EASTERN IDAHO TECHNICAL COLLEGE

INDEPENDENT AUDITOR'S REPORT
and
FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

Idaho State Board of Education
Eastern Idaho Technical College
Idaho Falls, Idaho

We have audited the accompanying financial statements of Eastern Idaho Technical College (College) as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Eastern Idaho Technical College Foundation, a discretely presented component unit, as described in Note 8. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for that component unit, is based solely on the report of other auditors.

We conducted our audit 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the College, and its discretely presented component unit, as of June 30, 2009 and 2008, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Moss Adams LLP

Eugene, Oregon
October 2, 2009

EASTERN IDAHO TECHNICAL COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This financial report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, "*Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.*"

This section of Eastern Idaho Technical College's financial report presents management's discussion and analysis of the College's financial activities during the fiscal year ended June 30, 2009 with comparative financial data for the years ended June 30, 2008 and 2007.

As required by GASB, this report includes the following three basic financial statements that provide information on the College as a whole: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. Each of these statements will be discussed.

This discussion and analysis focuses on the College's primary institution operations. The College's discretely presented component unit, Eastern Idaho Technical College Foundation, Inc., issues separately audited financial statements which can be obtained directly from the Foundation's administrative office.

Statement of Net Assets

The statement of net assets presents the financial position of the College at the end of the fiscal year and includes all the College's assets and liabilities. The difference between total assets and total liabilities is net assets and is an indicator of the College's current financial condition. The change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year.

	2009	2008	2007
Assets:			
Current assets	$ 4,611,564	$ 4,561,336	$ 3,954,880
Noncurrent assets	13,402,694	13,058,901	12,525,540
Total assets	18,014,258	17,620,237	16,480,420
Liabilities:			
Current liabilities	876,546	933,684	760,815
Noncurrent liabilities	182,000	159,000	-
Total liabilities	1,058,546	1,092,684	760,815
Net assets:			
Invested in capital assets	13,402,694	13,058,901	12,525,540
Unrestricted	3,553,018	3,468,652	3,194,065
Total net assets	16,955,712	16,527,553	15,719,605
Total liabilities and net assets	$ 18,014,258	$ 17,620,237	$ 16,480,420

A review of the College's statement of net assets at June 30, 2009 and 2008 indicates an increase in net assets from $16.5 million in 2008 to $16.9 million in 2009, or an improvement of approximately 2.6% from the prior year. The $50,228 increase in current assets is largely due to increases of $67,509 in cash and cash equivalents, $27,762 in accounts receivable and unbilled charges and a decrease of $47,976 in amounts due from other state agencies. These variances are attributable primarily to timing differences as the College was in different stages of its normal operating cycle of collecting and converting receivables and amounts due from other state agencies to cash and cash equivalents. The $343,793 increase in non-current assets is represented by a $989,978 net addition to fixed assets less depreciation recognized on property, plant and equipment amounting to $646,185.

As of June 30, 2009, total College assets were $18 million. Current assets consisted primarily of cash and cash equivalents amounting to $2,040,407, cash with the state treasurer in the amount of $910,593 and amounts due from other state agencies totaling $1,290,569. The College's largest asset is its investment in property, plant and equipment, net, which totals $13.4 million. In the fall of 2008 the College occupied a newly constructed health education facility, but since that project has not been officially closed by the Division of Public Works (DPW), it continues to be classified as construction in progress on DPW's books and has not been capitalized by the College. Construction costs for that facility through June 30, 2009 total approximately $10.6 million.

Current liabilities are largely represented by accounts payable and other accrued liabilities. Amounts due to employees for salaries and related benefits earned but not yet paid as of June 30, 2009 totaled more than $510,000. Additional amounts due to employees for compensated absences amounted to just over $214,000 and balances due to suppliers for goods and services provided to the College on or prior to June 30, 2009 were nearly $113,000. The $57,000 decrease in current liabilities is represented primarily by a $100,200 decrease in amounts due to suppliers offset by increases in amounts due to employees and amounts due for compensated absences in the amounts of $30,300 and $7,300 respectively.

Noncurrent liabilities totaling $182,000 are represented entirely by the net OPEB obligation accrued in accordance with GASB Statement No. 45 which became effective for fiscal year 2008 and later years.

Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the operating results of the College, as well as other non-operating revenues and expenses and the resulting effect on net assets.

	2009	2008	2007
Operating revenues	$ 3,365,189	$ 3,386,307	$ 2,925,737
Operating expenses	11,352,772	11,547,650	10,454,650
Operating income (loss)	(7,987,583)	(8,161,343)	(7,528,913)
Net nonoperating revenues	7,482,073	7,504,112	6,911,840
Income (loss) before other revenues	(505,510)	(657,231)	(617,073)
Other revenues	933,669	1,465,179	242,758
Increase in net assets	428,159	807,948	(374,315)
Net assets - beginning of year	16,527,553	15,719,605	16,093,920
Net assets - end of year	$ 16,955,712	$ 16,527,553	$ 15,719,605

Operating revenues include activities having characteristics of exchange transactions (the payer/sponsor receives a benefit approximately equal in value to the payment or award) whereas; non-operating revenues include those activities having characteristics of non-exchange transactions (the payer/sponsor makes a voluntary transfer without directly receiving equal value in return). Operating revenues remained essentially unchanged from 2008 with a slight decrease of only $21,118. The $194,878 decrease in operating expenses was largely due to a $239,920 decrease in amount expended for goods and services. Expenditures in other operating expense categories varied little from 2008 levels. The net overall decrease in all operating expenditures can be largely attributed to the economic conditions that exist and the resulting budget holdbacks that the College experienced during fiscal year 2009. Net non-operating revenues decreased by only $22,039 from 2008. That change is a result of a $65,342 decrease in state appropriations and a $34,742 reduction in earnings on investments offset by a $78,045 increase in gifts and grants. Again, this net decrease can largely be attributed to the economic conditions that existed during fiscal year 2009.

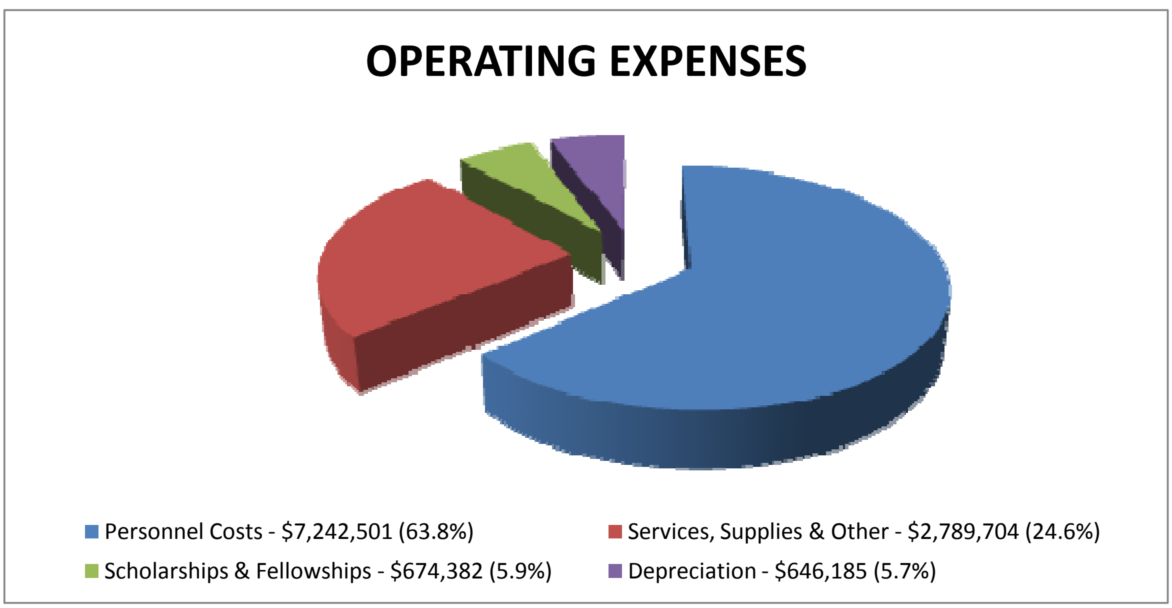
Student fees and grants and contracts account for the majority of operating revenues. Net student fees amounted to approximately $1,024,000 while grants and contracts totaled approximately $1,846,000.

In an effort to minimize or eliminate the potential to "double count" revenues, GASB requires tuition and fees to be reported net of scholarship discounts and allowances. Inter-departmental transactions are also eliminated in determining college-wide revenues and expenses. Scholarship allowances are typically amounts the College has recorded as revenues from gifts or grants and to the extent those resources are used to satisfy student charges for fees and related expenses an allowance is recorded. The College's allowances amounted to nearly $531,000 for 2009. The College also identified and eliminated over $112,000 in inter-departmental sales made during the year.

Operating expenses are the ordinary and necessary costs associated with the day-to-day operation, maintenance and management of the College.

Personnel costs are by far the largest single operating expense, accounting for 63.8% of the College's operating costs. Services, supplies and other represent 24.6% with scholarships and depreciation representing 5.9% and 5.7% respectively.

Operating expenses exceeded operating revenues for 2009, resulting in a near $8 million operating loss. State appropriations, at approximately $6.2 million, continue to be the largest source of revenue for the College and are expended largely for the cost of operations. The GASB reporting model regards state appropriations as non-operating revenues or subsidies even though they support operating activities; consequently, operating losses are typical for colleges and universities that rely heavily on state appropriations for their support.



Other significant sources of non-operating revenues are gifts and grants and interest income. In 2009 the College received gifts and grants of approximately $1,229,000 and $4,397 in interest income was earned by the College.

Other revenues consist primarily of capital grants and appropriations. Capital grants and appropriations are generally those that the resource provider restricts the recipient's use to capital acquisitions. Capital appropriations also include the cost of completed capital projects funded through such sources as the Idaho Permanent Building Fund and administered by the Idaho Division of Public Works (DPW). The College received approximately $959,821 in capital grants and appropriations in 2009, a decrease of $535,018 from the $1,494,839 received in 2008. Significant capital grants and appropriations for 2009 include $505,584 for renovations in the Creek Building and $230,792 for remodeling in the Sessions Building.

Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement also helps assess the College's ability to generate net cash flows and its ability to meet its obligations as they come due.

Summary Statement of Cash Flows

	2009	2008	2007
Cash Provided by (used in):			
Operating activities	$ (7,401,993)	$ (7,219,366)	$ (6,868,959)
Noncapital financing activities	7,459,877	7,664,125	6,614,388
Capital and related financing activities	5,228	(349,580)	(238,683)
Investing activities	4,397	39,139	91,472
Net increase (decrease) in cash	67,509	134,318	(401,782)
Cash and cash equivalents - beginning of year	2,883,491	2,749,173	3,150,955
Cash and cash equivalents - end of year	$ 2,951,000	$ 2,883,491	$ 2,749,173

The College's cash and cash equivalents increased by $67,510 during 2009. Operating sources of cash decreased by $13,224 from the previous year with no notable changes in any component of operating sources. Operating uses increased by $169,403 from 2008. The most notable increase in operating uses was $184,090 for employee salaries and benefits.

Major sources of operating funds were net student fees $1,023,608, grants and contracts $1,826,263 and auxiliary enterprise sales $378,879. Major uses of operating funds were payments to suppliers $2,886,356, payments for employee salaries and benefits $7,181,908 and payments for scholarships $674,382. The College's significant sources of cash provided by non-capital financing activities were state appropriations $6,224,628 and gifts and grants amounting to $1,229,114. The primary use of funds in financing activities was a $158,578 investment in capital assets. Interest received on investments, $4,397, was the only source of funds from investing activities.

Component Unit Foundation

In May 2002, GASB issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB 14*. This statement clarified the definition of a component unit for financial reporting purposes. As a result, the College is discretely reporting the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets for the Foundation as part of the financial statements for the College.

At June 30, 2009, the statement of net assets revealed that the total assets of the Foundation were $2,821,877. Foundation assets are comprised primarily of cash and cash equivalents amounting to $177,032, investments totaling $2,379,384 and notes and pledges receivable of $265,461. Foundation liabilities are comprised of accounts payable and accrued liabilities amounting to $7,175 and annuities payable, including a charitable remainder, totaling $74,992. Net assets of the Foundation total $2,739,710. Of this amount, $2,297,800 is restricted by donor stipulations that limit the use of the donated assets.

The statement of revenues, expenses and changes in net assets for 2009 indicates a decrease in net assets of $617,880. Primary sources of revenues for the Foundation were public support $370,131, investment income $128,413 and other net investment losses of $834,180. Significant expenses of the Foundation include scholarship payments to the College $157,753, personnel costs $65,814 and other College support totaling $80,662.

Future Economic Outlook

The College is largely dependent upon ongoing financial and political support from state government. The College's state appropriations, including capital appropriations, comprised over 59% of total revenues for 2009, clearly indicating the economic position and future of Eastern Idaho Technical College is closely tied to that of the state of Idaho.

The FY 2009 revenue for the state of Idaho was down over 15% from FY 2008's actual General Fund revenue. This revenue shortfall ultimately translated into just slightly over a 1% decrease in the College's final FY 2009 State General fund appropriation when compared to FY 2008 and a 4.4% decrease when compared to the College's original FY 2009 General Fund appropriation. The College's FY 2010 General Fund appropriation now stands at .54% less than the final appropriation for FY 2009 and nearly 5% less than the amount that was originally appropriated for FY 2009. The current state General Fund revenue forecast is $173 million (6.8%) below the forecast of February 2009. The College is not certain how the projected shortfall will translate into budget reductions or holdback's for FY 2010, but we are anticipating the possibility of a reduction of spending authority in order to bring spending in line with the new revenue estimate. A reduction in spending authority would require the College to implement additional cost-saving measures in order to meet a new, reduced authorization.

The College expects to see little change in economic conditions through 2010 or 2011. This trend, if prolonged, will affect institutional operations, student recruitment, competitive student fees and overall educational quality.

EASTERN IDAHO TECHNICAL COLLEGE

STATEMENT OF NET ASSETS
JUNE 30, 2009 AND 2008

	COLLEGE		COMPONENT UNIT	
ASSETS	**2009**	**2008**	**2009**	**2008**
CURRENT ASSETS:				
Cash and cash equivalents	$ 2,040,407	$ 559,602	$ 177,032	$ 243,431
Cash with state treasurer	910,593	2,323,889	-	-
Accounts receivable and unbilled charges	259,426	231,664	-	-
Due from state agencies	1,290,569	1,338,545	-	-
Inventories	110,569	107,636	-	-
Investments	-	-	1,659,881	2,374,608
Pledges Receivable			183,226	2,775
Note Receivable	-	-	14,691	13,538
Total current assets	4,611,564	4,561,336	2,034,830	2,634,352
NONCURRENT ASSETS:				
Note receivable	-	-	67,544	82,150
Investments	-	-	719,503	719,503
Property, plant and equipment - net	13,402,694	13,058,901	-	-
Total noncurrent assets	13,402,694	13,058,901	787,047	801,653
TOTAL ASSETS	$ 18,014,258	$ 17,620,237	$ 2,821,877	$ 3,436,005
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	$ 113,440	$ 213,646	$ 7,175	$ 1,111
Accrued salaries and benefits payable	510,190	479,865	-	-
Compensated absences payable	214,326	207,058	-	-
Deposits	13,960	7,825	-	-
Deferred revenue	24,630	25,290	-	-
Annuities payable	-	-	8,217	8,056
Total current liabilities	876,546	933,684	15,392	9,167
NONCURRENT LIABILITIES:				
Other Liabilities - net OPEB obligation	182,000	159,000		
Annuities payable	-	-	38,975	41,448
Charitable remainder payable	-	-	27,800	27,800
Total non-current liabliities	182,000	159,000	66,775	69,248
TOTAL LIABILITIES	1,058,546	1,092,684	82,167	78,415
NET ASSETS:				
Invested in capital assets - net of related debt	13,402,694	13,058,901	-	-
Restricted for:				
Nonexpendable	-	-	719,503	719,503
Expendable	-	-	1,578,297	2,163,623
Unrestricted	3,553,018	3,468,652	441,910	474,464
Total net assets	16,955,712	16,527,553	2,739,710	3,357,590
TOTAL LIABILITIES AND NET ASSETS	$ 18,014,258	$ 17,620,237	$ 2,821,877	$ 3,436,005

See accompanying notes

EASTERN IDAHO TECHNICAL COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009 AND 2008

	COLLEGE		COMPONENT UNIT	
	2009	2008	2009	2008
OPERATING REVENUES:				
Student fees (net of scholarship discounts and allowances of $530,401 and $487,642)	$ 1,023,760	$ 1,021,756	$ -	$ -
Federal grants and contracts	634,778	698,798	-	-
State and local grants and contracts	402,621	343,750	-	-
Private grants and contracts	808,335	832,882	-	-
Sales and services of educational activities	82,911	68,703	-	-
Sales and services of auxiliary enterprise - bookstore	377,307	397,268	-	-
Foundation public support	-	-	370,131	316,427
Foundation investment income	-	-	128,413	225,699
Other	35,477	23,150	2,487	473
Total operating revenues	3,365,189	3,386,307	501,031	542,599
OPERATING EXPENSES:				
Personnel costs	7,242,501	7,236,501	65,814	61,290
Services	990,078	833,707	29,417	21,223
Supplies	1,169,086	1,608,682	-	-
Insurance, utilities and rent	479,095	435,790	-	-
Scholarships and fellowships	674,382	649,897	-	-
Depreciation	646,185	630,893	-	-
Scholarship payments to the College			157,753	157,787
Miscellaneous	151,445	152,180	97,561	82,780
Total operating expenses	11,352,772	11,547,650	350,545	323,080
OPERATING INCOME (LOSS)	(7,987,583)	(8,161,343)	150,486	219,519
NONOPERATING REVENUES:				
State appropriations	6,248,562	6,313,904	-	-
Gifts and grants (includes $157,753 and $157,787 from the Foundation)	1,229,114	1,151,069	-	-
Interest income	4,397	39,139	-	-
Unrealized gain (loss) on investments	-	-	(797,310)	(445,716)
Gain (loss) on sale of investments	-	-	(36,870)	(3,876)
Donated services	-	-	65,814	61,290
Total nonoperating revenues	7,482,073	7,504,112	(768,366)	(388,302)
INCOME (LOSS) BEFORE OTHER REVENUES	(505,510)	(657,231)	(617,880)	(168,783)
OTHER REVENUES (EXPENSES):				
State capital appropriations	799,858	708,830	-	-
Capital grants and gifts	159,963	786,009	-	-
Gain (loss) on disposition of property, plant and equipment	(26,152)	(29,660)	-	-
Total other revenues (expenses)	933,669	1,465,179	-	-
INCREASE (DECREASE) IN NET ASSETS	428,159	807,948	(617,880)	(168,783)
NET ASSETS, BEGINNING OF YEAR	16,527,553	15,719,605	3,357,590	3,526,373
NET ASSETS, END OF YEAR	$ 16,955,712	$ 16,527,553	$ 2,739,710	$ 3,357,590

See accompanying notes

EASTERN IDAHO TECHNICAL COLLEGE

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009 AND 2008

	COLLEGE 2009	COLLEGE 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student fees	$ 1,023,608	$ 1,011,082
Grants and contracts	1,826,263	1,854,642
Sales and services of educational activities	76,426	68,703
Payments to suppliers	(2,886,356)	(2,925,528)
Payments to employees	(7,181,908)	(6,997,818)
Payments for scholarships and fellowships	(674,382)	(649,897)
Sales and services of auxiliary	378,879	396,300
Other receipts	35,477	23,150
Net cash provided (used) by operating activities	(7,401,993)	(7,219,366)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	6,224,628	6,511,494
Gifts and grants	1,229,114	1,151,069
Deposits and advances	6,135	1,562
Net cash provided (used) by noncapital financing activities	7,459,877	7,664,125
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants and contracts	159,000	133,227
Purchases of property, plant and equipment	(158,578)	(482,807)
Proceeds from the sale of property, plant and equipment	4,806	-
Net cash provided (used) by capital and related financing activities	5,228	(349,580)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	4,397	39,139
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	67,509	134,318
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,883,491	2,749,173
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,951,000	$ 2,883,491

See accompanying notes

EASTERN IDAHO TECHNICAL COLLEGE

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009 AND 2008

	COLLEGE	
	2009	2008
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Operating income (loss)	$ (7,987,583)	$ (8,161,343)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	646,185	630,893
Maintenance costs paid by the Division of Public Works	-	2,100
Changes in assets and liabilities:		
Accounts receivable and unbilled charges - net	(17,390)	(24,354)
Work-in-process	(6,485)	-
Inventories	3,553	3,034
Unearned fees	-	(4,220)
Accounts payable	(100,206)	99,698
Accrued salaries and benefits payable	30,325	59,170
Compensated absences payable	7,268	20,511
Net OPEB obligation	23,000	159,000
Deferred revenue	(660)	(3,855)
Net cash provided (used) by operating activities	$ (7,401,993)	$ (7,219,366)
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Donated assets	$ 62,500	$ 4,375
Assets acquired through state capital appropriations	799,858	708,830
Disposition of fixed assets	30,958	29,660

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eastern Idaho Technical College (the "College") is part of the public system of higher education in the State of Idaho. The system is considered part of the Idaho financial reporting entity. The Idaho State Board of Education ("SBOE"), appointed by the Governor and confirmed by the legislature, directs the system. The College is located in Idaho Falls, Idaho. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity **–** The accompanying basic financial statements include the accounts of the College and the College's related organization, Eastern Idaho Technical College Foundation, Inc. (the "Foundation").

Governmental Accounting Standards Board ("GASB") has issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Statement No. 39 requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. Consequently, the Foundation is presented in the accompanying basic financial statements as a discrete component unit due to the nature and significance of its relationship with the College as defined by GASB Statement No. 39. This relationship is such that its exclusion from the reporting entity could cause the College's financial statements to be misleading or incomplete.

GASB Statement No. 39 does not require component unit cash flow statements to be displayed in the College's financial statements.

Selected financial information related to the component unit Foundation is presented in Note 8.

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

The College has the option to apply all Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The College has elected not to apply FASB pronouncements issued after the applicable date.

Cash and Cash Equivalents – The College considers all liquid investments with a remaining maturity of three months of less at the date of acquisition to be cash equivalents. Balances classified as cash with treasurer include amounts that have been 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. The College is not allocated any interest earnings on these balances.

Accounts Receivable – Accounts receivable consists of fee charges to students and 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 College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories – Inventories are valued at the lower of first-in, first-out cost ("FIFO") or market.

Investments – The College accounts for its investments at fair value in accordance with GASB Statement No. 31. *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Changes in unrealized gains and losses on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets. The College did not have unrealized investment gains or losses for the years ended June 30, 2009 and 2008.

More comprehensive disclosure of common risks associated with deposits and investments are detailed in note 2, as per the requirements of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, if any, are classified as noncurrent assets in the statement of net assets.

Any funds deposited with the Idaho State Treasury for investment purposes can be subject to securities lending transactions initiated by the State Treasury.

Deposit and Investment Risk – GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires comprehensive disclosure of common risks associated with deposits and investments of state and local governments. The application of these requirements is presented in Note 2.

Property, Plant and Equipment – Property, plant and equipment are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at the date of the gift. The College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense is incurred. Construction and other repair and improvement projects that are funded from other than the College's resources and administered by the State's Division of Public Works (DPW) are capitalized by the College when the projects are completed and closed by DPW. DPW continues to carry the value of projects that are not closed on its books as construction in progress. Construction and other DPW repair and improvement projects that have an active status at June 30, 2009 total approximately $12.3 million. The Health Care Education Building, which has been occupied since the fall of 2007, continues to have an active status and consequently has not been capitalized by the College. Construction costs to date on that facility total approximately $10.6 million.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40-50 years for buildings, 20-25 years for land improvements, 10 years for library books, and 5-13 years for vehicles and equipment.

Compensated Absences **–** Employee vacation pay that is earned but unused is accrued at year-end for financial statement purposes. Compensated absences payable included in current liabilities in the statement of net assets, and as a component of personnel costs in the statement or revenues, expenses and changes in net assets is $214,326 and $207,058 for the years ended June 30, 2009 and 2008, respectively.

Employees who qualify for retirement under the Public Employee Retirement System of Idaho ("PERSI") or the College and University Optional Retirement Plan ("ORP") are eligible to use 50% of the cash value of their unused sick leave (to a maximum of 600 hours) to continue their medical insurance coverage through the College. The College partially funds these obligations by depositing .65% of employee gross payroll to the Sick Leave Insurance Reserve Fund ("SLIRF"). SLIRF is a trust fund administered by PERSI. The total contribution for the years ended June 30, 2009 and 2008 was $29,425 and $28,780, respectively.

Deferred Revenues **–** Deferred revenues include amounts received for certain student fees prior to the end of the fiscal year which are related to the subsequent accounting period.

Net Assets **–** The College's net assets are classified as follows:

> *Invested in capital assets, net of related debt* – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those assets. To the extent debt has been incurred

but not yet expended for capital assets, such amounts would not be included as a component of invested in capital assets, net of related debt. At June 30, 2009 and 2008, the College has no outstanding debt obligations or unexpended debt proceeds.

Unrestricted – Unrestricted net assets represent 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 College and may be used to meet current expenses for any lawful purpose, in compliance SBOE policy.

When an expense is incurred that can be paid using either restricted or unrestricted resources, restricted resources will be used first, if permitted by the terms of the restrictions.

Income Taxes – The College, 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 College 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 of function. The College did not incur unrelated business income tax expense in the fiscal years ended June 30, 2009 or 2008.

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

Operating revenues – Operating revenues included activities that have the characteristics of exchange transactions, such as (1) student fees, net of scholarship discounts and allowances, (2) sales and services of educational departments and auxiliary enterprises, and (3) most Federal, state and local grants and contracts and Federal appropriations.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Non-expendable 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, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or other third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or non-governmental programs are recorded as operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy student fees and related charges, the College has recorded a scholarship discount or allowance.

Impairment of Capital Assets – Effective July 1, 2005, the College was required to adopt GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.* This statement, which was effective for periods beginning after December 15, 2004, requires the College to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairments of capital assets have occurred and record impaired assets and impairment losses accordingly. This statement also addresses the appropriate recording of insurance recoveries associated with events or changes in circumstances resulting in impairments of capital assets. The College has determined that no such impairments have occurred for the year ended June 30, 2009.

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.

Reclassifications – Certain amounts reported in the 2008 financial statements may have been reclassified to conform to the 2009 presentation.

New Accounting Standards – In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement defines an intangible asset's required characteristics and generally requires that they be treated as capital assets. The College has not yet determined the impact this standard will have on its financial statements. The requirements of this Statement are effective for the fiscal year ended June 30, 2010.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents are carried at cost and are held by the College, deposited with various financial institutions or are deposited with the Idaho State Treasurer. Cash and cash equivalents at June 30, 2009 and 2008 consist of:

	2009	2008
Cash On Hand	$ 5,555	$ 2,990
Deposits with financial institutions	2,034,852	556,612
Cash with State Treasurer	910,593	2,323,889
Total	$ 2,951,000	$ 2,883,491

Of the cash and cash equivalents reported on the statement of net assets, $5,259 was restricted by donors, granting agencies or other contractual agreements at June 30, 2009.

Custodial Credit Risk is the risk that in the event of a financial institutions failure, the College's deposits may not be returned. The College does not have a policy for managing such risk.

Any one of the following circumstances exposes a deposit to custodial credit risk:

- Deposits are uninsured and uncollateralized.
- Deposits are uninsured and collateralized with securities held by the pledging financial institution.
- Deposits are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but are not held in the College's name.

Of the total deposits with financial institutions, $1,775,106 and $446,139 was uninsured but was collateralized with securities held by the pledging financial institution for the years ending June 30, 2009 and 2008 respectively. Cash deposits with the State Treasurer may be exposed to custodial credit risk. As of June 30, 2009, the College was not able to determine the extent of that exposure, if any.

***Investments* –** Idaho Code, Section 67-1210, limits credit risk by restricting the investment activities of the Local Government Investment Pool ("LGIP") and state agencies with investment authority. Idaho Code further gives SBOE the authority to establish investment policies for Colleges and Universities. Section V Subsection D of the Governing Polices and Procedures of SBOE authorizes funds within the control of the College to be invested in FDIC passbook saving accounts, certificates of deposit, U. S. securities, federal funds repurchase agreements, reverse repurchase agreements, federal agency securities, large money market funds, bankers acceptances, corporate bonds of Aa grade or better, mortgage backed securities of Aa grade or better and commercial paper of prime or equivalent grade all without prior board approval. Authority to make investments in any other form requires prior SBOE approval. The College does not have policies that further limit its deposit or investment alternatives beyond those allowed by SBOE.

3. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Account receivable and unbilled charges are all current and consist of the following at June 30, 2009 and 2008:

	2009	2008
Current:		
Student fees	$ 21,943	$ 21,390
Auxiliary enterprises	2,680	4,252
Grants and contracts	243,581	213,738
Accounts receivable and unbilled charges	268,204	239,380
Less allowance for doubtful accounts	(8,778)	(7,716)
Accounts receivable and unbilled charges, net	$ 259,426	$ 231,664

4. PROPERTY, PLANT AND EQUIPMENT

Following are the changes in property, plant and equipment for the year ended June 30:

	2009			
Property, Plant and Equipment Summary	**Balance at June 30, 2008**	**Additions**	**Retirements**	**Balance at June 30, 2009**
Property, plant and equipment not being depreciated				
Land	$ 355,988	$ -	$ -	$ 355,988
Construction in progress	66,981	-	(6,918)	60,063
Total property, plant and equipment not being depreciated	422,969	-	(6,918)	416,051
Other property, plant and equipment:				
Buildings and improvements	17,457,289	806,776	-	18,264,065
Furniture, fixtures and equipment	3,110,193	119,473	(29,218)	3,200,448
Library materials	460,545	101,605	(51,125)	511,025
Total other property, plant and equipment	21,028,027	1,027,854	(80,343)	21,975,538
Less accumulated depreciation:				
Buildings and improvements	(6,031,455)	(443,725)	-	(6,475,180)
Furniture, fixtures and equipment	(2,020,728)	(151,357)	23,822	(2,148,263)
Library materials	(339,912)	(51,103)	25,563	(365,452)
Total accumulated depreciation	(8,392,095)	(646,185)	49,385	(8,988,895)
Other property, plant and equipment net of accumulated depreciation	$ 12,635,932	$ 381,669	$ (30,958)	$ 12,986,643
Property, plant and equipment summary:				
Property, plant and equipment not being depreciated	$ 422,969	$ -	$ (6,918)	$ 416,051
Other property, plant and equipment at cost	21,028,027	1,027,854	(80,343)	21,975,538
Total cost of property, plant and equipment	21,450,996	1,027,854	(87,261)	22,391,589
Less accumulated depreciation	(8,392,095)	(646,185)	49,385	(8,988,895)
Property, plant and equipment - net	$ 13,058,901	$ 381,669	$ (37,876)	$ 13,402,694

Property, Plant and Equipment Summary	Balance at June 30, 2007	Additions	Retirements	Balance at June 30, 2008
	2008			
Property, plant and equipment not being depreciated				
Land	$ 355,988	$ -	$ -	$ 355,988
Construction in progress	73,981	-	(7,000)	66,981
Total property, plant and equipment not being depreciated	429,969	-	(7,000)	422,969
Other property, plant and equipment:				
Buildings and improvements	16,743,559	713,730	-	17,457,289
Furniture, fixtures and equipment	2,789,639	450,650	(130,096)	3,110,193
Library materials	431,861	36,534	(7,850)	460,545
Total other property, plant and equipment	19,965,059	1,200,914	(137,946)	21,028,027
Less accumulated depreciation:				
Buildings and improvements	(5,614,563)	(416,892)	-	(6,031,455)
Furniture, fixtures and equipment	(1,957,143)	(167,946)	104,361	(2,020,728)
Library materials	(297,782)	(46,055)	3,925	(339,912)
Total accumulated depreciation	(7,869,488)	(630,893)	108,286	(8,392,095)
Other property, plant and equipment, net of accumulated depreciation	$ 12,095,571	$ 570,021	$ (29,660)	$ 12,635,932
Property, plant and equipment summary:				
Property, plant and equipment not being depreciated	$ 429,969	$ -	$ (7,000)	$ 422,969
Other property, plant and equipment at cost	19,965,059	1,200,914	(137,946)	21,028,027
Total cost of property, plant and equipment	20,395,028	1,200,914	(144,946)	21,450,996
Less accumulated depreciation	(7,869,488)	(630,893)	108,286	(8,392,095)
Property, plant and equipment - net	$ 12,525,540	$ 570,021	$ (36,660)	$ 13,058,901

5. OPERATING LEASE OBLIGATIONS

The College has entered into operating lease agreements covering various pieces of equipment and facilities. Some of those agreements provide for contingent charges for uses of equipment over the allowances included in the agreements, including charges for additional copies in the case of copier lease agreements. The lease payments for non-cancelable agreements in excess of one year for the years ended June 30, 2009 and 2008 were $67,336 and $56,254. Future minimum lease obligations under these agreements for the years ending June 30 are as follows:

2010	$ 72,744
2011	39,689
2012	12,858
Total minimum obligations	$125,291

6. RETIREMENT PLANS

Public Employee Retirement System of Idaho – The Public Employee Retirement System of Idaho ("PERSI"), a cost-sharing multiple-employer public retirement system, was created by the Idaho State Legislature. 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 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. Obligations to contribute to the plan are established by the PERSI Board as defined by Idaho Law. Financial reports for the plan are available from PERSI's website www.persi.idaho.gov.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance ranges from 1.667% to 2.300% (depending upon employee classification and date of last contribution) of the average monthly salary for the highest consecutive 42 months.

For the years ended June 30, 2009, 2008 and 2007 the required contribution rates for general employers was 10.39% and 6.23% for general members. The College's contributions required and paid were $179,887, $184,476 and $172,354 for the three years ended June 30, 2009, 2008 and 2007, respectively.

PERSI issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee Retirement System of Idaho, PO Box 83720, Boise, ID 83720-0078.

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

New faculty and exempt employees hired July 1, 1997 or thereafter automatically enroll in the ORP and select their vendor option. Faculty and exempt employees hired before July 1, 1997 had a one-time opportunity to enroll in the ORP. Enrollees in the ORP no longer belong to PERSI. Vendor options include Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Variable Annuity Life Insurance Company (VALIC).

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age. The contribution requirement (and amount paid) for the years ended June 30, 2009, 2008 and 2007 was $408,978, $391,021 and $332,451 which consisted of $214,903, $205,467 and $174,828 from the College and $194,075, $185,554 and $157,623 from employees. These contributions represent 7.72% and 6.97% of covered payroll for the College and employees, respectively.

Although enrollees in the ORP no longer belong to PERSI, the College is required to contribute to PERSI 3.83% of the annual covered payroll. These annual supplemental payments are required through July 1, 2011. During the years ended June 30, 2009 and 2008 and 2007 , this supplemental funding payment made to PERSI was $106,643, $101,662 and $86,757. This amount is not included in the regular College PERSI contributions discussed previously.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

***Summary of Plans* -** The College participates in other postemployment benefit plans relating to health, disability, and life insurance administered by the State of Idaho as agent multiple-employer defined benefit plans. *Idaho Code*, Sections 67-5760 to 67-5767 and 72-1335, establishes the benefits and contribution obligations. Each of these benefits is provided by the College to retired or disabled employees. GASB Statement No. 45 has been implemented prospectively, and the net OPEB obligation at transition was zero. The most recent actuarial valuation is as of June 30, 2008. The College has not set aside any assets to pay future benefits; the College funds these benefits on a pay-as-you-go basis. Detail of the plans can be found in the Comprehensive Annual Report of the State of Idaho, which may be obtained as follows:

Office of the Idaho State Controller,
700 W State Street, 4th Floor
Boise, ID 83702
P.O. Box 83720
Boise, ID 83720-0011
www.sco.idaho.gov

Plan Descriptions

Retiree Healthcare Plan

This plan allows retirees to purchase healthcare insurance coverage for themselves and eligible dependents. A retired employee of the College who is eligible to retire under the Public Employee Retirement System of Idaho (PERSI) may elect to have the retiree health insurance coverage for themselves and eligible dependents. To be eligible, College employees must enroll within sixty days of the date of their retirement. Additionally, the unreduced PERSI monthly benefit at the time of retirement must meet or exceed the monthly cost of single retiree health insurance coverage, or employees must have ten or more years (20,800 or more hours) of credited state service. 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 College contributed $26 per active non-retired employee per month towards the retiree premium cost.

Effective July 1, 2009, changes to this benefit regarding eligibility stipulate that an officer or employee must be an active employee on or before June 30, 2009, and retire directly from state service; the maximum benefit is $1,860 per retiree per year. Additionally, any retiree who is currently eligible will remain so until they are eligible for Medicare. Beginning January 1, 2010, coverage will not be available to Medicare eligible retirees on their Medicare-eligible dependents.

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 weeks of continuous total disability or exhaustion of accrued sick leave.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum of age 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, and certain retirement benefits. The State is self-insured for employees who become 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 after July 1, 2003, are insured by Principle Life Insurance Company and the obligation for the payment of benefits has been effectively transferred. The College pays 100 percent of the cost of the premiums. The College's contribution for the period was 0.328 percent of payroll in fiscal year 2009. This portion of the long-term disability income benefit is not included in the actuarial estimate.

For up to 30 months following the date of disability, an employee is entitled to continue healthcare coverage under the State plan. The College pays 100 percent of the College'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 College's contribution for the period was $6.96 per active employee per month in fiscal year 2009.

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 College pays 100 percent of the premiums; the contribution is actuarially determined based on actual claims experience.

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 College pays 100 percent of the cost of basic life insurance. The College's contribution for the period as a percent of payroll was 2.037% for retirees under age 65, 1.568% for retirees between the ages of 65 and 69, and 1.081% 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 in accordance with GASB Statement Nos. 43 and 45. The following table illustrates the annual OPEB cost, the amount of contributions made, the increase (decrease) in the net OPEB obligation, and the net OPEB obligation for the current year.

(dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Income	Healthcare	Life Insurance		
Annual OPEB Cost						
Annual Required Contribution	18	5	8	4	36	70
Interest	6	-	-	-	1	7
Adjustment To ARC	(8)	-	-	-	(2)	(10)
Annual OPEB Cost	15	5	8	4	35	68
Contributions Made	(17)	(5)	(8)	6	(9)	(44)
Increase (Decrease) In Net OPEB Obligation	(2)	-	-	(2)	27	24
Net OPEB Obligation - Beginning Of Year	141	(4)	4	2	16	159
Net OPEB Obligation (Funding Excess) - End Of Year	139	(4)	4	-	43	182
Percentage Of AOC Contributed	111.02%	96.03%	96.05%	147.36%	24.89%	65.05%

Annual OPEB Cost Comparison

The following table compares the annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation (funding excess) for the current and prior year.

Annual OPEB Cost Comparison

(dollars in thousands)

		Retiree Healthcare Plan	Long-Term Disability Plan: Income	Long-Term Disability Plan: Healthcare	Long-Term Disability Plan: Life Insurance	Retiree Life Insurance Plan	Total
Annual OPEB Cost	2009	15	5	8	4	35	68
	2008	184	1	8	4	20	217
Percentage Of AOC Contributed	2009	111.02%	96.03%	96.05%	147.36%	24.89%	65.05%
	2008	23.52%	371.32%	56.21%	55.10%	18.30%	26.08%
Net OPEB Obligation (Funding Excess) - End Of Year	2009	139	(3)	4	-	43	182
	2008	141	(4)	4	2	16	159

Required Supplementary Information

The following table contains multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Other Postemployment Benefits

Schedule Of Funding Progress

(dollars in thousands)

	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 Healtcare Plan	7/1/2006	-	1,949	1,949	0.00%	3,671	53.09%
	7/1/2008	-	116	116	0.00%	4,515	2.57%
Long-Term Disability Plan:							
Income	7/1/2006	-	35	35	0.00%	3,671	0.95%
	7/1/2008	-	31	31	0.00%	4,515	0.69%
Life Insurance	7/1/2006	-	59	59	0.00%	3,671	1.61%
	7/1/2008	-	45	45	0.00%	4,515	1.00%
Healthcare	7/1/2006	-	55	55	0.00%	3,671	1.50%
	7/1/2008	-	54	54	0.00%	4,515	1.20%
Retiree Life Insurance Plan	7/1/2006	-	223	223	0.00%	3,671	6.07%
	7/1/2008	-	414	414	0.00%	4,515	9.17%

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. 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. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the benefits. 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

	Retiree Healtcare Plan	**Long-Term Disability Plan**			**Retiree Life Insurance Plan**
		Income	**Healthcare**	**Life Insurance**	
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 Dollar Amout	Level Percentage Of Payroll	Level Percentage Of Payroll	Level Percentage Of Payroll
Amortization Period	11 Years, Closed	8 Years, Closed	30 Years, Open	30 Years, Open	30 Years, Open
Assumptions:					
Inflation Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Investment Return	4.50%	5.25%	4.50%	5.25%	4.50%
OPEB Increases	N/A	N/A	N/A	N/A	3.75%
Projected Salary Increases	3.75%	3.75%	3.75%	3.75%	3.75%
Healthcare Cost Initial Trend Rate	13.60%	N/A	13.60%	N/A	N/A
Healthcare Cost Ultimate Trend Rate	5.00%	N/A	5.00%	N/A	N/A

8. COMPONENT UNIT FOUNDATION

The Eastern Idaho Technical College Foundation, Inc. ("the Foundation") was established for the purpose of soliciting donations and to hold and manage invested donations for the exclusive benefit of the College. The Foundation, a component unit of the College as described in Note 1, is a private nonprofit organization that reports under Financial Accounting Standards Board ("FASB") standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain presentation features are different from GASB presentation features and accordingly, no modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Significant transactions occurring between the College and the Foundation include: the Foundation made scholarship payments to the College amounting to $157,753 and $157,787, for the years ending June 30, 2009 and 2008, respectively; the College provided funding for the Foundation's director of operations salary and benefits in the amount of $65,814 and $61,290, for the years ending June 30, 2009 and 2008. Other selected supplementary information related to the Foundation is presented below. Certain prior year balances have been reclassified to conform to the presentation adopted in the current year.

Cash and Cash Equivalents **–** At June 30, 2009 and 2008, the carrying amount of the Foundation's cash and cash equivalents is comprised of the following:

	2009	2008
Cash on hand and held at banking institutions	$ 165,178	$ 231,424
Cash held in demand deposits at nonbanking institutions	11,854	12,007
Total balance held	$ 177,032	$ 243,431

Custodial Credit Risk is the risk that in the event of a financial institutions failure, the Foundation's deposits may not be returned. The Foundation does not have a written policy for managing credit risk. Of the total bank balance, $177,032 and $112,007 was covered by federal depository insurance for the years ended June 30, 2009 and 2008, respectively. For the year ended June 30, 2008, $131,424 was uninsured and uncollateralized.

Investments **–** Investments are held at various nonbanking institutions. The following methods and assumptions were used by the Foundation board in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, and short-term pledges receivable - The carrying amounts reported in the statement of net assets approximate fair values because of the short maturities of those instruments.

Short-term and endowment investments - The fair values of investments are based on quoted market prices for those or similar investments.

Note receivable - The fair value of the note receivable that is due in more than one year is estimated at the same as the face value of the note.

Investments are recorded at fair value and consist of the following:

	2009	2008
Money market funds	$ 168,973	$ 80,798
Equity securities	1,466,904	446,532
U.S Government obligations	164,679	25,007
Corporate debt securities	578,828	2,541,774
Total investments	$ 2,379,384	$ 3,094,111

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. Investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure.

Interest Rate Risk – Investments in debt securities that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The Foundation has not adopted a formal policy that addresses interest rate risk.

Foundation Maturity Of Debt Investments At June 30, 2009

Investment Type	Less Than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	Over 20 Years	Total Fair Value
Debt Securities:							
Money Market Funds	168,973						168,973
US Government Obligations		88,094	57,863	2,960	2,642	13,120	164,679
Corporate Obligations		174,895	186,496	68,399	68,010	81,028	578,828
Preferred Securities		157	66	5		7	235
Total Debt Securities	168,973	263,146	244,425	71,364	70,652	94,155	912,715
Corporate Domestic Securities							73,901
Mutual Funds & Other Pooled Securities							1,392,768
Total Foundation Investments							2,379,384

Credit Risk of Debt Securities – The risk that an issuer of debt securities or another party to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued. Investments explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit ratings. Unless otherwise stated, the ratings presented below use the Moody's scale. The Foundation's policy limits its investment in bonds to securities issued or guaranteed by the government of the United States of America, or to corporate bonds rated investment grade (AAA, AA, A, BBB). This constraint does not apply to bonds held in mutual funds.

Foundation Rated Debt Investments At June 30, 2009

Investment Type	Fair Value	Aaa	Aa2	A2	Baa2	Ba2	B2	Caa2	Ca	Unrated
Money Market Funds	168,973									168,973
US Government Obligations	164,679									164,679
Corporate Obligations	578,828	76,869	65,645	134,951	155,799	64,439	60,844	19,275	671	335
Preferred Securities	235									235
Total	912,715	76,869	65,645	134,951	155,799	64,439	60,844	19,275	671	334,222
Corporate Domestic Securities	73,901									
Mutual Funds & Other Pooled Securities	1,392,768									
Total Foundation Securities	2,379,384									

Note Receivable **–** The Foundation sold donated property and as partial payment received a $150,000 note and deed of trust. The note bears interest at the rate of 8.25% and calls for monthly installments of $1,744.

Annuities Payable **–** The Foundation has received contributions in the form of irrevocable charitable remainder trusts with the trust agreements calling for quarterly and/or monthly annuity payments to be paid over the contributors' lives. The present value of the annuities were calculated using the applicable federal rate and the life expectancies of the donors at the time of the gift and updated for changes in life expectancies. The annual annuity payment obligation under these agreements for 2009 and 2008 was $11,200.

Fair Value Measurements **–** FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:
-quoted prices for similar assets or liabilities in active markets;
-quoted prices for identical or similar assets or liabilities in inactive markets;
-inputs other than quoted prices that are observable for the asset or liability;
-inputs that are derived principally from or corraborated by observable market data by correlation or other means.

If the asset or liability has a specified contractual term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Valued at the net assets value (NAV) of shares held by the Foundation at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2009:

Assets at Fair Value as of June 30, 2009

	Level 1	Level 2	Level 3	Total
Interest bearing cash	$ 168,973	$ 0	$ 0	$ 168,973
All Other Investments	2,210,411	0	0	2,210,411
Total assets at fair value	$ 2,379,384	$ 0	$ 0	$ 2,379,384

9. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATIONS

2009 Natural Classifications

Functional Classifications	Personnel Costs	Services	Supplies	Insurance, Utilities and Rent	Scholarships	Depreciation	Miscellaneous	Total
Instruction	$ 4,302,914	$ 212,230	$ 405,163	$ 22,949	$ -	$ -	$ 8,383	$ 4,951,639
Academic Support	654,085	181,809	92,308	24,376	-	-	16,463	969,041
Student services	823,945	63,614	157,220	60,639	-	-	16,927	1,122,345
Institutional support	924,486	204,742	30,780	18,447	-	-	100,804	1,279,259
Operations and maintenance of plant	478,310	327,158	125,209	352,684	-	646,185	8,626	1,938,172
Scholarships	-	-	-	-	674,382	-	-	674,382
Auxiliary enterprises	58,761	525	358,406	-	-	-	242	417,934
Total	$ 7,242,501	$ 990,078	$ 1,169,086	$ 479,095	$ 674,382	$ 674,185	$ 151,445	$ 11,352,772

2008 Natural Classifications

Functional Classifications	Personnel Costs	Services	Supplies	Insurance, Utilities and Rent	Scholarships	Depreciation	Miscellaneous	Total
Instruction	$ 4,282,025	$ 184,752	$ 650,216	$ 21,357	$ -	$ -	$ 10,950	$ 5,149,300
Academic Support	678,988	122,987	166,210	23,080	-	-	23,040	1,014,305
Student services	780,987	88,292	183,502	54,057	-	-	10,500	1,117,338
Institutional support	970,246	228,070	24,156	7,530	-	-	101,196	1,331,198
Operations and maintenance of plant	467,866	208,463	211,838	329,766	-	630,893	6,494	1,855,320
Scholarships	-	-	-	-	649,897	-	-	649,897
Auxiliary enterprises	56,389	1,143	372,760	-	-	-	-	430,292
Total	$ 7,236,501	$ 833,707	$ 1,608,682	$ 435,790	$ 649,897	$ 630,893	$ 152,180	$ 11,547,650

10. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. The College recognizes in the financial statements the effects of subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of the financial statements. The College's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are issued.

The College is aware there are significant pressures in the current global financial markets. The College is vigilantly monitoring the developments in the markets and believes that it is positioned to deal with these developments should the market conditions persist.

11. RISK MANAGEMENT

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

The College is insured through the state of Idaho's Risk Management Program for other risks of loss, including but not limited to employee bonds, all liability insurance, auto physical damage insurance, and all property insurance.