Eastern Idaho Technical College

An entity of the State of Idaho

ANNUAL FINANCIAL REPORT
CONTAINING AN

INDEPENDENT AUDITOR'S REPORT
and FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
INCLUDING SINGLE AUDIT
REPORTS FOR
THE YEAR ENDED JUNE 30, 2018

PREPARED BY THE CONTROLLER AND BUSINESS OFFICE OF
EASTERN IDAHO TECHNICAL COLLEGE
1-208-524-3000

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MOSSADAMS

Report of Independent Auditors

The Idaho State Board of Education Eastern Idaho
Technical College

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Idaho Technical College (the College) and its discretely presented component unit, Eastern Idaho Technical College Foundation, Inc. (the Foundation) which comprise the statements of net position as of June 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Foundation, which represents the entirety of the College's discretely presented component unit, as described in Note 10. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the component unit, is based solely on the report of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the College and its discretely presented component unit as of June 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

In the year ended June 30, 2018, the College adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which modified the presentation of the financial statements by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to other postemployment benefits (OPEB) provided through defined benefit OPEB plans. In addition, GASB Statement 75 requires disclosure of information related to OPEB. As discussed in Note 1 to the financial statements, the adoption of GASB Statement 75 resulted in the restatement of beginning net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and certain information related to pensions and other postemployment benefits on pages 45 and 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal expenditures and awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2018 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the College’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College’s internal control over financial reporting and compliance.

Moss Adams LLP

Portland, Oregon
October 8, 2018

Management's Discussion and Analysis

This annual financial report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, "*Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.*" This section of Eastern Idaho Technical College's (the "College") financial report presents management's discussion and analysis of the College's financial activities during the fiscal year (FY) ended June 30, 2018, with comparative financial data for the years ended June 30, 2017 and 2016.

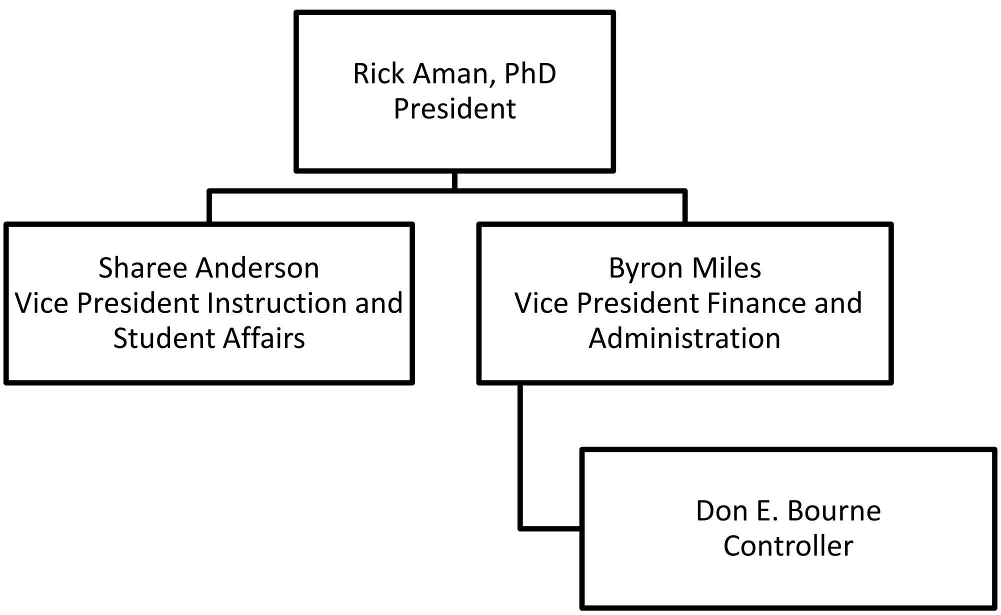
As required by GASB, this report includes the following three basic financial statements that provide information on the College as a whole: the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. Each of these statements will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

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

Principal officials of Eastern Idaho Technical College involved with fiscal controls during the period ending June 30, 2018 include:

Rick Aman, Ph.D.	President
Byron Miles	Vice President for Finance and Administration
Don E. Bourne	Controller

Reporting relationships for those involved with fiscal performance are shown below:



Statement of Net Position

The statement of net position presents the financial status of the College at the end of the fiscal year and includes all the College's assets and liabilities. Changes in net position occur over time and are one important indicator of the financial condition of the College. Changes in net position over time is an indicator of whether the finances are improving or declining.

	2018	**2017**	**2016**
Assets:			
Current assets	$7,529,872	$5,388,793	$4,651,565
Noncurrent assets	10,867,369	11,525,432	11,939,633
Deferred outflow of resources	477,316	620,511	579,840
Total assets and deferred outflows	18,874,557	17,534,736	17,171,038
Liabilities:			
Current liabilities	1,277,380	870,391	1,001,623
Noncurrent liabilities	2,589,728	1,959,173	1,516,449
Total liabilities	3,867,108	2,829,564	2,518,072
Deferred inflows or resources	216,058	213,412	591,776
Total liabilities and deferred inflows	4,083,166	3,042,976	3,109,848
Net Position:			
Investment in capital assets	10,867,369	11,525,432	11,939,633
Expendable	368,082	-	-
Unrestricted	3,555,940	2,966,328	2,121,557
Total net position	14,791,391	14,491,760	14,061,190
Total liabilities, Deferred resources and net position	$ 18,874,557	$ $ 17,534,736	$ 17,171,038

Total net position increased by 2.1 percent in 2018 from $14,491,760 to $14,791,391, an increase of $299,631. This decrease in net position is due mostly to the revaluation of OPEB by the State.

As of June 30, 2018, total College assets were $18,397,241. Current assets consisted primarily of cash and cash equivalents amounting to $6,468,582, cash with the State Treasurer in the amount of $478,716, amounts due from other state agencies totaling $114,244; and miscellaneous other assets. The $2,141,079 increase in current assets is largely due to the transformation from a Technical College to a Community College, and changes in sources of spending.

Current liabilities are largely represented by accounts payable and other accrued liabilities. Amounts due to employees for salaries and related benefits earned but not yet paid as of June 30, 2018 totaled $668,958. Amounts due to employees for compensated absences amounted to $366,877. Balances due to suppliers for goods and services provided to the College on or prior to June 30, 2018 were $131,319, an increase of $41,457 from June 30, 2017, due to normal variations.

Noncurrent liabilities increased from $1,959,173 to $2,589,728, consisting of the net OPEB obligation accrued in accordance with GASB Statement No. 75 and net pension liability in accordance with GASB Statement No. 68. The increase was driven primarily by an increase in the net pension OPEB obligation liability from $681,000 in 2017 to $1,575,963.

Statement of Revenues, Expenses and Changes in Net Position

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

	2018	**2017**	**2016**
Operating revenues	$4,985,665	$3,758,389	$3,319,932
Operating expenses	16,782,701	12,782,449	12,416,294
Operating loss	(11,797,306)	(9,024,060)	(9,096,362)
Net nonoperating revenues	12,886,329	9,330,048	8,675,821
Income (loss) before other revenues	1,089,293	305,988	(420,541)
Other Revenues	(5,665)	124,581	90,494
Increase (decrease) in net position	1,083,628	430,569	(330,047)
Net position – beginning of year (previously reported)	$14,491,760	$14,061,191	$14,391,237
Cumulative effect of implementing GASB 75 (Note 2)	(783,997)	-	-
Net position-beginning of year (as restated)	13,707,763	14,061,191	14,391,237
Net position – end of year	$14,791,931	$14,491,760	$14,061,190

GASB standards classify revenues as operating revenues and nonoperating revenues. Operating revenues include activities having characteristics of exchange transactions (the payer/sponsor receives a benefit approximately equal in value to the payment or award). Nonoperating revenues include those activities having characteristics of nonexchange transactions (the payer/sponsor makes a voluntary transfer without directly receiving equal value in return). The GASB reporting model regards state appropriations as nonoperating revenues or subsidies even though they support operating activities; consequently, operating losses are typical for colleges and universities that rely heavily on state appropriations for their support. Other revenues consist primarily of capital grants and appropriations. Operating expenses are the ordinary and necessary costs associated with the day-to-day operations, maintenance and management of the College. At EITC revenues come from four primary sources:

- Allocation of state funds from the Division of Career & Technical Education (CTE). Revenue from this source is classified as nonoperating revenue.
- Grants from federal and state governments. Revenue from most grants is classified as non-operating revenue. Revenue from contracts is classified as operating revenue.

- Locally generated funds from student fees and adult education. These are classified as operating revenue.
- Self-sustaining or self-funded programs. These are classified as operating revenue.

Effective February 1, 2015, the College relinquished operations of the bookstore to a third-party contractor. The contractor took ownership of all inventory and operations.

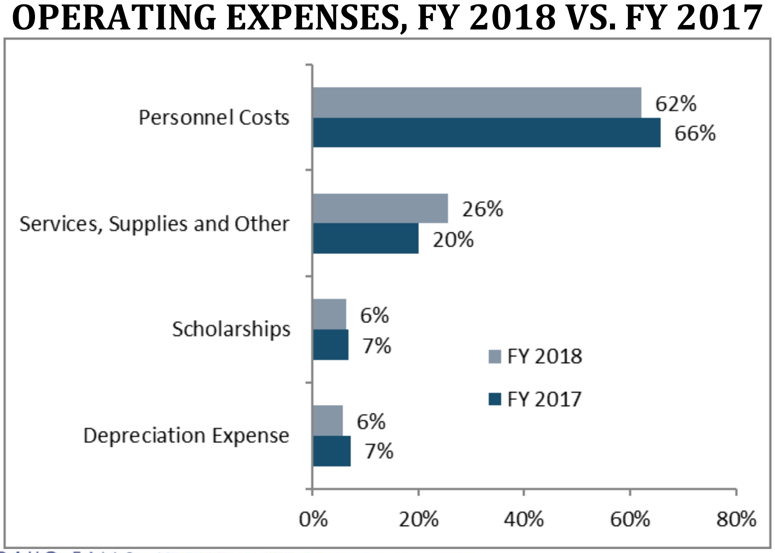
Operating revenues increased by $1,227,276 from that of the previous year. Net student fees increased by $265,990 due to an increase in enrollment and increased fees. Additionally, net non-operating revenues increased by $3,556,281. State appropriations increased by $288,022 from FY 2017 due mostly to the expansion of new programs funded by CTE.

In an effort to minimize or eliminate the potential to "double count" revenues, GASB requires tuition and fees to be reported net of scholarship discounts and allowances. Interdepartmental transactions are also eliminated in determining college-wide revenues and expenses. Scholarship allowances are typically amounts the College has recorded as revenues from gifts or grants and to the extent those resources are used to satisfy student charges for fees and related expenses an allowance is recorded. The College's allowances amounted to $1,404,508 for 2018, which included scholarship checks issued to pay fee charges of $262,267 and financial aid checks issued to pay fee charges of $1,142,241.

Other revenues consist primarily of capital grants and appropriations. Capital grants and appropriations are generally those where the resource provider restricts the recipient's use to capital acquisitions. Capital appropriations also include the cost of completed capital projects funded through such sources as the Idaho Permanent Building Fund and administered by the Idaho Division of Public Works ("DPW").

Personnel costs are the largest single operating expense, accounting for 62 percent of the College's operating costs in FY 2018. Services, supplies, insurance, utilities and rent and other expenses represent 26 percent with scholarships representing 6 percent and depreciation of 6 percent, for FY 2018. A comparison with FY 2017 is shown below:

OPERATING EXPENSES, FY 2018 VS. FY 2017



Statement of Cash Flows

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

	2018	2017	2016
Cash provided by (used in):			
Operating activities	$(10,586,4079)	$(8,368,073)	$(7,908,729)
Noncapital financing activities	12,872,539	9,628,388	8,637,747
Capital and related financing activities	(310,434)	(377,620)	(156,172)
Investing activities	25,908	42,845	11,862
Net increase in cash	2,001,604	925,540	584,708
Cash and cash equivalents - beginning of year	4,945,694	4,020,154	3,435,447
Cash and cash equivalents - end of year	$6,947,298	$4,945,694	$4,020,155

The College's cash and cash equivalents increased by $2,001,604 during FY 2018. The most notable increase was in state appropriations for CEI revenue transferred to EITC of $2,594,662. Cash inflows from student fees increased due in part to an increase in fees paid per student. Cash and cash equivalents increased by $925,540 from 2016 to 2017.

The major source of operating funds during 2018 was a Gift from Bill Maeck of $600,000. Major uses of operating funds during FY 2018 were payments to suppliers $4,257,314 (up $1,727,111) payments for employee salaries and benefits $10,124,836 (up $1,564,081) and payments for scholarships $1,080,117 (up $205,690). The College's significant sources of cash provided by non-capital financing activities were state appropriations $7,796,700 (down $35,808) and gifts and grants amounting to $5,063,721 (up $3,285,196).

The College's cash and cash equivalents increased by $2,001,604 from FY 2017 to FY 2018 The most notable increase was in state appropriations for new programs and a number of positions that were held open until the qualified personnel we found contributed to these savings.

Long-term Debt

The College has not entered into any long-term debt, or issued any bonds as of June 30, 2018 and 2017.

Capital Assets

Large capital assets, include the Health Care building, which was built by the Idaho State Building Authority (the "ISBA"), with approval from the Idaho State Legislature. Capital assets, net of accumulated depreciation decreased from $11,525,432 at June 30, 2017 to $10,867,369. During the year ended June 30, 2018, additions to capital assets of $317,792 consisted primarily of investments in new furniture, fixtures, and equipment. Additions were offset by depreciation of $962,832.

Component Unit Foundation

As required by GASB Statement No. 39, the College is discretely reporting the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position for the Foundation as part of the financial statements for the College.

At June 30, 2018, the Statement of Net Position indicates that the total assets of the Foundation were $4,456,510. Foundation assets are comprised of cash and cash equivalents amounting to $665,531 and investments totaling $3,790,979. Foundation liabilities are comprised of accounts payable amounting to $11,817 and no annuities payable. Net assets of the Foundation total $4,444,693. Of this amount, $4,099,141 is restricted by donor stipulations that limit the use of the donated assets.

The Statement of Revenues, Expenses and Changes in Net Position for 2018 indicates an increase in total net position of $315,233 for the Foundation. Primary sources of revenues for the Foundation were public support $576,724, and investment income of $163,668. Significant expenses of the Foundation include scholarship payments and other support to the College of $460,542 (compared with $520,766 in FY 2017), and personnel costs of $122,240.

Future Economic Outlook

The keys to the economic outlook for the College are revenue, enrollment, and the esprit de corps of the faculty and staff as well as the community generally. Bonneville county citizens have voted to establish a community college; in May 2017, the taxing district was approved which created Idaho's fourth comprehensive community college, College of Eastern Idaho (CEI). Building on Eastern Idaho Technical College as the founding programs the future economic outlook for the College has significantly improved.

REVENUE
The College continues to receive most of its funding from the Idaho legislative process through the Idaho State Board of Education. Career and Technical Education (CTE) funding continues to be the major source of revenue. In addition, the state has added a significant allocation of approximately $4 million for the general education programs at the College. In addition, other new sources of revenue are now available, including a property tax levy which is currently set at $15 per $100,000 of property valuation and will bring in approximately $1 million. The College will also now receive $200,000 in funding from State liquor sales.

CEI also will have the ability to charge fees for dual credit courses offered in the high schools that have not been available to technical colleges. There is also the ability for CEI to collect fees for counties that send students to CEI that are not within a community college taxing district.

ENROLLMENT

The new College of Eastern Idaho has already seen significant increases in enrollment with fall 2018 enrollment increasing to nearly 1,300 students. The College anticipates increasing the enrollment over the next three to five years to levels approaching 4,000 students.

Enrollment growth of the college will no longer be limited to the direct needs of local business and industry. Students will have the ability to complete transferable degrees in Arts or Science that will allow them to receive an associate degree, while completing the first two years of a bachelor's degree at CEI and then allow them to transfer to a university of their choice. This provides the opportunity for every student to expand their career options to any major that universities provide. This will create a substantial increase in enrollment at the college.

COMMUNITY

The College has had a change in governance; EITC was governed by the State Board of Education (SBOE) and the Idaho Division of Career and Technical Education (IDCTE). CEI will be governed by a local board of trustees that were initially appointed by the State Board of Education and will eventually be elected officials within the local community college taxing district.

The transition from Eastern Idaho Technical College to the College of Eastern Idaho will create many new opportunities and challenges for the institution's administration, faculty, staff, and students. However, support and enthusiasm from within the institution, as well as at the local community level, the new board of trustees, other Idaho community colleges and the State of Idaho will make the transition a very reassuring process.

RISKS and CHALLENGES

While the State budget typically calls for a merit based ongoing increase in salaries for all state funded benefited employees, those funds primarily only apply to CTE positions at the college. However, there is no additional state funding provided for the merit increases for employees not funded by CTE. This will require the College to fund merit increases for a significant number of employees from other funds going forward.

The College operates on a breakeven budget model. The College has a modest reserve fund and will continue to add to the reserve until it reaches an amount prescribed by the state and by Educational standards.

The increases in enrollment will create an increased need for both staff and faculty that will be required to serve these new students and build the kinds of programs and services that a comprehensive community college student expects in today's education marketplace. While this rapid growth can create some challenges, the college has developed a strategic plan of matching enrollment growth with corresponding increases in faculty and support personnel.

Financial Statements

Statements of Net Position

JUNE 30, 2018 AND 2017

	COLLEGE		COMPONENT UNIT	
	2018	**2017**	**2018**	**2017**
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 6,468,582	$ 2,326,625	$ 665,531	$ 573,508
Cash with state treasurer	478,716	2,619,069	-	-
Accounts receivable and unbilled charges	461,016	287,876	-	-
Due from state agencies	114,244	149,369	-	-
Inventories	7,314	5,854	-	-
Investments	-	-	2,801,225	2,677,300
Total current assets	7,529,872	5,388,793	3,466,756	3,250,808
NONCURRENT ASSETS:				
Investments	-	-	989,754	886,885
Capital assets - net	10,867,369	11,525,432	-	-
Total noncurrent assets	10,867,369	11,525,432	989,754	886,885
TOTAL ASSETS	18,397,241	16,914,225	4,456,510	4,137,693
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows for pensions and OPEB	477,316	620,511	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 18,874,557	$ 17,534,736	$ 4,456,510	$ 4,137,693

See accompanying notes

JUNE 30, 2018 AND 2017

	COLLEGE		COMPONENT UNIT	
	2018	**2017**	**2018**	**2017**
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES:				
Accounts payable	$ 131,319	$ 89,862	$ 11,817	$ 8,233
Accrued salaries and benefits payable	668,958	461,545	-	-
Compensated absences payable	366,877	249,604	-	-
Deposits	55,250	43,132	-	-
Unearned revenue	54,976	26,248	-	-
Total current liabilities	1,277,380	870,391	11,817	8,233
NONCURRENT LIABILITIES:				
Total OPEB obiligation	1,575,963	681,000	-	-
Net pension liability	1,013,765	1,278,173	-	-
Total non-current liabilities	2,589,728	1,959,173	-	-
TOTAL LIABILITIES	3,867,108	2,829,564	11,817	8,233
DEFERRED INFLOWS OR RESOURCES				
Deferred inflows for pensions and OPEB	216,058	213,412	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,083,166	3,042,976	11,817	8,233
NET POSITION:				
Investment in capital assets	10,867,369	11,525,432	-	-
Restricted for:				
Nonexpendable	-	-	989,754	886,885
Expendable	368,082	-	3,109,387	2,890,229
Unrestricted	3,555,940	2,966,328	345,552	352,346
Total net position	14,791,391	14,491,760	4,444,693	4,129,460
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 18,874,557	$ 17,534,736	$ 4,456,510	$ 4,137,693

See accompanying notes

Statements of Revenues, Expenses and Changes in Net Position

YEARS ENDED JUNE 30, 2018 AND 2017

	COLLEGE		COMPONENT UNIT	
	2018	2017	2018	2017
OPERATING REVENUES:				
Student fees (net of scholarship discounts and allowances of $1,404,508and $912,835)	$ 1,792,109	$ 1,526,119	$ -	$ -
Federal grants and contracts	809,979	871,365	-	-
State and local grants and contracts	265,747	281,161	-	-
Private grants and contracts	1,955,408	906,601	-	-
Sales and services of educational activities	40,292	41,236	-	-
Sales and services of auxiliary enterprise - bookstore	-	-	-	-
Foundation public support	-	-	576,724	311,406
Foundation investment income	-	-	163,668	124,282
Other	122,130	131,907	-	-
Total operating revenues	4,985,665	3,758,389	740,392	435,688
OPERATING EXPENSES:				
Personnel costs	10,441,923	8,417,653	122,240	114,484
Services	2,288,471	919,718	69,581	68,544
Supplies	1,169,042	919,082	-	-
Insurance, utilities and rent	693,975	574,801	-	-
Scholarships and fellowships	1,080,117	874,427	-	-
Depreciation	962,832	931,433	-	-
Distributions to the College	-	-	460,542	520,766
Miscellaneous	146,341	145,335	14,614	12,756
Total operating expenses	16,782,701	12,782,449	666,977	716,550
OPERATING LOSS	(11,797,036)	(9,024,060)	73,415	(280,862)
NONOPERATING REVENUES (EXPENSES):				
State appropriations	7,796,700	7,508,678	-	-
Gifts and grants (includes $297,777 and $368,337 Foundation)	5,063,721	1,778,525	-	-
Interest income	25,908	42,845	-	-
Unrealized gain (loss) on investments	-	-	120,834	326,532
Gain on sale of investments	-	-	19,417	59,547
Donated services	-	-	101,567	114,033
Total nonoperating revenues (expenses)	12,886,329	9,330,048	241,818	500,112
INCOME (LOSS) BEFORE OTHER REVENUES	1,089,293	305,988	315,233	219,250
OTHER REVENUES (EXPENSES):				
State capital appropriations	-	104,863	-	-
Capital grants and gifts	5,500	12,450	-	-
Gain (loss) on disposition of capital assets	(11,165)	7,268	-	-
Total other revenues	(5,665)	124,581	-	-
INCREASE/ (DECREASE) IN NET POSITION	1,083,628	430,569	315,233	219,250
NET POSITION, BEGINNING OF YEAR (PREVIOUSLY REPORTED)	14,491,760	14,061,191	4,129,460	3,910,210
CUMULATIVE EFFECT OF IMPLEMENTING GASB 75 (NOTE 2)	(783,997)	-	-	-
NET POSITION, BEGINNING OF YEAR (AS RESTATED)	13,707,763	14,061,191	4,129,460	3,910,210
NET POSITION, END OF YEAR	$ 14,791,391	$ 14,491,760	$ 4,444,693	$ 4,129,460

See accompanying notes

Statements of Cash Flows

YEAR ENDED JUNE 30, 2018 AND 2017

	COLLEGE 2018	COLLEGE 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student fees	$ 1,630,966	$ 1,499,041
Grants and contracts	3,082,990	1,925,692
Sales and services of educational activities	39,774	40,672
Payments to suppliers	(4,257,314)	(2,530,203)
Payments to employees	(10,124,838)	(8,560,755)
Payments for scholarships and fellowships	(1,080,117)	(874,427)
Sales and services of auxiliary	-	-
Other receipts	122,130	131,907
Net cash used in operations	(10,586,409)	(8,368,073)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	7,796,700	7,832,508
Gifts and grants	5,063,721	1,778,525
Deposits and advances	12,118	17,355
Student lending receipts	2,405,650	1,867,624
Student lending payments	(2,405,650)	(1,867,624)
Net cash provided by noncapital financing activities	12,872,539	9,628,388
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants and contracts	-	15,030
Purchases of capital assets	(312,292)	(401,880)
Proceeds from the sale of capital assets	1,858	9,230
Net cash used in capital and related financing activities	(310,434)	(377,620)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	25,908	42,845
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,001,604	925,540
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,945,694	4,020,154
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,947,298	$ 4,945,694

See accompanying notes

YEAR ENDED JUNE 30, 2018 AND 2017

	COLLEGE 2018	COLLEGE 2017
RECONCILIATION OF NET OPERATING LOSS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Operating loss	$ (11,797,036)	$(9,024,060)
Adjustments to reconcile operating loss to net cash used in Operating activities:		
Depreciation expense	962,832	931,433
Changes in assets and liabilities:		
Accounts receivable and unbilled charges - net	(138,015)	(150,601)
Inventories	(1,460)	52
Accounts payable	41,457	28,117
Accrued salaries and benefits payable	(461,545)	(156,740)
Compensated absences payable	786,231	(10,052)
Total OPEB Obligation	64,273	82,000
Total Deferred Outflows	118,014	(40,677)
Net Pension Liability	(192,534)	360,724
Total Deferred Inflows	2,646	(378,357)
Unearned Revenue	28,728	(9,912)
Net cash used in operating activities	$ (10,586,409)	$(8,368,073)
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Donated assets	$ 5,500	$ 12,448
Assets acquired through state capital appropriations	-	104,863
Purchases of capital assets	312,292	401,880
Total	$ 317,792	$ 519,191

See accompanying notes

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

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

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

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

Selected financial information related to the component unit Foundation is presented in Note 10.

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

Cash and Cash Equivalents – The College considers all liquid investments with a remaining maturity of three months or less at the date of acquisition to be cash equivalents. Balances classified as cash with the State Treasurer include amounts that have been remitted to the State of Idaho as a result of the student fee collection process and, once remitted these balances are under the control of the State Treasurer.

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 include amounts due from the Federal government, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts, if necessary.

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

Deposit and Investment Risk – GASB Statement No. 40, *Deposit and Investment Risk Disclosures,* requires comprehensive disclosure of common risks associated with deposits and investments of state and local governments. The application of these requirements is presented in Note 3.

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

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

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

Compensated Absences – Employee vacation pay that is earned but unused is accrued at year-end for financial statement purposes. Compensated absences payable included in current liabilities in the statement of net position, and as a component of personnel costs in the Statement of Revenues, Expenses and Changes in Net Position is $366,877 and $249,604 for the years ended June 30, 2018 and 2017, respectively.

Pensions – For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Total Other Post-Employment Benefits– For purposes of measuring the total OPEB liability and total OPEB expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position – The College's net position is classified as follows:

> *Investment in capital assets* – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts would not be included as a component of invested in capital assets, net of related debt. At June 30, 2018 and 2017, the College has no outstanding debt obligations or unexpended debt proceeds.
>
> *Unrestricted* – Unrestricted net assets represent resources derived from student fees, state appropriations and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the College and may be used to meet current expenses for any lawful purpose, in compliance SBOE policy.

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

Income Taxes – The College, as a political subdivision of the State of Idaho, is excluded from Federal income taxes under section 115(1) of the Internal Revenue Code, as amended. The College is liable for tax on its unrelated business income. Defined by the Internal Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance by the organization of its exempt purpose of function. The College did not incur unrelated business income tax expense in the fiscal years ended June 30, 2018 or 2017.

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

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

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB Statement No. 34, such as state appropriations and investment income.

Scholarship Discounts and Allowances – Student fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. 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 operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy student fees and related charges, the College has recorded a scholarship discount or allowance.

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

Accounting Standards Implemented - The College is required to implement the provisions of *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75 or The Statement). GASB 75 is effective for the fiscal year ending June 30, 2018. GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with Other Post Employment Benefits (OPEB). The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than*

Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

2. Restatement of Net Position

GASB 75 is effective for financial statement periods beginning after June 15, 2017, with the effects of accounting changes to be applied retroactively by restating the financial statements. The Statement requires the College to record its proportionate share of the Other Post Employment Benefits.

The College adopted this new pronouncement in the current year. It is not practical for the Public Employee Retirement System of Idaho (PERSI) to determine the amounts of all deferred inflows of resources and deferred outflows of resources related to OPEB as of the beginning of the plan year. As a result, the prior year has not been restated for deferred inflows of resources, deferred outflows of resources, total OPEB lability and total OPEB expense. Since the restatement of the prior year is not practical, the cumulative effect of applying this Statement is reported as a restatement of beginning net position as of June 30, 2017.

Net Position Restated – The cumulative effect of implementing GASB 75 decreases the net position end of year for June 30, 2017, by $783,997 from $14,491,760 to $13,707,763.

Total Other Post-Employment Benefits GASB 75 Implementation Restatements	June 30, 2017 (Previously Reported)	Cumulative Effect of GASB 75 Implementation	June 30, 2017 (As Restated)
Total OPEB Lability	$ 681,000	$ 840,802	$ 1,521,802
Deferred Outflows of Resources	-	56,805	56,805
Total	$ 681,000	$ 897,607	$ 1,578,607
Net Position			
Net Investment in Capital Assets	11,525,432	-	11,525,432
Unrestricted	2,966,328	(783,997)	2,182,331
Total Net Position	$ 14,491,760	$ (783,997)	$ 13,707,763

3. Cash and Cash Equivalents and Investments

Cash and cash equivalents are recorded at fair value, which approximates cost and are held by the College, deposited with various financial institutions or are deposited with the Idaho State Treasurer. Total Deposits at June 30, 2018 and 2017 consist of:

		2018		2017
Deposits with financial institutions	$	6,894,183	$	2,444,464
Cash with State Treasurer		478,716		2,619,069
Total	$	7,372,899	$	5,063,533

At June 30, 2018 and 2017, the College had $700 of cash on hand in various change funds. The carrying amount of the College's cash and cash equivalents at June 30, 2018 and 2017, was $6,947,298 and $4,945,694, respectively. The net difference between deposits and the carrying amount of cash and cash equivalents is a reflection of deposits in transit and outstanding checks.

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

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

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

Of the total deposits with financial institutions, $6,522,264 was uninsured and uncollateralized and $371,919 was collateralized with securities held by the pledging financial institution for the year ending June 30, 2018. Cash deposits of $478,716 with the State Treasurer may be exposed to custodial credit risk. As of June 30, 2018, the College was not able to determine the extent of that exposure, if any.

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

4. Accounts receivable and unbilled charges

Accounts receivable and unbilled charges are all current and consist of the following at June 30, 2018 and 2017:

Current:	2018	2017
Student fees	$ 74,811	$ 59,037
Grants and contracts	236,351	228,839
College of Eastern Idaho	149,854	
Accounts receivable and unbilled charges - total	$ 461,016	$ 287,876

No allowances for doubtful accounts was considered necessary at June 30, 2018 and 2017.

5. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Capital assets not being depreciated:				
Land	355,988	-	-	355,988
Total capital assets not being depreciated	355,988	-	-	355,988
Other capital assets:				
Buildings and improvements	21,066,729	-	-	21,066,729
Furniture, fixtures and equipment	3,363,976	312,267	7,452	3,668,791
Library materials	548,175	5,525	25,425	528,275
Total other capital assets	24,978,880	317,792	32,877	25,263,795
Less accumulated depreciation:				
Buildings and improvements	11,201,174	676,252	-	11,877,427
Furniture, fixtures and equipment	2,060,088	293,767	7,142	2,346,713
Library materials	548,175	-7,187	12,713	528,275
Total accumulated depreciation	13,809,436	962,832	19,855	14,752,414
Other capital assets net of accumulated depreciation	11,169,444	(645,040)	13,023	10,511,381
Capital assets summary:				
Capital assets not being depreciated	355,988	-	-	355,988
Other capital assets	24,978,880	317,792	32,877	25,263,795
Total cost of property	25,334,868	317,792	32,877	25,619,783
Less accumulated depreciation	13,809,436	962,832	19,855	14,752,414
Capital assets - net	$11,525,432	($645,040)	$13,023	$10,867,369

Following are the changes in capital assets for the year ended June 30, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets				
Capital assets not being depreciated:				
Land	355,988	-	-	355,988
Total capital assets not being depreciated	355,988	-	-	355,988
Other capital assets:				
Buildings and improvements	20,961,868	104,861	-	21,066,729
Furniture, fixtures and equipment	2,975,813	401,280	13,117	3,363,976
Library materials	539,050	13,050	3,925	548,175
Total other capital assets	24,476,731	519,191	17,042	24,978,880
Less accumulated depreciation:				
Buildings and improvements	10,531,705	669,468	-	11,201,174
Furniture, fixtures and equipment	1,822,329	250,877	13,117	2,060,088
Library materials	539,052	11,086	1,963	548,175
Total accumulated depreciation	12,893,086	931,431	15,080	13,809,436
Other capital assets net of accumulated depreciation	11,583,645	(412,240)	1,962	11,169,444
Capital assets summary:				
Capital assets not being depreciated	355,988	-	-	355,988
Other capital assets	24,476,731	519,191	17,042	24,978,880
Total cost of property	24,832,719	519,191	17,042	25,334,868
Less accumulated depreciation	12,893,086	931,431	15,080	13,809,436
Capital assets - net	$11,939,633	($412,240)	$1,962	$11,525,432

6. Operating Lease Obligations

The College has entered into operating lease agreements covering various pieces of equipment and facilities. Some of those agreements provide for contingent charges for uses of equipment over the allowances included in the agreements, including charges for additional copies in the case of copier lease agreements. The lease payments for non-cancelable agreements in excess of one year for the years ended June 20, 2018 and 2017 were $85,378 and $93,400 respectively. Future minimum lease obligations under these agreements for the years ending June 30 are as follows:

2019	63,516
2020	18,804
2021	1,322
2022	-
Total	$ 83,642

7. Retirement Plans

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

Starting on July 1, 2013, the contribution rates for employers and general members has changed. The new required contribution rates for general employers is now 11.32 percent and the required contribution for general members is now 6.79 percent. The Colleges contribution required and paid for FY 2018 and 2017 were $241,500 and $226,763, respectively.

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

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

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

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age. The required contribution rates for general employers' is 10.31 percent and the required contribution rate for general members is 6.97 percent. The College's contribution requirement (and amount paid) for the years ended June 30, 2018 and 2017 was $461,117 and $351,915 respectively. The general members contribution requirement (and amount paid) for the same time periods were $286,940 and $215,019 totaling $748,056 and $566,934 respectively.

8. Pension Plan

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

EITC contributes to the Base Plan, which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Employee membership data related to the PERSI Base Plan, as of June 30, 2017 and 2016 was as follows:

Members:	2017	2016
Retirees and beneficiaries currently receiving benefits	45,468	44,181
Terminated employees entitled to but not yet receiving benefits	12,669	12,251
Active plan members	70,073	68,517
Total	128,210	121,524

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by State statute at 60% of the employer rate. As of June 30, 2016, it was 6.79% of their annual pay. The employer contribution rate is set by the Retirement Board and was 11.32% of covered compensation. The EITC contributions were $228,167 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018 and 2017, EITC reported a liability of $1,013,765 and $1,278,173 respectively for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2017 and 2016, respectively and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. EITC 's proportion of the net pension liability was based on the EITC share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2017 and 2016 the College's portion was 0.0630526 and 0.069670 percent, respectively. Since the prior measurement date, the Colleges portion of the collective net pension liability dropped by 0.007 percent.

EITC recognized pension decrease of $71,872 and $58,310 for the years ended June 30, 2018 and 2017, respectively. EITC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outlows of Resources	Deferred Inflows of Resources
Difference in Expected and Actual Experience	$ -	$ -
Net Difference in Projected vs. Actual Investment Earnings[1]	-	60,739
Changes in Assumptions[2]	18,747	
Change in Proportion[3]	43,268	63,987
Difference in Expected and Actual Experience	140,441	91,332
Subtotal	202,456	216,058
Contributions Subsequent to Measurement Date*	228,167	
Total	$ 430,623	$ 216,058
Plan Totals' and 'Employer-Specific Totals' Sections		
[1] Net Dfference in Projected vs. Actual Investment Earnings x Proportion (%)		
[2]Changes in Assumptions x Proportion (%)		
[3]Change in Proportion x Proportion (%)		

$228,167 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2015 the beginning of the measurement period ended June 30, 2016 is 4.9 years and 5.5 years for the measurement period June 30, 2015.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Years ended June 30:

2019	$ (62,604)
2020	87,752
2021	16,893
2022	(55,643)
Total	(13,602)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases, including inflation	4.25 - 10%
Salary Inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011, which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2014 is based on the results of an actuarial valuation date of July 1, 2014.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2015.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return*
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Russell 3000	55.00%	6.35%
Developed Foreign Equities	MSCI ACWI ex USA	15.00%	7.30%
* Arithmetic return			
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.08%
Portfolio Standard Deviation			12.59%
Portfolio Long-Term Expected Geometric Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses			**7.10%**

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability of PERSI employer's calculated using the discount rate of 7.10% as well as what the employer's liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1 % Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's Proportionate share of the net pension liability (asset)	$ 2,356,198	$ 1,013,765	$ (101,833)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At June 30, 2018, EITC reported no payables to the defined benefit pension plan for legally required employer contributions and no payables for legally required employee contributions, which had been withheld from employee wages but not yet remitted to PERSI.

9. 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 67-5768 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 July 1, 2016. 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 from the following location:

http://www.sco.idaho.gov/web/scoweb.nsf/displayview?ReadForm&L1=Accounting&L2=Financial+Reports+and+Public+Information#

Plan Descriptions and Funding Policy

Retiree Healthcare Plan
A retired employee of the College who receives monthly retirement benefits from 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 that the active employee policy ends. Additionally, the employee must be receiving PERSI monthly benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An employee must have been an active employee on or before June 30, 2009, and must retire directly from State service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is $1,860 per retiree per year. The College contributed $13.39 per active employee per month towards the retiree premium cost.

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

For up to 30 months following the date of disability, an employee may continue healthcare coverage under the State plan. The 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 was charged $9.60 per active employee per month in fiscal year 2018.

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

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

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

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

Retiree Life Insurance Plan

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

Summary of Significant Account Policies

The financial statements of OPEB plans are reported using the accrual basis of accounting. Contributions are recorded when earned and expenses, including benefits and refunds paid, are recorded when a liability is incurred, regardless of the timing of cash flows.

Actuarial Assumptions

The last actuarial valuation was performed as of July 1, 2016, and rolled forward to June 30, 2017 for the Retiree Healthcare, Long-Term Disability and Retiree Life Insurance plans. There have been no significant changes between the valuation date and the fiscal year end.

The total OPEB liability as of June 30, 2017 was based on the 2016 PERSI Experience study for demographic assumptions and the July 1, 2016 OPEB Valuation for the economic and OPEB specific assumptions.

The entry age normal cost method and the following actuarial assumptions applied to all periods included in the measurement:

		Long-Term Disability Plan			
	Retiree Healthcare Plan	Healthcare	Life Insurance	Income	Life Insurance Plan
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	3.00% general wage growth plus increase due to promotions and longevity	3.00% general wage growth plus increase due to promotions and longevity	3.00% general wage growth plus increase due to promotions and longevity	3.00% general wage growth plus increase due to promotions and longevity	3.00% general wage growth plus increase due to promotions and longevity
Discount Rate	3.58%	3.58%	3.58%	3.58%	3.58%
Healthcare Cost Trend Rates	9.90% claims and 3.8% premiums from year ending June 30,207 to year ending June 30, 2018, grading to an ultimate rate of 4.20% for 2096 and later years	9.90% claims and 3.8% premiums from year ending June 30,207 to year ending June 30, 2018, grading to an ultimate rate of 4.20% for 2096 and later years	NA	NA	NA
Retirees' Share of Benefit-Related Cost	73.70% of projected health insurance premiums for retirees	NA	NA	NA	NA

Mortality Rates

Mortality Rates for the plans were based on the RP-2000 Mortality for Employees, healthy Annuitants, and Disabled Annuitants with generational projection per Scale AA with adjustments. Mortality rates for the Long-term Disability Income plan were based on the 2012 Group Long-Term Disability Valuation Table.

Discount Rate

The actuary used a discount rate of 3.58 percent to measure the total OPEB liability. The discount rate was based on 20-year Bond Buyer Go Index.

Total Other Post-Employment Benefits (OPEB) Liability, Expense and Deferrals) -

The total OPEB liability components of the measurement date of June 30, 2017 (Beginning Balances) and changes in OPEB liability for the fiscal year ended June 30, 2018:

		Long-Term Disability Plan				
	Retiree Healthcare Plan	Healthcare	Life Insurance	Income	Life Insurance Plan	Total
Beginning Balance, June 30, 2017	$ 195,798	$ 20,082	$ 18,239	$ 12,967	$ 1,274,715	$ 1,521,802
Changes for the Year						
Service Cost	7,557	1,189	-	-	46,768	55,514
Interest on Total OPEB Liability	6,976	603	592	426	46,854	55,451
Plan Changes	-	-	-	-	-	-
Economic/Demographic Gains (Losses)	-	-	-	-	-	-
Assumption Changes	-	-	-	-	-	-
Expected Benefit Plans	(17,000)	(9,061)	(3,358)	(2,191)	(25,194)	(56,804)
Net Changes	(2,467)	(7,269)	(2,766)	(1,765)	68,428	54,161
Ending Balance, June 30, 2018	$ 193,331	$ 12,813	$ 15,473	$ 11,202	$ 1,343,143	$ 1,575,963

OPEB expense and deferrals for the year end of June 30, 2018:

Increase (Decrease)	Retiree Healthcare Plan	Long-Term Disability Plan: Healthcare	Long-Term Disability Plan: Life Insurance	Long-Term Disability Plan: Income	Life Insurance Plan	Total
Beginning Balance, June 30, 2017	$ 14,533	$ 1,792	$ 592	$ 426	$ 93,622	$ 110,965

Increase (Decrease)	Retiree Healthcare Plan	Long-Term Disability Plan: Healthcare	Long-Term Disability Plan: Life Insurance	Long-Term Disability Plan: Income	Life Insurance Plan	Total
Deferred Outflows						
Beginning Balance, June 30, 2017	$ 17,000	$ 9,062	$ 3,358	$ 2,191	$ 25,194	$ 56,805
Changes for the Year						
Prior year contributions subsequent to the measurements date	(17,000)	(9,062)	(3,358)	(2,191)	(25,194)	(56,805)
Difference between Expected & Actual Experience	-	-	-	-	-	-
Changes of Assumptions	-	-	-	-	-	-
Benefit Payments Subsequent to the Measurement Date	6,692	8,598	15,019	2,113	14,271	46,693
Ending Balance, June 30, 2018	$ 6,692	$ 8,598	$ 15,019	$ 2,113	$ 14,271	$ 46,693
Deferred Inflows						
Beginning Balance, June 30, 2017	$ -	$ -	$ -	$ -	$ -	$ -
Changes for the Year						
Difference between Expected & Actual Experience	-	-	-	-	-	-
Changes of Assumptions	-	-	-	-	-	-
Benefit Payments Subsequent to the Measurement Date	-	-	-	-	-	-
Ending Balance, June 30, 2018	$ -	$ -	$ -	$ -	$ -	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as OPEB expense (revenue) as follows:

Expense (Revenue)		Long-Term Disability Plan				
Fiscal Year	Retiree Healthcare Plan	Healthcare	Life Insurance	Income	Life Insurance Plan	Total
2019	$ -	$ -	$ -	$ -	$ -	$ -
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -

Discount Rate Sensitivity

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability calculated using the discount rate of 3.58 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (2.58%) or 1 percent higher (4.58%) than the current rate:

		Long-Term Disability Plan				
	Retiree Healthcare Plan	Healthcare	Life Insurance	Income	Life Insurance Plan	Total
1% Decrease (2.58%)	$ 195,336	$ 12,946	$ 15,633	$ 11,318	$ 1,357,073	$ 1,592,308
Discount Rate (3.58%)	193,331	12,813	15,473	11,203	1,343,143	1,575,963
1% Increase (4.58%)	191,326	12,680	15,313	11,085	1,329,213	1,559,618

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates

The following represents the total OPEB liability calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using trend rates that are 1 percent lower or 1 percent higher than the current trend rates:

		Long-Term Disability Plan				
	Retiree Healthcare Plan	Healthcare	Life Insurance	Income	Life Insurance Plan	Total
1% Decrease	$ 175,783	$ 11,806	$ 15,473	$ 11,203	$ 1,343,143	$ 1,578,101
Current Trend Rate	193,331	12,813	15,473	11,203	1,343,143	1,575,963
1% Increase	213,600	13,935	15,473	11,203	1,343,143	1,573,825

10. Component Unit Foundation

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

Significant transactions occurring between the College and the Foundation include: the Foundation made scholarship and other support payments to the College amounting to $460,542 and $520,766, for the years ending June 30, 2018 and 2017, respectively; the College provided funding for the Foundation's director of operations salary and benefits in the amount of $77,585 and $70,176 for the years ending June 30, 2018 and 2017, respectively. Other selected supplementary information related to the Foundation is presented below. Certain prior year balances have been reclassified to conform to the presentation adopted in the current year.

Cash and Cash Equivalents – At June 30, 2018 and 2017, the carrying amount of the Foundation's cash and cash equivalents is comprised of the following:

	2018	2017
Cash on hand and demand deposits at banking institutions	$653,594	$561,612
Cash held in certificates of deposit	11,937	11,896
Total balance held	$573,508	$573,508

Custodial credit risk is the risk that in the event of a financial institution failure, the Foundation's deposits may not be returned. The Foundation does not have a written policy for managing credit risk. Of the total bank balance, $511,937 and $459,198 was covered by federal depository insurance for the years ended June 30, 2018 and 2017, and $154,379 and $125,799 was uninsured and uncollateralized for the years ended June 30, 2018 and 2017.

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

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

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

Note receivable - The fair value of the note receivable that is due in more than one year is estimated at the same as the face value of the note.
Investments are recorded at fair value and consist of the following:

	2018	2017
Money market funds	$ 96,171	$ 118,844
Equity securities	3,064,603	2,738,002
U.S Government obligations	151,049	166,064
Corporate debt securities	164,486	163,909
Municipal Bonds	137,745	169,800
Securitized loans	173,408	102,221
Foreign and Other Obligations	3,517	105,345
Total investments	$ 3,790,979	$ 3,564,185

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

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

Foundation Maturity of Debt Investments at June 30, 2017

Investment Type	1-5 Years	6-10 Years	11-15 Years	16-20 Years	20-30 Years	Over 30 Years	Total Fair Value
Debt Securities							
US Government obligations	32,494	34,691	11,389	10,849	36,465	25,161	151,049
Corporate obligations	35,385	37,777	12,402	11,814	39,709	27,399	164,486
Municipal bonds	29,632	31,636	10,386	9,893	33,254	22,944	137,745
Securitized mortgages	37,305	39,826	13,075	12,454	41,863	28,885	173,408
Foreign and Other	756	808	265	253	849	586	3,517
Total Debt Securities	135,5725	144,738	47,517	45,263	152,140	104,975	630,205
Cash							96,171
Equity Mutual Funds							3,064,603
Total component unit investments reported on financial statements							$ 3,790,979

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

Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	Below B	Unrated
U. S. Government Obligations	151,049	86,869	7,201	23,969	22,684	4,501	1,785	1,204	2,835
Corporate obligations	164,486	81,217	8,000	24,159	22,814	10,634	10,389	4,460	2,811
Municipal bonds	137,745	9,930	7,005	25,856	35,525	19,747	8,187	1,878	29,617
Securitized mortgages	173,408	97,675	10,016	29,576	26,789	3,436	1,427	1,282	3,207
Other obligations	3,517	672	52	156	179	26	7	-	2,425
Total	630,205	276,363	32,274	103,716	107,991	38,344	21,795	8,824	40,895

Cash	96,171
Equity Mutual funds	3,064,603
Total Bonds and Securities	$ 3,790,979

Pledges Receivable – The Foundation held no pledges at June 30, 2017.

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

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

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

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

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

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

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

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

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

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Interest bearing cash	$96,171	$ -	$ -	$96,171
U. S. government obligations	151,049	-	-	151,049
Corporate obligations	164,486	-	-	164,486
Preferred securities	173,408	-	-	173,408
Municipal bonds	137,745	-	-	137,745
Foreign and other obligations	3,517	-	-	3,517
Mutual funds	3,064,603	-	-	3,064,603
Total	$3,790,979	$ -	$ -	$3,790,979

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Interest bearing cash	$118,844	$ -	$ -	$118,844
U. S. government obligations	172,148	-	-	172,148
Corporate obligations	191,661	-	-	191,661
Preferred securities	185,368	-	-	185,368
Municipal bonds	133,100	-	-	133,100
Foreign and other obligations	25,062	-	-	25,062
Mutual funds	2,738,002	-	-	2,738,002
Total	$3,564,185	$ -	$ -	$3,564,185

11. Operating Expenses by Functional Classifications

ROUNDED	2018 Natural Classifications								
Functional Classifications	Salaries	Services	Supplies	Insurance	Scholarship	Depreciation	Misc	Capital	Total
Instruction	5,563,652	342,312	658,544	3,283	15	-	8,524	-	6,576,330
Academic Support	1,028,636	377,348	181,374	69,441	-	-	9,706	-	1,666,505
Student Services	748,567	77,445	32,908	279,887	-	-	13,234	-	1,152,041
Institutional Support	2,530,101	1,245,268	133,491	14,681	-	-	114,117	-	4,037,658
Operations & maintenance of plant	570,966	246,099	162,725	326,683	-	962,832	760	-	2,270,065
Scholarships	-	-	-	-	1,080,102	-	-	-	1,080,102
Auxiliary Enterprises	-	-	-	-	-	-	-	-	-
Total	10,441,923	2,288,471	1,169,042	693,975	1,080,117	962,832	146,341	-	16,782,701

	2017 Natural Classifications								
Functional Classifications	Salaries	Services	Supplies	Insurance	Scholarship	Depreciation	Misc	Capital	Total
Instruction	4,755,136	174,213	579,830	2,000	166	-	1,800	-	5,513,145
Academic Support	1,035,574	345,411	256,607	65,608	-	-	17,742	-	1,720,942
Student Services	808,256	49,510	12,206	164,594	-	-	15,266	-	1,049,832
Institutional Support	1,279,927	138,093	8,847	12,605	-	-	109,251	-	1,548,723
Operations & maintenance of plant	538,760	212,491	61,592	329,994	-	931,433	1,276	-	2,075,546
Scholarships	-	-	-	-	874,261	-	-	-	874,261
Auxiliary Enterprises	-	-	-	-	-	-	-	-	-
Total	8,417,653	919,718	919,082	574,801	874,427	931,433	145,335	-	12,782,449

12. Risk Management

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

The College is insured through the state of Idaho's Risk Management Program for other risks of loss, including but not limited to employee bonds, all liability insurance, auto physical damage insurance, and all property insurance. During the past three fiscal years, no settled claims have exceeded insurance coverage levels, and there has been no significant reduction in coverage.

The College is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the results of these matters will not have a significant impact on the financial statements.

13. Related Parties Transactions

In fiscal year 2005, the College began constructing a new Health Care Education Building (the "facility"). With an estimated cost of approximately $10,000,000, this project was completed in fiscal year 2010. The Idaho State Building Authority (the "ISBA"), with approval from the Idaho State Legislature, issued tax exempt bonds to finance the project and has initial ownership of the facility.

The College, through the State Board of Education, entered into a lease agreement with the ISBA whereby the land upon, which the building was constructed is leased to the ISBA. It is intended that this site lease will continue until June 30, 2040, or until all amounts owed to the bondholders have been paid, whichever is earlier. 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 site lease is without consideration and EITC does not pay for use of the facility. EITC is responsible for operating and maintenance costs of the building.

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 facilities lease, signed on August 25, 2005, had an initial expiration date of June 30, 2007, with automatic annual renewals. It runs concurrently with the site lease and terminates when the site lease terminates.

The College and the SDOA have also entered into an operating agreement, signed on August 25, 2005, 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 State.

Required Supplementary Information

Schedule of Employer's Proportionate Share of Net Pension Liability
PERSI – Base Plan
Last 10 Fiscal Years*

	2018	2017	2016	2015
Employer's portion of net the pension liability	00.0644959%	00.0630526 %	00.0696700%	00.0665150%
Employer's proportionate share of the net pension liability	$1,130,765	$1,278,173	$ 917,449	$ 489,654
Employer's covered-employee payroll	$2,123,790	$1,837,826	$1,813,891	$1,951,457
Employer's proportional share of the net pension liability as a percentage of its covered - employee payroll	50.53%	69.55 %	50.58 %	25.09%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26 %	91.38 %	94.95 %

Data reported is measured as of July 1, 2017.

Schedule of Employer Contributions
PERSI – Base Plan
Last 10 Fiscal years*

	2018	2017	2016	2015
Statutorily required contribution	$217,488	$ 187,432	$ 227,892	$ 216,201
Contributions in relation to the statutorily required contribution	$229,842	$ 211,611	$ 223,808	$ 206,852
Contribution (deficiency) excess	$(12,354)	$ 24,179	$ 4,084	$ 9,348
Employer's covered employee payroll	$2,015,605	$ 2,123,790	$ 1,837,826	$ 1,813,891
Contributions as a percentage of covered-employee payroll	11.40%	9.96 %	6.58 %	11.40 %

Required Supplementary Information

Schedule of Changes in Employer's Total OPEB Liability and Related Ratios
Last 10 – Fiscal Years*

	2018
Changes for the Year	
Service Cost	55,514
Interest on Total OPEB Liability	55,451
Plan Changes	-
Economic/Demographic Gains (Losses)	-
Assumption Changes	-
Expected Benefit Pmts	(56,804)
Net Changes	54,161
Total OPEB Liability, Beginning Balance	1,521,802
Total OPEB Liability, Ending Balance	1,575,963

*GASB Statement No.75 requires ten years of information to be presented in the table, however, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

Data reported is measured as of June 30, 2017 (measurement date).

MOSSADAMS

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Idaho State Board of Education
Eastern Idaho Technical College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eastern Idaho Technical College (the "College"), and Eastern Idaho Technical College Foundation, Inc. (the "Foundation"), its discretely presented component unit, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Eastern Idaho Technical College's basic financial statements, and have issued our report thereon dated October 8, 2018. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit as described in our report on Eastern Idaho Technical College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Moss Adams LLP

Portland, Oregon
October 8, 2018

MOSSADAMS

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Idaho State Board of Education
Eastern Idaho Technical College

Report on Compliance for the Major Federal Program

We have audited Eastern Idaho Technical College's (the "College") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the College's major federal program for the year ended June 30, 2018. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the College's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on the Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.
However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-01 that we consider to be a significant deficiency.

The College's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Moss Adams LLP

Portland, Oregon
October 8, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	☐ Yes ☒ No
• Significant deficiency(ies) identified?	☐ Yes ☒ None reported
Noncompliance material to financial statements noted?	☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	☐ Yes ☒ No
• Significant deficiency(ies) identified?	☒ Yes ☐ None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☒ Yes ☐ No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

CFDA Number(s)	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
Various	Student Financial Assistance Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	☐ Yes ☒ No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001 Special Tests & Provisions
Significant Deficiency in Internal Controls over Compliance, Non-compliance

Federal Programs: Student Financial Assistance Cluster (Various CFDA #s)

Criteria:
The Institution is required to report all loan disbursements and submit required records to the Direct Loan Servicing System via the COD within 15 days of disbursement. Each month, the COD provides institutions with a School Account Statement data file. Eastern Idaho Technical College (the College) is required to reconcile these files to the College's financial records.

Condition:
The College is not in compliance with the federal requirement. During testing of this compliance requirement we found three months out of the year where reconciliations of these files were not performed.

Questioned costs:
None.

Context:
Of the three sampled months, one reconciliation was not performed. Upon further analysis it was found that two other months did not have reconciliations performed. A total of three months during the year were not reconciled.

Effect:
Reconciliations were not performed as per the requirements.

Cause:
Lack of reconciliations being performed was caused by turnover in the Financial Aid Director position as well as an ineffective control environment.

Repeat finding:
No.

Recommendation:
The College should establish a control environment which ensures reconciliations are performed monthly.

Views of responsible officials and planned corrective actions:
The College had turnover in the Financial Aid Director position, which caused reconciliations to not be performed for 3 months. The reconciliations have been performed since January of 2018. The process involves a three-way reconciliation to ensure accuracy.

Schedule of expenditure of Federal Awards

Eastern Idaho Technical College Schedule of Expenditures of Federal Awards For Fiscal Year Ended June 30, 2018 (Final)			
			2018
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	**Federal CFDA Number**	**Pass-Through Entity Identifying Number**	**2018 Total Federal Expenditures**
Student Financial Assistance--Cluster			
Department of Education			
Direct Programs			
Federal Supplemental Education Opportunity Program	84.007		29,535
Federal Work-Study Program	84.033		42,282
Federal Pell Grant Program	84.063		2,167,254
Federal Direct Student Loan Program	84.268		2,402,694
Total Department of Education Direct Programs			4,641,765
Total Student Financial Assistance Cluster			4,641,765
Other Programs			
Department of Education			
Pass-Through Programs From: State of Idaho Division of Career & Technical Education			
Federal Direct Services	84.002A	AD8615L1	274,404
IELCE (Integrated English Literacy & Civics Ed)	84.002A	AE8615P1	118
Federal Admin	84.002A	AD8615M1	10,375
Leadership - AEFLA (Adult Ed & Family Literacy Act)	84.002A	AL8615B1	28,294
Academic Support Project	84.048A	PP8615A1	155,388
Retention	84.048A	PP8615G1	70,197
Non-Traditional Fields Recruitment Project	84.048A	PN8615 H1	8,249
Special Population Enrollment	84.048A	PP8615H1	66,269
CTE Advanced Opportunities	84.048A	PR8615 K1	67,979
FY 2018 CATEMA System Fees	84.048A	PL8607-J1	7,200
Total Department of Education			688,473
US Department of Homeland Security, Federal Emergency Management Agency			
Pass Through Programs From: the State of Idaho - Idaho State Board of Education			
State Fire Training Systems Grant Program	97.043	EMW-2016-GR-00027	14,468
Total US Department of Homeland Security, FEMA			14,468
Total Expenditures of Federal Awards			5,344,706
The accompanying notes are an integral part of this schedule.			

Notes to total schedule of expenditure of federal awards

1. **Basis of Presentation**

   The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Eastern Idaho Technical College under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Eastern Idaho Technical College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Eastern Idaho Technical College.

2. **Summary of Significant Accounting Policies**

   Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Eastern Idaho Technical College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. **Federal Student Loan Program**

   The federal student loan program listed on the Schedule is not administered directly by Eastern Idaho Technical College, therefore the basis used to determine loans expended is the amount of new loans made during the fiscal year.

4. **College Administered Loan Programs**

   During the fiscal year ended June 30, 2018, the College administered the following loan programs:

Loan Program	Federal CFDA Number		2018 Amount
Direct Subsidized	84.268		$ 1,097,833
Direct Unsubsidized	84.268		$ 1,276,547
			$ 2,374,380