

University of Idaho

FINANCIAL STATEMENTS FOR THE YEARS
ENDED JUNE 30, 2012 AND 2011 AND
REPORT OF INDEPENDENT AUDITORS

INCLUDING SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS AND SINGLE AUDIT
DOCUMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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REPORT OF INDEPENDENT AUDITORS

Idaho State Board of Education
University of Idaho
Moscow, Idaho

We have audited the accompanying financial statements of the University of Idaho (the University), the discretely presented component unit, and the aggregate remaining fund information of the University of Idaho, as of and for the years ended June 30, 2012 and 2011, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the University of Idaho Foundation, a discretely presented component unit as described in Note 20, or the University of Idaho Health Benefits Trust, a fiduciary fund, as described in Note 13. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit and the University of Idaho Health Benefits Trust, are based solely on the reports of other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Idaho, its discretely presented component unit, as of June 30, 2012 and 2011, and the aggregate remaining fund information of the University of Idaho, as of December 31, 2011 and 2010, and the respective changes in its financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2012, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

MOSS ADAMS_{LLP}

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3 through 14 and certain information in Note 15, *Postemployment Benefits (Other Than Pensions) and Retiree Benefits Trust*, that is labeled as "required supplementary information" be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Idaho's financial statements. The schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Eugene, Oregon
September 27, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

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

Overview

The Management's Discussion and Analysis is designed to provide an easy to read analysis of the University's financial condition, results of operations and cash flows based on facts, decisions and conditions known at the date of the auditor's reports. The emphasis of this discussion of the financial performance of the University is for the current year, June 30, 2012.

The discussion and analysis that follows provides an overview of the University's financial activities for the fiscal year ended June 30, 2012 in comparison to 2011 and 2010. 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.

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

Statement of Net Assets

The statement of net assets outlines the University's financial condition at fiscal year end. This is a point-in-time financial statement and presents end-of-year data concerning assets, liabilities and net assets. From the data

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

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:

1. 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.
2. Restricted Nonexpendable - the corpus of nonexpendable restricted resources is available only for investment purposes. These assets are held in perpetuity.
3. 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.
4. Unrestricted - may be expended for any lawful purpose of the University.

Condensed Statement of Net Assets			
Fiscal Years Ended June 30			
(Dollars in 000's)			
<u>ASSETS</u>	2012	2011	2010
Current assets	\$ 48,726	\$ 88,575	\$ 69,459
Capital assets - net	396,636	393,825	381,501
Other noncurrent assets	157,864	124,037	137,581
Total Assets	<u>\$ 603,226</u>	<u>\$ 606,437</u>	<u>\$ 588,541</u>
<u>LIABILITIES</u>			
Current liabilities	\$ 47,026	\$ 50,117	\$ 48,507
Noncurrent liabilities	152,609	153,965	159,748
Total Liabilities	<u>\$ 199,635</u>	<u>\$ 204,083</u>	<u>\$ 208,255</u>
<u>NET ASSETS</u>			
Total net assets	<u>\$ 403,591</u>	<u>\$ 402,354</u>	<u>\$ 380,286</u>
Total liabilities and net assets	<u>\$ 603,226</u>	<u>\$ 606,437</u>	<u>\$ 588,541</u>

Total assets for the University ended fiscal year 2012 at \$603.2M, essentially in line with prior year of \$606.4M. Current assets decreased \$39.8M, or -45%, to \$48.7M, with the majority of the decrease being driven by an overall

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

net decrease of \$38.6M in cash and cash equivalents. Cash and cash equivalents were materially influenced by a planned strategic shift in fiscal year 2012 from cash into long-term higher yielding investments. In fiscal year 2011, the University was actively involved in transferring its investment management oversight to a different professional firm which resulted in the sale of all existing investments and the temporary reinvestment into shorter term, lower-yielding investments with strict principle protection. In fiscal year 2012, a more strategic long-term investment plan was implemented that set forth certain annual financial targets to maximize investment coupon yields while minimizing investment principle risk where possible. This strategy proved very successful with combined investment income and realized gains from strategic investment repositioning substantially exceeding operational budgets by approximately \$1.2 million, or 86%.

Noncurrent assets increased \$36.6M, or 7%, to \$554.5M in fiscal year 2012 primarily due to a \$48.5M increase in long-term investments, and an \$11.0M reduction in restricted cash and cash equivalents. The increase in long-term investments represents the strategic shift, executed in 2012, into higher yielding investments designed to meet certain annual financial interest income goals. The reduction in restricted cash and cash equivalents is due to spending previously borrowed bond proceeds on certain capital projects during 2012.

Current liabilities decreased \$3.1M, or -6%, to \$47.0M in fiscal year 2012 primarily due to a \$5.4M decrease in accounts payable and a \$1.0M decrease in deferred revenue, offset by a \$1.3M increase in accrued salaries and benefits payable and a \$1.2 million increase in the current portion of notes and bonds payable. The \$5.4M decrease in accounts payable was influenced primarily by the final construction completion and payment of certain capital assets improvements to the Kibbie Dome and the University's track and field sports complex.

Noncurrent liabilities decreased \$1.4 M, or -1%, to \$152.6M over the year due primarily to a \$1.5M reduction in notes and bonds payable resulting from \$5.8M of scheduled principle debt payments offset by \$4.3M of short-term bank borrowings to complete certain capital assets improvements to the Kibbie Dome and the University's track and field sports complex. In fiscal year 2012, the University did not execute any new bond offerings nor secure any additional credit lines from banks. Overall total liabilities decreased \$4.4M, or -2%, to \$199.6M and net assets increased by \$1.2M to \$403.6M in fiscal year 2012.

Statement of Revenues, Expenses and Changes in Net Assets

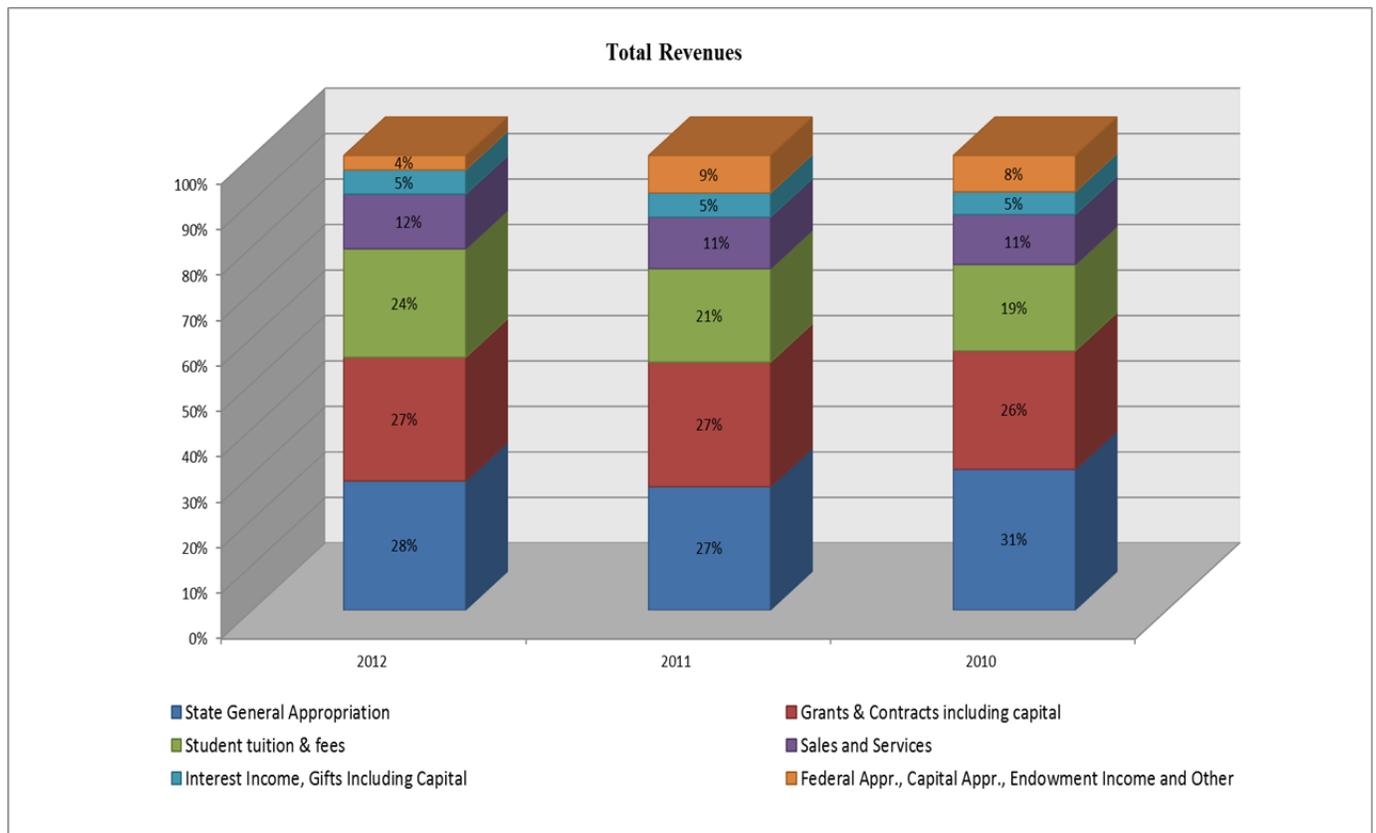
The statement of revenues, expenses and changes in net assets presents the revenues earned and expenses incurred during the year, classifying activities as either operating or non-operating. The GASB 34 reporting model classifies state appropriations, gifts, federal appropriations, and investment income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

Operating revenues are derived from exchange transaction activities associated with providing goods and services for instruction, research, public service or related support to entities separate from the university. Examples include student tuition and fees, sales and services, grants and contracts. Operating expenses are those expenses paid to acquire or produce the goods and services provided to carry out the functions of the University. Examples include

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

salaries, benefits, scholarships, and purchases of supplies. Non-operating revenues are primarily derived from activities that are non-exchange transactions, e.g., gifts and contributions; and from sources defined as such by GASB Statement No. 9, e.g., investment income; and from sources defined as such by GASB Statement Nos. 33 and 34, e.g., state and federal appropriations.

When comparing all of the University's sources of revenue in 2012, as shown in the chart below, state appropriations account for 28% of the total revenue received while grants and contracts, and student tuition and fees were 27% and 24% of the total, respectively.



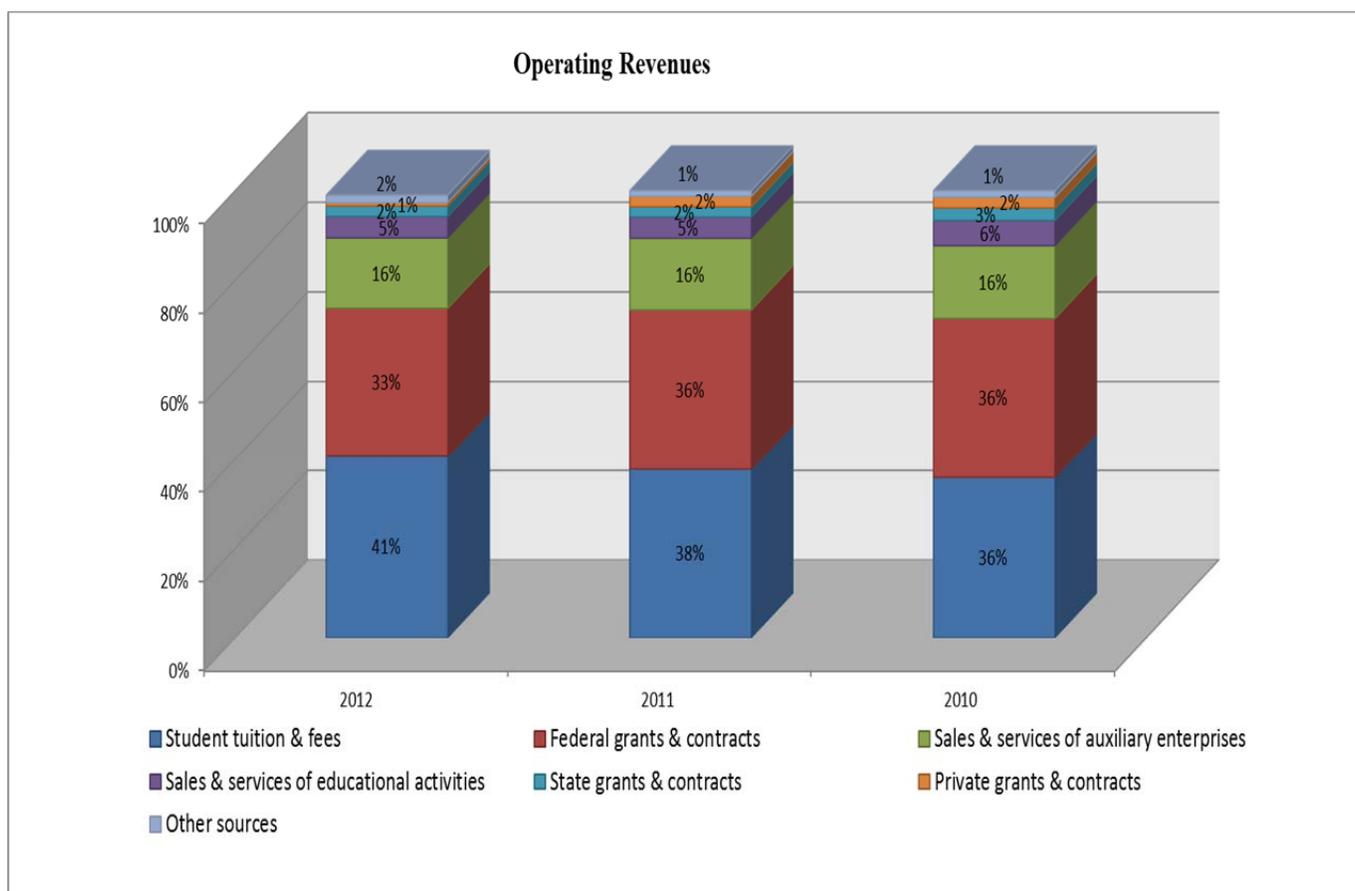
MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Condensed Statement of Revenues, Expenses and Changes in Net Assets			
Fiscal Years Ended June 30			
(Dollars in 000's)			
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating revenues	\$ 216,062	\$ 208,428	\$ 181,537
Operating expenses	<u>358,397</u>	<u>354,207</u>	<u>343,883</u>
Operating loss	(142,335)	(145,779)	(162,346)
Net nonoperating revenues	<u>139,310</u>	<u>156,696</u>	<u>158,282</u>
Gain (loss) before other revenues	(3,025)	10,917	(4,065)
Other revenues	<u>4,262</u>	<u>11,151</u>	<u>11,551</u>
Increase in net assets	1,237	22,068	7,486
Net assets - Beginning of year	<u>402,354</u>	<u>380,286</u>	<u>372,800</u>
Net assets - End of year	<u>\$ 403,591</u>	<u>\$ 402,354</u>	<u>\$ 380,286</u>

The statement of revenues, expenses and changes in net assets details the \$1.2M increase in net assets for fiscal year 2012. As shown in the chart above, operating revenues increased \$7.6M, or 4%, to \$216M in fiscal year 2012 due primarily to increases in student tuition and fees and educational and auxiliary enterprise sales and services, offset by a small reduction in federal, state, and private grants. Student tuition and fees, net of scholarship allowances, increased \$9.0M due largely in part to a 8.5% increase in resident undergraduate fee rates, a 10% increase in resident graduate fee rates, and an 8% increase in non-resident fees. New and existing program fees also contributed an additional \$1.2M in revenues for fiscal year 2012 as compared to 2011 with continued success emanating from our national reputation in delivering high quality, professional degreed and non-degreed programs such as our Executive MBA program and our Public Utilities Executive Course. Total full-time equivalent student enrollments also experienced growth near 1% with gains made at both the undergraduate and graduate levels. Federal, state, and private grants and contracts revenue remained consistently strong at \$81M in fiscal year 2012. Sales and services of auxiliary enterprises increased \$602k, or 2%, to \$34M while sales and services of educational activities increased \$387k, or 4%, to \$10.2M.

In fiscal year 2012, as shown in the graph below, approximately 90% of total operating revenues were generated from three key revenue sources. Student tuition and fees accounted for 41% of total operating revenues while federal grants and contracts accounted for 33% and sales of auxiliary activities covers 16%. All other categories account for 5% or less.

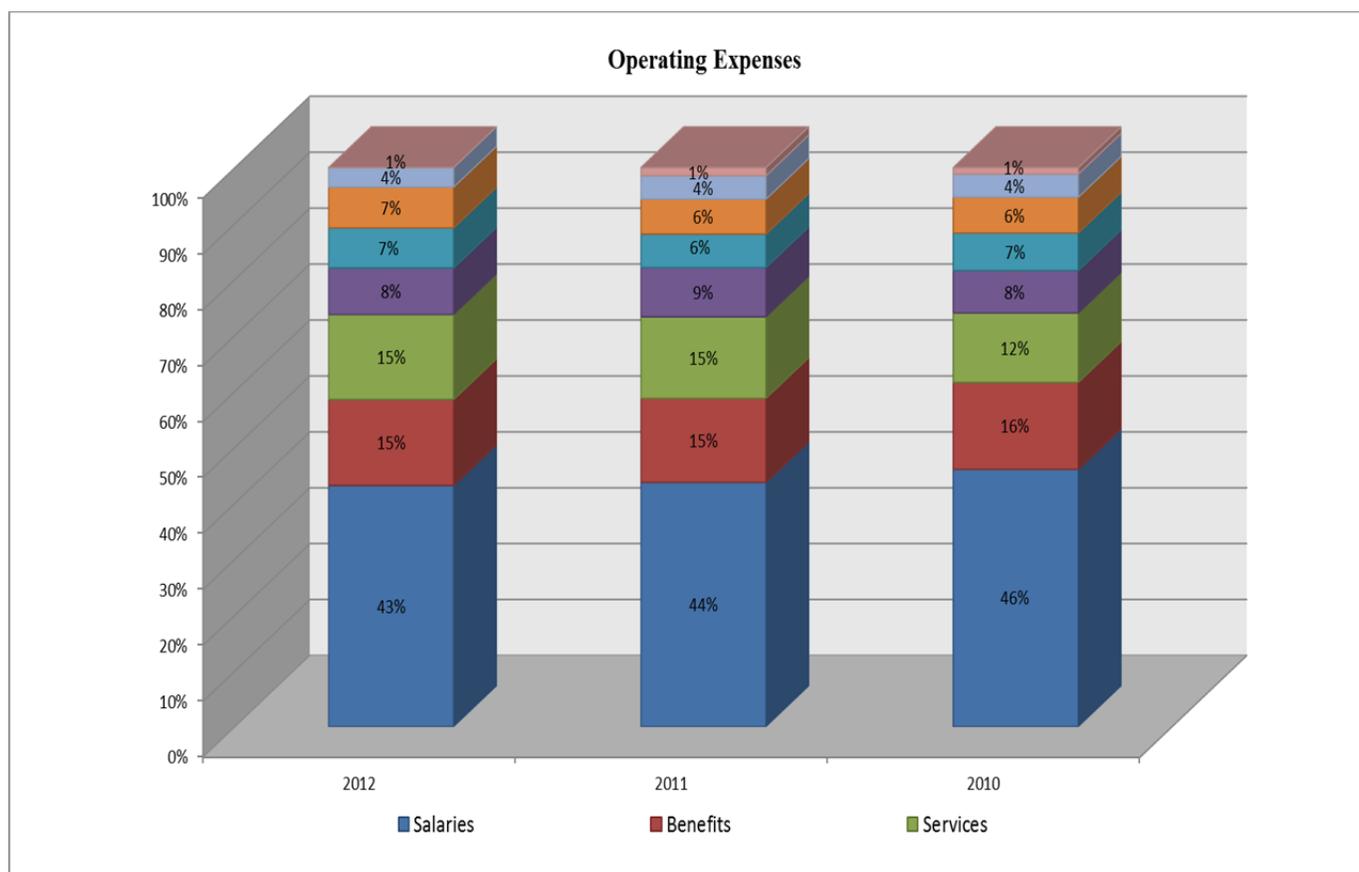
MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012



Operating expenses increased only marginally by \$4.2M, or 1%, to \$358.4M in fiscal year 2012. Total personnel costs of \$209.7M in fiscal year 2012 remained fairly consistent with 2011 levels of \$208.0M due mainly to continued compensation wage containments and strategic delays in filling open faculty and staff positions in fiscal year 2012. The increase in services expense is closely tied to grants and contract related expenditures associated with the academic research arm of the University. Total operating loss showed positive improvement by \$3.4M, or 2%, to \$142.3M in fiscal year 2012, compared with \$145.8M in fiscal year 2011. These gains in operational fiscal performance are consistent with the University's leadership commitment to continuously examine and restructure academic and administrative programs and services where prudent, strategically monitor employment staffing levels, scrutinize capital improvement activities, and meticulously contain costs where possible.

In fiscal year 2012, as shown in the graph below, approximately 81% of total operating expenses were generated from three key expenditure sources. Total personnel costs (salaries and benefits) accounted for 58% of total operating expenses while services expenditures accounted for 15% and scholarships and fellowships expenses covered 8%. All other categories account for 6% or less.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012



Nonoperating revenues, net of interest expense, decreased by \$17.4M, or -11%, to \$139.3M in fiscal year 2012. State appropriation revenues, including land grant endowment income, decreased by \$3.0M, or -2.8%, to \$107.0M, due to reduced State funding on general education initiatives. Federal appropriations decreased \$1.3M, or -25%, primarily due to new awards and continuing programs being funded at reduced levels. Gifts, including those provided by the University's Foundation, increased by \$1.2M, or 8%, to \$16.5M in fiscal year 2012 due to the successful efforts involved in the \$225 million multi-year capital fund-raising campaign. Net investment income dropped \$419k, or -23%, to \$1.4M in fiscal year 2012 due to significantly lower interest rate yields on high quality investments given depressed financial market conditions. Assets held by the Foundation for the University as part of the overall consolidated investment trust decreased in market value by \$3.3 M, or -4%, to \$74.9M in fiscal year 2012 due to weaker domestic and global financial equity market conditions. Interest expense on long-term debt increased \$2.4M to \$8.1M due to higher interest costs associated with the 2011 bond series, as compared to the refunded 2007A series, and the additional interest costs due to notes payable bank borrowings in 2012 required to successfully complete the new Kibbie Dome seating project and the complete renovation of the University's track and field complex. Other sources of revenues also contributed \$2.0M during fiscal year 2012, positively influenced by 1-time events such as the \$880k of insurance proceeds awarded to the University due to the Navy ROTC building being completely destroyed by fire in fiscal year 2011 as well as a \$150K payment by the City of Moscow to the University for a property easement right-of-way. The Idaho Department of Public Works provided \$2.1M of

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

capital project resources while the University's Foundation also contributed \$1.4M in capital gifts.

Overall, net assets increased by \$1.2M to \$403.6M in fiscal year 2012, as compared to an increase of \$22.1M in fiscal year 2011. However, it is important to note that when you eliminate the financial impact of two key non-operating revenue sources that are highly variable and essentially outside the normal operational control and influence of University management that the overall increase in net assets in fiscal year 2012 are very consistent with fiscal year 2011.

	<u>FY 2012</u>	<u>FY2011</u>	<u>FY2010</u>
Change in value of assets held in trust for University	(\$ 3.2M)	\$ 10.4M	\$ 5.4M
Capital projects revenue from Idaho Dept. of Public Works	\$ 2.1M	\$ 7.8M	\$ 8.3M

Eliminating the financial impact of the above non-operating revenue sources results in an adjusted increase in net assets of \$2.5M in fiscal year 2012, \$3.9M in fiscal year 2011, and (\$ 6.2M) in fiscal year 2010.

Statement of Cash Flows

The statement of cash flows presents detailed information about the cash activities of the University during the year ended June 30, 2012. The statement is divided into five parts. The first part details operating cash flows and the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Condensed Statement of Cash Flows			
Fiscal Years Ended June 30			
(Dollars in 000's)			
Cash provided (used) by:	2012	2011	2010
Operating activities	\$ (123,381)	\$ (125,860)	\$ (140,060)
Noncapital financing activities	148,086	150,330	154,896
Capital and related financing activities	(28,475)	(35,304)	(21,157)
Investing activities	(45,906)	18,730	21,873
Net change in cash	(49,676)	7,896	15,552
Cash beginning of the year	65,287	57,391	41,839
Cash end of the year	<u>\$ 15,611</u>	<u>\$ 65,287</u>	<u>\$ 57,391</u>

Operating activities used \$123.4M in cash during fiscal year 2012, resulting in a marginal decrease of only \$2.5M, or -2%, from fiscal year 2011 levels. Non-capital financing activities provided \$148.1M in cash during fiscal year 2012, also resulting in a marginal decrease of only \$2.2M, or -2%, from fiscal year 2011. This reduction was caused primarily by the \$3M reduction in state appropriations for general educational initiatives. Capital and related financing activities used \$28.5M of cash in fiscal year 2012, a decrease of \$6.8M, or -19%, due mostly to lower capital asset appropriations from the Idaho Department of Public Works and less internally funded capital asset purchases. There were no new bond proceeds generated in fiscal year 2012 or 2011. Investing activities used \$45.9M in cash in fiscal year 2012, as compared to providing \$18.7M in fiscal year 2011. This material use of cash in the current year correlates very closely to the \$48M increase in long-term investments as of fiscal year end 2012 resulting from the strategic shift to invest our excess cash into higher yielding investments designed to meet certain annual financial interest income goals.

Capital Assets and Debt Management

The University had \$741.2M and \$718.3M of capital assets at June 30, 2012 and 2011 respectively, with accumulated depreciation of \$344.6M and \$324.5M respectively. The major categories and associated value of capital assets as well as accumulated depreciation at June 30, 2012, 2011 and 2010 are illustrated in the chart below.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Capital Assets			
Fiscal Years Ended June 30			
(Dollars in 000's)			
<u>Capital Asset at Cost</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Buildings and improvements	\$ 548,132	\$ 522,949	\$ 467,312
Equipment	88,855	85,595	84,144
Construction in progress	7,763	16,984	48,509
Library materials	74,854	71,389	67,682
Capitalized collections	2,259	2,204	2,176
Land	<u>19,375</u>	<u>19,220</u>	<u>18,768</u>
Total Capital Assets	<u>\$ 741,238</u>	<u>\$ 718,341</u>	<u>\$ 688,591</u>
<u>Accumulated Depreciation</u>			
Building and improvements	\$ 212,857	\$ 199,427	\$ 188,184
Equipment	73,451	69,601	66,260
Library materials	<u>58,294</u>	<u>55,488</u>	<u>52,646</u>
Total Accumulated Depreciation	<u>\$ 344,602</u>	<u>\$ 324,516</u>	<u>\$ 307,090</u>

At June 30, 2012 and 2011, the University had debt (or similar long-term obligations) of \$158.7M and \$158.8M respectively. During fiscal year 2012, the University signed a new master lease agreement with Dell Financial Services, LLC, the computer-related equipment financing arm of Dell Corporation. This agreement provides the University with an additional, cost-effective, financial option when deciding how to strategically fund key operational and academic research-related computer equipment purchases. During fiscal year 2012, the University executed three new capital leases under this agreement totaling in excess of \$400k, all with very favorable leasing rates ranging from 0% to 4%. In fiscal year 2012, the University did not execute any new bond offerings, nor refinance any existing bond debt, nor secure any additional credit lines from banks or other financial institutions.

Economic Outlook

The economic downturn that began some 4 years ago has continued to have negative effects on the State of Idaho's financial condition. Although there were solid signs in fiscal year 2012 and 2011 that that State is recovering, there continues to exist a systemic resistance to full economic recovery both at the local, state, and national level. In fiscal year 2012, the University received approximately \$3 million less in state appropriations for general education compared to the prior year. In addition, Federal appropriations and grant awards are being funded at reduced levels. The forecast for improved economic growth for the State over the next few years is optimistic but remains cautiously guarded. Continued national and global factors such as the current European economic crisis, high

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

unemployment and gas prices, and ever expanding U.S. federal debt levels will continue to strain significant growth efforts. Fiscal efforts at the state and national level to sustain and potentially increase the funding levels for higher education are promising; however, positive improvements in the local and state economy need to solidify further to provide much needed stable and dependable state tax revenues.

In response to these continued fiscal challenges, the University's leadership has taken proactive measures over the past 2 to 3 years across the main campus and satellite campuses to help mitigate the negative effects as well as reposition much needed fiscal resources to critical academic, student services, and administrative areas. Senior leadership continues to actively plan for future state funding scenarios, both positive and negative, and is well prepared to successfully address them as they materialize.

Increased investment in strategic enrollment efforts over the past two years continued to show positive results with Fall 2011 enrollments increasing over prior year to some 12,300 students across all 5 statewide campuses. Successful student retention efforts also allowed both the Spring and Summer 2012 terms to exceed the prior year enrollment levels at both the undergraduate and graduate levels. Similar positive growth was experienced in residential housing and meal plan participants.

The University continues to excel as a national leader in high quality academic research. Being recognized by the Carnegie Foundation as a high research activity institution, the University was actively engaged in approximately \$80M in sponsored research grant and contract expenditure activities in fiscal year 2012. University efforts toward proactively pursuing new federal, state, industry, and other grants and contracts continue to show our commitment to remain a national leader in academic research. In 2012, approximately \$250M of grant and contract proposals were submitted with successful award realization exceeding \$75 million for a second straight year. In fiscal year 2012, the University's reputation in highly advanced and complex agriculture research was further solidified as it began first year research activities on its \$20M grant with the USDA – National Institute of Food and Agriculture (NIFA) to study "Approaches to Climate Change for Inland Pacific Northwest Agriculture." This 5 year grant, awarded in FY 2011, brings together the collective research expertise from 3 national land grant universities, the University of Idaho, Washington State University, and Oregon State University, with the University of Idaho taking the lead project role in the consortium.

Major capital improvements in 2012 continued to positively enhance the beauty, productivity, and safety on the main campus with final construction efforts being expended on major life safety and interior enhancements to the Kibbie Dome, the track and field sports complex, and various other energy saving improvements across a number of buildings on campus. During fiscal year 2012, approximately \$26M was invested in capital improvements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

capital improvement activities, and meticulously contain costs where possible.

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

University of Idaho

STATEMENT OF NET ASSETS AS OF JUNE 30, 2012 AND 2011

	University of Idaho 2012	University of Idaho 2011	University of Idaho Foundation (note 20) 2012	University of Idaho Foundation (note 20) 2011
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 13,342,778	\$ 51,983,445	\$ 10,541,837	\$ 9,354,794
Due from state agencies	187,516	224,697	-	-
Prepaid expenses	1,364,073	4,023,156	-	-
Investments - Restricted	601,886	602,000	11,153,680	11,667,502
Interest receivable	494,282	453,951	516,538	757,950
Student loans receivable	1,566,780	1,531,195	-	-
Accounts receivable & unbilled charges - net	27,902,779	27,081,924	-	-
Inventories	2,923,300	2,314,196	-	-
Pledges receivable - net	-	-	1,215,450	2,023,978
Notes receivable	342,871	359,970	66,700	66,000
Total Current Assets	<u>48,726,265</u>	<u>88,574,534</u>	<u>23,494,205</u>	<u>23,870,224</u>
NONCURRENT ASSETS				
Restricted cash and cash equivalents	2,267,824	13,303,776	11,402,008	8,188,267
Student loans receivable - net	10,118,259	10,392,076	-	-
Investments - Unrestricted	67,990,342	20,643,978	-	-
Investments - Restricted	1,202,122	-	194,286,707	201,805,823
Assets held in trust by Foundation	74,859,032	78,191,004	-	-
Pledges receivable - net	-	-	2,310,429	3,702,347
Notes receivable	-	-	458,273	528,411
Deferred bond financing costs	1,425,558	1,506,792	-	-
Capital assets	396,636,352	393,825,179	4,306,657	4,359,054
Other noncurrent assets	-	-	303,017	317,252
Total Noncurrent Assets	<u>554,499,489</u>	<u>517,862,805</u>	<u>213,067,091</u>	<u>218,901,154</u>
TOTAL ASSETS	<u>\$ 603,225,754</u>	<u>\$ 606,437,339</u>	<u>\$ 236,561,296</u>	<u>\$ 242,771,378</u>

See notes to financial statements

Continued

University of Idaho

STATEMENT OF NET ASSETS AS OF JUNE 30, 2012 AND 2011

	University of Idaho 2012	University of Idaho 2011	University of Idaho Foundation (note 20) 2012	University of Idaho Foundation (note 20) 2011
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 2,484,563	\$ 7,903,834	\$ 95,424	\$ 83,261
Accrued salaries and benefits payable	18,677,864	17,397,958	-	-
Compensated absences payable	8,959,087	8,364,295	-	-
Trust earnings payable to trust beneficiaries	-	-	6,795,831	6,715,678
Accrued interest payable	1,930,547	1,263,688	-	-
State teacher education loan advance	241,038	236,069	-	-
Deposits	735,164	742,713	-	-
Deferred revenue	7,017,852	8,067,803	-	-
Funds held in custody for others	243,346	250,642	-	-
Obligations under capital leases	140,171	-	-	-
Notes and bonds payable	5,989,900	4,644,344	-	-
Other liabilities	606,230	1,097,519	-	-
Split interest agreements	-	-	1,010,670	1,014,845
Total Current Liabilities	47,025,762	49,968,865	7,901,925	7,813,784
NONCURRENT LIABILITIES				
Obligations under capital leases	147,530	-	-	-
Notes and bonds payable	152,461,587	154,114,643	-	-
Assets held in trust for the University	-	-	74,859,032	78,191,004
Other liabilities	-	-	-	-
Split interest agreements	-	-	5,626,385	5,985,477
Total Noncurrent Liabilities	152,609,117	154,114,643	80,485,417	84,176,481
Total Liabilities	199,634,879	204,083,508	88,387,342	91,990,265
NET ASSETS				
Invested in capital assets - net of related debt	239,981,523	246,836,404	-	-
Restricted for:				
Nonexpendable	74,859,032	78,191,004	110,808,319	111,668,453
Expendable	24,796,022	24,613,253	32,145,781	33,729,970
Unrestricted	63,954,298	52,713,170	5,219,854	5,382,690
Total Net Assets	403,590,875	402,353,831	148,173,954	150,781,113
TOTAL LIABILITIES AND NET ASSETS	\$ 603,225,754	\$ 606,437,339	\$ 236,561,296	\$ 242,771,378

See notes to financial statements

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	University of Idaho 2012	University of Idaho 2011	University of Idaho Foundation (note 20) 2012	University of Idaho Foundation (note 20) 2011
OPERATING REVENUES				
Student tuition and fees including pledged revenues of \$77,929,726 and \$69,717,658 (net of scholarship allowance of \$14,335,844 and \$14,379,843) for FY 2012 and FY 2011 respectively	\$ 87,673,932	\$ 78,626,119	\$ -	\$ -
Federal grants and contracts	71,608,054	74,263,237	-	-
State and local grants and contracts	5,171,783	4,748,152	-	-
Private grants and contracts	3,749,260	4,919,739	-	-
Sales and services of educational activities including pledged revenues of \$10,312,317 and \$9,791,049 for FY 2012 and FY 2011 respectively	10,178,009	9,791,049	-	-
Sales and services of auxiliary enterprises including pledged revenues of \$34,042,490 and \$33,440,256 for FY 2012 and FY 2011 respectively	34,042,492	33,440,256	-	-
Interest on loans receivable	286,986	279,559	-	-
Other sources	3,351,198	2,359,512	228,739	85,539
Gifts	-	-	14,347,596	16,493,221
Total operating revenue	216,061,714	208,427,623	14,576,335	16,578,760
OPERATING EXPENSES				
Salaries	154,706,421	154,818,245	-	-
Benefits	55,017,974	53,212,942	-	-
Services	54,550,226	51,652,977	-	-
Supplies	22,146,739	21,213,913	-	-
Insurance, utilities and rent	14,651,000	14,822,788	-	-
Scholarships and fellowships	29,742,995	31,160,208	-	-
Depreciation	22,569,052	22,150,113	-	5,893
Other	5,012,178	5,176,052	32,593	108,789
Administrative expense	-	-	2,052,315	1,928,097
Total operating expenses	358,396,585	354,207,238	2,084,908	2,042,779
OPERATING (LOSS) INCOME	\$ (142,334,871)	\$ (145,779,615)	\$ 12,491,427	\$ 14,535,981

See notes to financial statements

Continued

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	University of Idaho 2012	University of Idaho 2011	University of Idaho Foundation (note 20) 2012	University of Idaho Foundation (note 20) 2011
NONOPERATING REVENUES (EXPENSES)				
State appropriations	\$ 100,824,500	\$ 103,804,200	\$ -	\$ -
Land grant endowment income	6,164,400	6,164,400	-	-
Federal appropriations	3,893,046	5,202,656	-	-
Federal grants and contracts	18,656,793	19,921,067	-	-
Gifts (including gifts from Foundation)	16,533,613	15,362,624	-	-
Private grants and contracts	1,475	28,248	-	-
Net investment income including pledged revenues to UI of \$1,197,651 and \$1,454,834 for FY 2012 and FY 2011 respectively	1,415,725	1,834,981	6,202,752	6,844,704
Net increase (decrease) in fair value of investments	1,226,392	(167,831)	(6,596,775)	29,070,872
Change in value of assets held in trust for University	(3,331,972)	10,361,154	3,331,972	(10,361,154)
Distribution of endowment income to University and trust beneficiaries	-	-	(6,809,561)	(6,715,678)
Distribution to University and affiliates	-	-	(10,881,846)	(10,959,562)
Distribution of trust income to life income beneficiaries	-	-	(731,799)	(721,641)
Lease and rental income	-	-	-	4,730
Property management	-	-	(17,596)	(16,570)
Change to split interest trusts	-	-	404,267	(272,986)
Interest expense (net of capitalized interest of \$469,009 and \$658,396 for FY 2012 and FY 2011 respectively)	(8,084,679)	(5,651,337)	-	-
Other sources	2,010,651	(164,076)	-	-
Net nonoperating revenues	139,309,944	156,696,086	(15,098,586)	6,872,715
GAIN (LOSS) BEFORE OTHER REVENUES	(3,024,927)	10,916,471	(2,607,159)	21,408,696
OTHER REVENUES				
Capital grants and contracts	788,398	561,720	-	-
Projects with Idaho Department of Public Works	2,090,339	7,789,383	-	-
Capital gifts from Foundation	1,383,234	2,799,828	-	-
Total other revenues	4,261,971	11,150,931	-	-
INCREASE IN NET ASSETS	1,237,044	22,067,402	(2,607,159)	21,408,696
NET ASSETS - Beginning of year	402,353,831	380,286,429	150,781,113	129,372,417
NET ASSETS - End of year	\$ 403,590,875	\$ 402,353,831	\$ 148,173,954	\$ 150,781,113

See notes to financial statements

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	University of Idaho 2012	University of Idaho 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts and disbursements		
Tuition and fees	\$ 85,659,444	\$ 78,391,323
Grants and contracts	79,883,129	82,838,496
Sales of services - net	45,459,303	42,453,396
Payments to or for employees	(207,849,698)	(205,906,661)
Payments to suppliers	(100,220,724)	(95,412,790)
Scholarships disbursed	(29,742,995)	(31,160,208)
Funds held for others	(7,296)	41,536
Student loans collected	2,159,021	2,292,747
Student loans disbursed	(1,783,531)	(1,829,579)
Other receipts	3,062,032	2,431,435
Net cash used by operating activities	<u>(123,381,315)</u>	<u>(125,860,305)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Appropriated general education revenues:		
State general account	100,825,612	103,815,298
Land grant endowment income	6,164,400	6,164,400
Federal Appropriations	3,893,046	5,202,656
Federal Grants and Contracts	18,658,268	19,949,315
Gifts	16,533,613	15,362,624
Other receipts	2,010,651	(164,076)
Net cash provided by noncapital financing activities	<u>148,085,590</u>	<u>150,330,217</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State appropriations, capital	2,090,339	7,789,383
Capital grants and gifts	2,171,632	3,361,548
Capital asset purchases	(25,380,225)	(34,474,019)
Proceeds from capital debt	5,372,306	60,217,330
Principal paid on capital debt	(5,310,871)	(65,898,550)
Interest paid on capital debt	(7,417,820)	(6,299,100)
Net cash used by capital & related financing activities	<u>(28,474,639)</u>	<u>(35,303,408)</u>

See notes to financial statements.

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University of Idaho

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	University of Idaho 2012	University of Idaho 2011
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	87,409,082	38,920,204
Investment income	1,415,725	1,834,981
Purchase of investments	(134,731,062)	(22,025,404)
Net cash (used) provided by investing activities	<u>(45,906,255)</u>	<u>18,729,781</u>
NET INCREASE IN CASH		
Cash - Beginning of year	(49,676,619)	7,896,285
Cash - End of year	<u>\$ 15,610,602</u>	<u>\$ 65,287,221</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (142,334,871)	\$ (145,779,615)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	22,569,052	22,150,113
Decrease (increase) in assets:		
Receivables, net	(564,817)	(1,515,774)
Inventories and prepaids	2,049,979	(3,511,846)
Deferred financing costs	-	-
Increase (decrease) in liabilities:		
Accounts payable	(5,419,271)	2,028,054
Accrued payroll, benefits and compensated absences	1,874,698	2,124,525
Current notes, bonds and accrued interest payable	-	-
Deposits and deferred revenues	(1,057,500)	(334,031)
Change in funds held for others	(7,296)	41,536
Other liabilities	(491,289)	(1,063,267)
Net cash used by operating activities	<u>\$ (123,381,315)</u>	<u>\$ (125,860,305)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Capital asset write-offs	\$ -	\$ 726,916
Donated assets	1,383,234	2,799,828
Change in fair value of investments	1,226,392	(167,831)
Change in fair value of assets held in trust	(3,331,972)	10,361,154

See notes to financial statements

STATEMENTS OF BENEFIT PLAN NET ASSETS AS OF DECEMBER 31, 2011 AND 2010

	Retiree Benefits Trust 2011	Retiree Benefits Trust 2010	Health Benefits Trust 2011	Health Benefits Trust 2010
Assets				
Cash and short-term investments	\$ 554,370	\$ 528,235	\$ 428,095	\$ 487,647
Receivables				
Accounts receivable	-	-	-	-
Interest receivable	337	10,138	19,299	28,126
Total receivables	<u>337</u>	<u>10,138</u>	<u>19,299</u>	<u>28,126</u>
Investments, at fair value				
Fixed income securities	9,613,285	9,244,501	3,152,922	4,004,166
Equity securities	8,482,491	8,085,042	88,478	131,461
Total investments	<u>18,095,776</u>	<u>17,329,543</u>	<u>3,241,400</u>	<u>4,135,627</u>
 Total assets	 <u>\$ 18,650,483</u>	 <u>\$ 17,867,916</u>	 <u>\$ 3,688,794</u>	 <u>\$ 4,651,400</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 1,046,710	\$ 1,224,558
IBNR liability	<u>-</u>	<u>-</u>	<u>1,234,000</u>	<u>1,362,000</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>2,280,710</u>	 <u>2,586,558</u>
 Net assets held in trust for benefits	 <u>\$ 18,650,483</u>	 <u>\$ 17,867,916</u>	 <u>\$ 1,408,084</u>	 <u>\$ 2,064,842</u>

See notes to financial statements

STATEMENTS OF CHANGES IN BENEFIT PLAN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Retiree Benefits Trust 2011	Retiree Benefits Trust 2010	Health Benefits Trust 2011	Health Benefits Trust 2010
Additions				
Contributions				
Employer	\$ 500,000	\$ 4,310,500	\$ 13,638,605	\$ 14,947,836
Plan members	-	-	4,710,283	4,242,784
	<u>500,000</u>	<u>4,310,500</u>	<u>18,348,888</u>	<u>19,190,620</u>
Total contributions				
Interest	392,146	316,493	110,329	162,943
Realized gain in investments	457,839	262,115	1,773	-
Unrealized gain in investments	-	1,181,094	116,894	88,993
	<u>1,349,985</u>	<u>6,070,202</u>	<u>18,577,884</u>	<u>19,442,556</u>
Total additions				
Deductions				
Insurance claim benefits	-	-	16,611,352	16,793,921
Change in IBNR	-	-	(128,000)	130,000
Realized loss in investments	567,418	31,390	-	4,564
Unrealized loss in investments	-	-	-	-
Administrative expenses	-	-	2,751,290	2,590,424
	<u>567,418</u>	<u>31,390</u>	<u>19,234,642</u>	<u>19,518,909</u>
Total deductions				
Net increase in assets held in trust for benefits	782,567	6,038,812	(656,758)	(76,353)
Net plan assets, beginning of year	<u>17,867,916</u>	<u>11,829,104</u>	<u>2,064,842</u>	<u>2,141,195</u>
Net plan assets, end of year	<u>\$ 18,650,483</u>	<u>\$ 17,867,916</u>	<u>\$ 1,408,084</u>	<u>\$ 2,064,842</u>

See notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The Foundation receives all gifts to the University and transfers gifts to the donor specified area within the University on a regular schedule. In addition, it manages the endowment funds in a pooled investment fund, the Consolidated Investment Trust (“CIT”). Earnings from the endowment are transferred annually to the University. Some funds invested in the CIT are held in trust for the University and are shown as an asset and liability on the Foundation’s financial statements.

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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

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

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

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

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

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

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

Inventories—All inventories are valued at the lower of first-in-first-out cost or market.

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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

Capital Assets—Capital Assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at the date of gift. For equipment, the University's capitalization policy includes all tangible items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, and land improvements that significantly increase the value or extend the useful life of the structure, are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred. Depreciation is computed using the straight-line, composite method over the estimated useful lives of the assets, generally 40 years for buildings, 20 years for improvements other than buildings, 10 years for library materials and an average of 7 years for equipment. Depreciation is not computed on capitalized collections which include works of art, historical treasures, and various special collections comprising of anthropological, geological, entomological, musical, and wildlife subjects.

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

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

Waivers—Tuition waivers, provided directly by the University for faculty and staff benefits, amounted to \$640,586 and \$701,737 for the fiscal years ended 2012 and 2011, respectively.

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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

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

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

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

Unrestricted—Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, investment income, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board for any lawful purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University’s policy is to first apply the expense towards restricted resources, and then toward unrestricted resources.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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 FY2012 and FY2011 are \$14,335,844 and \$14,379,843 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 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides guidance to the University regarding the reporting of transactions resulting in the consumption or acquisition of net assets in one reporting period that are applicable to future reporting periods, defined as deferred outflows and deferred inflows of resources, respectively. These amounts will be reported on the University's Statement of Net Assets in addition to and separate from its current asset and liability portions of its financial statements. The implementation of this Statement is effective for fiscal years beginning after December 15, 2011, so the University will adopt this standard for its fiscal year beginning July 1, 2012.

Reclassification---Certain items previously reported in the financial statements have been reclassified to conform to the current financial statement presentation.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

2. RECLASSIFICATION OF NET ASSETS

During fiscal year 2012, management conducted a thorough analysis of the University's net asset balances and categories. In reviewing authoritative guidance provided under GASB-34 concerning the proper classification of net assets, management concluded it historically had been overly conservative in defining and classifying certain net assets as restricted expendable. Accordingly, certain reclassifications to fiscal year 2011 net asset category balances were made to more accurately align with governmental reporting standards and 2012 presentation. The net asset reclassifications identified below resulted in no change to any asset, liability, revenue, expense or total net asset balances previously reported in the University's financial statements.

	Invested in capital assets - net of related debt	Restricted nonexpendable	Restricted expendable	Unrestricted	Total
Net assets, June 30, 2011 as previously reported	\$ 235,066,193	\$ 78,191,004	\$ 69,176,081	\$ 19,920,553	\$ 402,353,831
Reclassification	11,770,211	-	(44,562,828)	32,792,617	-
Net assets, June 30, 2011 as reclassified	\$ 246,836,404	\$ 78,191,004	\$ 24,613,253	\$ 52,713,170	\$ 402,353,831

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are deposited with various financial institutions. Custodial credit risk on deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. At June 30, 2012, \$925,431 of the University's bank balance of \$15,610,602 was exposed to custodial credit risk because it was uninsured and uncollateralized. At June 30, 2011, \$783,206 of the University's bank balance of \$65,287,221 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

4. INVESTMENTS

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

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

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

The following table represents the fair value of investments by type at June 30, 2012 and June 30, 2011 respectively:

	2012 Fair Value	2011 Fair Value
	<hr/>	<hr/>
U.S. government or government guaranteed securities	\$ 601,886	\$ 602,000
Mutual funds - Government Securities	69,192,464	20,643,979
	<hr/>	<hr/>
Total	<u>\$ 69,794,350</u>	<u>\$ 21,245,979</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Interest Rate Risk

Interest rate risk is defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as the risk a government may face should interest rate variances affect the fair value of investments. The University does not presently have a formal policy that addresses interest rate risk; however, it does incorporate weighted average maturity methodology in selecting and reporting its investments. As of June 30, 2012 and June 30, 2011 respectively, the University had the following investments subject to interest rate risk:

Investment Securities Subject to Interest Rate Risk at June 30, 2012

Investment Maturities in Years

Investment Type	Total Fair Value	<1	1-5	6-10	>10
Mutual Funds - Government Securities	\$ 69,192,464	\$ 4,151,548	\$ 24,909,287	\$ 40,131,629	\$ -
U.S. Government Agencies	601,886	601,886	-	-	-
Total	\$ 69,794,350	\$ 4,753,434	\$ 24,909,287	\$ 40,131,629	\$ -

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

Investment Maturities in Years

Investment Type	Total Fair Value	<1	1-5	6-10	>10
Mutual Funds - Government Securities	\$ 20,643,979	\$ 624,072	\$ 10,113,275	\$ 8,521,548	\$ 1,385,084
U.S. Government Agencies	602,000	602,000	-	-	-
Total	\$ 21,245,979	\$ 1,226,072	\$ 10,113,275	\$ 8,521,548	\$ 1,385,084

Interest rate risk disclosed for Mutual Funds - Government Securities is related to the mutual funds' underlying assets.

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, 2012 and June 30, 2011, the University had the following investment credit risk:

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Investment Securities Subject to Credit Risk at June 30, 2012

Credit Rating	U.S. Government Agencies	Mutual funds Government Securities	Total
AAA	\$ 601,886	\$ 69,192,464	\$ 69,794,350
AA	-	-	-
A	-	-	-
BBB	-	-	-
	<u>\$ 601,886</u>	<u>\$ 69,192,464</u>	<u>\$ 69,794,350</u>

Investment Securities Subject to Credit Risk at June 30, 2011

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

Concentration of Credit Risk

Per GASB Statement No. 40, Concentration of Credit Risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when 5 percent of investments are concentrated in any one issuer. The University does not presently have a formal policy that addresses concentration of risk. The University did not have any investments at June 30, 2012 nor June 30, 2011 that represented a 5 percent or greater concentration in any one issuer.

Custodial Credit Risk

Custodial credit risk on investments is the risk that in the event of a failure of the counterparty, the University will not be able to recover the value of its investments that are in the possession of an outside party. The University does not have an investment policy for custodial credit risk. At June 30, 2012 and June 30, 2011 all investments were held by the University or its counterparty in the University's name.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

5. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Receivables and unbilled charges consisted of the following at June 30, 2012 and June 30, 2011, respectively:

	2012	2011
Student tuition and fees, including Federal financial aid funds	\$ 4,151,204	\$ 3,194,216
Auxiliary enterprises	1,700,547	2,002,906
Educational activities	1,440,486	2,376,931
Federal appropriations	4,629	5,741
Grants and contracts	14,273,403	13,627,435
Due from Foundation	6,625,510	6,277,095
	<u>\$ 28,195,779</u>	<u>\$ 27,484,324</u>
Less allowance for doubtful accounts	(293,000)	(402,400)
	<u>\$ 27,902,779</u>	<u>\$ 27,081,924</u>

6. STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program (the "Program") comprise substantially all of the loans receivable at June 30, 2012 and June 30, 2011. Under this Program, the federal government provides approximately 67% of the funding for the Program with the University providing the balance. The Program provides for the cancellation of a loan at rates of 12.5% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the University for amounts cancelled under these provisions.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The allowance for uncollectible loans was \$1,710,069 for June 30, 2012 and \$1,625,766 at June 30, 2011.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at June 30, 2012 and 2011 consisted of the following:

	Balance July 1, 2011	Year ended June 30, 2012			Balance June 30, 2012
		Additions	Transfers	Retirements	
Property, plant and equipment not being depreciated:					
Land	\$ 19,220,253	\$ 155,139		\$ (40)	\$ 19,375,352
Capitalized collections	2,204,030	60,027		(5,464)	2,258,593
Equipment construction in progress	241,262	660,312	(628,693)	(14,335)	258,546
Construction in progress	<u>16,984,295</u>	<u>5,181,918</u>	<u>(14,403,410)</u>	<u>(57)</u>	<u>7,762,746</u>
Total property, plant and equipment not being depreciated	<u>\$ 38,649,840</u>	<u>\$ 6,057,396</u>	<u>\$ (15,032,103)</u>	<u>\$ (19,896)</u>	<u>\$ 29,655,237</u>
Other property, plant and equipment:					
Buildings	\$ 472,271,448	\$ 8,475,235	\$ 13,418,717	\$ (251,659)	\$ 493,913,741
Other improvements	50,677,501	2,565,635	984,693	(8,671)	54,219,158
Furniture and equipment	85,354,038	4,549,308	628,693	(1,935,615)	88,596,424
Library materials	<u>71,388,798</u>	<u>3,970,288</u>		<u>(505,475)</u>	<u>74,853,611</u>
Total other property, plant and equipment	<u>679,691,785</u>	<u>19,560,466</u>	<u>15,032,103</u>	<u>(2,701,420)</u>	<u>711,582,934</u>
Less accumulated depreciation:					
Buildings	(170,324,871)	(11,392,321)		177,332	(181,539,860)
Other improvements	(29,102,075)	(2,223,451)		8,671	(31,316,855)
Furniture and equipment	(69,600,847)	(5,642,396)		1,792,200	(73,451,043)
Library materials	<u>(55,488,652)</u>	<u>(3,310,884)</u>		<u>505,475</u>	<u>(58,294,061)</u>
Total accumulated depreciation	<u>(324,516,445)</u>	<u>(22,569,052)</u>		<u>2,483,678</u>	<u>(344,601,819)</u>
Other property, plant and equipment—net	<u>\$ 355,175,340</u>	<u>\$ (3,008,586)</u>	<u>\$ 15,032,103</u>	<u>\$ (217,742)</u>	<u>\$ 366,981,115</u>
Property, plant and equipment summary:					
Property, plant and equipment not being depreciated	\$ 38,649,840	\$ 6,057,396	\$ (15,032,103)	\$ (19,896)	\$ 29,655,237
Other property, plant and equipment—at cost	<u>679,691,785</u>	<u>19,560,466</u>	<u>15,032,103</u>	<u>(2,701,420)</u>	<u>711,582,934</u>
Total cost of property, plant and equipment	718,341,625	25,617,862		(2,721,316)	741,238,171
Less accumulated depreciation	<u>(324,516,445)</u>	<u>(22,569,052)</u>		<u>2,483,678</u>	<u>(344,601,819)</u>
Property, plant and equipment—net	<u>\$ 393,825,180</u>	<u>\$ 3,048,810</u>	<u>\$ -</u>	<u>\$ (237,638)</u>	<u>\$ 396,636,352</u>

In addition to accounts payable for construction in progress, the estimated cost to complete property authorized or under construction at June 30, 2012 is approximately \$4,541,000. These costs will be financed by state appropriations, institutional funds, gifts, grants and contracts, the Department of Public Works, and/or long-term borrowings.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

	<u>Balance July 1, 2010</u>	<u>Year ended June 30, 2011</u>			<u>Balance June 30, 2010</u>
		<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	
Property, plant and equipment not being depreciated:					
Land	\$ 18,767,952	\$ 615,433	18,790	\$ (181,922)	\$ 19,220,253
Capitalized collections	2,176,273	27,757			2,204,030
Equipment construction in progress	410,932	757,122	(916,566)	(10,226)	241,262
Construction in progress	<u>48,508,962</u>	<u>14,443,112</u>	<u>(45,950,224)</u>	<u>(17,555)</u>	<u>16,984,295</u>
Total property, plant and equipment not being depreciated	<u>\$ 69,864,119</u>	<u>\$ 15,843,424</u>	<u>\$ (46,848,000)</u>	<u>\$ (209,703)</u>	<u>\$ 38,649,840</u>
Other property, plant and equipment:					
Buildings	\$ 424,830,933	\$ 9,297,302	\$ 41,636,025	\$ (3,492,813)	\$ 472,271,447
Other improvements	42,480,947	4,395,476	4,340,104	(539,026)	50,677,501
Furniture and equipment	83,732,684	3,402,817	871,871	(2,653,334)	85,354,038
Library materials	<u>67,682,102</u>	<u>4,014,721</u>		<u>(308,025)</u>	<u>71,388,798</u>
Total other property, plant and equipment	<u>618,726,666</u>	<u>21,110,316</u>	<u>46,848,000</u>	<u>(6,993,198)</u>	<u>679,691,784</u>
Less accumulated depreciation:					
Buildings	(160,795,159)	(10,962,657)		1,432,945	(170,324,871)
Other improvements	(27,388,746)	(2,132,338)		419,009	(29,102,075)
Furniture and equipment	(66,260,331)	(5,903,717)		2,563,201	(69,600,847)
Library materials	<u>(52,645,275)</u>	<u>(3,151,402)</u>		<u>308,025</u>	<u>(55,488,652)</u>
Total accumulated depreciation	<u>(307,089,511)</u>	<u>(22,150,114)</u>		<u>4,723,180</u>	<u>(324,516,445)</u>
Other property, plant and equipment—net	<u>\$ 311,637,155</u>	<u>\$ (1,039,798)</u>	<u>\$ 46,848,000</u>	<u>\$ (2,270,018)</u>	<u>\$ 355,175,339</u>
Property, plant and equipment summary:					
Property, plant and equipment not being depreciated	\$ 69,864,119	\$ 15,843,424	\$ (46,848,000)	\$ (209,703)	\$ 38,649,840
Other property, plant and equipment—at cost	<u>618,726,666</u>	<u>21,110,316</u>	<u>46,848,000</u>	<u>(6,993,198)</u>	<u>679,691,784</u>
Total cost of property, plant and equipment	688,590,785	36,953,740		(7,202,901)	718,341,624
Less accumulated depreciation	<u>(307,089,511)</u>	<u>(22,150,114)</u>		<u>4,723,180</u>	<u>(324,516,445)</u>
Property, plant and equipment—net	<u>\$ 381,501,274</u>	<u>\$ 14,803,626</u>	<u>\$ -</u>	<u>\$ (2,479,721)</u>	<u>\$ 393,825,179</u>

8. ACCOUNTS PAYABLE

Accounts payable consisted of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Operating activities	\$2,461,011	\$ 7,875,251
Taxes payable	<u>23,552</u>	<u>28,583</u>
Total accounts payable and accrued liabilities	<u>\$ 2,484,563</u>	<u>\$ 7,903,834</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

9. OPERATING LEASES

The University has entered into various noncancellable operating lease agreements covering certain equipment. The lease terms range from one to five years. The expense for operating leases was \$3,191,148 for the year ended June 30, 2012 and \$3,233,354 for the year ended June 30, 2011.

Future minimum lease payments on noncancellable leases at June 30, 2012 are as follows:

2013	\$ 3,541,394
2014	26,424
Total future minimum lease obligations	<u>\$ 3,567,818</u>

10. LONG-TERM LIABILITIES

Long-term liability activity for years ended June 30, 2012 and 2011 is as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due within One Year
Bonds and notes payable and capital lease obligations:					
Bonds payable	\$ 160,535,000	\$ -	\$ 4,740,000	\$ 155,795,000	\$ 4,955,000
Notes payable	1,017,422	4,929,327	645,262	5,301,487	1,172,006
Capital lease obligations:	-	442,977	155,276	287,701	140,171
Sub-Total	<u>\$ 161,552,422</u>	<u>\$ 5,372,304</u>	<u>\$ 5,540,538</u>	<u>\$ 161,384,188</u>	<u>\$ 6,267,177</u>
Premium on Bonds	3,009,031	-	262,836	2,746,195	262,834
Deferred Refunding Costs	<u>(5,802,465)</u>	<u>-</u>	<u>(411,270)</u>	<u>(5,391,195)</u>	<u>(399,940)</u>
Long-term liabilities	<u>\$ 158,758,988</u>	<u>\$ 5,372,304</u>	<u>\$ 5,392,104</u>	<u>\$ 158,739,188</u>	<u>\$ 6,130,071</u>

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

11. NOTES AND BONDS PAYABLE

Notes and bonds payable consisted of the following at June 30, 2012 and 2011:

Description	Balance Outstanding 2012	Balance Outstanding 2011
<p>Student Fee Refunding and Revenue Bonds, Series 2003, (original balance of \$17,585,000), consisting of serial bonds due in annual installments commencing in 2003 and increasing periodically from \$935,000 to a maximum of \$4,465,000, plus interest from 4.00% to 5.25% through the year 2022, collateralized by a pledge of net revenues of the Student Housing System, net revenues derived from the Telecommunications System, and certain other pledged revenues. The Series 2003 bonds were issued to provide funds to finance the cost of renovating and equipping certain research facilities on the University's campus, to refund a portion of the University's bank line of credit for a borrowing incurred for improvements to research facilities, to currently refund the outstanding Series 1994 Facility Refunding and Improvement Revenue Bonds in the principal amount of \$8,335,000 and the Series 1994 Student Building Fee Refunding Revenue Bonds in the principal amount of \$3,905,000, and to pay bond issuance expenses.</p>	6,575,000	7,555,000

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Description	Balance Outstanding 2012	Balance Outstanding 2011
<p>General Revenue Refunding Bonds, Series 2005A, (original balance of \$30,740,000), consisting of bonds due in annual installments commencing in 2005 and fluctuating periodically from \$790,000 to a maximum of \$2,265,000, plus interest from 4.00% to 5.00% through the year 2026, collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. Revenues pledged to the Recreation Center Bonds and to the Activity Center Bonds are pledged to the 2005A bonds on a subordinate basis until the retirement of the Recreation Center Bonds and Activity Center Bonds. The Series 2005A bonds were issued to advance refund the Series 1996 Student Fee Revenue Bonds (Telecommunications Infrastructure Facilities Project) in the principal amount of \$2,700,000, to advance refund the Series 1997 Student Fee Revenue Bonds (University Commons Project) in the principal amount of \$12,965,000, to advance refund the Series 1997 Student Fee Revenue Bonds (University Commons Supplemental Project) in the principal amount of \$4,120,000, to advance refund the Series 1999C Student Fee Revenue Bonds (University Infrastructure and Facilities Improvement Projects) in the principal amount of \$4,065,000, to advance refund all of the outstanding Series 1999D Student Fee Revenue Bonds (Kibbie and Enrollment Services Centers Improvement Projects) in the principal amount of \$6,020,000, to fund the debt service reserve account, and to pay bond issuance expenses.</p>	24,890,000	25,680,000

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

<p>General Revenue Bonds, Series 2007B, (original balance of \$35,035,000), consisting of bonds due in annual installments, commencing in 2015 and fluctuating periodically from \$200,000 to a maximum of \$34,235,000 plus interest from 4.25% to 4.50% through the year 2041, collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2007B bonds were issued to finance certain electrical upgrades and to fund capital maintenance and replacement of the University's utility corridor, central steam plant and central chiller, and related improvements located on the University's main campus.</p>	<p>35,035,000</p>	<p>35,035,000</p>
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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Description	Balance Outstanding 2012	Balance Outstanding 2011
<p>General Revenue Refunding Bonds, Series 2010A, (original balance of \$10,230,000), consisting of serial bonds due in annual installments commencing in 2011 and fluctuating periodically from \$585,000 to a maximum of \$2,075,000, plus interest from 2.25% to 5.00% through the year 2016, collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2010A bonds were issued to refund the Series 1996 Student Fee Refunding Revenue Bonds in the principal amount of \$3,125,000 and to refund the Series 1997B Student Fee Refunding Revenue Bonds in the principal amount of \$7,290,000.</p>	6,130,000	8,205,000
<p>General Revenue Refunding Bonds, Series 2010B, (original balance of \$10,150,000), consisting of term bonds due beginning in 2024 and fluctuating periodically from \$1,660,000 to a maximum of \$2,430,000, plus interest from 4.01% to 4.65% through the year 2032, collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2010B bonds were issued to pay off an interim loan from Wells Fargo Bank, N.A. which funded improvements to the University's Kibbie Dome.</p>	10,150,000	10,150,000
<p>General Revenue Refunding Bonds, Series 2010C, (original balance of \$13,145,000), consisting of term bonds due beginning in 2037 with two payments of \$6,390,000 and \$6,755,000, plus interest from 6.42% to 6.52% through the year 2041, collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2010C bonds were issued to finance and reimburse costs incurred by the University for certain capital improvements to the University's Kibbie Dome.</p>	13,145,000	13,145,000

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

<p>Adjustable Rate General Revenue Refunding Bonds, Series 2011, (original balance of \$60,765,000), consisting of term bonds carrying interest at 5.25% through March 31st, 2021, at which time the bonds are subject to mandatory tender for purchase. The bonds may be converted to another term interest period through 2041. The bonds are collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2011 bonds were issued to refund the University's Series 2007A General Revenue Refunding Bonds and to pay the costs of issuance of the Series 2011 bonds.</p>	<p>59,870,000</p>	<p>60,765,000</p>
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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Description	Balance Outstanding 2012	Balance Outstanding 2011
Other indebtedness, consisting of notes payable with interest rates ranging from 3.245% to 5.00% due through the year 2019.	5,301,487	1,017,422
Sub-total	161,096,487	161,552,422
Premium on Bonds	2,746,195	3,009,031
Deferred amount on Refunding – 2005A , 2007A, 2010A	(5,391,195)	(5,802,465)
TOTAL BONDS & NOTES PAYABLE	\$158,451,487	\$158,758,988

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

	Bonds Payable		Notes Payable	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 4,955,000	\$ 7,739,178	\$ 1,172,006	\$ 195,798
2014	5,120,000	7,581,090	1,220,945	146,857
2015	5,570,000	7,307,865	1,194,474	96,576
2016	5,820,000	7,068,640	1,163,147	51,035
2017	3,800,000	6,795,116	537,939	4,779
2018-2022	16,955,000	30,784,273	12,976	755
2023-2027	20,315,000	26,141,991	-	-
2028-2032	17,715,000	21,782,757	-	-
2033-2037	20,500,000	16,957,164	-	-
2038-2042	55,045,000	9,018,101	-	-
2043-2047	-	-	-	-
	<u>\$ 155,795,000</u>	<u>\$ 141,176,175</u>	<u>\$ 5,301,487</u>	<u>\$ 495,800</u>

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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, 2012 and 2011 are as follows:

Source of Pledged Revenues	2012	2011
Student Fees	\$ 77,929,726	\$ 69,717,658
Sales and Services Revenues	44,354,807	43,068,366
Other Operating Revenues	3,495,016	3,617,633
Investment Income	1,197,651	1,454,834
F&A Recovery Revenues	10,590,922	10,727,148
Total Pledged Revenues	\$ 137,568,122	\$ 128,585,639
Revenues Available for Debt Service	\$ 137,568,122	\$ 128,585,639
Debt Service on Bonds	12,902,303	12,302,937
Debt Service Coverage	10.7	10.5

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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

12. CAPITAL LEASE OBLIGATION

The University has entered into various capital lease agreements covering computer-related software and equipment. Assets under capital lease are included in capital assets, net of depreciation. Amortization of assets under capital lease is included in depreciation expense. These amounts are included in capital assets.

Future minimum lease obligations under these agreements at June 30, 2012, are as follows:

2013	\$ 155,276
2014	<u>155,276</u>
Total minimum lease obligations	310,552
Less interest	<u>(22,851)</u>
Present value of minimum lease obligations	<u>\$ 287,701</u>

13. HEALTH INSURANCE PLAN AND HEALTH BENEFITS TRUST

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

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

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

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

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

14. RETIREMENT PLANS

Public Employee Retirement System of Idaho – The Public Employee Retirement System of Idaho (“PERSI”), a cost-sharing multiple-employer public retirement system, was created by the Idaho State Legislature. PERSI provides benefits based on members’ years of service, age, and compensation. In addition, benefits are provided for disability or death, and for survivors of eligible members or beneficiaries. It is a defined benefit plan requiring that both the member and the employer contribute. Designed as a mandatory system for eligible state employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. The benefits and obligations to contribute to the plan were established and may be amended by the Idaho State Legislature. Financial reports for the plan are available from PERSI upon request sent to Public Employee Retirement System of Idaho, P.O. Box 83720, Boise, Idaho 83720-0078.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each year of credited service, the annual service retirement allowance is 2% of the average monthly salary for the highest consecutive 42 months.

For the three years ended June 30, 2012, 2011 and 2010, 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 \$5,217,910, \$5,270,141, and \$5,466,813 for the years ended June 30, 2012, 2011 and 2010, 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, 2012, 2011 and 2010 were \$13,299,794, \$13,079,670, and \$13,180,764, respectively, that consisted of \$7,593,175 from the University and \$5,706,619 from employees for 2012, \$7,465,789 from the University and \$5,613,881 from employees for 2011, and \$7,466,306 from the University and \$5,714,458 from employees for 2010.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Although enrollees in the ORP no longer belong to PERSI, the University is required by the State of Idaho to contribute supplemental payments to PERSI for these enrollees in the amount of 1.49% of the annual covered payroll. The University will be required to make these annual supplemental payments through July 1, 2025. During the three years ended June 30, 2012, 2011 and 2010, these supplemental funding payments made to PERSI were \$1,223,679, \$1,196,093, and \$1,207,148 respectively. These supplemental amounts are not included in the regular University PERSI contribution discussed previously.

15. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS) AND RETIREE BENEFITS TRUST

A. PLAN DESCRIPTION

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

Under certain conditions the University pays a portion of the coverage for retirees and disabled employees and the retiree or disabled employee pays the remainder. Spouses and survivors are always required to pay 100% of the cost for these benefits. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Employees who were hired on or after January 1, 2002 are not eligible for this benefit. Employees hired after January 1, 2002 are eligible to participate in the University's health insurance plan, but the University does not cover any portion of their premiums, deductibles, or coinsurance; those costs are the sole responsibility of the employee. All University post-employment benefits may be further established or amended by the University or the State Board of Education.

Funding for these benefits is comprised of both University and retiree contributions, combined with appropriated funding by the State of Idaho. The University determines the defined premium costs that will be borne by its retiree plan participants, and the State of Idaho Legislature determines the amount of annual state appropriations that will be granted to the University for employee and retiree benefits, provided to the University as a fixed annual amount per full-time equivalent employee. The University allocates this appropriated sum to its various employee and retiree benefits, including the retiree health insurance program. The University solely bears the risk for adverse financial performance within the retiree health insurance program, subject to a cap of \$200,000 per retiree per year, after which the University is reinsured. Retiree premium rates through calendar year 2012 range from \$0.00 to \$2,139.12 per month, depending upon the retiree's status and number of dependents including spouse. Retiree health plan performance is reviewed annually and premium rates are then annually adjusted by the University as necessary.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

B. TRUST DESCRIPTION

The University of Idaho established the Retiree Benefits Trust (“RBT”) in 2008 to fund the future payments required to provide post-employment benefits other than pension (“OPEB”) as described in Section A. above. The RBT is an independent, irrevocable trust administered on behalf of the University by Wells Fargo Bank as trustee. Funding and payment of the annual, ongoing retiree medical and dental benefits under the University’s Health Benefits Trust (“HBT”), as described in Footnote 13 to these financial statements, do apply toward the funding of the RBT to meet the requirements of the Annual Contribution Rate (“ARC”).

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

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

D. PLAN MEMBERSHIP, CONTRIBUTION AND FUNDING STATUS

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

	Medical	Dental	Life	Sick Pay
Active	828	879	879	1,374
Retirees	845	177	870	N/A
Disableds	8	N/A	N/A	-
Retirees (Sick Leave)	N/A	N/A	N/A	8
Total Inactive	853	177	870	8
Total Combined	1,681	1,056	1,749	1,382

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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

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

	<u>Entry Age Normal Level</u> <u>Dollar Cost Method</u>
Present Value of Benefits (PVB)	\$78,537,000
Actuarial Accrued Liability (AAL)	73,240,000
Annual Required Contribution (ARC) ¹	4,806,000
Estimated Pay-As-You-Go Contributions ²	3,201,000
Contributions to Qualifying Trust	<u>2,000,000</u>
Total Actual Annual Contributions	5,201,000
Net Annual OPEB Cost (AOC) - Funding Excess	395,000
Total Actual Annual Contributions as % of ARC	108.2%

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Funded Status, Utilizing Entry Age Normal Cost Method and Level Dollar Amortization Method of UAAL – As of June 30, 2012:

	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>Sick Pay</u>	<u>Total</u>
Present Value of Benefits (PVB)					
Retirees	\$44,501,000	\$180,000	\$4,216,000	\$105,000	\$49,002,000
Actives	<u>25,476,000</u>	<u>157,000</u>	<u>301,000</u>	<u>3,601,000</u>	<u>29,535,000</u>
Total	\$69,977,000	\$337,000	\$4,517,000	\$3,706,000	\$78,537,000
Actuarial Accrued Liability (AAL)					
Retirees	\$44,501,000	\$180,000	\$4,216,000	\$105,000	\$49,002,000
Actives	<u>22,682,000</u>	<u>145,000</u>	<u>296,000</u>	<u>1,115,000</u>	<u>24,238,000</u>
Total	\$67,183,000	\$325,000	\$4,512,000	\$1,220,000	\$73,240,000
Assets	<u>\$17,575,000</u>	<u>\$85,000</u>	<u>\$1,180,000</u>	<u>\$319,000</u>	<u>\$19,159,000</u>
Unfunded AAL (UAAL)	\$49,608,000	\$240,000	\$3,332,000	\$901,000	\$54,081,000
Assets as % of AAL (Funded Ratio)	26.2%	26.2%	26.2%	26.1%	26.2%
UAAL as % of Annual Covered Payroll	93.4%	0.4%	6.0%	1.3%	43.9%
Annual Required Contribution (ARC)					
Normal Cost ¹	\$403,000	\$2,000	\$2,000	\$364,000	\$771,000
Amortization of Unfunded AAL ²	<u>\$3,701,000</u>	<u>\$18,000</u>	<u>\$249,000</u>	<u>\$67,000</u>	<u>\$4,035,000</u>
Total ARC	\$4,104,000	\$20,000	\$251,000	\$431,000	\$4,806,000
Estimated Benefit Payments (pay-as-you-go) ³	\$2,741,000	\$63,000	\$358,000	\$39,000	\$3,201,000
Covered Payroll	\$53,103,000	\$55,644,000	\$55,644,000	\$67,593,000	\$123,237,000

¹Includes interest to year end.

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

	Retiree Benefits Trust ("RBT")
Valuation Date	7/1/2011
Reporting Date	7/1/2012
Measurement Date	6/1/2012
Actuarial Cost Method	Entry Age Normal
Actuarial Amortization Method	Level Dollar to decrement age
Remaining Amortization Period	30 Years, Open
Asset Valuation Method	Fair Market Value

Actuarial Assumptions:

Investment Rate of Return	6.25%
Healthcare Cost Trend Rates:	
Medical and drug initial	9.5%
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%

Retiree Benefits Trust Required Supplementary Information Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll (b-a)/(c)
6/30/2008	\$ 4,325,000	\$ 83,011,000	\$ 78,686,000	5.21%	\$ 120,560,000	65.27%
6/30/2009	8,333,000	77,141,000	68,808,000	10.80%	129,435,000	53.16%
6/30/2010	13,768,000	75,973,000	62,205,000	18.12%	124,584,000	49.93%
6/30/2011	19,159,000	74,563,000	55,404,000	25.70%	121,834,000	45.47%
6/30/2012	21,753,000	73,240,000	51,487,000	29.70%	123,237,000	41.78%

Retiree Benefits Trust Required Supplementary Information Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 7,157,000	101%
2009	6,362,000	101%
2010	5,863,000	116%
2011	5,250,000	107%
2012	5,201,000	108%

16. VOLUNTARY TERMINATION BENEFITS

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

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

17. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION

The following table shows the University's operating expenses by natural classifications within their functional classifications for the years ending June 30, 2012 and 2011:

<u>Expenses 2012</u>	<u>Salaries</u>	<u>Benefits</u>	<u>Services</u>	<u>Supplies</u>	<u>Ins, utilities & rent</u>	<u>Scholarships & Fellowships</u>	<u>Depreciation</u>	<u>Other</u>	<u>Totals</u>
Instruction	\$ 53,154,131	\$ 24,312,717	\$ 6,330,266	\$ 4,129,657	\$ 493,736	\$ 3,823,258	\$ -	\$ 2,088,540	\$ 94,332,305
Research	37,246,896	11,217,416	16,923,657	6,404,011	919,066	2,546,531	-	(1,470,104)	73,787,473
Public Service	13,973,733	4,670,739	4,837,893	1,170,694	332,375	1,011,070	-	1,845,333	27,841,835
Academic Support	7,039,009	2,250,871	1,433,536	948,111	144,656	139,663	-	281,485	12,237,331
Libraries	2,236,431	892,955	446,340	596,712	4,580	94,258	-	26,055	4,297,333
Student Services	7,037,376	2,512,434	1,075,985	440,000	344,871	110,857	-	427,829	11,949,352
Institutional Support	16,091,750	2,639,905	6,583,927	(692,992)	225,597	(323,529)	-	682,879	25,207,537
Plant Operations	6,982,921	3,022,892	2,754,885	2,463,760	9,858,127	17,133	22,569,052	172,343	47,841,113
Scholarships & Fellowships	493,395	28,666	134,692	1,741	-	20,529,419	-	92,231	21,280,144
Auxiliary Enterprises	10,450,779	3,469,379	14,029,045	6,685,045	2,327,992	1,794,335	-	865,587	39,622,162
	<u>\$ 154,706,421</u>	<u>\$ 55,017,974</u>	<u>\$ 54,550,226</u>	<u>\$ 22,146,739</u>	<u>\$ 14,651,000</u>	<u>\$ 29,742,995</u>	<u>\$ 22,569,052</u>	<u>\$ 5,012,178</u>	<u>\$ 358,396,585</u>

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

18. CONTINGENCIES AND LEGAL MATTERS

Revenue from federal research and service grants includes amounts for the recovery of overhead and other costs allocated to these projects. The University may be required to make refunds of amounts received for overhead and other costs reimbursed as a result of audits by agencies of the federal government. The University considers any such potential refunds likely to be immaterial.

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

19. RISK MANAGEMENT

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

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

20. COMPONENT UNIT

The University of Idaho Foundation, Inc. (Foundation) is a legally separate, 501(c)(3) component unit of the University of Idaho (University) which was established in 1970. The mission of the University of Idaho Foundation, Inc. Moscow, Idaho is to secure, manage, and distribute private support to enhance the growth and development of the University of Idaho. A Board of Directors comprised of up to 25 members governs and conducts the business of the Foundation, meeting three to four times each fiscal year. The officers of the Foundation are Chairman, Vice-Chairman, Treasurer, Secretary, and Past Chairman. Committees include: the Executive Committee, Committee on Directors, Operations and Finance Committee, Investment Committee, Audit Committee, Gift Acceptance Committee, and other committees appointed by the Chairman as necessary to carry out the business of the Foundation. An Executive Director manages the operations of the Foundation. The Foundation professional staff also includes the Director of Finance; Director, Endowment and Gift Administration; Assistant Director, Finance; a Financial Specialist and support staff. The Foundation strategically partners with the leadership team at the University of Idaho including the President, the Vice President of University Advancement, the Vice President for Finance and Administration, and the Executive Director of Planning and Budget. Separate audited financial statements are prepared by 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, 2012 and 2011 are as follows:

INVESTMENTS—Investments in marketable securities are recorded at fair value as determined by quoted market prices. At June 30, 2012, the fair value of restricted and unrestricted investments was \$201,730,137 and \$3,710,250 respectively. At June 30, 2011, the fair value of restricted and unrestricted investments was \$209,277,568 and \$4,195,757 respectively.

The majority of investments held by the Foundation are part of the pooled endowment fund referred to as the Consolidated Investment Trust (CIT). The CIT was established by the Regents of the University of Idaho to pool endowment funds received by the University and the Foundation. The CIT utilizes the market value share method of accounting. The fair value of the CIT'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.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

The following table represents the fair value of investments by type at June 30, 2012 and June 30, 2011 respectively:

Investment Type	2012	2011
U.S. Government Agency Obligations	\$ 2,740,091	\$ 7,397,744
Corporate Bonds	40,930,535	41,741,786
Preferred Stock	1,563,836	2,060,461
Municipal Securities	512,534	1,230,239
U.S. Treasuries	16,031,090	16,107,310
Common Stock	93,903,684	101,670,050
International Equity Funds	14,840,153	12,180,830
Mutual Funds	17,158,258	14,002,215
Private Equity	6,749,573	5,592,572
Real Assets	11,009,940	11,489,325
Foreign Currency	693	793
	<u>\$ 205,440,387</u>	<u>\$ 213,473,325</u>

Interest Rate Risk

Interest rate risk is defined by GASB Statement No. 40 as the risk a government may face should interest rate variances affect the fair value of investments. The Foundation does not presently have a formal policy that addresses interest rate risk.

As of June 30, 2012, the Foundation had the following investments subject to interest rate risk:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. Corporations	\$ 40,930,535	\$ 7,587,682	\$ 22,258,245	\$ 8,518,240	\$ 2,566,368
U.S. Government Agency Obligations	2,740,091	1,067,704	577,944	588,944	505,499
U.S. Treasuries	16,031,090	823,041	1,023,475	14,184,574	-
Municipal Securities	512,534	85,436	221,058	5,010	201,030
	<u>\$ 60,214,250</u>	<u>\$ 9,563,863</u>	<u>\$ 24,080,722</u>	<u>\$ 23,296,768</u>	<u>\$ 3,272,897</u>

As of June 30, 2011, the Foundation had the following investments subject to interest rate risk:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. Corporations	\$ 41,741,786	\$ 2,084,074	\$ 24,698,782	\$ 10,553,338	\$ 4,405,592
U.S. Government Agency Obligations	7,397,744	2,006,486	34,812	844,816	4,511,630
U.S. Treasuries	16,107,310	2,014,533	6,600,043	7,492,734	-
Municipal Securities	1,230,239	-	705,043	25,044	500,152
	<u>\$ 66,477,079</u>	<u>\$ 6,105,093</u>	<u>\$ 32,038,680</u>	<u>\$ 18,915,932</u>	<u>\$ 9,417,374</u>

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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, 2012 and 2011 respectively, the Foundation had the following investment credit risk:

Investment Securities Subject to Credit Risk at June 30, 2012

Credit Rating	U.S. Government		Municipal Securities	Total
	Agency Obligations	Corporate Debt		
AAA	\$ -	\$ 2,122,528	\$ -	\$ 2,122,528
AA	2,725,352	10,490,561	-	13,215,913
A	-	12,215,784	338,006	12,553,790
BBB	-	11,685,766	5,010	11,690,776
BB	-	2,036,731	40,023	2,076,754
B	-	1,426,225	-	1,426,225
CCC	-	137,889	-	137,889
CC	-	22,035	-	22,035
D	-	18,215	-	18,215
Not Rated	14,739	774,801	129,495	919,035
Total	\$ 2,740,091	\$ 40,930,535	\$ 512,534	\$ 44,183,160

Investment Securities Subject to Credit Risk at June 30, 2011

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

Concentration of Credit Risk

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

- Not more than 5% of the total equity portfolio valued at market may be invested in the common stock of any one corporation.
- Not more than 5% of the total outstanding shares of any one company may be held.
- Not more than 20% of the equity portfolio valued at market may be held in any one industry category.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

- 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, 2012 and June 30, 2011 respectively, the Foundation had not invested more than 5 percent of their investments in any one issuer.

Custodial Credit Risk

The Foundation minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to Foundation ownership and further to the extent possible, be held in the Foundation's name. At June 30, 2012 and 2011 all Foundation funds were held in the name of the counterparty for benefit of the Foundation.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Foundation does not presently have a policy that addresses foreign currency risk. The Foundation is exposed to foreign currency risk in foreign stocks that it holds as follows for June 30, 2012 and June 30, 2011 respectively:

Investment Securities Subject to Foreign Currency Risk

Currency Type	June 30, 2012 Fair Value	June 30, 2011 Fair Value
AUD	\$ 2,743,365	\$ 2,704,106
BRL	1,328,378	1,153,313
CAD	-	84,463
CHF	1,978,669	1,672,554
CLP	212,325	151,677
CNY	1,803,996	1,294,296
COP	-	37,171
CZK	-	27,935
DKK	-	29,562
EGP	-	15,674
EUR	2,606,455	4,061,707
GBP	6,211,354	6,371,007
HKD	2,979,964	2,958,430
HUF	-	48,855
IDR	377,627	236,473
ILS	-	17,247
INR	858,991	646,510
JPY	2,837,498	3,589,605
KRW	1,714,623	1,183,810
MAD	-	6,718
MXN	730,108	392,702
MYR	412,158	257,913
NOK	-	12,669
NZD	-	16,893
PEN	-	22,392
PHP	125,282	52,027
PLN	173,301	148,037
RUB	611,250	497,104
SEK	455,156	492,706
SGD	1,448,843	1,650,233
THB	297,816	149,867
TRY	250,611	131,934
TWD	1,443,143	960,107
ZAR	954,603	608,254
Various	252,685	-
	\$ 32,808,201	\$ 31,683,951

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

DISTRIBUTIONS TO UNIVERSITY OF IDAHO AND AFFILIATES

During fiscal years 2012 and 2011, earnings from endowments invested in the CIT, direct gifts and other revenues to the Foundation were distributed as follows:

	2012		2011	
	CIT Endowment Income	Gifts and Other Revenues	CIT Endowment Income	Gifts and Other Revenues
Scholarships	\$ 4,123,882	\$ 2,578,983	\$ 4,084,770	\$ 2,957,307
Student loans	168,091	-	166,600	-
Building funds	-	1,287,082	-	2,757,897
University of Idaho College and Dept Operating Accounts				
Academic Excellence	383,873	17,099	377,232	31,731
Agricultural and Life Sciences	261,741	1,322,193	252,304	1,088,830
Art and Architecture	12,820	54,585	12,599	127,562
Athletics	29,153	1,514,098	32,247	459,632
Business and Economics	253,900	526,501	232,871	548,305
Education	23,469	477,957	26,311	397,897
Engineering	77,635	515,181	73,203	567,074
Law	169,589	127,825	171,720	95,895
Letters, Art and Social Science	419,258	394,051	414,314	339,404
Library	122,427	1,745	117,669	745
Natural Resources	178,609	280,304	179,817	254,346
Science	121,687	511,972	109,083	287,802
Other departments	305,595	1,231,837	288,555	988,550
Life beneficiaries	157,464	-	176,018	-
University of Idaho affiliates	368	40,433	365	56,585
TOTAL DISTRIBUTIONS	\$ 6,809,561	\$ 10,881,846	\$ 6,715,678	\$ 10,959,562

DONOR RESTRICTED ENDOWMENTS

The Foundation receives certain gift assets that are restricted for endowment purposes, and by definition the original gift amount will be held in perpetuity for the benefit of the University. Restriction requirement for principal preservation is addressed by Idaho statute, and is applicable lacking any further guidance from the individual gift agreement. During the fiscal years ended June 30, 2012 and June 30, 2011, \$5,021,768 and \$3,329,438 was contributed to current endowments, respectively.

The Foundation has a two-tier spending policy dependent upon the endowment agreement that exists for each endowment. 1) Endowments with language requiring the reinvestment of all realized capital gains as principal can distribute only interest and dividends, and all realized gains are reinvested. 2) The Foundation Board of Directors establishes a spending rate annually for endowments without the

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

restrictive reinvestment language. The approved fiscal year 2012 and 2011 spending rate was set at 4.5% of the three-year rolling average of the CIT's monthly fair market value. If total dividends, interest and short-term capital gains are less than the total amount required to make the distributions based on this spending rate, realized long-term gains will be used to make up the shortfall.

During the fiscal year ended June 30, 2012 and 2011, the endowments held by the Foundation had net appreciation (depreciation) on donor restricted endowments of \$(6,048,938) and \$28,121,710. 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.

21. 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. The Research Foundation is a legally separate organization which provides a valuable service to the University. It does not provide financial resources to the University and is not reported as a component unit.

The Vandal Boosters, Inc. (the "Boosters") is a fund raising organization that provides financial assistance and services to the University of Idaho intercollegiate athletic department. Contributions received by the University from this organization are recorded as gifts. It does not provide significant financial resources to the University and is not reported as a component unit.

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

22. 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.

There is always existent risk and volatility in the domestic and international investment 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, 2012

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

Idaho State Board of Education
University of Idaho
Moscow, Idaho

We have audited the financial statements of the University of Idaho (the University), its discretely presented component unit, and the aggregate remaining fund information of the University, as of and for the year ended June 30, 2012, which collectively comprise the University's basic financial statements, and have issued our report thereon dated September 27, 2012. Our report includes reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the University of Idaho Foundation, a discretely presented component unit, and the University of Idaho Health Benefits Trust, a fiduciary fund, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

MOSS ADAMS_{LLP}**COMPLIANCE AND OTHER MATTERS**

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

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

Moss Adams LLP

Eugene, Oregon
September 27, 2012

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Idaho State Board of Education
University of Idaho
Moscow, Idaho

COMPLIANCE

We have audited the University of Idaho's (University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2012. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

INTERNAL CONTROL OVER COMPLIANCE

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

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

Moss Adams LLP

Eugene, Oregon
September 27, 2012

**UNIVERSITY OF IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Various	Student Financial Assistance Cluster
10.500	Cooperative Extension Service
84.388	School Improvement Grants, Recovery Act

Dollar threshold used to distinguish between type A and type B programs: \$ 3,000,000

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

**UNIVERSITY OF IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, (Continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Section II - Financial Statement Findings

None.

**UNIVERSITY OF IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, (Continued)
FOR THE YEAR ENDED JUNE 30, 2012**

Section III - Federal Award Findings and Questioned Costs

None.

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2012**

There were no prior year audit findings.

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL</u> <u>AGENCY</u>	<u>FEDERAL</u> <u>CFDA</u>	<u>DIRECT</u> <u>RESEARCH</u> <u>EXPENDITURES</u>	<u>PASS THROUGH</u> <u>RESEARCH</u> <u>EXPENDITURES</u>	<u>DIRECT</u> <u>NON-RESEARCH</u> <u>EXPENDITURES</u>	<u>PASS THROUGH</u> <u>NON-RESEARCH</u> <u>EXPENDITURES</u>	<u>TOTAL</u> <u>EXPENDITURES</u>
	<u>NUMBER</u>	<u>EXTENSION</u>					
DEPARTMENT OF AGRICULTURE							
DEPARTMENT OF AGRICULTURE							
IF&G Grnd Squirrel Habitat & Fire	10			3,577			3,577
IETIC Director	10			32,785			32,785
IETIC Data Manager	10			114			114
IDOL ID Master Forest Owner Program	10					13	13
10CS11010500029	10				6,194		6,194
09JV11221632177	10				20,065		20,065
09PA11046000048	10		26,573				26,573
12-PA-11041404-074	10		237				237
12-PA-11041203-018	10		151				151
11CS11010500001	10		41,114				41,114
08CS11010500034	10		195				195
1081001547CA	10		(3,421)				(3,421)
1181301547CA	10		29,978				29,978
10JV11221634247	10		27,309				27,309
09CS11221633209	10		3,561				3,561
11-CR-11221632-126	10		14,407				14,407
11DG11132762382	10		65,583				65,583
08JV11221633281	10		15,361				15,361
12351	10		10,600				10,600
05PA11015600051 M3	10		(990)				(990)
09JV11221632067	10		13,945				13,945
11JV11221632153	10		11,079				11,079
09JV11221632011	10		4,524				4,524
10JV11261900065	10		8,644				8,644
11JV11261975031	10		7,217				7,217
11JV11261992041	10		1,048				1,048
08-JV-11221633-159	10		6,672				6,672
11CS11011100049	10		4,838				4,838
08CS11011800027	10		340				340
FSN09CR11060500022	10		378				378
AG0261P100083	10		3,368				3,368
58011111003	10		12,610				12,610
10JV11221634252	10		47,274				47,274
10CS11221634262	10		8,397				8,397
10JV11221633206	10		20,866				20,866
11-PA-11011724-042	10		4,039				4,039
09JV11221634314	10		91,976				91,976
09JV11221634314	10		429				429
09JV11221634294	10		18,348				18,348
08JV11221659036	10		226,767				226,767
07JV11221659314	10		12,000				12,000
09JV11221637270	10		45,652				45,652
09JV11221633325	10		8,415				8,415
08JV11221634236	10		44,303				44,303
06JV11221648191	10		4,064				4,064

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

FEDERAL GRANT/PROGRAM TITLE	FEDERAL	FEDERAL	DIRECT	PASS THROUGH	DIRECT	PASS THROUGH	TOTAL
	AGENCY	CFDA	RESEARCH	RESEARCH	NON-RESEARCH	NON-RESEARCH	EXPENDITURES
	NUMBER	EXTENSION	EXPENDITURES	EXPENDITURES	EXPENDITURES	EXPENDITURES	EXPENDITURES
DEPARTMENT OF AGRICULTURE							
DEPARTMENT OF AGRICULTURE (Cont.)							
08-JV-11221633-159	10		7,773				7,773
08JV11221611160	10		12,154				12,154
08JV11060123103	10		5,464				5,464
10CR11221632182	10		27,366				27,366
08JV11221633293	10		423				423
08JV11221633201	10		38,806				38,806
05PA11015600051 M1	10		77,288				77,288
VARIOUS	10		48,750				48,750
10JV11272162041	10		68,356				68,356
07CS11221662248	10		3,374				3,374
09JV11111133036	10		18,869				18,869
07JV11111133088	10		17,003				17,003
11-CS-11221632-092	10		10,401				10,401
08-JV-11221633-159	10		(540)				(540)
09JV11052007214	10		5,757				5,757
11CR11061800056	10		1,645				1,645
PNW10JV11261987041	10		100,531				100,531
11JV11221611115	10		33,492				33,492
11JV11221633184	10		17,257				17,257
09JV11221633340	10		13,379				13,379
PNW08JV11261900082	10		47,038				47,038
10JV11261900039	10		31,733				31,733
10PA11010404038	10				120		120
10CR11221637077	10				129,185		129,185
12029826000945	10				81,207		81,207
12-CR-11221636-108	10				378		378
09JV11221637312	10				43,456		43,456
08JV11221611160	10				351,173		351,173
10CR11221632267	10				3,617		3,617
11CR11221611214	10				26,532		26,532
68054610003	10				12,800		12,800
IACAWARDLTR	10			31,882			31,882
SRTGGAAWARDLTR	10			30,821			30,821
LETTER FROM R. BATT	10			8,549			8,549
01-11-UI	10			8,294			8,294
1132	10			2,973			2,973
SCBGP-FB	10			19,285			19,285
1408S001	10			1,018			1,018
2010AWARD	10			16,122			16,122
2010AWARD	10			146			146
G002539	10					5,387	5,387
11624	10			1,527			1,527
11628	10			43,031			43,031

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF AGRICULTURE DEPARTMENT OF AGRICULTURE (Cont.)							
ARRA DEPARTMENT OF AGRICULTURE (RECOVERY)	10						
ARRA 10JV112282B1015	10	ARRA	6,907				6,907
AGRICULTURE RESEARCH SERVICE							
Agricultural Research-Basic and Applied Research	10	001	1,354,539	236,788			1,591,327
AGRICULTURAL MARKETING SERVICE							
Federal-State Marketing Improvement Program	10	156	44,957				44,957
Specialty Crop Block Grant Program	10	169				14,915	14,915
Specialty Crop Block Grant Program - Farm Bill	10	170		108,491		957	109,448
ANIMAL AND PLANT HEALTH INSPECTION SERVICE							
Plant and Animal Disease, Pest Control, and Animal Care	10	025	256				256
NATIONAL INSTITUTE OF FOOD AND AGRICULTURE							
Grants for Agricultural Research, Special Research Grants	10	200	1,471,238	693,835		8,285	2,173,358
Cooperative Forestry Research	10	202	729,820				729,820
Payments to Agricultural Experiment Stations Under the Hatch Act	10	203			1,675,404		1,675,404
Grants for Agricultural Research_Compertitive Research Grants	10	206	331,292	1,132			332,424
Animal Health and Disease Research	10	207	16,475				16,475
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10	210			19,065		19,065
Sustainable Agriculture Research and Education	10	215		69,445			69,445
Higher Education Challenge Grants	10	217	115,500	(3,431)		60,756	172,825
Biotechnology Risk Assessment Research	10	219	16,717				16,717
Higher Education Multicultural Scholars Program	10	220			36,375		36,375
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10	226			8,479		8,479
Integrated Programs	10	303	1,110,627	58,310			1,168,937
Homeland Security_Agriculture	10	304		26,855			26,855
International Science and Education Grants	10	305				20,098	20,098
Biodiesel	10	306			227,431		227,431
Organic Agriculture Research and Extension Initiative	10	307	54,038	55,257		3,715	113,010
Specialty Crop Research Initiative	10	309		77,783			77,783
Agriculture and Food Research Initiative (AFRI)	10	310	3,538,141	1,136,820		3,376	4,678,337
Beginning Farmer and Rancher Development Program	10	311				40,011	40,011
Cooperative Extension Service	10	500	22,083	28,707	3,203,935	207,265	3,461,990
DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE							
Child and Adult Care Food Programs	10	558				37,080	37,080
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10	561				864,469	864,469
FOREST SERVICE							
Cooperative Forestry Assistance	10	664	61,125			12,886	74,011
Forest Products Lab: Technology Marketing Unit (TMU)	10	674	7,948				7,948
Forest Health Protection	10	680	160,513	545			161,058
ARRA Recovery Act of 2009: Capital Improvement and Maintenance	10	687	6,040				6,040

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF AGRICULTURE							
RURAL DEVELOPMENT							
Rural Business Enterprise Grants	10	769				3,590	3,590
NATURAL RESOURCES CONSERVATION SERVICE							
Soil & Water Conservation	10	902	78,846	121,740	10,470		211,056
Soil Survey	10	903	13,444				13,444
Environmental Quality Incentives Program	10	912	57,641		20,627		78,268
FOREIGN AGRICULTURAL SERVICE							
Technical Assistance for Specialty Crops Program	10	604		3,673			3,673
Cochran Fellowship Program-International Training-Foreign Participant	10	962			356,334		356,334
Total - Department of Agriculture			10,622,317	2,816,074	6,232,847	1,282,803	20,954,041
DEPARTMENT OF COMMERCE							
DEPARTMENT OF COMMERCE							
AB133F07CN0222	11		10,415				10,415
AB133F09SE3090	11		27,539				27,539
RA133F11SE2476	11		26,805				26,805
AB133F09SE3785	11		299				299
OSC Improving Steelhead Habitat	11			28,126			28,126
ECONOMIC DEVELOPMENT ADMINISTRATION							
Economic Development_Technical Assistance	11	303				27,948	27,948
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION							
Climate and Atmospheric Research	11	431	29,222	52,789			82,011
Congressionally Identified Awards and Projects	11	469		91,988			91,988
Unallied Science Program	11	472	61,359				61,359
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY							
Manufacturing Extension Partnership	11	611				144,487	144,487
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION							
RECOVERY-State Broadband Data and Development Grant Program	11	558				5,845	5,845
Total - Department of Commerce			155,639	172,903	-	178,280	506,822
DEPARTMENT OF DEFENSE							
DEPARTMENT OF DEFENSE							
W9-12-HZ-12-2-0004	12		26,984				26,984
TOW9127N0920009001	12		57,739				57,739
TOW9127N0920009001	12		3,883				3,883
W9-12-HZ-12-2-0004	12		240,610				240,610
W9-12-HZ-12-2-0004	12		36,602				36,602
W912HQ-12-C-0022	12		49,710				49,710

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF DEFENSE							
DEPARTMENT OF DEFENSE (Cont.)							
W912HQ12C0009	12		25,569				25,569
N0016709P0457	12		32				32
W912EF-11-P-5086	12				3,948		3,948
0800026807	12			130,466			130,466
201120677-01	12			30,259			30,259
20122225101	12			42,238			42,238
UII	12			128,292			128,292
114277G002680	12			3,500			3,500
12528	12			981			981
1495	12			47,900			47,900
08ESM346146	12			6,520			6,520
OFFICE OF THE CHIEF OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY							
Basic and Applied Scientific Research	12	300	1,253,386	4,104			1,257,490
OFFICE OF THE SECRETARY OF DEFENSE							
Basic Scientific Research - Combating Weapons of Mass Destruction	12	351	102,113				102,113
DEPARTMENT OF THE AIR FORCE MATERIAL COMMAND							
Air Force Defence Research Sciences Program	12	800	17,488	621,491			638,979
NATIONAL SECURITY AGENCY							
Mathematical Sciences Grants Program	12	901	5,204				5,204
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY							
Research and Technology Development	12	910	270,303				270,303
Total - Department of Defense			2,089,623	1,015,751	3,948	-	3,109,322
DEPARTMENT OF THE INTERIOR							
DEPARTMENT OF INTERIOR							
IF&G Grnd Squirrel Habitat & Fire	15			19,928			19,928
IETIC Director	15			4,357			4,357
IETIC Data Manager	15			15			15
IETIC Russell H Hudson Gene Archive	15			66			66
R10PX11033	15				925		925
H2380040001J2340070059	15				21,705		21,705
P12AC10019	15				21,794		21,794
P11PZ83295	15				1,204		1,204
J1242040718	15		4,357				4,357
10877	15		25,669				25,669
J8W07090006H8W07060001	15		7,390				7,390
0001090001	15		198,274				198,274
H2303050007 J2303050007	15		195				195
J8W07090004H8W07060001	15		(10)				(10)
J8W07090017H8W07060001	15		22,428				22,428

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

FEDERAL GRANT/PROGRAM TITLE	FEDERAL AGENCY	FEDERAL CFDA	DIRECT RESEARCH	PASS THROUGH RESEARCH	DIRECT NON-RESEARCH	PASS THROUGH NON-RESEARCH	TOTAL
	NUMBER	EXTENSION	EXPENDITURES	EXPENDITURES	EXPENDITURES	EXPENDITURES	EXPENDITURES
DEPARTMENT OF THE INTERIOR							
DEPARTMENT OF INTERIOR (Cont.)							
		KAA061023	15	31,191			31,191
		L08AC13003 (DLA060250)	15	1,152			1,152
		H1200090004 J92601S0009	15	1,806			1,806
		H2370094000J2370106512	15	1,981			1,981
		H8W07060001 J2410070064	15	55,899			55,899
		H1200040001 J2130060434	15	14,329			14,329
		J2126080004	15	6,261			6,261
		J2126080004	15	(6,360)			(6,360)
		R2126100014	15	14,666			14,666
		R2126100009	15	85,886			85,886
		H1200090004P11AT00070	15	65,174			65,174
		F10PX80401	15	20,525			20,525
		J2128070010H1200040001	15	26,495			26,495
		J8W07080001_H8W07060001	15	15,450			15,450
		L07PX04919 (OLD#NAP070014)	15	9,198			9,198
		H2370094000R2330110008	15	131,994			131,994
		H2370094000 J2302090002	15	318			318
		H2370094000J2330106500	15	(68)			(68)
		H237009400J2370106506	15	14			14
		H2370094000J2370106513	15	35,673			35,673
		H2370094000/J2301110201	15	19,278			19,278
		ORDER F11PX05413	15	44,979			44,979
		H8W07060001TA#J8W07080021	15	28,830			28,830
		H8R07060001J8R07070008	15	91,455			91,455
		H1200090004J7127110042	15	3,253			3,253
		J9560100093H2370094000	15		31,995		31,995
		L08AC13334	15		1,383		1,383
		L11PX01599	15		2,415		2,415
		H2303050007 J2303060002	15		17,851		17,851
		L08AC13735	15		145		145
		AGC00100014	15	24,050			24,050
		12497	15	70,900			70,900
		H2370094000R2310120016	15	189,268			189,268
		J8W07100041	15	74,601			74,601
		H1200090004 J9375100002	15	4,754			4,754
		H2370094000 J2301100203	15	39,231			39,231
		H2370094000 P11AT00534	15	357,009			357,009
		H2370094000R2310110044	15	160,060			160,060
		SR0906	15		(2,480)		(2,480)
Department of Interior	15	DAV		50,306			50,306
BUREAU OF LAND MANAGEMENT							
Recreation Resource Management	15	225		30,878			30,878
Invasive and Noxious Plant Management	15	230		62,831			62,831
ARRA Fish, Wildlife and Plant Conservation Resource Management (RECOVERY)	15	231		75,285			75,285
Fish, Wildlife and Plant Conservation Resource Management	15	231		43,663			43,663

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF THE INTERIOR							
BUREAU OF LAND MANAGEMENT (Cont.)							
Wildland Fire Research and Studies Program	15	232	21,882		36,736		58,618
Environmental Quality and Protection Resource Management Challenge Cost Share	15	236			1,932		1,932
Management Initiatives	15	238	19,540				19,540
	15	239			11,117		11,117
BUREAU OF INDIAN AFFAIRS							
Agriculture on Indian Lands	15	034	18,579		6,666		25,245
BUREAU OF RECLAMATION							
Water 2025	15	507	30,230	66,659			96,889
Providing Water to At-Risk Natural Desert Terminal Lakes	15	508		110,353			110,353
Fish and Wildlife Coordination Act	15	517	66,132				66,132
OFFICE OF SURFACE MINING							
Regulation of Surface Coal Mining & Surface Effects of Underground Coal Mining	15	250	65,018				65,018
US FISH AND WILDLIFE SERVICE							
Sport Fish Restoration Program	15	605		83,068			83,068
Wildlife Restoration	15	611		225,791		2,035	227,826
Cooperative Endangered Species Conservation Fund	15	615		15,848			15,848
State Wildlife Grants	15	634		96,125			96,125
Service Training and Technical Assistance (Generic Training)	15	649	10,751				10,751
DEPARTMENT OF THE INTERIOR							
US FISH AND WILDLIFE SERVICE (Cont.)							
Research Grants (Generic)	15	650	39,660				39,660
Endangered Species - Candidate Conservation Action Funds	15	660	2,415				2,415
U.S.GEOLOGICAL SURVEY							
Assistance to State Water Resources Research Institutes	15	805	68,347				68,347
U.S. Geological Survey_ Research and Data Collection	15	808	245,631		5,840		251,471
National Cooperative Geologic Mapping Program	15	810	225,932				225,932
Gap Analysis Program	15	811	754,686				754,686
Cooperative Research Units Program	15	812	1,193,594				1,193,594
National Geological and Geophysical Data Preservation Program	15	814			25,271		25,271
National Land Remote Sensing_Education Outreach and Research	15	815				16,741	16,741
National Climate Change and Wildlife Science Center	15	820		50,578			50,578
NATIONAL PARK SERVICE							
Preservation of Japanese American Confinement Sites	15	933	1,535				1,535
Cooperative Research and Training Programs – Resources of the National Park System	15	945	15,182				15,182
Total - Department of the Interior			4,919,632	670,308	186,979	18,776	5,795,695
DEPARTMENT OF JUSTICE							
DEPARTMENT OF JUSTICE							
	2010RJBX0025		16	WAIT	325		325
	2009WLAX0016		16			(10,999)	(10,999)

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF JUSTICE							
DEPARTMENT OF JUSTICE (Cont.)							
2009-WL-AX-0016	16					27,662	27,662
JUVENILE JUSTICE & DELINQUENCY PREVENTION							
Juvenile Mentoring Program	16	726				71,572	71,572
Enforcing Underage Drinking Laws Program	16	727				18,707	18,707
BUREAU OF JUSTICE ASSISTANCE							
John R. Justice Prosecutors and Defenders Incentive Act	16	816			82,891		82,891
ARRA Recovery Act - Edward Byrne Memorial Competitive Grant Program	16	808				(1,174)	(1,174)
Total - Department of Justice			-	-	83,216	105,768	188,984
DEPARTMENT OF LABOR							
MINE SAFETY AND HEALTH ADMINISTRATION							
Mine Health and Safety Grants	17	600			83,244		83,244
Total - Department of Labor			-	-	83,244	-	83,244
DEPARTMENT OF STATE							
DEPARTMENT OF STATE							
IU-RX2050-932-11-B	19	WAIT				6,216	6,216
IURX205093212B	19	WAIT				16,785	16,785
Total - Department of State			-	-	-	23,001	23,001
DEPARTMENT OF TRANSPORTATION							
DEPARTMENT OF TRANSPORTATION							
SWCA Sandpoint Archaeological Project	20			181,250			181,250
*I*ITD Climate Impacts on Accident	20			8,860			8,860
ID030029	20				71,535		71,535
T0013GBTO1	20			15,807			15,807
HR2007271	20			4,683			4,683
09677	20					8,983	8,983
10641	20					13,752	13,752
DEPARTMENT OF TRANSPORTATION							
ARRA Federal Pass Through	20	ARRA					
ARRA 7297PROJA011(960)	20	ARRA				15,184	15,184
FEDERAL HIGHWAY ADMINISTRATION							
Highway Research and Development Program							
Highway Planning and Construction	20	200			395,414		395,414
	20	205	44,763	128,486		58,037	231,286
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION							
University Transportation Centers Program	20	701	1,097,537				1,097,537

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF TRANSPORTATION PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMIN Interagency Hazardous Materials Public Sector Training and Planning Grants	20	703		15,495			15,495
Total - Department of Transportation			1,142,300	354,581	466,949	95,956	2,059,786
DEPARTMENT OF TREASURY INTERNAL REVENUE SERVICE Low-Income Taxpayer Clinics	21	008			80,984		80,984
Total - Department of Treasury			-	-	80,984	-	80,984
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
NNX08BA10G	43		82,094				82,094
NNX09AM99G	43		47,507				47,507
NNX10AQ10G	43		55,313				55,313
NNX11AO51H	43		24,688				24,688
NNX07AL05A	43		102,710				102,710
NNX07AT60A	43		220,901				220,901
NNX07AL05A	43		10,441				10,441
NNX08AT68A	43		51,614				51,614
NNX07AL05A	43		8,117				8,117
NNX07AL05A	43		4,703				4,703
NNX09AV04A	43		146,073				146,073
NNX10AN29A	43		246,820				246,820
NNX10AN30A	43		218,146				218,146
NNX10AC34A	43		96,296				96,296
NNX07AQ67G	43		3,049				3,049
NNX08AL68G	43		190,509				190,509
NNX08AK71G	43		15,592				15,592
NNX08AQ94G	43		21,748				21,748
NNX10AQ10G	43		-				-
NNX10AT77A	43				187,588		187,588
090286	43			7,599			7,599
Y503506	43			60,220			60,220
2007-05966-02 A3595	43			133,163			133,163
PO#10285590	43			14,455			14,455
061022	43					164	164
117916116	43					33,420	33,420
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION Science	43	001	997,666		348,434		1,346,100
Education	43	008	106,739				106,739
Total - National Aeronautics and Space Administration			2,650,726	215,437	536,022	33,584	3,435,769

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES INSTITUTE OF MUSEUM AND LIBRARY SCIENCES Grants to States	45	310				2,000	2,000
NATIONAL ENDOWMENT FOR THE ARTS Promotion of the Arts-Grants to Organizations & Individuals	45	024			19,675		19,675
Promotion of the Arts_Partnership Agreements	45	025				8,073	8,073
NATIONAL ENDOWMENT FOR THE HUMANITIES Promotion of the Humanities_Federal/State Partnership	45	129				7,539	7,539
Promotion of the Humanities_Research	45	161		980			980
Promotion of the Humanities_Public Programs	45	164			948		948
Total - National Foundation on the Arts and Humanities			-	980	20,623	17,612	39,215
NATIONAL SCIENCE FOUNDATION National Science Foundation							
ABET Measuring Engineering Skills	47			9,203			9,203
111462G002670	47			23,481			23,481
AMP Minority Participation	47			4,268			4,268
Engineering Grants	47	041	506,260	50,919			557,179
Mathematical and Physical Sciences	47	049	252,494				252,494
Geosciences	47	050	424,739	29,691			454,430
Biological Sciences	47	074	1,156,751	598,280			1,755,031
Social, Behavioral, and Economic Sciences	47	075	19,183				19,183
Education and Human Resources	47	076	1,815,366	128,509			1,943,875
Polar Sciences	47	078	181,364				181,364
International Science and Engineering (OISE)	47	079	40,114	36,634			76,748
Office of Cyberinfrastructure	47	080	2,826,768				2,826,768
Office of Experimental Program to Stimulate Competitive Research	47	081	1,142,627				1,142,627
ARRA Trans-NSF Recovery Act Research Support (RECOVERY)	47	082	1,438,881	8,490			1,447,371
Total - National Science Foundation			9,804,547	889,475	-	-	10,694,022
SMALL BUSINESS ADMINISTRATION Small Business Development Centers	59	037				14,963	14,963
Total - Small Business Administration			-	-	-	14,963	14,963
ENVIRONMENTAL PROTECTION AGENCY OFFICE OF THE ADMINISTRATOR Environmental Education Grants	66	951			11,303		11,303
OFFICE OF RESEARCH AND DEVELOPMENT Science to Achieve Results (STAR) Fellowship Program	66	514	11,268				11,268
Regional Applied Research Efforts (RARE)	66	517	998				998

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
ENVIRONMENTAL PROTECTION AGENCY							
OFFICE OF WATER							
Water Pollution Control State, Interstate, and Tribal Program Support	66	419		41,055			41,055
Nonpoint Source Implementation Grants	66	460		7,222			7,222
Capitalization Grants for Drinking Water State Revolving Funds	66	468				8,478	8,478
ENVIRONMENTAL PROTECTION AGENCY							
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE							
Solid Waste Management Assistance Grants	66	808			17,514		17,514
Total - Environmental Protection Agency			12,266	48,277	28,817	8,478	97,838
NUCLEAR REGULATORY COMMISSION							
NUCLEAR REGULATORY COMMISSION							
NRC3810957	77				70,929		70,929
HRC-HQ-12-G-38-0009	77		40,770				40,770
Total - Nuclear Regulatory Commission			40,770	-	70,929	-	111,699
DEPARTMENT OF ENERGY							
DEPARTMENT OF ENERGY							
IF&G Mitigation of Nutrient Loss	81			51,126			51,126
00047127	81		(5,087)				(5,087)
0053169	81		21,211				21,211
DEFG0203ER41270	81		83,656				83,656
42246TO107	81		17,278				17,278
DESC00004751	81		177,697				177,697
752368	81					1,309	1,309
00042246 TO00069	81					(2,445)	(2,445)
42246T069	81					417,455	417,455
42246TO108	81					1,406,472	1,406,472
C11-17 C1101740	81			41,824			41,824
42246TO110	81			6,404			6,404
6/24/10LETTERSCHRIEVER	81			1,846			1,846
11580	81			57,111			57,111
11580	81			21,052			21,052
11596	81			79,840			79,840
6/28/11 LETTER SCHRIEVER	81			40,000			40,000
6/28/11 LETTER SCHRIEVER	81			11,605			11,605
12363	81			45,415			45,415
8007000110M1	81			32,476			32,476
8007000110M2	81			21,237			21,237
00042246TO46	81			1,361			1,361
00042246TO46	81			90,084			90,084
00042246 TO00027	81			69,034			69,034
42246TO98	81			91,963			91,963
676G106402-A	81			52,617			52,617
C1019POC1001940	81			2,917			2,917

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF ENERGY							
DEPARTMENT OF ENERGY (Cont.)							
C11-33 C1103340	81			182,375			182,375
TO00058	81			68,073			68,073
00042246 TO 00078	81			2,909			2,909
162789	81			35,664			35,664
42246 TO102	81			46,444			46,444
TO9100042246	81			141,593			141,593
04-251B	81			748			748
04-251B	81			3,237			3,237
84281/TASK 1	81			500			500
84281	81			40,027			40,027
04-251B	81			9,017			9,017
42246TO0111	81			34,947			34,947
42246TO74	81			34,163			34,163
TO47TA42246	81			24,579			24,579
42246TO74	81			27,592			27,592
6838901	81			41,135			41,135
TO00070	81			(164)			(164)
42246TO89	81			26,686			26,686
42246TO90	81			16,054			16,054
42246TO99	81			84,948			84,948
42246TO51	81			29,388			29,388
42246TO92	81			139,807			139,807
42246TO94	81			17,860			17,860
42246TO97	81			35,463			35,463
42246TO96	81			225,730			225,730
68389 RELEASE 01	81			120,406			120,406
42246TO41A3	81			9,778			9,778
42246 TO104	81			17,069			17,069
42246TO103	81			8,161			8,161
347K815	81			3,554			3,554
42246 TO112	81			27,880			27,880
42246TO113	81			37,385			37,385
42246TO85	81			23,209			23,209
42246TO100	81			18,841			18,841
42246 TO 101	81			624			624
42246TO106	81			23,135			23,135
42246TO74	81			29,233			29,233
442246TO74-A3	81			35,250			35,250
42246TO86	81			1,973			1,973
PO1152148	81			15,070			15,070
42246TO75A001	81			4,886			4,886
200201100UNIVERSITYFY11	81			32,900			32,900
081511LETTER SCHRIEVER	81			18,983			18,983
021512 LETTER SCHRIEVER	81			12,264			12,264
12.09.08LETTERSCHRIEVER	81			6,963			6,963
C1024POC1002440	81			(2,112)			(2,112)
C11-32 C1103240	81			55,286			55,286

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF ENERGY							
DEPARTMENT OF ENERGY (Cont.)							
42246TO74	81			4,930			4,930
144999-1/182305	81			75,000			75,000
00042246TO00057	81			171,836			171,836
42246TO73	81			77,632			77,632
42246TO72	81			1,317			1,317
42246 TO105	81			5,634			5,634
AXH-1-40456-05	81			1,640			1,640
95558	81			(17,533)			(17,533)
605006302	81			14,947			14,947
42246TO109	81			4,691			4,691
193K340	81			66,292			66,292
42246TO88	81			137			137
42246TO87	81			76,966			76,966
TO00060	81			69,117			69,117
TO00061	81			259,066			259,066
00042246TO00065	81			34,824			34,824
00042246TO00067	81			54,924			54,924
9F-30302	81			(1,818)			(1,818)
42246TO51	81			21,341			21,341
42246TO50A2	81			43,363			43,363
BPA-50-1-UOFI-FY11	81					35,368	35,368
6934100	81					191	191
C1102C1100240	81			1,231,997			1,231,997
354K756	81			21,278			21,278
CRITFC Kelt Reconditioning IV	81			782			782
C11-16 C1101640	81					99,700	99,700
ARRA DEPARTMENT OF ENERGY (RECOVERY)							
ARRA 42246 TO76	81	ARRA		64,780			64,780
ARRA 00728394	81	ARRA		11,920			11,920
ARRA RENEWABLE ENERGY RESEARCH AND DEVELOPMENT (RECOVERY)	81	087		192,357			192,357
ARRA STEWARDSHIP SCIENCE GRANT PROGRAM (RECOVERY)	81	112		14,273			14,273
ARRA EECBG (RECOVERY)	81	128		9,977			9,977
Office of Science Financial Assistance Program	81	049	260,361	645,434			905,795
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81	117				17,102	17,102
DEPARTMENT OF ENERGY							
Nuclear Energy Research, Development & Demonstration	81	121	27,186	221,875			249,061
Total - Department of Energy			582,302	5,866,404	-	1,975,152	8,423,858
DEPARTMENT OF EDUCATION							
DEPARTMENT OF EDUCATION	84						
FCDPCPSDAG12A665	84			2,500			2,500

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF EDUCATION							
DEPARTMENT OF EDUCATION (Cont.)							
	84	11453				8,500	8,500
	84	FCDPCDSAG12A665				1,400	1,400
DEPARTMENT OF EDUCATION							
Federal Pass Through	84	928A				34,413	34,413
ARRA Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	84	390				11,278	11,278
ARRA Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	84	390A				45,687	45,687
ARRA School Improvement Grants, Recovery Act	84	388				513,127	513,127
ARRA School Improvement Grants, Recovery Act	84	388A					-
ARRA STATE FISCAL STABILIZATION FUNDS (RECOVERY)							
ARRA Education State Grants, Recovery Act	84	394A				367,178	367,178
OFFICE OF STUDENT FINANCIAL ASSISTANCE PROGRAMS							
Federal Supplemental Educational Opportunity Grants	84	007			496,756		496,756
Federal Work-Study Program	84	033			581,815		581,815
Federal Perkins Loan Program-Federal Capital Contributions	84	038			766		766
Federal Pell Grant Program	84	063			17,353,676		17,353,676
Federal Direct Student Loans	84	268			75,023,722		75,023,722
Academic Competitiveness Grant	84	375			188		188
National Science and Mathematics Access to Retain Talent (SMART) Grants	84	376			(1,000)		(1,000)
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES							
Special Education Grants to States	84	027				208,574	208,574
Special Education Grants to States	84	027A				832,593	832,593
Rehabilitation Long-Term Training	84	129					-
Assistive Technology	84	224			343,191		343,191
Assistive Technology	84	224A			27,305		27,305
Special Education Grants to States	84	323				180,748	180,748
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84	326			81,213		81,213
ARRA Special Education - Grants for Infants and Families, Recovery Act	84	393				25,233	25,233
OFFICE OF POSTSECONDARY EDUCATION							
TRIO_Student Support Services	84	042A			265,937		265,937
TRIO_Talent Search	84	044			37,871		37,871
TRIO_Talent Search	84	044A			264,374		264,374
TRIO_Upward Bound	84	047			574,970		574,970
TRIO_Upward Bound	84	047A			280,955		280,955
TRIO_Upward Bound	84	047M			294,495		294,495
TRIO_Educational Opportunity Centers	84	066			201,911		201,911
Fund for the Improvement of Postsecondary Education	84	116		(54)	27,741		27,687
TRIO_McNair Post-Baccalaureate Achievement	84	217			205,152		205,152
Byrd Scholarship	84	135			32,625		32,625
Leveraging Educational Assistance Partnership	84	069			105,036		105,036
International Education Technological Innovation and Cooperation for Foreign Information Access	84	337				61,988	61,988

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF EDUCATION							
OFFICE OF VOCATIONAL AND ADULT EDUCATION							
Career and Technical Education -- Basic Grants to States	84	048				2,863	2,863
Career and Technical Education -- Basic Grants to States	84	048A		6,505		168,192	174,697
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION							
Title I Grants to Local Educational Agencies	84	010				18,261	18,261
Migrant Education_College Assistance Migrant Program	84	149			431,125		431,125
Improving Teacher Quality State Grants	84	367				14,793	14,793
Improving Teacher Quality State Grants	84	367A				2,711	2,711
OFFICE OF SAFE AND DRUG-FREE SCHOOLS							
Safe and Drug-Free Schools and Communities_National Programs	84	184			51,612		51,612
Civic Education - We the People and the Cooperative Education Exchange Program	84	304				2,716	2,716
Total - Department of Education			(54)	9,005	96,681,436	2,500,255	99,190,642
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
IRO1GM61920-01	93		16,463				16,463
HHSN276200800008C	93		25,964				25,964
HHSN276201200105P	93		28,623				28,623
2142011M38775	94		1,394				1,394
409036	93			(24)			(24)
051017	93			3,362			3,362
KC247200	93					69,462	69,462
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93	043				5,546	5,546
HEALTH RESOURCES AND SERVICES ADMINISTRATION							
Area Health Education Centers Infrastructure Development Awards	93	824				3,460	3,460
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
ADMINISTRATION FOR CHILDREN AND FAMILIES							
Child Care and Development Block Grant	93	575				3,821,460	3,821,460
Head Start	93	600				5,431	5,431
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93	632			532,003	3,705	535,708
ARRA – Early Head Start (RECOVERY)	93	709				536	536
ARRA – Child Care and Development Block Grant (RECOVERY)	93	713				256,333	256,333
NATIONAL INSTITUTES OF HEALTH							
National Center for Research Resources	93	389	4,877,333	225,869			5,103,202
ARRA Trans-NIH Recovery Act Research Support (RECOVERY)	93	701	1,093,692	20,409			1,114,101
Allergy, Immunology and Transplantation Research	93	855	909,658	545,088			1,454,746
Biomedical Research and Research Training	93	859	750,500				750,500
Child Health and Human Development Extramural Research	93	865	46,875	85,235			132,110
Vision Research	93	867	611,998				611,998

University of Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL AGENCY NUMBER</u>	<u>FEDERAL CFDA EXTENSION</u>	<u>DIRECT RESEARCH EXPENDITURES</u>	<u>PASS THROUGH RESEARCH EXPENDITURES</u>	<u>DIRECT NON-RESEARCH EXPENDITURES</u>	<u>PASS THROUGH NON-RESEARCH EXPENDITURES</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
CENTERS FOR MEDICARE AND MEDICAID SERVICES							
Medical Assistance Program	93	778				2,148	2,148
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93	779				5,972	5,972
CENTERS FOR DISEASE CONTROL AND PREVENTION							
Preventive Health and Health Services Block Grant	93	991				7,202	7,202
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION							
Block Grants for Prevention and Treatment of Substance Abuse	93	959				(113)	(113)
Total Department of Health and Human Services			8,362,500	879,939	532,003	4,181,142	13,955,584
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE							
Program Development and Innovation Grants	94	007				3,000	3,000
Total - Corporation for National and Community Service			-	-	-	3,000	3,000
DEPARTMENT OF HOMELAND SECURITY							
Pre-Disaster Mitigation	97	047				(1)	(1)
Earthquake Consortium	97	082		29,756			29,756
Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies	97	108	85,074				85,074
Total - Department of Homeland Security			85,074	29,756	-	(1)	114,829
AGENCY FOR INTERNATIONAL DEVELOPMENT							
AGENCY FOR INTERNATIONAL DEVELOPMENT	98						
2029	98					106,426	106,426
UIRX205070510K	98					323,428	323,428
Total - Agency for International Development			-	-	-	429,854	429,854
TOTAL FEDERAL FINANCIAL ASSISTANCE			40,467,642	12,968,890	105,007,997	10,868,623	169,313,152

Notes to Schedule of Expenditures of Federal Awards Period Ended June 30, 2012

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 \$11,572,373 and \$1,585,529 for year to date June 30, 2012.

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 Period Ended June 30, 2012

<u>FEDERAL GRANT/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PAYMENTS TO SUBRECIPIENTS</u>
DEPARTMENT OF AGRICULTURE		
DEPARTMENT OF AGRICULTURE		
1081001547CA	10.	410
10CR11221637077	10.	18,995
AGRICULTURE RESEARCH SERVICE		
Agricultural Research-Basic and Applied Research	10.001	6,240
AGRICULTURAL MARKETING SERVICE		
Federal-State Marketing Improvement Program	10.156	41,423
NATIONAL INSTITUTE OF FOOD AND AGRICULTURE		
Grants for Agricultural Research, Special Research Grants	10.200	479,689
Federal Pass Through	10.200	164,231
Grants for Agricultural Research, Competitive Research	10.206	91,905
Higher Education Challenge Grants	10.217	66,559
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10.226	3,672
Integrated Programs	10.303	602,682
Agriculture and Food Research Initiative (AFRI)	10.310	2,148,467
Federal Pass Through	10.310	42,023
Cooperative Extension Service	10.500	1,403
FOREST SERVICE		
Forest Health Protection	10.680	46,390
NATURAL RESOURCES CONSERVATION SERVICE		
Soil and Water Conservation	10.902	66,071
Environmental Quality Incentives Program	10.912	14,259

University of Idaho

Notes to Schedule of Expenditures of Federal Awards Period Ended June 30, 2012

FOREIGN AGRICULTURAL SERVICE		
Cochran Fellowship Program-International Training-Foreign Participant	10.962	121,171
DEPARTMENT OF COMMERCE		
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA)		
Unallied Science Program	11.472	53,062
DEPARTMENT OF DEFENSE		
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY		
Basic and Applied Scientific Research	12.300	50,525
OFFICE OF THE AIR FORCE, MATERIEL COMMAND		
Air Force Defense Research Sciences Program	12.800	
Federal Pass Through	12.800	7,077
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY		
Research and Technology Development	12.910	161,656
DEPARTMENT OF THE INTERIOR		
BUREAU OF LAND MANAGEMENT		
Invasive and Noxious Plant Management	15.230	965
ARRA Fish, Wildlife and Plant Conservation Resource Management	15.231	18,164
GEOLOGICAL SURVEY		
Assistance to State Water Resources Research Institutes	15.805	11,097
Geological Survey Research and Data Acquisition	15.808	(10)
National Land Remote Sensing_Education Outreach and Research	15.815	
Federal Pass Through	15.815	3,926
DEPARTMENT OF TRANSPORTATION		
DEPARTMENT OF TRANSPORTATION		
DTFH6108G00009	20.	292,833

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Notes to Schedule of Expenditures of Federal Awards Period Ended June 30, 2012

DEPARTMENT OF EDUCATION		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES		
Assistive Technology	84.224	8,999
ARRA Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	84.390A	
ARRA Federal Pass Through	84.390A	646
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
ADMINISTRATION FOR CHILDREN AND FAMILIES		
Child Care and Development Block Grant		
Federal Pass Through	93.575	1,513,547
NATIONAL INSTITUTES OF HEALTH		
National Center for Research Resources	93.389	2,144,837
ARRA Trans-NIH Recovery Act Research Support	93.701	468,264
AGENCY FOR INTERNATIONAL DEVELOPMENT		
Federal Pass Through	98.	
UIRX205070510K	98.	12,000
TOTAL FEDERAL FINANCIAL ASSISTANCE TO SUBRECIPIENTS		<u><u>12,023,474</u></u>
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