

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

**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, 2009, and have issued our report thereon dated October 28, 2009. We did not audit the financial statements of the discretely presented component units, except for the Minnesota Medical Foundation for the year ended June 30, 2009. Those statements and the prior year comparative information were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University, is based solely on the reports of such other auditors. Our report on internal control over financial reporting and compliance and other matters does not include the results of the component units' audits performed by the 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. The financial statements of the component units were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the University's consolidated financial statements that is more than inconsequential will not be prevented or detected by the University's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. See finding 09-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the consolidated financial statements will not be prevented or detected by the University's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above to be a material weakness.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the University's consolidated 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 28, 2009.

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

This report is intended solely for the information and use of the 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 LLP
LarsonAllen LLP

Minneapolis, Minnesota
October 28, 2009

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, 2009. 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, 2009.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

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

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, 2009, and have issued our report thereon dated October 28, 2009. 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.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
October 28, 2009

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Clustered Programs				
Research and Development				
Agency for International Development:				
Agency for International Development	98.RD	\$ 55,195	\$ 34,237	\$ 89,432
Other	98.RD	206,488	-	206,488
		-	-	
Department of Agriculture:				
Agricultural Marketing Service	10.RD	937	-	937
Agricultural Research Service	10.RD	49,260	2,143,200	2,192,460
Animal and Plant Health Inspection Service	10.RD	563,296	83,363	646,659
Cooperative State Research, Education, and Extension Service	10.RD	1,544,563	29,109,101	30,653,664
Economic Research Service	10.RD	20,913	157,966	178,879
Food and Nutrition Service	10.RD	68,258	-	68,258
Foreign Agricultural Service	10.RD	-	17,587	17,587
Forest Service	10.RD	259,669	180,618	440,287
Other	10.RD	33,188	1,499,051	1,532,239
Risk Management Agency	10.RD	11,891	144,628	156,519
Department of Commerce:				
Economic Development Administration	11.RD	-	245,998	245,998
National Institute for Standards and Technology	11.RD	(14,977)	33,700	18,723
National Oceanic and Atmospheric Administration	11.RD	236,933	477,127	714,060
Department of Defense:				
Advanced Research Projects Agency	12.RD	658,907	76,456	735,363
Department Of The Air Force, Material Command	12.RD	353,442	3,786,682	4,140,124
Department of the Navy, Office of the Chief of Naval Research	12.RD	390,865	2,207,298	2,598,163
National Guard Bureau	12.RD	-	158,803	158,803
National Security Agency	12.RD	-	73,085	73,085
Office of the Secretary of Defense	12.RD	106,194	549,923	656,117
Other	12.RD	1,149,049	484,375	1,633,424
U.S. Army Material Command	12.RD	234,622	427,663	662,285
U.S. Army Medical Command	12.RD	38,377	1,758,108	1,796,485
Department of Education:				
Office of Educational Research And Improvement	84.RD	334,808	49,598	384,406
Office of Elementary and Secondary Education	84.RD	-	287,319	287,319
Office of Innovation and Improvement	84.RD	66,374	-	66,374
Office of Postsecondary Education	84.RD	4,732	219,055	223,787
Office of Special Education and Rehabilitative Services		460,536	2,446,788	2,907,324
Department of Energy:				
Department of Energy	81.RD	639,608	2,054,204	2,693,812
National Nuclear Security Administration	81.RD	-	717,543	717,543
Office of Energy Efficiency and Renewable Energy	81.RD	-	332,675	332,675
Office of Science	81.RD	562,380	3,602,343	4,164,723
Other		327,785	6,146,979	6,474,764

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Department of Health and Human Services:				
Administration for Children and Families	93.RD	\$ 45,840	\$ 259,377	\$ 305,217
Administration on Aging	93.RD	35,418	-	35,418
Agency for Healthcare Research and Quality	93.RD	533,887	2,791,231	3,325,118
Agency for Toxic Substances and Disease Registry	93.RD	-	237,552	237,552
Centers for Disease Control and Prevention	93.RD	815,837	2,590,774	3,406,611
Centers for Medicare and Medicaid Services	93.RD	30,960	324,334	355,294
Food and Drug Administration	93.RD	38,379	101,259	139,638
Health Resources and Services Administration	93.RD	61,383	1,764,353	1,825,736
National Institutes of Health	93.RD	23,810,179	227,088,725	250,898,904
National Institutes of Health-ARRA	93.RD	-	15,977	15,977
Office of Disease Prevention And Health Promotion	93.RD	15,771	-	15,771
Office of Population Affairs	93.RD	35,520	-	35,520
Office of the Secretary	93.RD	30,701	-	30,701
Other	93.RD	689,785	220,559	910,344
Substance Abuse and Mental Health Services Administration	93.RD	-	470,063	470,063
Department of Homeland Security:				
Department of Homeland Security	97.RD	228,336	5,018,572	5,246,908
Other	97.RD	116,046	334,945	450,991
Department of Housing and Urban Development:				
Office of Healthy Homes and Lead Hazard Control	14.RD	-	233,737	233,737
Office of Policy Development and Research	14.RD	-	19,637	19,637
Other	14.RD	13,449	-	13,449
Department of Justice:				
National Institute of Justice	16.RD	16,874	149,226	166,100
Department of Labor:				
Other	17.RD	53,625	-	53,625
Department of the Interior:				
Bureau of Indian Affairs	15.RD	-	21,794	21,794
Fish and Wildlife Service	15.RD	96,013	64,556	160,569
Other	15.RD	704	258,948	259,652
U.S. Geological Survey	15.RD	-	846,401	846,401
Department of the Treasury:				
Other	21.RD	-	47,450	47,450
Department of Transportation:				
Department of Transportation	20.RD	275,649	-	275,649
Federal Highway Administration (FHWA)	20.RD	-	676,789	676,789
Other	20.RD	2,073,184	2,424,611	4,497,795
Research and Special Programs Administration (RSPA)	20.RD	21,161	-	21,161
Department of Veterans Affairs:				
Other	64.RD	-	1,164,412	1,164,412

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Environmental Protection Agency:				
Office of Air and Radiation	66.RD	\$ 4,238	\$ -	\$ 4,238
Office of Pollution Prevention and Toxic Substances	66.RD	1,426	27,869	29,295
Office of Research and Development	66.RD	173,212	205,815	379,027
Office of the Chief Financial Officer	66.RD	38,139	-	38,139
Office of Water	66.RD	254,321	191,335	445,656
Other	66.RD	133,422	-	133,422
Executive Office for the President:				
Executive Office for the President	95.RD	-	131,632	131,632
National Aeronautics and Space Administration:				
Other	43.RD	4,164,273	5,181,175	9,345,448
Space Telescope Science Institute	43.RD	191,388	201,768	393,156
National Science Foundation:				
National Science Foundation	47.RD	3,085,142	52,907,128	55,992,270
National Science Foundation-ARRA	47.RD	-	734	734
Other	47.RD	16,881	238,892	255,773
Social Security Administration:				
Other	96.RD	(39)	-	(39)
Social Security Administration	96.RD	245	-	245
Total Research and Development		45,464,642	365,717,103	411,181,745
Student Financial Aid				
Department of Agriculture:				
Cooperative Extension Service	10.500	-	3,921	3,921
Department of Defense:				
Unid CFDA-Department of Defense	12.UXX	-	6,065	6,065
Department of Education:				
Federal Direct Loan Advances	84.268	-	341,548,957	341,548,957
Federal Work-Study Program	84.033	-	3,135,676	3,135,676
Pell Grant Program	84.063	-	27,388,339	27,388,339
Supplemental Educational Opportunity Grants	84.007	-	3,354,421	3,354,421
ACG	84.375	-	1,662,357	1,662,357
SMART	84.376	-	1,104,600	1,104,600
TEACH	84.379	-	168,083	168,083
Unid CFDA-Department of Education	84.UXX	-	25,382	25,382
Department of Health and Human Services:				
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	-	1,542,837	1,542,837
Department of Veterans Affairs:				
Unid CFDA-Department of Veterans Affairs	64.UXX	-	9,765	9,765
National Science Foundation:				
Unid CFDA-National Science Foundation	47.UXX	-	219,825	219,825
Total Student Financial Aid		-	380,170,228	380,170,228

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
CCDF Cluster				
Department of Health and Human Services:				
Child Care and Development Block Grant	93.575	\$ 111,808	\$ -	\$ 111,808
Total CCDF Cluster		111,808	-	111,808
Child Nutrition Cluster				
Department of Agriculture:				
Summer Food Service Program for Children	10.559	5,780	-	5,780
Total Child Nutrition Cluster		5,780	-	5,780
Federal Transit Cluster				
Department of Transportation:				
Federal Transit Capital Investment Grants	20.500	2,365,407	-	2,365,407
Total Federal Transit Cluster		2,365,407	-	2,365,407
Fish and Wildlife Cluster				
Department of the Interior:				
Sport Fish Restoration Program	15.605	10,555	-	10,555
Total Fish and Wildlife Cluster		10,555	-	10,555
Health Centers Cluster				
Department of Health and Human Services:				
ARRA - Health Center Integrated Services Development Initiative [g1]	93.703	-	6,730	6,730
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	-	605,992	605,992
Total Health Centers Cluster		-	612,722	612,722
Highway Planning and Construction Cluster				
Department of Transportation:				
Highway Planning and Construction	20.205	92,102	-	92,102
Total Highway Planning and Construction Cluster		92,102	-	92,102
Medicaid Cluster				
Department of Health and Human Services:				
Medical Assistance Program	93.778	462,089	-	462,089
Total Medicaid Cluster		462,089	-	462,089
SNAP Cluster				
Department of Agriculture:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	6,747,410	-	6,747,410
Total SNAP Cluster		6,747,410	-	6,747,410

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Special Education Cluster (IDEA)				
Department of Education:				
Special Education Grants to States	84.027	\$ 87,044	\$ -	\$ 87,044
Special Education Preschool Grants	84.173	120,369	-	120,369
Total Special Education Cluster		207,413	-	207,413
TANF Cluster				
Department of Health and Human Services:				
Temporary Assistance for Needy Families	93.558	234,591	-	234,591
Total TANF Cluster		234,591	-	234,591
TRIO Cluster				
Department of Education:				
TRIO--McNair Post-Baccalaureate Achievement	84.217	-	251,799	251,799
TRIO--Student Support Services	84.042	-	624,037	624,037
TRIO--Upward Bound	84.047	-	1,021,299	1,021,299
Total TRIO Cluster		-	1,897,135	1,897,135
Vocational Rehabilitation Cluster				
Department of Education:				
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	117,506	-	117,506
Total Vocational Rehabilitation Cluster		117,506	-	117,506
WIA Cluster				
Department of Labor:				
WIA Adult Program	17.258	22,730	-	22,730
Total WIA Cluster		22,730	-	22,730
Total Clustered Programs		55,842,033	748,397,188	804,239,221
Non-Clustered Programs				
PUBLIC SERVICE				
Agency for International Development:				
Contract-United States Agency for International Development	98.CXX	6,234	-	6,234
Corporation for National and Community Service:				
Retired and Senior Volunteer Program	94.002	-	72,962	72,962

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Department of Agriculture:				
Agricultural Research Basic and Applied Research	10.001	\$ -	\$ 45,146	\$ 45,146
Plant and Animal Disease, Pest Control, and Animal Care	10.025	-	302,117	302,117
Biotechnology Risk Assessment Research	10.219	-	6,822	6,822
Cooperative Extension Service	10.500	353,468	31,913,590	32,267,058
Grants for Agricultural Research Competitive Research Grants	10.206	9,130	16,500	25,630
Grants for Agricultural Research, Special Research Grants	10.200	(9,767)	501,245	491,478
Higher Education Multicultural Scholars Program	10.220	-	33,000	33,000
Homeland Security Agricultural	10.304	2,513	53,125	55,638
Integrated Programs	10.303	65,152	-	65,152
Organic Agriculture Research and Extension Initiative	10.307	32,369	-	32,369
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	54,919	-	54,919
Sustainable Agriculture Research and Education	10.215	-	733,771	733,771
Agricultural and Rural Economic Research	10.250	-	17,113	17,113
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443	10,651	-	10,651
State Mediation Grants	10.435	-	367,492	367,492
Food Safety Cooperative Agreements	10.479	-	326,476	326,476
Cochran Fellowship Program-International Training- Foreign Participant	10.962	-	44,270	44,270
Cooperative Forestry Assistance	10.664	62,990	5,462	68,452
Contract-Department of Agriculture	10.CXX	37,784	319,180	356,964
Unid CFDA-Department of Agriculture	10.UXX	-	12,034	12,034
Community Outreach and Assistance Partnership Program	10.455	6,157	-	6,157
Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	10.456	10,347	-	10,347
Department of Commerce:				
Economic Development Technical Assistance	11.303	-	57,519	57,519
Coastal Services Center	11.473	5,660	-	5,660
Coastal Zone Management Administration Awards	11.419	25,598	-	25,598
Sea Grant Support	11.417	2,899	1,172,987	1,175,886
Contract-Department of Commerce	11.CXX	-	123,428	123,428
Department of Defense:				
Air Force Defense Research Sciences Program	12.800	-	79,874	79,874
Basic and Applied Scientific Research	12.300	-	324,547	324,547
Contract-Department of Defense	12.CXX	277,164	-	277,164
Department of Education:				
Foreign Language Assistance	84.293	10,470	-	10,470
Civic Education - Cooperative Education Exchange Program	84.304	86,967	-	86,967
Education Research, Development and Dissemination	84.305	-	149,454	149,454
Twenty-First Century Community Learning Centers	84.287	497,359	-	497,359
Arts in Education	84.351	104,279	-	104,279
Comprehensive Centers	84.283	29,356	-	29,356
Grants for Enhanced Assessment Instruments	84.368	29,035	-	29,035
Improving Teacher Quality State Grants	84.367	50,234	-	50,234
Mathematics and Science Partnerships	84.366	35,532	-	35,532
Safe and Drug-Free Schools and Communities National Programs	84.184	225,924	28,455	254,379
Voluntary Public School Choice	84.361	135,872	-	135,872

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Department of Education (Continued):				
Fund for the Improvement of Education	84.215	\$ 15,205	\$ -	\$ 15,205
Child Care Access Means Parents in School	84.335	-	168,443	168,443
Fund for the Improvement of Postsecondary Education	84.116	39,969	234,410	274,379
Higher Education Institutional Aid	84.031	83,336	-	83,336
Minority Science and Engineering Improvement	84.120	6,911	-	6,911
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015	-	667,031	667,031
National Institute on Disability and Rehabilitation Research	84.133	-	568,410	568,410
Research in Special Education	84.324	11,667	1,766	13,433
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	18,106	-	18,106
Special Education - State Personnel Development	84.323	80,027	-	80,027
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	-	2,761,202	2,761,202
Special Education Technical Assistance on State Data Collection	84.373	107,650	696,428	804,078
Special Education Technology and Media Services for Individuals with Disabilities	84.327	-	180,093	180,093
Career and Technical Education - Basic Grants to States	84.048	41,119	-	41,119
Career and Technical Education - National Programs	84.051	157,086	-	157,086
Contract-Department of Education	84.CXX	142,355	-	142,355
Unid CFDA-Department of Education	84.UXX	68,586	-	68,586
Department of Energy:				
Conservation Research and Development	81.086	85,080	-	85,080
Renewable Energy Research and Development	81.087	-	349,836	349,836
State Energy Program	81.041	2,670	-	2,670
Contract-Department of Energy-National Renewable Energy Laboratory	81.C09	-	50,000	50,000
Contract-Department of Energy-Battelle-Pacific Northwest National Laboratory	81.C02	261,235	-	261,235
Contract-Department of Energy-Fermi National Accelerator Laboratory	81.C06	-	22,182	22,182
Contract-Department of Energy	81.CXX	-	1,550	1,550
Unid CFDA-Department of Energy	81.UXX	-	17,596	17,596

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Department of Health and Human Services:				
Child Abuse and Neglect Discretionary Activities	93.670	\$ 189,729	\$ -	\$ 189,729
Child Welfare Services Training Grants	93.648	-	24,502	24,502
Contract-Department of Health and Human Services- Administration for Children and Families	93.C01	31,325	218,868	250,193
Developmental Disabilities Basic Support and Advocacy Grants	93.630	38,191	-	38,191
Family Violence Prevention and Services/Grants for Battered Women's Shelters Discretionary Grants	93.592	-	193,274	193,274
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	-	501,305	501,305
Contract-Department of Health and Human Services- Agency for Health Care Policy and Research	93.C03	86,781	-	86,781
Research on Healthcare Costs, Quality and Outcomes Centers for Disease Control and Prevention	93.226	-	55,936	55,936
Investigations and Technical Assistance	93.283	388,254	383,814	772,068
Contract-Department of Health and Human Services- Centers for Disease Control	93.C05	-	243,543	243,543
Contract-Department of Health and Human Services- Centers for Disease Control-NIOSH	93.C06	225,105	59,866	284,971
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	37,200	-	37,200
HIV Prevention Activities Health Department Based	93.940	800	-	800
Contract-Department of Health and Human Services- Centers for Medicare and Medicaid Services	93.C07	22,321	1,081,550	1,103,871
Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	93.768	82,778	-	82,778
AIDS Education and Training Centers	93.145	184,539	-	184,539
Contract-Department of Health and Human Services- Health Resources and Services Administration	93.C09	44,699	9,853	54,552
Grants for Training in Primary Care Medicine and Dentistry	93.884	-	256,816	256,816
Maternal and Child Health Federal Consolidated Programs	93.110	112,207	218,089	330,296
Model State-Supported Area Health Education Centers	93.107	-	789,616	789,616
State Rural Hospital Flexibility Program	93.241	-	625,773	625,773
Telehealth Network Grants	93.211	150,367	-	150,367
Allergy, Immunology and Transplantation Research	93.855	-	12,000	12,000
Biomedical Research and Research Training	93.859	-	2,000	2,000
Blood Diseases and Resources Research	93.839	15,688	-	15,688
Cancer Cause and Prevention Research	93.393	-	9,000	9,000
Cancer Treatment Research	93.395	(2)	-	(2)
Cardiovascular Diseases Research	93.837	-	10,228	10,228
Clinical Research	93.333	-	96,293	96,293
Contract-Department of Health and Human Services- National Institutes of Health	93.C11	78,373	67,800	146,173
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	212,528	-	212,528
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	118,212	118,212
ARRA-TRANS-NIH RECOVERY ACT RESEARCH SUPPORT	93.701	-	1,231	1,231
Unid CFDA-Department of Health and Human Services-NIH	93.U01	7,106	-	7,106

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Department of Health and Human Services (Continued):				
Contract-Department of Health and Human Services	93.CXX	\$ 580,274	\$ 161,240	\$ 741,514
Unid CFDA-Department of Health and Human Services	93.UXX	348	(4,869)	(4,521)
Unid CFDA-Department of Health and Human Services-Other PHS	93.U02	-	57,239	57,239
Block Grants for Prevention and Treatment of Substance Abuse	93.959	277,797	-	277,797
Contract-Department of Health and Human Services-Substance Abuse and Mental Health Services Administration	93.C12	16,486	-	16,486
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	435,736	435,736
Department of Homeland Security:				
Centers for Homeland Security	97.061	-	223,919	223,919
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(72)	-	(72)
Research Projects	97.002	-	39,008	39,008
Contract-Department of Homeland Security	97.CXX	1,049,826	549,285	1,599,111
Department of Housing and Urban Development:				
Community Outreach Partnership Center Program	14.511	-	33,860	33,860
Contract-Department of Housing and Urban Development	14.CXX	16,863	-	16,863
Department of Justice:				
Edward Byrne Memorial Formula Grant Program	16.579	6,511	-	6,511
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	27,641	-	27,641
Crime Victim Assistance	16.575	89,304	-	89,304
Contract-Department of Justice	16.CXX	5,179	551,073	556,252
Unid CFDA-Department of Justice	16.UXX	17,749	-	17,749
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	-	95,868	95,868
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	-	60,737	60,737
Violence Against Women Formula Grants	16.588	-	95,163	95,163
Department of Labor:				
Contract-Department of Labor	17.CXX	42,026	-	42,026
Unid CFDA-Department of Labor	17.UXX	43,458	-	43,458
Department of the Interior:				
Contract-Department of the Interior	15.CXX	-	15,408	15,408
Unid CFDA-Department of the Interior	15.UXX	4,095	3,823	7,918
U.S. Geological Survey Research and Data Collection	15.808	-	6,000	6,000
Department of the Treasury:				
Low Income Taxpayer Clinics	21.008	-	133,034	133,034
Contract-Department of the Treasury	21.CXX	-	32,000	32,000
Department of Transportation:				
Contract-Department of Transportation	20.CXX	560,189	96,371	656,560
Unid CFDA-Department of Transportation	20.UXX	-	1,257	1,257

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Department of Veterans Affairs:				
Contract-Department of Veterans Affairs	64.CXX	\$ -	\$ 311,053	\$ 311,053
Unid CFDA-Department of Veterans Affairs	64.UXX	-	16,297	16,297
Environmental Protection Agency:				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	-	132,488	132,488
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	30,710	-	30,710
Office of Research and Development Consolidated Research/Training/Fellowships	66.511	-	181,748	181,748
Congressionally Mandated Projects	66.202	17,039	-	17,039
Great Lakes Program	66.469	-	23,524	23,524
Nonpoint Source Implementation Grants	66.460	84,721	-	84,721
Contract-Environmental Protection Agency	66.CXX	18,731	-	18,731
Unid CFDA-Environmental Protection Agency	66.UXX	-	27,974	27,974
Institute of Museum and Library Services:				
Grants to States	45.310	1,331,291	-	1,331,291
Museums for America	45.301	-	74,880	74,880
National Aeronautics and Space Administration:				
Aerospace Education Services Program	43.001	-	485,792	485,792
Unid CFDA-National Aeronautics and Space Administration	43.UXX	-	7,392	7,392
Unid CFDA-National Aeronautics and Space Administration-Space Telescope Science Institute	43.U01	11,199	-	11,199
National Archives and Records Administration:				
National Historical Publications and Records Grants	89.003	-	250	250
National Endowment for the Arts				
Promotion of the Arts Partnership Agreements	45.025	2,500	-	2,500
National Endowment For The Humanities				
Promotion of the Humanities Division of Preservation and Access	45.149	-	5,930	5,930
Promotion of the Humanities Public Programs	45.164	-	11,872	11,872
National Science Foundation:				
Biological Sciences	47.074	-	170,930	170,930
Computer and Information Science and Engineering	47.070	-	40,000	40,000
Education and Human Resources	47.076	7,665	2,237,265	2,244,930
Engineering Grants	47.041	964,574	114,226	1,078,800
Geosciences	47.050	39,291	518,332	557,623
International Science and Engineering (OISE)	47.079	-	21,247	21,247
Mathematical and Physical Sciences	47.049	11,465	36,759	48,224
Social, Behavioral, and Economic Sciences	47.075	-	4,740	4,740
Contract-National Science Foundation	47.CXX	46,051	-	46,051
Unid CFDA-National Science Foundation	47.UXX	15,120	403,107	418,227

The accompanying notes are an integral part of this schedule.

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009**

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Small Business Administration:				
Contract-Small Business Administration	59.CXX	\$ 211,214	\$ -	\$ 211,214
U.S. Department of State:				
Contract-Department of State	19.CXX	379,850	-	379,850
Undi CFDA-Department of State	19.UXX	91,754	-	91,754
Vietnam Education Foundation:				
Unid CFDA-Vietnam Education Foundation	09.UXX	-	34,994	34,994
Total Public Service		11,188,136	54,852,037	66,040,173
Auxiliary				
Department of Agriculture:				
Cooperative Extension Service	10.500	-	407,329	407,329
Total Auxiliary		-	407,329	407,329
Institutional Support				
Department of Agriculture:				
Cooperative Extension Service	10.500	-	12,141	12,141
Total Institutional Support		-	12,141	12,141
Instructional				
Department of Agriculture:				
Cooperative Extension Service	10.500	8,086	181,725	189,811
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	-	127,840	127,840
Grants for Agricultural Research Competitive Research Grants	10.206	-	133,340	133,340
Higher Education Challenge Grants	10.217	-	118,641	118,641
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	31,246	31,246
Commodity Partnerships for Risk Management Education	10.457	15,637	-	15,637
Department of Commerce:				
Sea Grant Support	11.417	-	40,564	40,564
Department of Defense:				
Undi CFDA-Department of Defense	12.UXX	-	1,972	1,972
Military Medical Research and Development	12.420	-	96,716	96,716

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Department of Education:				
Bilingual Education--Professional Development	84.195	\$ -	\$ 331,640	\$ 331,640
Education Research, Development and Dissemination	84.305	-	1,148,912	1,148,912
Improving Teacher Quality State Grants	84.367	404,511	-	404,511
National Writing Project	84.928	45,040	-	45,040
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	84.333	-	195,753	195,753
Fund for the Improvement of Postsecondary Education	84.116	-	47,863	47,863
Graduate Assistance in Areas of National Need	84.200	-	218,120	218,120
International Research and Studies	84.017	-	123,582	123,582
Language Resource Centers	84.229	-	291,239	291,239
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015	-	697,566	697,566
Overseas Programs - Faculty Research Abroad	84.019	-	97,173	97,173
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	-	153,906	153,906
Special Education - State Personnel Development	84.323	43,911	-	43,911
Department of Health and Human Services:				
Child Welfare Services Training Grants	93.648	-	7,480	7,480
Foster Care Title IV-E	93.658	2,069,945	-	2,069,945
National Research Service Awards Health Services Research Training	93.225	-	307,689	307,689
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	-	745,506	745,506
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	-	815,149	815,149
Innovations in Applied Public Health Research	93.061	-	965,898	965,898
Occupational Safety and Health Program	93.262	-	1,210,619	1,210,619
Advanced Education Nursing Grant Program	93.247	48,892	9,096	57,988
Bioterrorism Training and Curriculum Development Program	93.996	-	261,809	261,809
Geriatric Education Centers	93.969	-	453,109	453,109
Grants for Training in Primary Care Medicine and Dentistry	93.884	-	445,015	445,015
Health Careers Opportunity Program	93.822	-	31,161	31,161
Maternal and Child Health Federal Consolidated Programs	93.110	-	1,306,929	1,306,929
Nurse Education, Practice and Retention Grants	93.359	-	201,225	201,225
Public Health Traineeships	93.964	-	55,294	55,294
Public Health Training Centers Grant Program	93.249	-	350,439	350,439
Health Professions Recruitment Program for Indians	93.970	-	150,954	150,954
Aging Research	93.866	74,786	251,660	326,446
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271	-	70,345	70,345
Allergy, Immunology and Transplantation Research	93.855	-	434,565	434,565
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	-	596,162	596,162
Biomedical Research and Research Training	93.859	-	1,639,007	1,639,007
Blood Diseases and Resources Research	93.839	-	473,167	473,167
Cancer Research Manpower	93.398	-	375,760	375,760
Cardiovascular Diseases Research	93.837	-	456,997	456,997
Child Health and Human Development Extramural Research	93.865	-	554,717	554,717

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
Department of Health and Human Services (Continued):				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	\$ -	\$ 966,696	\$ 966,696
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	-	161,442	161,442
Drug Abuse and Addiction Research Programs	93.279	-	1,496,665	1,496,665
Environmental Health	93.113	21,388	-	21,388
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	200,574	200,574
International Research and Research Training	93.989	-	82,587	82,587
Lung Diseases Research	93.838	-	537,397	537,397
Medical Library Assistance	93.879	-	198,045	198,045
Mental Health National Research Service Awards for Research Training	93.282	-	629,708	629,708
Mental Health Research Grants	93.242	-	10,346	10,346
Microbiology and Infectious Diseases Research	93.856	-	100,715	100,715
National Center for Research Resources	93.389	-	305,430	305,430
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	192,309	-	192,309
Nursing Research	93.361	-	36,559	36,559
Oral Diseases and Disorders Research	93.121	-	945,764	945,764
Research Related to Deafness and Communication Disorders	93.173	-	41,052	41,052
Vision Research	93.867	-	230,628	230,628
Department of Homeland Security:				
Homeland Security-Related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program	97.104	-	111,964	111,964
Department of the Interior:				
Assistance to State Water Resources Research Institutes	15.805	-	121,361	121,361
Department of Veterans Affairs:				
Contract-Department of Veterans Affairs	64.CXX	-	28,441	28,441
Environmental Protection Agency:				
Science To Achieve Results (STAR) Fellowship Program	66.514	-	64,272	64,272
National Aeronautics and Space Administration:				
Aerospace Education Services Program	43.001	-	86,612	86,612
Unid CFDA-National Aeronautics and Space Administration	43.UXX	-	27,364	27,364

The accompanying notes are an integral part of this schedule.

**UNIVERSITY OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2009**

Federal Agency	CFDA#	Passthrough Expenditures	Direct Expenditures	Total Expenditures
National Science Foundation:				
Biological Sciences	47.074	\$ -	\$ 75,907	\$ 75,907
Education and Human Resources	47.076	-	1,486,293	1,486,293
Engineering Grants	47.041	-	240,723	240,723
Geosciences	47.050	-	142,938	142,938
Mathematical and Physical Sciences	47.049	-	129,967	129,967
Polar Programs	47.078	-	8,033	8,033
Unid CFDA-National Science Foundation	47.UXX	33,730	-	33,730
U.S. Department of State:				
Contract-Department of State	19.CXX	347,363	41,049	388,412
Undi CFDA-Department of State	19.UXX	13,876	-	13,876
Total Instructional		3,319,474	24,716,082	28,035,556
Total Non-Clustered		14,507,610	79,987,589	94,495,199
Total Expenditures		\$ 70,349,643	\$ 828,384,777	\$ 898,734,420

The accompanying notes are an integral part of this schedule.

UNIVERSITY OF MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

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 consolidated 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, 2007 through June 30, 2011.

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.

NOTE D PERKINS LOAN PROGRAM

Outstanding balance of Perkins loans administered by the University of Minnesota at June 30, 2009 and loans advanced during the year were as follows:

	<u>Loan Balance</u>	<u>Loans Advanced</u>
Federal Perkins Loan Program (CFDA #84.038)	\$ 38,740,076	\$ 179,923

NOTE E NEGATIVE EXPENDITURE AMOUNTS

Within the Schedule of Expenditures of Federal Awards there are negative amounts which represent a true up of the grant awards received versus the expenditure incurred. The negative amounts also remove the need for any reconciliations necessary for the federal agencies.

UNIVERSITY OF MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2009

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

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, 2009, which is included as part of the University's consolidated financial statements:

Expenditures per A-133	\$ 898,734,420
Less federal pass-through of Federal Direct Loan Program (CFDA #84.268) and Health Professions Student Loan Program (CFDA #93.342) not included on the consolidated financial statements	\$ (343,091,794)
Less expenditures not included on the consolidated statement of revenues, expenses, and changes in net assets (equipment, buildings, and structures)	(98,824,591)
Less matching grant and contract transfers on the consolidated statement of revenues, expenses and changes in net assets	(34,276,664)
Less difference of prior-year overdrafts added back and current-year overdrafts subtracted out	2,872,069
Less federal pass-through grants not on the consolidated statement of revenues, expenses, and changes in net assets	<u>(72,647,290)</u>
Subtotal A-133 expenses in federal fund class	(545,968,269)
Less cash to accrual basis adjusting journal entries (year-end close)	<u>(15,161,155)</u>
Expenditures of federal program dollars included in consolidated operating expenses	337,604,996
Expenditures of non-federal dollars included in consolidated operating expenses	<u>2,596,128,004</u>
Total operating expenses as shown on the consolidated statement of revenues, expenses, and changes in net assets for the year ended June 30, 2009	<u>\$ 2,933,733,000</u>
Total operating expenses	\$ 2,904,228,000
Interest on capital asset-related debt	29,395,000
Other nonoperating revenues (expenses), net	<u>110,000</u>
Total operating expenses as shown on the consolidated statement of revenues, expenses, and changes in net assets for the year ended June 30, 2009	<u><u>\$ 2,933,733,000</u></u>

**UNIVERSITY OF MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the consolidated financial statements of the University of Minnesota.
2. One significant deficiency was identified, but was not considered to be a material weakness. This was disclosed 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 significant deficiencies or 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. No audit findings relative to the major federal award programs for the University of Minnesota were disclosed during the audit.
7. The programs tested as major programs include:

<u>Program</u>	<u>CFDA #</u>
Research and Development Cluster *	Various
Student Financial Aid Cluster	Various
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283
Federal Transit - Capital Investment Grants	20.500
Maternal and Child Health Federal Consolidated Programs	93.110

* 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.

**UNIVERSITY OF MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2009**

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

09-1

Condition:

Total net assets reported on the University's consolidated financial statements were overstated due to the following items:

- Our testing of the University's estimate for unrecorded liabilities indicated there is a potential understatement of general accounts payable and an overstatement of the facilities management accounts payable. As a result, the estimated impact to the financial statements are an overstatement of assets of approximately \$3.1 million, an understatement of liabilities of approximately \$3.6 million, and an understatement of expenses of approximately \$6.7 million.
- The cash for fiscal year 2009 was understated due to a suspense account having a negative balance of approximately \$1.4 million. As of June 30, 2009, management was working to determine if the cash received should be applied to outstanding receivables, recorded as deferred revenue or recorded as additional revenue.

Criteria:

Generally accepted accounting principles require that significant estimates, such as those above, be recorded in the consolidated financial statements. A contributing factor may be that the University implemented a new enterprise financial system in fiscal year 2009, which significantly changed accounting processes and the flow of information through the accounting system.

Effect:

Net assets were overstated by approximately \$5.3 million.

Recommendation:

We recommend that the University Controller's Office continue to refine its process for recording significant accounting estimates as University personnel continue to gain expertise in utilizing the new enterprise financial system.

University Response:

Management has refined the process used to accumulate data for the estimates for unrecorded liabilities. The revised process will increase the population of transactions to be evaluated and provide a more accurate base for the estimate. Management will continue to examine and refine processes as necessary to improve the overall accuracy of the University's consolidated financial statements.

**UNIVERSITY OF MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2009**

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

CURRENT YEAR

None.

PRIOR YEAR

None.