Financial Statements
June 30, 2018

College of Southern Idaho

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Independent Auditor's Report

To the Board of Trustees
College of Southern Idaho
Twin Falls, Idaho

Report on the Financial Statements
We have audited the accompanying financial statements of the College of Southern Idaho (the College), and the 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 the College's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. The financial statements of College of Southern Idaho 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 opinions.

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

Emphasis of Matter

As discussed in Notes 1 and 13 to the financial statements, the College has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Other Post-Employment Benefits (OPEB),* which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are 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, the schedule of employer's share of net pension liability and employer contributions, the schedule of changes in total OPEB liability and schedule of changes in total sick leave plan and related ratios as noted in the table of contents, 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 inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements. The DHC Auxiliary Enterprise Funds – Revenues and Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The DHC Auxiliary Enterprise Funds – Revenues and Expenses have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide an assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 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.

Eide Bailly LLP

Boise, Idaho
October 22, 2018

This discussion and analysis of the College of Southern Idaho's (the College or CSI) financial statements provide an overview of the College's financial performance during fiscal year 2018. This discussion has been prepared by management. The discussion and analysis is designed to focus on current activities, resulting changes, and current known facts and should be read in conjunction with the College's financial statements and accompanying footnotes.

Profile of the College

The College of Southern Idaho is a public institution of higher education offering courses on the main campus in Twin Falls and outreach centers in Burley, Gooding, Hailey, and Jerome. The College offers programs leading to degrees in Associates of Arts, Associates of Science, Associates of Applied Science, and various certificates. During fiscal year 2018, the college served 12,675 students taking 119,121 credits. In addition to academic and Career Technical Education offerings, the college has a workforce development division serving 7,531 duplicated students enrolled in 152,936 hours of workforce development coursework.

The College is recognized for having a student-centered environment, outstanding faculty, and facilities. CSI has a diverse mix of students and takes great pride in offering innovative programs while maintaining an affordable and personalized experience for students. The College of Southern Idaho combines exceptional academics with successful Athletic programs, this past year 6 out of 7 teams competed in National Tournaments with Volleyball and Men's Basketball finishing second in the nation, Baseball finishing third, Softball seventh, and Cross Country producing the Individual Men's National Champion.

Financial Highlights

The College's financial position at June 30, 2018 reflects improvement over the previous fiscal year. The improvements are the result of management's continuing efforts to enhance fiscal performance.

During fiscal year 2018:

- Net Student Tuition and Fee Revenue increased from $10.5 million to $11.5 million.
- Scholarship Allowance increased from $3.8 million to $4.1 million.
- Operating Expenses decreased from $75.5 million to $75.2 million.
- State Appropriations increased from $20.6 million to $21.8 million.
- Student Financial Aid expense increased from $5.1 million to $7.2 million.

Accounting Treatment of Financial Aid

Public institutions must report all tuition and fee revenues net of any scholarship discounts and allowances. A scholarship allowance is defined as the difference between the stated charge for goods and services provided by the institution and the amount that is paid by the student and/or third parties making payments on behalf of the student. In considering what is or is not revenue, the following rule applies: amounts received to satisfy student tuition and fees will be reported as revenue only once (e.g., tuition and fees, gifts, federal grants and contracts such as Pell Grants, etc.) and only amounts received from students and third-party payers to satisfy tuition and fees will be recognized as tuition and fee revenue. Institutional resources provided to students, as financial aid will be recorded as scholarship allowances in amounts up to and equal to amounts owed by the students to the institution. In some circumstances, the amount of institutional aid awarded may exceed the tuition and fees owed by the students to the institution, and is refunded to the students. In such circumstances, the excess of aid over tuition and fees should be treated as an institutional expense (e.g., student aid, scholarships, and fellowships, etc.).

Overview of the Financial Statements and Financial Analysis

The financial statements for fiscal year ended June 30, 2018 are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. There are three financial statements presented: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements present financial information in a form similar to that used by most private-sector companies. These financial statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

Statement of Net Position

The Statement of Net Position presents the assets (current and non-current), deferred outflows, liabilities (current and non-current), deferred inflows, and net position (assets and deferred outflows minus liabilities and deferred inflows) of the College as of the current fiscal year-end. The purpose of the Statement of Net Position is to present to the reader a point-in-time fiscal snapshot of the College.

Current assets consist of available cash and other assets that could be converted to cash within a year. Non-current assets are those assets and property, which cannot easily be converted into cash. Current liabilities are business obligations that are due to be cleared within one year. Non-current liabilities are obligations that are not required to be satisfied within one year.

The Statement of Net Position is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure by the College. Over time, increases or decreases in net position are indications of either improvement or erosion of the College's financial well-being when considered along with non-financial factors such as enrollment levels, the College's property tax base, and the condition of the facilities.

Net position is divided into three major categories. The first category is Net Investment in Capital Assets, which provides the College's investment in capital assets. The second category, Restricted Net Position, must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The third category, Unrestricted Net Position, which is net position available to the College for any lawful purpose of the institution.

Summary of Statements of Net Position

	2018	2017
Current and Other Assets	$ 46,141,174	$ 40,042,655
Capital Assets	60,254,270	62,457,721
Total assets	106,395,444	102,500,376
Deferred Outflows of Resources	3,448,806	6,671,946
Total assets and deferred outflows of resources	$ 109,844,250	$ 109,172,322
Current Liabilities	$ 3,843,823	$ 4,646,686
Noncurrent Liabilities	11,493,732	13,596,596
Total liabilities	15,337,555	18,243,282
Deferred Inflows of Resources	1,368,411	3,238,073
Net Position		
Net investment in capital assets	60,254,270	62,457,721
Restricted-expendable	3,211,459	1,000,738
Unrestricted	29,672,555	24,232,508
Total net position	93,138,284	87,690,967
Total liabilities, deferred inflows of resources, and net position	$ 109,844,250	$ 109,172,322

The College's total assets and deferred outflows of resources increased during fiscal year 2018 by $671,928, from $109,172,322 in 2017 to $109,844,250 in 2018. Specifically contributing to the increase in assets was the increase in cash and cash equivalents and investments, as well as recording the Net OPEB sick reserve now required under GASB 75. The College's total liabilities decreased during fiscal year 2018 by $2,905,727 from $18,243,282 in fiscal year 2017 to $15,337,555 in 2018. A decrease of $2.2 million in pension liability attributed to the decline. Deferred Inflows of Resources decreased from $3,238,073 in fiscal year 2017 to $1,368,411 in fiscal year 2018. This was the result of a reduction Deferred Inflow of Resources associated with the pension liability.

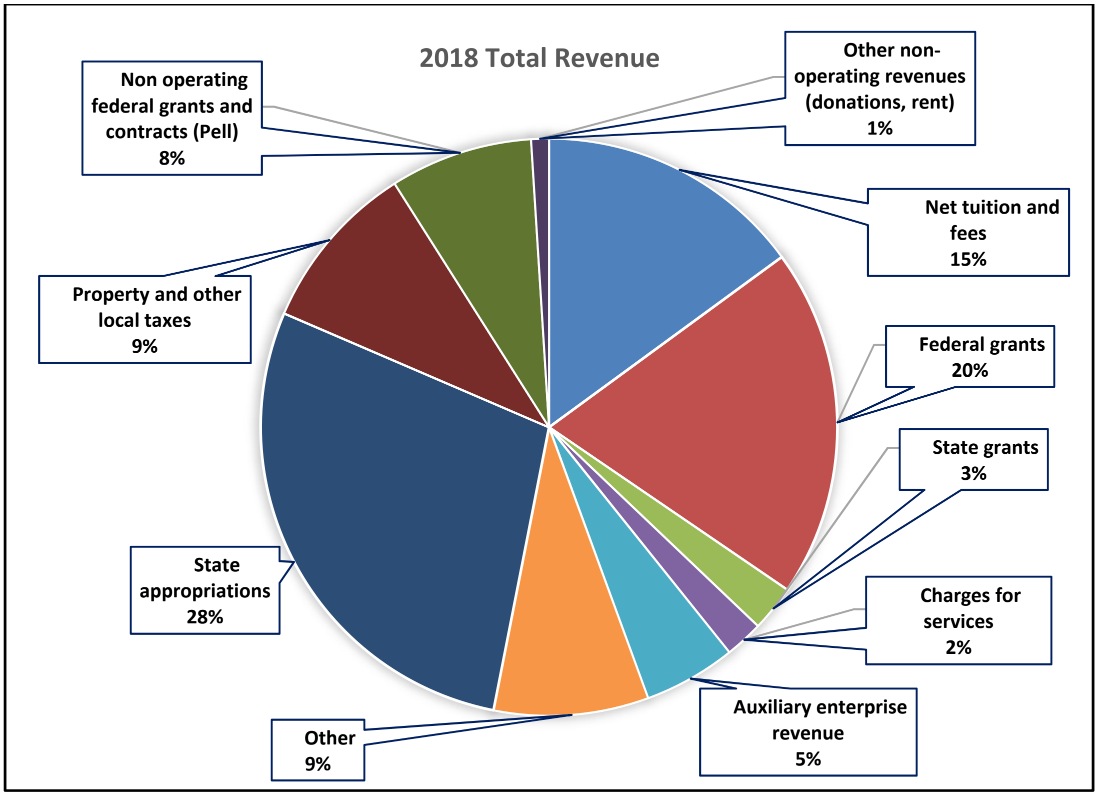
The increase in assets is a result of senior management's continuing emphasis on sound fiscal management. The College has continued to purchase investments with excess College funds. This was done in accordance with State and College policies. Additionally, College senior management has focused on incurring ongoing expense only when necessary, and makes every effort to ensure that ongoing spending is well within actual revenue. This includes the need to create operating reserves for the College to be able to weather any future downturns in funding.

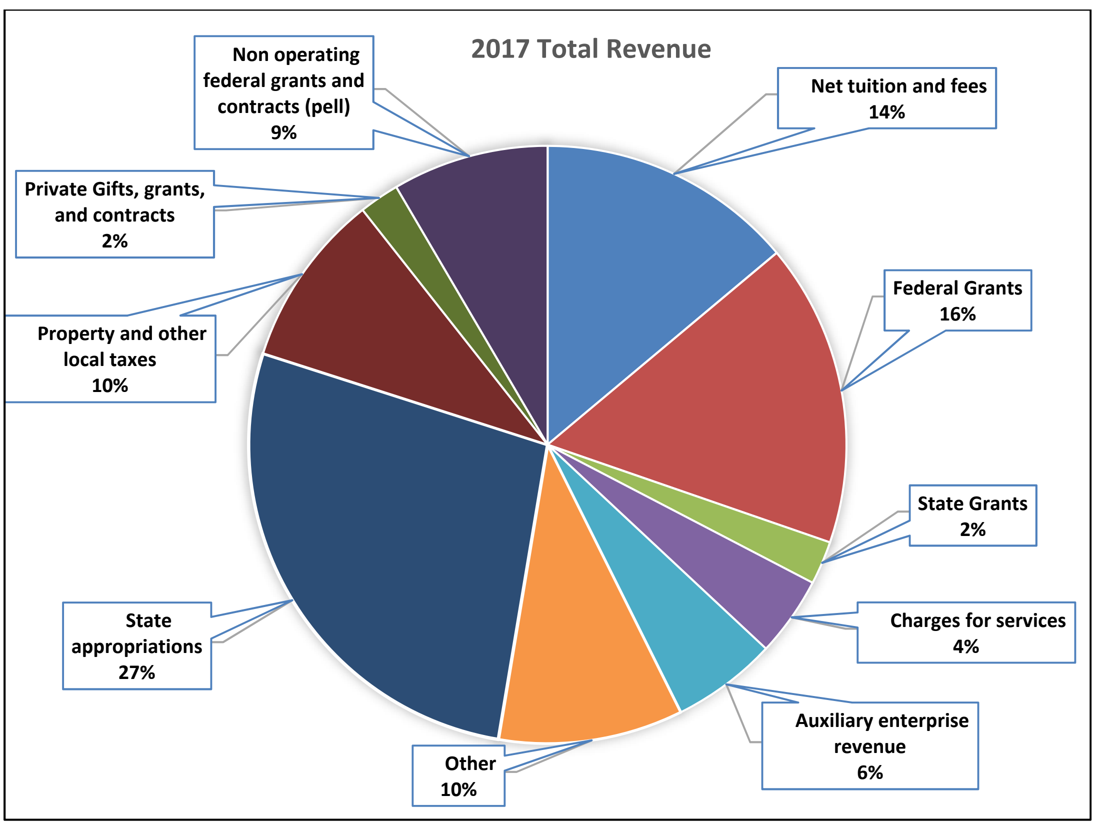
Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented in the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. All changes in net position are reported under the accrual basis of accounting, or as soon as the underlying event giving rise to the change occurs, regardless of the timing when cash is received or disbursed. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flow in future fiscal years. The purpose of the statement is to present the revenues earned and the expenses incurred during the year.

Activities are reported as either operating or non-operating. The College will always reflect a net operating loss in this format since state appropriations and property tax, the revenue streams that the College depends upon most significantly, are classified as non-operating revenues.

Generally, operating revenues are generated by providing services to various customers, students, and constituencies of the College, including but not limited to student tuition, fees, and federal and state grants. Operating expenses are those expenses paid to acquire or produce the services provided in return for operating revenues, and to carry out the functions of the College. Non-operating revenues are revenues received for which services are not provided. Examples of non-operating revenues include but are not limited to state appropriations, property tax revenue, state and federal financial aid, investment income and other miscellaneous revenues.

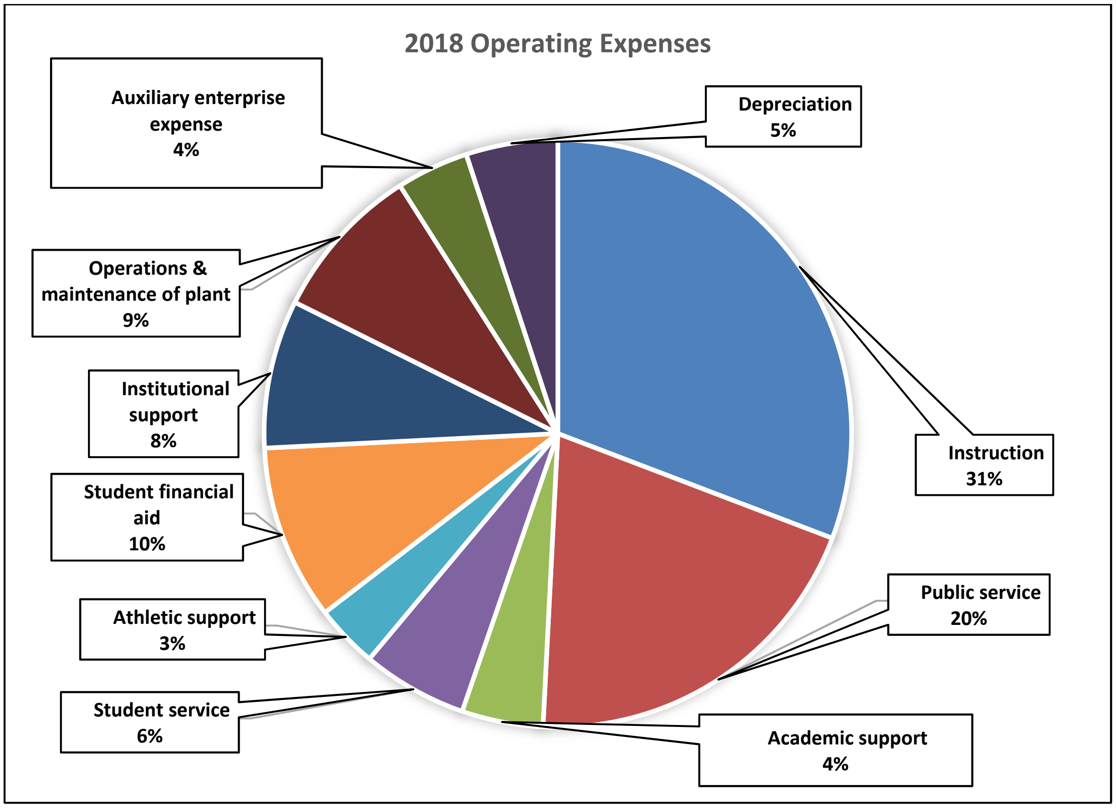

2018 Total Revenue
Other non-operating revenues (donations, rent) 1%
Net tuition and fees 15%
Federal grants 20%
State grants 3%
Charges for services 2%
Auxiliary enterprise revenue 5%
Other 9%
State appropriations 28%
Property and other local taxes 9%
Non operating federal grants and contracts (Pell) 8%

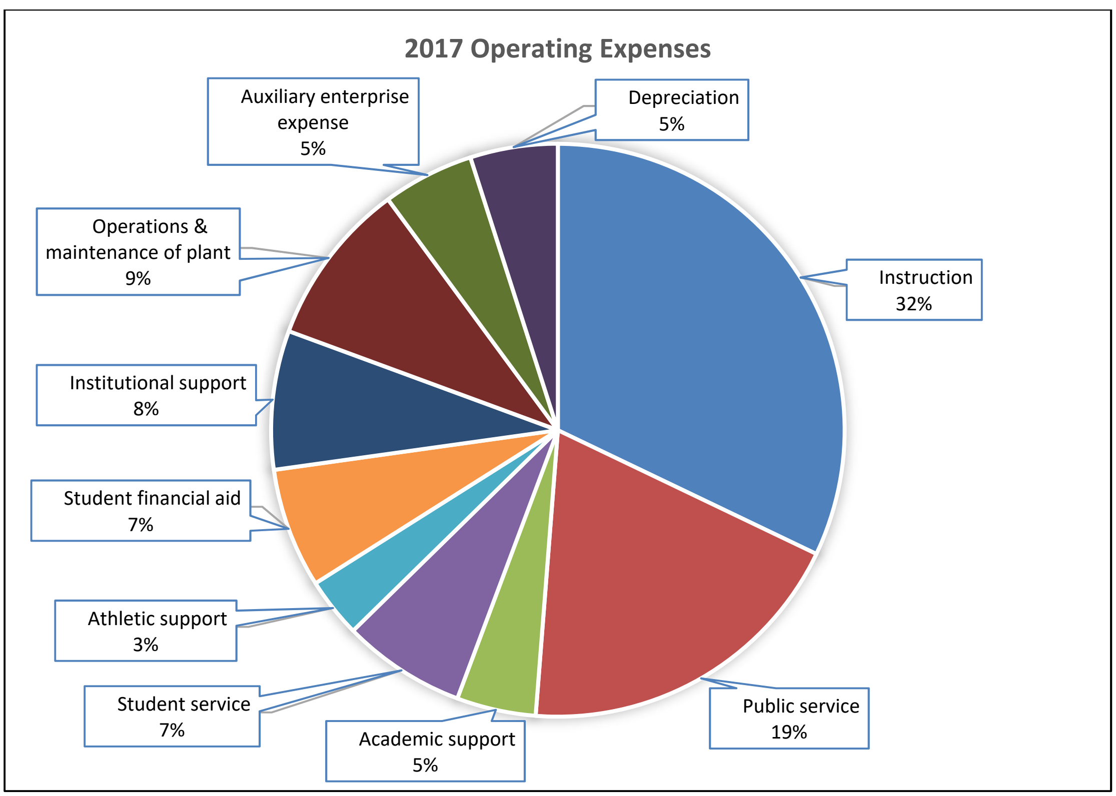

2017 Total Revenue
Net tuition and fees 14%
Federal Grants 16%
State Grants 2%
Charges for services 4%
Auxiliary enterprise revenue 6%
Other 10%
State appropriations 27%
Property and other local taxes 10%
Private Gifts, grants, and contracts 2%
Non operating federal grants and contracts (pell) 9%

Summary of Statements of Revenues, Expenses, and changes in Net Position
Years Ended June 30, 2018 and 2017

	2018	2017
Operating Revenues	$ 40,886,123	$ 39,699,475
Operating Expenses	75,193,157	75,501,377
Operating income (loss)	(34,307,034)	(35,801,902)
Non-Operating Revenues (Expenses)		
State appropriations	21,848,545	20,596,285
Property and other local taxes	7,347,059	7,117,744
Investment income	623,429	133,705
Private gifts, grants, and contract	390,499	1,637,112
Non-operating federal grants and contracts (Pell)	6,164,644	6,374,523
Other non-operating revenues (donations, rent)	768,465	368,785
Total non-operating revenues (expenses)	37,142,641	36,228,154
Capital Contributions	-	519,930
Prior Period Restatement - GASB 75 Implementation	2,611,710	-
Change in Net Position	2,835,607	946,182
Net Position, Beginning of Year	87,690,967	86,744,785
Net Position, End of Year	$ 93,138,284	$ 87,690,967

The Statement of Revenues, Expenses, and Changes in Net Position reflects an overall increase in net position during fiscal year 2018. Operating revenues increased by $1,186,648 from $39,699,475 in 2017 to $40,886,123 in 2018. This change was a result of an increase in net tuition and fees and Federal grant revenue. Operating expenses decreased by $308,220 from $75,501,377 in 2017 to $75,193,157 in 2018. The decrease in operating expenses was largely due to the reduction in spending throughout the fiscal year.


2018 Operating Expenses
Auxiliary enterprise expense 4%
Depreciation 5%
Operations & maintenance of plant 9%
Institutional support 8%
Instruction 31%
Student financial aid 10%
Public service 20%
Athletic support 3%
Student service 6%
Academic support 4%


2017 Operating Expenses
Auxiliary enterprise expense 5%
Depreciation 5%
Operations & maintenance of plant 9%
Instruction 32%
Institutional support 8%
Student financial aid 7%
Athletic support 3%
Student service 7%
Academic support 5%
Public service 19%

Capital Assets

The College's investment in Capital Assets as of June 30, 2018 equates to $60,254,270, net of accumulated depreciation. Investment in Capital Assets normally includes land, buildings, improvements, machinery and equipment, library holdings, and infrastructure. The College did not have any large purchases or projects in fiscal year 2018, which attributes for the decline from the prior year. See Note 4 for further information.

Debt Administration

The College of Southern Idaho has two operating lease obligations for instructional and administrative office space at fiscal year end June 30, 2018. The College is not financing any of its operations with debt as of fiscal year end June 30, 2018.

Economic Outlook

According to the March 2018 Idaho Economic Forecast, published by the Division of Financial Management, the next few years are expected to be years of expansion, with the housing and job markets holding strong. Unemployment in Idaho is expected to remain low. Improvements in the economy have both a positive and a negative effect on enrollments in community colleges.

Enrollment in academic transfer classes traditionally is negatively impacted as the overall health of the economy improves. The College experienced flat enrollment in fiscal year 2018 and is anticipating the same in the coming year. The static enrollment was anticipated in the College's budgeting process and appropriate steps were taken early on to ensure fiscal stability and sustainability for the College. Conversely, Dual Credit enrollment (high school students taking college credit courses) continued to thrive, partly due to the State funding for Idaho high school students. The College continues to actively implement improvements and new programs to increase retention.

The College has implemented a mandatory student orientation program for all new students to ensure proper advising and registration for classes. This program has helped many students easily transition into College life. The College's IT department continues to make progress on the Enterprise Web Initiative with the Public Website, Student Portal, and Employee Portal implemented or in progress. The College continues to revitalize campus with many building renovations in progress or scheduled to start in the upcoming year. Management continues to look for cost cutting opportunities. Net position for the College is adequate to meet known obligations, including federal financial aid to students and to fund new one-time costs. Management continues to actively plan for future funding needs.

Contacting the College's Financial Management

This financial report is designed to provide the College's citizens, taxpayers, customers, investors, and potential creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. Questions about this report, or the need for additional financial information should be directed to Jeffrey Harmon, Vice President of Finance and Administration, College of Southern Idaho, 315 Falls Avenue, PO Box 1238, Twin Falls, ID 83303.

Current Assets	
Cash and cash equivalents	$ 5,388,612
Investments	32,700,629
Accounts receivable, net of allowance for uncollectible amount of $ 331,563 in 2018	2,693,333
Property tax receivable	2,614,052
Inventory	347,408
Prepaids	82,819
Total current assets	43,826,853
Noncurrent assets	
Property and equipment	60,254,270
Net OPEB sick reserve asset	2,314,321
Total noncurrent assets	62,568,591
Total assets	106,395,444
Deferred Outflows of Resources	
Pension obligations	3,108,215
Deferred OPEB single employer plan	168,452
Deferred OPEB sick leave reserve fund	172,139
Total deferred outflows of resources	3,448,806
Total Assets and Deferred Outflows of Resources	$ 109,844,250

Liabilities and Net Position	
Current Liabilities	
Accounts payable	$ 765,252
Deposits payable	84,668
Accrued salaries	1,095,079
Accrued benefits	706,763
Due to student groups	272,404
Unearned revenue	919,657
Total current liabilities	3,843,823
Non Current Liabilities	
Accrued vacation	1,258,058
Net pension liability	7,600,593
Net other post employment benefits liability	2,635,081
Total noncurrent liabilities	11,493,732
Total liabilities	15,337,555
Deferred Inflows of Resources	
Deferred net pension	1,368,411
Total deferred inflows of resources	1,368,411
Net Position	
Net investment in capital assets	60,254,270
Restricted - expendable	
OPEB net asset, sick leave	2,314,321
State, federal, and local programs	897,138
Unrestricted	29,672,555
Total net position	93,138,284
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 109,844,250

Operating Revenues	
Tuition and fees	$ 15,567,944
Less: Scholarship allowance	(4,052,308)
Net tuition and fees	11,515,636
Federal grants	15,075,490
State grants	1,983,565
Charges for services	1,647,968
Auxiliary enterprise revenue	3,982,086
Other	6,681,378
Total operating revenues	40,886,123
Operating Expenses	
Instruction	23,158,265
Public service	15,041,226
Academic support	3,368,033
Student service	4,363,937
Athletic support	2,619,785
Student financial aid	7,245,350
Institutional support	6,138,510
Operations & maintenance of plant	6,469,734
Auxiliary enterprise expense	2,992,752
Depreciation	3,795,565
Total operating expenses	75,193,157
Operating Loss	(34,307,034)
Non-Operating Revenues (Expenses)	
State appropriations	21,848,545
Property and other local taxes	7,347,059
Investment income	623,429
Private gifts, grants, and contracts	390,499
Non operating federal grants and contracts (Pell)	6,164,644
Other non-operating revenues (donations, rent)	768,465
Total non-operating revenues	37,142,641
Change in Net Position	2,835,607
Net Position, Beginning of Year, as restated	90,302,677
Net Position, End of Year	$ 93,138,284

Operating Activities	
Tuition, fees and services	$ 11,299,337
Grants and contracts	16,303,904
Payments to suppliers	(25,906,442)
Payments to and on behalf of employees	(46,298,584)
Charges for services	1,647,968
Auxiliary enterprise revenue:	
Bookstore and residence halls	3,982,086
Other receipts	6,681,378
Net Cash used for Operating Activities	(32,290,353)
Noncapital Financing Activities	
State appropriations	21,848,545
Property and other local taxes	7,538,213
Grants and contracts	6,555,143
Gifts and grants received for other than capital purposes	768,465
Net Cash from Noncapital Financing Activities	36,710,366
Capital and Related Financing Activities	
Purchases of capital assets	(1,592,114)
Net Cash used for Capital and Related Financing Activities	(1,592,114)
Investing Activities	
Investment net of income and expenses	623,429
Purchase of investments	(6,865,718)
Sales of investments	5,620,000
Net Cash used for Investing Activities	(622,289)
Net Change in Cash	2,205,610
Cash, Beginning of Year	3,183,002
Cash, End of Year	$ 5,388,612

Reconciliation of net operating loss to net cash used for operating activities	
Operating loss	$ (34,307,034)
Adjustments to reconcile net operating operating loss to net cash used for operating activities	
Depreciation expense	3,795,565
GASB 68 - actuarial pension expense (revenue)	(474,460)
GASB 75 - Single Employer OPEB expense (revenue)	146,758
GASB 75 - PERSI/OPEB sick leave reserve fund expense (revenue)	(221,886)
Change in assets and liabilities	
Receivables, net	(580,898)
Inventories	40,734
Prepaids	16,139
Accounts payable	(90,716)
Accrued vacation	97,592
Unearned revenue	(390,552)
Deposits held for others	47,039
Accrued compensation	(368,634)
Net Cash used for Operating Activities	$ (32,290,353)

Assets	
Cash	$ 596,128
Other receivables, net	8,955
Operating investments	25,934,069
Endowment	
Cash	42
Investments	13,317,861
Contributions receivable	84,452
Donated property	995,250
Total endowment	14,397,605
	$ 40,936,757
Liabilities and Net Assets	
Liabilities	
Accounts payable	$ 92,076
Annuities payable	28,976
Total liabilities	121,052
Net Assets	
Unrestricted	11,382,044
Temporarily restricted	18,189,597
Permanently restricted	11,244,064
Total net assets	40,815,705
	$ 40,936,757

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total June 30, 2018
Revenue, Gain and Support				
Contributions	$ 43,901	$ 728,846	$ 413,243	$ 1,185,990
Investment income	174,399	603,198	-	777,597
Realized gain (loss)	(28,022)	689,625	-	661,603
Unrealized gain	661,189	202,012	-	863,201
In-kind salaries and occupancy	292,105	-	-	292,105
Funds transferred by donor request	-	(128,886)	128,886	-
Net assets released from restrictions	1,409,050	(1,409,050)	-	-
Total revenue, gain and support	2,552,622	685,745	542,129	3,780,496
Expenses and Losses				
Program services expense				
Scholarships and grants	2,110,701	-	-	2,110,701
Other program payments	314,623	-	-	314,623
Total program expenses	2,425,324	-	-	2,425,324
Supporting services expense				
Operating	183,712	-	-	183,712
Fundraising	705	-	-	705
Investment fees	147,343	-	-	147,343
Bad debt expense	2,290	-	-	2,290
In-kind salaries and occupancy	292,105	-	-	292,105
Total support services expenses	626,155	-	-	626,155
Total expenses	3,051,479	-	-	3,051,479
Change in Net Assets	(498,857)	685,745	542,129	729,017
Net Assets, Beginning of Year	11,880,901	17,503,852	10,701,935	40,086,688
Net Assets, End of Year	$ 11,382,044	$ 18,189,597	$ 11,244,064	$ 40,815,705

Note 1 - Principal Business Activity and Significant Accounting Policies

College of Southern Idaho (the College) is part of the public system of higher education in the State of Idaho. The College is a regional undergraduate institution located in Twin Falls, Idaho. The significant accounting policies followed by the College are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

The College’s financial statements for fiscal year ended June 30, 2018, are prepared in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles in the United State of America (GAAP).

As defined by GAAP established under GASB, the financial reporting entity consists of the primary government, as well as its component unit, the College of Southern Idaho, Inc. (the Foundation). The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial statements in accordance with the pronouncements of Financial Accounting Standard Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Accordingly, those financial statements have been reported on separate pages following the financial statements of the College. No modifications have been made to the Foundation’s financial information included in the College’s report; however significant note disclosures to the Foundation’s financial statements have been incorporated into the College’s notes to the financial statements.

Basis of Accounting and Presentation

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. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions.

Nonexchange transactions are those in which the College receives value without directly giving equal value in return. These include property taxes, federal, state and local grants, state appropriations, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenues from grants, state appropriations, and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

Cash and Cash Equivalents

The College considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

Investments

The College accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The College also has funds on deposit with the Idaho State Treasurer's Local Government Investment Pool (LGIP) and considers all such funds with the LGIP as investments.

Receivables

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

The College estimates an allowance for uncollectible amounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary.

Property Tax Receivable

Property taxes that are levied for 2014 through 2017 and have not been collected as of June 30 are carried as receivables. Assessed values are established by the County Assessor in Twin Falls and Jerome County (the District). Property tax payments are due in one-half installments in December and June. The District's property tax is levied each November on the assessed value listed as of the prior September for all taxable property located in the District.

Inventories

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

Property, Plant and Equipment

Capital assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated acquisition value at the date of the gift. For equipment, 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. For buildings and improvements, the College's capitalization policy includes all items with a unit cost of $50,000 or more and an estimated useful life of greater than one year. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the College:

Buildings and improvements	15-30 years
Furniture, fixtures and equipment	7 years
Library materials	10 years

Prepaid Expenses

Prepaid items include payments made in the current fiscal year for expenditures attributable to future periods.

Unearned Revenue

Unearned revenue represents unearned student fees and advances on grants and contract awards for which the College has not met all of the applicable eligibility requirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The College has three items that qualify for reporting in this category: the deferred net pension obligation, deferred net other post employment benefits (OPEB) obligation and deferred net OPEB sick reserve obligation reported on the government-wide Statement of Net Position. The deferred net pension, OPEB and OPEB sick reserve obligations result from changes in assumptions or other inputs in the actuarial calculation of the College's net pension, OPEB and OPEB sick reserve liabilities.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The College has one item that qualifies for reporting in this category: the deferred net pension assumption. The deferred net pension assumption results from the differences between the expected and actual experience and the net difference between projected and actual earnings on pension plan investments derived from the actuarial calculation of the College's net pension liability.

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.

Other Post Employment Benefits (OPEB)

The College allows employees the ability to remain on the College's health plan after retirement. As a result, the College calculates an OPEB liability associated with the implied rate subsidy relating to the additional future cost of this benefit provided. Employees are also allowed to save unused sick leave to use toward future health care premium payments. These payments are collected by PERSI and distributed upon retirement. Accounting standards qualify these as two different plans. For purposes of measuring the net OPEB liability and related investments, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the College's Health Plan (HealthCare Plan) and Public Employee Retirement System of Idaho Sick Leave Insurance Fund (Sick Leave Plan) and additions to/deductions from the HealthCare and Sick Leave Plans' fiduciary net position have been determined on the same basis as they are reported by PERSI. For this purpose, the Sick Leave Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Position

Net position is identified as the residual of all elements presented in the Statement of Net Position. The College's net position is classified as follows:

> Net Investment in Capital Assets - This represents the College's total net investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
>
> Restricted, Expendable - Restricted expendable includes resources which the College is legally or contractually obligated to use in accordance with restrictions imposed by external third parties.
>
> Unrestricted - Unrestricted represents resources derived from student fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the College, and may be used at the discretion of the institution to meet current expenses for any lawful purpose and in accordance with State Board of Education Policy. Included in unrestricted net position is $11,679,206 of board designated funds associated with future capital projects.

Classification of Revenues

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

Operating Revenues **–** Operating revenues include activities that have the characteristics of exchange transactions, such as: student tuition and fees, net of scholarship discounts and allowances; sales and services of auxiliary enterprises, 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 revenues by GASB Statement No. 34 and 35, such as state appropriations, property taxes and most federal, state and local grants, and investment income.

Revenue Recognition

Significant revenues of the College that are susceptible to accrual are recognized as revenue as follows:

- State collected and shared taxes such as sales tax, motor vehicle taxes and liquor tax are accrued at the time received and held for allocation by the State of Idaho.
- Student fees and tuition are recognized as revenue in the appropriate fiscal year which the student attends.
- Sales and charges are recognized when service is performed and not when received.
- Investment income is accrued as income when earned and not when received.
- Grant revenues are recognized when expenditure is incurred or when received depending on grant.

Use of Estimates

The preparation of financial statements in conformity 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Income Taxes

As a state institution of higher education, the income of the College is generally exempt from federal and state income taxes under Section 115 (a) of the Internal Revenue Code and a similar provision of state law. 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 College of its exempt purpose or function. The College did not incur unrelated business income tax expense in the fiscal year ended June 30, 2018.

Scholarship Discounts and Allowances

Student fee revenues 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 paid by students or other third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy student fees and related charges, the College has recorded a scholarship discount and allowance.

Implementation of GASB Statement No. 75

As of July 1, 2017, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the net OPEB liability/asset, deferred outflows of resources, deferred inflows of resources, and OPEB expense/revenue. The effect of the implementation of this standard on beginning net position is disclosed in Note 13 and the additional disclosures required by this standard is included in Note 7 and 8.

Note 2 - Cash and Investments

Idaho code, Title 50, Chapter 10 authorizes the College's investments and deposits. The College is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of the State of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase date an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

Cash Deposits

The deposit amounts subject to custodial credit risk at June 30, 2018, consisted of the following:

	Bank Balance	Carrying Amount
Cash		
Insurred or collateralized	$ 6,409,744	$ 5,376,966
Uninsured or uncollateralized	11,646	11,646
Total deposits	$ 6,421,390	$ 5,388,612

Investments

At June 30, 2018, the College's investments consisted of the following:

		Investment Maturities		
College Investments	Value	< 1 year	1-5 years	Percentage
Brokered Certificates of Deposits	$ 899,498	$ -	$ 899,498	2.75%
Certificates of Deposits Held at Local Banks	1,510,645	1,510,645	-	4.62%
State Treasurer Investment Pool	16,148,768	16,148,768	-	49.38%
Fixed Income	14,141,718	7,060,720	7,080,998	43.25%
	$ 32,700,629	$ 24,720,133	$ 7,980,496	100%

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. At June 30, 2018, $11,646, of the College's deposits were uninsured and uncollateralized. The College does not have a policy that specifically addresses custodial credit risk, however; the College follows Idaho code, Title 50, Chapter 10 discussed above.

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. Government securities. The certificates of deposit held at local banks are federally insured. The publicly traded certificates of deposits and the fixed income securities are held by the College or its counterparty in the College's name.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligation. It is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. Ratings provided by Moody's unless otherwise indicated. The College does not have a policy to address credit risk.

College Investments	Fair Value	AAA	A-1+	Unrated
Brokered Certificates of Deposits	$ 899,498	$ -	$ 499,729	$ 399,769
State Treasurer Investment Pool	16,148,768	-	-	16,148,768
Fixed Income	14,141,718	12,406,575	1,245,422	489,721
	$31,189,984	$12,406,575	$1,745,151	$17,038,258

Interest Rate Risk

Interest rate risk is the risk of loss in fair value should market interest rates change in the future. Investments with long-term, fixed interest rates are the most volatile. The funds within the Idaho State Treasurer's Local Government Investment Pool have an average maturity of one year or less, thereby minimizing interest rate risk. The funds within the College's investments in U.S. Government Treasuries have been structured to mature at regular intervals to minimize interest rate risk. Currently, the College does not have a formal policy that addresses interest rate risk.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when five percent of the total entity's investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. Government, mutual funds, and other pooled investments are exempt from disclosure. The College's policy and procedures follow the applicable State Codes.

Investment Valuation

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the College can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the College develops inputs using the best information available in the circumstances.

Investments' fair value measurements are as follows at June 30, 2018:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Brokered Certificates of deposit	$ 899,498	$ -	$ 899,498	$ -
Fixed Income				
U.S. Government obligations	3,755,826	-	3,755,826	-
Fixed income mutual funds	10,385,892	10,385,892	-	-
Total	$ 15,041,216	$ 10,385,892	$ 4,655,324	$ -

The College uses the market approach to measuring the fair value of investments. It relies on the statements from the institutions or advisors charged with investing or managing the funds. These institutions and advisors use market pricing to provide the fair values to the College.

Note 3 - Accounts Receivable

The following summarizes the accounts receivable as of June 20, 2018:

Federal, state and private grants	$ 2,095,696
Student	877,365
Other	51,835
Less allowance	(331,563)
Total accounts receivable	$ 2,693,333

Note 4 - Property, Plant and Equipment

Property, plant and equipment at June 30, 2018, consisted of the following:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Property, plant and equipment not being depreciated				
Land	$ 3,310,759	$ -	$ -	$ 3,310,759
Construction in progress	24,311	31,309	-	55,620
Total property, plant and equipment Not being depreciated	3,335,070	31,309	-	3,366,379
Other property, plant and equipment				
Buildings and improvements	102,836,551	614,816	-	103,451,367
Equipment	5,468,020	906,035	-	6,374,055
Library resources	474,592	39,954	-	514,546
Total other property, plant and equipment	108,779,163	1,560,805	-	110,339,968
Less accumulated depreciation				
Buildings and improvements	46,196,901	3,171,263	-	49,368,164
Equipment	2,985,019	620,021	-	3,605,040
Library resources	474,592	4,281	-	478,873
Total accumulated depreciation	49,656,512	3,795,565	-	53,452,077
Other property, plant and equipment Net of accumulated depreciation	59,122,651	(2,234,760)	-	56,887,891
Property, plant and equipment, net	$ 62,457,721	$ (2,203,451)	$ -	$ 60,254,270

Note 5 - Property Taxes

Idaho counties are responsible for collecting property taxes, assessing penalties and if necessary, sale of the property. In addition, the County maintains all the records and is responsible for remitting property tax amounts to the various taxing entities within the County boundaries.

All real property is assigned a parcel number in accordance with State law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals.

The assessed valuation of the property and its improvements is being assessed at one percent of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located.

Taxes on real property are a lien on the property and attach on January 1 of the year for which the taxes are levied.

Taxes on property are due on the 20th of December, however, they may be paid in two installments with the second installment due June 20. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a three-year waiting period, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated penalties, interest and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation. Twin Falls and Jerome counties collect property taxes for the College.

Note 6 - Pension Plan

Plan Description

The College 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.

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 (5 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% (2.3% for police/firefighters) 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. 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) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2018 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. The College's contributions were $1,893,119 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, the College reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The College's proportion of the net pension liability was based on the College's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, the College's proportion was .4835511 percent.

For the year ended June 30, 2018, the College recognized pension expense (revenue) of $1,227,978. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,052,922	$ 684,749
Changes in assumptions or other inputs	140,555	-
Net difference between projected and actual earnings on pension plan investments	-	455,383
Changes in the employer's proportion differences between the employer's contributions and the employer's proportionate contributions - 2016	-	146,568
Changes in the employer's proportion differences between the employer's contributions and the employer's proportionate contributions - 2017	-	81,711
Changes in the employer's proportion differences between the employer's contributions and the employer's proportionate contributions - 2018	21,619	-
College contributions subsequent to the measurement date	1,893,119	-
Total	$ 3,108,215	$ 1,368,411

$1,893,119 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, 2018.

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, 2017 is 4.9 years.

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 Ending June 30	
2018	$ (494,455)
2019	632,818
2020	153,486
2021	(445,164)

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 June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	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 experienced study was performed for the period July 1, 2007 through June 30, 2013 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, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

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, 2016.

Capital Market Assumptions

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equities	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

Total Fund	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

Actuarial Assumptions	
Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric 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 Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) 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)	$ 17,665,341	$ 7,600,593	$ (763,480)

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, the College reported payables to the defined benefit pension plan of $0 for legally required employer contributions and $0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Optional Retirement Plan

Effective July 1, 1997, the Idaho State Legislature authorized the Idaho State Board of Education's to establish an Optional Retirement Plan (ORP), a defined contribution plan, for faculty and exempt employees. The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State of Idaho.

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 Associations - College Retirement Equities Fund and Variable Annuity Life Insurance Company.

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 62 years of age. The College of Southern Idaho contributions required and paid were $162,452, for the year ended June 30, 2018.

Termination Benefits

Employees who qualify for retirement under PERSI or ORP are eligible to use 50% of the cash value (maximum 600 hours) of their unused sick leave to continue their medical insurance coverage through the college for employees hired prior to June 30, 2010. The College funds these obligations by depositing 0.65% of the employee's gross payroll to PERSI who administers the plan as a cost-sharing, multiple-employer plan.

Note 7 - Post-Employment HealthCare Plan

Plan Description

The College operates a single-employer retiree benefit plan that provides post-employment medical, dental, and vision plans upon retirement from active service. To be eligible for the College's retiree group medical, dental, and vision plans, a retiree must satisfy the PERSI retirement eligibility requirements of 55 years of age (or disability) and 10 years of service.

If the active employee is in optional retirement plan (ORP), the retiree must be age 59.5. Retiree medical, dental, and vision coverage ends for the retiree, spouse, and child(ren) once the retiree is eligible for Medicare, typically at the age of 65. Surviving spouses of deceased retirees and disabled members are not eligible for medical, dental, or vision coverage.

Funding Policy

The College has not established a fund to supplement the costs for the net OPEB obligation. Contributions are made on a pay-as-you-go basis. The required contribution is based on projected pay-as-you-go financing requirements. Retirees are required to pay 100 percent of the premiums based on the combined active and retiree pool for both the retiree and the dependent coverage. Monthly rates in effect for retirees under age 65 during fiscal year 2018 were as follows:

Pre - 65 Rates	Select Health PPO	Delta Dental	LifeMap Choice Vision
Retiree Only	$ 580.10	$ 38.78	$ 7.83
Retiree + Spouse	$ 1,142.80	$ 77.58	$ 15.69
Retiree + Child	$ 701.40	$ 61.69	$ 16.78
Retiree + Children	$ 1,090.60	$ 85.33	$ 16.78
Family	$ 1,601.40	$ 116.36	$ 26.81

Total OPEB Liability

The College's total OPEB liability of $2,635,081 was valued as of July 1, 2016 and the measurement date was as of June 30, 2017.

Actuarial assumptions and other inputs

The total OPEB liability as of July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	3.00% general wage growth plus increase due to promotions and longeivty
Discount Rate	3.58%, based on the 20 year Bond Buyer Guide Go Index
Health Cost Trend Rates	Medical trend is 8.6% from year ending June 30, 2017 to year ending June 30, 2018 then gradually decreasing to an ultimate rate of 4.3% for 2074 and beyond. Dental and vision trend is 11.0% from year ending June 30, 2017 to year ending June 30, 2018 then 3.5% thereafter.
Mortality	Mortality is RP-2000 Mortality for employees, healthy annuitants and disabled annuitants with disabled annuitants with generational projection per Scale AA with adjustments as referenced to Table A-1 of the July 1, 2016 valuation report.

The discount rate was based on the 20 year Bond Buyer Go Index.

The change in the total OPEB liability during the year was as follows:

Balance as of June 30, 2017	$ 2,450,723
Changes for the year:	
Service Cost	221,854
Interest on total OPEB liability	93,356
Expected benefit payments	(130,852)
Balance as of June 30, 2018	$ 2,635,081

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the College using the discount rate of 3.58% as well as what the College's liability would be if it were calculated using a discount rate that is 1- percentage point lower (2.58%) or 1- percentage point higher than the current healthcare cost trend rates:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB liability	$ 2,826,395	$ 2,635,081	$ 2,455,477

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than current healthcare cost trend rates:

	1% Decrease	Current Rend Rates	1% Increase
Total OPEB liability	$ 2,333,797	$ 2,635,081	$ 2,993,647

OPEB Expense

For the year ended June 30, 2018, the College recognized OPEB expense (revenue) of $184,358. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subesquent to the measurement date	$ 168,452	$ -
	$ 168,452	$ -

Note 8 - Other Post Employment Benefits – PERSI Sick Leave Insurance Reserve Fund

Plan Descriptions and Funding Policy

The College contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI 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 the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Sick Leave 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.

OPEB Benefits

Group retiree health, dental, accident, and life insurance premiums may qualify as a benefit. Retirees who have a sick leave account can use their balance as a credit towards these premiums paid directly to the applicable insurance company.

Employer Contributions

The contribution rate for employers are set by statute at .065% of covered compensation for state members. The College contributions for years ended June 30, 2018, was $176,139.

OPEB Liabilities, OPEB Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the College reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2016. The College's proportion of the net OPEB asset was based on the College's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2018, the College proportion was 2.4328077 percent.

For the year ended June 30, 2018, the College recognized OPEB expense (expense offset) of ($49,747). $172,139 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition of the net OPEB asset in the year ending June 30, 2019.

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. The Sick Leave Plan amortizes any net OPEB asset based on a level percentage of payroll. The maximum amortization period for the Sick Leave Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses

The long-term expected rate of return on OPEB 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 OPEB 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. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement thus would have no impact.

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.

Capital Market Assumptions

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equities	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

Total Fund	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

Actuarial Assumptions	
Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	7.10%

Discount Rate

The discount rate used to measure the total OPEB 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 OPEB plan's 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

Sensitivity of the net OPEB asset to changes in the discount rate

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net OPEB liability (asset)	$ (2,222,615)	$ (2,314,321)	$ (2,421,486)

OPEB plan fiduciary net position

Detailed information about the OPEB 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 OPEB plan

At June 30, 2018, the College reported payables to the defined benefit OPEB plan of $0 for legally required employer contributions and $0 for legally required employee

Note 9 - Contingencies

Amounts received or receivables from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

The College is a party to a number of legal actions arising in the ordinary course of its business. In management's opinion, the College has adequate legal defenses and/or insurance coverage respecting each of these actions and does not believe that they will materially affect the College's operations or financial position.

Note 10 - Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation and natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Note 11 - Natural Classifications

Salaries and wages	$ 31,039,500
Benefits	14,438,454
Services	12,754,879
Supplies	3,801,538
Capital Outlays	422,715
Other	8,940,506
Depreciation	3,795,565
Total operating expenses	$ 75,193,157

Note 12 - Operating Leases

Effective September 15, 2014, the College entered into a lease agreement for $3,652 per month with STAR Program to rent a building in Garden City, Idaho. Additional rent may be required if the estimate on the charges for common area maintenance and building insurance increase over the term of the lease. The lease term is for five years with the option to renew the lease at the end of five years. The College has the option to cancel the lease early if the State funding is discontinued. The College is responsible for all utilities and maintenance except the Landlord's obligation to warranty the HVAC system.

Effective October 22, 2014, the College entered into a lease agreement for $7,820 per month with Broken Bow Properties, LLC to rent a building in Idaho Falls, Idaho. The monthly payment increased by 2% on December 1, 2015 and will increase annually each December 1st thereafter. The College is also required to pay "plus net charges" which shall be $1.80 per square foot annually (6,800 square feet). The property tax portion of this charge will be adjusted by an amount equal to the property tax deferment amount. The lease term is for three years with an option to renew the lease at least 60 days prior to the termination of the initial lease. The College is also responsible to pay all utility charges and insurance during the lease agreement.

As of June 30, 2018, future minimum operating lease commitments are as follows:

2019	$ 43,825
2020	14,609
Total	$ 58,434

Note 13 - Adoption of New Standard

As of July 1, 2017, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information.

Beginning net position was restated to retroactively remove the prior OPEB liability reported under GASB Statement No. 45 and adopt the provisions of GASB Statement No. 75 to report the beginning net OPEB Asset - Sick Lease, Total OPEB liability – Health/Dental, and the related deferred outflows of resources and deferred outflows of resources related to contributions made after the measurement date as follows:

Net position as of June 30, 2017, as previously reported	$ 87,690,967
Remove GASB 45 OPEB liability	2,667,007
Net OPEB asset (measurement date) - Sick Leave	2,092,368
Deferred outflow contributions after measurement date - Sick Leave	172,206
Total OPEB liability (measurement date) - Health/Dental	(2,450,723)
Deferred outflow contributions after measurement date - Health/Dental	130,852
Net position at July 1, 2017, as restated	$ 90,302,677

Note 14 - Component Unit Disclosure

Foundation Operations and Significant Accounting Policies

Foundation Operations

The College of Southern Idaho Foundation, Inc. (the Foundation) was established on March 1, 1984, to solicit donations, and to hold and manage them for the exclusive benefit of the College of Southern Idaho. The Foundation is a not-for-profit corporation incorporated in accordance with the laws of the State of Idaho and managed by a volunteer Board of Directors (the Board). Under the Idaho State Board of Education's administrative rules, the Foundation must be independent of, and cannot be controlled by, the College. A memorandum of understanding between the Foundation and the College defines the relationship between the two entities in accordance with the State Board of Education's rules.

The Foundation is presented as a component unit in the College's financial statements, as required by the Governmental Accounting Standards Board.

Investments

The following table presents assets measured at fair value on a recurring basis at June 30, 2018:

		Fair Value Measurements at Report Date Using		
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Cash and money market funds (at cost)	$ 1,789,433	$ 1,789,433	$ -	$ -
Certificates of deposit	1,319,687	-	1,319,687	-
U.S. Government obligations	6,770,540	-	6,770,540	-
U.S. equity	13,687,456	13,687,456	-	-
Global equity	-	-	-	-
Global equity mutual funds	1,910,019	1,910,019	-	-
Real estate funds	456,934	456,934	-	-
	$ 25,934,069	$ 17,843,842	$ 8,090,227	$ -

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Endowment investments				
Cash and money market funds (at cost)	$ 666,120	$ 666,120	$ -	$ -
Certificates of deposit	2,998,285	-	2,998,285	-
U.S. Government obligations	2,448,526	-	2,448,526	-
U.S. equity	4,426,209	4,426,209	-	-
U.S. equity mutual funds	708,497	708,497	-	-
Global equity	291,444	291,444	-	-
Global equity mutual funds	1,389,540	1,389,540	-	-
Real estate funds	389,240	389,240	-	-
	$ 13,317,861	$ 7,871,050	$ 5,446,811	$ -

A significant portion of investment assets are classified within Level 1 because they are comprised of mutual funds, equities, and real estate funds with readily determinable fair values based on daily redemption values. Certificates of deposit are invested and traded in the financial markets. Those certificates of deposit and U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

Endowments

The Foundation's endowment (the Endowment) consists of approximately 130 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain unrestricted net assets designated for endowment by the Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2018, there were no such donor stipulations. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restriction endowment fund, that is not classified in permanently restricted net assets, is classified as temporarily restricted net assets until those amounts are paid out of the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

As of June 30, 2018, the Foundation had the following endowment net asset composition by type of fund:

June 30, 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (61,150)	$ 3,214,691	$ 11,244,064	$ 14,397,605
	$ (61,150)	$ 3,214,691	$ 11,244,064	$ 14,397,605

Investment and Spending Policies

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to scholarships and programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. This is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% to 5%, while growing the funds, if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 7% or greater annually. Actual returns in any given year may vary from this amount. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Foundation typically appropriates for distribution each year from 4% to 5% of its endowment funds' fair value at the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this target, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 2% or more annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Changes in Endowment net assets for the year ended June 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ (63,785)	$ 2,872,995	$ 10,701,935	$ 13,511,145
Investment Return				
Investment income	-	314,178	-	314,178
Net realized and unrealized gain (loss)	2,635	353,827	-	356,462
	2,635	668,005	-	670,640
Contributions	-	-	542,129	542,129
Expenditures	-	(504,529)	-	(504,529)
Donor change in restrictions	-	178,220	-	178,220
Endowment Net Assets, End of Year	$ (61,150)	$ 3,214,691	$ 11,244,064	$ 14,397,605

Restricted Net Assets

Temporarily restricted net assets at June 30, 2018, consist of:

Restricted by donors for	
Scholarships	$ 18,023,626
Special projects	165,971
	$ 18,189,597

Net assets released from restrictions are as follows during the year ended June 30, 2018:

Satisfaction of purpose restrictions	
Scholarships	$ 1,052,451
Educational programs	253,975
Investment fees	102,624
	$ 1,409,050

Permanently restricted net assets consist of endowment funds restricted by donors for investment in perpetuity. Distributions from perpetual trusts and earnings on endowment funds are available for the purposes specified by the donors, or in certain cases, for the Foundation's unrestricted use.

The permanently restricted net assets balances, classified by restriction on the use of earnings, are as follows at June 30, 2018:

Endowment	
Scholarships	$ 10,248,814
Agricultural programs	995,250
	$ 11,244,064

Donated Professional Services and Materials

Donated professional services and materials received during the years ended June 30, 2018 are as follows:

June 30, 2018	Program Services	Management and General	Fundraising and Development	Total
Salaries and benefits	$ -	$ 282,778	$ -	$ 282,778
Rent	-	9,327	-	9,327
	$ -	$ 292,105	$ -	$ 292,105

Donated Property

In July 1991, the Foundation received approximately 25 acres of agricultural land, which was to be restricted as Ag Endowment property. The Foundation had the right to sell the property as long as the proceeds were reinvested in similar farm land or an endowment was created with the investment earnings being used to provide agriculture related programs to the College of Southern Idaho. Subsequently, the Foundation sold the original 25-acre Ag Endowment property. The Board of Directors then designated approximately 40 acres of different farm land in lieu of the sale proceeds, allowing the Ag Endowment Fund to maintain its original intent of having agriculture related assets and programs. The fair-market value of the 40 acres of Ag Endowment Land was appraised during 2003 by a professional appraiser. The appraised value was a range of $995,250 to $1,393,350 "as is" in its current condition or $2,388,600 to $3,582,900 assuming a value as "commercial mixed use". The Foundation has chosen to maintain the land on the books at the lowest value determined to be reasonable given its current "as is" status being $995,250.

Related Party

The Foundation provides scholarships to the College of Southern Idaho based on the terms of the donations. The Foundation provided scholarship support of $2,045,907 during the year ended June 30, 2018, of which $64,217 was payable to the College of Southern Idaho at June 30, 2018. The Foundation provided departmental and program support of $314,623 during the year ended June 30, 2018.

Several members of the Foundation Board of Directors provided a donation to the Foundation. The Foundation received $15,863 in contribution revenue from Board members during the year ended June 30, 2018.

The College of Southern Idaho provides donated office space, salaries and benefits to the Foundation. The College of Southern Idaho provided $292,105 in donated office space, salaries and benefits to the Foundation during the year ended June 30, 2018.

Required Supplementary Information
June 30, 2018

College of Southern Idaho

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

	2014	2015	2016	2017
Employer's portion of net the pension liability	0.5121639	0.4903647	0.4819133	0.4835511
Employer's proportionate share of the net pension liability	$ 3,770,368	$ 6,457,305	$ 9,769,123	$ 7,600,593
Employer's covered payroll	$ 13,730,671	$ 14,134,541	$ 15,017,270	$ 16,723,666
Employer's proportional share of the net pension liability as a percentage of its covered payroll	27.46%	45.68%	65.05%	45.45%
Plan fiduciary net position as a percentage of the total pension liability	94.95%	91.38%	87.26%	90.68%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years *

	2015	2016	2017	2018
Statutorily required contribution	$ 1,554,312	$ 1,600,030	$ 1,699,955	$ 1,893,119
Contributions in relation to the statutorily required contribution	$ (1,554,312)	$ (1,600,030)	$ (1,699,955)	$ 1,893,119
Contribution (deficiency) excess	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 13,730,671	$ 14,134,541	$ 15,017,270	$ 16,723,666
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the will present information for those years for which information is available.

	2018
Total OPEB Liability	
Service Cost	$ 221,854
Interest	93,356
Benefit payments	(130,852)
Net change in total OPEB liability	184,358
Total OPEB liability, beginning	2,450,723
Total OPEB liability, ending	$ 2,635,081
Covered payroll	$ 25,100,223
Total OPEB liabliity as a percentage of covered employee payroll	10.50%

*GASB Statement No. 75 requires ten years of information to be presented in this 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).

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Schedule of Employer's Share of Net OPEB Asset
PERSI - OPEN Sick Leave Insurance Reserve Fund
Last 10 - Fiscal Years *

	2018
Employer's portion of net OPEB asset	2.4328077%
Employer's proportionate share of net OPEB asset	$ 2,314,321
Employer's covered payroll	$ 16,723,666
Employer's proportional share of the net OPEB asset as a percentage of its covered payroll	13.838598%
Plan fiduciary net position as a percentage of the total OPEB asset	204.12%

*GASB Statement No. 75 requires ten years of information to be presented in this 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).

Schedule of Employer Contributions
Schedule of Employer's Share of Net OPEB Asset
Last 10 - Fiscal Years *

	2018
Statutorily required contribution	$ 168,452
Contributions in relation to the statutorily required contribution	$ 172,139
Contribution (deficiency) excess	$ 3,687
Employer's covered payroll	$ 16,723,666
Contributions as a percentage of covered payroll	1.0293138%

*GASB Statement No. 75 requires ten years of information to be presented in this 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 as of June 30, 2018.

Other Information
June 30, 2018

College of Southern Idaho

DHC Auxiliary Enterprise Funds-Revenues and Expenses

Fiscal Year		**2018**	**2017**
Income from DHC Building Operations			
Eagle Hall			
	Monthly/Semester Fees	$ 539,260	$ 587,628
	Other Revenue	28,433	21,191
	Subtotal Revenue	**567,693**	**608,819**
Operating Expenses			
	Salaries & Benefits	121,705	206,691
	Materials, Supplies, Other	51,928	48,487
	Utilities	96,125	95,543
	Equipment	5,486	-
	Maintenance	17,347	32,332
	Transfers to Sinking Fund	74,379	211,700
	Subtotal Expense	**366,970**	**594,753**
Net Revenues/(Losses) of DHC Buildings		$ 200,723	$ 14,066

Fiscal Year		**2018**	**2017**
Income from DHC Building Operations			
Northview Apts			
	Monthly/Semester Fees	$ 249,269	$ 240,899
	Other Revenue	4,982	1,315
	Subtotal Revenue	**254,251**	**242,214**
Operating Expenses			
	Salaries & Benefits	100,037	93,011
	Materials, Supplies, Other	8,431	9,181
	Utilities	41,927	31,333
	Equipment	-	-
	Maintenance	15,858	55,007
	Transfers to Sinking Fund	27,510	78,300
	Subtotal Expense	**193,763**	**266,832**
Net Revenues/(Losses) of DHC Buildings		$ 60,488	$ (24,618)

Fiscal Year		2018	2017
Income from DHC Building Operations			
Eagleview Apts			
	Monthly/Semester Fees	$ 293,521	$ 324,597
	Other Revenue	6,446	5,471
	Subtotal Revenue	**299,967**	**330,068**
Operating Expenses			
	Salaries & Benefits	-	-
	Materials, Supplies, Other	19,129	57,130
	Utilities	60,691	62,905
	Equipment	44,618	-
	Maintenance	13,578	8,873
	Transfers to Sinking Fund	118,792	237,584
	Subtotal Expense	**256,808**	**366,492**
Net Revenues/(Losses) of DHC Buildings		$ 43,159	$ (36,424)

Fiscal Year		2018	2017
Food Service			
	Monthly/Semester Fees	$ 581,622	$ 503,196
	Other Revenue	-	-
	Subtotal Revenue	581,622	503,196
Operating Expenses			
	Salaries & Benefits	-	-
	Materials, Supplies, Other	8,997	6,146
	Utilities	7,103	6,995
	Equipment	-	-
	Maintenance	7,896	10,810
	Cost of Sales-Sodexo payment	533,583	438,058
	Subtotal Expense	557,579	462,009
Net Revenues/(Losses) of DHC Buildings		$ 24,043	$ 41,187

Fiscal Year		2018	2017
CSI Housing			
	Monthly/Semester Fees	$ 28,800	$ 31,300
	Other Revenue	-	-
	Subtotal Revenue	28,800	31,300
Operating Expenses			
	Salaries & Benefits	-	-
	Materials, Supplies, Other	505	199
	Utilities	74	41
	Equipment	-	-
	Maintenance	-	607
	Subtotal Expense	579	847
Net Revenues/(Losses) of DHC Buildings		$ 28,221	$ 30,453

Fiscal Year		2018	2017
Student Union			
	Monthly/Semester Fees	$ 101,011	$ 106,858
	Other Revenue	440	50
	Subtotal Revenue	101,451	106,908
Operating Expenses			
	Salaries & Benefits	87,921	87,967
	Materials, Supplies, Other	16,045	37,409
	Utilities	34,212	3,064
	Equipment	-	-
	Maintenance	-	-
	Transfer to other Funds	31,731	29,732
	Subtotal Expense	169,909	158,172
Net Revenues/(Losses) of DHC Buildings		$ (68,458)	$ (51,264)

Single Audit Information
June 30, 2018

College of Southern Idaho

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

To the Board of Trustees
College of Southern Idaho
Twin Falls, Idaho

We have audited, 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 College of Southern Idaho (the College), as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2018. The financial statements of the discretely presented component unit, College of Southern Idaho Foundation, Inc., 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 College of Southern Idaho Foundation, Inc.

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 opinion 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies. See finding 2018-A.

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

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

Eide Bailly LLP
Boise, Idaho
October 22, 2018

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees
College of Southern Idaho
Twin Falls, Idaho

Report on Compliance for the Major Federal Programs

We have audited the College of Southern Idaho'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 programs for the year ended June 30, 2018. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 the compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 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 each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on the Major Federal Programs
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 the major federal programs 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 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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 compliance requirement 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance described in the accompanying schedule of findings and questioned cost as item 2018-001 that we consider to be a material weakness.

The College's response to the internal control over compliance finding identified in our audit is described in management's corrective action plan. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Boise, Idaho
October 22, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Corporation for National and Community Service			
Foster Grandparent/Senior Companion Cluster			
Foster Grandparent Program	94.011		$ 199,344
Senior Companion Program	94.016		155,657
Total Foster Grandparent/Senior Companion Cluster			355,001
Retired and Senior Volunteer Program	94.002		38,170
AmeriCorps Partnership Challenge Grant	94.006		2,292
Total Corporation for National and Community Service			395,463
Department of Agriculture			
Pass-Through Payments			
Idaho State Department of Education			
Child and Adult Care Food Program	10.558		228,378
Total Department of Agriculture			228,378
Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		137,664
Federal Work-Study Program	84.033		198,846
Federal Pell Grant Program	84.063		6,164,644
Federal Direct Student loans	84.268		3,162,353
Total Student Financial Assistance Cluster			9,663,507
Title III Part A Programs - Strengthening Institutions	84.031A		290,469
Pass-Through Payments			
Boise State University			
Mathematics and Science Partnerships	84.366	7913-B	9,817
Supporting Effective Instruction State Grants	84.367B	8007-A	28,487
Harrison Elementary School			
21st Century Community Learning Center	84.287		193
Hansen School District			
21st Century Community Learning Center	84.287		2,153
			2,346
Idaho Division of Professional-Technical Education			
Adult Education. Basic Grants to States	84.002A	Various	441,412
Career and Technical Education - Basic Grants to States	84.048A	Various	353,378

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Department of Education (continued)			
Pass-Through Payments			
Idaho State Board of Education			
Gaining Early Awareness & Readiness for			
Undergraduate Programs· Gear-Up	84.334	18-7534	181,703
Undergraduate Programs· Gear-Up	84.334A	18-7534	26,255
			207,958
Total Department of Education			10,997,374
Department of Health and Human Services			
Early Head Start	93.600		1,205,266
Head Start	93.600		5,773,585
Pass-Through Payments			6,978,851
American Medical Responders. Access2Care			
Medicaid Cluster			
Medical Assistance Program	93.778		49,039
Total Medicaid Cluster			49,039
Idaho Commission on Aging			
Aging Cluster			
Special Programs for the Aging Title Ill, Part B Grants for Supportive Services and Senior Centers	93.044		266,047
Special Programs for the Aging Title Ill, Part C Nutrition Services	93.045		478,094
Nutrition Services Incentive Program	93.053		125,322
Total Aging Cluster			869,463
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042		10,983
Special Programs for the Aging Title UI, Part D Disease Prevention and Health Promotion Services	93.043		12,423
Senior Medicare Patrol	93.048		19,707
National Family Caregiver Support, Title Ill, Part E	93.052		83,045
Special Programs for the Aging Title Ill, PartB8 Grants for Supportive Services and Senior Centers	93.052		10,767
			93,812
Medicare Enrollment Assistance Program	93.071	MIPPA Year 2/3	11,723

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Idaho Department of Health & Welfare			
Refugee and Entrant Assistance Discretionary Grants	93.566	HC936400	12,144
Refugee and Entrant Assistance Discretionary Grants	93.576	HC886300	4,188
Pass-Through Payments			
TANF Cluster			
Idaho Head Start Association			
Temporary Assistance for Needy Families	93.558	19-201803	124,512
Idaho Office for Refugees· Jannus, Inc	93.558	IOR-1712	21,630
			146,142
Idaho Office for Refugees· Jannus, Inc.			
Refugee and Entrant Targeted Assistance	93.584	IOR-1822	18,608
Refugee and Entrant Assistance	93.566	IOR-1722, IOR-1602	188,630
Refugee and Entrant Assistance	93.576	IOR-1502, IOR-1732	100,814
Refugee and Entrant Assistance	93.583	IOR-1722	154,763
Refugee and Entrant Assistance	93.584	IOR-1572, IOR-1602	54,067
University of Idaho			
National Center for Research Resources 16·17	93.859	IAK300-SB-014	68,655
National Center for Research Resources 17·18	93.859	IAK300-SB-007	18,318
			86,973
U.S. Committee for Refugees and Immigrants			
U.S. Refugee Admissions Program	93.567	90RV0067-03-00	97,566
Total Department of Health and Human Services			8,909,896
Department of Housing and Urban Development			
Pass-Through Payments			
Idaho Housing and Finance Association			
Housing Counseling Assistance Program	14.169		3,700
Total Department of Housing and Urban Development			3,700
Department of Labor			
Trade Adjustment Assistance Community College & Career Train	17.282		22,421
Pass-Through Payments			
Idaho Department of Labor			
Apprenticeship USA State Expansion Grants	17.285	CSI-AGE-4610	20,509
Total Department of labor			42,930
Department of State			
US Refugee Admissions Program	19.510		254,195
Total Department of State			254,195

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Department of Transportation			
Pass-Through Payments			
Idaho Department of Transportation			
Formula Grants for Rural Areas	20.509		393,761
Federal Transit Cluster			
Bus and Bus Facilities formula Program	20.526	ID18X051	12,443
Total Federal Transit Cluster			12,443
Highway Safety Cluster			
STAR Communications & Training Grant	20.600	SMC1701, SMC1702	46,744
Total Highway Safety Cluster			46,744
Total Department of Transportation			452,948
National Aeronautics and Space Administration			
Pass-Through Payments			
University of Idaho			
NASA Idaho Specific Grant Consortium			
Opportunity for Partnerships with Community Colleges & Technical Schools Total National Aeronautics and Space Administration	43.008	FPK053-SB-001/ FPK900-SB-042	31,424
			31,424
National Endowment for the Arts			
Promotion of the Arts Partnership Agreements	45.025		4,650
Pass-Through Payments			
Idaho Commission on the Arts.			
Promotion of the Arts Partnership Agreements	45.025	3206ET-17, 3206AE-17	11,056
Total National Endowment for the Arts			15,706
Small Business Administration			
Pass-Through Payments			
Boise State University - Idaho Small Business Development Center			
Small Business Development Centers	59.037	7448-C, 7982-A	65,316
Total Small Business Administration			65,316
Total Federal Expenditures			$ 21,397,330

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the College of Southern Idaho (the College) under programs of the federal government for the year ended June 30, 2018. The information 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 the College, it is not intended to and does not present the financial position, changes in net position, or cash flows.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in 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. No federal financial assistance has been provided to a subrecipient.

The College has not elected to use the 10% de minimus cost rate.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
U.S. Department of Education	
Student Financial Assistance Programs Cluster	
Pell Grant	84.063
Direct Loans	84.268
Supplemental Education Opportunity Grant	84.007
College Work Study	84.033
Department of Health and Human Services	
Head Start	93.600

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000

Section II – Financial Statement Findings

2018 – A Significant Audit Adjustments
Significant Deficiency in Internal Control

Criteria:
The internal control structure for the College should include procedures to ensure that the trial balance provided for the audit is free from misstatement.

Condition:
As a result of audit procedures, it was discovered that there were two errors in the current year trial balance that related to the prior year. The first entry related to the deferred inflow of resources associated with the pension liability with PERSI that was incorrect in the prior year. In the prior year, the deferred inflow of resources was understated by $272,109 and the associated expense. The second adjustment related to the Career Technical Education (CTE) revenue provided by the State of Idaho. The cash associated with this revenue was not received until fiscal year 17-18; however the revenue had been earned and should have been reflected as revenue in 16-17. As a result, the prior year financial statements understated revenue and overstated accrued salaries and benefits by $375,545.

Cause:
The controls currently in place were not sufficient to ensure that the trial balance provided for the audit did not include significant misstatements.

Effect:
The deferred inflows of resources and related expenses were understated by $272,109 and the revenue related to CTE was understated in the prior year and accrued salaries was overstated by $375,545. The net effect of the two adjustments on the current year financial statements was an overstatement of net income of $103,436.

Recommendation:
Management should have a process in place to ensure that the trial balance provided for the audit is free of misstatement.

Views of Responsible Officials:
Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

2018-001
Direct Programs - U.S. Department of Education
CFDA #84.007, 84.003, 84.063, 84.268
Student Financial Aid Cluster, Special Tests and Provisions: Enrollment Reporting
Material Weakness in Internal Control over Compliance

Criteria:
34 CFR Section 685.309 states that an Institution shall ensure that all information reported to the Secretary is within the required time frame. The NSLDS Enrollment Reporting Guide further states that the information that is reported to the Secretary is accurate in addition to timely.

Condition:
During our testing of students over R2T4, there were multiple instances noted where the information reported to NSLDS was incorrect. Of the 42 students selected for testing under R2T4, there were 24 instances where either the withdrawal date was incorrect, there was no record found within NSLDS of the student, or the withdrawal date was not reported when the student had withdrawn from the College. Additionally, of the 40 students selected for testing for general enrollment reporting, it was noted that the enrollment status within NSLDS for two of the students was incorrect based upon the information provided by the College.

Cause:
There were various contributing factors leading to the errors noted above. The main contributing factor was the withdrawal date information uploaded by the Registrar's office to National Student Clearinghouse (NSC) did not match the actual withdrawal date supplied by the Student Financial Aid Office. As a result, the information originally manually entered by the Student Financial Aid Office was overridden when the Registrar's Office uploaded their information to the NSC.

Effect:
The information within NSLDS was incorrect.

Questioned Costs:
None Reported

Context/Sampling:
A nonstatistical sample of 40 students out of 2,129 students were selected for general enrollment reporting.
A nonstatistical sample of 42 students out of 206 students were selected for R2T4 testing.

Repeat Finding from the Prior Year:
No

Recommendation:
The College should review their current processes over data uploads to NSC to ensure that data is not overridden in the uploads between the Student Financial Aid Office and the Registrar's Office and the information supplied in the uploads is accurate. Also, the College should implement a process in which the information is periodically reviewed to ensure accurate reporting.

Views of Responsible Officials:
Management agrees with the finding.