University of Idaho

FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2008 AND 2007 AND INDEPENDENT AUDITOR'S REPORT

INCLUDING SINGLE AUDIT REPORTS FOR THE YEAR ENDED JUNE 30, 2008

University of Idaho

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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, 2007 and 2008, 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 17. 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, is based solely on the report of other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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 and its discretely presented component unit as of June 30, 2007 and 2008, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, on July 1, 2007, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* GASB Statement No. 45 requires the University to recognize and match other postemployment benefit costs with related services received and disclose other additional information which is included in Notes 11 and 13 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2008, 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 the required supplementary information on page 54 are not a required part of the basic financial statements but are 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
December 9, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

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

Overview

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

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

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:

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)

	2008	2007	2006
ASSETS			
Current assets	$ 37,157	$ 38,637	$ 40,422
Capital assets - net	343,070	327,313	309,387
Other noncurrent assets	196,143	178,994	161,946
Total assests	$ 576,370	$ 544,944	$ 511,755
LIABILITIES			
Current liabilities	$ 44,525	$ 50,258	$ 43,950
Noncurrent liabilities	146,009	117,548	121,870
Total Libilities	$ 190,534	$ 167,807	$ 165,820
NET ASSETS			
Invested in capital assets-net of debt	$ 185,755	$ 202,640	$ 179,267
Restricted nonexpendable	77,042	88,789	84,672
Restricted expendable	84,838	39,824	29,203
Unrestricted	38,201	45,885	52,813
Total net assets	$ 385,836	$ 377,137	$ 345,955
Total liabilties and net assets	$ 576,370	$ 544,944	$ 511,775

The University's current assets decreased by $1.5M , a 3.8% decrease, during fiscal year 2008 due primarily to a reduction in cash and investments of $1.4M. Noncurrent assets increased $32.9M due to a combination of $33.6M received and invested to complete the energy initiative funded by the 2007B bonds; a reduction in the value of endowments held by the foundation in the amount of $11.7M; reduction in long term investments of $4.7M; and an increase in capital assets of $15.8M.The net effect of these changes from fiscal year 2007 to 2008 was an increase in total assets of $31.4M, up 5.8% during the year. Total liabilities increased by $22.7M during the current fiscal year. The primary reason for this change was the additional liability assumed by the University as a result of the FY 2008 bonding. Series 2007A was issued to refund several older bonds and 2007B was issued to fund an energy savings initiative.

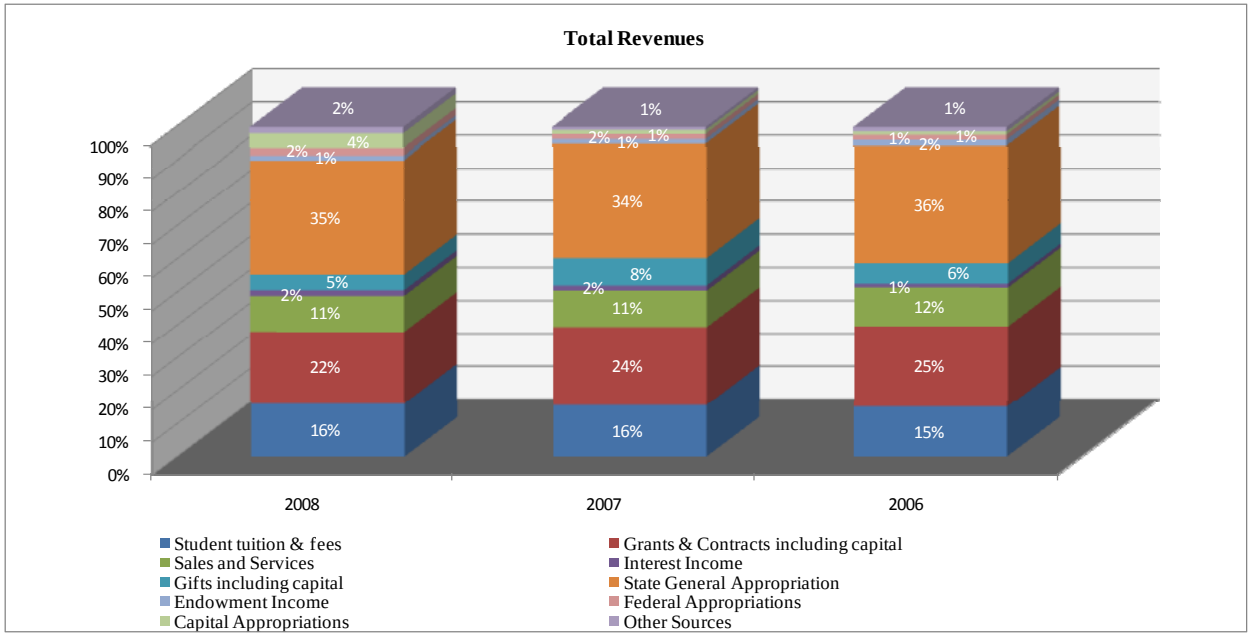
Net assets increased $8.7M overall during fiscal year 2008. Restricted nonexpendable assets decreased by 13% due to unrealized losses on assets held in trust by the Foundation. Restricted expendable assets increased primarily because bond proceeds from the 2007B series bond to conduct the capital energy improvement initiative. Unrestricted net assets decreased by $7.7M primarily due to a $4.3M increase in salaries and benefits, $2.5M increase in expenses for services and a $1.1M increase in insurance and rents.

Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the revenues received and expenses incurred during the year, classifying activities as either operating or 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 activities associated with providing goods and services for instruction, research, public service or related support to entities separate from the university and that are exchange transactions. Examples include student tuition and fees, sales and services of auxiliary enterprises, 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. Non-operating revenues are primarily are 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 appropriations.

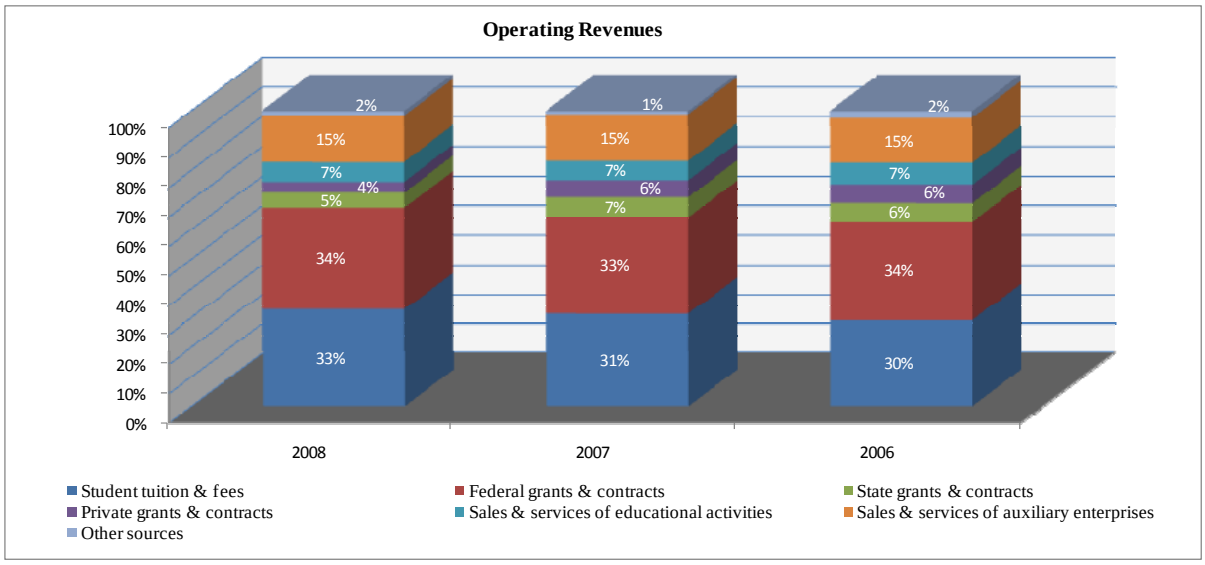
When comparing all of the University's sources of revenue, as shown in the chart below, state appropriations account for 35% of the total revenue received while grants and contracts and student tuition and fees were 22% and 16% of the total respectively.

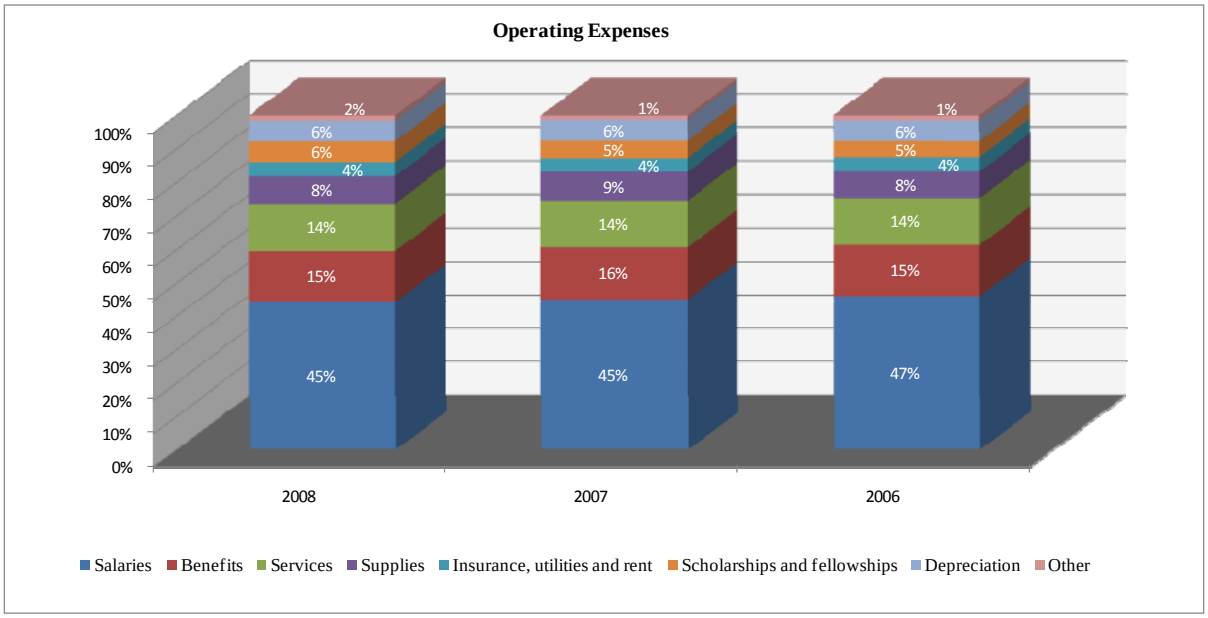


Condensed Statement of Revenues, Expenses and Changes in Net Assets
Fiscal Years Ended June 30
(Dollars inThousands)

	2008	2007	2006
Operating revenues	$ 175,697	$ 176,659	$ 176,715
Operating expenses	330,004	317,589	302,176
Operating loss	(154,307)	(140,930)	(125,461)
Net nonoperating revenues	143,979	147,994	147,997
Income before other revenues	(10,328)	7,064	22,536
Other revenues	19,027	24,118	10,734
Increase in net asets	8,699	31,182	33,270
Net assets - Beginning of year	377,137	345,955	312,685
Net assets - End of year	$ 385,836	$ 377,137	$ 345,955

The statement of revenues, expenses and changes in net assets results in an increase in net assets of $8.7M for fiscal year 2008. Operating revenues decreased $962K due primarily to the combination of an increase in student tuition and fees of $2.6M offset by a decrease in grants and contracts of $3.7M. Operating expenses increased by 3.9% or $12.4M. The primary reasons for the increase are: an increase in compensation expense of $10.6M,, a 5.6% increase over fiscal year 2007; an increase in scholarships and fellowships of $3.1M due to a $2.5M increase of parental Plus loan activity and additional focus placed on increasing scholarships to students; and an increase in other expenses of $1.2M primarily due to a litigation settlement, loan receivable from the Idaho Research Foundation which was written off, an increase of allowance for uncollectable accounts due to the carrying more Perkins loans, and several small internally funded research initiatives. Services expense increased by 5.8%, a $2.5M increase over fiscal year 2007. Nonoperating revenues and expenses had an overall $4.0M decline or 2.7% from fiscal year 2007. Primary causes of the decline from FY 2007 are a combination of a $15.4M decrease in the value of assets held in trust by the foundation which was offset by the following increased revenue: gift revenue of $3.4M; federal appropriation increase of $2.4M; increase in the fair value of investments and investment income of $1.5M; increase in state appropriations of $1.0M and a decrease in capitalized interest of $3.5M.. Other revenues and expenses decreased $5.1M in fiscal year 2008 due primarily to a decrease in capital grants and contracts of $1.5M, a decrease in capital gifts received from the foundation of $15.4M, and an increase in capital projects with the State of Idaho Department of Public Works booked in the amount of $11.8M.





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, 2008. The statement is divided into five parts. The first part shows operating cash flows and the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing and non-capital financing purposes. The third section, cash flows from capital and related financing activities, shows the cash used for the acquisition and construction of

capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds and interest received. The fifth section reflects the net change in cash position.

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

Cash provided (used) by:	2008	2007	2006
Operating Activities	$ (140,160)	$ (114,981)	$ (107,636)
Noncapital financing activities	153,304	146,614	145,644
Capital and related financing activities	6,875	(24,870)	(22,405)
Investing activities	(21,686)	(8,630)	(15,872)
Net change in cash	(1,667)	(1,867)	(269)
Cash beginning of the year	10,039	11,906	12,175
Cash end of the year	8,372	10,039	11,906

Operating activities used $140M in cash for the year, an increase of $25.2M over FY 2007. Noncapital financing activities provided $153.3M in cash for the year, an increase of $6.7M over FY 2007. Capital and related financing activities provided $6.8M of cash during the year, $31.7M more than FY 2007 due to bonds issued during 2008. Investing activities increased $13M over FY 2007 resulting from a combination of $38M in investment sale proceeds and investing actions of the bond proceeds.

Capital Assets and Debt Management

The University had $614.1M and $581.5M of capital assets at June 30, 2008 and 2007 respectively, with accumulated depreciation of $271.0M and $254.2M respectively. The major categories and associated value of capital assets as well as accumulated depreciation at June 30, 2008 and 2007 are illustrated in the chart below (in thousands).

	2008	2007	2006
Capital Asset @ Cost			
Buildings and improvements	$ 446,769	$ 424,862	$ 392,396
Equipment	77,302	73,521	68,167
Construction in progress	8,343	5,060	11,592
Library materials	60,788	57,704	55,116
Capitalized collections	2,128	2,084	2,109
Land	18,768	18,244	18,016
Total Capital Assets	$ 614,098	$ 581,475	$ 547,396
Accumulated Depreciation			
Building and improvements	$ 165,685	$ 154,813	$ 144,194
Equipment	57,802	53,859	50,162
Library materials	47,542	45,490	43,653
Total Accumulated Depreciation	$ 271,029	$ 254,162	$ 238,009

At June 30, 2008 and 2007 the University had debt (or similar long-term obligations) of $151.8 and $121.8M respectively. The University issued series 2007A for $63,445,000 during fiscal year 2008 to refund several outstanding bonds and issued series 2007B for $35,035,000 to fund an energy savings initiative.

Economic Outlook

In FY 2008, the University executed a balanced budget and all colleges and divisions were able to carry forward reserves for future strategic needs. As in past years, the University will continue to strive for the proper balance between revenue increases and spending reductions to ensure that quality programs remain viable, while access to the University is not unduly limited by the cost of attendance. The portion of the budget that is supported by state appropriations remains stable at approximately one third of the total revenue received by the institution and fee increases for FY 2009 remain at the same five percent level of increase as FY 2008.

From FY 2006 to FY 2007, the decline in enrollment as measured at fall census was 5.6%. Overall enrollment declined another .5% from FY 2007 to FY 2008 as measured in the fall 2008 census. The institution developed a strategy in FY07 which, continued through FY08, of directing additional financial and human resources to turn around this enrollment decline. Strategies included adding new scholarships, hiring a chief enrollment officer, and increasing financial resources and staff in the areas of new student services and other enrollment related areas. Those strategies were largely responsible for turning around the enrollment decline. Additional evidence that the strategies are working is that the FY 2009 enrollment as measured in the fall 2008 ten day census reflect a 1.3% increase in all categories from fall 2007. New undergraduate student enrollment increased by 11.6% and first year graduate student enrollment is up over 20% as well, both strong indicators that the enrollment efforts are having positive results. The university will continue these efforts for FY 2009 and beyond.

Due to the economic outlook for the nation and the state, the university does not anticipate increased funding through the general fund allocation process for FY 2010. In FY2008, and in order to address continuing university-wide needs and priorities, and in line with our current economy, the university began planning for the future. Throughout a series of planning meetings and working with all the executives of the university as well as college deans and major directors of the operating units, a reallocation plan was developed and implemented to fund our collective university-wide strategic priorities. Resources were reallocated to fund initiatives in the areas of enrollment to include increased scholarships and recruitment efforts, advancement efforts designed to increased gifts to support the academic mission, efforts to support research start up activities, and increased funding in areas of expected growth and need such as the Colleges of Art and Architecture, Science, and Language, Arts, and Social Sciences, as well as increases to underfunded central operations and fixed costs. The university will continue to strategically reallocate resources in future years by identifying and eliminating underperforming programs and redundant and burdensome processes, and increasing the utilization of technology for communication and operations.

The University administration plans on another balanced and productive year in FY 2009 as it continues to align University priorities and finances with the strategic plan. This process will facilitate living within our means and growing our means.

University of Idaho

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008 AND 2007

	University of Idaho 2008	University of Idaho 2007	Component Unit (note 17) 2008	Component Unit (note 17) 2007
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 7,750,808	$ 8,961,170	$ 8,058,542	$ 12,070,468
Due from state agencies	169,403	155,762	-	-
Prepaid expenses	467,887	772,238	-	-
Investments	1,141,227	1,360,565	3,677,488	3,568,021
Interest receivable	551,673	414,447	1,079,994	1,899,434
Student loans receivable	1,457,420	1,320,773	-	-
Accounts receivable & unbilled charges - net	23,808,080	23,894,658	-	-
Inventories	1,810,319	1,632,024	-	-
Pledges receivable - net	-	-	755,261	492,600
Notes receivable	-	126,000	50,500	47,800
Total Current Assets	37,156,817	38,637,637	13,621,785	18,078,323
NONCURRENT ASSETS				
Restricted cash and cash equivalents	620,915	1,077,733	7,638,537	19,378,295
Student loans receivable - net	10,620,594	10,231,499	-	-
Investments	72,424,094	77,221,313	188,899,335	191,085,337
Interest receivable	-	-	-	-
Assets held in trust by Foundation	77,042,418	88,788,847	-	-
Pledges receivable - net	-	-	2,064,060	1,314,692
Notes receivable	-	-	655,896	709,121
Deferred bond financing costs	1,785,937	1,674,025	-	-
Capital Assets	343,070,224	327,313,233	3,241,233	4,543,670
Repurchase Agreements	33,649,058	-	-	-
Other noncurrent assets	-	-	488,350	214,748
Total Noncurrent Assets	539,213,241	506,306,650	202,987,411	217,245,863
TOTAL ASSETS	$ 576,370,058	$ 544,944,287	$ 216,609,196	$ 235,324,186

See notes to financial statements

Continued

University of Idaho

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008 AND 2007

	University of Idaho 2008	University of Idaho 2007	Component Unit (note 17) 2008	Component Unit (note 17) 2007
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 6,646,977	$ 5,099,543	$ 104,378	$ 110,829
Accrued salaries and benefits payable	14,338,641	22,621,017	-	-
Compensated absences payable	8,078,001	7,449,965	-	-
Trust earnings payable to trust beneficiaries	-	-	8,120,513	7,658,112
Accrued interest payable	1,656,406	1,479,483	-	-
State teacher education loan advance	130,547	119,385	-	-
Deposits	625,912	596,321	-	-
Deferred revenue	6,558,744	6,185,067	-	-
Funds held in custody for others	253,607	250,052	-	-
Obligations under capital leases	-	34,257	-	-
Notes and bonds payable	5,838,146	6,259,771	-	-
Other liabilities	397,979	163,579	-	-
Split interest agreements	-	-	1,054,936	1,117,223
Total Current Liabilities	44,524,960	50,258,440	9,279,827	8,886,164
NONCURRENT LIABILITIES				
Notes and bonds payable	146,009,263	117,548,439	-	-
Assets held in trust for the University	-	-	77,042,418	88,788,847
Split interest agreements	-	-	6,400,646	7,136,818
Total Noncurrent Liabilities	146,009,263	117,548,439	83,443,064	95,925,665
Total Liabilities	190,534,223	167,806,879	92,722,891	104,811,829
NET ASSETS				
Invested in capital assets - net of related debt	185,755,208	202,639,863	-	-
Restricted for:				
Nonexpendable	77,042,418	88,788,847	95,734,757	103,226,280
Expendable	84,837,542	39,823,699	23,270,372	25,495,882
Unrestricted	38,200,667	45,885,000	4,881,176	1,790,195
Total Net Assets	385,835,835	377,137,409	123,886,305	130,512,357
TOTAL LIABILITIES AND NET ASSETS	$ 576,370,058	$ 544,944,287	$ 216,609,196	$ 235,324,186

See notes to financial statements

University of Idaho

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	University of Idaho 2008	University of Idaho 2007	Component Unit (note 17) 2008	Component Unit (note 17) 2007
OPERATING REVENUES				
Student tuition and fees including pledged revenues of $54,236,467 and $32,604,354 (net of scholarship allowance of $10,693,531 and $11,872,500) for FY 2008 and FY 2007 respectively	$ 58,017,484	$ 55,433,037	$ -	$ -
Federal grants and contracts	60,520,404	57,566,518	-	-
State and local grants and contracts	9,155,871	12,077,643	-	-
Private grants and contracts	6,387,333	10,077,723	-	-
Sales and services of educational activities including pledged revenues of $11,724,272 and $3,441,688 for FY 2008 and FY 2007 respectively	11,724,272	11,506,759	-	-
Sales and services of auxiliary enterprises including pledged revenues of $27,146,132 and $22,254,308 for FY 2008 and FY 2007 respectively	27,146,132	27,223,911	-	-
Interest on loans receivable	205,773	189,849	-	-
Other sources	2,539,474	2,583,091	521,418	356,567
Gifts	-	-	17,696,686	11,265,313
Total operating revenue	175,696,743	176,658,531	18,218,104	11,621,880
OPERATING EXPENSES				
Salaries	147,240,935	143,780,406	-	-
Benefits	50,342,854	49,480,845	-	-
Services	46,797,855	44,251,813	-	-
Supplies	26,704,301	27,065,768	-	-
Insurance, utilities and rent	14,105,584	12,992,018	-	-
Scholarships and fellowships	19,559,942	16,420,676	-	-
Depreciation	20,124,222	19,713,258	5,893	5,893
Other	5,128,530	3,883,978	404,965	48,051
Administrative expense	-	-	1,954,630	1,952,984
Total operating expenses	330,004,223	317,588,762	2,365,488	2,006,928
OPERATING (LOSS) INCOME	$ (154,307,480)	$ (140,930,231)	$ 15,852,616	$ 9,614,952

See notes to financial statements

Continued

University of Idaho

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	University of Idaho 2008	University of Idaho 2007	Component Unit (note 17) 2008	Component Unit (note 17) 2007
NONOPERATING REVENUES (EXPENSES)				
State appropriations	$ 124,175,577	$ 123,192,100	$ -	$ -
Endowment income	4,853,000	4,859,600	-	-
Federal appropriations	7,784,424	5,416,579	-	-
Gifts (including gifts from Foundation)	15,700,835	12,260,710	-	-
Private grants and contracts	277,550	192,889	-	-
Net investment income including pledged revenues of $4,656,208 and $85,929 for FY 2008 and FY 2007 respectively	5,963,327	5,400,129	10,557,549	10,106,367
Net increase (decrease) in fair value of investments	1,022,670	99,034	(27,574,607)	19,032,737
Change in value of assets held in trust for University	(11,746,429)	4,117,201	11,746,429	(4,117,201)
Provision for doubtful accounts	-	-		
Distribution of endowment income to trust beneficiaries	-	-	(8,120,513)	(7,658,112)
Distribution to University and affiliates	-	-	(8,808,759)	(20,799,019)
Distribution of trust income to life income beneficiaries	-	-	(584,722)	(690,486)
Lease and rental income	-	-	93,000	92,377
Property management	-	-	(411,712)	(94,874)
Change to split interest trusts	-	-	624,667	(286,846)
Interest expense (net of capitalized interest of $98,582 and $384,448 for FY 2008 and FY 2007 respectively)	(4,564,660)	(8,016,613)	-	(40,130)
Other sources	512,724	472,108	-	(17,401)
Net nonoperating revenues (expenses)	143,979,018	147,993,737	(22,478,668)	(4,472,588)
INCOME (LOSS) BEFORE OTHER REVENUES	(10,328,462)	7,063,506	(6,626,052)	5,142,364
OTHER REVENUES				
Capital grants and contracts	2,153,087	3,673,773	-	-
Projects with Idaho Department of Public Works	15,821,740	4,032,672	-	-
Capital gifts from Foundation	1,052,061	16,412,490	-	-
Total other revenues	19,026,888	24,118,935	-	-
INCREASE (DECREASE) IN NET ASSETS	8,698,426	31,182,441	(6,626,052)	5,142,364
NET ASSETS - Beginning of year	377,137,409	345,954,968	130,512,357	125,369,993
NET ASSETS - End of year	$ 385,835,835	$ 377,137,409	$ 123,886,305	$ 130,512,357

See notes to financial statements

University of Idaho

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	University of Idaho 2008	University of Idaho 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
Tuition and fees	$ 58,507,332	$ 58,430,071
Grants and contracts	76,063,607	79,721,884
Sales of services - net	38,870,404	38,730,670
Payments to or for employees	(205,238,128)	(190,487,348)
Payments to suppliers	(91,038,634)	(87,479,710)
Scholarships disbursed	(19,559,942)	(16,420,676)
Funds held for others	3,555	(391,709)
Student loans collected	1,882,843	3,037,814
Student loans disbursed	(2,285,185)	(3,190,963)
Other receipts	2,634,169	3,068,988
Net cash used by operating activities	(140,159,979)	(114,980,979)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Appropriated general education revenues:		
State general account	124,175,577	123,192,100
Land grant endowment income	4,853,000	4,859,600
Federal Appropriations	7,784,424	5,416,579
Gifts from Foundation	15,978,386	12,453,599
Other receipts (payments)	512,724	692,569
Net cash provided by noncapital financing activities	153,304,111	146,614,447
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State appropriations, capital	15,821,740	4,032,672
Capital grants and gifts	2,153,087	3,673,773
Capital assets	(34,829,153)	(21,227,433)
Proceeds from capital debt	37,165,000	-
Principal paid on capital debt	(9,048,147)	(3,281,496)
Interest paid on capital debt	(4,387,737)	(8,068,136)
Net cash provided (used) by capital & related financing activities	6,874,790	(24,870,620)

See notes to financial statements.

Continued

University of Idaho

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	University of Idaho 2008	University of Idaho 2007
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	38,085,631	18,784,860
Investment income	5,963,327	5,400,129
Repurchase agreement	(33,649,058)	-
Purchase of investments	(32,085,999)	(32,815,143)
Net cash provided (used) by investing activities	(21,686,099)	(8,630,154)
NET DECREASE IN CASH	(1,667,178)	(1,867,307)
Cash - Beginning of year	10,038,903	11,906,210
Cash - End of year	$ 8,371,725	$ 10,038,903
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (154,307,480)	$ (140,930,231)
Adjustments to reconcile:	-	
Depreciation expense	20,124,222	19,713,258
Noncash operating transactions		
Decrease (increase) in assets:		
Receivables, net	(74,935)	652,701
Inventories and prepaids	126,056	296,727
Other assets	-	-
Deferred financing costs	(111,911)	113,928
Increase (decrease) in liabilities:		
Accounts payable	1,547,434	217,526
Accrued payroll	(8,282,376)	2,773,902
Deferred revenues	373,677	2,671,634
Student deposits	29,591	(24,886)
Compensated absences	628,036	-
Change in funds held for others	3,555	(391,708)
Other current liabilities	(215,848)	(73,830)
Net cash provided (used) by operating activities	$ (140,159,979)	$ (114,980,979)
NONCASH TRANSACTIONS		
Capital asset write-offs	$ 1,734,096	$ 136,206
Donated assets	-	16,412,492
Change in fair value of investments	1,022,670	99,034
Change in fair value of assets held in trust	(11,746,429)	4,117,201
Proceeds from capital debt deposited to escrow	60,315,000	-
Principal paid on capital debt through defeasance	(60,315,000)	-

See notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University of Idaho (the "University") is a publicly-supported comprehensive land grant institution created in 1889 by a statute of the 15th territorial legislature and is part of the public system of higher education in the State of Idaho. The system is considered part of the State of Idaho financial reporting entity. The State Board of Education, appointed by the Governor and confirmed by the State Senate, directs the University. The significant accounting policies followed by the University are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting—For financial statement purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated. The University is presenting its financial statements in accordance with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, an amendment of GASB Statement No. 34.*

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

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

The Foundation receives all gifts to the University and transfers gifts to the donor specified area within the University on a regular schedule. In addition, it manages the endowment funds in a pooled investment fund, the Consolidated Investment Trust ("C.I.T."). Earnings from the endowment are transferred annually to the University. Funds invested in the C.I.T. are held in trust for the University and are shown as an asset 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.

During the years ended June 30, 2008 and June 30, 2007, the Foundation distributed $8,808,759 and $20,799,019, respectively, to the University from gifts and other revenues and $8,120,513 and $7,658,112, respectively, from C.I.T. endowment income.

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

Inventories—All inventories are valued at the lower of FIFO cost or market.

Investments—The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of the net increase in fair value of investments in the statement of revenues, expenses, and changes in net assets.

Restricted Cash and Cash Equivalents—Cash and cash equivalents that are restricted to make debt service payments, maintain sinking or reserve funds, or (except for currently due payments), are classified as 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 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 comprised of anthropological, geological, insect, jazz, and wildlife subjects.

In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets and requirements for application of related insurance recoveries. The University had no impaired assets during fiscal year 2008 or fiscal year 2007.

Compensated Absences—Employee vacation and compensatory time pay is accrued at year-end for financial statement purposes. The accrued liability at June 30, 2008 and 2007 for compensated absences earned but not used is $8,078,001 and $7,449,964, respectively. Compensated absence costs are included in benefits expense in the statement of revenues, expenses, and changes in net assets.

Waivers—Tuition and fees revenue include waivers for faculty and staff benefits charged to the appropriate expense programs to which the applicable personnel relate. The total of these waivers for 2008 and 2007 was $636,521 and $622,825.

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.

Non-current 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.

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

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

Restricted—Nonexpendable—Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted—Expendable—Restricted expendable net assets include resources for which the University is legally or contractually obligated to spend resources in accordance with restrictions

imposed by external third parties.

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

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

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

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

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

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

Scholarship Discounts and Allowances—Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. Scholarship allowances for FY2008 and FY2007 are $10,693,531 and $11,872,500 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 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. This Statement generally requires that the University account for and report the cost and obligations related to post-employment healthcare and other non-pension benefits ("OPEB") and include disclosures regarding its OPEB plans. OPEB costs are based on actuarially determined amounts that, if paid on an ongoing basis, generally will provide sufficient resources to pay benefits as they come due. The requirements of this Statement for the University became effective for the fiscal year ending June 30, 2008. The University has implemented this standard by creating a Retiree Medical Trust to fund future OPEB liabilities.

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures*, an amendment of GASB Statements No. 25 and No. 27. This Statement aligns more closely the financial reporting requirements for pensions with those for other post-retirement benefits ("OPEB") providing enhanced information disclosure in note to financial statements and required supplementary information. The University implemented this standard for the fiscal year ending June 30, 2008.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* This Statement 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. This State of Idaho is requiring all agencies to adopt this Statement early beginning fiscal year 2009. The University has not completed the process of evaluating the impact that results from implementation of this Statement on its financial statements.

2. CASH AND CASH EQUIVALENTS

The University accounts for its cash on a pooled basis whereby each fund has a positive or negative equity in cash depending upon the net effect of its cash receipts and disbursements activity.

Cash and cash equivalents are deposited with various financial institutions. Custodial credit risk on deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. At June 30, 2008, $699,896 of the University's bank balance of $8,372,144 was exposed to custodial credit risk because it was uninsured and uncollateralized. At June 30, 2007, $1,158,388 of the University's bank balance of $10,038,903 was exposed to custodial credit risk because it was uninsured and uncollateralized.

3. INVESTMENTS

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

- FDIC passbook savings accounts.
- Certificates of deposit.
- U.S. securities.
- Federal funds repurchase agreements.
- Reverse repurchase agreements.
- Federal agency securities.
- Large money market funds.
- Bankers acceptances.
- Corporate bonds of Aa grade or better.
- Mortgage backed securities of Aa grade or better.
- Commercial paper of prime or equivalent grade.

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

The following table represents the fair value of investments by type at June 30, 2008:

	Fair Value
Corporate debt securities and preferred stock	$19,547,550
U.S. government or government guaranteed securities	53,644,753
Mutual Funds	373,018
	$73,565,321

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, 2008, the University had the following investments subject to interest rate risk:

Debt Security Investments at June 30, 2008

Investment Maturities in Years

Investment Type:	Fair Value	<1	1-5	6-10	>10	Total
US Corporations	$ 1,807,700	$ -	$ 260,326	$ 91,728	$ 1,455,646	$ 1,807,700
US Government Agencies	$ 53,644,754	$ 1,141,227	$ 131,116	$ 6,298,456	$ 46,073,955	$ 53,644,754
Total	$ 55,452,454	$ 1,141,227	$ 391,442	$ 6,390,184	$ 47,529,601	$ 55,452,454

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, 2008, the University had the following investment credit risk:

	U.S. Corporations	U.S. Government Agencies	Total
AAA	$ 19,568,514	$ 59,901,834	$ 79,470,348
AA	352,054	-	352,054
Unrated	-	27,391,977.00	27,391,977

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 credit risk.

Issuer:	Fair Value	% of Total Investments
Pimco Corp (AAA)	$ 6,850,000	6.39%
Cohen & Steers (AAA)	4,100,000	3.82%
Nicholas Applegate (AAA)	3,844,930	3.59%
Fed Home Loan Mrtg Corp (Unrated)	12,350,955	11.52%
Fed National Mortg Assoc (AAA)	17,184,483	16.03%
Various (no single issuer) exceeds 5% of total	62,884,011	58.65%

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, 2008 all investments were held by the University or its counterparty in the University's name.

4. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Receivables and unbilled charges consisted of the following at June 30, 2008 and June 30, 2007, respectively:

	June 30, 2008	June 30, 2007
	Current	Current
Student tuition and fees	$ 2,592,613	$ 2,511,572
Auxiliary enterprises	2,902,826	1,312,338
Other activities	1,501,314	744,858
Federal appropriations	-	207,657
Federal financial aid funds	75,257	14,698
Grants and contracts	9,644,035	12,275,691
Due from Foundation	7,587,835	7,323,644
Notes receivable	-	-
	$ 24,303,880	$ 24,390,458
Less allowance for doubtful accounts	(495,800)	(495,800)
Net accounts receivable and unbilled charges	$ 23,808,080	$ 23,894,658

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, 2008 and June 30, 2007. Under this Program, the federal government provides approximately 67% of the funding for the Program with the University providing the balance. The Program provides for the cancellation of a loan at rates of 12.5% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the University for amounts cancelled under these provisions. In the event the University should withdraw from the Program or the government was to cancel the Program, the amount the University would be liable for is approximately $10,003,421 at June 20, 2008 $10,038,859 at June 30, 2007.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. The allowance for uncollectible loans was $1,259,557 for June 30, 2008 and $1,094,485 at June 30, 2007.

6. CAPITAL ASSETS

Property, plant and equipment at June 30, 2008 and 2007 consisted of the following:

	Year ended June 30, 2008				
	Balance July 1, 2007	Additions	Transfers	Retirements	Balance June 30, 2008
Property, plant and equipment not being depreciated:					
Land	$ 18,243,669	$ 524,283	$ -	$ -	$ 18,767,952
Capitalized collections	2,084,574	61,132	-	(17,250)	2,128,456
Equipment construction in progress	114,203	332,155	(393,838)	(8,927)	43,593
Construction in progress	5,060,000	7,386,660	(2,784,551)	(1,319,405)	8,342,704
Total property, plant and equipment not being depreciated	$ 25,502,446	$ 8,304,230	$ (3,178,389)	$(1,345,582)	$ 29,282,705
Other property, plant and equipment:					
Buildings	$ 385,501,044	$ 18,793,775	$ 2,343,718	$ (648,738)	$ 405,989,799
Other improvements	39,360,663	977,877	440,833		40,779,373
Furniture and equipment	73,407,164	5,921,832	393,838	(2,464,194)	77,258,640
Library materials	57,703,842	3,693,360	-	(608,752)	60,788,450
Total other property, plant and equipment	555,972,713	29,386,844	3,178,389	(3,721,684)	584,816,262
Less accumulated depreciation:					
Buildings	(132,453,264)	(9,466,859)	-	275,872	(141,644,251)
Other improvements	(22,359,460)	(1,681,450)	-		(24,040,910)
Furniture and equipment	(53,859,310)	(6,314,998)	-	2,372,782	(57,801,526)
Library materials	(45,489,892)	(2,660,916)	-	608,752	(47,542,056)
Total accumulated depreciation	(254,161,926)	(20,124,223)	-	3,257,406	(271,028,743)
Other property, plant and equipment—net	$ 301,810,787	$ 9,262,621	$ 3,178,389	$ (464,278)	$ 313,787,519
Property, plant and equipment summary:					
Property, plant and equipment not being depreciated	$ 25,502,446	$ 8,304,230	$ (3,178,389)	$(1,345,582)	$ 29,282,705
Other property, plant and equipment—at cost	555,972,713	29,386,844	3,178,389	(3,721,684)	584,816,262
Total cost of property, plant and equipment	581,475,159	37,691,074	-	(5,067,266)	614,098,967
Less accumulated depreciation	(254,161,926)	(20,124,223)	-	3,257,406	(271,028,743)
Property, plant and equipment—net	$ 327,313,233	$ 17,566,851	$ -	$(1,809,860)	$ 343,070,224

In addition to accounts payable for construction in progress, the estimated cost to complete property authorized or under construction at June 30, 2008 is approximately $41,477,720. These costs will be financed by state appropriations, institutional funds, gifts, grants and contracts, the Department of Public Works, and/or long-term borrowing.

	Balance July 1, 2006	Year ended June 30, 2007 Additions	Transfers	Retirements	Balance June 30, 2007
Property, plant and equipment not being depreciated:					
Land	$ 18,015,669.00	$ 228,000.00	$ -	$ -	$ 18,243,669.00
Capitalized collections	2,108,681	67,243	-	(91,350)	2,084,574
Equipment construction in progress	212,252	739,200	(823,451)	(13,798)	114,203
Construction in progress	11,591,731	4,128,559	(8,551,655)	(2,108,635)	5,060,000
Total property, plant and equipment not being depreciated	$ 31,928,333	$ 5,163,002	$ (9,375,106)	$ (2,213,783)	$ 25,502,446
Other property, plant and equipment:					
Buildings	$ 353,802,327	$ 23,559,502	$ 8,281,514	$ (142,299)	$ 385,501,044
Other improvements	38,593,905	496,617	270,141		39,360,663
Furniture and equipment	67,955,499	8,112,385	823,451	(3,484,171)	73,407,164
Library materials	55,115,912	3,246,247	-	(658,317)	57,703,842
Total other property, plant and equipment	$ 515,467,643	$ 35,414,751	$ 9,375,106	$ (4,284,787)	$ 555,972,713
Less accumulated depreciation:					
Buildings	(123,460,474)	(9,051,041)	-	58,251	(132,453,264)
Other improvements	(20,733,905)	(1,625,555)	-		(22,359,460)
Furniture and equipment	(50,161,586)	(6,541,898)	-	2,844,174	(53,859,310)
Library materials	(43,653,445)	(2,494,764)	-	658,317	(45,489,892)
			-		
Total accumulated depreciation	(238,009,410)	(19,713,258)	-	3,560,742	(254,161,926)
Other property, plant and equipment—net	$ 277,458,233	$ 15,701,493	$ 9,375,106	$ (724,045)	$ 301,810,787
Property, plant and equipment summary:					
Property, plant and equipment not being depreciated	$ 31,928,333	$ 5,163,002	$ (9,375,106)	$ (2,213,783)	$ 25,502,446
Other property, plant and equipment—at cost	515,467,643	35,414,751	9,375,106	(4,284,787)	555,972,713
Total cost of property, plant and equipment	547,395,976	40,577,753	-	(6,498,570)	581,475,159
Less accumulated depreciation	(238,009,410)	(19,713,258)	-	3,560,742	(254,161,926)
Property, plant and equipment—net	$ 309,386,566	$ 20,864,495	$ -	$ (2,937,828)	$ 327,313,233

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2008 and 2007:

	2008	2007
Operating activities	$ 6,450,161	$ 4,904,724
Taxes payable	26,453	23,179
Foundation payable	170,363	171,640
Total accounts payable and accrued liabilities	$ 6,646,977	$ 5,099,543

8. OPERATING LEASES

The University has entered into various non-cancellable operating lease agreements covering certain equipment assets. The lease terms range from one to five years. The expense for operating leases was $3,128,462 for the year ended June 30, 2008 and $565,119 for the year ended June 30, 2007.

Future minimum lease payments on non-cancellable leases at June 30, 2008 are as follows:

FY 2009	$ 2,869,172
FY 2010	184,553
FY 2011	72,967
FY 2012	1,770
FY 2013	-
Total future minimum obligations	$ 3,128,462

9. LONG-TERM LIABILITIES

Long-term liability activity for years ended June 30, 2008 and 2007 is as follows:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Amounts Due within One Year
Bonds and notes payable and capital lease obligations:					
Bonds payable	$ 120,915,000	$ 97,480,000	$ 65,585,000	$ 152,810,000	$ 5,855,000
Notes payable	986,928	-	80,787	906,141	112,535
Capital lease obligations	34,257	-	34,257	-	-
Sub-Total	$ 121,936,185	$ 97,480,000	$ 65,700,044	$ 153,716,141	$ 5,967,535
Premium on Bonds	2,737,185	1,276,132	414,441	3,598,876	194,162
Deferred Refunding Costs	(830,903)	(4,700,844)	(64,139)	(5,467,608)	(323,551)
Long-term liabilities	$ 123,842,467	$ 94,055,288	$ 66,050,346	$ 151,847,409	$ 5,838,146

	Ending Balance June 30, 2006	Additions	Reductions	Ending Balance June 30, 2007	Amounts Due within One Year
Bonds and notes payable and capital lease obligations:					
Bonds payable	$ 125,980,000	$ -	$ 5,065,000	$ 120,915,000	$ 5,270,000
Notes payable	1,082,689	-	95,761	986,928	898,333
Capital lease obligations	74,962	-	40,705	34,257	34,257
Sub-Total	$ 127,137,651	$ -	$ 5,201,466	$ 121,936,185	$ 6,202,590
Premium on Bonds	2,892,762	-	155,577	2,737,185	155,577
Deferred Refunding Costs	(3,020,377)	-	(2,189,474)	(830,903)	(64,139)
Long-term liabilities	$ 127,010,036	$ -	$ 3,167,569	$ 123,842,467	$ 6,294,028

10. NOTES AND BONDS PAYABLE

Notes and bonds payable consisted of the following at June 30, 2008 and 2007:

Description	Balance Outstanding 2008	Balance Outstanding 2007
Student Fee Refunding Bonds, Series 1996 (original balance of $9,285,000), consisting of serial bonds due in annual installments increasing periodically from $585,000 to a maximum of $860,000, plus interest from 5.15% to 5.80% through the year 2013, collateralized by a pledge of net revenues and certain student fees of the University.	$3,765,000	$4,375,000
Student Fee Refunding Revenue Bonds, Series 1997B, (original balance of $12,380,000), consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from $775,000 to a maximum of $1,220,000, plus interest from 5.15% to 5.70% through the year 2016, collateralized by a pledge of net revenues of the Student Housing System, University's Student Matriculation Fee and other pledged net revenues. The 2005A General Revenue Refunding Bonds extended the general pledge to these Bonds.	8,120,000	8,905,000
Student Fee Revenue Bonds (University Commons Supplemental Project) Series 1997, (original balance of $5,620,000), consisting of serial bonds due in annual installments commencing in 2000 and increasing periodically from $190,000 to a maximum of $405,000, plus interest from 4.80% to 5.35% through the year 2022, collateralized by a pledge of certain student fees, and certain other pledged revenue. A portion of these bonds are considered extinguished through defeasance by the 2005A General Revenue Refunding Bonds. The defeased amount is $4,120,000 and the University's remaining annual installments range from $190,000 to a maximum of $200,000, plus interest from 4.85% to 5.35%.	-	200,000

Description	Balance Outstanding 2008	Balance Outstanding 2007
Student Fee Revenue Bonds (Recreation Center Project), Series 1999, (original balance of $20,115,000), consisting of serial bonds due in annual installments commencing in 2002 and increasing periodically from $600,000 to a maximum of $1,425,000, plus interest from 4.15% to 6.50% through the year 2025, collateralized by a pledge of certain student fees, and certain other pledged revenue. Portions of these bonds are considered extinguished through defeasance by the 2005A General Revenue Refunding Bonds and the 2007A General Revenue Refunding Bonds. The defeased amounts total $19,320,000 and the University's remaining annual installment is $640,000, plus interest at 4.30%.	$640,000	$17,390,000
Student Fee Revenue Bonds, Series 1999A, (original balance of $1,470,000), consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from $45,000 to a maximum of $105,000, plus interest from 4.30% to 5.25% through the year 2025, collateralized initially by a pledge of the University's Student Matriculation Fee and other pledged net revenues. 2005A General Revenue Refunding Bonds extended the general pledge to these Bonds. A portion of these bonds are considered extinguished through defeasance by the 2007A General Revenue Refunding Bonds. The defeased amount is $1,175,000 and the University's remaining annual installment is $50,000, plus interest at 5.75%.	50,000	1,270,000

Description	Balance Outstanding 2008	Balance Outstanding 2007
Student Fee Revenue Bonds, Series 1999B, (original balance of $6,150,000), consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from $155,000 to a maximum of $445,000, plus interest from 4.95% to 5.625% through the year 2025, collateralized initially by a pledge of net revenues of the University's Student Matriculation Fee and other pledged net revenues. 2005A General Revenue Refunding Bonds extended the general pledge to these Bonds. A portion of these bonds are considered extinguished through defeasance by the 2007A General Revenue Refunding Bonds. The defeased amount is $4,970,000 and the University's remaining annual installment is $200,000, plus interest at 6.95%.	200,000	5,350,000
Student Fee Revenue Bonds, Series 1999C, (original balance of $6,305,000), consisting of serial bonds due in annual installments commencing in 2001 and increasing periodically from $270,000 to a maximum of $515,000, plus interest from 4.85% to 5.70% through the year 2019, collateralized initially by a pledge of University's Student Matriculation Fee, and other pledged revenues. 2005A General Revenue Refunding Bonds extended the general pledge to these Bonds. A portion of these bonds are considered extinguished through defeasance by the 2005A General Revenue Refunding Bonds. The defeased amount is $4,065,000 and the University's remaining annual installments range from $270,000 to a maximum of $295,000, plus interest from 4.85% to 5.70%.	295,000	580,000

Description	Balance Outstanding 2008	Balance Outstanding 2007
Student Fee Revenue Bonds, Series 2001, (original balance of $40,930,000), consisting of serial bonds due in annual installments commencing in 2005 and increasing periodically from $390,000 to a maximum of $2,125,000, plus interest from 4.00% to 5.40% through the year 2041, collateralized initially by a pledge of net revenues of the University's Student Matriculation Fee. 2005A General Revenue Refunding Bonds extended the general pledge to these Bonds. A portion of these bonds are considered extinguished through defeasance by the 2007A General Revenue Refunding Bonds. The defeased amount is $38,035,000 and the University's remaining annual installments range from $420,000 to a maximum of $620,000, plus interest from 4.05% to 4.125%.	$1,475,000	$39,915,000
Student Fee Refunding and Revenue Bonds, Series 2003, (original balance of $17,585,000), consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from $1,335,000 to a maximum of $1,525,000, plus interest from 4.00% to 5.25% through the year 2014, collateralized by a pledge of net revenues of the Student Housing System, net revenues derived from the Telecommunications System, and certain other pledged revenues.	11,475,000	12,870,000
General Revenue Refunding Bonds, Series 2005A, (original balance of $30,740,000), consisting of bonds due in annual installments commencing in 2005 and fluctuating periodically from $575,000 to a maximum of $2,265,000, plus interest from 3.00% to 5.00% through the year 2026, collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. Revenues pledged to the Recreation Center Bonds and to the Activity Center Bonds are pledged to the 2005A bonds on a subordinate basis until the retirement of the Recreation Center Bonds and Activity Center Bonds.	29,310,000	30,060,000

Description	Balance Outstanding 2008	Balance Outstanding 2007
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 $350,000 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 Recreation Center Bonds and 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.	62,445,000	-
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. Revenues pledged to the Recreation Center Bonds and the Activity Center Bonds are pledged to the 2007B Bonds on a subordinate basis until the retirement of the Recreation Center Bonds and the Activity Center Bonds.	$35,035,000	-
Other indebtedness, consisting of notes payable with interest rates ranging from 4.75% to 5.00% due through the year 2019.	906,141	1,021,185
Total	153,716,141	121,936,185
Premium on Bonds	3,598,874	2,737,183
Deferred amount on Refunding – 2005A & 2007A	(5,467,607)	(830,901)
TOTAL	**$151,847,408**	**$123,842,467**

There are a number of limitations and restrictions contained in the various bond indentures. Management believes the University is in compliance with all bond covenants as of June 30, 2008 and 2007.

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

	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2009	$ 5,855,000	$ 6,878,391	$ 112,535	$ 52,338
2010	6,115,000	6,611,074	119,533	45,340
2011	5,910,000	6,313,962	126,968	37,906
2012	5,525,000	5,720,142	134,866	30,007
2013	3,935,000	5,433,306	143,256	21,616
2014-2018	29,170,000	23,003,226	266,740	19,188
2019-2023	27,320,000	15,710,544	2,243	-
2024-2028	20,440,000	10,915,659	-	-
2029-2033	15,930,000	7,866,683	-	-
2034-2038	19,225,000	4,676,270	-	-
2039-2043	13,385,000	1,005,596	-	-
	$ 152,810,000	$ 94,134,853	$ 906,141	$ 206,395

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, 2008 are as follows:

Source of Pledged Revenues	
Student Fees	$ 54,236,467
Sales and Services Revenues	38,870,404
Other Operating Revenues	4,994,424
Investment Income	4,656,208
F&A Recovery Revenues	8,878,622
Total Pledged Revenues	$ 111,636,125
Revenues Available for Debt Service	$ 111,636,125
Debt Service on Bonds	11,564,848
Debt Service Coverage	9.7

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 and Series 2007A bond issuances. The specific debt, principal payments, refunded amounts and remaining balances for the refunded bonds are as follows:

Refunded Issue	Original Issue Amount	Principal Payments	Refunded Amount	Balance 6/30/2008
Student Fee Revenue Bonds (Recreation Center Project) Series 1999	20,115,000	155,000	19,320,000	640,000
Student Fee Revenue Bonds, Series 1999A	1,470,000	245,000	1,175,000	50,000
Student Fee Revenue Bonds, Series 1999B	6,150,000	980,000	4,970,000	200,000
Student Fee Revenue Bonds, Series 1999C	6,305,000	1,945,000	4,065,000	295,000
Student Fee Revenue Bonds, Series 2001	40,930,000	1,420,000	38,035,000	1,475,000
Totals	$ 74,970,000	$ 4,745,000	$ 67,565,000	$ 2,660,000

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 contributions 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 13 of these financial statements.

The HBT does not issue a publicly available financial report.

12. RETIREMENT PLANS

Public Employee Retirement System of Idaho – The Public Employee Retirement System of Idaho ("PERSI"), a cost-sharing multiple-employer public retirement system, was created by the Idaho State Legislature. PERSI provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. It is a defined benefit plan requiring that both the member and the employer contribute. Designed as a mandatory system for eligible state employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. The benefits and obligations to contribute to the plan were established and may be amended by the Idaho State Legislature. Financial reports for the plan are available from PERSI upon request and can be viewed at http://www.persi.idaho.gov/investments/reports.cfm.

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, 2008, 2007 and 2006, the required contribution rate as determined by PERSI was 10.39% and 6.23% of covered payroll for the University and employees, respectively. The University's contributions required and paid were $5,563,717, $5,356,667 and $5,316,110, for the years ended June 30, 2008, 2007 and 2006, respectively.

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

provisions were established by and may be amended by the State of Idaho.

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

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, 2008, 2007 and 2006 were $12,494,135, $10,147,956 and $9,116,733, respectively, that consisted of $7,127,049 from the University and $5,367,086 from employees for 2008, $5,354,885 from the University and $4,793,071 from employees for 2007, and $4,791,086 from the University and $4,325,647 from the employees for 2006.

Although enrollees in the ORP no longer belong to PERSI, the University is required to contribute to PERSI 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, 2008, 2007 and 2006, the supplemental funding payments made to PERSI were $1,147,997, $2,023,096 and $1,880,248 respectively. This amount is 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, to qualify, the employee must have completed at least 30 years of credited service or the sum or 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 2008 range from $30.00 to $1003.26 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.

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 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. The RBT was established in accordance with the Governmental Accounting Standards Board ("GASB") Statement 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", and Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". 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") as defined in the GASB statements.

The RBT does not issue a publicly available financial report.

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 will be reported at fair value in accordance with GASB

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.* Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of the net decrease 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	1,405	1,526	1,526	789
Retirees	755	170	674	N/A
Disableds	13	N/A	N/A	-
Retirees (Sick Leave)	N/A	N/A	N/A	3
Total Inactive	768	170	674	3
Total Combined	2,173	1,696	2,200	792

The University's ongoing obligations and liability under GASB Statement No. 45, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, 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 GASB 45 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 drugs, dental, sick pay conversion and life insurance benefits are included in the University's actuarial calculations required under GASB 45. The results of these

calculations are summarized as follows:

	Entry Age Normal Level Dollar Cost Method
Present Value of Benefits (PVB)	$89,988,000
Actuarial Accrued Liability (AAL)	83,011,000
Annual Required Contribution (ARC)[1]	7,157,000
Actual Pay-As-You-Go Contributions[2]	2,909,000
Contributions to Qualifying Trust	4,325,000
Total Actual Annual Contributions	7,234,000
Net Annual OPEB Cost (AOC) - Funding Excess	(77,000)
Total Actual Annual Contributions as % of ARC	101.1%

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

[2]Actual Pay-As-You-Go Contributions are net of retiree contributions of $1,660,000.

Funded Status, Utilizing Entry Age Normal Cost Method and Level Dollar Amortization Method of UAAL – As of June 30, 2008:

	Medical	Dental	Life	Sick Pay	Total
Present Value of Benefits (PVB)					
Retirees	$37,250,000	$158,000	$3,789,000	$40,000	$41,237,000
Actives	46,044,000	474,000	747,000	1,486,000	48,751,000
Total	$83,294,000	$632,000	$4,536,000	$1,526,000	$89,988,000
Actuarial Accrued Liability (AAL)					
Retirees	$37,250,000	$158,000	$3,789,000	$40,000	$41,237,000
Actives	40,317,000	437,000	722,000	298,000	41,774,000
Total	$77,567,000	$595,000	$4,511,000	$338,000	$83,011,000
Assets	$4,041,359	$31,000	$235,030	$17,610	$4,325,000
Unfunded AAL (UAAL)	$73,525,641	$564,000	$4,275,970	$320,390	$78,686,000
Assets as % of AAL (Funded Ratio)	5.2%	5.2%	5.2%	5.2%	5.2%
UAAL as % of Annual Covered Payroll	93.3%	0.7%	5.1%	0.9%	65.3%
Annual Required Contribution (ARC)					
Normal Cost[1]	$768,000	$5,000	$7,000	$184,000	$964,000
Amortization of Unfunded AAL[2]	$5,787,000	$44,000	$337,000	$25,000	$6,193,000
Total ARC	$6,555,000	$49,000	$344,000	$209,000	$7,157,000
Estimated Benefit Payments (pay-as-you-go)[3]	$2,528,000	$46,000	$309,000	$26,000	$2,909,000
Covered Payroll	$78,802,000	$84,147,000	$84,147,000	$36,413,000	$120,560,000

[1]Includes interest to year end.

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

[3]Net of retiree contributions.

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 in accordance with the parameters of GASB Statement 43. 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:

	Retiree Benefits Trust ("RBT")
Valuation Date	7/1/2007
Actuarial Cost Method	Entry Age Normal
Actuarial Amortization Method	Level Dollar to decrement age
Remaining Amortization Period	30 Years, Open
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	6.25%
Healthcare Cost Trend Rates:	
Medical and drug initial	10%
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%

14. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION

For fiscal years prior to 2003, the University reported expenses in functional categories. In order to be consistent with the State of Idaho's reporting method; operating expenses are displayed in their natural classifications for fiscal year 2008 and 2007. The following table shows natural classifications with functional classifications:

Expenses 2008	Salaries	Benefits	Services	Supplies	Ins, utilities, rent	Sch. & fellow	Depreciation	Other	Totals
Instruction	$ 52,235,172	$ 16,506,365	$ 9,081,244	$ 6,254,811	$ 482,860	$ -	$ -	$ 2,304,315	$ 86,864,767
Research	35,968,460	11,025,272	12,466,821	4,339,294	635,442	-	-	(1,259,772)	63,175,517
Public Service	13,590,718	5,000,354	4,128,036	1,077,431	264,398	-	-	1,352,551	25,413,488
Academic Support	7,004,397	2,495,510	1,764,808	1,385,063	205,776	-	-	226,221	13,081,775
Libraries	2,294,115	922,219	367,209	487,569	205	-	-	14,221	4,085,538
Student Services	5,228,931	2,028,332	1,575,105	412,062	100,691	-	-	308,558	9,653,679
Institutional Support	13,725,265	5,471,696	7,823,053	(519,877)	294,501	-	-	791,514	27,586,152
Plant Operations	6,453,362	3,130,882	3,922,393	2,626,667	9,625,145	-	20,124,222	594,589	46,477,260
Scholarships & Fellowships	526,214	1	162,889	-	-	19,559,942	-	170,345	20,419,391
Auxiliary Enterprises	10,214,301	3,762,223	5,506,297	10,641,281	2,496,566	-	-	625,988	33,246,656
	$147,240,935	$ 50,342,854	$ 46,797,855	$ 26,704,301	$ 14,105,584	$ 19,559,942	$ 20,124,222	$ 5,128,530	$ 330,004,223

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

15. 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, and except as noted below, the University's administration believes any ultimate liability in these matters will not materially affect the financial position of the University. The University is a defendant in litigation arising from changes in its retiree health care plan and retiree life insurance plan. Without opining on the merit of the University's position in the litigation, any ultimate liability in this matter potentially could materially affect the financial position of the University.

16. RISK MANAGEMENT

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

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

17. COMPONENT UNIT

The University of Idaho Foundation, Inc. (Foundation) is a legally separate, 501 (C) (3) component unit of the University of Idaho (University). The Foundation was established in 1970 for the purpose of soliciting donations and to hold and manage invested donations for the benefit of the University. A Board of Directors comprised of up to 25 voting members governs and conducts the business of the Foundation, meeting at least four times in each fiscal year. The Foundation is supported by professional staff of the University in the Foundation Office, Trust & Investment Office, the Development Office, and throughout the colleges. Separate audited financial statements

are prepared for the Foundation and may be obtained by contacting University of Idaho Foundation, PO Box 443143, Moscow, Idaho 83844-3143.

The majority of the resources, or income earned from those resources, that the Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University and because these resources provide a significant amount of support to the University, the Foundation has been determined to be a component unit of the University and is discretely presented in the University's financial statements. Significant accounting policies associated with the University, described in Note 1, apply to the Foundation, when applicable. Significant disclosures at June 30, 2008 and 2007 are as follows:

INVESTMENTS—Investments in marketable securities are recorded at fair value as determined by quoted market prices. At June 30, 2008, the fair value of restricted and unrestricted investments was $188,191,613 and $4,385,210 respectively. At June 30, 2007, the fair value of restricted and unrestricted investments was $190,630,412 and $4,022,946 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, 2008:

Investment Type	Fair Value 2008	Fair Value 2007
U.S. Government Agency Obligations	$ 32,134,805	$ 24,840,842
Corporate bonds	34,819,750	18,442,501
Preferred Stock	5,113,679	5,475,321
Municipal Securities	1,326,434	3,371,634
U.S. Treasuries	4,297,869	2,730,984
Bond Mutual Funds	-	17,075,767
Common Stock	107,105,140	114,287,973
International equity funds	5,218,181	6,597,102
Mutual Funds	1,289,111	1,347,516
Private Equity	1,248,262	483,718
Foreign Currency	23,592	-
	$ 192,576,823	$ 194,653,358

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, 2008, the Foundation had the following investments subject to interest rate risk:

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Corporations	$ 34,819,750	$ 744,407	$ 7,143,260	$ 10,792,680	$ 16,139,403
U.S. Government Agency Obligations	32,134,805	2,490	324,243	3,375,821	28,432,251
U.S. Treasuries	4,297,869	124,580	2,919,593	369,882	883,814
Municipal Securities	1,326,434	40,151	513,397	421,357	351,529
	$ 72,578,858	$ 911,628	$ 10,900,493	$ 14,959,740	$ 45,806,997

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, 2008, the Foundation had the following investment credit risk:

	US Government Agency Obligations	Corporate Debt	Municipal Securities	Total
Credit Rating				
AAA	$ 31,834,008	$ 6,149,308	$ -	$ 37,983,316
AA	278,267	4,535,314	390,921	5,204,502
A	-	8,131,755	777,139	8,908,894
BBB	-	6,719,874	-	6,719,874
BB	-	2,174,476	38,179	2,212,655
B	-	5,139,039	-	5,139,039
CCC	-	1,445,305	-	1,445,305
Not Rated	22,530	524,679	120,195	667,404
	$ 32,134,805	$ 34,819,750	$ 1,326,434	$ 68,280,989

Concentration of Credit Risk

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

- Not more than 5% of the total equity portfolio valued at market may be invested in the common stock of any one corporation.
- Not more than 5% of the total outstanding shares of any one company may be held.
- Not more than 20% of the equity portfolio valued at market may be held in any one industry category.
- Not more than 15% of the equity portfolio valued at market may be invested in securities issued as American Depository 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, 2008, 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, 2008 all Foundation funds were insured or registered investments, or investments held by the Foundation or their agent in the Foundation's name.

Foreign Currency Risk

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

Currency Type		Fair Value
Australian Dollar	$	2,722,576
Canadian Dollar		153,519
Swiss Franc		1,111,572
Danish Krone		15,655
Euro		3,111,420
British Pound		10,269,950
Hong Kong Dollar		3,895,170
Japanese Yen		4,384,791
Norwegian Krone		41,819
New Zealand Dollar		437,750
Swedish Krona		565,464
Singapore Dollar		1,328,858
		$28,038,544

DISTRIBUTIONS TO UNIVERSITY OF IDAHO AND AFFILIATES

During fiscal years 2008 and 2007, earnings from endowments invested in the C.I.T., direct gifts and other revenues to the Foundation were distributed as follows:

	2008		2007	
	C.I.T. Endowment Income	Gifts and Other Revenues	C.I.T. Endowment Income	Gifts and Other Revenues
Scholarships	$ 4,631,548	$ 3,327,260	$ 4,323,644	$ 2,576,779
Student loans	207,213	-	197,326	100
Building funds	-	300,724	-	909,649
Real property	-	675,000	-	15,326,424
University of Idaho College and Dept Operating Accounts				
Academic Excellence	483,130	37,777	620,960	44,149
Agricultural and Life Sciences	282,559	620,866	252,221	276,795
Art and Architecture	14,872	20,693	12,931	18,510
Athletics	48,856	434,715	48,923	309,527
Business and Economics	337,739	41,393	297,846	97,455
Education	23,635	25,061	22,626	47,854
Engineering	92,233	476,835	90,831	178,126
Law	231,813	211,619	226,269	203,025
Letters, Art and Social Science	453,886	208,134	369,791	144,838
Library	139,641	1,490	132,338	6,690
Natural Resources	220,131	302,238	130,963	134,129
Science	99,147	69,934	163,128	82,356
Other departments	416,971	2,008,065	219,429	420,885
Life beneficiaries	391,687	-	519,207	-
University of Idaho affiliates	45,452	46,955	29,679	21,728
TOTAL DISTRIBUTIONS	$ 8,120,513	$ 8,808,759	$ 7,658,112	$ 20,799,019

DONOR RESTRICTED ENDOWMENTS

The Foundation receives certain gift assets that are restricted for endowment purposes, and by definition the original gift amount will be held in perpetuity for the benefit of the University. Restriction requirement for principal preservation is addressed by Idaho statute under "management of Institutional Funds," and is applicable lacking any further guidance from the individual gift agreement. During the fiscal year ended June 30, 2008, $7,145,393 was contributed to current endowments.

The Foundation has a two-tier spending policy dependent upon the endowment agreement that exists for each endowment. 1) Endowments with language requiring the reinvestment of all realized capital gains as principal can distribute only realized interest and dividends, and all realized gains are reinvested. 2) The Foundation Board of Directors establishes a spending rate annually for endowments without the restrictive reinvestment language. The approved fiscal year 2008 spending rate was set at 4.5% of the three-year rolling average of the C.I.T.'s monthly fair market value. If

total realized dividends, interest and short-term capital gains are less than the total amount required to make the distributions based on this spending rate, realized long-term gains will be used to make up the shortfall.

During the fiscal year ended June 30, 2008 and 2007, the endowments held by the Foundation had net depreciation on donor restricted endowments of $(25,924,940) and $17,881,930. 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.

18. 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. 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, 2008 and 2007 were $6,773.76 and $257,952 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.

19. 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 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, 2008.

20. SUBSEQUENT EVENT

On December 4, 2008 the Board of Regents of the University approved a resolution for the University to borrow $10,000,000. These funds will be used to finance the improvements necessary to the indoor athletic facility, Kibbie Dome, at Moscow, Idaho.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2008 AND 2007

RETIREE BENEFITS TRUST (RBT)

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 Percentage of Covered Payroll ([b - a] / c)
7/1/2007	$4,325,000	$83,011,000	$78,686,000	5.2%	$120,560,000	65.3%

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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) and its discretely presented component unit as of and for the year ended June 30, 2008, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 9, 2008. 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 as described in our report on the University's financial statements. This report does not include the results of other the auditor's testing of internal control over financial report or compliance and other matters that are reported on separately by other auditors.

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 purposes of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the University's financial statements that is more than inconsequential will not be prevented or detected by the University's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as noted in finding 2008-01 and 2008-02.

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

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

COMPLIANCE AND OTHER MATTERS

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

The University's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University'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
December 9, 2008

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

Idaho State Board of Education
University of Idaho
Moscow, Idaho

COMPLIANCE

We have audited the compliance of the University of Idaho (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, 2008. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

INTERNAL CONTROL OVER COMPLIANCE

The 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 our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

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

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

Moss Adams LLP

Eugene, Oregon
December 9, 2008

UNIVERSITY OF IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
TRIO Cluster	
84.042	Student Support Services
84.044	Talent Search
84.047	Upward Bound
84.066	Educational Opportunity Centers
84.217	McNair Post-Baccalaureate Achievement
93.575	Child Care and Development Block Grant
Various	Research and Development Cluster

Dollar threshold used to distinguish between type A and type B programs: $ 2,364,758

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

Section II - Financial Statement Findings

Finding 2008-01 Payroll: Access Controls

Criteria or specific requirement: Per AU section 319 of the American Institute of Certified Public Accountants (AICPA) Professional Standards, specific risks to an entity's internal control include unauthorized access to data that may result in destruction of data or improper changes to data, including the recording of unauthorized or nonexistent transactions or inaccurate recording of transactions.

Condition: University employees with access to the Banner timecard system can modify timecards for other employees outside of their department or area of responsibility. Additionally, timecard entry processes are decentralized and data is manually entered by designated timekeepers into the Banner timecard system after it has been approved by department leaders.

Context: Approximately 200 Banner account holders have access to the timecard system within Banner and each account holder can update and change any timecard, regardless of department affiliation.

Effect: The University's decentralized payroll entry system coupled with the lack of restricted payroll access controls leaves the University vulnerable to errors and irregularities.

Cause: The University is a decentralized entity with various departments throughout campus accessing timekeeping records, and individuals have been granted excessive access to the Banner timecard system.

Recommendation: While it was reported to us that the University has established detective controls through the use of audit logs and exception reports and that the number of accounts with such access was significantly reduced during the audit period, it is recommended that the University further augment existing manual controls with technology controls to limit account access in conjunction with the web-based timekeeping system planned for calendar year 2008.

View of the Responsible Officials and Planned Corrective Actions: University of Idaho management agrees with this finding. Under the current configuration of the University's Banner financial and payroll systems, no limitations for timesheet access can be effected for personnel responsible for timesheet entry. Personnel with timesheet entry access can currently see and/or modify any University employee's timesheet. To address this access control concern, the University is in the process of implementing the Banner Web Time Entry system that will only allow supervisors and timekeepers to access their specific employees' timesheets.

Finding 2008-02 Student Accounts: Segregation of Duties

Criteria or specific requirement: Internal control is a process designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and

regulations. Internal control includes appropriate segregation of duties such that one individual does not have the ability to perform all of the following: initiate, authorize, record and review transactions. Segregation of duties is critical to effective internal control because it reduces the risk of mistakes and inappropriate actions. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business.

Condition: Incompatible duties have been assigned in the University's Student Accounts department allowing individuals who have cash-handling responsibilities to also record accounting entries.

Context: During our review of the University's internal controls over the cashiering and billing processes in Student Accounts, we noted instances of insufficient segregation of duties. These instances include individuals having responsibilities for receiving and depositing cash as well as the ability to make adjustments to student accounts within the accounting system. We also noted that one of the two supervisors in Student Accounts also has access to the vault combination and performs vault counts.

Effect: Without proper segregation of duties, funds are at risk of misuse and could be subject to errors, theft or fraud if proper controls are not in place to prevent such risks from occurring.

Cause: Management has not put in place the proper segregation of duties to ensure that no one individual has access to initiate, authorize, record and review a transaction.

Recommendation: We recommend the University segregate some of these critical duties in the Student Accounts department to ensure that University funds are not at risk of misuse due to error, theft or fraud.

View of the Responsible Officials and Planned Corrective Actions: University of Idaho management agrees with this finding. Management is aware of the current inadequacy of separation of duties within the accounts receivable/cashiering functions. A review is currently being conducted with respect to individual access to various functions in Banner as well as actual handling of cash. The Director of Business Systems and Accounting Services and the Manager of General Accounting will work with the Manager of Accounts Receivable to review existing staffing and individual functions to identify workflow options that adequately address segregation of duties and internal controls to include vault access/cash counts, supervision and review, access to accounts adjustments, and receipt of cash. Management will address these issues and initiate changes by April 30, 2009.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2008

FINDING 2007-1 —Review and audit of spreadsheet

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

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

Status: Procedures for creation and review of spreadsheet and formulas was put into place and performed for fiscal year ending 2008.

FINDING 2007-2 – Access to bank brokerage accounts

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

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

Status: New standing letters of agreement were issued in May 2008 by the Vice President for Finance and Administration and wire transfer procedures were changed to require a signature of the Vice President or Associate Vice president of Strategic Budgeting and Finance.

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

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

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

Status: The Data Collection Form was input into the Federal Audit Clearinghouse within the required thirty day timeline. However, the signed hard copy forms were not sent to the Federal Audit

Clearinghouse until May, 2008 which was past the established thirty day timeline. The University has adapted our year-end process timeline to include the required dates for submission of all required forms to the Federal and State governments so that all filing deadlines will be met.

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

Condition: The Center for Advanced Microelectronics and Biomolecular Research **(**CAMBR) was established in 2002 as a research institute of the University located in Post Falls, Idaho. Almost all of CAMBR funding is federal. Prior year review of the internal control environment at CAMBR revealed significant deficiencies in the structure and operation of internal controls of the organization. These deficiencies permitted violation of and noncompliance with OMB Circulars, State of Idaho, and University of Idaho policies. Corrective actions have taken time to implement, and as such oversight and monitoring was considered insufficient for much of 2007.

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

Status: The University has filled both the Vice President of Research and Compliance Officer positions, as well as having previously filled the CAMBR Business Manager position. The University will continue to monitor and examine the CAMBR operations on an ongoing basis to ensure that there are no deficiencies or noncompliance with Federal and State laws and regulations, and State of Idaho and University of Idaho policies.

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF AGRICULTURE				
DEPARTMENT OF AGRICULTURE				
4530001809	10.	$ 255,355		$ 255,355
5801116003	10.	31,628		31,628
NRCS 683A755236	10.	134,153		134,153
NRCS 683A755236	10.	24,938		24,938
59-53586282	10.	2,608		2,608
08CR11010500012	10.	7,911		7,911
6802116120	10.	7,645		7,645
0781001238CA	10.	6,403		6,403
5954427321	10.	2,500		2,500
04DG11010000037	10.	1,523		1,523
04DG11010000037	10.	39,798		39,798
04DG11010000037	10.	10,960		10,960
04DG11010000037	10.	37,659		37,659
3610006016	10.	5,876		5,876
03JV11222065068	10.	2,133		2,133
08JV11221665050	10.	5,947		5,947
AG82FTP060102	10.	1,182		1,182
5853257591	10.	33,028		33,028
5853257591	10.	22,938		22,938
03JV11222014157	10.	10,598		10,598
03JV11222014060	10.	20,995		20,995
07JV11221659164	10.	48,253		48,253
08JV11221659036	10.	9,424		9,424
07JV11221659314	10.	25,022		25,022
5853567556	10.	24,782		24,782
03JV11222065279	10.	110,380		110,380
06JV11221648191	10.	132,610		132,610
02JV11222048203 M6	10.	(785)		(785)
03JV11222065068	10.	5,086		5,086
05PA11015600051 M1	10.	16,079		16,079
07JV11272162044	10.	15,609		15,609
07JV11221648206	10.	224,458		224,458
04JV11222063299	10.	29,430		29,430
PNW07JV11261987168	10.	24,227		24,227
5853016186 T653566050	10.	9,879		9,879
07CS11221662248	10.	3,623		3,623
03CS11222065177	10.	29,631		29,631
06JV11111133065	10.	39,197		39,197
03JV11222065191	10.	28,189		28,189
05JV11111124103	10.	18,177		18,177
05JV11221663261	10.	4,781		4,781
06CA11120101028	10.	28,119		28,119
07JV11221644280	10.	23,438		23,438
03CR11061600018	10.	-		-
PNW06JV11261975281	10.	27,292		27,292

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YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF AGRICULTURE (Continued)				
PNW03JV11261988074	10.	(2,465)		(2,465)
04JV11222044217 RWO 4901	10.	5,303		5,303
04CR11132424144	10.	3,959		3,959
05DG11132762241	10.	11,401		11,401
07JV11221644251	10.	21,863		21,863
PNW07JV11261985166	10.	7,641		7,641
06JV11221659220	10.	10,805		10,805
PNW04CA11261967062	10.	872		872
06JV11221668274	10.	6,351		6,351
07JV11221668306	10.	9,112		9,112
03PA11046000030	10.	5,004		5,004
5853667616	10.		54,202	54,202
08JV11221611160	10.		513	513
07DG11132762185	10.		25,129	25,129
APPROPRIATION 2011930100	10.		60,850	60,850
DEPARTMENT OF AGRICULTURE				
Federal Pass Through				
2/13/08 LETTER	10.	535		535
101704_G001588_0	10.	16,775		16,775
IF&G Idaho Carnivore Project	10.	2,299		2,299
LETTER 6/14/07 HEMKER	10.	21,406		21,406
08/01/07 LETTER	10.	5,373		5,373
Clear Springs Foods CWD Vaccine	10.	7,894		7,894
IDAFIS - Wildlife Education	10.	22,189		22,189
ISDA Hoary Cress & Pepperweed	10.	18,312		18,312
IDOL ID Master Forest Owner Program	10.		6,768	6,768
ISDA FY07 Early Detection/Strategic	10.		18,006	18,006
AGRICULTURE RESEARCH SERVICE				
Agricultural Research-Basic and Applied Research	10.001	1,066,351	147	1,066,498
Federal Pass Through	10.001	166,653		166,653
ANIMAL AND PLANT HEALTH INSPECTION SERVICE				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	32,008	125,636	157,644
Federal Pass Through	10.025			-
AGRICULTURAL MARKETING SERVICE				
Specialty Crop Block Grant Program	10.169			-
Federal Pass Through	10.169			-
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE				
Grants for Agricultural Research, Special Research Grants	10.200	888,763		888,763
Federal Pass Through	10.200	942,047	120,217	1,062,264
Cooperative Forestry Research	10.202	627,468		627,468
Hatch Act Appropriation	10.203	3,275,401		3,275,401

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF AGRICULTURE (Continued)				
Grants for Agricultural Research, Competitive Research	10.206	452,236		452,236
Federal Pass Through	10.206	191,511		191,511
Animal Health and Disease Research	10.207	62,714		62,714
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210			-
Federal Pass Through	10.210	26,610		26,610
Small Business Innovation Research	10.212			
Federal Pass Through	10.212	1,723		1,723
Higher Education Challenge Grants	10.217	89,534	65,361	154,894
Federal Pass Through	10.217	27,058		27,058
Biotechnology Risk Assessment Research	10.219	43,088		43,088
Higher Education Multicultural Scholars Program	10.220		24,888	24,888
Initiative for Future Agriculture and Food Systems	10.302	-		-
Federal Pass Through	10.302			-
Integrated Programs	10.303	676,337		676,337
Federal Pass Through	10.303	8,652	64,306	72,958
Homeland Security_Agriculture	10.304			-
Federal Pass Through	10.304	70,460		70,460
Cooperative Extension Service	10.500		5,434,008	5,434,008
Federal Pass Through	10.500	47,160	156,767	203,927
ECONOMIC RESEARCH SERVICE				
Agricultural and Rural Economic Research	10.250			-
Federal Pass Through	10.250	15,243		15,243
RISK MANAGEMENT AGENCY				
Crop Insurance	10.450			-
Federal Pass Through	10.450		11,537	11,537
Community Outreach & Assistance Partnership Program	10.455			-
Federal Pass Through	10.455		15,015	15,015
Commodity Partnerships for Risk Management Education	10.457			-
Federal Pass Through	10.457			-
FOOD AND CONSUMER SERVICE				
Child and Adult Care Food Programs	10.558			-
Federal Pass Through	10.558		37,710	37,710
State Administrative Matching Grants for Food Stamp Program	10.561			-
Federal Pass Through	10.561		675,303	675,303
FOREST SERVICE				
Forestry Research	10.652	38,504		38,504
Federal Pass Through	10.652			-
Cooperative Forestry Assistance	10.664	131,256	1,219	132,475
Federal Pass Through	10.664	34,815	8,440	43,255
Rural Development, Forestry, and Communities	10.672	49,390		49,390
NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER				

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF AGRICULTURE (Continued)				
National Sheep Industry Improvement Center	10.774			-
NATURAL RESOURCES CONSERVATION SERVICE				
Soil & Water Conservation	10.902	47,340		47,340
Federal Pass Through	10.902		16,449	16,449
River Basin Surveys & Investigations	10.906			-
Environmental Quality Incentives Program	10.912	9,001		9,001
Federal Pass Through	10.912	44,513		44,513
FOREIGN AGRICULTURAL SERVICE				
Technical Agricultural Assistance	10.960			-
Federal Pass Through	10.960			-
Scientific Cooperation & Research	10.961			-
Total - Department of Agriculture		**10,783,144**	**6,922,471**	**17,705,615**

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF COMMERCE				
DEPARTMENT OF COMMERCE				
AB133F02SE0419	11.	(407)		(407)
AB133F07SE2761	11.	24,451		24,451
AB133F07SE3004	11.	74,083		74,083
ABK133F07CN0222	11.	47,803		47,803
AB133F07CN0222	11.	8,400		8,400
AB133F05SE6680	11.	11,299		11,299
AB133F06SE4011	11.	72,610		72,610
AB133F06SE4951	11.	17,694		17,694
AB133F06SE3838	11.	27,708		27,708
RA133R07SE1756	11.	34,673		34,673
ECONOMIC DEVELOPMENT ADMINISTRATION				
Economic Development Technical Assistance	11.303			-
Federal Pass Through	11.303			-
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION				
Climate and Atmospheric Research	11.431			-
Pacific Coast Salmon Recovery: Pacific Salmon Treaty Program	11.438			-
Federal Pass Through	11.438	205,883		205,883
Cooperative Science & Education Program	11.455	42,299		42,299
Unallied Science Program	11.472			-
Federal Pass Through	11.472	26,393		26,393
Coastal Services Center	11.473	125,009		125,009
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY				
Manufacturing Extension Partnership	11.611			-
Federal Pass Through	11.611		581,469	581,469
Total - Department of Commerce		**717,898**	**581,469**	**1,299,367**
DEPARTMENT OF DEFENSE				
DEPARTMENT OF DEFENSE				
DACW6801D0006	12.	6		6
W912EF08C0009	12.	169,430		169,430
W91ZLK08P0739	12.	3,963		3,963
N0017407M0119	12.	32,637		32,637
DACW6801D00060005	12.	(192)		(192)
W912EF06C0018	12.	(1,308)		(1,308)
W912EF06C0018	12.	(1,069)		(1,069)
W912HQ07C0014	12.	344,834		344,834
N0016706M5543	12.	3,985		3,985
N0016707M5509	12.	16,785		16,785

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF DEFENSE (Continued)				
DEPARTMENT OF DEFENSE				
Federal Pass Through				
DAMD17-03-1-0746 SUBK U OF I	12.	23,977		23,977
DACW6802D0002 TO 12	12.	852		852
0800151502	12.	22,838		22,838
RSC07046	12.	15,622		15,622
NONE - FED PT FA865107C0092	12.	11,666		11,666
08208 FED PT FA865007C3704	12.	13,836		13,836
UI08523	12.	7,115		7,115
DACW6802D0002 TO 0009	12.	129,380		129,380
DACW6802D0002 TO3 M8	12.	52,186		52,186
PO #173038 LINE 1	12.	22,384		22,384
PO 173038 LINE #2	12.	55,171		55,171
GLOTEC Zn/Air Battery Systems	12.	14,847		14,847
60416213	12.		20,172	20,172
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY				
Basic and Applied Scientific Research	12.300	2,105,210		2,105,210
Federal Pass Through	12.300			-
ARMY RESEARCH OFFICE, ARMY MATERIAL COMMAND				
Basic Scientific Research	12.431			-
Federal Pass Through	12.431	12,976		12,976
DEPARTMENT OF THE AIR FORCE, HQ AIR FORCE MATERIAL COMMAND,				
Air Force Defense Research Sciences Program	12.800	401,108		401,108
Federal Pass Through	12.800	6,954		6,954
NATIONAL SECURITY AGENCY				
Mathematical Sciences Grants Program	12.901	12,561		12,561
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY				
Research and Technology Development	12.910	1,055,685		1,055,685
Total - Department of Defense		**4,533,439**	**20,172**	**4,553,611**
CENTRAL INTELLIGENCE AGENCY				
Central Intelligence Agency				
Federal Pass Through				
STONEY Feldspar Forensics in N. ID	13.		26,533	26,533
Total - Central Intelligency Agency		**-**	**26,533**	**26,533**

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
B-02-SP-ID-0185	14.		(44,371)	(44,371)
Community Development Block Grants/Economic Development Initiative	14.246	(24,510)	1,243,463	1,218,953
Federal Pass Through	14.246	6,099		6,099
Total - Department of Housing and Urban Development		**(18,411)**	**1,199,092**	**1,180,681**
DEPARTMENT OF THE INTERIOR				
DEPARTMENT OF INTERIOR				
CMK0E020146	15.		-	-
SMK0E050719	15.		(81)	(81)
DLA040107	15.		5,290	5,290
04PG110195	15.		5,754	5,754
H2380040001J2340070059	15.		22,497	22,497
H1200040001 J9280050559	15.		2,159	2,159
J1242040718	15.	6,704		6,704
J8W07060004 H8W07060001	15.	72,654		72,654
AG6C5000695	15.	9,233		9,233
DTP070058	15.	-		-
H2303050007 J2303050007	15.	64,536		64,536
KAA061023	15.	22,926		22,926
DLA060250	15.	3,802		3,802
ESF04J009 ESA04J011	15.	10,512		10,512
137004J260 101000J001	15.	0		0
H8W07060001 J2410070064	15.	534		534
H1200040001 J2130060434	15.	24,035		24,035
DLA050205	15.	8,638		8,638
ESF04J002	15.	5,997		5,997
H2380040001 J2360064070	15.	14,632		14,632
ESA04J011 TOESF04J014	15.	675		675
142502FC108970	15.	11,839		11,839
H1200040001 J1242060007	15.	2,075		2,075
H8W07060001 J8W07070003	15.	236		236
143402HQRU1579 RWO 113	15.	(10)		(10)
H2380040001 J2303050030	15.	324		324
101814M540	15.	34,350		34,350
H2380040001 J2380401403	15.	13,392		13,392
J9W88040001 CA9088A0008 M1	15.	7,879		7,879
J8W07080001_H8W07060001	15.	9,396		9,396
J212605013 H1200040001	15.	18,904		18,904
75E060137	15.	15,739		15,739
ESA04J011 ESF04J010	15.	(10)		(10)
J8R07080003_H8R07060001	15.	1,681		1,681
J9260040042 H1200040001	15.	42,422		42,422
H8R07060001 J8R07060022	15.	16,642		16,642

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF THE INTERIOR (Continued)				
H8R07060001J8R07070008	15.	61,287		61,287
J9W88050016 CA9088A0008	15.	72,577		72,577
J9W88050016 CA9088A0008	15.	3,429		3,429
J9W88050016 CA9088A0008	15.	42,265		42,265
J9W88040002 CA9088A0008	15.	13,834		13,834
ES06J004	15.	137		137
04HQAG0136	15.	314,535		314,535
142504FC101115	15.	17,594		17,594
AG6C5000669	15.		19,903	19,903
AG6C5000668	15.		167	167
AG7C5000739	15.		5,390	5,390
AG7C5000738	15.		21,616	21,616
J1242059007 H1200040001	15.		35,815	35,815
H2303050007 J2303060002	15.		41,875	41,875
H2303050007 TA J2303060003	15.		32,745	32,745
J8R07050010 H8R07010001	15.		18,248	18,248
DLA070251	15.		10,529	10,529
DEPARTMENT OF INTERIOR				
Federal Pass Through				
NDG&F Paddlefish Aging	15.	76,736		76,736
DOINPS44149ISU	15.	211		211
T150406	15.	0		0
041309	15.	11,261		11,261
11982G001093	15.	-		-
NPT/UOFI: FECALDNA	15.	8,629		8,629
IF&G Forest Carnivores in SW Idaho	15.	8,392		8,392
IDFG - Mountain Quail Translocation	15.	10,236		10,236
IF&G Pygmy Rabbit Distribution	15.	12,393		12,393
IF&G West Central Sage Grouse	15.	3,972		3,972
LETTER 9/27/07 MACK	15.	7,988		7,988
T370706	15.	8,728		8,728
IF&G Native Habitat Projects	15.	5,400		5,400
IF&G Pygmy Rabbit Aerial Survey	15.	399		399
IF&G Pocatello Resource Management	15.	4,114		4,114
IF&G Recovery Activities-Squirrels	15.	28,352		28,352
T15 0517	15.	19,503		19,503
T15	15.	8,422		8,422
7/27/04 LETTER	15.		(5,568)	(5,568)
AV Idaho View Consortium	15.		3,056	3,056
ISDA FY07 Early Detection/Strategic	15.		10,727	10,727
ISDA Hoary Cress & Pepperweed	15.	54,936		54,936
IF&G Desert Redband Trout	15.	8,387		8,387
IF&G Restoration of Sagebrush Steppe Habitat	15.	15,068		15,068
IF&G Fish Genetic Studies FY 08	15.	6,837		6,837
Department of Interior	15.DAC	9,202		9,202

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF THE INTERIOR (Continued)				
Department of Interior	15.DAK			-
Federal Pass Through	15.DAK			-
Department of Interior	15.DAV		22,747	22,747
Department of Interior	15.SFB			
Federal Pass Through	15.SFB	10,608		10,608
BUREAU OF INDIAN AFFAIRS				
Tribal Self-Governance	15.022			-
Federal Pass Through	15.022	9,067		9,067
Fish, Wildlife, and Parks Programs on Indian Lands	15.039	8,772		8,772
BUREAU OF LAND MANAGEMENT				
Cultural Resource Management	15.224	3,055		3,055
Federal Pass Through	15.224		5,000	5,000
Recreation Resource Management	15.225	24,519		24,519
Federal Pass Through	15.225	44,206		44,206
National Fire Plan-Wildland Urban Interface Comm Fire Asst.	15.228			-
Federal Pass Through	15.228	57,435		57,435
Fish, Wildlife and Plant Conservation Resource Management	15.231	5,696		5,696
Federal Pass Through	15.231	8,796		8,796
Federal Land Policy and Management	15.DDG			-
OFFICE OF SURFACE MINING RECLAMATION & ENFORCEMENT				
Regulation of Surface Coal Mining & Surface Effects of Underground Coal Mining	15.250	79,697		79,697
US FISH AND WILDLIFE SERVICE				
Sport Fish Restoration	15.605			-
Federal Pass Through	15.605	25,239		25,239
Fish and Wildlife Management Assistance	15.608			-
Federal Pass Through	15.608			-
Wildlife Restoration	15.611			-
Federal Pass Through	15.611	218,971		218,971
Cooperative Endangered Species Conservation Fund	15.615			-
Federal Pass Through	15.615	16,607		16,607
Conservation Grants Private Stewardship for Imperiled Species	15.632			
Federal Pass Through	15.632	87,283		87,283
Landowner Incentive	15.633			-
Federal Pass Through	15.633	2,989		2,989
State Wildlife Grants	15.634			-
Federal Pass Through	15.634	57,973		57,973
GEOLOGICAL SURVEY				
Assistance to State Water Resources Research Institutes	15.805	104,541		104,541
Geological Survey Research and Data Acquisition	15.808	393,695	61,464	455,159
Federal Pass Through	15.808	11,898		11,898
Ntl Spatial Data Infrastructure Competitive Coop Agreements Progran	15.809			-

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF THE INTERIOR (Continued)				
National Cooperative Geologic Mapping Program	15.810	293,736		293,736
Gap Analysis Program	15.811	121,205		121,205
Cooperative Research Units Program	15.812	1,123,251		1,123,251
NATIONAL PARK SERVICE				
Historic Preservation Fund Grants-In-Aid	15.904			-
Federal Pass Through	15.904			-
Outdoor Recreation Acquisition, Development and Planning	15.916	672,097		672,097
Total - Department of the Interior		**4,635,897**	**319,333**	**4,955,230**
DEPARTMENT OF JUSTICE				
DEPARTMENT OF JUSTICE				
2004WAAX0031	16.000		119,787	119,787
AB133F08SE1360	16.000	8,553		8,553
DEPARTMENT OF JUSTICE				
Federal Pass Through				
NCCVLI Victim's Rights Clinic Yr 3	16.000		41,407	41,407
2006WLAX0062	16.000		22,890	22,890
OFFICE OF JUSTICE PROGRAMS				
Drug Control and System Improvement Formula Grant	16.579			-
Federal Pass Through	16.579	39,220		39,220
Crime Victim Assistance/Discretionary Grants	16.582			-
Federal Pass Through	16.582		72,929	72,929
JUVENILE JUSTICE & DELIQUENCY PREVENTION				
National Institute for Juvenile Justice & Delinquency	16.542			
DEPARTMENT OF JUSTICE (Cont.)				
Federal Pass Through	16.542		(14,656)	(14,656)
Enforcing Underage Drinking Laws Program	16.727			-
Federal Pass Through	16.727	10,402		10,402
Total - Department of Justice		**58,175**	**242,357**	**300,532**
DEPARTMENT OF LABOR				
EMPLOYMENT AND TRAINING ADMINISTRATION				
WIA Dislocated Workers	17.260			-
Federal Pass Through	17.260			-
Pilots, Demonstrations, and Research Projects	17.261		297,765	297,765
MINE SAFETY AND HEALTH ADMINISTRATION				
Mine Health and Safety Grants	17.600		85,586	85,586
Total - Department of Labor		**-**	**383,351**	**383,351**

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF TRANSPORTATION				
DEPARTMENT OF TRANSPORTATION				
DTOS59-06-G-00029	20.	152,405		152,405
DTRT07G0056	20.	14,580		14,580
DTRT07G0056	20.	8,220		8,220
DTRT07G0056	20.	69,137		69,137
DTRT07G0056	20.	60,808		60,808
DTRT07G0056	20.	24,643		24,643
DTRT07G0056	20.	28,260		28,260
DTRT07G0056	20.	55,170		55,170
DTRT07G0056	20.	62,769		62,769
DTRT07G0056	20.	90,895		90,895
ID03002900	20.		17,180	17,180
DEPARTMENT OF TRANSPORTATION				
Federal Pass Through				
9613	20.		2,111	2,111
T0013G-B	20.	70,756		70,756
T0013G-B	20.	27,385		27,385
SPR2005(032) #9666	20.	85,596		85,596
SR2S	20.		12,517	12,517
2008T2	20.		144,347	144,347
ITD US95 Passing Lanes	20.	24,868		24,868
ITD Superpave Performance Test	20.	70,073		70,073
ITD Develop Stat Correlations	20.	10,358		10,358
ITD QuickZone Analysis Tool	20.	15,428		15,428
FEDERAL HIGHWAY ADMINISTRATION				
Highway Planning and Construction	20.205			-
Federal Pass Through	20.205	136,431	150,875	287,306
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION				
University Transportation Centers Program	20.701	651,333		651,333
Total - Department of Transportation		**1,659,115**	**327,030**	**1,986,145**
DEPARTMENT OF TREASURY				
INTERNAL REVENUE SERVICE				
Low-Income Taxpayer Clinics	21.008		85,879	85,879
Total - Department of Treasury		**-**	**85,879**	**85,879**
LIBRARY OF CONGRESS				
LIBRARY OF CONGRESS				
OWLC-0702	42.		39,760	39,760
Total - Library of Congress		**-**	**39,760**	**39,760**

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
NGT540056	43.		(321)	(321)
NNG04GJ53G	43.	97,195		97,195
NNG04GM37G	43.	87,053		87,053
NNG05GB09G	43.	37,354		37,354
NNX07AK11A	43.	1,887		1,887
NNC04GA77G	43.	33,136		33,136
NNX07AL05A	43.	39,404		39,404
NNX07AT60A	43.	51,736		51,736
NCC5395	43.	(321)		(321)
NCC5577	43.	32,022		32,022
NCC5577	43.	80,127		80,127
NCC5577	43.	209,975		209,975
NCC5577	43.	6,675		6,675
NNG05GR45G	43.	105,841		105,841
NNX07AQ67G	43.	156,954		156,954
NNX08AL68G	43.	9,036		9,036
NNX06AC12G	43.	27,721		27,721
NNG04GD99G	43.	3,498		3,498
NNG04GE96G	43.	(210)		(210)
NNG06GG29G	43.	676,239		676,239
NAG512790	43.	(5,153)		(5,153)
NAG511734	43.	(23,921)		(23,921)
NAG511805	43.	(337)		(337)
NNG05GA92G	43.	135,836		135,836
NAG511970	43.	(291)		(291)
NNG05GB52G	43.	293,263		293,263
NNG05GC51G	43.	273,830		273,830
NNG05GC51G	43.	145,000		145,000
NNG06GG29G	43.	-		-
NNX06AB15G	43.	34,655		34,655
NNX06AB17G	43.	30,837		30,837
NNX06AB17G	43.	33,786		33,786
NNX06AB17G	43.	4,045		4,045
NNG05GL56G	43.	(3,796)		(3,796)
NNG06GB45G	43.	485,210		485,210
NNG06GB45G	43.	54,990		54,990
NNG06GB45G	43.	21,600		21,600
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Federal Pass Through				
A797UNIVID	43.	21,540		21,540
1279002	43.	10,176		10,176
1279002	43.	10,384		10,384
5392	43.	2,704		2,704
004	43.	8,186		8,186

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YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (Continued)				
3561UIUM4002	43.	6,431		6,431
659	43.	(2,388)		(2,388)
SDSM&TUID0623	43.	8,715		8,715
1295766	43.	56,140		56,140
514-RDDIU-001	43.	3,308		3,308
1331267	43.	9,000		9,000
ASI158	43.	299		299
ICs Flight Lossless Data Comp	43.	46,483		46,483
785	43.		57,537	57,537
Aerospace Education Services Program	43.001	434	632,163	632,598
Federal Pass Through	43.001		(367)	(367)
Technology Transfer	43.002			-
Federal Pass Through	43.002	6,430		6,430
Total - National Aeronautics and Space Administration		**3,322,718**	**689,012**	**4,011,730**
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
Promotion of the Arts: Partnership Agreements	45.025			-
Federal Pass Through	45.025			-
INSTITUTE OF MUSEUM & LIBRARY SERVICES				
National Leadership Grants	45.312		216,039	216,039
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES (Cont.)				
NATIONAL ENDOWMENT FOR THE ARTS				
Promotion of the Arts-Grants to Organizations & Individuals	45.024		0	0
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Promotion of the Humanities Federal-State Partnership	45.129			-
Federal Pass Through	45.129		5,368	5,368
Promotion of the Humanities _ Public Programs	45.164			-
Promotion of the Humanities_We the People	45.168			-
Total - National Foundation on the Arts and Humanities		**-**	**221,407**	**221,407**
NATIONAL SCIENCE FOUNDATION				
National Science Foundation				
EARLY SET-UP	47.	20,980		20,980
EPS0611870	47.	84,447		84,447
EAR0511061	47.	12,980		12,980
EPS0715690	47.		34,891	34,891

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
NATIONAL SCIENCE FOUNDATION (Continued)				
National Science Foundation				
Federal Pass Through				
C611	47.		(609)	(609)
04-251B	47.	9,757		9,757
107980G002283	47.	11,440		11,440
Engineering Grants	47.041	257,917	(437)	257,480
Federal Pass Through	47.041	66,484		66,484
Mathematical and Physical Sciences	47.049	499,056		499,056
Federal Pass Through	47.049	112,410		112,410
Geosciences	47.050	445,225		445,225
Computer and Information Science and Engineering	47.070	145,920		145,920
Biological Sciences	47.074	903,514	82,175	985,689
Federal Pass Through	47.074	99,390		99,390
Social Behavioral and Economic Sciences	47.075	16,550		16,550
Education and Human Resources	47.076	3,640,598	910,134	4,550,732
Polar Sciences	47.078	134,823		134,823
International Science and Engineering (OISE) (B)	47.079	12,098		12,098
Total - National Science Foundation		**6,473,589**	**1,026,154**	**7,499,743**
ENVIRONMENTAL PROTECTION AGENCY				
ENVIRONMENTAL PROTECTION AGENCY				
AA96055301	66.		76,135	76,135
ENVIRONMENTAL PROTECTION AGENCY				
Federal Pass Through				
CY07PRWQIP03	66.	-		-
CON00743	66.		10,006	10,006
Surveys, Studies, Investigations and Special Purpose Grants	66.606			-
Federal Pass Through	66.606	862		862
OFFICE OF WATER				
Nonpoint Source Implementation Grants	66.460			-
Federal Pass Through	66.460			-
Capitalization Grants for Drinking Water State Revolving Funds	66.468			-
Federal Pass Through	66.468		3,579	3,579
OFFICE OF RESEARCH AND DEVELOPMENT				
Environmental Protection Consolidated Research	66.500	625		625
P3 Award	66.516		6,477	6,477
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE				
State Underground Storage Tanks Program	66.804			-

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YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
ENVIRONMENTAL PROTECTION AGENCY (Continued)				
Federal Pass Through	66.804		3,983	3,983
Total - Environmental Protection Agency		**1,487**	**100,180**	**101,667**
DEPARTMENT OF ENERGY				
DEPARTMENT OF ENERGY				
00004544 A6	81.	4,376		4,376
00028298	81.	96,336		96,336
00037899	81.	1,510		1,510
DEFG0203ER41270	81.	34,803		34,803
TO00044	81.	497		497
NSAULG DoE-NEED Program	81.		1,928	1,928
DEPARTMENT OF ENERGY				
Federal Pass Through				
604006	81.		(143)	(143)
604006004IF	81.		3,113	3,113
T.O. 06 00042246	81.		361,101	361,101
TO6	81.		1,195,105	1,195,105
NASULGC PacNW EERE	81.	24,999		24,999
25-3208-0005-002	81.	5,613		5,613
00042246 TO34	81.	1,302		1,302
00032856	81.	14,711		14,711
GG6507WB36580	81.	15,135		15,135
SMSUOI4101	81.	29,124		29,124
42246 TO 03	81.	61,150		61,150
TO27	81.	43,747		43,747
TO22	81.	5,947		5,947
T.O. 15 00042246	81.	1,337		1,337
04-251B	81.	33,359		33,359
04-251B	81.	37,842		37,842
TO 31	81.	1,219		1,219
10553-20763	81.	5,476		5,476
39103	81.	81,263		81,263
04-251B	81.	48,050		48,050
04-251B	81.	39,377		39,377
04-251B	81.	17,566		17,566
TO30	81.	13,079		13,079
TO32	81.	4,841		4,841
TO16 42246	81.	620,776		620,776
00042246 T.O.17	81.	6,698		6,698
TO39	81.	6,916		6,916
03-124	81.	-		-
4000060627	81.	53,232		53,232
TO 0020	81.	(107)		(107)

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YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF ENERGY (Continued)				
TO00021	81.	78,595		78,595
TO37	81.	5,888		5,888
ORISE- Medical Informatics	81.	6,662		6,662
Kootenai Tribe Part IV Oper Loss	81.	34,442		34,442
200101100UNIVERSITYFY08	81.	43,958		43,958
SMSUOI4101	81.	25,054		25,054
TO33	81.	1,147		1,147
35481	81.	106,765		106,765
TO23	81.	9,544		9,544
00042246 TO00005	81.	15,013		15,013
TO26	81.	13,000		13,000
TO 31	81.	47,610		47,610
00042246 TO31	81.	48,318		48,318
TO25	81.	80,970		80,970
TO25	81.	27,860		27,860
TO00026A002	81.	16,728		16,728
T.O. 29	81.	11,048		11,048
604006402	81.	13,624		13,624
604006401	81.	1,809		1,809
15692	81.	3,098		3,098
TO23	81.	36,971		36,971
TO36	81.	44,684		44,684
TO38	81.	35,781		35,781
TO40	81.	52,453		52,453
T041	81.	26,617		26,617
53695 RELEASE 1	81.	153,163		153,163
TO 13 UNDER 00042246	81.	28,647		28,647
T.O. 19 UNDER 00042246	81.	37,366		37,366
TO24	81.	27,732		27,732
TO28	81.	1,874		1,874
TO35	81.	23,709		23,709
NASULGC Science of Motion Training	81.		3,800	3,800
WSU WA Ferries Biodiesel	81.	15,593		15,593
IF&G Mitigation of Nutrient Loss	81.	10,156		10,156
IF&G Genetic Studies FY09	81.	56		56
CRITFC Genetic Analysis OE	81.	39,139		39,139
OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY				
Regional Biomass Energy Programs	81.079			-
Federal Pass Through	81.079	17,359		17,359
Energy Efficiency & Renewable Energy Information Dissemination, Outreach, Training & Tech Analysis/Assistance	81.117			-
Federal Pass Through	81.117			-
State Energy Program Special Projects	81.119			-
Federal Pass Through	81.119			-

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FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF ENERGY (Continued)				
OFFICE OF SCIENCE				
Office of Science Financial Assistance Program	81.049	308,876		308,876
Federal Pass Through	81.049	122,533		122,533
Office of Science and Technology for Environmental Management	81.104			-
Federal Pass Through	81.104	70,277	51,559	121,836
OFFICE OF FOSSIL ENERGY				
Fossil Energy Research & Development	81.089			-
Federal Pass Through	81.089	93,025		93,025
NUCLEAR SECURITY ADMINISTRATION				
Defense Nuclear Nonproliferation Research	81.113			
Federal Pass Through	81.113	60,976		60,976
OFFICE OF NUCLEAR ENERGY				
Nuclear Energy Research, Development & Demonstration	81.121	210,306		210,306
Federal Pass Through	81.121	12,771		12,771
Total - Department of Energy		**3,331,371**	**1,616,463**	**4,947,832**
DEPARTMENT OF EDUCATION				
DEPARTMENT OF EDUCATION				
Federal Pass Through				
108028	84.		343,334	343,334
107174	84.		4,878	4,878
108003	84.		7,834	7,834
Department of Education				
Federal Pass Through	84.928A		67,095	67,095
OFFICE OF INNOVATION AND IMPROVEMENT (OII)				
Transition to Teaching	84.350			-
Federal Pass Through	84.350		6,091	6,091
OFFICE OF VOCATIONAL AND ADULT EDUCATION				-
Adult Education - State Grant Program	84.002			-
Federal Pass Through	84.002			-
OFFICE OF STUDENT FINANCIAL ASSISTANCE				
Federal Supplemental Educational Opportunity Grants	84.007		505,959	505,959
Federal Work-Study Program	84.033		549,807	549,807
Federal Perkins Loan Program-Federal Capital Contributions	84.038		-	-
Federal Pell Grant Program	84.063		8,948,161	8,948,161
Leveraging Educational Assistance Partnership (Former SSIG)	84.069		141,585	141,585
Federal Direct Loan	84.268		46,320,053	46,320,053
SMART	84.376		560,148	560,148

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FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF EDUCATION (Continued)				
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES				
Special Education Grants to States	84.027			-
Federal Pass Through	84.027		438,899	438,899
Federal Pass Through	84.027A		200,803	200,803
Assistive Technology	84.224		378,950	378,950
Rehabilitation Services Demonstration and Training Program	84.235		154,528	154,528
Division of Monitoring and State Improvement	84.323			-
Federal Pass Through	84.323		100,646	100,646
Special Education: Technical Assistance & Dissemination to Improve Services & Results for Children with Disabilities	84.326		83,339	83,339
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION				
TRIO - Student Support Services	84.042			-
TRIO - Student Support Services	84.042A		263,012	263,012
TRIO - Talent Search	84.044		336,024	336,024
TRIO - Upward Bound	84.047		641,810	641,810
TRIO - Upward Bound	84.047A		183,471	183,471
TRIO - Upward Bound	84.047M		120,057	120,057
TRIO: Educational Opportunity Centers	84.066		244,903	244,903
Higher Education_TRIO Staff Training Program	84.103		-	-
Fund for the Improvement of Postsecondary Education	84.116	288,158	134,424	422,581
TRIO _ McNair Post-Baccalaureate Achievement	84.217		208,417	208,417
Teacher Quality Enhancement Grants for States & Partnerships	84.336			-
Federal Pass Through	84.336			-
Learning Anytime Anywhere Partnerships	84.339	(3,029)		(3,029)
Preparing Tomorrow's Teachers to Use Technology	84.342		(3,861)	(3,861)
OFFICE OF ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION				
Vocational Education - Basic Grants to States	84.048			-
Federal Pass Through	84.048		173,145	173,145
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION				
Migrant Education-College Assistance Migrant Program	84.149		363,166	363,166
Even Start - State Educational Agencies	84.213			-
Federal Pass Through	84.213		120,863	120,863
Comprehensive School Reform Demonstration	84.332			-
Federal Pass Through	84.332			-
Mathematics and Science Partnerships	84.366			-
Federal Pass Through	84.366		40,845	40,845
Improving Teacher Quality State Grants	84.367			-
Federal Pass Through	84.367		141,867	141,867
OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT				
Fund for the Improvement of Education	84.215		149,221	149,221

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF EDUCATION (Continued)				
Federal Pass Through	84.215		4,221	4,221
Total - Department of Education		**285,129**	**61,933,695**	**62,218,823**
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
1RO1GM61920-01	93.	227,524		227,524
5P20RR01645406	93.	362,167		362,167
5P20RR01645406	93.	(0)		(0)
5P20RR01645406	93.	-		-
5P20RR01645406	93.	-		-
467MZ700828	93.		10,000	10,000
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Federal Pass Through				
HC558200	93.		2,996	2,996
100725G002268	93.	13,033		13,033
409036	93.	20,915		20,915
PREVENTATIVE HEALTH AGREEMENT	93.		(254)	(254)
Disease Prevention and Health Promotion Services	93.043			-
Federal Pass Through	93.043		7,745	7,745
HEALTH RESOURCES AND SERVICES ADMINISTRATION				
Model State-Supported Area Health Education Centers	93.107			-
Federal Pass Through	93.107		2,035	2,035
ADMINISTRATION FOR CHILDREN AND FAMILIES				
Temporary Assistance for Needy Families	93.558			-
Federal Pass Through	93.558		3,512	3,512
Child Care and Development Block Grant	93.575			-
Federal Pass Through	93.575		3,089,252	3,089,252
Developmental Disabilities Basic Support & Advocacy Grants	93.630			-
Federal Pass Through	93.630	19,454	10,000	29,454
Developmental Disabilities Projects of National Significance	93.631		219,531	219,531
Developmental Disabilities University Affiliated Programs	93.632		487,444	487,444
NATIONAL INSTITUTES OF HEALTH				
Institute of Environmental Health Services	93.113	157,683		157,683
Mental Health Research Grants	93.242	106,215		106,215
Research Infrastructure	93.389	6,362,487		6,362,487
Federal Pass Through	93.389			-

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Digestive Diseases and Nutrition Research	93.848			-
Federal Pass Through	93.848	26,915		26,915
Extramural Research Programs in the Neurosciences & Neurological Disorders	93.853	386		386
Allergy, Immunology and Transplantation Research	93.855	382,088		382,088
Federal Pass Through	93.855	104,874		104,874
Microbiology and Infectious Diseases Research	93.856	82,813		82,813
Federal Pass Through	93.856	311,989		311,989
Biomedical Research and Research Training	93.859	916,134		916,134
Genetics and Developmental Biology Research	93.862	260,643		260,643
Vision Research	93.867	226,088		226,088
HEALTH CARE FINANCING ADMINISTRATION				
Medical Assistance Program	93.778			-
Federal Pass Through	93.778		42,408	42,408
Health Care Financing Research Demonstrations and	93.779			-
Federal Pass Through	93.779		11,139	11,139
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION				
Block Grants for Prevention and Treatment of Substance Abuse	93.959			-
Federal Pass Through	93.959	162		162
CENTERS FOR DISEASE CONTROL AND PREVENTION				
Preventive Health and Health Services Block Grant	93.991			-
Federal Pass Through	93.991		13,899	13,899
Total Department of Health and Human Services		**9,581,570**	**3,899,707**	**13,481,277**
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Americorps	94.006			-
Federal Pass Through	94.006		10,007	10,007
Training and Technical Assistance	94.009			-
Federal Pass Through	94.009		7,028	7,028
Total Corporation for National and Community Service		**-**	**17,035**	**17,035**
DEPARTMENT OF HOMELAND SECURITY				
Emergency Management Performance Grants	97.042			-
Federal Pass Through	97.042		18,614	18,614
Total - Department of Homeland Security		**-**	**18,614**	**18,614**
DEFENSE THREAT REDUCTION AGENCY				
Defense Threat Reduction Agency	99.	140,728		140,728
Total - Defense Threat Reduction Agency		**140,728**	**-**	**140,728**

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	RESEARCH EXPENDITURES	NON-RESEARCH EXPENDITURES	TOTAL EXPENDITURES
OPEN WORLD LEADERSHIP CENTER				
Open World Leadership Center				
	99.			-
	99.			-
Total - Open World Leadership Center		-	-	-
PENDING FEDERAL PASS THROUGH				
Unknown Federal Agency				
Federal Pass Through				
MILTEC04C0023	99.	20,622		20,622
WC061000	99.		3,142	3,142
EARLYSETUP	99.		153	153
EARLY SET-UP	99.		489	489
EARLY SET-UP	99.		300	300
EARLY SETUP	99.		60	60
2006WLAX0062	99.		28,855	28,855
Total - Unknown Federal Agency		**20,622**	**32,999**	**53,621**
TOTAL FEDERAL FINANCIAL ASSISTANCE		**$ 45,526,471**	**$ 79,702,714**	**$ 125,229,185**

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

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 $11,804,284 and $2,078,328 for the year ended June 30, 2008

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:

University of Idaho

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

FEDERAL GRANT/PROGRAM TITLE	FEDERAL CFDA NUMBER	PAYMENTS TO SUBRECIPIENTS
DEPARTMENT OF AGRICULTURE		
DEPARTMENT OF AGRICULTURE		
NRCS 683A755236	10.	$ 68,397
5853257591	10.	12,000
DEPARTMENT OF AGRICULTURE		
Federal Pass Through		
2007 COST SHARE FUNDS	10.	10,000
AGRICULTURE RESEARCH SERVICE		
Agricultural Research-Basic and Applied Research	10.001	9,550
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE		
Grants for Agricultural Research, Special Research Grants	10.200	650,130
Federal Pass Through	10.200	49,588
Grants for Agricultural Research, Competitive Research	10.206	9,188
Higher Education Challenge Grants	10.217	71,230
Integrated Programs	10.303	270,322
Federal Pass Through	10.303	6,994
Cooperative Extension Service	10.500	142,664
Federal Pass Through	10.500	43,481
FOREST SERVICE		
Cooperative Forestry Assistance	10.664	42,340
Rural Development, Forestry, and Communities	10.672	3,231
DEPARTMENT OF DEFENSE		
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY		
Basic and Applied Scientific Research	12.300	321,910
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY		
Research and Technology Development	12.910	364,812
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grants/Economic Development Initia	14.246	674,347
DEPARTMENT OF THE INTERIOR		
DEPARTMENT OF INTERIOR		
AG7C5000738	15.	10,000
DEPARTMENT OF INTERIOR		
Federal Pass Through		
2007 COST SHARE FUNDS	15.	30,000
GEOLOGICAL SURVEY		
Assistance to State Water Resources Research Institutes	15.805	22,780
Geological Survey Research and Data Acquisition	15.808	15,121

DEPARTMENT OF THE INTERIOR (Continued)		
DEPARTMENT OF TRANSPORTATION		
Federal Pass Through		
SPR2005(032) #9666	20.	18,331
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION		
University Transportation Centers Program	20.701	795
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
NNG04GJ53G	43.	57,461
NNG04GM37G	43.	83,619
NNX07AL05A	43.	6,049
NNX07AT60A	43.	51,736
NCC5577	43.	29,361
NCC5577	43.	208,206
Aerospace Education Services Program	43.001	139,048
NATIONAL SCIENCE FOUNDATION		
Biological Sciences	47.074	37,812
Education and Human Resources	47.076	1,113,431
ENFIRONMENTAL PROTECTION AGENCY		
AA96055301	66.000	43,123
DEPARTMENT OF ENERGY		
00028298	81.000	88,434
DEPARTMENT OF ENERGY		
Federal Pass Through		
TO16 42246	81.000	20,000
DEPARTMENT OF ENERGY (Continued)		
OFFICE OF ENERGY RESEARCH		
Federal Pass Through	81.049	3,920
DEPARTMENT OF EDUCATION		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES		
Assistive Technology	84.224	75,732
Special Projects and Demonstrations for Providing	84.235	66,188
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION		
Fund for the Improvement of Postsecondary Education	84.116	7,871
OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT		
Fund for the Improvement of Education	84.215	43,665
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
5P20RR01645406	93.	397,523

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)		
ADMINISTRATION FOR CHILDREN AND FAMILIES		
Child Care and Development Block Grant		
Federal Pass Through	93.575	1,477,514
NATIONAL INSTITUTES OF HEALTH		
Environmental Health	93.113	44,449
Mental Health Research Grants	93.242	85,364
National Center for Research Resources	93.389	2,100,256
Genetics and Developmental Biology Research	93.862	
TOTAL FEDERAL FINANCIAL ASSISTANCE TO SUBRECIPIENTS		$ 9,027,973

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