# Report of Independent Auditors
# In accordance with OMB Circular A-133
# and Financial Statements for

Lewis-Clark
STATE
COLLEGE

**June 30, 2011 and 2010**

# LEWIS-CLARK STATE COLLEGE

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MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

## REPORT OF INDEPENDENT AUDITORS

Idaho State Board of Education
Lewis-Clark State College
Lewiston, Idaho

We have audited the accompanying financial statements of the Lewis-Clark State College and its discretely presented component unit, the Lewis-Clark State College Foundation, Inc. (collectively the College) as of and for the years ended June 30, 2011 and 2010, which collectively comprise the College's financial statements 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 audits.

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

In our opinion the financial statements referred to previous present fairly, in all material respects, the respective financial position of Lewis-Clark State College and its discretely presented component unit, the Lewis-Clark State College Foundation, Inc. as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2011, on our consideration of Lewis-Clark State College and its discretely presented component unit, the Lewis-Clark State College Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 and certain information in Note 9, *Retirement Plans,* that is labeled "required supplementary information" are not a required part of the basic financial statements but are 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.

Our audit was conducted for the purpose of forming an opinion on the College's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Moss Adams LLP

Eugene, Oregon
September 28, 2011

# LEWIS-CLARK STATE COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE YEAR ENDED JUNE 30, 2011

***Overview of the Financial Statements and Financial Analysis***

The financial statements for fiscal years ended June 30, 2011 and June 30, 2010 are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles. Three financial statements are presented: the *Statements of Net Assets;* the *Statements of Revenues, Expenses, and Changes in Net Assets;* and the *Statements of Cash Flows.*

Management's Discussion and Analysis is designed to provide an easily readable summary of Lewis-Clark State College's (the "College's") financial condition, results of operations and cash flows based upon facts, decisions, and conditions known at the date of the auditor's reports.

In 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 Lewis-Clark State College Foundation's (the "Foundation's") *Statements of Net Assets, Statements of Revenues, Expenses and Changes in Net Assets,* and *Statements of Cash Flows* as part of the financial statements for the College.

***Statement of Net Assets***

The *Statement of Net Assets* presents the assets, liabilities, and net assets of the College as of the end of the fiscal year. The *Statement of Net Assets* is a point-in-time financial statement intended to present to the readers a fiscal snapshot of the College. The *Statement of Net Assets* presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities).

From the data presented, readers of the *Statement of Net Assets* are able to determine the assets available to continue the operations of the College. They are also able to ascertain how much the College owes vendors, grantors, and lending institutions. Finally, the *Statement of Net Assets* provides a picture of the net assets and their availability for expenditure by the College.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, indicates the net equity in capital assets owned by the College. The next category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is available only for investment purposes. Expendable restricted net assets are available for expenditure by the College, but must be spent for purposes specified by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the College to utilize in any legal fashion in accordance with the State Board of Education specified role and mission.

## SUMMARY STATEMENTS OF NET ASSETS

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| ASSETS: | | | |
| Current assets | $ 25,484,576 | $ 20,881,453 | $ 17,131,089 |
| Capital assets, net | 47,689,182 | 47,234,905 | 30,702,206 |
| Other assets | 3,935,915 | 4,148,914 | 4,219,509 |
| Total assets | 77,109,673 | 72,265,272 | 52,052,804 |
| LIABILITIES: | | | |
| Current liabilities | 7,309,353 | 6,509,307 | 5,501,267 |
| Noncurrent liabilities | 8,217,159 | 9,700,872 | 9,898,451 |
| Total liabilities | 15,526,512 | 16,210,179 | 15,399,718 |
| NET ASSETS: | | | |
| Invested in capital assets, net of related debt | 43,394,474 | 41,283,868 | 23,991,356 |
| Restricted - nonexpendable | | | |
| Restricted - expendable | 1,250,382 | 1,306,498 | 1,427,568 |
| Unrestricted | 16,938,305 | 13,464,727 | 11,234,162 |
| Total net assets | 61,583,161 | 56,055,093 | 36,653,086 |
| Total liabilities and net assets | $ 77,109,673 | $ 72,265,272 | $ 52,052,804 |

Total assets of the College increased $4,844,401 in fiscal year 2011, an increase of 6.7% over 2010. This increase is primarily due to the increase in Cash and cash equivalents and Cash with treasurer of $4,453,038. Capital assets increased $454,277, reflecting a modest investment in new plant and equipment offset in large part by depreciation.

Total liabilities at June 30, 2011, compared to June 30, 2010, decreased by $683,667 or 4.2%. A one-time principal payment of $1,007,967 on the College's Facilities Note contributed to the $1,724,047 overall decrease in bonds and notes payable. Notable liability increases consisted of a $762,332 increase in Unearned revenue, due primarily to the Albertson's grant referred to above.

### *Statement of Revenues, Expenses and Changes in Net Assets*

Changes in Total net assets, as presented on the *Statement of Net Assets*, are specifically depicted by the activity presented in the *Statement of Revenues, Expenses and Changes in Net Assets*. The purpose of this statement is to present the revenues earned by the College, operating and nonoperating, the expenses incurred by the College, operating and nonoperating, and all other revenues, expenses, gains and losses earned or incurred by the College.

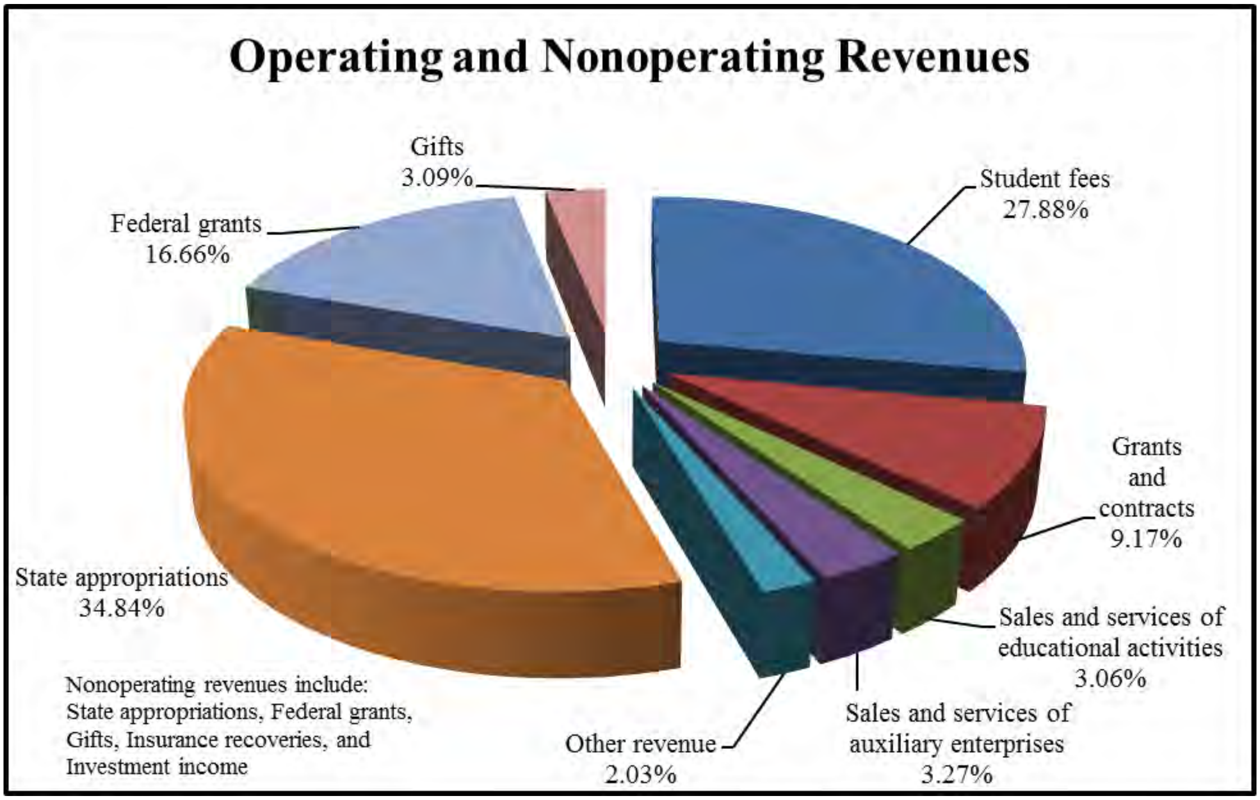
Generally speaking, operating revenues are earned in return for providing goods and services to the various customers and constituents of the College. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the role and mission of the College. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are deemed nonoperating because they are provided by the Idaho Legislature to the College without the Legislature directly receiving commensurate value in return for those revenues.

**SUMMARY STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

| | **2011** | **2010** | **2009** |
|---|---|---|---|
| Operating revenues | $ 22,300,888 | $ 20,014,581 | $ 20,097,281 |
| Operating expenses | 45,333,988 | 43,914,857 | 44,163,543 |
| Operating loss | (23,033,100) | (23,900,276) | (24,066,262) |
| Nonoperating revenues and expenses, net | 26,745,357 | 26,907,751 | 26,361,920 |
| Income before other revenues and expenses | 3,712,257 | 3,007,475 | 2,295,658 |
| Other revenues (expenses), net | 1,815,811 | 16,394,532 | 1,995,935 |
| **Increase in net assets** | 5,528,068 | 19,402,007 | 4,291,593 |
| Net assets--Beginning of year | 56,055,093 | 36,653,086 | 32,361,493 |
| **Net assets--End of year** | $ 61,583,161 | $ 56,055,093 | $ 36,653,086 |

### *Revenues*

The College generates revenues from a variety of sources. The following is a graphic depiction of the revenues by source (both operating and nonoperating), which were used to fund the College's activities for the year ended June 30, 2011.




Total operating revenues for fiscal year 2011 increased $2,286,307 or 11.4%. A continuing decline in Federal grants and contracts ($345,963) was offset by all other operating revenue categories, most significantly $1,651,295 in Student fees. This increase was the result of an 8.75% fee increase combined with an increase in student FTE of approximately 7% (Fall 2010/2009 comparison).

Nonoperating revenues and expenses, net, decreased $162,394 or .6% in fiscal year 2011. Declines included State appropriations, $392,149; and Net investment income, $158,508, which reflects market interest rate declines. The near-absence of insurance income from the Center for the Arts fire, down $704,336 to a residual $84,404, was the largest area of decline. Federal grant revenue increased by $1,018,846, with an increase in Pell Grant revenue of $1.6 million more than offsetting a $649,100 decline in State Fiscal Stabilization Grant funding.

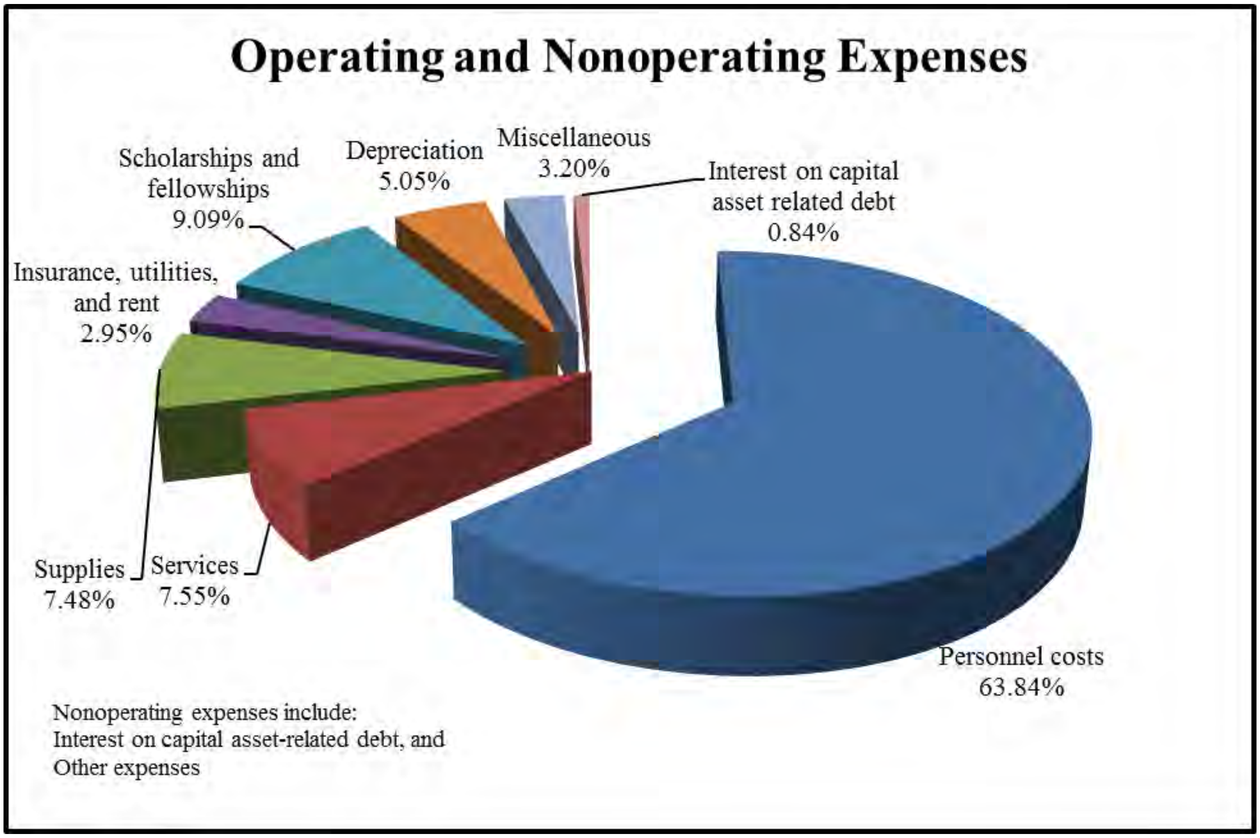
The Other revenues category decreased significantly, with Capital appropriations declining by $14,886,930 as a result of the prior year completion of the State of Idaho funded Nursing/Health Sciences Building.

### *Expenses*

Following is a comparative summary of the College's expenses for the years ended June 30, 2011, 2010 and 2009.

| **Expenses** | **2011** | **2010** | **2009** |
|---|---|---|---|
| OPERATING EXPENSES: | | | |
| Personnel costs | $ 29,209,679 | $ 29,598,644 | $ 30,033,041 |
| Services | 3,454,970 | 3,191,340 | 3,669,598 |
| Supplies | 3,420,719 | 3,492,368 | 3,966,547 |
| Insurance, utilities, and rent | 1,349,889 | 1,436,762 | 1,698,760 |
| Scholarships and fellowships | 4,158,424 | 3,193,074 | 1,851,864 |
| Depreciation | 2,309,187 | 1,953,409 | 1,714,432 |
| Miscellaneous | 1,431,120 | 1,049,260 | 1,229,301 |
| Total operating expenses | 45,333,988 | 43,914,857 | 44,163,543 |
| NONOPERATING EXPENSES: | | | |
| Interest on capital asset related debt | 385,381 | 436,230 | 335,163 |
| Other | 32,560 | 29,952 | 32,207 |
| Total nonoperating expenses | 417,941 | 466,182 | 367,370 |
| TOTAL EXPENSES | $ 45,751,929 | $ 44,381,039 | $ 44,530,913 |

The following is a graphic depiction of total expenses by natural classification for the year ended June 30, 2011.




Total operating expenses increased $1,419,131 in fiscal year 2011 compared with the previous year. This increase is due in large part to the continued growth in scholarships and fellowships which showed a $965,350 increase from 2010. The first-year application of the Albertson's scholarship funds in 2011 accounted for 295,000 of the total increase. Non-salary operating expenses experienced modest growth in 2011, while personnel costs declined $388,965. As of June 30, 2011, LCSC employees have gone 3 full years without a general salary increase. Also, while adjunct faculty employees increased in 2011 to accommodate the marked increase in enrollment, regular faculty and non-faculty employee numbers stayed constant.

***Statement of Cash Flows***

The final statement presented by the College is the *Statement of Cash Flows*. The *Statement of Cash Flows* presents detailed information about the cash activity of the College during the year.

The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used to perform the operating activities of the College. The second section reflects cash flows related to noncapital financing activities. This section depicts the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section displays cash flows from capital and related financing activities. This section reflects the cash used for the acquisition and construction of capital and related items. The fourth section presents the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash provided or used in operating activities to the operating income or loss reflected on the *Statement of Revenues, Expenses, and Changes in Net Assets.*

**SUMMARY STATEMENTS OF CASH FLOWS**

| | **2011** | **2010** | **2009** |
|---|---|---|---|
| CASH PROVIDED BY (USED IN): | | | |
| Operating activities | $ (19,925,347) | $ (20,133,340) | $ (21,765,885) |
| Noncapital financing activities | 27,006,125 | 26,427,153 | 26,360,830 |
| Capital and related financing activities | (2,705,910) | (2,490,972) | (2,655,598) |
| Investing activities | 78,170 | 241,902 | 327,983 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 4,453,038 | 4,044,743 | 2,267,330 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 19,553,975 | 15,509,232 | 13,241,902 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 24,007,013 | $ 19,553,975 | $ 15,509,232 |

Overall, cash increased by $4,453,038 for the year ended June 30, 2011.

As has been described in the past, Government Accounting Standards Board (“GASB”) pronouncements require that the College recognize State of Idaho appropriated revenues and certain federal financial aid grants (primarily Pell grants) as noncapital financing activities, while all the expenditures associated with these funds are reflected as operating activities. This causes the financial statements to show a large operating loss and a corresponding large use of cash by operating activities. In fiscal year 2011, these two revenue (and cash) sources totaled $25.4 million, far outdistancing the reported use of cash by operations, and the related net operating loss as shown on the Statement of Revenues, Expenses and Changes in Net Assets.

### *Capital Asset and Debt Administration*

As of June 30, 2011, the College had one outstanding bond issue, one secured student fee revenue note, and one secured facility refinancing note. The secured facility refinancing note was issued in 2010 to refinance a similar note issued in 2009. As noted above, the College made a significant one-time principal payment on the facility note in 2011. As a result, the agreement was modified to incorporate a reduced monthly payment, effective in July, 2011. There have been no significant changes in credit ratings or debt limitations that could affect future financing for the College. Additional information concerning capital assets and debt administration is detailed in Notes 1, 5, 6, and 7 as part of the notes to the financial statements.

### *Economic Outlook*

The July, 2011 Idaho economic forecast called for "signs of growth this year followed by modest gains thereafter". The uncertainty surrounding the national economy and the possibility of a double-dip recession nationwide make this modest forecast appear upbeat, and is seen as a positive sign for Higher Education in Idaho. At the state level, total revenue of $2.26 billion for fiscal 2010 appears to have been the low water mark, with a slight uptick to $2.36 billion reported for 2011 and a projection of $2.52 billion forecast for 2012. However, Health and Human Services and Public Safety are the primary recipients of the increased revenue, with Colleges and Universities experiencing a 3.5% funding reduction for FY 2012.

Lewis-Clark State College will absorb a 4% overall reduction in state allocations in 2012, and will again reluctantly apply a tuition increase (8.75%) to help compensate for the revenue loss. While the reductions in state appropriations continue to create challenges, the College is committed to helping achieve the goals set forth in the Idaho State Board of Education's Strategic Plan, particularly the postsecondary education enrollment benchmarks and the "60%" goal for the percent of Idahoans age 25-34 who have a college degree or certificate. LCSC's 2012-2016 Strategic Plan reaffirms the commitment to successfully providing baccalaureate, professional-technical and community college/support programs within a single institution.

Tenth day headcount and FTE for Fall, 2011 are 4,693 and 3,311, respectively, and reflect increases of 151 students and 87 FTE from 2010, as the College made an effort to maintain the previous, record level for enrollment.

Executive management believes the institution is fiscally viable and will remain so in the foreseeable future. In addition, management is not aware of any known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year; beyond unknown economic variables that could universally impact all similar organizations.

# LEWIS-CLARK STATE COLLEGE

## STATEMENTS OF NET ASSETS
**June 30, 2011 and 2010**

| | LCSC | | Component Unit | |
|---|---|---|---|---|
| **ASSETS** | **2011** | **2010** | **2011** | **2010** |
| CURRENT ASSETS: | | | | |
| Cash and cash equivalents | $ 16,777,586 | $ 14,852,669 | $ 115,247 | $ 131,084 |
| Cash with treasurer | 7,229,427 | 4,701,306 | - | - |
| Accounts receivable and unbilled charges | 916,842 | 900,951 | 25,010 | - |
| Due from Lewis-Clark State College | - | - | 434,156 | 453,151 |
| Due from state agencies | 310,504 | 186,006 | - | - |
| Pledges receivable | 55,500 | 69,000 | 4,680 | 5,850 |
| Student loan receivables | 181,000 | 118,260 | - | - |
| Assets held for sale | - | - | - | 92,000 |
| Prepaid expenses | 13,717 | 53,261 | - | 1,234 |
| Other assets | - | - | 636 | 636 |
| Total current assets | 25,484,576 | 20,881,453 | 579,729 | 683,955 |
| NONCURRENT ASSETS: | | | | |
| Student loan receivables, less allowance for doubtful loans of $65,000 and $88,000 for 2011 and 2010, respectively | 562,228 | 673,848 | - | - |
| Investments held in trust | 635,841 | 704,292 | - | - |
| Investments | - | - | 5,314,927 | 4,254,457 |
| Deferred bond financing costs | 62,498 | 71,426 | - | - |
| Pledges receivable | 45,000 | 75,000 | - | - |
| Net other post employment benefit excess funding | 17,000 | 11,000 | - | - |
| Investment in capital assets | 2,613,348 | 2,613,348 | - | - |
| Capital assets, net | 47,689,182 | 47,234,905 | - | 118,267 |
| Total noncurrent assets | 51,625,097 | 51,383,819 | 5,314,927 | 4,372,724 |
| TOTAL ASSETS | **$ 77,109,673** | **$ 72,265,272** | **$ 5,894,656** | **$ 5,056,679** |

See notes to financial statements.

(Continued)

## LEWIS-CLARK STATE COLLEGE

### STATEMENTS OF NET ASSETS
**June 30, 2011 and 2010**

| | LCSC | | Component Unit | |
|---|---|---|---|---|
| **LIABILITIES** | **2011** | **2010** | **2011** | **2010** |
| CURRENT LIABILITIES: | | | | |
| Accounts payable and accrued liabilities | $ 186,615 | $ 336,661 | $ 36,831 | $ 33,319 |
| Accrued salaries and benefits payable | 2,500,896 | 2,321,052 | - | - |
| Compensated absences payable | 814,076 | 819,238 | - | - |
| Due to component unit | 434,156 | 453,151 | - | - |
| Due to State of Idaho | 53,455 | - | - | - |
| Unearned revenue | 2,387,890 | 1,625,558 | - | - |
| Amounts held in trust for others | 171,607 | 161,994 | - | - |
| Accrued interest payable | 64,201 | 73,862 | - | - |
| Notes and bonds payable | 696,457 | 717,791 | - | - |
| Total current liabilities | 7,309,353 | 6,509,307 | 36,831 | 33,319 |
| NONCURRENT LIABILITIES: | | | | |
| Gift annuities payable | - | - | 685,523 | 675,441 |
| Net other post employment benefit obligations | 1,359,000 | 1,140,000 | - | - |
| Notes and bonds payable | 6,858,159 | 8,560,872 | - | - |
| Total noncurrent liabilities | 8,217,159 | 9,700,872 | 685,523 | 675,441 |
| TOTAL LIABILITIES | 15,526,512 | 16,210,179 | 722,354 | 708,760 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 43,394,474 | 41,283,868 | - | 118,267 |
| Restricted for: | | | | |
| Nonexpendable | - | - | 3,184,382 | 2,885,174 |
| Expendable | 1,250,382 | 1,306,498 | 1,478,338 | 910,211 |
| Unrestricted | 16,938,305 | 13,464,727 | 509,582 | 434,267 |
| TOTAL NET ASSETS | 61,583,161 | 56,055,093 | 5,172,302 | 4,347,919 |
| TOTAL LIABILITIES AND NET ASSETS | **$ 77,109,673** | **$ 72,265,272** | **$ 5,894,656** | **$ 5,056,679** |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
### YEARS ENDED JUNE 30, 2011 and 2010

| | LCSC | | Component Unit | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| OPERATING REVENUES: | | | | |
| Student fees (net of scholarship discounts and allowances of $5,989,155 and $4,981,228 for 2011 and 2010, respectively) | $12,669,113 | $11,017,818 | $ - | $ - |
| Student fees pledged for debt | 1,122,653 | 951,162 | - | - |
| Federal grants and contracts | 979,114 | 1,325,077 | - | - |
| State and local grants and contracts | 3,124,765 | 3,091,450 | - | - |
| Private grants and contracts | 431,386 | 52,790 | - | - |
| Sales and services of educational activities (including revenues of $117,968 and $136,616 pledged for bonds in 2011 and 2010, respectively) | 1,514,637 | 1,254,158 | - | - |
| Sales and services of auxiliary enterprises (including revenues of $1,494,020 and $1,627,478 pledged for debt in 2011 and 2010, respectively) | 1,617,881 | 1,774,924 | - | - |
| Gifts | - | - | 505,610 | 850,698 |
| Other | 841,339 | 547,202 | 375 | 1,233 |
| Total operating revenues | 22,300,888 | 20,014,581 | 505,985 | 851,931 |
| OPERATING EXPENSES: | | | | |
| Personnel costs | 29,209,679 | 29,598,644 | - | - |
| Services | 3,454,970 | 3,191,340 | - | - |
| Supplies | 3,420,719 | 3,492,368 | - | - |
| Insurance, utilities, and rent | 1,349,889 | 1,436,762 | - | - |
| Scholarships and fellowships | 4,158,424 | 3,193,074 | - | - |
| Depreciation | 2,309,187 | 1,953,409 | 3,194 | 14,298 |
| Miscellaneous | 1,431,120 | 1,049,260 | 90,031 | 99,055 |
| Total operating expenses | 45,333,988 | 43,914,857 | 93,225 | 113,353 |
| OPERATING (LOSS) GAIN | (23,033,100) | (23,900,276) | 412,760 | 738,578 |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| State appropriations | 17,231,674 | 17,623,823 | - | - |
| Federal grants | 8,242,694 | 7,223,848 | - | - |
| Gifts (including $483,115 and $507,533 from the Foundation for 2011 and 2010, respectively) | 1,528,285 | 1,502,773 | - | - |
| Insurance recoveries | 84,404 | 788,740 | - | - |
| Net investment income | 76,241 | 234,749 | 854,411 | 317,072 |
| Interest on capital asset related debt | (385,381) | (436,230) | | - |
| Distributions to the College | - | - | (483,115) | (507,533) |
| Other | (32,560) | (29,952) | 40,327 | 27,702 |
| Net nonoperating revenues (expenses) | 26,745,357 | 26,907,751 | 411,623 | (162,759) |
| INCOME BEFORE OTHER REVENUES (EXPENSES) | 3,712,257 | 3,007,475 | 824,383 | 575,819 |
| OTHER REVENUES: | | | | |
| Capital appropriations | 1,240,412 | 16,127,342 | - | - |
| Capital grants and gifts | 575,399 | 267,190 | - | - |
| Total other revenues | 1,815,811 | 16,394,532 | - | - |
| INCREASE (DECREASE) IN NET ASSETS | 5,528,068 | 19,402,007 | 824,383 | 575,819 |
| NET ASSETS---BEGINNING OF YEAR | 56,055,093 | 36,653,086 | 4,347,919 | 3,772,100 |
| NET ASSETS---END OF YEAR | $61,583,161 | $56,055,093 | $5,172,302 | $4,347,919 |



See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE

## STATEMENTS OF CASH FLOWS
### YEARS ENDED JUNE 30, 2011 and 2010

| | LCSC | | Component Unit | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Student fees | $ 12,628,571 | $ 11,139,221 | $ - | $ - |
| Student fees pledged for debt | 1,122,653 | 951,162 | - | - |
| Grants and contracts | 5,120,819 | 5,463,522 | - | - |
| Sales and services of educational activities | 1,520,495 | 1,250,361 | - | - |
| Sales and services of auxiliary enterprises | 1,617,881 | 1,774,924 | - | - |
| Donations received | - | - | 271,971 | 429,934 |
| Payments to employees | (28,821,997) | (29,218,365) | - | - |
| Payments to suppliers | (3,571,674) | (3,257,008) | - | - |
| Other payments | (6,327,014) | (5,528,043) | (105,696) | (104,805) |
| Payments for scholarships and fellowships | (4,158,424) | (3,193,074) | - | - |
| Loans issued to students | (132,500) | (123,734) | - | - |
| Collection of loans from students | 181,829 | 146,127 | - | - |
| Other receipts | 894,014 | 461,567 | - | - |
| Net cash provided (used) by operating activities | (19,925,347) | (20,133,340) | 166,275 | 325,129 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| State appropriations | 17,231,674 | 17,623,823 | - | - |
| Federal grants | 8,201,159 | 7,230,973 | - | - |
| Gifts | 1,536,610 | 1,508,764 | - | - |
| Agency account receipts | 1,118,459 | 1,297,147 | - | - |
| Agency account payments | (1,135,232) | (1,233,554) | - | - |
| Student loan receipts | 17,245,973 | 15,003,016 | - | - |
| Student loan payments | (17,245,973) | (15,003,016) | - | - |
| Higher Education Stabilization Fund | 53,455 | - | - | - |
| Distributions to the College | - | - | (82,229) | (83,262) |
| Net cash provided (used) by noncapital financing activities | 27,006,125 | 26,427,153 | (82,229) | (83,262) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Proceeds from sale of capital assets | 12,561 | 212,004 | - | - |
| Capital appropriations | - | - | - | - |
| Capital grants and gifts | 476,826 | 150,485 | - | - |
| Insurance recoveries | 270,896 | 602,249 | - | - |
| Purchase of capital assets | (1,417,170) | (2,269,220) | - | - |
| Principal paid on capital debt | (1,653,981) | (754,759) | - | - |
| Interest paid on capital debt | (395,042) | (431,731) | - | - |
| Net cash provided (used) in capital and related financing activities | (2,705,910) | (2,490,972) | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment income | 78,170 | 241,902 | 117 | 107 |
| Purchase of investments | - | - | (100,000) | (201,012) |
| Net cash provided (used) by investing activities | 78,170 | 241,902 | (99,883) | (200,905) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 4,453,038 | 4,044,743 | (15,837) | 40,962 |
| CASH AND CASH EQUIVALENTS---BEGINNING OF THE YEAR | 19,553,975 | 15,509,232 | 131,084 | 90,122 |
| CASH AND CASH EQUIVALENTS---END OF THE YEAR | $ 24,007,013 | $ 19,553,975 | $ 115,247 | $ 131,084 |

See notes to financial statements.



(Continued)

# LEWIS-CLARK STATE COLLEGE

## STATEMENTS OF CASH FLOWS
### YEARS ENDED JUNE 30, 2011 and 2010

| RECONCILIATION OF NET OPERATING (LOSS) GAIN TO NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES: | LCSC 2011 | LCSC 2010 | Component Unit 2011 | Component Unit 2010 |
|---|---|---|---|---|
| Operating (Loss) Gain | $ (23,033,100) | $ (23,900,276) | $ 412,760 | $ 738,578 |
| Adjustments to reconcile operating (loss) gain to net cash used in operating activities: | | | | |
| Noncash donations | - | - | (209,013) | (430,364) |
| Other noncash receipts | - | - | (375) | (1,233) |
| Other noncash payments | - | - | (15,665) | (5,750) |
| Depreciation expense | 2,309,187 | 1,953,409 | 3,194 | 14,298 |
| Effect on cash from changes in operating assets and liabilities: | | | | |
| Receivables, net | (205,789) | (14,615) | (25,010) | - |
| Due from (to) state agencies | (124,499) | 346,766 | - | - |
| Due from Lewis-Clark State College | - | - | 384 | 9,600 |
| Prepaid expenses | 39,544 | (42,285) | - | - |
| Net other post employment benefit excess funding | (6,000) | 4,000 | - | - |
| Accounts payable and accrued liabilities | (150,046) | 58,538 | - | - |
| Accrued salaries and benefits payable | 179,844 | 179,632 | - | - |
| Compensated absences payable | (5,162) | (2,353) | - | - |
| Net other post employment benefit obligations | 219,000 | 199,000 | - | - |
| Amounts held in trust for others | 1,680 | (15,875) | - | - |
| Unearned revenue | 801,114 | 1,065,948 | - | - |
| Loans to students | 48,880 | 34,771 | - | - |
| Net cash provided (used) by operating activities | $ (19,925,347) | $ (20,133,340) | $ 166,275 | $ 325,129 |
| SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS: | | | | |
| Capital assets acquired through Department of Public Works' appropriations | $ 1,240,412 | $ 16,127,342 | | |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE

## NOTES TO FINANCIAL STATEMENTS
## YEAR ENDED JUNE 30, 2011

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lewis-Clark State College (the “College”) is part of the public system of higher education in the State of Idaho. The system is considered part of the State of Idaho financial reporting entity. The State Board of Education, appointed by the Governor and confirmed by the legislature, directs the system. The College is located in Lewiston, Idaho. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

***Financial Statement Presentation***—The College has adopted Governmental Accounting Standards Board (“GASB”) Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB 14*. This Statement provides additional guidance for determining whether certain organizations, such as not-for-profit foundations, for which the primary institution is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the primary institution. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 30-member board of the Foundation is self-perpetuating and consists of alumni and friends of the College. The majority of resources and income of the Foundation are donor restricted to the activities of the College. Because these restricted resources held by the Foundation can only be used by or for the benefit of the College, the Foundation is considered a component unit of the College. Therefore, the financial activity of the Foundation is discretely presented in the College’s financial statements. See Note 15 for the relevant information related to the Foundation.

***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. 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 to not apply FASB pronouncements issued after the applicable date.

***Cash and Cash Equivalents***—The College considers all cash on hand, cash deposits and short term instruments deposited with banks to be cash equivalents. Cash with state treasurer funds invested through the Idaho State Treasury Local Government Investment Pool is considered a cash equivalent.

***Student Loans Receivable***—Loans receivable from students bear interest at the rate of 5% and are generally repayable in installments to the College over a 10-year period commencing 9 months after the date of separation from the College.

***Accounts Receivable***—Accounts receivable consist 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 includes 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.

***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 (loss) in the *Statements of Revenues, Expenses, and Changes in Net Assets*. More comprehensive disclosure of common risks associated with the deposits and investments are detailed in Notes 2 and 15, 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 are classified as noncurrent assets in the S*tatements of Net Assets.*

***Capital Assets, net***—Capitals assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at the date of 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 was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets; 50 years for buildings, 10 to 40 years for building improvements, 10 years for library books, and 5 to 15 years for equipment.

***Compensated Absences***—Employee vacation pay that is earned but unused is accrued at year end and discretely presented in the *Statements of Net Assets.*

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

***Noncurrent Liabilities***—Noncurrent liabilities include principal amounts of revenue bonds payable, notes payable, and net other post employment obligations with contractual maturities greater than one year.

***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 capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
>
> *Restricted—Nonexpendable*—Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument,

that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

*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 with State Board of Education ("Board") 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.

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

*Operating Revenues*—Operating revenues include activities that have the characteristics of exchange transactions, such as student fees, sales and services of educational activities and auxiliary enterprises; as well as most gifts, Federal, state and local grants and contracts that support operations, and interest on institutional loans.

*Nonoperating Revenues*—Nonoperating revenues include revenues from activities that have the characteristics of nonexchange transactions, such as gifts and capital contributions, Federal financial aid grants, and other revenue resources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, 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 statements 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 nongovernmental programs, are recorded as either operating or nonoperating 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 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 makes 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*** – In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and 34,* which is effective for the year ended June 30, 2012. This Statement modifies certain requirements for component units. The College is currently evaluating the impact of GASB Statement No. 61 will have on the financial statements.

## 2. DEPOSITS AND INVESTMENTS

***Deposits –*** Cash and cash equivalents are deposited with various financial institutions. Cash deposited with the State Treasurer's Office is subject to the legal provisions found throughout *Idaho Code,* Title 67. Enterprise funds held by the College are deposited with financial institutions qualified as state depositories. Deposits are insured, collateralized with securities held in the College's name, or uncollateralized.

*Custodial credit risk*
Cash with treasurer is under the control of the State Treasurer and is carried at cost. Cash and cash equivalents are deposited at federally chartered institutions and are carried at cost. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned. The State's policy for managing custodial risk can be found in the Idaho Code, Section 67-2739. Management believes the College is in compliance with this policy.

As of June 30, 2011, $2,005,425 of the College's bank balance of $16,777,586 was uncollateralized and exposed to custodial credit risk. The remainder was insured. As of June 30, 2010, $12,668,914 of the College's bank balance of $14,852,669 was uncollateralized and exposed to custodial credit risk. The remainder was insured.

***Investments held in Trust*** – Investments held by the College as of June 30 were limited to investments held in trust relative to an outstanding debt issue and consisted of the following:

| Investment | Maturities | 2011 | 2010 |
|---|---|---|---|
| U.S. Treasury mutual fund | < 1 year | $ 572,933 | $ 615,053 |
| Federal National Mortgage Association pool | 2/1/2017 | 62,908 | 89,239 |
| Total Investments Held in Trust | | $ 635,841 | $ 704,292 |

*Credit risk*
The general investment policy of the College, as adopted by the State Board of Education states that investments in securities are to be made with the objective of ensuring safety of principal. Funds may be invested in FDIC passbook savings 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. Authority to make investments in any other form requires prior Board approval.

*Interest rate risk*
The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## 3. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Accounts receivable and unbilled charges consisted of the following at June 30:

| | 2011 | 2010 |
|---|---|---|
| Student fees | $ 185,464 | $ 106,488 |
| Federal, state and nongovernmental grants and contracts | 709,854 | 585,116 |
| Insurance recoveries | - | 186,492 |
| Investment income | 6,215 | 9,760 |
| Educational departments | 4,297 | 7,795 |
| Funds held in custody for others | 11,012 | 5,300 |
| | $ 916,842 | $ 900,951 |

## 4. STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program ("FPLP") and the Nursing Student Loan Program ("NSLP") comprise the loans receivable at June 30, 2011 and 2010.

FPLP requires the College to match 33% of the federal contributions. A portion or all of the loan principal and interest may be cancelled upon the occurrence of certain events. The amount of such cancellations is partially absorbed by the Federal Government. In the event the College should withdraw from FPLP or the government was to cancel the program, the amount the College would be liable for is approximately $455,000 and $488,000 as of June 30, 2011 and 2010, respectively. These amounts are not reflected as a liability in the financial statements.

As the College determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U.S. Department of Education. The allowance for uncollectible loans only applies to College funded loans and the College portion of Federal student loans, as the College is not obligated to fund the Federal portion of uncollected student loans. The College has provided an allowance for uncollectible loans, which is believed to be sufficient to absorb the College's portion of the loans that will ultimately be written off.

The NSLP program requires the College to match one-ninth of the awarded funds.

Student loans receivable at June 30 consisted of the following:

| | 2011 | | |
|---|---|---|---|
| | Current | Noncurrent | Total |
| Federal Perkins Loan Program | $ 128,000 | $ 552,052 | $ 680,052 |
| Nursing Student Loan Program | 53,000 | 75,176 | 128,176 |
| | 181,000 | 627,228 | 808,228 |
| Less Allowance for doubtful loans | - | (65,000) | (65,000) |
| Net Student Loans Receivable | $ 181,000 | $ 562,228 | $ 743,228 |

| | 2010 | | |
|---|---|---|---|
| | Current | Noncurrent | Total |
| Federal Perkins Loan Program | $ 80,400 | $ 649,209 | $ 729,609 |
| Nursing Student Loan Program | 37,860 | 112,639 | 150,499 |
| | 118,260 | 761,848 | 880,108 |
| Less Allowance for doubtful loans | - | (88,000) | (88,000) |
| Net Student Loans Receivable | $ 118,260 | $ 673,848 | $ 792,108 |

## 5. CAPITAL ASSETS—NET

Following are the changes in capital assets, for the years ended June 30, 2011 and 2010:

| | 2011 | | | | |
|---|---|---|---|---|---|
| | Balance at June 30, 2010 | Additions | Transfers | Retirements | Balance at June 30, 2011 |
| Capital assets not being depreciated: | | | | | |
| Land | $ 2,931,201 | $ 32,802 | $ 90,229 | $ - | $ 3,054,232 |
| Capitalized collections | 15,000 | - | - | - | 15,000 |
| Construction in progress | 760,868 | - | (760,868) | - | - |
| Total capital assets not being depreciated | $ 3,707,069 | $ 32,802 | $(670,639) | $ - | $ 3,069,232 |
| Other capital assets: | | | | | |
| Buildings and improvements | $ 56,467,248 | $ 1,914,731 | $ 670,639 | $ - | $ 59,052,618 |
| Furniture, fixtures and equipment | 5,865,004 | 785,973 | - | (306,277) | 6,344,700 |
| Library materials | 5,879,896 | 251,365 | - | (25,408) | 6,105,853 |
| Total other capital assets | 68,212,148 | 2,952,069 | 670,639 | (331,685) | 71,503,171 |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | (16,916,929) | (1,690,828) | - | 451 | (18,607,306) |
| Furniture, fixtures and equipment | (3,205,016) | (526,548) | - | 270,085 | (3,461,479) |
| Library materials | (4,562,367) | (277,477) | - | 25,408 | (4,814,436) |
| Total accumulated depreciation | (24,684,312) | (2,494,853) | - | 295,944 | (26,883,221) |
| Other capital assets net of accumulated depreciation | $ 43,527,836 | $ 457,216 | $ 670,639 | $(35,741) | $ 44,619,950 |
| Capital assets summary: | | | | | |
| Capital assets not being depreciated | $ 3,707,069 | $ 32,802 | $(670,639) | $ - | $ 3,069,232 |
| Other capital assets at cost | 68,212,148 | 2,952,069 | 670,639 | (331,685) | 71,503,171 |
| Total cost of capital assets | 71,919,217 | 2,984,871 | - | (331,685) | 74,572,403 |
| Less accumulated depreciation | (24,684,312) | (2,494,853) | - | 295,944 | (26,883,221) |
| Capital assets, net | $ 47,234,905 | $ 490,018 | $ - | $(35,741) | $ 47,689,182 |

| | 2010 | | | | |
|---|---|---|---|---|---|
| | Balance at June 30, 2009 | Additions | Transfers | Retirements | Balance at June 30, 2010 |
| Capital assets not being depreciated: | | | | | |
| Land | $ 2,926,701 | $ 50,000 | $ - | $ (45,500) | $2,931,201 |
| Capitalized collections | 15,000 | - | - | - | 15,000 |
| Construction in progress | 85,400 | 760,868 | (85,400) | - | 760,868 |
| Total capital assets not being depreciated | $ 3,027,101 | $ 810,868 | $(85,400) | $ (45,500) | $ 3,707,069 |
| Other capital assets: | | | | | |
| Buildings and improvements | $39,572,071 | $17,241,752 | $ 85,400 | $(431,975) | $56,467,248 |
| Furniture, fixtures and equipment | 5,277,504 | 665,283 | - | (77,783) | 5,865,004 |
| Library materials | 5,658,872 | 250,459 | - | (29,435) | 5,879,896 |
| Total other capital assets | 50,508,447 | 18,157,494 | 85,400 | (539,193) | 68,212,148 |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | (15,706,955) | (1,282,943) | - | 72,969 | (16,916,929) |
| Furniture, fixtures and equipment | (2,786,926) | (482,013) | - | 63,923 | (3,205,016) |
| Library materials | (4,339,461) | (252,341) | - | 29,435 | (4,562,367) |
| Total accumulated depreciation | (22,833,342) | (2,017,297) | - | 166,327 | (24,684,312) |
| Other capital assets net of accumulated depreciation | $ 27,675,105 | $16,140,197 | $ 85,400 | $(372,866) | $ 43,527,836 |
| Capital assets summary: | | | | | |
| Capital assets not being depreciated | $ 3,027,101 | $ 810,868 | $(85,400) | $ (45,500) | $ 3,707,069 |
| Other capital assets at cost | 50,508,447 | 18,157,494 | 85,400 | (539,193) | 68,212,148 |
| Total cost of capital assets | 53,535,548 | 18,968,362 | - | (584,693) | 71,919,217 |
| Less accumulated depreciation | (22,833,342) | (2,017,297) | - | 166,327 | (24,684,312) |
| Capital assets, net | $ 30,702,206 | $16,951,065 | $ - | $(418,366) | $ 47,234,905 |

The estimated cost to complete property authorized or under construction at June 30, 2011 is approximately $1,958,474. These costs will be financed by state appropriations and available local resources.

Institutional funds included in the construction costs of the Student Activity Center are reported as Investment in capital assets since ownership of the facility will not pass to the College until debt incurred by the State of Idaho for the majority of the project costs is retired. See Note 11. The total amount in Investment in capital assets was $2,613,348 as of June 30, 2011 and 2010.

Certain land on which four campus buildings are located was donated to the College by the City of Lewiston. Under terms of the gift, ownership of the land reverts back to the City if it ceases to be used for educational purposes. This land is reflected in Capital Assets in the amount of $19,200 as of June 30, 2011 and 2010.

## 6. LONG-TERM LIABILITIES

Following are the changes in long-term debt for the years ended June 30, 2011 and 2010:

| | **Balance June 30, 2010** | **Additions** | **Reductions** | **Balance June 30, 2011** | **Amounts Due Within One Year** |
|---|---|---|---|---|---|
| Bonds and notes: | | | | | |
| Revenue bonds | $ 4,090,000 | $ - | $ (360,000) | $ 3,730,000 | $ 380,000 |
| Notes | 5,188,663 | - | (1,364,047) | 3,824,616 | 316,457 |
| | $ 9,278,663 | $ - | $ (1,724,047) | $ 7,554,616 | $ 696,457 |

| | **Balance June 30, 2009** | **Additions** | **Reductions** | **Balance June 30, 2010** | **Amounts Due Within One Year** |
|---|---|---|---|---|---|
| Bonds and notes: | | | | | |
| Revenue bonds | $ 4,435,000 | $ - | $ (345,000) | $ 4,090,000 | $ 360,000 |
| Notes | 5,587,944 | 4,685,000 | (5,084,281) | 5,188,663 | 357,791 |
| | $ 10,022,944 | 4,685,000 | $ (5,429,281) | $ 9,278,663 | $ 717,791 |

## 7. NOTES AND BONDS PAYABLE

Notes and bonds payable at June 30, 2011 and 2010 consisted of the following:

| | Balance Outstanding | |
|---|---|---|
| | 2011 | 2010 |
| Student Fee Refunding Revenue Bonds, Series 1998 (original issuance of $6,335,000), issued to provide for the refunding of certain outstanding obligations and to fund improvements of the Student Union Building and related facilities, due in annual amounts increasing periodically from $345,000 to a maximum of $1,145,000, plus interest from 5.08% to 5.20% through April 2018, collateralized by a pledge of certain auxiliary enterprise revenues. | $ 3,730,000 | $ 4,090,000 |
| Facilities Refinancing Promissory Note, 2010 (original issuance of $4,685,000), issued to provide for the refunding of certain outstanding obligations, due in monthly installments of $26,000, based upon a 15 year amortization, including interest at 3.51%, through June 2014, collateralized by a pledge of certain student housing fees. Renewable at the option of the lender. | 3,439,614 | 4,685,000 |
| Secured Student Fee Revenue Note, Series 2003 (original issuance of $1,126,307), issued to finance construction of the Student Activity Center, due in annual installments of $138,656, including interest at 3.97%, through July 2013, collateralized by dedicated student fees. | 385,002 | 503,663 |
| Total bonds and notes payable | $ 7,554,616 | $ 9,278,663 |

Principal and interest maturities on notes and bonds payable for the years ending June 30 are as follows:

| | Notes | | Bonds | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2012 | 316,457 | 134,194 | 380,000 | 191,540 |
| 2013 | 327,943 | 122,708 | 400,000 | 172,730 |
| 2014 | 3,180,216 | 110,393 | 420,000 | 152,530 |
| 2015 | - | - | 440,000 | 131,110 |
| 2015 | - | - | 460,000 | 108,450 |
| 2017-2018 | - | - | 1 ,630,000 | 144,300 |
| | $ 3,824,616 | $ 367,295 | $ 3,730,000 | $ 900,660 |

***Pledged Revenues***—As stated in the notes and bonds payable description, the College has pledged certain revenues as collateral for debt instruments. The pledged revenue amounts and coverage requirements are as follows for the year ended June 30, 2011:

| | Series 1998 Bonds | Facilities Refinancing Note 2010 | Secured Student Fee Note Series 2003 | Total |
|---|---|---|---|---|
| Pledged revenues: | | | | |
| Student Fees | $ 954,044 | $ - | $ 168,609 | $ 1,122,653 |
| Housing Fees | 976,681 | 430,103 | - | 1,406,784 |
| Auxiliary Revenues | 87,236 | - | - | 87,236 |
| Other | 117,968 | - | - | 117,968 |
| Total pledged revenues | 2,135,929 | 430,103 | 168,609 | 2,734,641 |
| Pledged fund balances & other | 1,153,948 | 76,235 | - | 1,230,183 |
| Total pledges | 3,289,877 | 506,338 | 168,609 | 3,964,824 |
| Less operation & maintenance expenses | (1,314,753) | (106,812) | - | (1,421,565) |
| Total pledges, net | $ 1,975,124 | $ 399,526 | $ 168,609 | $ 2,543,259 |
| Debt service | $ 569,000 | $ 403,466 | $ 138,656 | $ 1,111,122 |
| Debt service coverage | 347% | n/a | n/a | |
| Coverage requirement | 125% | n/a | n/a | |

## 8. RESTRICTED NET ASSETS

Certain assets are classified as restricted assets on the *Statements of Net Assets.* The purpose and amounts of restricted assets as of June 30 are as follows:

| | 2011 | 2010 |
|---|---|---|
| Federal student loan programs | $ 928,463 | $ 959,713 |
| Institutional student loan programs | 130,256 | 126,501 |
| Capital projects | 100,500 | 144,000 |
| Grants and contracts | 91,163 | 76,284 |
| | $ 1,250,382 | $ 1,306,498 |

## 9. 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 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 upon request.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.00% or 2.30% (depending upon employee classification) of the average monthly salary for the highest consecutive 42 months.

For the year ended June 30, 2011, the required contribution rate for general employees was 10.39% and 6.23% of covered payroll for the College and its employees, respectively. The College's contributions required and paid were $606,049, $634,000, and $678,988 for the three years ended June 30, 2011, 2010, and 2009, respectively.

***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 total payroll. Employer contributions are determined by the State of Idaho. The plan provisions were established by and may be amended by the State of Idaho.

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

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age. The contribution requirement (and amount paid) for the years ended June 30, 2011 and 2010 was $2,097,751 and $2,093,952 respectively, which consisted of $1,201,845 and  $1,193,113, respectively, from the College and $895,906 and $900,839, respectively, from employees. For both 2011 and 2010, these contributions represented approximately 9.35% and 6.97% of covered payroll for the College and its employees.

Although enrollees in the ORP no longer belong to PERSI, the College is required to contribute to PERSI. These annual supplemental payments are required through July 1, 2025. During the years ended June 30, 2011 and 2010, this supplemental funding payment made to PERSI was $191,520 and $190,136 or 1.49% of the covered payroll, respectively. These amounts are not included in the regular College PERSI contribution discussed previously.

## Postemployment Benefits Other Than Pensions

### Summary of Plans

The College 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 67-5767 and 72-1335, establishes the benefits and contribution obligations. Each of these benefits is provided by the College to retired or disabled employees. The most recent actuarial valuation is as of June 30, 2010. The College has not set aside any assets to pay future benefits; the College 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 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 and Funding Policy*

*Retiree Healthcare Plan*

A retired employee of the College 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 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 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 College contributed $16.44 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 weeks of continuous total disability or exhaustion of accrued sick leave must be met.

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, 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 benefits has been effectively transferred. The College pays 100 percent of the cost of the premiums. The Lewis-Clark State College's contribution rate for the period was 0.324% of payroll in fiscal years 2011 and 2010. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

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 and $7.61 per active employee per month in fiscal years 2011 and 2010.

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.

*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 College pays 100 percent of the cost of basic life insurance for eligible retirees. The College's contribution for the period as a percent of payroll was 1.177% for retirees under age 65, .0894% for retirees between the ages of 65 and 69, and .0600% 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 (NOO), and the NOO (funding excess) for the current year.

**Dollars in Thousands**

| | | Long-Term Disability Plan | | | | |
|---|---|---|---|---|---|---|
| | Retiree Healthcare Plan | Healthcare | Life Insurance | Income | Retiree Life Insurance Plan | Total |
| Annual Required Contribution | $92 | $30 | $18 | $19 | $216 | $375 |
| Interest | 26 | 1 | 0 | 0 | 18 | $45 |
| Adjustment to ARC | (39) | (2) | 0 | 1 | (27) | (67) |
| Total Annual OPEB Cost | 79 | 29 | 18 | 20 | 207 | 353 |
| Contributions Made | (35) | (25) | (26) | (18) | (35) | (139) |
| Increase (Decrease) in NOO | 44 | 4 | (8) | 2 | 172 | 214 |
| NOO – Beginning of Year | 652 | 36 | (1) | (10) | 452 | 1,129 |
| NOO (Funding Excess) – End of Year | $696 | $40 | ($9) | ($8) | $624 | $1,343 |

### *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 two prior years.

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

| | | Retiree Healthcare Plan | Long-Term Disability Plan: Healthcare | Long-Term Disability Plan: Life Insurance | Long-Term Disability Plan: Income | Retiree Life Insurance Plan |
|---|---|---|---|---|---|---|
| Annual OPEB Cost | 2009 | $68 | $37 | $17 | $21 | $200 |
| | 2010 | $70 | $42 | $18 | $23 | $205 |
| | 2011 | $79 | $29 | $18 | $20 | $207 |
| Percentage of AOC Contributed | 2009 | 110.29% | 97.30% | 147.06% | 95.24% | 25.00% |
| | 2010 | 58.57% | 57.14% | 105.56% | 78.26% | 25.85% |
| | 2011 | 44.60% | 85.10% | 148.70% | 90.90% | -16.90% |
| NOO (Funding Excess) – End of Year | 2009 | $623 | $18 | $0 | ($15) | $300 |
| | 2010 | $652 | $36 | ($1) | ($10) | $452 |
| | 2011 | $696 | $40 | ($10) | ($8) | $624 |

### *Funded Status and Funding Progress*

The following table illustrates the funded status and the funding progress for Lewis-Clark State College:

**Funded Status and Funding Progress**
*(dollars in thousands)*

| | | Retiree Healthcare Plan | Long-Term Disability Plan: Healthcare | Long-Term Disability Plan: Life Insurance | Long-Term Disability Plan: Income | Retiree Life Insurance Plan |
|---|---|---|---|---|---|---|
| | Actuarial Valuation Date | 7/1/2010 | 7/1/2010 | 7/1/2010 | 7/1/2010 | 7/1/2010 |
| 1 | Actuarial Value of Assets | $0 | $0 | $0 | $0 | $0 |
| 2 | Accrued Liability (AAL) | $554 | $201 | $223 | $128 | $2,687 |
| 3 | Unfunded AAL (UAAL) (2) - (1) | $554 | $201 | $223 | $128 | $2,687 |
| 4 | Funded Ratios (1) : (2) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 5 | Annual Covered Payroll | $18,680 | $18,680 | $18,680 | $18,680 | $18,680 |
| 6 | UAAL as a Percentage of Covered Payroll (3) : (5) | 2.97% | 1.08% | 1.19% | 0.69% | 14.38% |

### *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 immediately following the notes to the financial statements 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. 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 Healthcare Plan | Long-Term Disability Plan | | | Retire Life Insurance Plan |
|---|---|---|---|---|---|
| | | Healthcare | Life Insurance | Income | |
| 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 Percentage of Payroll | Level Dollar Amount | Level Percentage of Payroll |
| Amortization Period | 11 years, Closed | 30 years, Open | 30 years, Open | 8 years, Closed | 30 years, Open |
| Assumptions: | | | | | |
| Inflation Rate | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Investment Return | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| 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 | 10.00% | 10.00% | N/A | N/A | N/A |
| Healthcare Cost Ultimate Trend Rate | 5.00% | 5.00% | N/A | N/A | N/A |

## Required Supplementary Information

**OTHER POSTEMPLOYMENT BENEFITS – 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 | 6/30/2010 | $0 | $554 | $554 | 0.0% | $18,680 | 2.97% |
| | 7/1/2008 | $0 | $516 | $516 | 0.0% | $18,861 | 2.74% |
| Long-Term Disability: | | | | | | | |
| Healthcare | 6/30/2010 | $0 | $201 | $201 | 0.0% | $18,680 | 1.08% |
| | 7/1/2008 | $0 | $238 | $238 | 0.0% | $18,861 | 1.26% |
| Life Insurance | 6/30/2010 | $0 | $223 | $223 | 0.0% | $18,680 | 1.19% |
| | 7/1/2008 | $0 | $199 | $199 | 0.0% | $18,861 | 1.06% |
| Income | 6/30/2010 | $0 | $128 | $128 | 0.0% | $18,680 | 0.69% |
| | 7/1/2008 | $0 | $139 | $139 | 0.0% | $18,861 | 0.74% |
| Retiree Life Insurance | 6/30/2010 | $0 | $2,687 | $2,687 | 0.0% | $18,680 | 14.38% |
| | 7/1/2008 | $0 | $2,341 | $2,341 | 0.0% | $18,861 | 12.41% |

Effective July 1, 2009, legislative changes to the Retiree Healthcare Plan 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 will remain eligible until they are eligible for Medicare. Beginning January 1, 2010, coverage was not available to Medicare-eligible retirees or their Medicare-eligible dependents.

**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 | 6/30/2009 | $202 | $50 | 24.75% |
| | 6/30/2010 | $210 | $53 | 25.24% |
| | 6/30/2011 | $216 | $35 | 16.20% |

***Sick Leave Insurance Reserve Fund***

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 College. The College partially funds these obligations by depositing 0.65% of employee gross payroll with PERSI who administers the trust fund. The total contributions for the years ended June 30, 2011 and 2010 were $121,492 and $122,556.

## 10. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

| | 2011 Natural Classification | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Functional Classification | Personnel Costs | Services | Supplies | Insurance, Utilities, and Rent | Scholarships and Fellowships | Depreciation | Miscellaneous | Operating Expense Totals |
| Instruction | $ 16,382,624 | $ 734,405 | $ 1,192,054 | $ 111,147 | $ 33,644 | $ - | $ 229,738 | $ 18,683,612 |
| Research | 84,452 | 8,176 | 60,708 | - | - | - | 14,907 | 168,243 |
| Public services | 1,773,098 | 175,884 | 65,255 | 6,688 | - | - | 107,092 | 2,128,017 |
| Libraries | 606,629 | 149,542 | 31,496 | - | - | - | 514 | 788,181 |
| Student services | 2,717,396 | 411,749 | 167,850 | 4,581 | 106,846 | - | 91,219 | 3,499,641 |
| Plant operations | 1,292,590 | 201,708 | 387,028 | 856,378 | - | 2,309,187 | 64,955 | 5,111,846 |
| Institutional support | 2,660,644 | 563,889 | 312,827 | 159,358 | - | - | 630,767 | 4,327,485 |
| Academic support | 1,887,789 | 451,412 | 166,364 | 4,075 | 500 | - | 3,157 | 2,513,297 |
| Scholarships and fellowships | 134,193 | 180 | - | - | 3,622,988 | - | 29,738 | 3,787,099 |
| Auxiliaries | 1,670,264 | 758,025 | 1,037,137 | 207,662 | 394,446 | - | 259,033 | 4,326,567 |
| Total expenses: | $ 29,209,679 | $ 3,454,970 | $ 3,420,719 | $ 1,349,889 | $ 4,158,424 | $ 2,309,187 | $ 1,431,120 | $ 45,333,988 |

| | 2010 Natural Classification | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Functional Classification | Personnel Costs | Services | Supplies | Insurance, Utilities, and Rent | Scholarships and Fellowships | Depreciation | Miscellaneous | Operating Expense Totals |
| Instruction | $ 16,978,956 | $ 582,236 | $ 1,339,425 | $ 178,397 | $ 92,973 | $ - | $ 323,103 | $ 19,495,090 |
| Research | 63,524 | 15,231 | 40,839 | - | - | - | 23,788 | 143,382 |
| Public services | 1,234,690 | 130,054 | 44,947 | 2,896 | - | - | 87,401 | 1,499,988 |
| Libraries | 609,592 | 142,609 | 23,428 | - | - | - | 172 | 775,801 |
| Student services | 2,717,107 | 260,707 | 132,055 | 5,215 | 62,266 | - | 79,211 | 3,256,561 |
| Plant operations | 1,340,524 | 86,092 | 360,856 | 765,369 | - | 1,953,409 | 88,340 | 4,594,590 |
| Institutional support | 2,899,005 | 859,898 | 348,864 | 79,936 | - | - | 162,128 | 4,349,831 |
| Academic support | 1,820,377 | 362,149 | 182,024 | 184 | 500 | - | 14,929 | 2,380,163 |
| Scholarships and fellowships | 180,393 | 180 | - | - | 2,640,517 | - | 40,953 | 2,862,043 |
| Auxiliaries | 1,754,476 | 752,184 | 1,019,930 | 404,765 | 396,818 | - | 229,235 | 4,557,408 |
| Total expenses: | $ 29,598,644 | $ 3,191,340 | $ 3,492,368 | $ 1,436,762 | $ 3,193,074 | $ 1,953,409 | $ 1,049,260 | $ 43,914,857 |

## 11. RELATED PARTIES TRANSACTIONS

In fiscal year 2004 the College began constructing a new Student Activity Center (the “facility”). With an estimated cost of approximately $15,000,000, this project was completed in fiscal year 2006. The Idaho State Building Authority (the “ISBA”), with approval from the Idaho State Legislature, issued $10,018,000 of tax exempt bonds to finance the project and will have initial ownership of the facility. The College initially contributed $2,533,463 to the project with the balance to be provided by the State of Idaho. A portion of the College’s contribution was financed through the issuance of a Secured Student Fee Revenue Note, Series 2003, issued in the amount of $1,126,307. See Note 7.

The College, through the State Board of Education, entered into a lease agreement with the ISBA whereby the land upon which the building is being constructed is leased to the ISBA. It is intended that this lease will continue until all amounts owed to the bondholders have been paid. The Idaho Legislature is obligated, via the annual appropriation process, to provide funds to the State Department of Administration (the “SDOA”) to make the bond payments.

The facility will be in use for many years prior to the transfer of ownership to the College. Therefore, the SDOA, on behalf of the College, has signed an agreement to lease the facility from the ISBA during the period the bond holders are being paid. This agreement obligates the SDOA to pay rent to the ISBA in the amount of the annual bond obligations, plus expenses, as funded by the Idaho Legislature.

The College and the SDOA have entered into an operating agreement whereby the College is obligated to cover all operating costs including maintenance, insurance, and furnishings. At the termination of these agreements, drafted to coincide with the final bond payments, ownership of the facility should pass to the College. As of June 30, 2011 and 2010 the College’s total contribution is discretely presented in the *Statements of Net Assets* as Investment in capital assets in the amount of $2,613,348. See Note 5.

## 12. CONTINGENCIES AND LEGAL MATTERS

Revenue from federal research and service grants includes amounts for the recovery of overhead and other costs allocated to these projects. The College may be required to make refunds of amounts received for overhead and other costs reimbursed as a result of audits by agencies of the Federal Government. College officials believe that the effect of these refunds, if any, will not have a significant effect on the financial position of the College.

## 13. RISK MANAGEMENT

The College participates in the State of Idaho Risk Management Program, which manages property and general liability risk. The program provides liability protection up to the Idaho Tort Claims Act maximum of $500,000 for each occurrence. Property damage claims are covered up to $250,000 per occurrence annually. The State of Idaho purchases commercial insurance for claims not self-insured by the above coverages. 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 the College’s total insured property value is $155,893,781. The College obtains worker’s compensation coverage from the Idaho State Insurance Fund. The College’s worker’s compensation premiums are based on payroll amount, the College’s loss experience, as well as the loss experience of the State of Idaho as a whole. This program also provides coverage for other risks of loss, including but not limited to employee bond and crime, out of state worker’s compensation, business interruption, media liability and automobile physical damage insurance.

## 14. INSURANCE RECOVERY

During fiscal year 2009, the Center for the Arts Building sustained significant fire damage. At the time this building was owned by the Foundation, with fire insurance coverage maintained by the College. Partial restoration costs in the amount of $731,320 were incurred by the College and capitalized in Construction in Progress as of June 30, 2010. Insurance recovery revenues in the amount of $ 84,404 and $788,740 are discretely presented in the Statements of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2011 and 2010, respectively. The restoration was completed in fiscal year 2011 and the Foundation has formally transferred ownership of the building to the College.

## 15. COMPONENT UNIT DISCLOSURE

As described in Note 1, the Lewis-Clark State College Foundation, Inc. (the "Foundation") has been determined to be a component unit of the College. The financial statements of the Foundation are presented in accordance with GASB principles. Significant accounting policies associated with the College, also described in Note 1, apply to the Foundation, when applicable. Other disclosures at June 30, 2011 are as follows:

***Deposits***—Cash and cash equivalents are deposited with various financial institutions. The amount on deposit fluctuates and at times exceeds the insured limit by the U.S. Federal Deposit Insurance Corporation, which potentially subjects the Foundation to credit risk.

***Investments***—Foundation investments in marketable securities are recorded at market value as determined by quoted market prices. The Foundation investment policy permits investments in the following investment categories: (a) cash and cash equivalents, including money market funds; (b) fixed income assets to include bonds and bank certificates of deposit; and (c) stocks of large and small U.S. or foreign companies. The Foundation prohibits investments in the following: (a) derivatives, (b) natural resources, (c) precious metals, and (d) venture capital.

*Credit Risk of Debt Securities*

The risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of a credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's, and Fitch's. The ratings below use the Standard & Poor's scale and represent the debt securities held by the Foundation as of June 30, 2011:

| Investment Type | Rating | Fair Value |
|---|---|---|
| Corporate Debt Instruments | AAA | $ 71,964 |
| Corporate Debt Instruments | AA | 58,827 |
| Corporate Debt Instruments | AA- | 51,457 |
| Corporate Debt Instruments | A+ | 54,290 |
| Corporate Debt Instruments | A- | 126,849 |
| Corporate Debt Instruments | BBB+ | 119,524 |
| Corporate Debt Instruments | BBB | 67,801 |
| Corporate Debt Instruments | BBB- | 51,008 |
| Treasury Inflation Index | AAA | 81,861 |
| Federal Home Loan Bank | AAA | 106,731 |
| Federal Home Loan Mtg. Corporation | AAA | 164,501 |
| Federal National Mtg. Association | AAA | 175,442 |
| Total Rated Debt Securities | | $ 1,130,255 |

*Interest Rate Risk*

Investments in debt securities that are fixed for longer periods are likely to experience greater variability in fair value due to future changes in interest rates. The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2011, the Foundation held debt securities with the following maturities:

| Investment Type | Maturity Range | Fair Value |
|---|---|---|
| Corporate Debt Instruments | 1 - 5 years | $ 211,005 |
| Corporate Debt Instruments | 6 - 10 years | 390,715 |
| Federal Agencies | < 1 year | 82,333 |
| Federal Agencies | 1 - 5 years | 353,092 |
| Federal Agencies | 6 - 10 years | 93,110 |
| Total Debt Securities | | $ 1,130,255 |

*Foreign Currency Risk*

The Foundation investment policy permits the acquisition of equities denominated in foreign currencies. There is a risk that changes in exchange rates could adversely affect the fair value of these investments. To reduce this risk the investment policy limits the investment in international equities to no more than 15% of the total investment portfolio. As of June 30, 2011, the Foundation's exposure to foreign currency risk is as follows:

| Security Type | Denominated Currency | Fair Value |
|---|---|---|
| Brazilian | Real | $ 26,421 |
| Canadian | Canadian Dollar | 43,120 |
| Chinese | Yuan | 71,501 |
| Danish | Krone | 31,360 |
| European | Euro | 190,280 |
| Hong Kong | Hong Kong Dollar | 21,011 |
| Israeli | Sheqel | 22,344 |
| Japanese | Yen | 83,340 |
| Mexican | Mexican Peso | 21,639 |
| Russian | Russian Ruble | 15,367 |
| Swedish | Swedish Krona | 33,163 |
| Swiss | Franc | 59,663 |
| Turkish | Turkish Lira | 12,779 |
| United Kingdom | British Pound | 119,874 |
| Total Foreign Equity Investments | | 751,862 |
| Corporate Debt | U.S. Dollar | 601,720 |
| Federal Agencies | U.S. Dollar | 528,536 |
| Depository Certificates | U.S. Dollar | 292,513 |
| Equities and Mutual Funds | U.S. Dollar | 3,140,296 |
| Total Foundation Investments | | $ 5,314,927 |

***Capital Assets, Net***—Following are the changes in property holdings of the Foundation for the years ended June 30, 2011 and 2010:

| | 2011 | | | |
|---|---|---|---|---|
| | **Balance at June 30, 2010** | **Additions** | **Reductions** | **Balance at June 30, 2011** |
| Property holdings not being depreciated: | | | | |
| Land | $ 13,252 | $ - | $ (13,252) | $ - |
| Total property holdings not being depreciated | $ 13,252 | $ - | $ (13,252) | $ - |
| Other property holdings: | | | | |
| Buildings | $ 287,488 | $ - | $ (287,488) | $ - |
| Total other property holdings | 287,488 | - | (287,488) | - |
| Less accumulated depreciation: | | | | |
| Buildings | (182,473) | - | 182,473 | - |
| Total accumulated depreciation | (182,473) | - | 182,473 | - |
| Other property holdings accumulated depreciation | $ 105,015 | $ - | $ (105,015) | $ - |
| Property holdings summary: | | | | |
| Property holdings not being depreciated | $ 13,252 | $ - | $ (13,252) | $ - |
| Other property holdings at cost | 287,488 | - | (287,488) | - |
| Total cost of property buildings | 300,740 | - | (300,740) | - |
| Less accumulated depreciation | (182,473) | - | 182,473 | - |
| Property holdings, net | $ 118,267 | $ - | $ (118,267) | $ - |

| | 2010 | | | |
|---|---|---|---|---|
| | **Balance at June 30, 2009** | **Additions** | **Reductions** | **Balance at June 30, 2010** |
| Property holdings not being depreciated: | | | | |
| Land | $ 13,252 | $ - | $ - | $ 13,252 |
| Total property holdings not being depreciated | $ 13,252 | $ - | $ - | $ 13,252 |
| Other property holdings: | | | | |
| Buildings | $ 476,082 | $ - | $ (188,594) | $ 287,488 |
| Total other property holdings | 476,082 | - | (188,594) | 287,488 |
| Less accumulated depreciation: | | | | |
| Buildings | (232,063) | (14,298) | 63,888 | (182,473) |
| Total accumulated depreciation | (232,063) | (14,298) | 63,888 | (182,473) |
| Other property holdings accumulated depreciation | $ 244,019 | $ (14,298) | $ (124,706) | $ 105,015 |
| Property holdings summary: | | | | |
| Property holdings not being depreciated | $ 13,252 | $ - | $ - | $ 13,252 |
| Other property holdings at cost | 476,082 | - | (188,594) | 287,488 |
| Total cost of property buildings | 489,334 | - | (188,594) | 300,740 |
| Less accumulated depreciation | (232,063) | (14,298) | 63,888 | (182,473) |
| Property holdings, net | $ 257,271 | $ (14,298) | $ (124,706) | $ 118,267 |

***Income Taxes***—The Foundation is exempt from income taxes on its activities as a Foundation under Section 501(c)(3) of the Internal Revenue Code and similar state statutes. Activities unrelated to those of a Foundation are subject to corporate tax rates.

***Related Party Transactions***—Exclusive of cash held by third party investment managers, Foundation cash is deposited and withdrawn from a College bank account. The balance in this account attributable to the Foundation is reported as a receivable from the College in the amount of $434,156 and $453,151 as of June 30, 2011 and 2010, respectively.

Certain gifts and gift annuity liabilities involve contributions made to the Foundation by Foundation board members. For the years ended June 30, 2011 and 2010, gifts from these related parties approximated $75,026 or 15% and $115,000 or 14% of total contributions, respectively. Liabilities to these related parties, reflected in the *Statements of Net Assets* as gift annuities payable, totaled $658,438 or 91% and $637,584 or 90% of total gift annuities payable as of June 30, 2011 and 2010, respectively.

***Distributions to the College***—During the years ended June 30, 2011 and 2010, the Foundation distributed $483,115 and $507,533, respectively to the College for both restricted and unrestricted purposes.

***Donor-Restricted Endowments—***The Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the College. During the fiscal years 2011 and 2010 the Foundation received new contributions of $505,610 and $850,698, respectively. At June 30, 2011 and 2010, the amount permanently restricted by donors was $299,208 and $420,334, respectively. The endowments of the Foundation experienced net unrealized market appreciation of $853,275 and $309,939 during the fiscal years 2011 and 2010, respectively. Accumulated earnings are reported in restricted net assets, expendable. The Foundation established a spending rate of 4% of the five-year rolling average of the market value of each endowment account as of December 31$^{st}$ for each fiscal year. This amount may be reduced if an account has insufficient accumulated earnings to cover the payout.

***Gift Annuities Payable***—The College is the beneficiary of seven gift annuities. The College recognizes the annuity in the period in which the gift is received. The assets are recorded at fair value when received. An obligation to the annuitant is recorded at the present value of the estimated future payments to be distributed. Income earned on assets, recognized gains and losses, and distributions paid to annuitants are reflected in the *Statements of Net Assets.* Adjustments to the annuity obligation to reflect the revaluation of the present value of the estimated future payments to the annuitant, based upon changes in the actuarial assumptions, are recognized in the *Statements of Revenues, Expenses, and Changes in Net Assets* as a miscellaneous expense.

Discount rates to determine the present value of the obligations to the annuitants range from 5.7% to 10.0% for the years ended June 30, 2011 and 2010. Annuity obligations represent the present value of the aggregate liability to annuitants based upon their estimated life expectancies, via tables provided by the Internal Revenue Service.

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

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

Idaho State Board of Education
Lewis-Clark State College
Lewiston, Idaho

We have audited the financial statements of the Lewis-Clark State College and its discretely presented component unit, the Lewis-Clark State College Foundation, Inc. (collectively the College) as of and for the year ended June 30, 2011, which collectively comprise the College's financial statements and have issued our report thereon dated September 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

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

Moss Adams LLP

Eugene, Oregon
September 28, 2011

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

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

Idaho State Board of Education
Lewis-Clark State College
Lewiston, Idaho

**Compliance**

We have audited the compliance of Lewis-Clark State College (the College) 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 College's major federal programs for the year ended June 30, 2011. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

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

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

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

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

Moss Adams LLP

Eugene, Oregon
September 28, 2011

## LEWIS-CLARK STATE COLLEGE
## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**YEAR ENDED JUNE 30, 2011**

**Section I - Summary of Auditor's Results**

*Financial statements*

| | | |
|---|---|---|
| Type of auditor's report issued: | Unqualified | |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | ____ yes | _X_ no |
| Significant deficiency(ies) identified? | ____ yes | _X_ none reported |
| Noncompliance material to financial statements noted? | ____ yes | _X_ no |

*Federal Awards*

| | | |
|---|---|---|
| Internal control over major programs: | | |
| Material weakness(es) identified? | ____ yes | _X_ no |
| Significant deficiency(ies) identified ? | ____ yes | _X_ none reported |
| Type of auditor's report issued on compliance for major programs: | Unqualified | |
| Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? | ____ yes | _X_ no |

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 17.275 | Worker Training and Placement in High Growth and Emerging IndustriesSectors, Recovery Act |
| State Fiscal Stabilization Fund Cluster: | |
| 84.394A | State Fiscal Stabilization Fund – Education State Grants, Recovery Act |
| Student Financial Assistance Cluster: | |
| 84.033 | Federal Work Study Program |
| 84.063 | Federal Pell Grant Program |
| 84.007 | Federal Supplemental Education Opportunity Grant |
| 84.038 | Federal Perkins Loan Program |
| 84.032 | Federal Family Education Loan Program |
| 84.268 | Federal Direct Student Loans |
| 84.375 | Academic Competitiveness Grant |
| 84.376 | National Science and Mathematics Access to Retain Talent Grant |
| 93.364 | Nursing Student Loans |

Research & Development Cluster:

| | |
|---|---|
| 47.082 | NSF EPSCor – Recovery Act |

TRIO Cluster:

| | |
|---|---|
| 84.042A | Student Support Services |
| 84.044A | Talent Search |

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee? ___ yes _X_ no

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.

**Year ended June 30, 2010**

**Finding 2010-01-Suspension & Debarment**

**Federal Programs: 94.006 Americorps**

**Condition:** The College did not follow their procurement policy for procuring an insurance contract to provide health benefits to Americorp members, which requires obtaining price quotations and analyzing these prices.

**Recommendation:** The College should continue to update their training to Program Directors regarding procurement requirements. This training should include reference to both the cost circulars and also the College's procurement policy. By following this guidance the College will ensure that procurement transactions provide, to the maximum extent possible, free and open competition.

**View of Officials on Current Status of Finding:** Oversight procedures have been implemented and are in effect. Finding has been cleared.

## LEWIS-CLARK STATE COLLEGE

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
### PERIOD ENDED JUNE 30, 2011

| Federal Grant/Program Title | Pass-Through Entity Identifying # | Federal CFDA | | Total Expenditures |
|---|---|---|---|---|
| U.S. DEPARTMENT OF AGRICULTURE: | | | | |
| Pass Through Payments from the State of Idaho: | | | | |
| USDA Daycare | None | 10 558 | $ | 3,974 |
| Total U.S. Department of Agriculture: | | | $ | 3,974 |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Pass Through Payments from Other: | | | | |
| Museum Initiative - FY07 | HUD 06-608 | 14 246 | $ | 1,410 |
| Total Department of Housing and Urban Development | | | $ | 1,410 |
| U.S. DEPARTMENT OF LABOR: | | | | |
| Pass Through Payments from the State of Idaho: | | | | |
| DOL WIA Online Development - FY10 (6) | LCSA-52X-520 | 17 260 | $ | 29,976 |
| Grow Green - FY11 (2) (6) | LCSU-U2U-202 | 17 275 | | 314,177 |
| Pass Through Payments from Other: | | | | |
| CND - RITA - FY09 | None | 17 261 | | 6,830 |
| Total U.S. Department of Labor: | | | $ | 350,983 |
| NATIONAL ENDOWMENT FOR THE ARTS: | | | | |
| Pass Through Payments from the State of Idaho: | | | | |
| ID Comm Arts - Orofino Dance - FY10 | 5023Q4-10 | 45 025 | $ | 421 |
| Total National Endowment for the Arts: | | | $ | 421 |
| NATIONAL ENDOWMENT FOR THE HUMANITIES: | | | | |
| Direct Programs: | | | | |
| NEH Preservation Assistance - FY11 | | 45 149 | $ | 6,000 |
| Pass Through Payments from Other: | | | | |
| Talkington Collection - FY11 | 2010109 | 45 129 | | 803 |
| IHC- Speakers Bureau - FY10 | 2010024 | 45 129 | | 2,752 |
| IHC - Native American Awareness Week - FY11 | 2010043 | 45 129 | | 2,000 |
| | | | | 5,555 |
| Total National Endowment for the Humanities: | | | $ | 11,555 |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES: | | | | |
| Pass Through Payments from the State of Idaho: | | | | |
| Acquisition Institute Conference - FY11 | T10220-19 | 45 310 | $ | 900 |
| Total Institute of Museum and Library Services: | | | $ | 900 |

## LEWIS-CLARK STATE COLLEGE

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
### PERIOD ENDED JUNE 30, 2011

| Federal Grant/Program Title | Pass-Through Entity Identifying # | Federal CFDA | Total Expenditures |
|---|---|---|---|
| NATIONAL SCIENCE FOUNDATION: | | | |
| Pass Through Payments from the State of Idaho: | | | |
| NSF EPSCoR - FY11 (5) (6) (7) | KBK853-SB-001 | 47 082 | $ 140,274 |
| Total National Science Foundation: | | | $ 140,274 |
| SMALL BUSINESS ADMINISTRATION: | | | |
| Pass Through Payments from the State of Idaho: | | | |
| ISBDC/SBA - FY10 | 077G106052B | 59 037 | $ 25,030 |
| ISBDC/SBA - FY11 | 077G106056B | 59 037 | 26,658 |
| Jobs Bill E-Commerce - FY11 | 077G106011-B | 59 037 | 132 |
| Total Small Business Administration: | | | $ 51,820 |
| U.S. DEPARTMENT OF EDUCATION: | | | |
| Direct Programs: | | | |
| Student Financial Assistance Cluster: | | | |
| Federal Supplemental Education Opportunity Grants (1) | | 84 007 | $ 75,123 |
| Federal Family Education Loans (1) | | 84 032 | 175,714 |
| Federal Work-Study (1) | | 84 033 | 85,587 |
| Federal Perkins Loans - Administrative Costs (1) | | 84 038 | 12,276 |
| Federal Pell Grants (1) | | 84 063 | 7,675,366 |
| Federal Direct Student Loans (1) | | 84 268 | 16,717,240 |
| Federal Academic Competitiveness Grants (1) | | 84 375 | 174,715 |
| Federal Science and Mathematics Access to Retain Talent Grants (1) | | 84 376 | 86,000 |
| | | | 25,002,021 |
| TRIO Cluster: | | | |
| TRIO Academic Services - Year 1 - FY11 (3) | | 84 042A | 258,317 |
| TRIO Academic Services Scholarships (3) | | 84 042A | 11,145 |
| TRIO SSS Scholarships (3) | | 84 042A | 2,071 |
| TRIO Student Support - Year 4 - FY10 (3) | | 84 042A | 58,409 |
| Clearwater Valley ETS - Year 5 - FY11 (3) | | 84 044A | 174,423 |
| Lewis Clark ETS - Year 5 - FY11 (3) | | 84 044A | 166,869 |
| Clearwater Valley ETS Year 4 - FY10 (3) | | 84 044A | 46,606 |
| Lewis Clark ETS Year 4 - FY10 (3) | | 84 044A | 37,883 |
| | | | 755,723 |
| AISLE - FY09 | | 84 116Z | 10,202 |
| Distance Learning Consortium - FY10 | | 84 215K | 78,807 |
| IEPD - Year 4 - FY10 | | 84 299B | 1,689 |
| Pass Through Payments from the State of Idaho: | | | |
| ABE - Direct Services - FY10 | F-ABE-D01-10A-610 | 84 002A | 75 |
| ABE - Teacher Training - FY10 | F-ABE-L01-10A-610 | 84 002A | 100 |

## LEWIS-CLARK STATE COLLEGE

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
### PERIOD ENDED JUNE 30, 2011

| Federal Grant/Program Title | Pass-Through Entity Identifying # | Federal CFDA | Total Expenditures |
|---|---|---|---|
| U.S. DEPARTMENT OF EDUCATION: (continued) | | | |
| Pass Through Payments from the State of Idaho: (continued) | | | |
| ABE - Federal Direct - FY11 | F-ABE-D01-11B-610 | 84 002A | 187,171 |
| ABE - Teacher Training - FY11 | F-ABE-L01-11A-610 | 84 002A | 9,437 |
| ABE - Federal Administration -FY11 | F-ABE-D02-11A-610 | 84 002A | 7,019 |
| ABE - IMAS Contract - FY11 | F-ABE-L05-11B-610 | 84 002A | 4,000 |
| ABE - Skills Tutor - FY11 | F-ABE-D01-11C-610 | 84 002A | 2,762 |
| ABE - Incentive Funds - FY11 | F-ABE-L06-11C-610 | 84 002A | 1,500 |
| DOC - ABE - FY11 | None | 84 002A | 13,585 |
| | | | 225,649 |
| DOC Title I - FY11 | None | 84 013 | 48,681 |
| DOC Special Education - FY11 | None | 84 027A | 69,910 |
| Counseling for Prof-Tech Students - FY11 | SFF-A08-11A-610C | 84 048A | 16,522 |
| Counseling for Prof-Tech Students - FY10 | SFF-A08-10A-610C | 84 048A | 1,658 |
| CWC - Tech Prep - FY10 | SFF-A16-10B-610C | 84 048A | 81 |
| CWC - Tech Prep - FY11 | SFF-A16-11B-610C | 84 048A | 1,202 |
| Advanced Learning Partnership - FY11 | PFF-B16-11C-610 | 84 048A | 6,836 |
| Center for New Directions - FY10 | PFF-B09-10C-610 | 84 048A | 3,497 |
| Learning Resource Center - FY10 | PFF-B01-10A-610 | 84 048A | 2,041 |
| Advanced Learning Partnership - FY10 | PFF-B16-10D-610 | 84 048A | 1,396 |
| Center for New Directions - FY11 | PFF-B09-11B-610 | 84 048A | 97,229 |
| Learning Resource Center - FY11 | PFF-B01-11A-610 | 84 048A | 95,026 |
| Career Pioneer Project - FY11 | None | 84 048A | 9,310 |
| | | | 234,798 |
| LEAPP | None | 84 069 | 5,117 |
| SLEAP | None | 84 069 | 2,313 |
| | | | 7,430 |
| Tech Prep - FY10 | F-ALP-L010-TP-10A-610 | 84 243A | 4,171 |
| Tech Prep - FY11 | F-ALP-L011-TP-11A-610 | 84 243A | 70,511 |
| | | | 74,682 |
| SAHE Math Education Grant - FY10 | S367B090047 | 84 367B | 64,628 |
| State Fiscal Stabilization Fund-Education Grants, Recovery Funds (4) (6) | S394A090013 | 84 394A | 238,200 |
| Pass Through Payments from Other: | | | |
| TESLA Program - FY11 | 09MSP13 | 84 366 | 24,992 |
| Total U.S. Department of Education: | | | $ 26,837,412 |

## LEWIS-CLARK STATE COLLEGE

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
### PERIOD ENDED JUNE 30, 2011

| Federal Grant/Program Title | Pass-Through Entity Identifying # | Federal CFDA | Total Expenditures |
|---|---|---|---|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: | | | |
| Direct Programs: | | | |
| Nurse Scholar - HRSA - FY10 | | 93 888 | $ 27,628 |
| Nurse Scholar - HRSA - FY11 | | 93 888 | 40,396 |
| | | | 68,024 |
| Pass Through Payments from the State of Idaho: | | | |
| INBRE Renewal - Year 2 - FY10 | CWK200 SB 005 | 93 389 | 86,418 |
| INBRE Renewal - Year 3 - FY11 | CWK300-SB-004 | 93 389 | 6,871 |
| | | | 93,289 |
| Child Welfare Scholarships | KC240700, KC243300 | 93 658 | 18,458 |
| Child Welfare Scholars Program - FY10 | KC240700 | 93 658 | 342 |
| IV-E Scholars Program - FY11 | KC243300 | 93 658 | 31,279 |
| | | | 50,079 |
| H&W Minor in Prevention - FY10 | BC007700 Amendment 1 | 93 959 | 2,111 |
| H&W Minor in Prevention - FY11 | BC013600 | 93 959 | 7,839 |
| | | | 9,950 |
| Pass Through Payments from Other: | | | |
| Title IV-E PRIDE - Family Training - FY10 | KC241000 | 93 658 | 958 |
| Total U.S. Department of Health & Human Services: | | | $ 222,300 |
| CORPORATION FOR NATIONAL SERVICE: | | | |
| Pass Through Payments from the State of Idaho: | | | |
| AmeriCorps - FY10 (6) | 09RCHID001 | 94 006 | $ 102,194 |
| AmeriCorps - FY11 | 10ACHID0010001 | 94 006 | 1,056,401 |
| | | | 1,158,595 |
| Pass Through Payments from Other: | | | |
| Washington Campus Compact - FY11 | 54571-H | 94 005 | 11,445 |
| Martin Luther King Challenge - FY11 | None | 94 007 | 500 |
| Total Corporation for National Service: | | | $ 1,170,540 |
| AGENCY FOR INTERNATIONAL DEVELOPMENT | | | |
| Pass Through Payments from the State of Idaho: | | | |
| SEED Grant - FY11 - VVK588-SB-001 | VVK588-SB-001 | 98 XXX | $ 163,088 |
| Total Agency for International Development | | | $ 163,088 |
| TOTAL FEDERAL EXPENDITURES: | | | $ 28,954,677 |

## LEWIS-CLARK STATE COLLEGE

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
### PERIOD ENDED JUNE 30, 2011

| Federal Grant/Program Title | Pass-Through Entity Identifying # | Federal CFDA | Total Expenditures |
|---|---|---|---|

(1) Student Financial Assistance programs combined and tested as a major program
(2) Grow Green grant tested as a major program
(3) TRIO Cluster grants combined and tested as a major program
(4) State Fiscal Stabilization Fund-Education Grants, Recovery Funds tested as a major program
(5) EPSCoR grant tested as a major program
(6) American Recovery and Reinvestment Act Funds
(7) Research and Development Grant

# LEWIS-CLARK STATE COLLEGE

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE YEAR ENDED JUNE 30, 2011

### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the College 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.*

### 2. UNIVERSITY ADMINISTERED LOAN PROGRAMS

The College administers the following loan programs:

| **Loan Program** | **CFDA Number** | **Outstanding Loan Balances** |
|---|---|---|
| Federal Perkins | 84.038 | $ 680,052 |
| Federal Nursing Loan | 93.364 | $ 128,176 |

Total loan expenditures and disbursements of the Department of Education (Perkins) and the Department of Health and Human Services (Health Professions) student financial assistance programs for the year ended June 30, 2011 are identified below:

| **Loan Program** | **CFDA Number** | **Loan Disbursements** |
|---|---|---|
| Federal Perkins | 84.038 | $ 113,526 |
| Federal Nursing Loan | 93.364 | $ 31,250 |

The above expenditures for the Federal Perkins Loan Program include loans to students and administrative cost allowances. The expenditures reported in the Schedule of Expenditures of Federal Awards included the administrative cost allowance and the Federal capital contribution for the year reported.