862 (1)	479,786
Federal Pass Through	93.862 (1)	92,930
Population Research	93.864 (1)	3,248
Aging Research	93.866	18,068
Federal Pass Through	93.866 (1)	51,539
Vision Research	93.867 (1)	101,850
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION:		
Block Grants for Prevention and Treatment of Substance Abuse		
Federal Pass Through	93.959 (1)	130,584
OFFICE OF THE SECRETARY		
Adolescent Family Life - Demonstration Projects		
Federal Pass Through	93.995 (1)	<u>15,659</u>
Total Department of Health and Human Services		<u>\$ 2,534,021</u>

(continued)

UNIVERSITY OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>		
Learn and Serve America Higher Education Federal Pass Through	94.005	\$ 4,702
Total Corporation National and Community Service		\$ 4,702
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$72,894,313</u>

- (1) Research and Development grants combined and tested as a major program
- (2) Student Financial Aid programs combined and tested as a major program
- (3) BBWI INEEL Education Program grants combined and tested as a major program
- (4) USDA-CSREES Building and Facilities program tested as a major program

(concluded)

UNIVERSITY OF IDAHO

NOTES TO SCHEDULE OF FEDERAL EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2000

1. BASIS OF PRESENTATION

The supplementary schedule of federal financial assistance has been prepared on the accrual basis of accounting.

2. UNIVERSITY ADMINISTERED LOAN PROGRAMS

The University administers the Federal Perkins Loan Program (CFDA number 84.038). The outstanding loan balance and total loan disbursements were \$11,206,783 and \$2,095,864, respectively, for the year ended June 30, 2000.

The above expenditures for the Federal Perkins Loan Program include loans to students and administrative cost allowances. The expenditures reported in the Schedule of Federal Financial Assistance represent the administrative cost allowance and the Federal capital contribution for the years reported.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM

To the Board of Regents of the University of Idaho:

Compliance

We have audited the compliance of the University of Idaho (the University) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Board of Regents of the University of Idaho

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Our consideration of the University's internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Regents, 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.

Deloitte & Touche LLP

September 8, 2000

UNIVERSITY OF IDAHO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2000

Part I - Summary of Auditors' Results Section

1. The independent auditors' report on the financial statements expressed an unqualified opinion.
2. No reportable conditions or material weaknesses in internal control over financial reporting were identified.
3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
4. No reportable conditions or material weaknesses in internal control over compliance with requirements applicable to major federal awards programs were identified.
5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. The organization's major programs were:

Name of Federal Program or Cluster	CFDA Number
Student Financial Aid	A clustered program
Research and Development	A clustered program
LOCIDA-INEL Education Program	81.000
USDA-CSREES Building and Facilities Program	10.214

8. A threshold of \$1,256,683 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The organization did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

Part II - Financial Statement Findings Section

No findings related to the financial statements were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

Part III - Federal Award Findings and Questioned Cost Section

No findings or questioned costs for major programs were noted which would be required to be reported under the requirements of OMB Circular A-133.

UNIVERSITY OF IDAHO

STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2000

No findings or questioned costs for major programs were noted which would be required to be reported under the requirements of OMB Circular A-133.