discoverOPPORTUNITY

FY14 ANNUAL FINANCIAL STATEMENTS

Financial Statements for the Years Ended June 30, 2014 and 2013 and Independent Auditor's Report.
Including Schedule of Expenditures of Federal Awards and Single Audit Documents for the Year Ended June 30, 2014.

Pocatello | Idaho Falls

Idaho State UNIVERSITY

Meridian | Twin Falls

IDAHO STATE UNIVERSITY
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MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

Idaho State Board of Education
Idaho State University

Report on the Financial Statements

We have audited the accompanying financial statements of Idaho State University (University) and its discretely presented component unit, Idaho State University Foundation, Inc., as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University's discretely presented component unit as described in Note 12. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, are based solely on the report of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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REPORT OF INDEPENDENT AUDITORS
(continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Idaho State University and its discretely presented component unit, as of June 30, 2014 and 2013, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents and certain information in Note 10, *Postemployment Benefits Other Than Pensions,* labeled as "required supplementary information", be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Moss Adams LLP

Eugene, Oregon
September 29, 2014

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IDAHO STATE UNIVERSITY

Management's Discussion and Analysis
For the fiscal year ended June 30, 2014

INTRODUCTION

This Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Idaho State University for the fiscal year ended June 30, 2014. It is intended to promote greater understanding of Idaho State University's (ISU or the University) financial activities and position. The MD&A includes the University's condensed and comparative statements, along with related graphs and charts. It should be read in conjunction with the financial statements and related footnote disclosures that follow the discussion. The financial statements, footnotes, and this discussion are the responsibility of management.

Idaho State University, a teaching institution and Carnegie-classified doctoral research center founded in 1901, attracts students from around the world to its Idaho campuses. At the main campus in Pocatello, and at locations in Meridian, Idaho Falls and Twin Falls, ISU offers access to high-quality education in more than 280 programs. Almost 14,500 students attend ISU, receiving education and training in those programs. Idaho State University is the state's designated lead institution in health professions and medical education.

Idaho State University faculty and students are leading the way in cutting-edge research and innovative solutions in the areas of energy, health professions, nuclear research, teaching, humanities, engineering, performing and visual arts, technology, biological sciences, pharmacy, and business. Idaho State University combines exceptional academics amidst the grand natural beauty of the West. ISU is at the heart of an outdoor-lover's paradise and a short drive to some of America's greatest natural wonders and exciting outdoor recreation opportunities.

OVERVIEW

The University's financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's*

Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*.

The financial statements are comprised of the following components as explained briefly below.

Report of Independent Auditors – Presents an unqualified opinion rendered by an independent certified public accounting firm as to the fairness (in all material respects) of the financial statements. The audit firm is selected and engaged by the Idaho State Board of Education.

Statement of Net Position – The statement of net position includes all assets, deferred outflows, deferred inflows and liabilities of the University. Assets, deferred outflows, deferred inflows and liabilities are generally reported at their book value, on an accrual basis, as of the statement date. This statement also identifies major categories of the net position of the University as net investment in capital assets, restricted and unrestricted.

Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis, categorized as operating and non-operating.

Statement of Cash Flows – The statement of cash flows presents the inflows and outflows of cash for the year; summarized by operating, non-capital financing, capital and related financing, and investing activities.

Notes to the Financial Statements – The Notes provide important additional information that expands and clarifies the financial statement data.

Component Unit – The Idaho State University Foundation, Incorporated (the Foundation) is a key partner and contributor to the University's educational mission and holds significant economic resources that benefit the University. It is the only affiliated organization that qualifies as a component unit of the University. Because the Foundation is a non-governmental entity, their financial statements are based upon reporting standards promulgated by the Financial Accounting Standards Board (FASB) and are audited by separate independent auditors. For purposes of this report, their financial information is presented on separate pages immediately following the corresponding university information.

STATEMENT OF NET POSITION

The *Statement of Net Position* reflects the financial position of the University at the end of the fiscal year. The sum of assets and deferred outflows, less liabilities and deferred inflows, represents net position. Changes in net position occur over time and are one important indicator of the financial condition of the University. Net Position is presented in three major categories on the statement each of which is described in more detail within the footnotes to the statements. A summary comparison of the assets, deferred outflows, liabilities, deferred inflows and net position for the years ended June 30, 2014, 2013, and 2012, is presented below.

Schedule of Net Position

	June 30, 2014	June 30, 2013	June 30, 2012
Assets:			
Current Assets	$ 142,751,585	$ 120,145,501	$ 106,830,059
Noncurrent Assets	180,629,916	187,731,130	193,801,970
Total Assets	323,381,501	307,876,631	300,632,029
Deferred outflows of resources	566,757	629,729	213,460
Liabilities:			
Current Liabilities	33,383,756	31,508,025	31,045,698
Noncurrent Liabilities	59,050,041	63,714,764	67,805,654
Total Liabilities	92,433,797	95,222,789	98,851,352
Deferred inflows of resources	29,795	34,760	-
Net Position:			
Invested in capital assets	123,062,611	124,561,381	125,992,772
Restricted, expendable	5,267,523	4,581,880	5,554,894
Unrestricted	103,154,532	84,105,550	70,446,471
Total Net Position	$ 231,484,666	$ 213,248,811	$ 201,994,137

The total net position of the University at June 30, 2014 was $231.5 million, an increase of $18.3 million over the prior year. The University's total net position includes its investment in capital assets, net of related debt which decreased $1.5 million to $123.1 million, the restricted portion of net position increased $0.7 million to $5.3 million, and the unrestricted portion of net position increased $19.0 million to a total of $103.2 million. The increase in restricted net position was related to an increase in DPW deferred maintenance funding, which was offset by a reductions in restricted plant funds and restricted scholarship funds.

In 2014, the total unrestricted portion of net position increased by $19.0 million over the prior year. This increase is largely due to an increase in cash and investments of $22.1 million, a decrease in the amount due from state agencies of $2.9 million, and an increase of $0.4 million in prepaid expenses. These were partially offset by a $2.9 million increase in student and various receivables. Net property, plant and equipment decreased $7.0 million during the year with net fixed asset additions amounting to $5.8 million. The cost of these additions was largely offset by a $12.8 million increase in accumulated depreciation. Among the additions are: a refurbished dual beam microscope, a DNA sequencer, various

pieces of scientific equipment and computer network equipment, plus some additions to construction in progress and building improvements to the Pond Student Union building.

During the current fiscal year, total liabilities decreased by $2.8 million, primarily due to a net decrease in notes and bonds payable of $5.3 million for debt service payments, which was offset by increases of $1.9 million in current liabilities and $0.6 million in other post-employment benefits payable.

REVENUES, EXPENSES, AND CHANGES IN NET POSITION

A comparative statement summarizing the University's revenues, expenses and changes in net position for the years ended June 30, 2014, 2013, and 2012, is shown below.

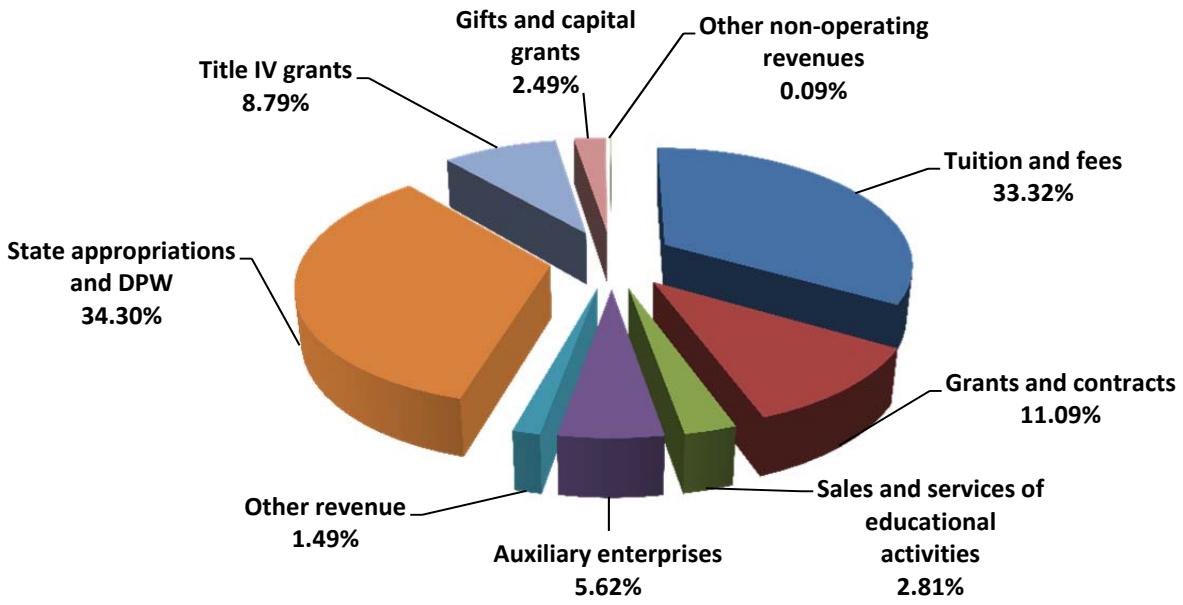
Summary Statement of Revenues, Expenses & Changes in Net Position

	2014	2013	2012
Operating revenues			
Student tuition and fees (net of scholarship discounts and allowances)	$ 80,067,373	$ 73,937,311	$ 72,360,828
Federal grants and contracts	8,267,766	9,416,032	9,661,792
State and local grants and contracts	10,964,430	11,693,989	10,982,493
Private grants and contracts	7,409,810	9,912,398	11,247,629
Sales and services of educational activities	6,757,178	6,933,778	6,270,535
Sales and services of auxiliary enterprises	13,507,916	13,737,710	13,573,775
Other	3,560,921	3,404,559	5,021,161
Total operating revenues	130,535,394	129,035,777	129,118,213
Operating expenses	219,960,108	223,289,422	222,035,121
Operating income/(loss)	(89,424,714)	(94,253,645)	(92,916,908)
Nonoperating revenues/(expenses)			
State appropriations	79,825,405	77,032,719	71,158,994
State Department of Public Works	2,593,121	2,431,128	4,413,710
Title IV grants	21,120,080	24,104,048	26,076,231
Gifts	5,994,344	5,484,315	4,609,727
Net investment income	107,819	60,485	144,574
Amortization of bond insurance costs	(7,267)	(9,539)	(9,539)
Bond issuance costs	-	(931,975)	(51,415)
Interest on capital asset related debt	(2,068,697)	(2,354,492)	(3,177,831)
Net nonoperating revenues/(expenses)	107,564,805	105,816,689	103,164,451
Other revenues and expenses			
Capital gifts and grants	-	20,699	854,931
Gain or (loss) on disposal of fixed assets	95,764	(329,069)	(10,243)
Net other revenues and expenses	95,764	(308,370)	844,688
Increase in net position	18,235,855	11,254,674	11,092,231
Net position - beginning of year	213,248,811	201,994,137	190,901,906
Net position - end of year	$ 231,484,666	$ 213,248,811	$ 201,994,137

Operating revenues received by the University are the result of providing goods and services to the various customers and constituencies of the University. Student tuition and fees, as well as research grants and contracts, are prime examples of operating revenues. Nonoperating revenues are those monies received for which goods and services are not provided. For example, as a public institution, one of ISU's primary sources of revenue is appropriations provided by the state of Idaho, which, as directed by GASB standards, are classified as non-operating revenue. As a result, the University's financial statements typically show an operating loss. A more comprehensive assessment of the operations of the University is reflected in the change in net position at the end of the year.

Total revenues for the year ended June 30, 2014 were $240.3 million, representing an increase of 0.9% from fiscal year 2013. Below is a graphic illustration of revenues by source (both operating and non-operating) for the year ended June 30, 2014.

Operating and Nonoperating Revenue



Operating Revenue

The enrollment profile continues to reflect a decline in the domestic student population; however opportunities continue to increase the nonresident international student enrollment, resulting in a net increase in revenue. Tuition and fee revenue was up by 8%, or $6.1 million, over the prior year for a total of $80.1 million. Fiscal year 2014 showed a decrease in federal grants and contracts revenue over the prior year of $1.1 million to $8.3 million, with part of that decrease reflecting the timing of awards closing and new ones beginning. Private grant revenue was $7.4 million in 2014, down $2.5 million from the 2013 amount of $9.9 million. State grant revenue decreased by $0.7 million over 2013 to $11.0 million for 2014. In total, grant revenue decreased by $4.4 million in 2014 to $26.6 million. Sales and services revenue showed a decrease of $0.4 million to $20.3 million for fiscal year 2014. This was largely

due to declining enrollment in the College of Technology's workforce training program. The 'other revenue' category increased over the prior year from $3.4 million in 2013 to $3.6 million in 2014. The increase is due to insurance reimbursements for damaged equipment.

Nonoperating revenue

The largest component of nonoperating revenue is state appropriations. In 2014, state funding increased overall by $3.0 million, or 3.7%, over the prior year. The largest increase was in state appropriations for general education totaling $65.3 million in 2014 and $62.6 million in 2013, a 4.2% increase amounting to $2.7 million. Funding from the Department of Public Works (DPW) fluctuates from year to year depending on the number and extent of the building projects. During 2014, it increased $0.2 million from the prior year amount of $2.4 million to $2.6 million. Another significant component of non-operating revenue is federal Title IV grants. There was a $3.0 million decrease in Title IV revenue from the prior year. This decrease was due to the federal government restricting Pell grant availability, tighter eligibility requirements, and declining domestic enrollment.

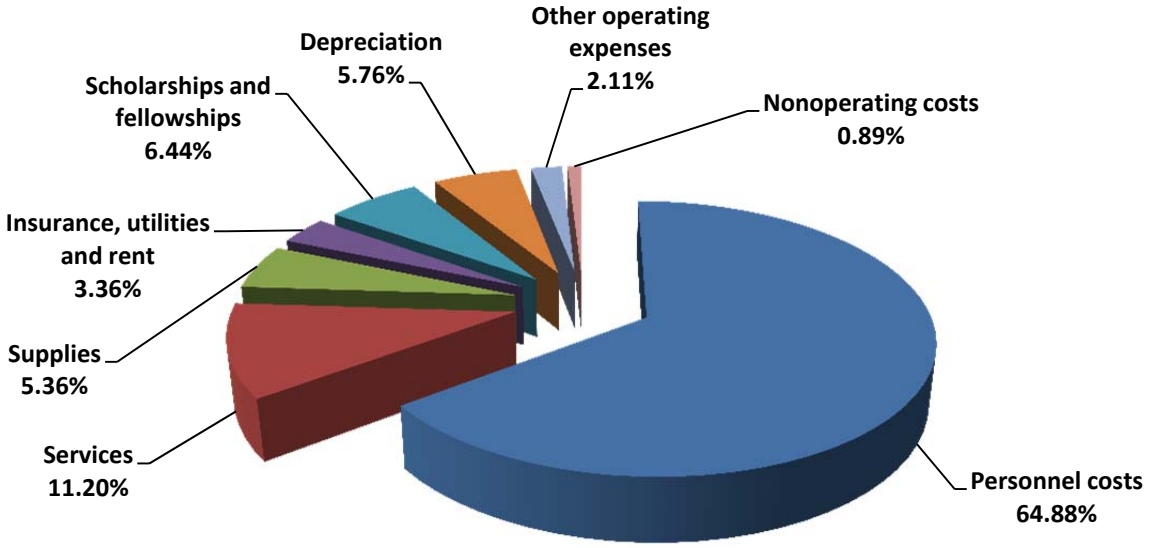
Expenses

Operating expenses represent the costs associated with providing goods and services to enable us to carry out the mission of the University. Nonoperating expenses are generally those associated with interest on debt and the disposal loss of fixed assets.

Summary Statement of Expenses

	2014	2013	2012
Operating			
Personnel costs	$ 143,971,434	$ 141,146,294	$ 135,940,976
Services	24,862,319	27,050,947	27,513,868
Supplies	11,891,858	12,773,653	14,200,321
Insurance, utilities and rent	7,466,242	7,375,222	6,364,159
Scholarships and fellowships	14,302,237	16,851,589	20,885,766
Depreciation expense	12,781,070	12,914,220	12,104,795
Other operating eExpenses	4,684,948	5,177,497	5,025,236
Total operating expenses	219,960,108	223,289,422	222,035,121
Nonoperating			
Amortization of bond insurance costs	7,267	9,539	9,539
Bond issuance costs	-	931,975	51,415
(Gain) or loss on disposal of fixed assets	(95,764)	329,069	10,243
Interest on capital asset related debt	2,068,697	2,354,492	3,177,831
Total nonoperating expenses	$ 1,980,200	$ 3,625,075	$ 3,249,028

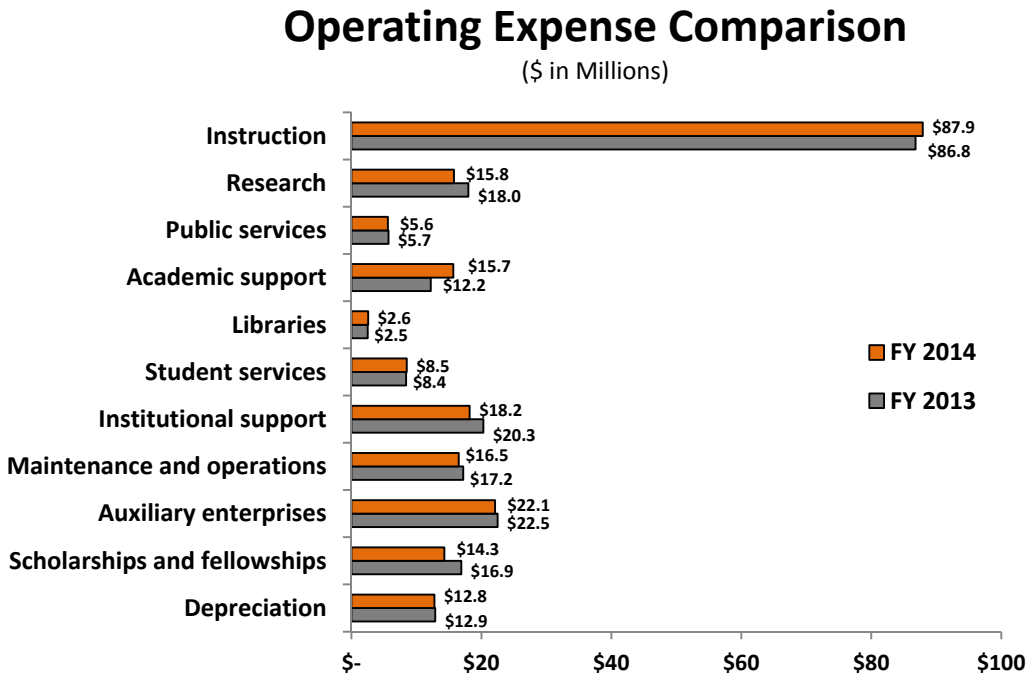
Operating and Nonoperating Expenses



Nonoperating costs include interest on capital debt and bond amortization

Operating expenses in fiscal year 2014 decreased by $3.3 million, or 1%, from the prior year. The largest component of this decrease is due to a decrease in services and supplies of $3.1 million and a decrease of $2.5 million in scholarship and fellowships. Additionally, there were decreases of $0.6 million in depreciation and miscellaneous expenses. These decreases were partially offset by an increase of $2.8 million in personnel costs.

Nonoperating expenses in fiscal year 2014 decreased by $1.6 million, primarily because there was no bond refinancing or new issuance activity in the current fiscal year, and consequently there was no bond issuance expense. In fiscal year 2013, the University implemented the requirements of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. According to the Statement, debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Bond insurance costs will continue to be amortized over time. Additionally, there was a decrease of $0.3 million in interest on capital asset related debt.



CASH FLOWS

The various sources of cash, along with their application and use, are presented in the *Statement of Cash Flows.* This analytical perspective is useful in assessing the ability of the University to satisfy its financial obligations as they come due. The statement classifies the flow of cash in the following four categories.

Operating activities – Displays the net cash flow required to conduct the day-to-day operating activities of the institution and reflects the continued need for funding from the state of Idaho.

Noncapital financing activities – Reflects the net cash flow of non-operating transactions not related to investing or capital financing activities, and includes funds provided by state appropriations.

Capital and related financing activities – Includes payments for the acquisition of capital assets, proceeds from long-term debt, and debt repayment.

Investing activities – Details the funds involved in the purchase and sale of investments and reflects the change in rates of return on invested funds.

The statement summarizes the net cash flow and reconciles to the operating income or loss, as reflected on the *Statement of Revenues, Expenses and Changes in Net Position*.

A summary of the *Statement of Cash Flows* for the year ended June 30, 2014 is presented below.

Summary Statement of Cash Flows

	2014	2013	2012
Cash and cash equivalents (used in) or provided by:			
Operating activities	$ (69,063,536)	$ (79,414,677)	$ (74,228,625)
Noncapital financing activities	104,717,232	106,108,619	103,483,406
Capital and related financing activities	(7,014,419)	(15,177,477)	(15,290,744)
Investing activities	(21,575,538)	(4,945,990)	272,979
Net increase (decrease) in cash	7,063,739	6,570,475	14,237,016
Cash and cash equivalents, beginning of year	97,037,245	90,466,770	76,229,754
Cash and cash equivalents, end of year	$ 104,100,984	$ 97,037,245	$ 90,466,770

For purposes of the *Statement of Cash Flows*, the University considers all highly liquid investments with an original maturity of three months or less and all non-negotiable certificates of deposit to be cash equivalents.

CAPITAL ASSET AND DEBT ACTIVITIES

The University considers the effective management of the institution's physical resources as a fundamental element of its financial stewardship, including the prudent use of debt to finance such resources. The development and maintenance of our physical resources is a key factor in creating and sustaining a learning environment that permits education to flourish. Idaho State University's total capital assets before depreciation increased by $5.0 million; from $354.9 million in 2013 to $359.9 million in 2014.

Total notes and bonds payable declined by $5.3 million from $61.9 million at June 30, 2013 to $56.6 million at June 30, 2014. In fiscal year 2013, the University issued new general revenue refunding bonds to refund existing bonds when they become callable and to reduce its interest expense. The University continues to pay down existing debt according to the debt schedule detailed in the notes of this report.

ECONOMIC OUTLOOK

Idaho State University continues to achieve outstanding financial performance while ensuring educational excellence for students in spite of declining enrollment. In the Moody's report *Weakened Tuition Revenue Plagues US Higher Education,* Moody's Investors Service noted that as employment rates improved, demand has softened at universities and programs sensitive to countercyclical enrollment patterns. Other factors identified by Moody's include continued improvement in the economy, federal financial aid decreases with stricter eligibility requirements, and reductions in federal grants affecting monies available to fund graduate and teaching assistants.

In the current higher education climate of declining enrollment, decreasing revenue, and increasing expense, resource reallocation needs to be data driven in order to meet University goals. As a result, the University recently completed its initial Program Prioritization campus-wide review. Program Prioritization reinforces the concept of fiscal discipline across the institution and the understanding that the funding for additional resource requests will need to come from the reallocation of existing resources. In addition, Program Prioritization provides data for better program planning and funding allocation decisions, integrates planning efforts, and reallocates resources from lower to higher priorities, thereby making institutional and State of Idaho missions operational. The Program Prioritization exercise has provided a constructive and consistent way to assess the effectiveness and efficiency of programs across department and division boundaries.

During the year, the University proposed and received approval for a 3.5% tuition and fee increase for fiscal year 2015, the lowest increase in 26 years. ISU is and remains extremely competitive in tuition and fees, even after the increase, which is essential in enabling the University to balance its budget and continue to provide quality educational opportunities to students. In fact, affordablecollegeonline.org ranked Idaho State University as the 12th lowest-cost public university with high starting salaries for its graduates in the nation. This reflects a shared balance between faculty, staff, students, and other institutional needs in meeting the University's budget requirements.

In light of the current economic environment and our responsibility to the citizens of the state of Idaho, the University has continued to pursue initiatives that promote the health and welfare of our neighbors. Using the University's mission as our guide, we continue to find partnerships that provide opportunities and innovation for Idaho and the nation.

One of these initiatives is the innovative Career Path Internship (CPI) program. This program was implemented to ensure that students gain real-world experience during their college career through the use of paid internships. The CPI program provides supplemental financial support for participants, meaningful employment which complements what students are learning in the classroom, experience which enhances employment after graduation, and support for off-campus businesses and civic programs. Initiated four years ago, this program has employed 723 students and includes 47 paid internships off-campus.

In fiscal year 2015, The University will be required to implement the provisions of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The implementation of this statement is expected to significantly impact the University's financial

statements. The most recent estimate of the University's net pension liability is $11.6 million as of December 31, 2013.

Idaho State University has reinforced its financial position in order to protect its future against unforeseen economic impacts. Because the economic environment is a challenging one, maintaining the focus on our central mission has never been more critical as we face the future. This will include continuing to strive to increase enrollment, to grow research, and to promote collaborations and partnerships with other agencies and institutions. These relationships will seek to build upon one another's strengths, to gain economies of scale, and to leverage shared knowledge in order to benefit the citizens of Idaho, the nation, and the world.

The audited financial statements included in this report, along with the accompanying notes to the financial statements, provide pertinent information and details related to the financial activities discussed in this analysis.

IDAHO STATE UNIVERSITY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 41,247,454	$ 51,351,770
Cash with Treasurer	62,853,530	45,685,475
Investments	20,058,469	5,003,471
Student loans receivable	301,896	279,410
Accounts receivable and unbilled charges, less allowance for doubtful accounts of $1,445,533 and $1,636,158, respectively	13,695,988	10,723,257
Due from state agencies	3,055,426	5,940,884
Inventories	288,572	265,129
Prepaid expenses	1,250,250	896,105
Total current assets	142,751,585	120,145,501
NONCURRENT ASSETS:		
Student loans receivable, less allowance for doubtful loans of $583,138 and $589,120, respectively	1,207,550	1,288,709
Assets held in trust	287,420	280,727
Prepaid bond insurance costs	92,684	99,951
Property, plant, and equipment, net	179,018,262	185,999,743
Other long-term assets	24,000	62,000
Total noncurrent assets	180,629,916	187,731,130
TOTAL ASSETS	323,381,501	307,876,631
DEFERRED OUTFLOWS OF RESOURCES		
Series 2012 Bond Defeasance	566,757	629,729
Total deferred outflows of resources	566,757	629,729
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	4,257,844	3,428,744
Due to state agencies	371,902	803,089
Accrued salaries and benefits payable	10,807,184	10,315,434
Compensated absences payable	4,911,522	4,782,004
Deposits	369,971	314,185
Funds held in custody for others	761,002	719,451
Unearned revenues	6,366,127	5,574,545
Accrued interest payable	579,947	604,934
Notes and bonds payable	4,958,257	4,965,639
Total current liabilities	33,383,756	31,508,025
NONCURRENT LIABILITIES:		
Other post-employment benefits payable	7,423,000	6,742,000
Notes and bonds payable	51,627,041	56,972,764
Total noncurrent liabilities	59,050,041	63,714,764
TOTAL LIABILITIES	92,433,797	95,222,789
DEFERRED INFLOWS OF RESOURCES		
Series 2013 Bond Defeasance	29,795	34,760
NET POSITION:		
Invested in capital assets	123,062,611	124,561,381
Restricted, expendable	5,267,523	4,581,880
Unrestricted	103,154,532	84,105,550
Total net position	$ 231,484,666	$ 213,248,811

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY COMPONENT UNIT

IDAHO STATE UNIVERSITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 1,378,935	$ 716,215
Cash held pursuant to bond requirements	501,940	568,684
Promises to give, net	4,929,525	4,320,795
Life insurance cash surrender value	74,714	60,616
Inventory	176,634	-
Miscellaneous receivables	97,514	985
Capitalized bond issuance costs, net	106,744	125,833
Property, Plant and Equipment	143,728	-
Goodwill	199,241	-
Donated land held for sale	2,149,902	1,434,502
Investments	51,180,307	44,586,428
Total assets	$ 60,939,184	$ 51,814,058
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 164,597	$ 35,681
Scholarships and other payables to Idaho State University	376,383	221,782
Obligations to beneficiaries under split-interest agreements	792,775	744,490
Funds held in custody for others	29,283	53,329
Long-term debt	5,973,322	5,800,000
Total liabilities	7,336,360	6,855,282
Net Assets		
Unrestricted	(3,081,801)	(4,352,789)
Temporarily restricted	21,333,988	16,712,393
Permanently restricted	35,350,637	32,599,172
Total net assets	53,602,824	44,958,776
TOTAL LIABILITIES AND NET ASSETS	$ 60,939,184	$ 51,814,058

IDAHO STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
OPERATING REVENUES		
Student tuition and fees (net of scholarship discounts and allowances of $24,459,546 and $24,723,681 respectively)	$ 80,067,373	$ 73,937,311
Federal grants and contracts	8,267,766	9,416,032
State and local grants and contracts	10,964,430	11,693,989
Private grants and contracts	7,409,810	9,912,398
Sales and services of educational activities	6,757,178	6,933,778
Sales and services of auxiliary enterprises	13,507,916	13,737,710
Other	3,560,921	3,404,559
Total operating revenues	130,535,394	129,035,777
OPERATING EXPENSES		
Personnel costs	143,971,434	141,146,294
Services	24,862,319	27,050,947
Supplies	11,891,858	12,773,653
Insurance, utilities and rent	7,466,242	7,375,222
Scholarships and fellowships	14,302,237	16,851,589
Depreciation	12,781,070	12,914,220
Miscellaneous	4,684,948	5,177,497
Total operating expenses	219,960,108	223,289,422
OPERATING LOSS	(89,424,714)	(94,253,645)
NONOPERATING REVENUES (EXPENSES)		
State appropriations:		
State general account - general education	65,261,000	62,631,800
Endowment income	2,227,800	2,125,560
Other state appropriations	2,730,508	2,662,418
Professional technical education	9,606,097	9,612,941
Department of Public Works	2,593,121	2,431,128
Title IV grants	21,120,080	24,104,048
Gifts (including $5,223,336 and $5,058,262 from the Idaho State University Foundation, respectively)	5,994,344	5,484,315
Net investment income	107,819	60,485
Amortization of bond insurance costs	(7,267)	(9,539)
Bond issuance costs	-	(931,975)
Interest on capital asset related debt net of capitalized	(2,068,697)	(2,354,492)
Net nonoperating revenues	107,564,805	105,816,689
INCOME BEFORE OTHER REVENUES AND EXPENSES	18,140,091	11,563,044
OTHER REVENUES AND EXPENSES		
Capital gifts and grants	-	20,699
Gain or (loss) on disposal of fixed assets	95,764	(329,069)
Net other revenues and expenses	95,764	(308,370)
INCREASE IN NET POSITION	18,235,855	11,254,674
NET POSITION, BEGINNING OF YEAR	213,248,811	201,994,137
NET POSITION, END OF YEAR	$ 231,484,666	$ 213,248,811

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY COMPONENT UNIT

IDAHO STATE UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Contributions and gifts	$ 1,493,455	$ 3,382,929	$ 2,692,384	$ 7,568,768
Contributed services	722,470	-	-	722,470
Interest and dividends	152,207	349,038	-	501,245
Net realized/unrealized gain on investments	601,474	5,693,227	-	6,294,701
Fees, charges, and miscellaneous	834,409	15,690	-	850,099
Pharmacy charges	371,883	-	-	371,883
Less cost of goods sold	(278,954)	-	-	(278,954)
Net pharmacy charges	92,929	-	-	92,929
Net change in value of split-interest agreements and life insurance	-	130,264	(42,151)	88,113
Donor designated transfers	(147,515)	46,283	101,232	-
Net assets released from program restrictions	4,995,836	(4,995,836)	-	-
Total revenues	8,745,265	4,621,595	2,751,465	16,118,325
EXPENSES				
Program support to Idaho State University				
Donations/transfers	1,137,079	-	-	1,137,079
Scholarships	1,388,217	-	-	1,388,217
Athletic	1,039,725	-	-	1,039,725
Department support	1,658,316	-	-	1,658,316
Support services				
Management and general	426,940	-	-	426,940
Fundraising	1,663,687	-	-	1,663,687
Pharmacy expenses	160,313	-	-	160,313
Total expenses	7,474,277	-	-	7,474,277
CHANGE IN NET ASSETS	1,270,988	4,621,595	2,751,465	8,644,048
NET ASSETS, beginning of year	(4,352,789)	16,712,393	32,599,172	44,958,776
NET ASSETS, end of year	$(3,081,801)	$21,333,988	$35,350,637	$53,602,824

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY COMPONENT UNIT

IDAHO STATE UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Contributions and gifts	$ 1,416,376	$ 1,846,446	$ 825,405	$ 4,088,227
Contributed services	747,202	-	-	747,202
Interest and dividends	286,928	270,648	-	557,576
Net realized/unrealized gain on investments	262,905	3,164,453	-	3,427,358
Fees, charges, and miscellaneous	683,706	18,342	-	702,048
Net change in value of split-interest agreements and life insurance	-	(13,661)	37,013	23,352
Donor designated transfers	-	(37,189)	37,189	-
Net assets released from program restrictions	4,577,300	(4,577,300)	-	-
Total revenues	7,974,417	671,739	899,607	9,545,763
EXPENSES				
Program support to Idaho State University				
Donations/transfers	1,752,259	-	-	1,752,259
Scholarships	1,037,184	-	-	1,037,184
Athletic	388,971	-	-	388,971
Department support	1,960,396	-	-	1,960,396
Support services				
Management and general	387,427	-	-	387,427
Fundraising	1,498,939	-	-	1,498,939
Total expenses	7,025,176	-	-	7,025,176
CHANGE IN NET ASSETS	949,241	671,739	899,607	2,520,587
NET ASSETS, beginning of year	(5,302,030)	16,040,654	31,699,565	42,438,189
NET ASSETS, end of year	$(4,352,789)	$16,712,393	$32,599,172	$44,958,776

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Student fees	$ 69,376,114	$ 64,882,664
Grants and contracts	28,326,490	31,362,290
Sales and services of educational activities	6,484,515	5,851,796
Sales and services from auxiliary enterprises	13,450,332	13,659,952
Other operating revenue	3,483,125	3,337,962
Collection of loans to students	391,851	399,581
Payments to and on behalf of employees	(139,064,154)	(137,160,026)
Payments to suppliers	(44,139,597)	(51,480,899)
Payments for scholarships and fellowships	(7,045,016)	(9,965,207)
Loans issued to students	(327,196)	(302,790)
Net cash used by operating activities	(69,063,536)	(79,414,677)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	80,988,258	76,948,534
Title IV grants	20,923,272	24,148,376
Gifts	5,218,221	4,870,217
Agency account net of receipts and payments	(1,860,461)	162,847
Direct lending net of receipts and payments	(552,058)	(21,355)
Net cash provided by noncapital financing activities	104,717,232	106,108,619
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital purchases	(6,391,145)	(7,646,005)
Proceeds from sale of assets	134,715	-
Proceeds from advance refunding of debt	-	273,657
Cost of issuance for advance refunding bonds	-	(266,800)
Principal paid on capital debt	(4,965,639)	(5,050,567)
Interest paid on capital debt	(2,423,142)	(2,487,762)
Net cash used by financing activities	(13,645,211)	(15,177,477)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(21,630,792)	(5,000,000)
Proceeds from sales and maturities of investments	6,630,792	-
Investment net of income and expenses	55,254	54,010
Net cash used by investing activities	(14,944,746)	(4,945,990)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,063,739	6,570,475
CASH AND CASH EQUIVALENTS--Beginning of year	97,037,245	90,466,770
CASH AND CASH EQUIVALENTS--End of year	$ 104,100,984	$ 97,037,245
RECONCILIATION OF NET OPERATING LOSS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES		
Operating Loss	$ (89,424,714)	$ (94,253,645)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Depreciation	12,781,070	12,914,220
Maintenance costs paid by Department of Public Works and other	2,036,024	3,113,328
Change in assets and liabilities		
Accounts receivable, net	2,738,635	(2,057,879)
Prepaid expenses	(354,145)	(186,693)
Student loans receivable, net	58,673	150,799
Inventory	(23,443)	19,747
Accounts payable and accrued liabilities	964,352	(138,012)
Accrued salaries and benefits payable	1,286,876	917,275
Deposits	27,140	(19,539)
Unearned revenue	814,689	119,952
Non-current assets	31,307	5,770
Net cash used in operating activities	$ (69,063,536)	$ (79,414,677)
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Donated capital assets	$ -	$ 20,699

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY
Notes To Financial Statements
Years Ended June 30, 2014 And 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Idaho State University (the University) is part of the public system of higher education in the State of Idaho (the State). The system is considered part of the State of Idaho financial reporting entity. The State Board of Education (SBOE), appointed by the Governor and affirmed by the legislature, directs the system. The University is headquartered in Pocatello, Idaho with satellite campuses in Idaho Falls, Twin Falls, and Meridian, Idaho. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity – The Idaho State University Foundation, Inc. (the Foundation) is considered a component unit of the University as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - and amendment of GASB Statements No. 14 and No. 34*. As such, the Foundation is discretely presented for fiscal years ended June 30, 2014 and 2013. Additional detail and discussion related to the Foundation can be found in Note 12 of this report.

Basis of Accounting – For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents – The University considers all liquid investments with a remaining maturity of three months or less at the date of acquisition and all non-negotiable certificates of deposit to be cash equivalents.

Cash with Treasurer – Balances classified as Cash with Treasurer are amounts that are required to be remitted to the State of Idaho as a result of the student fee collection process and, once remitted, these balances are under the control of the State Treasurer. Interest accruing on the balance is maintained in a separate fund and must be appropriated by the legislature before any expenditure can occur.

Investments – The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investment income is recorded on the accrual basis. Changes in unrealized gains and losses on the carrying value of investments are reported as a component of net investment income in the Statement of Revenues, Expenses and Changes in Net Position.

Student Loans Receivable – Loans receivable from students bear interest at rates ranging from 3.00% to 7.00% and are generally payable to the University in installments over a 5 to 10 year period, commencing 6 or 9 months after the date of separation from the University.

Accounts Receivable – Accounts receivable consist of fees charged to students as well as auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Idaho. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories – Inventories, consisting primarily of items held by University Stores, are valued at the lower of first-in, first-out ("FIFO") cost or market.

Property, Plant and Equipment – Capital assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at date of the gift. The University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Intangible assets with a unit cost of $200,000 or more and an estimated useful life of greater than one year are recorded as capital assets. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 12 to 25 years for land improvements, 10 years for library books, and 5 to 13 years for equipment.

The University houses collections at the Idaho Museum of Natural History that it does not capitalize. These collections adhere to the University's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. The University charges these collections to operations at the time of purchase, in accordance with generally accepted accounting principles.

Deferred Outflows of Resources – Deferred outflows of resources are a consumption of net assets by the University that are applicable to future reporting periods. Similar to assets, they have a positive effect on net position.

Unearned Revenues – Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but related to the subsequent accounting period. Unearned revenues also includes amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences – Employee vacation pay that is earned but unused is accrued at year-end for financial statement purposes. Amounts included in accrued salaries and benefits payable in the statement of net position are $4,911,522 and $4,782,004 at June 30, 2014 and 2013, respectively.

Noncurrent Liabilities – Noncurrent liabilities include the principal portions of revenue bonds payable, notes payable with contractual maturities greater than one year, and other post-employment benefits payable.

Deferred Inflows of Resources – Deferred inflows of resources are an acquisition of net assets that are applicable to future reporting periods. Similar to liabilities, they have a negative effect on net position.

Net Position – Net position is identified as the residual of all elements presented in the statement of financial position. The University's net position is classified as follows.

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

Restricted, Expendable – Restricted expendable includes resources which the University is legally or contractually obligated to use in accordance with restrictions imposed by external third parties.

Unrestricted – Unrestricted represents resources derived from student fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the University, and may be used at the discretion of the institution to meet current expenses for any lawful purpose and in accordance with SBOE policy.

Income and Unrelated Business Income Taxes – The University, as a political subdivision of the State of Idaho, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The University is liable for tax on its unrelated business income. Defined by the Internal Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance by the organization of its exempt purpose or function. The University did not incur unrelated business income tax expense in the fiscal years ended June 30, 2014 or 2013.

Classification of Revenues – The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

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

Nonoperating Revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions such as gifts and contributions, and other revenue resources defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary*

Fund Accounting, and GASB Statement No. 34, such as state appropriations and investment income.

Scholarship Discounts and Allowances – Student fee revenues are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount paid by students or other third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy student fees and related charges, the University has recorded a scholarship discount and allowance.

Use of Accounting Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements, and revenues and expenses during the year. Actual results could differ from those estimates.

New Accounting Standards – The University will be required to implement the provisions of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* GASB Statement No. 68 is effective for the fiscal year ending June 30, 2015. The primary objective of this Statement is to improve accounting and financial reporting of pensions by state and local governments. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about pensions are also addressed. The University participates in the State's defined benefit retirement plan where the benefits and obligations to contribute to the plan are established, and may be amended by, the Idaho State Legislature. Since the State administrates the plan and provides its component units the respective pension benefit and obligation amounts, the University has not yet determined the final impact of this Statement on its financial statements.

The University will be required to implement the provisions of *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement No. 68, which is effective for the fiscal year ending June 30, 2015. The primary objective of this Statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68. The University has not yet determined the impact of this Statement on its financial statements.

Reclassification – Certain amounts reported in the June 30, 2013 financial statements have been reclassified to conform to the June 30, 2014 financial statement presentation.

2. CASH WITH TREASURER, CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS

Cash with Treasurer, Cash and Cash Equivalents, and Other Deposits

Cash with Treasurer is under the custody of the Idaho State Treasurer and is carried at cost. The University's deposits are maintained in commercial checking accounts which, as of June 30, 2014, have insurance coverage up to $250,000 through the Federal Deposit Insurance Corporation (FDIC). At June 30, 2014 and June 30, 2013, total deposits consisted of the following:

	2014	2013
Cash	$ 43,710,487	$ 54,530,756
Cash equity with the State Treasurer	62,853,530	45,685,475
Total deposits	$ 106,564,017	$ 100,216,231

The deposit amounts subject to custodial credit risk at June 30, 2014 and 2013 consisted of the following:

Basis of Custodial Credit Risk
As of June 30

	2014	2013
Insured	$ 250,000	$ 250,000
Uncollateralized	-	54,280,756
Collateralized by securities held by the pledging financial institution	43,460,487	-
Total deposits	$ 43,710,487	$ 54,530,756

At June 30, 2014 and 2013, the University had $156,361 and $120,155, respectively, of cash on hand in various change funds. The carrying amount of the University's cash and cash equivalents at June 30, 2014 and 2013 was $104,100,984 and $97,037,245, respectively. The net difference between deposits and the carrying amount of cash and cash equivalents is primarily a reflection of investment of the daily float.

Investments

The general investment policy of the University as adopted by the State Board of Education outlines that investments in securities are to be made with the objective of maximizing long-term total return, ensuring safety of principal, and providing satisfactory current income. In accordance with the established investment policy, the University may invest in various mortgage-backed securities, such as collateralized mortgage obligations. These securities are recorded at fair value in the statement of net position. Investment income, including change in fair value of investments, is recognized as revenue in the statement of revenues, expenses and changes in net position.

The following table represents the fair value of investments by type and interest rate risk at June 30, 2014 and June 30, 2013, respectively:

			Investment Maturities		
Fiscal Year	University Investments	Fair Value	1-3 years	3-5 years	5-10 years
2014	Mutual Funds – Fixed Income	10,017,613	10,017,613	-	-
2014	Mutual Funds – Government Securities	10,040,856	1,204,903	3,012,257	5,823,696
		20,058,469	11,222,516	3,012,257	5,823,696
2013	Mutual Funds – Government Securities	5,003,471	650,451	900,625	3,452,395

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation, causing the University to experience a loss of principal, or that negative perceptions of issuer's ability to make these payments will cause prices to decline. The University does not presently have a formal policy that addresses credit risk.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure,* requires disclosure of credit quality ratings for pooled investments of fixed income. Fixed income investment ratings as of June 30, 2014 are presented below using credit risk ratings issued upon standards set by Moody's Investors Service. 'Aaa' rated obligations are judged to be of the highest quality, with minimal credit risk. 'Aa' rated obligations are judged to be of high quality and are subject to very low credit risk. 'A' rated obligations are considered upper-medium grade and are subject to low credit risk. Issuers rated 'NP' or 'Not Prime' do not fall within any of the prime rating categories.

			Credit Rating				
Fiscal Year	University Investments	Fair Value	Aaa	Aa	A	NP	Unrated
2014	Mutual Funds – Fixed Income	10,017,613	1,349,787	204,005	625,793	249,881	7,588,147

Credit risk disclosed for Mutual Funds – Government Securities is related to the mutual funds' underlying assets. The mutual fund typically holds most of its exposure in mortgage-backed securities, including collateralized mortgage obligations, issued or guaranteed by U.S. Government agencies or government-sponsored entities. In addition, it targets maintaining an average credit quality rating that is equivalent to the highest rating available from a Nationally Recognized Statistical Rating Organization. According to GASB Statement No. 40, *Deposit and Investment Risk Disclosure,* obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

Concentration of Credit Risk

Concentration of credit risk is defined per GASB Statement No. 40 as the risk of loss attributed to the magnitude of an investment in a single issuer other than the federal government. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when 5 percent of investments are concentrated in any one issuer. At present, the University does not have a formal policy that addresses concentration of risk. The University did not have any investments at June 30, 2014 or 2013 that represented a 5 percent or greater concentration in any one issuer.

Custodial Credit Risk

Custodial credit risk for investments is defined as the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of its investments that are in the possession of an outside party. The University does not have a policy that specifically addresses custodial credit risk. As of June 30, 2014, all investments were held by the University or its counterparty in the University's name.

Interest Rate Risk

Interest rate risk is the risk that the value of fixed income securities will decline because of a change in interest rates. Currently, the University does not have a formal policy that addresses interest rate risk. Interest rate risk disclosed for Mutual Funds – Government Securities is related to the mutual funds' underlying assets.

Foreign Currency Risk

GASB Statement No. 40 defines foreign currency risk as the risk that changes in exchange rates will adversely affect the fair value of an investment of deposit. The University does not presently have a policy that addresses foreign currency risk. As of June 30, 2014, all investments held by the University were denominated in U.S. Dollars; therefore, no foreign currency risk needs to be considered at this time.

3. ACCOUNTS RECEIVABLE AND DUE FROM STATE AGENCIES

Accounts receivable and due from state agencies consisted of the following at June 30:

	2014	2013
Accounts receivable	$ 15,141,521	$ 12,359,415
Due from state agencies	3,055,426	5,940,884
	18,196,947	18,300,299
Less allowance for doubtful accounts	(1,445,533)	(1,636,158)
Net accounts receivable and Due from state agencies	$ 16,751,414	$ 16,664,141

4. STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the loans receivable at June 30, 2014 and 2013. Under this Program, the federal government provides approximately 75% of the funding for the Program, with the University providing the balance. The program provides cancellation provisions for borrowers engaging in teaching, public service, service in the military or law enforcement, as well as other disciplines. The Department of Education reimburses the University each year for the principal and interest canceled in its Perkins Loan Fund for all of the cancellation provisions except death, total and permanent disability, and bankruptcy. The University must deposit this reimbursement into its Perkins loan fund. In the event the University should withdraw from the Federal Perkins Loan Program or the government were to cancel the Program, the amount the University would be liable for as of June 30, 2014 and 2013, is $1,976,393 and $1,964,160, respectively.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2014 and 2013, the allowance for uncollectible loans was approximately $583,138 and $589,120, respectively.

In the spring of 2007, the University began participation in the Nursing Faculty Loan Program (NFLP), a federal loan program authorized under Title VIII of the Public Health Service Act, to increase the number of qualified nursing faculty. In the event the University should withdraw from the NFLP Program, or the government was to cancel the Program, the amount the University would be liable for as of June 30, 2014 and 2013, is $10,121 and $10,117. Loans receivable from students bear interest at rates ranging from 5.00% to 10.00% and are generally repayable in installments to the University over a 5 to 10 year period commencing 3 to 9 months after the date of separation from the University.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at June 30, 2014 and 2013 consisted of the following:

	2014				
	Balance July 1, 2013	Additions	Retirements	Transfers	Balance June 30, 2014
Property, plant and equipment not being depreciated:					
Land	$ 5,012,553	$ -	$ -	$ -	$ 5,012,553
Construction in progress	1,421,598	721,682	-	(190,001)	1,953,279
Total property, plant and equipment not being depreciated	6,434,151	721,682	-	(190,001)	6,965,832
Other property, plant and equipment:					
Buildings and improvements	244,132,286	-	-	190,001	244,322,287
Intangibles	2,214,462	-	-	-	2,214,462
Furniture, fixtures and equipment	48,761,681	2,456,140	(835,662)	-	50,382,159
Library materials	53,343,524	2,660,718	-	-	56,004,242
Total other property, plant and equipment	348,451,953	5,116,858	(835,662)	190,001	352,923,150
Less accumulated depreciation and amortization:					
Buildings and improvements	(93,009,095)	(5,995,825)	-	-	(99,004,920)
Intangibles	(498,254)	(110,723)	-	-	(608,977)
Furniture, fixtures and equipment	(33,350,145)	(4,164,221)	796,711	-	(36,717,655)
Library materials	(42,028,867)	(2,510,301)	-	-	(44,539,168)
Total accumulated depreciation and amortization	(168,886,361)	(12,781,070)	796,711	-	(180,870,720)
Other property, plant and equipment net of accumulated depreciation	179,565,592	(7,664,212)	(38,951)	190,001	172,052,430
Property, plant and equipment summary:					
Property, plant and equipment not being depreciated	6,434,151	721,682	-	(190,001)	6,965,832
Other property, plant and equipment at cost	348,451,953	5,116,858	(835,662)	190,001	352,923,150
Total property, plant and equipment	354,886,104	5,838,540	(835,662)	-	359,888,982
Less accumulated depreciation and amortization	(168,886,361)	(12,781,070)	796,711	-	(180,870,720)
Property, plant and equipment, net	$ 185,999,743	$ (6,942,530)	$ (38,951)	$ -	$ 179,018,262

	2013				
	Balance July 1, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Property, plant and equipment not being depreciated:					
Land	$ 5,012,553	$ -	$ -	$ -	$ 5,012,553
Construction in progress	1,305,595	1,248,697	-	(1,132,694)	1,421,598
Total property, plant and equipment not being depreciated	6,318,148	1,248,697	-	(1,132,694)	6,434,151
Other property, plant and equipment:					
Buildings and improvements	244,131,291	-	(751,928)	752,923	244,132,286
Intangibles	2,214,462	-	-	-	2,214,462
Furniture, fixtures and equipment	44,939,347	4,242,467	(799,904)	379,771	48,761,681
Library materials	50,787,174	2,556,350	-	-	53,343,524
Total other property, plant and equipment	342,072,274	6,798,817	(1,551,832)	1,132,694	348,451,953
Less accumulated depreciation and amortization:					
Buildings and improvements	(87,217,535)	(6,222,582)	431,022	-	(93,009,095)
Intangibles	(387,531)	(110,723)	-	-	(498,254)
Furniture, fixtures and equipment	(29,979,404)	(4,142,132)	771,391	-	(33,350,145)
Library materials	(39,590,084)	(2,438,783)	-	-	(42,028,867)
Total accumulated depreciation and amortization	(157,174,554)	(12,914,220)	1,202,413	-	(168,886,361)
Other property, plant and equipment net of accumulated depreciation	184,897,720	(6,115,403)	(349,419)	1,132,694	179,565,592
Property, plant and equipment summary:					
Property, plant and equipment not being depreciated	6,318,148	1,248,697	-	(1,132,694)	6,434,151
Other property, plant and equipment at cost	342,072,274	6,798,817	(1,551,832)	1,132,694	348,451,953
Total property, plant and equipment	348,390,422	8,047,514	(1,551,832)	-	354,886,104
Less accumulated depreciation and amortization	(157,174,554)	(12,914,220)	1,202,413	-	(168,886,361)
Property, plant and equipment, net	$ 191,215,868	$ (4,866,706)	$ (349,419)	$ -	$ 185,999,743

The Performing Arts Center was constructed by the Foundation with contributions and the proceeds from the Foundation's Multi-Mode Variable Rate Revenue Bond, issued in 2001. The facility was constructed on land leased by the Foundation from the University for $1 a year for a 20 year term. The land and improvements were, in turn, leased back to the University for $1 a year for 20 years, with a provision that title to the improvements transfers to the University at the earlier of the end of the lease or retirement of the bonds. A security interest in the land and improvements is held through a Deed of Trust issued by the Foundation to Wells Fargo Bank, N.A. The excess of the fair value of the improvements (i.e., cost) over the gross rents payable by the University were recorded as an asset of the University in recognition of the permanent transfer of rights of use to the University for only nominal consideration.

In addition to accounts payable for construction in progress, the estimated cost to complete property authorized or under construction at June 30, 2014, is approximately $6,793,510. These costs will be financed by available resources of Idaho State University.

6. UNEARNED REVENUES

Unearned revenues consist of the following at June 30:

	2014	2013
Student Fees	$ 4,261,560	$ 4,046,691
Auxiliary enterprises and other	756,028	600,812
Grants and contracts	1,284,641	836,815
Other ticket sales	63,898	90,227
	$ 6,366,127	$ 5,574,545

7. NONCURRENT LIABILITIES

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

Description	Balance Outstanding 6/30/2012	Additions	Reductions	Balance Outstanding 6/30/2013	Additions	Reductions	Balance Outstanding 6/30/2014	Amounts Due Within One Year
Note payable to a financial institution due in semi-annual installments varying from maximum of $2,993,916 to $16,696 plus interest of 5.08% through 09/01/2016	4,048,507	-	(895,567)	3,152,940	-	(941,639)	2,211,301	924,257
Student Facilities Fee Revenue Bonds, Series 1998, (original balance of $12,400,000), consisting of serial and term bonds (either directly or through sinking funds) in annual amounts increasing periodically from $585,000 to a maximum of $920,000, plus interest from 4.875% to 5.00% through the year 2022. All bonds are collateralized by certain student fees and other revenues.	5,030,000	-	(5,030,000)	-	-	-	-	-
General Refunding and Improvement Revenue Bonds, Series 2003 (original balance of $35,895,000), consisting of serial bonds payable in annual amounts increasing periodically from $715,000 to a maximum of $3,115,000, plus interest from 3.00% to 5.00% through the year 2023. All bonds are collateralized by certain student fees and other revenues.	25,630,000	-	(25,630,000)	-	-	-	-	-
General Revenue Bonds, Series 2004A (original balance of $4,980,000), consisting of serial bonds payable in annual amounts increasing periodically from $210,000 to a maximum of $375,000, plus interest from 2.00% to 4.375% through the year 2023. All bonds are collateralized by certain student fees and other revenues.	3,410,000	-	(2,585,000)	825,000	-	(265,000)	560,000	275,000
General Revenue Bonds, Series 2004B (original balance of $3.305,000), consisting of serial and term bonds payable in annual amounts increasing periodically from $55,000 commencing in 2022 to a maximum of $345,000, plus interest from 4.50% to 4.75% through the year 2034. All bonds are collateralized by certain student fees and other revenues.	3,305,000	-	(265,000)	3,040,000	-	-	3,040,000	-
General Revenue Bonds, Series 2004C (original balance of $2.305,000), consisting of term bonds payable in annual amounts increasing periodically from $95,000 to a maximum of $190,000, plus interest of 4.880% through the year 2022. All bonds are collateralized by certain student fees and other revenues.	1,560,000	-	(130,000)	1,430,000	-	(135,000)	1,295,000	140,000
General Revenue Bonds, Series 2006 (original balance of $10,000,000), consisting of term bonds payable in annual amounts increasing periodically from $320,000 to a maximum of $805,000, plus interest of 5.260% through the year 2028. All bonds are collateralized by certain student fees and other revenues.	8,990,000	-	(370,000)	8,620,000	-	(390,000)	8,230,000	410,000
General Revenue Bonds, Series 2007 (original balance of $16,120,000), consisting of term bonds payable in annual amounts increasing periodically from $270,000 to a maximum of $1,055,000, plus interest from 3.90% to 5.00% through the year 2032. All bonds are collateralized by certain student fees and other revenues.	13,765,000	-	(575,000)	13,190,000	-	(600,000)	12,590,000	620,000
General Revenue Refunding Bonds, Series 2012, consisting of annual amounts increasing periodically from $965,000 to a maximum of $3,470,000, plus interest from 2.00% to 4.00% through the year 2023. All bonds are collateralized by certain student fees and other revenues.	-	27,530,000	(1,305,000)	26,225,000	-	(965,000)	25,260,000	2,255,000
General Revenue Refunding Bonds, Series 2013, consisting of annual amounts increasing periodically from $334,000 to a maxiumum of $1,669,000 plus interest from 2.25% to 2.75% through the year 2020. All bonds are collateralized by certain student fees and other revenues.	-	3,810,000	-	3,810,000	-	(1,669,000)	2,141,000	334,000
	65,738,507	31,340,000	(36,785,567)	60,292,940	-	(4,965,639)	55,327,301	4,958,257
Premium on bonds	699,926	2,034,312	(980,083)	1,754,155	-	(397,536)	1,356,619	-
Discount on bonds	(204,212)	95,520		(108,692)	10,070		(98,622)	-
Totals	$66,234,221	$33,469,832	$ (37,765,650)	$ 61,938,403	$ 10,070	$ (5,363,175)	$ 56,585,298	$ 4,958,257

Principal and interest maturities on notes and bonds payable in future periods for the year ending June 30, 2014, are as follows:

	Bonds		Notes	
	Principal	Interest	Principal	Interest
2015	$ 4,034,000	$ 2,170,012	$ 924,257	$ 100,743
2016	4,196,000	2,008,099	946,488	53,512
2017	4,357,000	1,838,573	340,556	8,650
2018	4,539,000	1,661,596	-	-
2019	4,735,000	1,470,136	-	-
2020-2024	20,455,000	4,867,817	-	-
2025-2029	8,000,000	1,663,472	-	-
2030-2034	2,800,000	346,238	-	-
	$ 53,116,000	$ 16,025,943	$ 2,211,301	$ 162,905

Pledged Revenue — Current outstanding issuances are 2004A, 2004B, 2004C, 2006, 2007, 2012 and 2013. The University has pledged certain revenues as collateral for these bonds. The pledged revenue amounts as of June 30 are as follows:

	2014	2013
	Student Facility Fee Revenue Bonds	
Pledged Revenues	**Series 2004A, 2004B, 2004C, 2006, 2007, 2012 and 2013**	
Matriculation fee	$ 50,438,053	$ 49,451,559
Student facilities fee	4,083,643	4,241,734
Revenue of student housing system	6,013,914	5,978,179
CAES lease payment	850,104	850,104
	$ 61,385,714	$ 60,521,576
Debt service	$ 6,204,012	$ 6,298,781
Debt service coverage	989%	961%
Coverage requirement	110%	110%

As indicated, the Student Facilities Fee is pledged for Series 2003, Series 2004A, Series 2004B, Series 2004C, Series 2006, Series 2007, Series 2012 and Series 2013 bonds. The Revenue of the Housing System is pledged for the Series 2012 and 2013 bonds and the Center for Advanced Energy Studies (CAES) lease payments are pledged for Series 2006 bonds.

Advance Refunding of Debt – Series 2013 Bonds

On June 26, 2013, General Revenue Refunding Bonds, Series 2013, were issued by the University to refund certain outstanding bonds of the University and to pay the cost of issuance of the Series 2013 Bonds. The Series 2013 Bonds were issued in the aggregate principal amount of $3,810,000 and bear interest from the date of issuance of 2.25% to 2.75% payable on October 1, 2013 and semiannually thereafter on each April 1 and October 1.

The advance refunding resulted in reducing total debt service over the next 7 years by $315,045 and acquiring an economic gain of $297,791 (difference between the present values, on the bonds issuance date, of the old and new debt service).

8. ACCOUNTING FOR LEASES

The University is a lessor under a current 20 year ground lease agreement with Portneuf Medical Center (lessee). The lease expires May 31, 2032. The lease allowed for the construction of a sports medicine facility (the Facility) on the premises, which was completed in September 1994. The lessee pays rent of $1 per year for the ground lease, payable on the date of the execution of the lease and annually thereafter on the anniversary date of such execution.

The University leases a weight/training room and associated common areas from Portneuf Medical Center (lessor). The current lease is for 20 years. Rent for the weight/training room portion of the lease is $1 per year. Rent for shared use of the common areas is $14,000 per year. Rents for the initial term and renewal term are payable on the date of the execution of the lease and annually thereafter on the anniversary date of such execution. Upon expiration of the lease term, the Facility shall become the property of the University.

ISU leases building and office facilities under various non-cancelable operating leases. Total costs for such leases were $348,760 and $393,883 for the years ended June 30, 2014 and 2013, respectively.

Future minimum lease payments at June 30, 2014 for all leases are as follows:

Fiscal Years	Payments
2015	$ 226,952
2016	73,666
2017	18,988
2018	14,000
2019	14,000
2020-2024	70,000
2025-2029	70,000
2030-2032	42,000
Totals	$ 529,606

In 2006, Idaho State University (lessor) entered into a lease agreement with Battelle Energy Alliance, LLC (lessee) for facilities located in the CAES facility. The lease commenced September 2009, and extends through March 5, 2028.

Future minimum rental income on this operating lease is as follows:

Fiscal Years	Income
2015	$ 850,104
2016	850,104
2017	850,104
2018	850,104
2019	850,104
2020-2024	4,250,520
2025-2028	3,187,890
Totals	$ 11,688,930

Battelle Energy Alliance, LLC makes all lease payments directly to the trustee. Rental income is restricted and is to be used solely for debt service on the 2006 Revenue bonds; the proceeds were used to construct the facility. As of June 30, 2014, the book value of the building is $15,765,162, which is net of accumulated depreciation of $1,935,687.

9. RETIREMENT PLANS AND TERMINATION PAYMENTS

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

After 60 months of credited service, members become fully vested in retirement benefits earned to date and receive a lifetime benefit at retirement. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.00% of the average monthly salary for the highest consecutive 42 months. Employer contributions to PERSI are made as set forth in Section 59-1322 of Idaho Code, and described in Section 59.01.03 of the Idaho Administrative Procedure Act. Employee contributions are set at 60% of employer contributions per Section 59-1333 of Idaho Code.

Contributions for the three years ended June 30 are as follows:

	2014	2013	2012
University contributions required and paid	$ 2,821,874	$ 2,621,008	$ 2,544,195
Employee contributions	1,692,576	1,571,598	1,525,532
Total contributions	$ 4,514,450	$ 4,192,606	$ 4,069,727
University required contribution rate	11.32%	10.39%	10.39%
Employee contribution rate	6.79%	6.23%	6.23%

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

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

Participants are immediately fully vested in the ORP. Retirement benefits are available as either a lump sum or any portion thereof upon attaining 55 years of age.

Contributions required and paid are as follows:

	2014	2013	2012
University contributions required and paid	$ 5,964,369	$ 5,913,986	$ 5,667,518
Employee contributions	4,491,803	4,446,655	4,261,345
Total Contribution	$ 10,456,172	$ 10,360,641	$ 9,928,863
University required contribution rate	9.255%	9.27%	9.27%
Employee contribution rate	6.97%	6.97%	6.97%

Although enrollees in the ORP no longer belong to PERSI, the University is required to contribute a percentage of the annual covered payroll to PERSI. Effective July 1, 2007, the percentage was changed from 3.03% to 1.49%, allowing the difference of 1.54% to be used to increase the University's contribution to ORP retirement accounts. In addition, the payoff period of the unfunded liability obligation was extended from July 1, 2015, to July 1, 2025. During the years ended June 30, 2014 and 2013, supplemental funding payments to PERSI were $962,009 and $953,925, respectively. These amounts are not included in the regular University PERSI contribution discussed previously.

Supplemental Retirement Plans – Full and part time benefited faculty, classified and professional staff, enrolled in PERSI as their regular retirement plan, may enroll in the 403(b), 401(k), and the

457(b) plans. Full and part time benefited faculty and professional staff enrolled in the ORP as their regular retirement plan may enroll in the 403(b) and the 457(b) plans.

401(k) – PERSI Choice Plan (PCP):
This is only available to active PERSI members. The Choice Plan contains employee gain sharing distributions, any voluntary employee contributions made, and the earnings on those funds. Approximately 86 employees contributed to this plan during the fiscal year ended June 30, 2014.

457(b) – Deferred Compensation Plan:
The 457(b) is a voluntary retirement savings plan covered under Section 457(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan. The plan is funded exclusively through employee pre-tax contributions. Approximately 48 employees contributed to this plan during the fiscal year ended June 30, 2014.

403(b) Plan:
The 403(b) is a voluntary tax-sheltered retirement plan covered under Section 403(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan. The plan is funded exclusively by employee pre-tax contributions. Approximately 209 employees contributed to this plan during the fiscal year ended June 30, 2014.

Roth 403(b) Plan:
The Roth 403(b) is a voluntary retirement savings plan covered under Section 403(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan. The plan is funded exclusively by employee post-tax contributions. Approximately 24 employees contributed to this plan during the fiscal year ended June 30, 2014.

Supplemental Retirement 403(b) Plan:
The Supplemental 403(b) plan was established by the Idaho State Board of Education as of June 23, 2011 for the benefit of a limited group of participants from the state's higher education institutions. The plan is funded by contributions from the employees and the respective institutions, as set forth in Appendix A to the Plan document and as administered by the Idaho State Board of Education.

Supplemental Retirement Plan Contributions for the fiscal year ended June 30, 2014 are as follows:

	401(k) - PCP	403(b)	457(b)	Roth 403(b)	Supplemental 403(b)
Employee contributions	$ 242,088	$ 1,398,959	$ 448,902	$ 55,510	$ 7,011
University contributions	N/A	N/A	N/A	N/A	$ 9,229

Termination Payments – Employees who qualify for retirement under PERSI or ORP are eligible to use 50% of the cash value of their unused sick leave to continue their medical insurance coverage through the University. The University partially funds these obligations by depositing 0.65% of employee gross payroll to PERSI, who administers the plan for all participating ISU employees and

retirees under a trust fund. The total contributions for the years ended June 30, 2014 and 2013 were $582,810 and $579,840, respectively.

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Summary of Plans

The University participates in other postemployment benefit plans relating to health and disability administered by the State of Idaho as agent multiple-employer defined benefit plans. The Life Insurance benefit is a single-employer defined benefit plan. Idaho Code, Sections 67-5760 to 67-5768 and 72-1335, establishes the benefits and contribution obligations. Each of these benefits is provided by the University to retired or disabled employees. The most recent actuarial valuation is as of July 1, 2012. The University has not set aside any assets to pay future benefits; the University funds these benefits on a pay-as-you-go basis. Details of the plans can be found in the Comprehensive Annual Report of the State of Idaho, which may be obtained from the Office of the Idaho State Controller, 700 W State Street, 4th Floor, P.O. Box 83720, Boise, ID 83720-0011 www.sco.idaho.gov.

Plan Descriptions and Funding Policy

Retiree Healthcare Plan – A retired employee of the University who is eligible to retire under the Public Employee Retirement System of Idaho (PERSI) may elect to purchase the retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date of their retirement. Additionally, the employee must be receiving PERSI monthly benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An employee must have been an active employee on or before June 30, 2009, and must retire directly from State service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is $1,860 per retiree per year. The University contributed $14.04 per active employee per month towards the retiree premium cost.

Long-Term Disability Plan – Disabled employees are defined as being unable to perform each of the substantial and material duties of the job for which they were hired and unable to earn more than 70 percent of their monthly salary for the first 30 months of disability. If, after 30 months the employee is unable to perform any job for which they are reasonably qualified by experience, education, or training, and unable to earn more than 60 percent of their monthly salary, the employee is considered totally disabled. To qualify for long-term disability benefits, the waiting period of the longer of 26 continuous weeks of total disability or the exhaustion of accrued sick leave must be met.

For up to 30 months following the date of disability, an employee may continue healthcare coverage under the State plan. The University pays 100 percent of the University's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. The University was charged $8.48 per active employee per month in fiscal year 2014.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability salary or $4,000, whichever is less. The benefit does not increase with inflation and may be offset by other sources of income, such as Social Security, Workers' Compensation, unemployment benefits, employment rehabilitation earnings, and certain retirement benefits. The State is self-insured for employees who became disabled prior to July 1, 2003; the State pays 100 percent of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Employees disabled on or after July 1, 2003, are insured by Principal Life Insurance Company and the obligation for the payment of income benefits has been effectively transferred. The University pays 100 percent of the cost of the premiums. The University's contribution rate for the period was 0.264 percent of payroll in fiscal year 2014. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

This plan also provides basic life insurance and dependent life coverage to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than $20,000. In addition, a $2,000 life insurance benefit is provided for spouses, and a $1,000 life insurance benefit is provided for dependent children. These benefits do not increase with inflation. The State is self-insured for employees who became disabled prior to July 1, 2012; the State pays 100 percent of the premiums; the contribution is actuarially determined based on actual claims experience.

Employees disabled on or after July 1, 2012, are insured by Principal Life Insurance Company, and the obligation for the payment of basic life and dependent life coverage benefits has been effectively transferred. The University pays 100 percent of the premiums. This portion of the basic life insurance and dependent life coverage is not included in the actuarial estimate as this is considered an insured benefit.

Retiree Life Insurance Plan – This plan provides basic life insurance for certified retired employees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100 percent of their annual salary at retirement. The University pays 100 percent of the cost of basic life insurance for eligible retirees. The University's contribution for the period as a percent of payroll was 1.177% for retirees under age 65, 0.894% for retirees between the ages of 65 and 69, and 0.600% for retirees over age 70.

Annual OPEB Cost

The Annual OPEB Cost (AOC) is actuarially determined based on the annual required contribution (ARC) of the employer. The following table illustrates the annual OPEB cost, the amount of contributions made, the increase (decrease) in the net OPEB obligation (NOO), and the NOO (funding excess) for the current year.

Annual OPEB Cost and Net OPEB Obligation 2014
(dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan: Income	Long-Term Disability Plan: Healthcare	Long-Term Disability Plan: Life Insurance	Life Insurance Plan	Total
Annual Required Contribution	$ 210	$ 78	$ 107	$ 146	$ 1,026	$ 1,567
Interest	103	-	5	(2)	148	254
Adjustment to ARC	(195)	1	(10)	4	(280)	(480)
Total Annual OPEB Cost	118	79	102	148	894	1,341
Contributions Made	(178)	(53)	(142)	(110)	(139)	(622)
Increase (Decrease) in NOO	(60)	26	(40)	38	755	719
NOO – Beginning of Year	2,626	-	138	(62)	3,978	6,122
NOO (Funding Excess) – End of Year	$ 2,566	$ 26	$ 98	$ (24)	$ 4,733	$ 7,399

Annual OPEB Cost Comparison

The following table compares the annual OPEB cost, the percentage of annual OPEB cost contributed and the NOO (funding excess) for the current and two prior years:

Annual OPEB Cost and Net OPEB Obligation (NOO) Comparison
(dollars in thousands)

		Retiree Healthcare Plan	Long-Term Disability Plan: Income	Long-Term Disability Plan: Healthcare	Long-Term Disability Plan: Life Insurance	Life Insurance Plan	Total
Annual OPEB Cost	2012	$ 306	$ 74	$ 119	$ 69	$ 871	$ 1,439
	2013	134	75	94	148	732	1,183
	2014	118	79	102	148	894	1,341
Percentage of AOC Contributed	2012	94.44%	83.78%	91.60%	113.04%	15.96%	47.05%
	2013	141.04%	74.67%	130.85%	104.05%	14.07%	51.65%
	2014	150.85%	67.09%	139.22%	74.32%	15.55%	46.38%
NOO (Funding Excess) – End of Year	2012	$ 2,681	$ (19)	$ 167	$ (56)	$ 3,349	$ 6,122
	2013	2,626	0	138	(62)	3,978	6,680
	2014	2,566	26	98	(24)	4,733	7,399

Funded Status and Funding Progress – The following table illustrates the funded status and the funding progress for the University:

Funded Status and Funding Progress
(dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan: Income	Long-Term Disability Plan: Healthcare	Long-Term Disability Plan: Life Insurance	Life Insurance Plan
Actuarial Valuation Date	7/1/2012	7/1/2012	7/1/2012	7/1/2012	7/1/2012
Actuarial Value of Assets	$ -	$ -	$ -	$ -	$ -
Accrued Liability (AAL)	$ 1,505	$ 348	$ 685	$ 534	$ 12,469
Unfunded AAL (UAAL) (2) - (1)	$ 1,505	$ 348	$ 685	$ 534	$ 12,469
Funded Ratios (1) : (2)	0.0%	0.0%	0.0%	0.0%	0.0%
Annual Covered Payroll	$ 89,623	$ 89,623	$ 89,623	$ 89,623	$ 89,623
UAAL as a Percentage of Covered Payroll (3) : (5)	1.68%	0.39%	0.76%	0.60%	13.91%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information contains multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits for financial reporting purposes does not incorporate the potential effects of legal funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following table presents the significant methods and assumptions for all plans:

Significant Methods and Actuarial Assumptions

		Long-Term Disability Plan			
	Retiree Healthcare Plan	**Healthcare**	**Life Insurance**	**Income**	**Life Insurance Plan**
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar Amount	Level Dollar Amount	Level Percentage of Payroll
Amortization Period	13 years, Closed	30 years, Open	4 years, Closed	5 years, Closed	30 years, Open
Assumptions:					
Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%
Investment Return	3.75%	3.75%	3.75%	3.75%	3.75%
OPEB Increases	N/A	N/A	N/A	N/A	N/A
Projected Salary Increases	3.50%	3.50%	3.50%	3.50%	3.50%
Healthcare Cost Initial Trend Rate	8.40%	8.40%	N/A	N/A	N/A
Healthcare Cost Ultimate Trend Rate	5.00%	5.00%	N/A	N/A	N/A

Required Supplementary Information
As of and for Each of the Years Ended June 30

Schedule of Funding Progress
(dollars in thousands)

OPEB Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
Retiree Healthcare	7/1/2011	$ -	$ 2,237	$ 2,237	0.0%	$ 85,709	2.61%
	7/1/2012	$ -	$ 1,520	$ 1,520	0.0%	$ 89,105	1.71%
	7/1/2013	$ -	$ 1,505	$ 1,505	0.0%	$ 89,623	1.68%
Long-Term Disability:							
Life Insurance	7/1/2011	$ -	$ 833	$ 833	0.0%	$ 85,709	0.96%
	7/1/2012	$ -	$ 392	$ 392	0.0%	$ 89,105	0.44%
	7/1/2013	$ -	$ 534	$ 534	0.0%	$ 89,623	0.60%
Healthcare	7/1/2011	$ -	$ 799	$ 799	0.0%	$ 85,709	0.93%
	7/1/2012	$ -	$ 653	$ 653	0.0%	$ 89,105	0.73%
	7/1/2013	$ -	$ 685	$ 685	0.0%	$ 89,623	0.76%
Income	7/1/2011	$ -	$ 446	$ 446	0.0%	$ 85,709	0.52%
	7/1/2012	$ -	$ 691	$ 691	0.0%	$ 89,105	0.78%
	7/1/2013	$ -	$ 348	$ 348	0.0%	$ 89,623	0.39%
Retiree Life Insurance	7/1/2011	$ -	$ 11,617	$ 11,617	0.0%	$ 85,709	13.55%
	7/1/2012	$ -	$ 9,898	$ 9,898	0.0%	$ 89,105	11.11%
	7/1/2013	$ -	$ 12,469	$ 12,469	0.0%	$ 89,623	13.91%

Schedule of Employer Contributions
(dollars in thousands)

OPEB Plan	Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions	Actual Contributions as Percentage of ARC
Life Insurance	06/30/12	$ 917	$ 139	15.16%
	06/30/13	$ 832	$ 103	12.38%
	06/30/14	$ 1,026	$ 148	14.42%

11. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION

2014	Personnel Costs	Services	Supplies	Insurance, Utilities and Rent	Scholarships and Fellowships	Depreciation	Miscellaneous	Operating Expenses Totals
Instruction	$ 75,804,190	$ 6,525,723	$ 3,954,169	$ 327,943	$ -	$ -	$ 1,301,719	$ 87,913,744
Research	10,462,834	2,668,500	1,736,671	381,716	-	-	517,912	15,767,633
Public services	4,742,397	363,438	248,227	147,354	-	-	112,312	5,613,728
Academic support	11,624,908	2,305,725	1,503,757	30,057	-	-	208,301	15,672,748
Libraries	2,332,270	160,736	63,217	166	-	-	15,122	2,571,511
Student services	7,039,755	908,211	235,104	58,419	-	-	266,337	8,507,826
Institutional support	13,645,359	3,086,464	676,768	243,795	-	-	538,985	18,191,371
Maintenance and operations	7,282,603	3,260,078	1,608,559	4,353,258	-	-	20,200	16,524,698
Auxiliary enterprises	11,037,118	5,583,444	1,865,386	1,923,534	-	-	1,704,060	22,113,542
Scholarships and fellowships	-	-	-	-	14,302,237	-	-	14,302,237
Depreciation	-	-	-	-	-	12,781,070	-	12,781,070
Total expenses	$ 143,971,434	$ 24,862,319	$ 11,891,858	$ 7,466,242	$ 14,302,237	$ 12,781,070	$ 4,684,948	$ 219,960,108

2013	Personnel Costs	Services	Supplies	Insurance, Utilities and Rent	Scholarships and Fellowships	Depreciation	Miscellaneous	Operating Expenses Totals
Instruction	$ 74,484,956	$ 6,662,945	$ 3,937,934	$ 241,075	$ -	$ -	$ 1,449,493	$ 86,776,403
Research	12,213,943	3,396,494	1,558,647	311,531	-	-	515,192	17,995,807
Public services	4,663,125	554,073	266,430	149,882	-	-	109,323	5,742,833
Academic support	9,353,886	1,331,417	1,261,835	10,171	-	-	228,231	12,185,540
Libraries	2,189,480	182,191	89,645	159	-	-	13,197	2,474,672
Student services	6,846,205	826,862	338,368	52,095	-	-	330,744	8,394,274
Institutional support	14,102,725	3,894,404	1,563,018	144,792	-	-	577,733	20,282,672
Maintenance and operations	6,757,805	4,135,316	1,449,848	4,809,329	-	-	19,120	17,171,418
Auxiliary enterprises	10,534,169	6,067,245	2,307,928	1,656,188	-	-	1,934,464	22,499,994
Scholarships and fellowships	-	-	-	-	16,851,589	-	-	16,851,589
Depreciation	-	-	-	-	-	12,914,220	-	12,914,220
Total expenses	$ 141,146,294	$ 27,050,947	$ 12,773,653	$ 7,375,222	$ 16,851,589	$ 12,914,220	$ 5,177,497	$ 223,289,422

12. COMPONENT UNIT DISCLOSURE

The Foundation is discretely presented within the financial statements as a component unit.

The Foundation has adopted a policy of preparing its financial statements based upon generally accepted accounting principles in accordance with standards issued by the Financial Accounting Standards Board. The information disclosed hereafter is related to Foundation items that are determined to be significant to the reporting entity as a whole, but is not wholly inclusive. Separate, audited financial statements are prepared for the Foundation and may be obtained in their entirety by contacting the Idaho State University Foundation, 921 S. 8th Ave, Stop 8050, Pocatello, ID 83209-8050.

Foundation Operations

The Foundation was established in March 1967 to provide support for the private fundraising efforts of the University and to manage privately donated funds. The Foundation is a not-for-profit corporation incorporated in accordance with the laws of the State of Idaho and managed by a volunteer Board of Directors. Under the Idaho State Board of Education's administrative rules, the Foundation must be independent of, and cannot be controlled by, the University. A memorandum of understanding between the Foundation and the University defines the relationship between the two entities in accordance to the State Board of Education's rules.

The Foundation has an affiliation with a corporation called Bengal Pharmacy, LLC (the Pharmacy). The Pharmacy was formed as a limited liability company (LLC) with the Foundation as the sole member. The Pharmacy was formed to serve student, administrative and faculty being seen by the student health center and residency program, in addition to 340b patients of Health West in South East Idaho. During 2014 the Pharmacy established a tele-pharmacy in Arco, Idaho to expand operations to neighboring communities.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and the Pharmacy because the Foundation has both control and economic interest in the Pharmacy. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Foundation.

Basis of Accounting

The Foundation financial statements included in this report have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America, whereby revenue is recorded when earned and expenses are recorded when materials or services are received. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that they be maintained permanently by the Foundation.

Investments

Investments are recorded in accordance with FASB Accounting Standards Codification Topic (ASC) ASC 958-320 *Investments – Debt and Equity Securities Held by Not-for-Profit Organizations*. Investments in equity and debt securities that have readily determinable fair values are recorded at quoted market prices. Investment securities without quoted market prices are valued at estimated fair value using appropriate valuation methods that consider the underlying assets and financial reports.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect account balances and the amounts reported in the accompanying financial statements.

Promises to Give

Unconditional promises to give are recognized as an asset and contribution revenue in the period the promise is received. Promises to give received after one year are discounted at rates commensurate with risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Obligations under Split Interest Agreements

The Foundation administers such life income agreements as charitable remainder trusts where an income beneficiary is the lifetime recipient of income and the Foundation is the remainder beneficiary. Upon receipt of the gift, a liability is established for the estimated net present value of the lifetime recipient's interest using applicable mortality tables and a discount rate commensurate with the risks involved. A contribution is recognized for the estimated remainder interest.

Fair Value Measurements

The Foundation has determined the fair value of certain assets and liabilities in accordance with the provisions of ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles.

Capitalized Bond Issuance Costs

Capitalized bond issuance costs consist of legal costs, underwriting fees, printing and other costs incurred to obtain, secure and rate the multi-mode variable rate revenue bonds issued for the construction of the L.E. and Thelma Stephens Performing Arts Center on May 30, 2001. The issuance costs for the bonds have an original cost of $570,000 at May 30, 2001, and are amortized over the term of the bonds, using the effective interest rate method. Accumulated amortization of these bond costs at the end of June 30, 2014 and 2013 were $463,256 and $444,167, respectively.

Endowments

The Foundation's endowment consists of approximately 500 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or the Idaho Prudent Management of Institutional Funds Act (IPMIFA) requires the Foundation to maintain as a fund of perpetual duration. The corpus balance of the endowment was $35,350,637 and $32,599,172 as of June 30, 2014 and 2013, respectively. Accordingly, deficiencies have been reported in unrestricted net assets totaling $1,182,041 and $2,171,690 as of June 30, 2014 and 2013, respectively.

Fair Value of Assets and Liabilities

The fair value option was chosen to measure pledges and annuities in order to mitigate volatility in reported changes in net assets. Assets and liabilities measured at fair value on a recurring basis at June 30, 2014 and 2013 are shown below.

	2014	2013
Investment securities		
Mutual funds	$ 3,291,298	$ 2,642,590
Co-mingled and pooled marketable investment funds	43,478,107	37,550,505
Common stock	-	-
Hedge funds	4,410,902	4,393,333
Total assets	$ 51,180,307	$ 44,586,428

The related fair value of these assets and liabilities as of June 30, 2014, is determined as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds				
Stock index fund	$ 3,291,298	$ -	$ -	$ 3,291,298
Co-mingled and pooled marketable investment funds				
Real estate funds	-	133,493	-	133,493
Bond funds	-	7,371,526	-	7,371,526
Equity funds	-	22,052,663	-	22,052,663
Money market funds	-	-	-	1,927,892
Hedge funds	-	8,972,024	-	8,972,024
Real asset funds	-	3,020,509	-	3,020,509
Hedge funds	-	4,410,902	-	4,410,902
	$ 3,291,298	$ 45,961,117	$ -	$ 51,180,307

The related fair value of these assets and liabilities as of June 30, 2013, is determined as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds				
Stock index fund	$ 2,642,590	$ -	$ -	$ 2,642,590
Co-mingled and pooled marketable investment funds				
Real estate funds	-	127,454	-	127,454
Bond funds	-	9,646,913	-	9,646,913
Equity funds	-	17,680,709	-	17,680,709
Money market funds	-	-	-	206,645
Hedge funds	-	7,418,284	-	7,418,284
Real asset funds	-	2,470,500	-	2,470,500
Hedge funds	-	4,393,333	-	4,393,333
	$ 2,642,590	$ 41,737,193	$ -	$ 44,586,428

The fair value for mutual fund investments is determined based on quoted market prices. For fixed income investments, fair value is determined based on the value of the underlying investments. For co-mingled and pooled marketable investment funds, fair value is obtained by using the net asset value of the underlying investments. At this level, the underlying assets have a direct market reference price that is traceable. For hedge funds, fair value is determined with independent, third party valuations occurring monthly to every six months, depending upon the investment type.

Property held for sale and investments are valued based on property sold that had a similar use, size, and location as the property held by the Foundation. The value of pledges receivable is determined at the present value of expected future cash flows and is fair valued at the time of the gift. In subsequent years, the value is amortized over the life of the pledge.

Assets measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the years ended June 30, 2014 and 2013, are shown below.

	2014			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Co-mingled and pooled marketable investment funds				
Real estate funds	$ 133,493	$ -	Annually	95 days
Bond funds	7,371,526	-	Monthly	5 days
Equity funds	22,052,663	-	Monthly	5 days
Hedge funds	8,972,024	-	Annually	95 days
Real asset funds	3,020,509	-	Monthly	5 days
Hedge funds	4,410,902	5,720,605	Annually	95 days

	2013			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Co-mingled and pooled marketable investment funds				
Real estate funds	$ 127,454	$ -	Annually	95 days
Bond funds	9,646,913	-	Monthly	5 days
Equity funds	17,680,709	-	Monthly	5 days
Hedge funds	7,418,284	-	Annually	95 days
Real asset funds	2,470,500	-	Monthly	5 days
Hedge funds	4,393,333	3,613,105	Annually	95 days

Multi-Mode Variable Rate Revenue Bonds

A Multi-Mode Variable Rate Revenue Bond was issued on May 30, 2001 in the amount of $22,170,000. The Bonds fully mature on May 1, 2021 and are secured by donations, pledges and other funds held under the Bond Indenture. Debt balance at June 30, 2014 and 2013 was $5,700,000 and $5,800,000, respectively. Interest payments are made monthly with a mandatory bond redemption of $100,000 due annually at May 1st. Total interest expense and fees during 2014 and 2013 were $88,292 and $106,188, respectively.

The Bonds bear interest at rates determined for the Weekly Rate until converted to another permitted interest rate. The interest rate for the Bonds may be changed from time to time among the Weekly Rate, the Semi-Annual Rate, and the Long-Term Rate. Each rate will be determined by the Remarketing Agent. The interest rate at June 30, 2014 and 2013 was 0.05% and 0.06%, respectively. The Bonds are also secured by a direct pay letter of credit issued by a commercial bank. The amount at June 30, 2014 and 2013 was $5,770,274 and $5,871,507, respectively. On an annual basis, the letter of credit is renewed for a fee of 1.5% of the current debt balance at the time of renewal.

Principal maturities on bonds payable for the year ending June 30 are as follows:

2015	$ 120,804
2016	497,086
2017	498,449
2018	499,895
2019	501,430
Thereafter	3,855,658
	$ 5,973,322

13. SUBSEQUENT EVENTS

No reportable subsequent events.

14. CONTINGENCIES AND LEGAL MATTERS

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

15. RISK MANAGEMENT

The University participates in the State of Idaho Risk Management Program, which manages property and general liability risk. That program provides liability (cap) protection to $500,000 per occurrence. Insurance premium payments are made to the state risk management program based on rates determined by a state agency's loss trend experience and asset value covered. Presently, Idaho State University's total insured property value is $986,199,522.

The University obtains worker's compensation coverage from the Idaho State Insurance Fund. The University's worker's compensation premiums are based on its payroll, its own loss experience, as well as that of the State of Idaho as a whole.

The University carries commercial insurance for other risks of loss, including but not limited to employee bonds and crime, out of state worker's compensation, business interruption, media liability and automobile physical damage insurance.

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

Idaho State Board of Education
Idaho State University

We have audited the financial statements of Idaho State University (University) and Idaho State University Foundation, Inc. (Foundation), its discretely presented component unit, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated September 29, 2014. 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. Our report includes reference to other auditors who audited the financial statements of the discretely presented component unit as described in our report on the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

REPORT OF INDEPENDENT AUDITORS 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* (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Eugene, Oregon
September 29, 2014

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Idaho State Board of Education
Idaho State University

Report on Compliance for Each Major Federal Program

We have audited Idaho State University's (University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (continued)

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP

Eugene, Oregon
September 29, 2014

IDAHO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of Major Programs

CFDA Numbers	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued*
Various	Research and Development Cluster	Unmodified
Various	Student Financial Assistance Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: $ 628,441

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Finding 2013-001

Program Information:
CFDA #84.268
Federal Direct Loans
U.S. Department of Education

CFDA #84.038
Federal Perkins Loans
U.S. Department of Education

Criteria: For changes in student status, Idaho State University (University) must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the National Student Loan Database System (NSLDS) website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Condition: The University reported such changes to a third-party servicer (Clearinghouse); however, the information was not transmitted to NSLDS in a timely manner. The University did not have monitoring controls in place to ensure the Clearinghouse was reporting all submitted changes to NSLDS timely.

Effect: NSLDS does not have the correct information for these students, which could result in future issues for a student in need of federal aid or for an institution in need of awarding aid to a student.

Status: Fully corrected.

IDAHO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

Federal Grant/Program Title	Federal CFDA Number	Expenditures		
DEPARTMENT OF AGRICULTURE				
USDA Strengthening Seed	10.310	$ 7,133	R	2
Pass Through Payments				
WSU Oral Delivery System	10.200	3,030	R	2
Early Learning Center	10.558	81,948	O	
TRIO Upward Bound	10.559	11,665	T	
TRIO Upward Bound Math & Science	10.559	7,962	T	
BSU TechHelp USDA RBEG	10.769	8,215	P	
BSU Rural Idaho Saves Energy	10.868	27,229	T	
Total Department of Agriculture		$ 147,182		
DEPARTMENT OF COMMERCE				
NOAA Virtual Watersheds	11.468	$ 34,069	R	2
Pass Through Payments				
Idaho Manufactrng Alliance/EDA	11.302	655	T	
BSU TechHelp EDA Fed	11.303	16,551	P	
UAFAIR Long Term Records	11.417	13,201	R	2
Manufacturing Ext. Partnership	11.611	774	T	
Tech Help NIST	11.611	1,310	T	
BSU TechHelp NIST Fed	11.611	50,918	P	
Total Department of Commerce		$ 117,478		
DEPARTMENT OF DEFENSE				
DOD Fissionable Materials	12.300	$ (358)	R	2
ONR NanoRad Power Pack	12.300	28,304	R	2
SNM Forensics	12.351	130,831	R	2
DTRA Advanced Diagnostics	12.351	71,494	R	2
DTRA Adaptation of ISIS	12.351	307,787	R	2
USAF Kirtland Air Force Base	12.800	25,000	R	2
NSA Cyber Defense Scholars	12.901	7,000	T	

Federal Grant/Program Title	Federal CFDA Number		Expenditures		
DEPARTMENT OF DEFENSE (continued)					
Pass Through Payments					
UA Ephemeral Streams	12.999		17,943	R	2
Total Department of Defense		$	588,001		
DEPARTMENT OF INTERIOR					
BLM Curations	15.224	$	15,832	P	
BLM Fossil Census	15.224		262	R	2
BLM Big Creek	15.232		8,818	R	2
BOR GIS Database for AF Reservoir	15.511		1,792	R	2
USFW Aleutian Islands	15.636		91,664	R	2
USGS Yukon River Watershed	15.808		24,974	R	2
USGS Grad Research Project	15.808		153	R	2
USGS Sagebrush Ecosystems	15.808		13,616	R	2
USGS Nevada Grouse	15.808		83,951	R	2
USGS Greater Sage-Grouse	15.808		194,897	R	2
USGS Goldbug Ridge	15.810		1,391	R	2
NPS Craters of the Moon	15.945		8,160	T	
NPS Database of KALA	15.945		19,428	P	
Total Department of Interior		$	464,938		
DEPARTMENT OF JUSTICE					
DOJ Infrared Thermal Imaging	16.560	$	81,819	R	2
Total Department of Justice		$	81,819		
DEPARTMENT OF LABOR					
DOL Virtual Safety Training Ctr 2	17.502	$	4,860	T	
Pass Through Payments					
ABE Math Bridge Pre-COT	17.207		13,489	T	
IDOL Renewable Energy Education	17.275		(1,769)	T	ARRA
CSI Ladder to Success	17.282		67,095	T	
Total Department of Labor		$	83,675		

Federal Grant/Program Title	Federal CFDA Number	Expenditures			
DEPARTMENT OF TRANSPORTATION					
Pass Through Payments					
ITD NSTI Program	20.205	$	62,536	T	
Total Department of Transportation		$	62,536		
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
NASA RECOVER	43.001	$	29,295	R	2
NASA Field Investigations	43.001		2,039	R	2
Pass Through Payments					
UNH Separating Cu-67	43.000		18,799	R	2
UI Idaho Tech Fellowship	43.001		14,021	R	2
UI Bathymetric LIDAR	43.008		14,613	R	2
Total National Aeronautics and Space Administration		$	78,767		
NATIONAL ENDOWMENT FOR THE HUMANITIES					
Pass Through Payments					
IHC Digital Wonderland	45.129	$	3,500	R	2
Total National Endowment for the Humanities		$	3,500		
INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
Pass Through Payments					
ICL Library Science Course	45.310	$	1,000	T	
ICL First Time Conference	45.310		905	T	
Total Institute of Museum and Library Services		$	1,905		
NATIONAL SCIENCE FOUNDATION					
NSF DSC-TGA-MS System Acquisition	47.049	$	2,490	R	2
NSF Bimetallic Complexes	47.049		65,716	R	2
NSF Dynamic Signal Modeling	47.049		78,645	R	2
NSF NWRCS - 2013	47.049		42,638	R	2
NSF Genomic Data	47.049		30,985	R	2
NSF Robust MultiLevel	47.049		13,972	R	2
REU for Applied Science	47.049		11,011	R	2

Federal Grant/Program Title	Federal CFDA Number	Expenditures		
NATIONAL SCIENCE FOUNDATION (continued)				
NSF REU Site for Applied N S	47.049	64,948	R	2
NSF Electromagnetic Probes	47.049	113,876	R	2
NSF Nuclear Physics at JLab	47.049	179,605	R	2
NSF Indigenous Nations	47.050	48,784	R	2
NSF Sea Otter Ecosystems	47.050	38,086	R	2
NSF Reynolds Creek	47.050	56,844	R	2
NSF Late Pleistocene Climate Change	47.050	49,909	R	2
NSF Alamo Impact Event	47.050	60,654	R	2
NSF Hot Springs Village Site	47.050	8,658	R	2
NSF Robotic Hands	47.070	146,137	R	2
NSF Grass	47.074	3,851	R	2
NSF Limb Biodiversity	47.074	23,071	R	2
NSF RAINS	47.074	81,714	R	2
NSF SNAZ	47.074	2,217	R	2
NSF MRI Ion PGM	47.074	15,334	R	2
NSF Post Lapita Fiji	47.075	30,671	R	2
NSF TUES AMOEBA	47.076	86,618	R	2
NSF SSTEM Chemistry	47.076	138,765	R	2
NSF SNAAP AGEP	47.076	19,214	R	2
Scholarship For Service II	47.076	25,363	R	2
NSF Scholarship for Service III	47.076	431,701	R	2
NSF Alaska Thermokarst	47.078	46,286	R	2
NSF Climate-Mediated Coupling	47.078	73,523	R	2
NSF VZAP Phase II	47.078	159,377	R	2
NSF Alaska Peninsula Project	47.078	121,332	R	2
NSF Understanding Social Networks	47.080	144,523	R	2
Pass Through Payments				
QUARKNET - ND/NSF	47.049	3,681	R	2
UMinn On-Line Tools	47.050	21,900	R	2
UI EPSCoR VII Track 2A WAVE	47.079	76,673	R	2
UI EPSCoR VII MILES Sustainability	47.080	310	R	2
UI EPSCoR VII MILES Cyber Fed	47.080	20,423	R	2
UI EPSCoR VII MILES Diversity	47.080	61,472	R	2
UI EPSCoR VII MILES Research Fed	47.080	134,749	R	2
UI EPSCoR VII MILES Workforce Dev	47.080	7,630	R	2
UI EPSCoR VII MILES Engagement Fed	47.080	34,961	R	2

Federal Grant/Program Title	Federal CFDA Number		Expenditures		
NATIONAL SCIENCE FOUNDATION (continued)					
UI NSF WRCC EPSCoR - Liaison	47.081		16,225	R	2
UI EPSCoR WRCC Postdoc	47.081		39,147	R	2
UI WRCC EPSCoR - Lohse	47.081		25,011	R	2
WRCC EPSCoR Germino	47.081		22,539	R	2
WRCC EPSCoR Baxter	47.081		7,336	R	2
UI EPSCOR WRCC Green	47.081		9,735	R	2
UI EPSCoR WRCC Delparte	47.081		3,365	R	2
UI EPSCoR Cyber - Delparte	47.081		8,688	R	2
WRCC EPSCoR Crosby	47.081		30,558	R	2
WRCC EPSCoR Glenn	47.081		75,355	R	2
WRCC EPSCoR Ames	47.081		55,652	R	2
EPSCoR Cyber Ames	47.081		(123)	R	2
UI WRCC EPSCoR - Godsey	47.081		55,517	R	2
WRCC EPSCoR Office of Research	47.081		214,043	R	2
UI EPSCoR CI - Weber	47.081		25,143	R	2
UA CZO	47.082		5,642	R	2,ARRA
UI Campus Connectivity	47.082		204	R	2,ARRA
Total National Science Foundation		$	3,372,354		
SMALL BUSINESS ADMINISTRATION					
Pass Through Payments					
SBDC - Idaho Falls Grant	59.037	$	(246)	P	
BSU SBDC Pocatello FED	59.037		52,245	P	
BSU SBDC Idaho Falls FED	59.037		62,205	P	
Total Small Business Administration		$	114,204		
NUCLEAR REGULATORY AGENCY					
Motor Operated Valve Training	77.006	$	60,473	T	
NRC INSE Scholarships	77.008		14,380	T	
NRC Safety Curriculum Development	77.008		48,489	T	
NRC ESTEC Scholarships II	77.008		18,302	T	
NRC ESTEC Scholarships 2013	77.008		11,767	T	
NRC 2013 Scholarship Program	77.008		25,649	T	

Federal Grant/Program Title	Federal CFDA Number	Expenditures		
NUCLEAR REGULATORY AGENCY (continued)				
NRC 2013 Fellowship Program	77.008	23,500	R	2
Total Nuclear Regulatory Agency		$ 202,560		
DEPARTMENT OF ENEGRY				
Development of Positron Source	81.049	$ 9,581	R	2
Warm Dense Matter	81.049	51,282	R	2
DOE Two Neutron Correlations	81.113	6,688	R	2
DOE Non-Invasive Identification	81.113	214,846	R	2
Nuclear Ed Scholar Program	81.121	54,233	T	
Pass Through Payments				
BEA DRCT R&D	81.000	14,437	R	2
JL Dr. Yujong Kim	81.000	22,716	R	2
JL Region 1 Drift Chamber	81.000	92,359	R	2
BEA DRCT High Energy	81.000	31,280	R	2
JHU Active Measurements	81.000	133,114	R	2
BEA DRCT MMAS R&D 2	81.000	47,597	R	2
BEA Fission Transmutation	81.000	246,678	R	2
LBNL Delayed Gamma	81.000	174,255	R	2
BEA Treaty Verification 2012	81.000	35,751	R	2
BEA Standoff Detection 3	81.000	235,011	R	2
BEA DRCT Systems 3	81.000	81,446	R	2
BEA IMEL Joint Appointment	81.000	8,157	R	2
PNNL Microbial Transformation	81.000	21,383	R	2
BEA Synthesis and Characterization	81.000	54,832	R	2
BEA MANTRA Technical Support	81.000	43,609	R	2,ARRA
BEA Open Loop Oscillator	81.000	107,504	R	2
BEA Burgett Joint Appointment	81.000	64,124	R	2
BEA NEUP Deteriorated Heat Transfer	81.000	212,979	R	2
BEA NEUP Fuel Performance Exprmnts	81.000	277,893	R	2
BEA Fission Time Projection	81.000	272,066	R	2
PNNL Uranium Fission Counters	81.000	10,203	R	2
BEA Zydek Joint Appointment	81.000	70,087	R	2
BEA NEUP Plasmonically Cloaked Scin	81.000	194,928	R	2
BEA NEUP NanoVision	81.000	133,607	R	2
BEA Lineberry Joint Appointment	81.000	12,586	R	2

Federal Grant/Program Title	Federal CFDA Number	Expenditures		
DEPARTMENT OF ENEGRY (continued)				
BEA Nitrogen Generator	81.000	411,425	R	2
BEA TREAT Thermal Modeling	81.000	15,210	R	2
BEA U-Al Wire	81.000	2,509	R	2
BEA Pope Joint Appointment	81.000	103,746	R	2
BEA Nonproliferation	81.000	13,664	T	
BEA Fission Production	81.000	14,697	R	2
BEA CAES Core Capability	81.000	7,684	T	
BEA Enhanced Consequence Modeling	81.000	22,797	R	2
BEA Nuclear Operations Main	81.000	(1,462)	T	
BEA ESTEC Educational Support	81.000	300,332	T	
BEA Fractured Reservoir	81.000	4,819	R	2
INL Education Contract	81.000	12,117	T	
BEA Education Contract II	81.000	408,247	T	
BEA NEUP C14 in Graphite	81.000	590	R	2
ANL Conceptual Design	81.000	83,991	R	2
PNNL DNA Sequencing	81.000	39,215	R	2
BEA Human Factors	81.000	3,126	R	2
BEA LWRS Advanced	81.000	8,092	R	2
BEA Harris Joint Appointment	81.000	102,721	R	2
BEA Glenn Joint Appointment	81.000	(34)	R	2
BEA Burgett Joint Appt 2	81.000	93,200	R	2
BEA Imel Joint Appointment 3	81.000	23,581	R	2
BEA Supporting ScanTech Sciences	81.000	2,200	R	2
BEA Univ Support for EFRC Prog	81.000	52,715	R	2
Niowave Fast Neutron	81.049	13,402	R	2
Niowave Superconducting	81.049	13,490	R	2
UI Data Management Project	81.087	13,550	R	2,ARRA
INEEL Oversight Envir. Analysis	81.092	325,279	R	2
GIT Ultrafast ZnO	81.113	125,195	R	2
BSU Mapper/Sunshot	81.117	12,934	R	2
Stoller Surveillance Project	81.121	252,168	R	2
CC PNCECE Project	81.122	6,478	R	2,ARRA
Total Department of Energy		$ 5,422,910		

Federal Grant/Program Title	Federal CFDA Number	Expenditures		
DEPARTMENT OF EDUCATION				
Federal SEOG Grant	84.007	$ 320,973	T	1
Federal College Work Study	84.033	436,750	T	1
TRIO Student Support Services	84.042	250,862	T	
TRIO Educational Talent Search-Poc	84.044	416,268	T	
TRIO Upward Bound	84.047	283,268	T	
TRIO Upward Bound Math & Science	84.047	218,520	T	
Federal Pell Grant 2013	84.063	5,613	T	1
Federal Pell Grant 2014	84.063	20,820,826	T	1
Federal Pell Grant - Prior Yea	84.063	899	T	1
Federal Direct Lending Subsidized 2013	84.268	12,971	T	1
Federal Direct Lending Subsidized 2014	84.268	21,212,304	T	1
Federal Direct Lending Unsubsidized 2013	84.268	6,971	T	1
Federal Direct Lending Unsubsidized 2014	84.268	41,200,672	T	1
Federal Direct Lending Grad Plus 2013	84.268	16,032	T	1
Federal Direct Lending Grad Plus 2014	84.268	3,587,706	T	1
Federal Direct Lending Plus 2014	84.268	882,404	T	1
Federal TEACH Grant Grad 2014	84.379	13,339	T	1
Federal TEACH Grant 2013	84.379	4,260	T	1
Federal TEACH Grant 2014	84.379	234,379	T	1
Pass Through Payments				
Adult Basic Ed	84.002	201,927	T	
Abe Staff Development	84.002	4,899	T	
ABE Leadership Projects	84.002	4,093	T	
ISDE IBC Year 5 Non ARRA	84.010	546,959	T	
ISDE Regional Special Ed 2013	84.027	(5,528)	T	
ISDE Regional Special Ed 2014	84.027	424,990	P	
ISDE School Psych Coord Project	84.027	98,184	T	
Title Iic Counselor	84.048	117,334	T	
Resource Center	84.048	36,178	T	
Area V Tech Prep Consortium	84.048	81,918	T	
Dvrsity/Retention Specialist	84.048	117,971	T	
Tech General Ed	84.048	159,162	T	
Speech and Hearing Clinic	84.181	17,555	T	
State of Idaho GEAR UP Scholar	84.334	70,020	T	
BSU ISTEM Initiative	84.366	13,538	T	
OSBE MSP11	84.366	105,566	T	

Federal Grant/Program Title	Federal CFDA Number	Expenditures			
DEPARTMENT OF EDUCATION (continued)					
Total Instructional Alignment	84.367	374	T		
OSBE Integration of CCSS	84.367	43,045	T		
UI Math Regional	84.367	46,289	T		
ISDE IBC Year 5 ARRA	84.388	71,937	T	ARRA	
Total Department of Education		$ 92,081,428			
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
NIH ID of Functional Targets	93.113	$ 91,927	R		2
TBI	93.234	236,508	R		2
HRSA TBI State Implementation	93.234	300	R		2
AAYSP	93.243	15,832	R		2
NIH Sleep Problems	93.273	52,735	R		2
Rural Nurse Residency	93.359	506,006	T		
HRSA Prim Care Residency Expansion	93.510	225,163	T		
NIH Microvascular in HHcy	93.837	97,299	R		2
NIH R15 Spectrum Scoring	93.855	72,734	R		2
NIH Action Patterns	93.865	49,376	R		2
HRSA BBMH	93.884	210,863	R		2
HRSA RW Early Intervention	93.918	268,759	P		
HRSA Hep C 1	93.928	20,669	P		
Pass Through Payments					
Autoimmune Outcomes	93.136	114,923	R		2
BS UW HIV Training Program II	93.145	100,707	T		
NRHA 2010	93.155	9,259	T		
THC Telehealth Network	93.211	32,426	R		2
IDHW Med Rural Hosp Flex	93.241	(13,120)	R		2
UMich Brain Endophenotypes	93.279	24,972	R		2
IDHW CDC Oral Health	93.283	30,060	R		2
IDHW Pregnancy Prevention	93.558	17,276	P		
IDHW Title IV-E Scholars Program	93.658	101,118	T		
IDHW Child Welfare Training	93.658	440,118	T		
IdahoSTARS QRIS - PocELC	93.713	10,425	T	ARRA	
Center For Disability Evaluation	93.778	1,999,876	P		
IDHW ICDE - Children	93.778	(12,645)	P		
IDHW ICDE - Children II	93.778	1,185,233	P		

Federal Grant/Program Title	Federal CFDA Number	Expenditures		
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)				
IDHW Clinical Services	93.778	16,042	T	
USCO Navegantes Para Salud	93.779	5,049	R	2
CAPTION	93.837	11,955	R	2
Lovelace Data Examination	93.855	1,160	R	2
UI INBRE Project Year 4	93.859	210,051	R	2
UNM Limited Comp CTR	93.859	23,473	R	2
UNLV Spatial and Census Data	93.859	49,596	R	2
UW Outreach Training Program	93.879	582	T	
IDHW RWPB	93.917	34,223	T	
IDHW HIV Prevention Grant	93.940	9,536	T	
Genesis Project	93.940	43,581	P	
IDHW Diabetes & Hypertension	93.945	221,715	R	2
IDHW Green Dot	93.991	29,611	T	
Total Department of Health and Human Services		$ 6,545,373		
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
Pass Through Payments				
ICHC Year 11	94.006	$ 22,977	P	
IHCF Serve Idaho Year 2	94.006	218,513	P	
NACHC ICHC Year 12	94.006	94,000	P	
Total Corporation for National and Community Services		$ 335,490		
Total Federal Expenditures		$ 109,704,120		

(1) Student Financial Aid
(2) Research and Development
(ARRA) ARRA Funding

Definitions:
R - Research and Development
O - Other Programs
T - Training and Instruction
P - Public Service

IDAHO STATE UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of the University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. UNIVERSITY ADMINISTERED LOAN PROGRAMS

The University administers the following Federal Perkins Loan Program (CFDA number 84.038). The outstanding loan balance and total loan disbursements were $2,078,988 and $289,447, respectively, for the year ended June 30, 2014. The cumulative administrative costs allowance as of the year ended June 30, 2014 was $628,341.

Funds distributed as agent for the Federal Direct Lending Program of $66,919,060 and the Federal Teach Program of $251,978 are not included in the revenues or expenses of the University.

3. FEDERAL WORK STUDY

The University participates in the Federal Work Study program (FWS). A portion of the federal award amount for this program is used by the University to fund America Reads. Under the America Reads waiver provided by the U.S. Department of Education, the federal government waives the 25% matching requirement and pays 100% of the wages of FWS students who serve as reading mentors or tutors to preschool and elementary school children.

IDAHO STATE UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

4. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the University provided federal awards to the following subrecipients:

Program Title	Federal CFDA Number	Amounts Provided to Subrecipients
NOAA Virtual Watersheds	11.468	
Boise State University		$ 13,279
SMN Forensics	12.351	
Raytheon, Inc		$ 14,739
NPS Craters of the Moon	15.945	
Krista Bolander-Ramacher		$ 600
Sheila Wood		3,000
IHC Digital Wonderland	45.129	
Mountain Works Software		$ 3,500
NSF Bimetallic Complexes	47.049	
Rice University		$ 33,995
NSF Indigenous Nations	47.050	
University of Idaho		$ 7,476
NSF Reynolds Creek	47.050	
Boise State University		$ 24,207
NSF SNAAP AGEP	47.076	
South Dakota School of Mines and Technology		$ 19,214
NSF Understanding Social Networks	47.080	
Anderson Sandes		$ 9,920

Program Title	Federal CFDA Number	Amounts Provided to Subrecipients
BEA NEUP Deteriorated Heat Transfer	81.000	
Glenn McCreery		$ 16,000
BEA NEUP Fuel Performance Exprmnts	81.000	
Georgia Tech Research Corp		$ 25,480
University of Florida		94,408
BEA Fission Time Projection	81.000	
Colorado School of Mines		$ 41,981
Oregon State University		33,065
Ohio University		0
California Polytechnic State University		22,566
Indiana University		2,950
Abilene Christian Univeristy		51,735
BEA NEUP Plasmonically Cloaked Scin	81.000	
Georgia Tech Research Corp		$ 38,433
BEA NEUP NanoVision	81.000	
University of Maryland		$ 23,407
BEA Fissionable Transmutation	81.000	
Texas Engineering Experiment Station		$ 31,694
ISDE IBC Year 4 Non ARRA	84.010	
Barry, Mary L.		$ 22,629
Bergeson, Angela K.		9,088
Black, Ronda S.		37,918
Business of Learning LLC		32,346
Evanson, Dotty T.		167
Green, Janice J.		47,646
H&H Education Consultants LLC		20,979
Hallett, Norman N.		986
Hoge, Linda M.		40,335
Hughes, Thomas H.		16,391
Jones, Kay J.		34,721

Program Title	Federal CFDA Number	Amounts Provided to Subrecipients
ISDE IBC Year 4 Non ARRA (continued)		
Meacham, Kenneth A.		15,879
Moor, Patricia K.		32,534
Murphey, Kelly A.		24,328
Neuhaus Education Ctr		2,540
Norgon, Loretta		4,552
Osman, Karen		26,192
Read, Jeff L.		188
OSBE MSP11	84.366	
Aberdeen School Dist #58		$ 150
American Assoc of Physics Teachers		5,500
Blackfoot School Dist #55		900
Education Assessment & Training Inc		13,000
Idaho Falls School Dist #91		900
Janet Mader		500
Marsh Valley Joint School Dist		300
Bonneville School Dist #93		1,050
Teton School Dist #401		150
Madison School Dist #321		1,050
OSBE Integration of CCSS	84.367	
Holly Tower		$ 3,500
ISDE IBC Year 5 ARRA	84.388	
Barry, Mary L.		$ 923
Garner, Terry L.		9,585
Hallett, Norman N.		32,914
Jones, Kay L		7,310
Neuhaus Education Ctr		282
Norgon, Loretta		506
TBI	93.234	
AGIS Assistguide		$ 3,300
Brain Injury Alliance of Idaho		15,000

Program Title	Federal CFDA Number	Amounts Provided to Subrecipients
HRSA TBI State Implementation	93.234	
AGIS Assistguide		$ 300
NIH Sleep Problems	93.273	
Timothy Roehrs		$ 600
University of Michigan		17,148
Rural Nurse Residency	93.359	
New Mexico Ctr for Nursing Excellence		$ 27,700
IDHW Child Welfare Training	93.658	
One Plus One		$ 10,903
Resources for Change		10,558
NIH R15 Spectrum Scoring	93.855	
Quantified Inc		$ 10,065
UNLV Spatial and Census Date	93.859	
Health West Inc		$ 5,425
IDHW Diabetes & Hypertension	93.945	
Resolution Research & Marketing		$ 97,000
TOTAL SUBRECIPIENTS		$ 1,157,587

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