

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

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

Board of Regents
University of Minnesota
Minneapolis, Minnesota

We have audited the consolidated financial statements of the University of Minnesota (the University), as of and for the year ended June 30, 2006, and have issued our report thereon dated October 24, 2006. 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.

Internal Control Over Financial Reporting

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

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*.

We noted other matters that we have reported to management of the University in a separate letter dated October 24, 2006.

Board of Regents
University of Minnesota

This report is intended solely for the information and use of the board of regents, the audit committee, management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Larson, Allen, Weishair & Co., LLP
LARSON, ALLEN, WEISHAIR & CO., LLP

Minneapolis, Minnesota
October 24, 2006

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

Board of Regents
University of Minnesota
Minneapolis, Minnesota

Compliance

We have audited the compliance of the University of Minnesota (the University) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. 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 University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2006, and have issued our report thereon dated October 24, 2006. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the University's consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

This report is intended solely for the information and use of the board of regents, the audit committee, management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


LARSON, ALLEN, WEISHAIR & CO., LLP

Minneapolis, Minnesota
December 9, 2006

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Clustered Programs				
Research and Development				
Department of Agriculture:				
Agriculture Research Service	10.RD	\$ 4,122	\$ 2,262,377	\$ 2,266,499
Animal and Plant Health Inspection Service	10.RD	248,759	8,553	257,312
Cooperative State Research, Education, & Extension	10.RD	1,514,905	9,595,521	11,110,426
Foreign Agricultural Service	10.RD	-	14,349	14,349
Forest Service	10.RD	136,638	180,346	316,984
Other	10.RD	230,374	2,064,094	2,294,468
Risk Management Agency	10.RD	-	23,677	23,677
Department of Commerce:				
Economic Development Administration	11.RD	-	16,248	16,248
National Institute for Standards and Technology	11.RD	-	10,092	10,092
National Oceanic and Atmospheric Administration	11.RD	35,087	258,807	293,894
National Telecommunications and Information Administration	11.RD	-	172,402	172,402
Other	11.RD	123,277	78,989	202,266
Department of Defense:				
Advanced Research Projects Agency	12.RD	136,855	414,078	550,933
Air Force	12.RD	-	206,322	206,322
Department of the Air Force, Materiel Command	12.RD	235,181	2,433,968	2,669,149
Department of the Navy, Office of the Chief of Naval Research	12.RD	234,989	1,975,670	2,210,659
National Security Agency	12.RD	-	71,273	71,273
Office of the Secretary of Defense	12.RD	15,634	427,572	443,206
Other	12.RD	1,626,664	4,528,970	6,155,634
U.S. Army Materiel Command	12.RD	107,452	1,574,663	1,682,115
U.S. Army Medical Command	12.RD	210,118	2,528,137	2,738,255
Department of Education:				
Office of Educational Research and Improvement	84.RD	387,095	415,598	802,693
Office of Elementary and Secondary Education	84.RD	63,525	-	63,525
Office of Postsecondary Education	84.RD	71	123,382	123,453
Office of Special Education and Rehabilitative Services	84.RD	562,888	2,463,850	3,026,738
Other	84.RD	99,130	54,491	153,621

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Department of Energy:				
National Nuclear Security Administration	81.RD	\$ 131,348	\$ 637,101	\$ 768,449
Office of Energy Efficiency and Renewable Energy	81.RD	206,401	40,783	247,184
Office of Energy Research	81.RD	-	-	-
Office of Nonproliferation and National Security	81.RD	-	20,380	20,380
Office of Science	81.RD	2,463,969	3,058,199	5,522,168
Other	81.RD	312,299	4,546,068	4,858,367
Department of Health and Human Services:				
Administration for Children and Families	93.RD	286,704	314,807	601,511
Agency for Health Care Policy and Research	93.RD	179,291	750,448	929,739
Agency for Toxic Substances and Disease Registry	93.RD	-	191,133	191,133
Centers for Disease Control	93.RD	582,033	1,443,151	2,025,184
Centers for Medicare and Medicaid Services	93.RD	237,121	14,770	251,891
Health Resources and Services Administration	93.RD	245,791	2,803,275	3,049,066
National Institutes of Health	93.RD	20,418,842	212,491,187	232,910,029
Office of the Secretary	93.RD	43,076	-	43,076
Other	93.RD	86,582	7,394	93,976
Department of Homeland Security:				
Department of Homeland Security	97.RD	8,396	4,063,977	4,072,373
Other	97.RD	12,760	1,328,166	1,340,926
Department of Housing and Urban Development:				
Office of Lead Hazard Control	14.RD	-	129,766	129,766
Office of Policy Development and Research	14.RD	-	35,529	35,529
Department of Justice:				
National Institute of Peace	16.RD	63,191	-	63,191
Office of Community Oriented Policing Services	16.RD	8,340	-	8,340
Office of Juvenile Justice and Delinquency Prevention	16.RD	-	42,859	42,859
Other	16.RD	-	138,206	138,206
Department of Labor:				
Other	17.RD	59,817	-	59,817
Department of the Interior:				
Geological Survey	15.RD	48,694	587,175	635,869
Other	15.RD	22,622	450,997	473,619
U.S. Fish and Wildlife Service	15.RD	164,521	85,274	249,795

The accompanying notes are an integral part of this schedule.

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Department of Transportation:				
Other	20.RD	\$ 1,771,686	\$ 1,838,901	\$ 3,610,587
Department of Veterans Affairs:				
Other	64.RD	-	1,566,557	1,566,557
Environmental Protection Agency:				
Office of Administration	66.RD	4,000	51,281	55,281
Office of Enforcement and Compliance Assurance	66.RD	36,111	-	36,111
Office of Prevention, Pesticides, and Toxic Substances	66.RD	-	34,333	34,333
Office of Research and Development	66.RD	364,939	1,534,595	1,899,534
Office of Water	66.RD	96,130	768,961	865,091
Other	66.RD	77,546	-	77,546
National Aeronautics and Space Administration:				
National Aeronautics and Space Administration	43.RD	-	41,036	41,036
Other	43.RD	891,176	4,977,957	5,869,133
National Foundation on the Arts and the Humanities:				
National Foundation for the Humanities	n/a	8,286	-	8,286
National Science Foundation:				
National Science Foundation	47.RD	3,960,727	47,270,452	51,231,179
Other	47.RD	46,104	32,663	78,767
Smithsonian Institute:				
Smithsonian Institute	60.RD	-	20,420	20,420
United States Agency for International Development:				
United States Agency for International Development	98.RD	-	8,163	8,163
Other	98.RD	140,437	162,873	303,310
United States Institute of Peace:				
United States Institute of Peace	n/a	-	14,482	14,482
Total Research and Development		38,951,704	323,406,748	362,358,452

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Student Financial Aid				
Department of Defense:				
Other	12.000	\$ -	\$ 20,238	\$ 20,238
Department of Education:				
Federal Direct Loan Advances	84.268	-	272,234,239	272,234,239
Health Professional Loan Advances	93.342	-	2,067,656	2,067,656
Nursing Student Loans	93.364	-	226,435	226,435
Federal Work-Study Program	84.033	-	3,159,509	3,159,509
Loan Cancellations	84.037	-	626,758	626,758
Pell Grant Program	84.063	-	19,785,831	19,785,831
Perkins Loan Program—Federal Capital Contributions	84.038	-	-	-
Supplemental Educational Opportunity Grants	84.007	-	3,583,054	3,583,054
Department of Health and Human Services:				
Disadvantaged Students	93.342	-	40,428	40,428
Nursing Student Loans	93.364	-	4,012	4,012
Other Department of Health and Human Services	93.000	-	(213)	(213)
National Science Foundation:				
Contract-National Science Foundation	47.CXX	-	739,834	739,834
Total Student Financial Aid		-	302,487,781	302,487,781
CCDF Cluster				
Department of Health and Human Services:				
Child Care and Development Block Grant	93.575	60,409	-	60,409
Total CCDF Cluster		60,409	-	60,409
CDBG-Entitlement and (HUD-Administered) Small Cities Cluster:				
Department of Housing and Human Development:				
Community Development Block Grants/Entitlement Grants	14.218	52,977	-	52,977
Total CDBG-Entitlement and (HUD-Administered) Small Cities Cluster		52,977	-	52,977
Food Stamp Cluster				
Department of Agriculture:				
State Administrative Matching Grants for Food Stamp Program	10.561	5,168,542	-	5,168,542
Total Food Stamp Cluster		5,168,542	-	5,168,542

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Homeland Security Cluster				
Department of Homeland Security:				
Homeland Security Grant Program	97.004	\$ 25,138	\$ -	\$ 25,138
Homeland Security Grant Program	97.067	74,888	-	74,888
Total Homeland Security Cluster		100,026	-	100,026
Medicaid Cluster				
Department of Health and Human Services:				
Medical Assistance Program	93.778	274,580	-	274,580
Total Medicaid Cluster		274,580	-	274,580
Public Works and Economic Development Cluster				
Department of Commerce:				
Economic Adjustment Assistance	11.307	-	(36,683)	(36,683)
Total Public Works and Economic Development Cluster		-	(36,683)	(36,683)
Special Education Cluster				
Department of Education:				
Special Education-Grants to States	84.027	142,353	-	142,353
Special Education-Preschool Grants	84.173	115,654	-	115,654
Total Special Education Cluster		258,007	-	258,007
TRIO Cluster				
Department of Education:				
TRIO-McNair Post-Baccalaureate Achievement	84.217	-	289,930	289,930
TRIO-Student Support Services	84.042	-	612,197	612,197
TRIO-Upward Bound	84.047	-	1,114,570	1,114,570
Total TRIO Cluster		-	2,016,697	2,016,697
Total Clustered Programs		44,866,245	627,874,543	672,740,788

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Non-Clustered Programs				
PUBLIC SERVICE				
Corporation for National and Community Service:				
Learn and Serve America--Higher Education	94.005	\$ 39,075	\$ 87,519	\$ 126,594
Retired and Senior Volunteer Program	94.002	-	72,303	72,303
Department of Agriculture:				
Agricultural Research-Basic and Applied Research	10.001	16,680	29,338	46,018
Animal Health and Disease Research	10.207	382,379	-	382,379
Commodity Partnerships for Risk Management Education	10.457	6,443	-	6,443
Commodity Partnerships for Small Agricultural Risk Management Education Sessions	10.459	-	5,878	5,878
Community Outreach and Assistance Partnership Program	10.455	34,320	-	34,320
Contract-Department of Agriculture	10.CXX	32,034	236,941	268,975
Cooperative Extension Service	10.500	105,088	11,613,757	11,718,845
Cooperative Forestry Assistance	10.664	95,636	80,680	176,316
Forestry Research	10.652	(1,360)	-	(1,360)
Grants for Agricultural Research, Special Research Grants	10.200	16,563	305,152	321,715
Grants for Agricultural Research--Competitive Research Grants	10.206	-	13,993	13,993
Homeland Security_Agricultural	10.304	-	1,212	1,212
Integrated Programs	10.303	89,906	91,084	180,990
International Training--Foreign Participant	10.962	-	54,486	54,486
Other	10.000	59,072	3,690	62,762
Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	10.456	3,214	-	3,214
Plant and Animal Disease, Pest Control, and Animal Care	10.025	47,427	17,823	65,250
State Mediation Grants	10.435	-	205,167	205,167
Sustainable Agricultural Research and Education	10.215	15,487	-	15,487
Technical Agricultural Assistance	10.960	-	(27,245)	(27,245)
Urban and Community Forestry Program	10.675	-	134	134
WIC Farmers' Market Nutrition Program (FMNP)	10.572	1,507	-	1,507
Department of Commerce:				
Coastal Zone Management Administration Awards	11.419	98,386	-	98,386
SEA Grant Support	11.417	-	896,822	896,822
Telecommunications and Information Infrastructure	11.552	-	240,876	240,876
Department of Defense:				
Air Force Defense Research Sciences Program	12.800	-	91,856	91,856
Basic and Applied Scientific Research	12.300	-	10,000	10,000
Contract-Department of Defense	12.CXX	-	(101,280)	(101,280)
Contract-Department of Defense	12.CXX	744,287	-	744,287
Other	12.000	25,779	-	25,779

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Department of Education:				
After School Learning Centers	84.287	\$ 133,628	\$ -	\$ 133,628
Arts in Education	84.351	10,972	-	10,972
Charter Schools	84.282	41,398	-	41,398
Child Care Access Means Parents in School	84.335	-	119,508	119,508
Comprehensive Regional Assistance Centers	84.283	5,286	-	5,286
Contract-Department of Education	84.CXX	17,629	1,759,315	1,776,944
Cooperative Education Exchange Program	84.304	79,654	-	79,654
Fund for the Improvement of Education	84.215	8,089	206,935	215,024
Fund for the Improvement of Postsecondary Education	84.116	35,403	-	35,403
Higher Education--Institutional Aid	84.031	108,858	-	108,858
Improving Teacher Quality State Grants	84.367	318,849	-	318,849
Indian Education-Special Programs	84.299-DNU	61,214	-	61,214
Mathematics and Science Partnerships	84.366	82,740	-	82,740
Minority Science and Engineering Improvement	84.120	653	-	653
National Institute On Disability and Rehabilitation Research	84.133	-	987,022	987,022
National Resource Centers and Fellowships Program for Language and Area or Languages and International Studies	84.015	-	404,142	404,142
Other	84.000	262,420	-	262,420
Reading First State Grants	84.357	15,867	-	15,867
Rehabilitation Services--Basic Support	84.126	211,932	-	211,932
Safe and Drug-free Schools and Communities--National Program	84.184	-	32,788	32,788
Special Education--Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	-	22,255	22,255
Special Education--Research and Innovation to Improve Services and Results for Children with Disabilities	84.324	128,680	470,338	599,018
Special Education--State Program Improvement Grants for Children with Disabilities	84.323	145,614	-	145,614
Special Education--Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	-	3,350,876	3,350,876
Special Education--Technology and Media Services for Individuals with Disabilities	84.327	-	357	357
Technological Innovation and Cooperation for Foreign Information Access	84.337	7,255	-	7,255
Vocational Education--Basic Grants to States	84.048	68,356	-	68,356
Department of Energy:				
Contract-Department of Energy	81.CXX	1,255	-	1,255
Contract-Department of Energy-Lawrence Berkley National Laboratory	81.C08	88,501	-	88,501
Renewable Energy Research and Development	81.087	-	51,750	51,750
State Energy Program	81.041	19,231	-	19,231
Department of Health and Human Services:				
Applied Toxicological Research and Testing	93.114	25,298	-	25,298
Basic/Core Area Health Education Centers	93.824	-	676,245	676,245
Block Grants for Community Mental Health Services	93.958	121,962	-	121,962
Cancer Cause and Prevention Research	93.393	161,126	2,615	163,741
Centers for Disease Control--Investigations and Technical Assistance	93.283	12,564	-	12,564
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	7,760	-	7,760
Child Welfare Services Training Grants	93.648	-	86,626	86,626
Clinical Research	93.333	-	345,512	345,512
Clinical Research Related to Neurological Disorders	93.853	-	20,000	20,000
Contract-Department of Health and Human Services	93.CXX	-	393,973	393,973

The accompanying notes are an integral part of this schedule.

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Contract-Department of Health and Human Services-Administration for Children and Families	93.C01	\$ 134,103	\$ -	\$ 134,103
Contract-Department of Health and Human Services-Centers for Disease Control	93.C05	(93)	345,475	345,382
Contract-Department of Health and Human Services-Centers for Medicare and Medicaid Services	93.C07	448,591	1,016,734	1,465,325
Contract-Department of Health and Human Services-Health Resources and Services Administration	93.C09	-	112,388	112,388
Contract-Department of Health and Human Services-National Institutes of Health	93.C11	60,853	781	61,634
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004	2,005	-	2,005
Developmental Disabilities Basic Support and Advocacy Grants	93.630	264,708	-	264,708
Diabetes, Endocrinology and Metabolism Research	93.847	6,956	-	6,956
Emergency Medical Services for Children	93.127	-	215,462	215,462
Family Violence Prevention and Services/Grants for Battered Women's Shelter--Discretionary Grants	93.592	-	241,696	241,696
Foster Care--Title IV-E	93.658	76,030	-	76,030
Grants for Residency Training in General Internal Medicine and/or General Pediatrics	93.884	-	390,554	390,554
Health Services Research and Development Grants	93.226	5,723	469	6,192
HIV Prevebion Activities--Health Department Based	93.940	161,888	-	161,888
HIV Prevention Activities--Non-governmental Organization Base	93.939	11,080	-	11,080
Improving, Enhancing, and Evaluating Outcomes of Comprehensive Heart Health Care Programs for High-Risk Women	93.012	-	10,545	10,545
Maternal and Child Health Federal Consolidated Programs	93.110	1,235	219,172	220,407
Mental Health Clinical and AIDS Service Related Training Grants	93.244	-	644,178	644,178
National AIDS Education and Training Centers	93.145	199,792	-	199,792
Occupational Safety and Health Research Grants	93.262	2,961	61,991	64,952
Other Department of Health and Human Services	93.000	252,229	-	252,229
Other National Institutes of Health	93.000	41,342	241,217	282,559
Other Public Health Service	93.000	100,179	22,608	122,787
Preventive Health and Health Services Block Grant	93.991	(96)	-	(96)
Research, Treatment and Education Programs on Lyme Disease in the United States	93.942	-	951	951
Rural Telemedicine Grants	93.211	-	249,617	249,617
State Planning Grant_Health Care Access for the Uninsured	93.256	22,392	-	22,392
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	-	85,623	85,623
University Centers for Excellence in Developmental Disabilities Education, Research, and Services	93.632	-	483,271	483,271
Vision Research	93.867	23,948	-	23,948
Department of Homeland Security:				
Buffer Zone Protection Plan (BZPP)	97.078	22,291	-	22,291
Centers for Homeland Security	97.061	-	10,803	10,803
Interoperable Communications Equipment	97.055	2,208	-	2,208
Urban Areas Security Initiative	97.008	202,566	-	202,566
Department of Housing and Urban Development:				
Community Development Work-Study Program	14.512	-	70,182	70,182
Community Outreach Partnership Center Program	14.511	-	214,112	214,112
Other	14.000	10,802	-	10,802

The accompanying notes are an integral part of this schedule.

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Department of Justice:				
Contract-Department of Justice	16.CXX	\$ -	\$ 250,919	\$ 250,919
Crime Victim Assistance	16.575	56,128	-	56,128
Grants to Reduce Violent Crimes Against Women on Campus	16.525	-	106,814	106,814
Justice Research, Development, and Evaluation Project Grants	16.560	200,211	-	200,211
Other	16.000	-	107,762	107,762
Rural Domestic Violence and Child Victimization Enforcement Grant Program	16.589	-	149,722	149,722
Technical Assistance and Training Initiative	16.526	-	84,414	84,414
Violence Against Women Formula Grants	16.588	-	14,612	14,612
Department of Labor:				
Contract-Department of Labor	17.CXX	3,517	-	3,517
Employment Programs for People with Disabilities	17.720	3,668	-	3,668
Other	17.000	81,866	-	81,866
Department of State:				
Cooperative Grants	19.420-DNU	1,180	-	1,180
Educational Partnerships Program	19.424-DNU	-	4,657	4,657
Other	19.000	341,910	-	341,910
Department of the Interior:				
Contract-Department of the Interior	15.CXX	-	32,074	32,074
Geological Survey--Research and Data Acquisition	15.808	-	12,389	12,389
Landowner Incentive	15.633	-	25,141	25,141
Migratory Bird Joint Ventures	15.637	3,163	11,816	14,979
Other	15.000	-	48,928	48,928
Department of the Treasury:				
Low-Income Taxpayer Clinics	21.008	-	121,767	121,767
Department of Transportation:				
Contract-Department of Transportation	20.CXX	158,616	32,916	191,532
Other	20.000	27,183	398,487	425,670
Department of Veterans Affairs:				
Contract-Department of Veterans Affairs	64.CXX	-	261,551	261,551
Other	64.000	-	52,241	52,241
Environmental Protection Agency:				
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	564	-	564
Nonpoint Source Implementaion	66.460	404,994	-	404,994
State Indoor Radon Grants	66.032	150,013	-	150,013
Institute of Museum and Library Services:				
Institute of Museum and Library Services	45.301	-	161,226	161,226
Institute of Museum and Library Services--National Leadership Grants	45.312	-	338,102	338,102
State Library Program	45.310	995,282	-	995,282

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
National Aeronautics and Space Administration:				
Other	43.000	\$ 1,244	\$ 347,512	\$ 348,756
National Archives and Records Administration:				
National Historical Publications and Records Grants	89.003	-	71,019	71,019
National Foundation on the Arts and the Humanities:				
Promotion of the Arts--Leadership Initiatives	45.026-DNU	-	(3)	(3)
Promotion of the Arts--Partnership Agreements	45.025	7,500	-	7,500
Promotion of the Humanities-Federal/State Partnership	45.129	6,053	-	6,053
National Endowment for the Arts	05.000	-	49	49
National Endowment for the Humanities	06.000	8,139	-	8,139
National Science Foundation:				
Biological Sciences	47.074	-	136,972	136,972
Contract-National Science Foundation	47.CXX	-	195,464	195,464
Education and Human Resources	47.076	127,906	1,086,406	1,214,312
Engineering Grants	47.041	546,990	195,343	742,333
Geosciences	47.050	905	43,076	43,981
Mathematical and Physical Sciences	47.049	17,763	39,964	57,727
Other	47.000	190,278	44,756	235,034
Office of Personnel Management:				
Intergovernmental Personnel Act Mobility Program	27.011	-	43,185	43,185
Small Business Administration:				
Business Development Assistance to Small Business	59.005	168,278	-	168,278
Social Security Administration:				
Other	96.000	26,918	-	26,918
United States Agency for International Development:				
Agency for International Development	02.000	241,565	-	241,565
Contract-United States Agency for International Development	98.CXX	-	285,603	285,603
Total Public Service		9,819,644	32,203,156	42,022,800
Operations and Maintenance				
Department of Agriculture:				
Other	10.000	-	305	305
National Science Foundation:				
Other	47.000	-	73,866	73,866
Total Operations and Maintenance		-	74,171	74,171

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Instruction				
Department of Agriculture:				
Animal Health and Disease Research	10.207	\$ -	\$ 91,543	\$ 91,543
Cooperative Forestry Assistance	10.664	1,197	-	1,197
Cooperative Forestry Research	10.202	-	414,841	414,841
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	-	63,788	63,788
Grants for Agricultural Research, Special Research Grants	10.200	13,523	-	13,523
Higher Education Challenge Grants	10.217	-	97,611	97,611
Initiative for Future Agriculture and Food Systems	10.302-DNU	22,081	-	22,081
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	-	2,151,076	2,151,076
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	17,759	17,759
Department of Commerce:				
Coastal Zone Management Administration Awards	11.419	3	-	3
Measurement and Engineering Research and Standards	11.609	-	7,369	7,369
SEA Grant Support	11.417	-	139,294	139,294
Department of Defense:				
Basic Scientific Research	12.431	-	1,935	1,935
Military Medical Research and Development	12.420	-	109,938	109,938
Other	12.000	-	18,091	18,091
Department of Education:				
Bilingual Education--Professional Development	84.195-DNU	-	279,462	279,462
Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education	84.333	-	42,577	42,577
Fulbright-Hays Training Grants--Doctoral Dissertation Research Abroad (B)	84.022	-	23,606	23,606
Fund for the Improvement of Postsecondary Education	84.116	-	342,703	342,703
Language Resource Centers	84.229	-	353,600	353,600
National Institute on Student Achievement, Curriculum, and Assessment	84.305	-	126,615	126,615
National Resource Centers and Fellowships Program for Language and Area or Languages and International Studies	84.015	-	356,267	356,267
Other	84.000	60,306	-	60,306
Special Education--Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	-	512,722	512,722
Vocational Education--Basic Grants to States	84.048	73,895	-	73,895
Department of Health and Human Services:				
Academic Administrative Units in Primary Care	93.984-DNU	-	57,100	57,100
Advanced Education Nursing Grant Program	93.247	-	235,137	235,137
Allergy, Immunology and Transplantation Research	93.855	-	287,821	287,821
Applied Toxicological Research and Testing	93.114	163,873	-	163,873
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	-	405,141	405,141
Bioterrorism Training and Curriculum Development Program	93.996	-	399,793	399,793
Blood Diseases and Resources Research	93.839	-	505,817	505,817
Cancer Research Manpower	93.398	-	351,818	351,818
Cell Biology and Biophysics Research	93.821-DNU	-	454,177	454,177
Centers for Disease Control--Investigations and Technical Assistance	93.283	-	1,202,904	1,202,904
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	-	706,586	706,586
Centers of Excellence	93.157	-	707,098	707,098
Child Welfare Services Training Grants	93.648	13,294	51,565	64,859

The accompanying notes are an integral part of this schedule.

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Clinical Research Related to Neurological Disorders	93.853	\$ -	\$ 146,765	\$ 146,765
Comparative Medicine	93.306-DNU	-	202,584	202,584
Diabetes, Endocrinology and Metabolism Research	93.847	-	414,332	414,332
Digestive Diseases and Nutrition Research	93.848	-	44,507	44,507
Drug Abuse National Research Service Awards for Research Training	93.278-DNU	-	1,193,732	1,193,732
Drug Abuse Research Programs	93.279	-	13,138	13,138
Foster Care--Title IV-E	93.658	2,206,037	-	2,206,037
Geriatric Education Centers	93.969	-	308,485	308,485
Grants for Faculty Development in Family Medicine	93.895-DNU	-	10,511	10,511
Grants for Residency Training in General Internal Medicine and/or General Pediatrics	93.884	-	738,801	738,801
Health Careers Opportunity Program	93.822	-	103,496	103,496
Health Professions Recruitment Program for Indians	93.970	-	261,700	261,700
Health Services Research and Development Grants	93.226	-	20,474	20,474
Heart and Vascular Diseases Research	93.837	-	972,931	972,931
Innovations in Applied Public Health Research	93.061	-	578,134	578,134
Kidney Diseases, Urology and Hematology Research	93.849	-	280,696	280,696
Lung Diseases Research	93.838	-	578,864	578,864
Maternal and Child Health Federal Consolidated Programs	93.110	-	1,295,370	1,295,370
Medical Library Assistance	93.879	-	777,912	777,912
Mental Health National Research Service Awards for Research Training	93.282	-	746,344	746,344
Microbiology and Infectious Diseases Research	93.856	-	521,828	521,828
Minority Access to Research Careers	93.880-DNU	-	7,830	7,830
National Research Service Awards--Health Services Research Training	93.225	-	233,656	233,656
Nurse Anesthetist Traineeships	93.124	-	3,015	3,015
Nursing--Special Projects	93.359	-	163,124	163,124
Occupational Safety and Health--Training Grants	93.263-DNU	-	1,829,181	1,829,181
Oral Diseases and Disorders Research	93.121	-	956,729	956,729
Other Public Health Service	93.000	94,543	-	94,543
Pharmacological, Physiology, and Biological Chemistry Research	93.859	-	860,707	860,707
Professional Nurse Traineeships	93.358	-	110,973	110,973
Public Health Traineeships	93.964	-	54,404	54,404
Public Health Training Centers Grant Program	93.249	-	394,682	394,682
Quentin N. Burdick Programs for Rural Interdisciplinary Training	93.192	-	71,289	71,289
Research and Training in Complementary and Alternative Medicine	93.213	18,331	72,447	90,778
Research Centers in Minority Institutions	93.389	-	10,043	10,043
Research for Mothers and Children	93.865	-	580,390	580,390
Resource and Manpower Development in the Environmental Health Sciences	93.894	-	95,582	95,582
Vision Research	93.867	-	337,027	337,027
Department of Justice:				
Criminal Justice Research and Development-Graduate Research	16.562	-	18,264	18,264
Department of State:				
Other	19.000	-	93,934	93,934
Department of Veterans Affairs:				
Contract-Department of Veterans Affairs	64.CXX	-	18,984	18,984

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

<u>Federal Agency</u>	<u>CFDA#</u>	<u>Pass-through Expenditures</u>	<u>Direct Expenditures</u>	<u>Total Expenditures</u>
Environmental Protection Agency:				
Science To Achieve Results (STAR) Fellowship Program	66.514	\$ -	\$ 9,987	\$ 9,987
Training and Fellowships for the Environmental Protection Agency	66.607	-	6,368	6,368
National Aeronautics and Space Administration:				
Other	43.000	-	158,330	158,330
National Science Foundation:				
Education and Human Resources	47.076	-	1,590,375	1,590,375
Engineering Grants	47.041	-	340,614	340,614
Geosciences	47.050	-	78,328	78,328
Other	47.000	30,783	4,436	35,219
		<u>2,697,866</u>	<u>27,827,057</u>	<u>30,524,923</u>
Total Instructional		<u>12,517,510</u>	<u>60,104,384</u>	<u>72,621,894</u>
Total Non-Clustered		<u>\$ 57,383,755</u>	<u>\$ 687,978,927</u>	<u>\$ 745,362,682</u>
Total Expenditures		<u>\$ 57,383,755</u>	<u>\$ 687,978,927</u>	<u>\$ 745,362,682</u>

UNIVERSITY OF MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

NOTE A SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the University of Minnesota (the University) and is prepared on the cash basis of accounting. The information presented in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the University's basic financial statements.

Certain funds are passed through to subgrantee organizations by the University. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the schedule of expenditures of federal awards. The University is also the subrecipient of federal funds, which have been subject to testing and are reported as expenditures and have been listed as subcontracts on the schedule of expenditures of federal awards.

NOTE B INDIRECT COST RATES

The University utilized indirect cost rates that have been negotiated with and approved by its cognizant agent, the U.S. Department of Health and Human Services, and are effective for the period of July 1, 2003 through June 30, 2007.

NOTE C CFDA NUMBERS

Some of the programs, grants, and/or other awards included in the Schedule of Expenditures of Federal Awards are contracts which do not report CFDA numbers. The expenditure amounts related to these programs, grants, and/or other awards have been reported, generally, at an agency level.

**UNIVERSITY OF MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

NOTE D RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE UNIVERSITY'S CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSTS

The following schedule is a reconciliation of total expenditures as shown on the Schedule of Expenditures of Federal Awards to the general ledger accounts included in the operating expenses reported on the consolidated statement of revenue, expenses, and changes in net assets for the year ended June 30, 2006, which is included as part of the University's consolidated financial statements:

Expenditures per A-133	\$ 745,362,682
Less federal pass-through (Federal Perkins Loan Program Loan Advances (CFDA #84.038), Federal Direct Loan Program (CFDA #84.268), Health Professions Student Loan Program (CFDA #93.342), Nursing Student Loans (CFDA #93.364) not included on the consolidated	\$ (273,325,341)
Less expenditures not included on the consolidated statement of revenues, expenses, and changes in net assets (equipment, buildings, and structures)	(91,947,657)
Less matching grant and contract transfers on the consolidated statement of revenues, expenses and changes in net assets	(764,150)
Less difference of prior-year overdrafts added back and current-year overdrafts subtracted out	7,406
Less federal pass-through grants not on the consolidated statement of revenues, expenses, and changes in net assets	<u>(56,361,813)</u>
Subtotal A-133 expenses in federal fund class	(422,391,555)
Plus cash to accrual basis adjusting journal entries (year-end close)	<u>957,585</u>
Expenditures of federal program dollars included in consolidated operating expenses	323,928,712
Expenditures of non-federal dollars included in consolidated operating expenses	<u>2,076,236,288</u>
Total operating expenses as shown on the consolidated statement of revenues, expenses, and changes in net assets for the year ended June 30, 2006	<u>\$ 2,400,165,000</u>
Total operating expenses	\$ 2,368,073,000
Interest on capital asset-related debt	28,106,000
Other nonoperating revenues (expenses), net	<u>3,986,000</u>
Total operating expenses as shown on the consolidated statement of revenues, expenses, and changes in net assets for the year ended June 30, 2006	<u>\$ 2,400,165,000</u>

**UNIVERSITY OF MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the consolidated financial statements of the University of Minnesota.
2. No material weaknesses were identified during the audit of the consolidated financial statements of the University of Minnesota.
3. No instances of material noncompliance were disclosed during the audit of the consolidated financial statements of the University of Minnesota.
4. No material weaknesses were identified during the audit of the major federal award programs for the University of Minnesota.
5. The auditors' report on compliance for the major federal award programs for the University of Minnesota expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the University of Minnesota are reported in Part C of this schedule.
7. The programs tested as major programs include:

<u>Program</u>	<u>CFDA Number</u>
Research and Development Cluster *	Various
Student Financial Aid Cluster	Various
SEA Grant Support	11.417
Special Education--Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326
State Library Program, Subcontracts	45.310

* This program has various and unidentified CFDA numbers.

8. The threshold for distinguishing type A programs was \$3,000,000, and the threshold for distinguishing type B programs was \$300,000.
9. The University of Minnesota was determined to be a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None.

**UNIVERSITY OF MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

CURRENT YEAR

None.

PRIOR YEAR

05-1 – Twin Cities Campus

Program: Research and Development

CFDA: 10.RD, 47.RD, 81.RD, 93.RD

Criteria: Reporting

Condition:

In 13 out of 60 instances, federal reports were not filed with the U.S. Department of Agriculture, the Department of Defense, Department of the Interior, the Department of Transportation, the National Aeronautics and Space Administration, the National Science Foundation, the Environmental Protection Agency, the Department of Energy, the Department of Health and Human Services, the Social Security Administration, or the Department of Homeland Security by the dates specified in the respective contracts. Required reporting deadlines are specified in the individual contract agreements. Based on the results of our testing, it appears that these filing deadlines are not always being met. This is a repeat finding from the prior year.

Auditors' Recommendation:

The University should ensure that employees in all departments involved with federal programs are aware of the significance of providing the necessary information to complete the reports in a timely basis. Additionally, the University should evaluate its procedures and systems used to prepare and submit financial reports, and make changes as necessary to complete the reports on a timely basis.

Current Year Status:

The University made significant improvements in submitting required financial reports on a timely basis.

UNIVERSITY OF MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2006

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)

PRIOR YEAR (Continued)

05-2 – Crookston Campus

Program: Student Financial Assistance

CFDA: All Student Financial Assistance programs

Criteria: Special Tests and Provisions -- Return of Title IV Funds

Condition:

In one out of 10 instances at the Crookston campus (40 total selected for all campuses), we were not able to obtain documentation that the student's respective lenders received the return of Title IV funds within 30 days.

Auditors' Recommendation:

The University should retain documentation to support that returns of Title IV funds are appropriately calculated and returned to lenders within 30 days.

Current Year Status:

No instances of such noncompliance were identified in 2006.

05-3 – Morris and Crookston Campuses

Program: Student Financial Assistance

CFDA: 84.268

Criteria: Special Tests and Provisions – Exit Counseling

Condition:

In 7 out of 10 instances for the Morris Campus and 1 out of 10 instances for the Crookston Campus, we were not able to obtain documentation that exit counseling meetings were conducted with students who had graduated or terminated attendance.

Auditors' Recommendation:

The University should implement procedures to ensure that graduating or terminating students complete exit counseling.

Current Year Status:

No instances of such noncompliance were identified in 2006.