Financial Statements
June 30, 2018

North Idaho College

Introductory Section
June 30, 2018

North Idaho College

Founded in 1933, North Idaho College (NIC or the College) is a comprehensive community college located on the beautiful shores of Lake Coeur d'Alene. NIC offers degrees and certificates in a wide spectrum of academic transfer, professional-technical, and general education programs. Approximately 5,500 students are enrolled in credit classes and more than 4,600 participate annually in non-credit courses offered by the Workforce Training Center in Post Falls.

The College serves a five-county region through regional centers in Bonners Ferry, Kellogg, and Sandpoint, as well as through an extensive array of internet and interactive video conferencing courses. NIC also plays a key role in the region's economic development by preparing competent, trained employees for area businesses, industries, and governmental agencies.

NIC's campus is located in Coeur d'Alene, Idaho, a lakeside city with a growing population of 50,000 residents. Metropolitan amenities are close by with Spokane, Washington, a city of approximately 215,000 just 30 minutes away.

NIC offers Associate of Arts and Associate of Science degrees in various college transfer programs, and Associate of Applied Science degrees and technical certificates in its professional-technical programs. Students obtaining an Associate of Arts or Associate of Science degree can transfer with junior standing to all other Idaho public colleges and universities.

As one of four community colleges in the state (the other three being College of Southern Idaho, College of Western Idaho, and College of Eastern Idaho), North Idaho College works closely with its sister colleges and universities. NIC partners with the University of Idaho, Lewis-Clark State College, and Idaho State University to enhance the higher education opportunities available in northern Idaho.

Financial Section
June 30, 2018

North Idaho College

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
North Idaho College
Coeur d'Alene, Idaho

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and its discretely presented component unit of North Idaho College (the College), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Component Unit – North Idaho College Foundation, Inc. (the Foundation). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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 College'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 College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the discretely presented component unit of the College, as of June 30, 2018, and the respective changes in financial position and 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 Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Employer's Share of Net OPEB Asset, Schedule of Employer Contributions, and Schedule of Changes in the College's Total OPEB – Healthcare Plan Liability, 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 inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 as a whole. The introductory section, budget to actual– general fund and debt service schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The budget to actual – general fund, debt service schedules, and 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 budget to actual – general fund, debt service schedules, and 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 introductory section has 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 any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 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, and 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
November 29, 2018

This discussion and analysis of North Idaho College’s (the College) financial statements provide an overview of the College’s financial performance during the year ended June 30, 2018. Since the Management’s Discussion and Analysis is designed to focus on current activities, resulting changes and current known facts, please read it in conjunction with the College’s financial statements and the footnotes. The financial statements, footnotes and this discussion are the responsibility of management.

Using the Annual Report

The entity-wide financial statements in this report are modeled after the corporate presentation whereby all College activities are consolidated into one total and are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. The intent of this approach is to summarize and simplify the data for the user’s analysis of the cost of various college services to students and the public. The three statements presented here (the statement of net position, the statement of revenues, expenses and changes in net position and the statement of cash flows) are meant to serve as an overall picture of the financial soundness of the College, provide information about the College’s activities, and present both a short-term and long-term view of the College’s finances. Notes to the financial statements are integral for a complete analysis of the entity-wide statements.

Financial Highlights

In fiscal year 2018, operating revenues decreased approximately $1.1 million, while operating expenses increased by approximately $1.6 million. The decrease in revenues was largely related to a decrease of tuition and fee revenue offset by an increase in federal grants and contracts. The increase in operating expenses was primarily related to an increase in overall payroll and benefits expenses.

The annual change in net position of the college decreased by $1.9 million from the fiscal year 2017 figure of $4.3 million to $2.4 million in fiscal year 2018. This was due to the increased total operating expenses discussed above, offset by an increase in state appropriations.

During 2018, there was downward trend to enrollment. These financial results reflect the College’s ability to adjust and react to the changing higher education landscape while responding to the needs of students and the community.

Statements of Net Position

The statements of net position present the assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position of the College as of the fiscal year end. It is a ‘snapshot’ of the financial position of the College as of the fiscal year end. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and the expenses and liabilities are recognized when others provide the service.

The statement is presented in five sections: total assets (current and noncurrent), deferred outflow of resources, total liabilities (current and noncurrent), deferred inflow of resources, and net position (assets and deferred outflow of resources-liabilities and deferred inflow of resources). Current assets and current liabilities can be liquidated, mature or become payable within the normal 12-month accounting cycles while noncurrent assets and liabilities convert to cash, mature or become payable after 12 months. As of June 30, 2018, the College’s current assets consisted primarily of cash and receivables while noncurrent assets consisted of capital assets including property, plant and equipment maintained by the College.

The majority of the College's liabilities are considered short-term, with the exception of long-term bond obligations, net pension liability, and the OPEB obligation.

Net Position is reported in three categories:

- Net investment in capital assets – the College's equity in capital assets.
- Restricted – must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restriction on the use of the assets.
- Unrestricted – net assets available to the College of any lawful purpose of the institution.

Net position, which is the difference between total assets, total deferred outflow of resources less total liabilities, and total deferred inflow of resources is one indicator of the financial condition of the College. To accurately assess the overall financial condition of the College, additional non-financial factors, such as changes in enrollment levels, the College's property tax base and the condition of school buildings and other facilities, should also be considered.

Statements of Net Position
June 30, 2018 and 2017

	2018	2017
Current and other assets	$ 30,623,393	$ 27,136,910
Capital assets	68,119,520	67,933,749
Total assets	98,742,913	95,070,659
Deferred Outflow of Resources	2,196,975	3,133,342
Current liabilities	5,696,591	5,674,472
Long-term liabilities outstanding	19,196,415	20,266,825
Total liabilities	24,893,006	25,941,297
Deferred Inflow of Resources	1,074,554	1,026,600
Net position		
Net investment in capital assets	57,352,105	56,390,169
Restricted	4,089,871	4,399,732
Unrestricted	13,530,352	10,446,203
Total net position	$ 74,972,328	$ 71,236,104

The College's total assets increased during fiscal year 2018 by $3.7 million. This change is driven primarily by an increase in other receivables from various grants and contracts in 2018, as well as changes as a result of the implementation of GASB 75. Total liabilities decreased by $1 million, driven by a decrease of net pension liability relating to GASB 68, offset by changes as a result of the implementation of GASB 75.

Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the statements of net position are based on the activity presented in the statements of revenues, expenses, and changes in net position. The purpose 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 taxes, the revenue streams the College depends upon most significantly, are classified as non-operating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over the expected useful life.

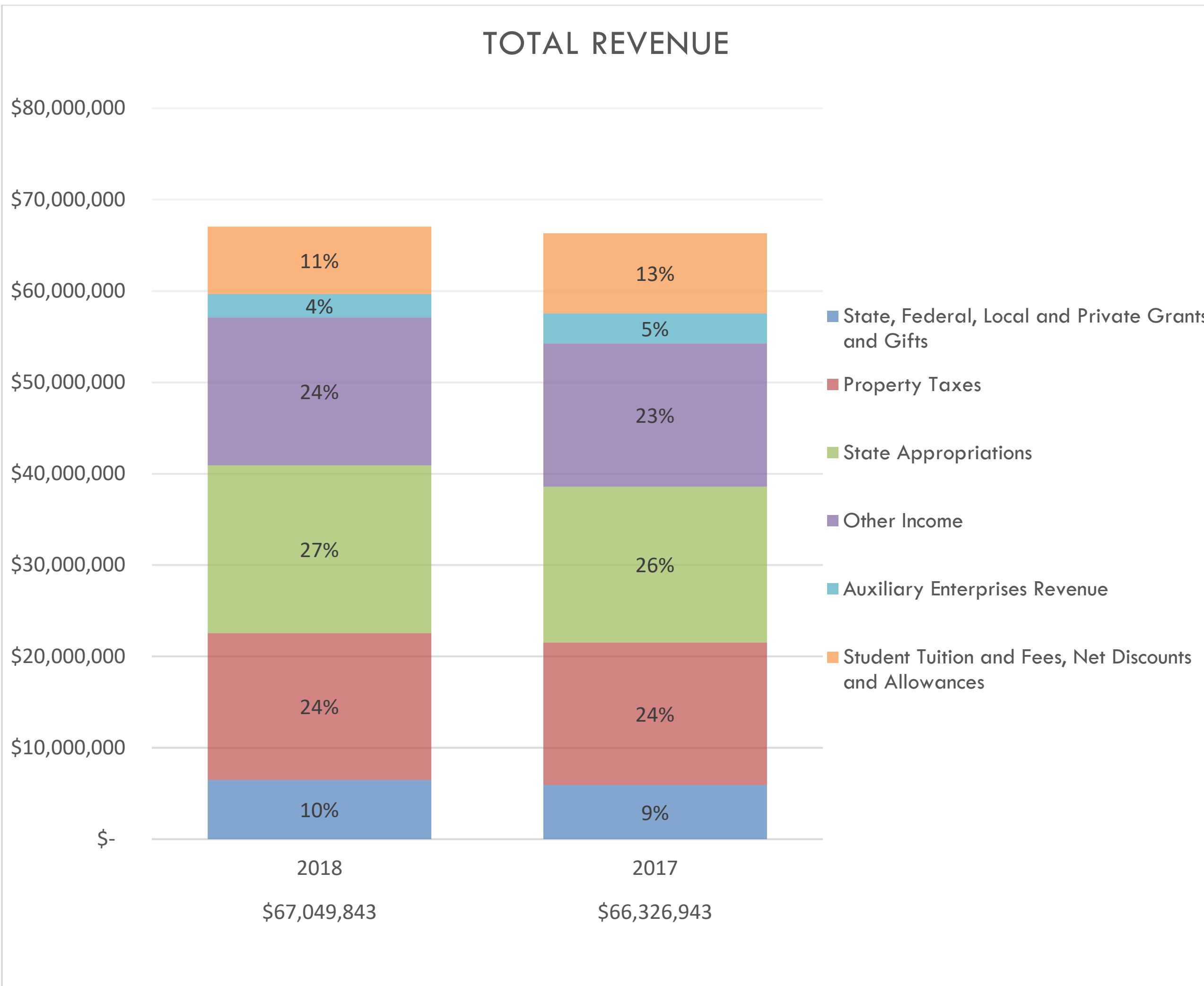
Generally, operating revenues are generated by providing services to various customers, students and constituencies of the College, including but not limited to student tuition and fees, auxiliary enterprises, and federal and state grants. Operating expenses are those expenses paid to acquire or produce the services provided in turn for operating revenues and to carry out the mission of the College. Non-operating revenues are revenues for which services are not provided. Revenues and expenses for the year ended June 30, 2017 have not been restated to reflect the implementation of GASB 75.

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

	2018	2017
Operating Revenues		
Student tuition and fees, net	$ 7,378,243	$ 8,799,408
Auxiliary enterprises revenue	2,551,055	3,279,745
State and local grants and contracts	543,842	415,050
Federal grants and contracts	4,230,279	3,797,646
Other operating revenues	3,188,021	2,692,476
Total operating revenues	17,891,440	18,984,325
Operating Expenses	64,154,638	62,529,396
Operating Loss	(46,263,198)	(43,545,071)
Non-Operating Revenues (Expenses)		
State appropriations	18,381,600	17,086,041
Property taxes	16,066,368	15,604,242
Non-operating state and federal grants	12,324,417	12,459,663
Non-operating other income	364,251	318,902
Private gifts, grants, and contracts	1,706,091	1,698,699
Investment income	315,676	175,071
Interest expense	(335,520)	(231,541)
Loss on disposal of fixed assets	(114,711)	(20,790)
Total non-operating revenues	48,708,172	47,090,287
Change in Net Position	2,444,974	4,328,015
Net Position, Beginning of Year	71,236,104	66,908,089
Prior period adjustment - Implementation of GASB 75	1,291,250	-
Net Position, Beginning of Year, as restated	72,527,354	66,908,089
Net Position, End of Year	$ 74,972,328	$ 71,236,104

The Statements of Revenue, Expenses and Changes in Net Position reflects an overall increase in net position of $2.4 million during fiscal year 2018. Operating revenues for the period decreased by approximately $1.1 million, while operating expenses increased by $1.6 million, year over year. The decrease in operating revenue was largely related to a decrease of tuition and fee revenue of approximately $1.4 million, offset by an increase in federal grants and contracts of $433,000. The increase in operating expenses was primarily related to an increase in overall payroll and benefits expenses. Non-Operating revenues (expenses) for the same period increased by $1.6 million due to increased state appropriations.

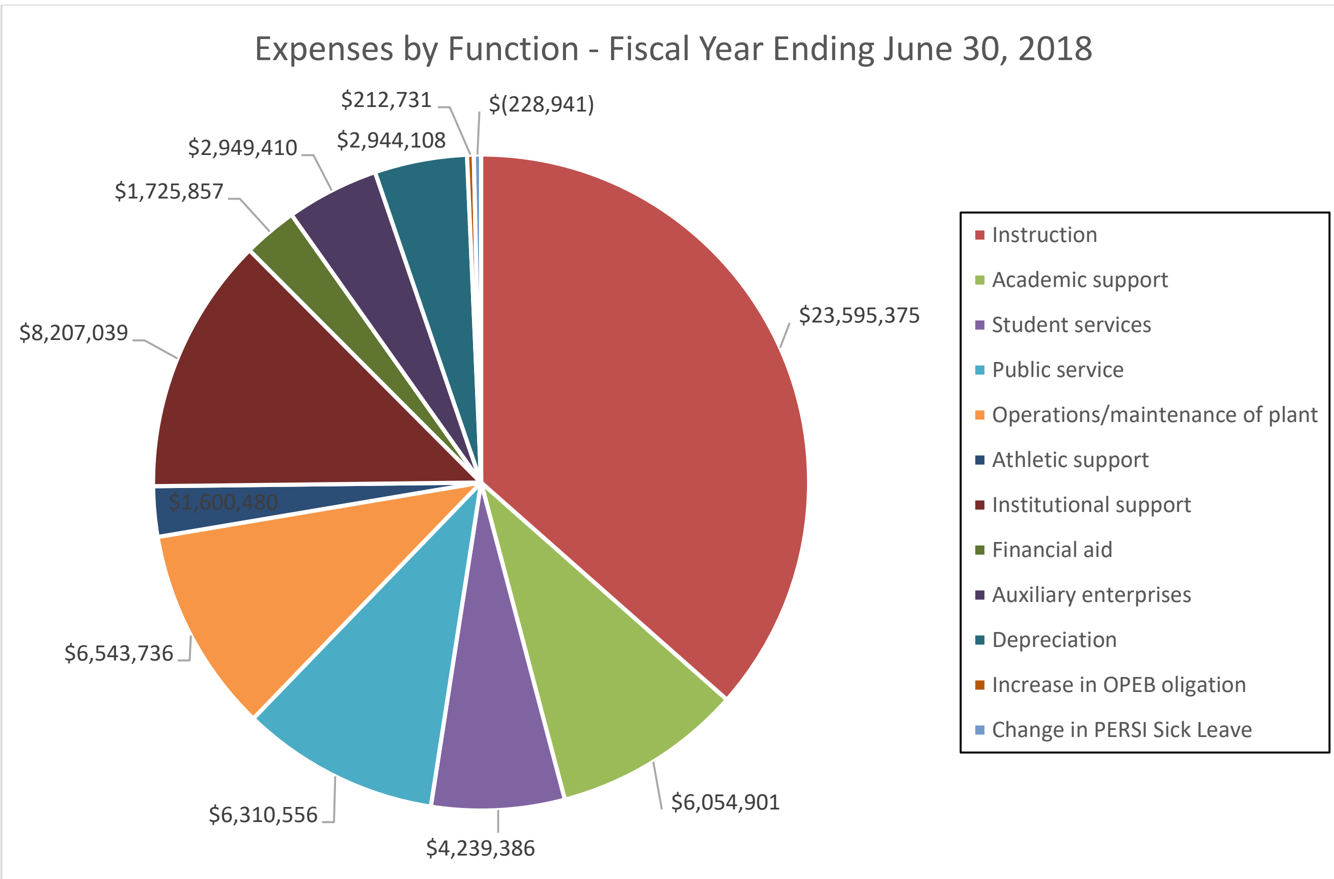
Comparative data for the prior year have been presented in order to provide an understanding of changes in the entity's financial position and operations. Certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.



This chart shows the allocation of both operating and non-operating revenue between the major categories from the statements of revenues, expenses and changes in net position. The allocation between categories remains relatively stable from year to year.

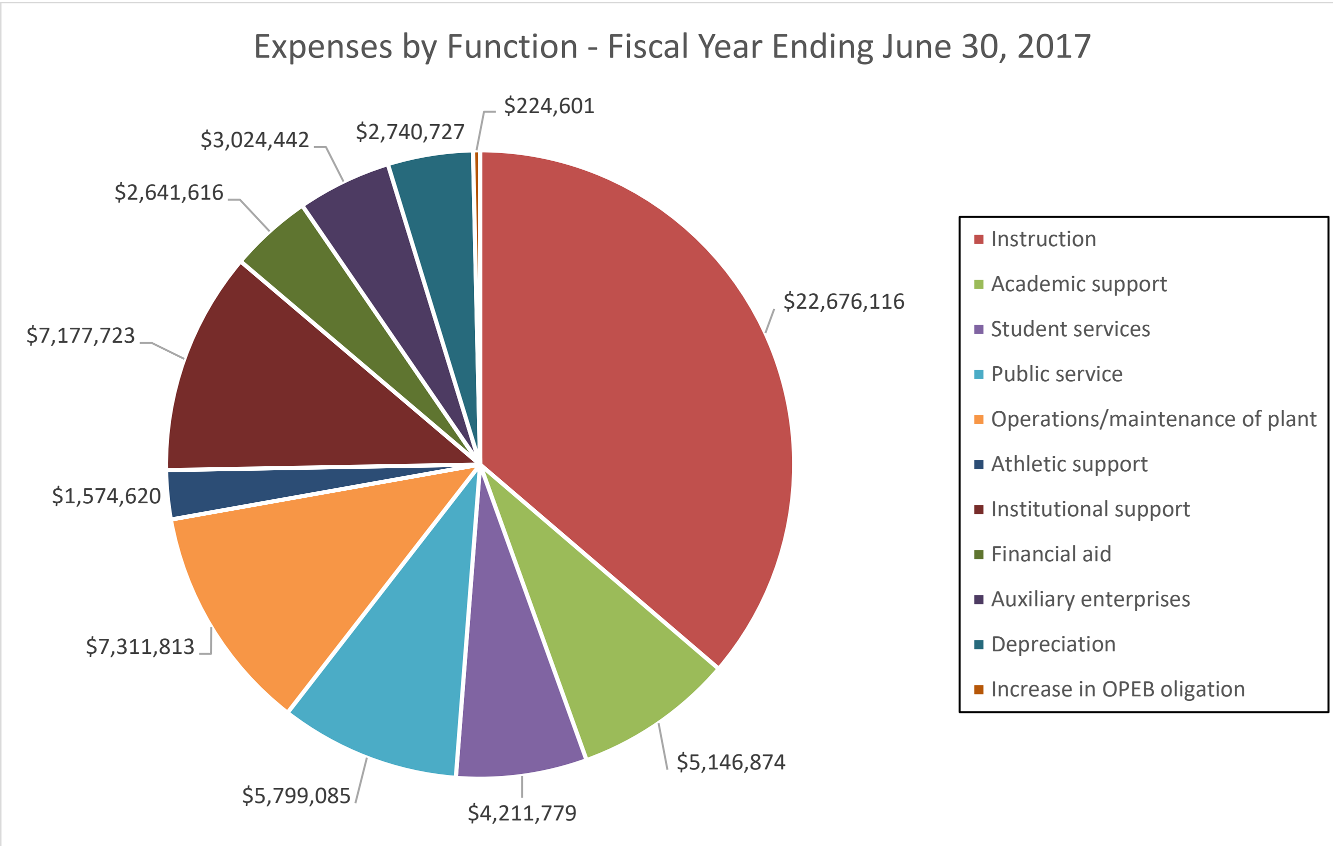
GASB 35 requires tuition and fee revenues from students to be reported net of scholarship discounts and allowances. Scholarship discounts and allowances are the difference between the College's stated charges for tuition and fees and the amount paid by students or third parties on behalf of the students. Total tuition and fees for 2018 and 2017 were $14.7 million and $15.5 million, and allowances against those tuition and fees were $7.3 million and $6.7 million, respectively. The scholarship allowance in 2018 and 2017 was 50% and 43% of gross tuition and fees. This indicates that approximately half of the College's students received federal or some other form of financial assistance.

A summary of the College's expenses by function for the year ended June 30, 2018 is as follows:



Instruction and academic support account for 46% of the total operating expense of the College.

A summary of the College’s expenses by function for the year ended June 30, 2017 is as follows:



Instruction and academic support account for 44% of the total operating expense of the College.

Net Capital Assets

	2018	2017	Change
Capital Assets			
Land and construction in progress	$ 16,739,125	$ 23,175,797	$ (6,436,672)
Ground improvements	5,393,946	5,260,941	133,005
Buildings	73,859,870	66,161,662	7,698,208
Furniture and equipment	14,150,314	13,601,589	548,725
Infrastructure	7,472,694	7,527,194	(54,500)
Total capital assets	117,615,949	115,727,183	1,888,766
Less accumulated depreciation	49,496,429	47,793,434	1,702,995
Net Capital Assets	$ 68,119,520	$ 67,933,749	$ 185,771

At the end of 2018, the College had $68.1 million invested in a broad range of capital assets, including land, buildings, computer and office equipment, exterior lighting and telecommunications infrastructure, net of accumulated depreciation. The College constructed or acquired $3.2 million in capital assets during 2018. More detailed information about the College's capital assets is presented in Note 3 to the basic financial statements.

At the end of 2017, the College had $67.9 million invested in a broad range of capital assets, including land, buildings, computer and office equipment, exterior lighting and telecommunications infrastructure, net of accumulated depreciation. The College constructed or acquired $12.3 million in capital assets during 2017.

Debt Administration

As of June 30, 2018, the College had an outstanding liability of $5,303 for leased property under capital leases for administrative equipment. As of June 30, 2017 this figure was $46,302. The administrative equipment consists mainly of copiers. More detailed information on the College's lease obligations is presented in Note 5 to the basic financial statements.

As of June 30, 2018, the College had $2,600,000 in debt outstanding from the construction of the dormitory in 2001, and $7,880,000 in debt outstanding from the construction of a Student Wellness and Recreation Center. Those figures were $3,325,000 and $7,880,000, respectively as of June 30, 2017.

Economic Outlook

With the regional economy continuing to show growth, the overall enrollment trend for the college has returned to pre-recession level. During the past year the college has increased resources to focus on enrollment management including the establishment and hiring of a dean of enrollment management position and the development of a strategic enrollment management plan. The college has continued to see a growth in dual credit (high school students enrolled in college courses). This growth, while providing an offset to enrollment declines from traditional students, presents a long-term challenge as more students choose to dual enroll in NIC while in high school and then transfer directly to four-year colleges and universities directly after high school.

As a result of the Governor's Task Force on Higher Education, in October 2018, the Idaho State Board of Education approved an outcomes-based funding model (OBF) for higher education for presentation to the legislature. OBF is anticipated to replace the longstanding enrollment workload adjustment (EWA) as a method for allocating state support for higher education, including NIC. OBF is a method of allocating support on the basis of completion, rather than enrollment. This change is anticipated to benefit NIC as the college continues to develop programs and services supporting student retention.

Starting in fall of 2016, the college began a comprehensive planning process that incorporated academic, IT, facilities and strategic enrollment management plans into an integrated strategic plan. The integrated plans demonstrate a focus on the student experience and specifically on retention and completion. The facilities master plan developed during the comprehensive planning process brought forth a number of future building projects. Discussions have started with the administration and the board to prioritize and develop a funding strategy. In 2016, the board officially designated a portion of the fund balance to act as a capital reserve fund. Leveraging the reserve, the Board has funds available to facilitate design and construction of one or more of the projects.

In the spring of 2018, construction began on the North Idaho Collaborative Education facility. Located on North Idaho College's main campus, this building is a joint effort between North Idaho College, Lewis Clark State College and the University of Idaho and will house shared instructional classrooms and student services. The institutions each funded one-third of a two million dollar contribution to the facility. The facility construction and funding is being managed by the Department of Public Works. The Coeur d'Alene urban renewal agency, ignite CDA, also contributed funds to the project.

College management believes the College is well positioned to maintain its strong financial condition. The College's financial position, as evidenced by its strong cash balance and bond rating, provides a high degree of flexibility and stability to address future challenges. Management will continue to maintain a close watch over resources and expenses to ensure that the College's finances are sustainable, and that the College can plan for and react to future internal or external issues.

Request for Information

These financial statements and discussions are designed to provide a general overview of the College's finances for all those with an interest in the College's finances. Questions concerning any information provided in this report should be addressed to Chris A. Martin, Vice President for Finance and Business Affairs, North Idaho College, 1000 W. Garden Avenue, Coeur d'Alene, ID 83814.

Assets	
Current Assets	
Cash and cash equivalents	$ 17,908,379
Tuition and fees receivable, net of allowance for uncollectible amounts of $361,238 in 2018	294,234
Property tax receivable	5,414,327
Other accounts receivable	3,439,851
Prepaid supplies and expenses	166,903
Inventory	19,401
Total current assets	27,243,095
Non-Current Assets	
Restricted cash and cash equivalents	246,891
Restricted deposits held by bond trustee	731,099
PERSI Sick Leave	2,402,308
Non-depreciable capital assets	16,739,125
Depreciable capital assets less accumulated depreciation	51,380,395
Total non-current assets	71,499,818
Total assets	98,742,913
Deferred Outflow of Resources	
Pension obligation	2,019,672
OPEB obligations	177,303
	2,196,975

Liabilities	
Current Liabilities	
Accounts payable	1,646,569
Accrued salaries and benefits	2,503,974
Other accrued liabilities	127,816
Unearned tuition and fees revenue	307,147
Deposits held in custody for others	138,068
Interest payable	58,585
Long-term liabilities-current portion	914,432
Total current liabilities	5,696,591
Non-Current Liabilities	
Revenue bonds, less current portion	10,012,112
Compensated absences, less current portion	901,732
Net pension liability	5,388,516
Total obligation for other post-employment benefits	2,894,055
Total non-current liabilities	19,196,415
Total liabilities	24,893,006
Deferred Inflow of Resources	
Pension obligation	1,074,554
Net Position	
Net investment in capital assets	57,352,105
Restricted Net Position - Expendable	
Capital Projects	2,006,019
Debt Service	2,083,852
Unrestricted	13,530,352
Total net position	$ 74,972,328

Revenues	
Operating revenues	
Student tuition and fees, net of scholarship allowances of $7,326,070 in 2018	$ 7,378,243
Auxiliary enterprises revenue	2,551,055
State and local grants and contracts	543,842
Federal grants and contracts	4,230,279
Other operating revenues	3,188,021
Total operating revenues	17,891,440
Expenses	
Operating expenses	
Instruction	23,595,375
Academic support	6,054,901
Student services	4,239,386
Public service	6,310,556
Operations and maintenance of plant	6,543,736
Athletic support	1,600,480
Institutional support	8,207,039
Financial aid	1,725,857
Auxiliary enterprises	2,949,410
Depreciation	2,944,108
Change in OPEB obligation	212,731
Change in PERSI Sick Leave	(228,941)
Total operating expenses	64,154,638
Operating Loss	(46,263,198)
Non-Operating Revenues (Expenses)	
State appropriations	18,381,600
Property taxes	16,066,368
Non-operating state grants and contracts	1,205,348
Non-operating federal grants and contracts	11,119,069
Other non-operating income	364,251
Private gifts, grants, and contracts	1,706,091
Interest income	315,676
Interest expense	(335,520)
Loss on disposal of capital assets	(114,711)
Total non-operating revenues	48,708,172
Change in Net Position	2,444,974
Net Position, Beginning of Year, as restated	72,527,354
Net Position, End of Year	$ 74,972,328

Operating Activities	
Tuition and fees	$ 7,299,444
Payments to suppliers	(18,564,690)
Payments to employees	(42,094,904)
Payments for financial aid	(1,725,857)
Auxiliary enterprise charges	2,551,055
Federal, state, and local grants and contracts	4,774,121
Other revenue	2,358,986
Net Cash used for Operating Activities	(45,401,845)
Noncapital Financing Activities	
Local property taxes	16,274,638
State appropriations	18,381,600
Grants and contracts	14,394,759
Net Cash from Noncapital Financing Activities	49,050,997
Capital and Related Financing Activities	
Purchase of capital assets	(2,588,098)
Restricted deposits held by bond trustee	(6,814)
Principal paid on capital debt and leases	(765,999)
Interest paid on capital debt and leases	(342,544)
Net Cash used for Capital and Related Financing Activities	(3,703,455)
Investing Activities	
Interest on investments or cash deposits	315,676
Net Cash from Investing Activities	315,676
Net Change in Cash and Cash Equivalents	261,373
Cash and Cash Equivalents, Beginning of Year	17,893,897
Cash and Cash Equivalents, End of Year	$ 18,155,270

Reconciliation of Operating Loss to Net	
Cash used for Operating Activities	
Operating loss	$ (46,263,198)
Adjustments to reconcile operating loss to net cash	
used for operating activities	
Depreciation and amortization	2,944,108
GASB 68 - Actuarial pension revenue	(438,602)
Change in PERSI Sick Leave	(228,941)
Change in OPEB obligation	212,731
Changes in assets and liabilities	
Receivables (net)	(871,352)
Prepaid supplies and expenses	(155,342)
Inventory	2,436
Accounts payable	(361,313)
Accrued salaries and benefits	68,064
Other accrued liabilities	(314,964)
Unearned tuition and fees revenue	(36,482)
Deposits held in custody for others	13,791
Compensated absences	27,219
Net Cash used for Operating Activities	$ (45,401,845)
Supplemental Disclosure of Noncash Activity	
Amortization of premium of refunding	$ 10,166
Fixed assets acquired from accounts payable	656,492
Reconciliation of Cash, Restricted Cash and Cash Equivalents	
Cash and cash equivalents	$ 17,908,379
Restricted cash and cash equivalents	246,891
Total cash, restricted cash and cash equivalents	$ 18,155,270

Assets	
Current Assets	
Cash and cash equivalents	$ 2,646,134
Contributions receivable, net	636,041
Cash surrender value of life insurance	59,400
Other assets	334,650
Total current assets	3,676,225
Property and Equipment	130,000
Noncurrent Assets	
Noncurrent contributions receivable, net	596,346
Investments	26,979,055
	$ 31,381,626
Liabilities and Net Assets	
Current Liabilities	
Accounts and other payables	$ 114,620
Deferred revenue	550,000
Total current liabilities	664,620
Net Assets	
Unrestricted	5,151,178
Temporarily restricted	12,933,399
Permanently restricted	12,632,429
Total net assets	30,717,006
	$ 31,381,626

Unrestricted Net Assets	
Unrestricted revenues, gains and support	
Raffle ticket sales	$ 550,000
Contributions	206,356
Investment income	71,333
Net gain on investments	353,933
Other	67,880
Net assets released from restrictions	
Satisfaction of program restrictions	1,630,660
Total unrestricted revenues, gains and support	2,880,162
Expenses	
Program services	1,696,548
Supporting services	
General and administrative	138,406
Fund-raising	583,425
Total expenses	2,418,379
Increase in Unrestricted Net Assets	461,783
Temporarily Restricted Net Assets	
Contributions	1,881,780
Investment income	313,909
Net gain on investments	1,557,539
Net assets released from restrictions	
Satisfaction of program restrictions	(1,630,660)
Net transfers	(22,824)
Increase in Temporarily Restricted Net Assets	2,099,744
Permanently Restricted Net Assets	
Endowment fund contributions	812,059
Transfers to (from) permanent endowment at donor's request	22,824
Increase in Permanently Restricted Net Assets	834,883
Change in Net Assets	3,396,410
Net Assets, Beginning of Year	27,320,596
Net Assets, End of Year	$ 30,717,006

Note 1 - Principal Business Activity and Significant Accounting Policies

Description of Entity

North Idaho College (NIC or the College) meets the diverse educational needs of students, employers, and the northern Idaho communities it serves through a commitment to student success, educational excellence, community engagement and life-long learning. As a comprehensive community college, North Idaho College strives to provide accessible, affordable, and quality learning opportunities. North Idaho College endeavors to be an innovative, flexible leader recognized as a center of educational, cultural, economic, and civic activities by the communities it serves.

The College was first known as Coeur d'Alene Junior College, a private school that was started in 1933 and operated for six years. In January 1939, the state legislature passed the Junior College Act, which permitted qualified areas to establish junior college districts by a vote of eligible electors. Coeur d'Alene Junior College became North Idaho Junior College in June of 1939. On July 31, 1971, the College changed its name to North Idaho College. NIC's service area is the Idaho panhandle, which includes Kootenai, Benewah, Bonner, Shoshone and Boundary counties.

NIC offers Associate of Arts and Associate of Science degrees in various college transfer programs, and Associate of Applied Science degrees and technical certificates in its career-technical programs. Many credit courses are offered evenings and during the summer on the NIC campus and at outreach sites. NIC's enrollment in credit courses is approximately 7,235 students annually. NIC also includes a contemporary Workforce Training/Community Education Center, which is located in the Riverbend Commerce Park in nearby Post Falls. Noncredit classes and workforce training programs serve another 4,900 students each year.

The College is fully accredited in all instructional areas by the Northwest Association of Schools and Colleges and the Idaho State Division of Career Technical Education. The Nursing Program is accredited by the National League for Nursing Accrediting Commission.

The College operates a full-year Head Start Program under a federal grant. The Head Start Program provides comprehensive early child development for disadvantaged preschool children and their families.

The College operates an office on Aging and Adult Services. This agency has been charged with the responsibility of coordinating a comprehensive program for all senior citizens in the five county area of North Idaho. Funding is primarily received through federal grants under Title III of the Older Americans Act of 1965.

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 North Idaho College Foundation, Inc. (the Foundation).

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The 30-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income 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's financial statements for fiscal year ended June 30, 2018, are discreetly presented because of the nature and significance of its relationship with the College.

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.

Financial statements for the Foundation can be obtained by calling the Foundation at 208-769-5978.

Basis of Accounting

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

Non-exchange transactions, in which the College receives value without directly giving equal value in return 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.

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as they are needed.

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. Cash balances that are restricted and not expected to be expended within the subsequent year are classified as noncurrent assets. The College has some funds on deposit with the Idaho State Local Government Investment Pool (LGIP) and considers all such funds with the LGIP as cash and cash equivalents. Even though the weighted average of the underlying investments of the LGIP is greater than 90 days, the College can liquidate its deposits within a few days.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable balances are recorded net of estimated uncollectible amounts.

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 levied for 2010 through 2016 are recorded as receivables. The College's property tax is levied each November on the assessed value listed as of the prior September for all property located in Kootenai County (the County). Assessed values are established by the County Assessor. Property tax payments are due in one-half installments in December and June.

Prepaid Expenses

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

Restricted Cash and Cash Equivalents

In accordance with debt covenant restrictions and agency fund requirements, the College is obligated to separately hold cash amounts sufficient to satisfy the debt covenants and agency fund requirements. These amounts are shown as noncurrent assets.

Capital Assets

Capital assets are stated at cost when purchased or constructed, or if donated, 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. Renovations and improvements to buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 20 years for improvements other than buildings, infrastructure 10 years, and 5-20 years for furniture and equipment.

Unearned Revenue

Unearned revenue include amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting period.

Compensated Absences

Employees of the College are entitled to paid vacation days depending on job classification, length of service and other factors. At June 30, 2018, the accrued expenses for compensated absences were $1,060,861. Accumulated vacation time in excess of 30 days is forfeited at the end of every fiscal year. Sick days accumulate according to Idaho statute and the PERSI administered sick leave pool guidelines. The College retained the right to revoke this benefit annually. At June 30, 2018, no provision for the accumulated sick leave balances has been made.

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included in this section.

Restricted Net Position – Expendable – Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted Net Position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. Included in the unrestricted net position is $5,800,000 as of June 30, 2018, which is designated by the Board of Trustees for future capital expenditures of the College.

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.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or 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 tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Income Taxes

As a public 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. However, the College is subject to federal income tax on any unrelated business taxable income. Defined by the Internal Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance by the organization of its exempt purpose or function. The College does not have unrelated business income tax to report during the fiscal year ended June 30, 2018.

Deferred Outflows and Inflows of Resources

In addition to assets, the statements 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 future period(s) and so will not be recognized as an outflow of resources (expense) until then. The College has two items that qualify for reporting in this category, deferred net pension and OPEB obligation.

In addition to liabilities, the statements of net position will include 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 so 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 reported on the statement of net position, deferred net pension.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

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) – PERSI Sick Leave & Healthcare Plan

For purposes of measuring the net OPEB liability for healthcare, deferred outflows of resources and deferred inflows of resources related to OPEB healthcare, and OPEB healthcare expense, information about the fiduciary net position of the College and additions to/deductions from College's fiduciary net position have been determined on the same basis as they are reported by College. For this purpose, the College recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense (expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Reserve Fund and additions to/deductions from Sick Leave Insurance Reserve Fund's fiduciary net position have been determined on the same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 are included in Note 8 and 9.

Note 2 - Cash and Cash Equivalents and Investments

General

State statutes authorize 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 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 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.

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

	Bank Balance	Carrying Amount
Cash and cash equivalents		
Bank deposit	$ 4,341,552	$ 4,074,539
Local Government Investment Pool	13,583,839	13,583,840
Money market	256,565	250,000
Restricted cash		
Bank deposit	246,891	246,891
Bond account - money market	735,362	731,099

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a financial institution, the College's deposits and investments may not be returned to it. At June 30, 2018, $4,571,313 of the College's deposits were uninsured and uncollateralized. The College does not have a deposit policy for custodial credit risk.

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 or deposit purposes. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool (LGIP) 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 are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

The LGIP is required to report its investments at fair value because the weighted average maturity of the investments is greater than 90 days and thus, the College is required to report its deposits at fair value. However, the College has reported these deposits at cost plus accrued interest which approximates fair value.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the College manages its exposure to interest rate risk is by keeping funds needed for operations in short-term liquid investments. All investments types discussed above have a maturity date of less than one year.

Note 3 - Capital Assets

Capital assets at June 30, 2018 consist of the following:

	Balance 6/30/2017	Additions	Transfers	Retirements	Balance 6/30/2018
Capital assets, not being depreciated					
Land	$ 15,465,014	$ -	$ -	$ -	$ 15,465,014
Construction in progress	7,710,783	1,043,768	(7,480,440)	-	1,274,111
Total capital assets not being depreciated	23,175,797	1,043,768	(7,480,440)	-	16,739,125
Capital assets, being depreciated					
Grounds improvements	5,260,941	133,005	-	-	5,393,946
Buildings	66,161,662	325,027	7,480,440	(107,259)	73,859,870
Furniture and equipment	13,601,589	1,742,790	-	(1,194,065)	14,150,314
Infrastructure	7,527,194	-	-	(54,500)	7,472,694
Total capital assets being depreciated	92,551,386	2,200,822	7,480,440	(1,355,824)	100,876,824
Less accumulated depreciation					
Grounds improvements	2,159,906	214,787	-	-	2,374,693
Buildings	29,734,547	1,765,753	-	(34,410)	31,465,890
Furniture and equipment	10,420,518	804,374	-	(1,152,203)	10,072,689
Infrastructure	5,478,463	159,194	-	(54,500)	5,583,157
Total accumulated depreciation	47,793,434	2,944,108	-	(1,241,113)	49,496,429
Capital assets being depreciated, net	44,757,952	(743,286)	7,480,440	(114,711)	51,380,395
Total capital assets, net	$ 67,933,749	$ 300,482	$ -	$ (114,711)	$ 68,119,520

Note 4 - Property Taxes

Idaho counties are responsible for collecting property taxes, assessing penalties and if necessary, sale of property. In addition, the counties maintain all the records and are responsible for remitting property tax amounts to the various taxing entities within their 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 20th. 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. Kootenai County collects property taxes for the College.

Note 5 - Lease Obligations

Operating Lease Obligations

The College is committed under various operating leases, primarily for buildings and maintenance agreements. The lease terms range from one to seven years. The expense for operating leases was $582,106 for fiscal year 2018. As of June 30, 2018, future minimum operating lease commitments are as follows:

Year Ended June 30,		
2019	$	452,401
2020		432,843
2021		348,517
2022		130,743
Total	$	1,364,504

Capital Lease Obligations

In 2013, the College entered into copier lease agreements. The leases extend through August 2018. The College will pay $3,430 monthly for the remainder of the term. At June 30, 2018, the assets under capital lease equaled $201,421 with accumulated depreciation of $196,118. Amortization of assets under capital lease is included in depreciation expense. The future minimum capital lease commitment, including interest is $5,303, due in 2018.

Note 6 - Long-Term Debt

Revenue Bonds, Series 2012

The College refinanced the 2001 Certificates of Participation in 2012. The new debt agreement calls for graduated annual payments on May 1 of each year, until May 1, 2022, when the entire bond will be paid off. The new interest rate ranges from 2.25% to 4.00%. The economic gain from refinancing was $2,128,104 and the cash flow gain was $1,252,957.

The 2012 bonds mature in the amounts as follows:

Years Ending June 30,	Principal	Interest	Total	Interest Rate
2019	$ 750,000	$ 68,763	$ 818,763	2.25% - 3.00%
2020	765,000	51,138	816,138	2.50%
2021	785,000	30,883	815,883	3.00% - 4.00%
2022	300,000	7,750	307,750	3.10%
	$ 2,600,000	$ 158,534	$ 2,758,534	

The bonds are secured by a pledge of revenue from operation of the Student Union Building and Dormitory and collection of student fees over the term of the bond. The trustee is U.S. Bank, Boise, Idaho.

Revenue Bonds, Series 2016

The College acquired new debt in fiscal year 2016 for construction of the Student Wellness and Recreation Center. The new debt agreement calls for annual payments beginning November 1, 2017 until November 1, 2046, when the entire bond will be paid off. The interest rate ranges from 2.00% to 4.50%.

The 2016 bonds mature in the amounts as follows:

Years Ending June 30,	Principal	Interest	Total	Interest Rate
2019	$ -	$ 279,856	$ 279,856	
2020	-	279,856	279,856	
2021	-	279,856	279,856	
2022	-	279,856	279,856	
2023	220,000	276,923	496,923	2.00%
2024-2028	1,190,000	1,298,506	2,488,506	2.00% - 4.00%
2029-2033	1,425,000	1,067,304	2,492,304	3.00% - 4.00%
2034-2038	1,675,000	822,840	2,497,840	3% - 3.125%
2039-2043	1,970,000	511,294	2,481,294	3.375%
2044-2047	1,400,000	86,025	1,486,025	4.500%
	$ 7,880,000	$ 5,182,316	$ 13,062,316	

Unamortized premium on the Series 2016 Revenue Bonds was $282,112 as of June 30, 2018. The premium is amortized $10,166 per year through 2046.

The bonds are secured by a pledge of revenue from operation of the student union building, dormitory, student wellness and recreation center and collection of student fees over the term of the bond. The trustee is U.S. Bank, Boise, Idaho.

Bond Covenants for Revenue Bonds

The Revenue Bonds for the 2012 series and 2016 series calls for a reserve account to be maintained with a balance of $708,903. At June 30, 2018, $731,099 was on deposit.

The College is also required to generate fee income equal to at least 1.25 times the annual debt service requirement. In fiscal year 2018, the College utilized $207,000 of excess unrestricted net position to cover this requirement.

There was $1,169,672 in pledged revenue generated from the operations of the Student Union Building and the Dormitory to cover the debt service costs for the year ended June 30, 2018. The total debt service during the years ended June 30, 2018, was $1,105,071.

Changes in Long-Term Debt

Long-term liability activity for the year ended June 30, 2018, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Lease obligations	$ 46,302	$ -	$ 40,999	$ 5,303	$ 5,303
2012 Revenue bonds	3,325,000	-	725,000	2,600,000	750,000
2016 Revenue bonds	7,880,000	-	-	7,880,000	-
Compensated absences	1,033,642	175,799	148,580	1,060,861	159,129
Total long-term liabilities:	$ 12,284,944	$ 175,799	$ 914,579	$ 11,546,164	$ 914,432

Note 7 - 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, 2017 it was 6.79% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees. The College's contributions were $1,173,544 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 that date. 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, 2018, the College's proportion was .3428184 percent.

For the year ended June 30, 2018, the College recognized pension expense of $870,587. 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	$ 746,480	$ 485,460
Differences between expected and actual investment earnings	-	322,848
Changes in actuarial assumptions	99,648	-
Net pension liability change in proportion	-	266,246
College's contributions subsequent to the measurement date	1,173,544	-
Total	$ 2,019,672	$ 1,074,554

The $1,173,544 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 for the year ending June 30, 2019.

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, 2016, the beginning of the measurement period ended June 30, 2017, is 4.9 and 5.5 years for the measurement period ended June 30, 2016.

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:

Year ended June 30:	
2019	$ (389,057)
2020	410,134
2021	75,542
2022	(325,045)

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 – 10.00%
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
- Set back one year for all general employees and all beneficiaries

An experience 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 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, 2017.

Capital Market Assumptions

Asset Class	**Expected Return**	**Expected Risk**	**Strategic Normal**	**Strategic Ranges**
Equities			70%	66% - 77%
Broad Domestic Equity	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 Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

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 represents the College’s proportionate share of the net pension liability as of June 30, 2018, calculated using the discount rate of 7.10%, as well as what the College’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%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's net pension liability (asset)	$ 12,524,021	$ 5,388,516	$ (541,277)

Pension plan fiduciary net position

Detailed information about the pension's plan 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 no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note 8 - Other Post-Employment Benefits (OPEB) - PERSI Sick Leave

Plan Description

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. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The College's contributions were $177,303 for the year ended June 30, 2018.

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 that date. 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, 2017, the College's proportion was 2.5252992 percent.

For the year ended June 30, 2018, the College recognized OPEB expense offset of $50,168.

The $177,303 reported as deferred outflows of resources related to OPEBs resulting from Employer contributions subsequent to the measurement date will be recognized as an addition to 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 eturn	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 Equity	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 Inflation**	**Expected Real Return**	**Expected Risk**
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

Actuarial Assumptions:	
Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.08%
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 net OPEB liability (asset)	$ (2,307,115)	$ (2,402,308)	$ (2,513,547)

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.

Note 9 - Other Post-Employment Benefit (OPEB) - Healthcare Plan

Plan Description

North Idaho College operates a single–employer retiree benefit plan that provides post-employment medical, dental, and life plans upon retirement from active service. To be eligible for the College’s retiree group medical, dental, and life plans, a retiree must satisfy the PERSI retirement eligibility requirements of 55 years of age (or disability) and 5 years of service. If the active employee is in optional retirement plan (ORP), the retiree must be age 55. Once a retiree becomes eligible for Medicare, the spouse can continue medical and dental coverage until the spouse is eligible for Medicare. Disabled members and their dependents do not receive medical, dental, or life benefits. Surviving spouses are not eligible for medical, dental, or life benefits. After December 31, 2010, new retirees became ineligible to enroll themselves or their dependents in retiree life insurance.

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% of the premiums based on the combined active and retiree pool for both the retiree and the dependent coverage. If a retiree has at least 25 years of service, North Idaho College will contribute 71% of the retiree medical and dental plan premiums. The membership as of July 1, 2016 includes 495 active participants, 76 retirees and surviving spouses, and 40 spouses of current retirees.

Total OPEB Liability

The total OPEB liability at June 30, 2018 was determined by an actuarial valuation as of July 1, 2016, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date of June 30, 2017. There have been no significant changes between the valuation date and the fiscal year end.

Inflation	2.50%
Salary increases	3.00%
Discount rate	3.58%
Medical price index trend	5.40%
Dental price index trend	-8.80%

The discount rate was based on Bond Buyer 20-Bond GO Index. Mortality rates were based on the RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection. The total OPEB liability was based on the 2016 PERSI Experience study for demographic assumptions and the July 1, 2016 OPEB Valuation for the economic and OPEB specific assumptions.

Changes in the Total OPEB Liability

Balance at June 30, 2016 (Measurement Date)	$ 2,681,324
Changes for the year:	
Service cost	198,442
Interest on total OPEB liability	101,548
Expected benefit payments	(87,259)
Balance at June 30, 2017 (Measurement Date)	$ 2,894,055

OPEB expense was $299,990 for the year ended June 30, 2018.

Sensitivity Analysis

The following presents the total OPEB liability of the College, calculated using the discount rate of 3.58%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58%) or 1 percentage point higher (4.58%) than the current rate.

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total June 30, 2017 OPEB Liability	$ 3,133,217	$ 2,894,055	$ 2,674,638

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

	1% Decrease	Current Trend Rate	1% Increase
Total June 30, 2017 OPEB Liability	$ 2,597,584	$ 2,894,055	$ 3,245,548

Note 10 - Contingencies

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 11 - Related Party Transactions

Significant transactions occurring between the Foundation and the College include: the Foundation made scholarship and other support payments to the College in the amounts of $1,630,660 for the year ended June 30, 2018. The College also provided funding for the Foundation’s staff salary and benefits in the amounts of $194,254. Amounts receivable from the Foundation as of June 30, 2018, were $97,514. Outstanding checks from the Foundation were $616,936 as of June 30, 2018.

Note 12 - Component Unit – North Idaho College Foundation, Inc.

Nature of Activities and Summary of Significant Accounting Policies

Foundation Operations

The North Idaho College Foundation, Inc. (the Foundation) is discretely presented within the financial statements as a component unit. The Foundation was incorporated on October 12, 1977, as an Idaho non-profit corporation with a perpetual existence for the purpose of providing scholarships and other sources of aid to the college community. The exclusive beneficiaries of the Foundation are North Idaho College (NIC or the College) and its students. The Foundation operates from offices provided by North Idaho College. The Foundation receives revenues and support primarily through contributions and fund-raising activities.

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’s financial statements are prepared in accordance with the Standards set by the Financial Accounting Standards Board (FASB). FASB standards require three classes of net assets: unrestricted, temporarily restricted, and permanently restricted instead of reporting by fund as is done under GASB standards. Other differences include criteria for recognizing in-kind donations and the presentation of information.

Investments

The Foundation primarily invests with the Commonfund for Nonprofit Organizations (Commonfund), which holds a diversified portfolio of marketable common stocks and other marketable equity-type investments including, but not limited to, convertible bonds, convertible preferred stocks, and warrants. The Commonfund investments may also hold cash, short-term obligations, and U.S. government, corporate, and other bonds. The Foundation also uses four investment managers to manage portfolios of equity securities. Investments are carried at market or net asset value (NAV) per share or its equivalent, as provided by fund management, and realized and unrealized gains and losses are reflected in the statements of activities. The market value of the investments is as follows at June 30, 2018:

Commonfund investments	$ 20,613,264
Domestic securities	5,157,273
Foreign securities	1,184,249
Corporate bonds	24,269
	$ 26,979,055

The following investment earnings, investment fees, and unrealized gains and losses have been allocated among all net assets based on average balances for the year ended June 30, 2018 unless otherwise stipulated:

	2018
Net unrealized and realized gain (loss) on investments held at market	$ 1,911,472
Investment income	483,437
Investment fees	(98,195)
Total return on investments	$ 2,296,714

Net Assets

The following identifies the breakdown of unrestricted net assets at June 30, 2018:

Designated by the Board for endowment purposes	$ 3,267,065
Undesignated revenue from raffle fund-raiser	132,474
Undesignated	1,751,639
	$ 5,151,178

Temporarily restricted net assets are available primarily as scholarship assistance, and program support, as well as for other purposes as stipulated by their donors as follows:

Unappropriated endowment earnings	$	7,202,616
Nonendowment, temporarily restricted assets		5,730,783
	$	12,933,399

Permanently restricted net assets consist of contributions that are to provide a permanent endowment.

Endowment Accounts

The Foundation's endowment consists of approximately 369 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of North Idaho College Foundation, Inc. has interpreted the Uniform Prudent Management for 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 absent explicit donor stipulations to the contrary. As a result of this interpretation, North Idaho College Foundation, Inc. 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) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purpose of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Endowment net asset composition by type of fund as of June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 7,202,616	$ 12,632,429	$ 19,835,045
Board-designated endowment funds	3,267,065	-	-	3,267,065
	$ 3,267,065	$ 7,202,616	$ 12,632,429	$ 23,102,110

Changes in Endowment net assets for the fiscal year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 3,001,988	$ 6,247,145	$ 11,797,546	$ 21,046,679
Investment return				
Investment income	45,444	274,687	-	320,131
Net appreciation (realized and unrealized)	225,477	1,362,927	-	1,588,404
Total investment returns	270,921	1,637,614	-	1,908,535
Contributions	-	-	812,059	812,059
Appropriation of endowment assets for expenditure	(5,844)	(682,097)	-	(687,941)
Other changes				
Transfers at donor request from nonendowed temporarily restricted funds at donor request	-	(46)	22,824	22,778
Endowment net assets, end of year	$ 3,267,065	$ 7,202,616	$ 12,632,429	$ 23,102,110

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies reported in unrestricted net assets as of June 30, 2018.

Return Objectives and Risk Parameters

The object of the investment and spending policies for endowment assets adopted by the Foundation is to preserve and, over time, increase the inflation adjusted value of the investable assets of the Foundation. Second, the objective is to maximize, over the long run, the total rate of return on investable assets, assuming a level of risk consistent with prudent investment practices for such funds. Endowment assets, for purposes of this disclosure, include those assets of donor-restricted funds the Foundation must hold in perpetuity or for a donor-specified period as well as Board-designated (quasi-endowment) funds. All endowment and quasi-endowment funds shall be subject to the same high level of prudent investment policy.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average dollars available for the prior three years through the fiscal year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 6% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns.

Fair Value and Financial Instrument

The Foundation has determined the fair value of certain assets and liabilities in accordance with the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America.

FASB ASC 820-10-20 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs are developed based on independent market data obtained from sources independent of the Foundation. Unobservable inputs reflect the Foundation's own assumptions about market inputs based on its own data.

A fair value hierarchy has also been established by the Fair Value Measurements and Disclosures Topic of FASB ASC, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted market prices in active markets for identical assets or liabilities the Foundation has the ability to access at the measurement date. Level 2 inputs consist of valuations other than quoted prices included in Level 1 that are observable by the Foundation for the related asset or liability. Level 3 inputs consist of unobservable valuations related to the asset or liability.

Investments in corporate bonds and equity securities are valued based on quoted market prices, and are therefore, typically classified within Level 1.

Investments with the Common Fund are valued using NAV per share or its equivalent as reported by the investment manager that are audited under AICPA guidelines and that have activity and the ability to redeem at NAV on or near the reporting date are evaluated outside of the fair value hierarchy in accordance with ASU 2015-07.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. In addition, while the Foundation believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The Foundation has not changed their valuation methods during the current year or prior year.

The following table summarizes the valuation of the Foundation's investments by the above FASB ASC 820 fair value hierarchy levels as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Domestic securities	$ 5,157,273	$ -	$ -	$ 5,157,273
Foreign securities	1,184,249	-	-	1,184,249
Corporate bonds	24,269	-	-	24,269
Total assets in the fair value heirarchy	$ 6,365,791	$ -	$ -	6,365,791
Investments measured at NAV practical expedient				20,613,264
Investments at fair value				$ 26,979,055

The Foundation recognizes transfers into and out of levels at the end of the reporting period. There were no transfers between levels in the year ended June 30, 2018.

The following table presents information regarding funds with fair value that is determined using the NAV (or its equivalent) provided by the fund as of June 30, 2018.

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Available)	Redemption Notice Period
Common Fund for Nonprofit Organizations				
Multi-Strategy Equity Fund	$ 16,514,250	-	Monthly	5 Business Days
Multi-Strategy Bond Fund	4,099,014	-	Monthly	5 Business Days
	$ 20,613,264			

Note 13 - Adoption of New Standard

As of July 1, 2017, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Post Employment Benefits (OPEB)*. 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 liability and total OPEB liability and deferred outflows of resources related to contributions made after the measurement date as follows:

Beginning net position as previously reported June 30, 2017	$ 71,236,104
Prior period adjustment - implementation of GASB 75	
Remove GASB 45 OPEB liability - Healthcare Plan	1,621,904
Total OPEB liability (measurement date) - Healthcare Plan	(2,681,324)
Net OPEB asset (measurement date) - Sick Leave	2,171,917
Deferred outflow from contributions subsequent to measurement date - Sick Leave	178,753
Total prior period adjustment	1,291,250
Net position, as restated, July 1, 2017	$ 72,527,354

Required Supplementary Information
June 30, 2018

North Idaho College

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

	Reported as of the measurement date of June 30,			
	2017	2016	2015	2014
Employer's proportion share of the net pension liability	0.3428184%	0.3447564%	0.3573277%	0.3728502%
Employer's proportionate share of the net pension liability	$ 5,388,516	$ 6,988,742	$ 4,705,425	$ 2,744,761
Employer's covered payroll	$ 10,297,312	$ 10,080,885	$ 10,006,519	$ 10,455,717
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	52.33%	69.33%	47.02%	26.25%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	84.26%	94.95%	94.95%

*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 *

	Reported as of the fiscal year-end date of June 30,			
	2018	2017	2016	2015
Statutorily required contribution	$ 1,173,544	$ 1,165,656	$ 1,141,156	$ 1,132,739
Contributions in relation to the statutorily required contribution	$ (1,173,544)	$ (1,165,656)	$ (1,141,156)	$ (1,132,739)
Contribution (deficiency) excess	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 10,367,000	$ 10,297,312	$ 10,080,885	$ 10,006,519
Contributions as a percentage of the 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 College will present information for those years for which information is available.

Schedule of Employer's Share of Net OPEB Asset
PERSI - OPEB Plan - Sick Leave
Last 10 - Fiscal Years *

	Reported as of the measurement date of June 30, 2017
Employer's proportion share of the net OPEB asset	2.5252992%
Employer's proportionate share of the net OPEB asset	$ 2,402,308
Employer's covered payroll	$ 26,565,168
Employer's proportionate share of the net OPEB asset as a percentage of its covered payroll	9.04%
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 10-10-year trend is compiled, the College will present information for those years for which information is available.

Schedule of Employer Contributions
PERSI - OPEB Plan - Sick Leave
Last 10 - Fiscal Years *

	Reported as of the fiscal year end date of June 30, 2018
Statutorily required contribution	$ 177,303
Contributions in relation to the statutorily required contribution	$ (177,303)
Contribution (deficiency) excess	$ -
Employer's covered payroll	$ 27,277,189
Contributions as a percentage of the covered payroll	0.65%

Schedule of Changes in the College's Total OPEB Liability
OPEB - Healthcare Plan
Last 10 - Fiscal Years *

	Reported as of the measurement date of June 30, 2017
Service cost	$ 198,442
Interest on total OPEB liability	101,548
Expected benefit payments	(87,259)
Net change in total OPEB liability	212,731
Total OPEB liability - beginning of year	2,681,324
Total OPEB liability - end of year	$ 2,894,055

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

Supplementary Information
June 30, 2018

North Idaho College

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	Original Budget*	Actual	Variance with Final Budget
Revenues			
State allocations	$ 18,381,633	$ 18,381,600	$ (33)
Property taxes	15,014,827	15,014,827	-
Tuition and fees	12,420,630	11,730,218	(690,412)
Other revenues	1,321,658	2,684,659	1,363,001
Total revenues	47,138,748	47,811,304	672,556
Expenditures			
Direct Instruction	18,744,969	17,735,895	1,009,074
Academic Support	5,077,755	5,085,928	(8,173)
Student Services	3,716,301	3,625,536	90,765
Institutional Support	7,836,487	8,321,212	(484,725)
Plant Operations and Maintenance	4,224,307	4,257,889	(33,582)
Public Service	49,000	49,000	-
Student Aid	885,533	805,431	80,102
Transfers	6,604,396	6,417,126	187,270
Total expenditures	47,138,748	46,298,017	840,731
Revenues Over (Under) Expenditures	$ -	$ 1,513,287	$ 1,513,287

** Budget was not amended during the year.*

DORMITORY HOUSING COMMISSION OF NORTH IDAHO COLLEGE
HISTORIC AND PROJECTED DEBT SERVICE COVERAGE FROM PLEDGED REVENUES

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
Building Revenues										
Revenues from Sales and Rentals (1)	$ 4,804,800	$ 4,343,981	$ 4,096,824	$ 2,958,820	$ 2,225,985	$ 2,136,428	$ 2,150,000	$ 2,203,750	$ 2,258,844	$ 2,315,315
Interest Income	724	607	871	1,418	2,504	2,100	2,150	2,172	2,193	2,215
Total Building Revenues	**$ 4,805,524**	**$ 4,344,588**	**$ 4,097,695**	**$ 2,960,238**	**$ 2,228,490**	**$ 2,138,528**	**$ 2,152,150**	**$ 2,205,922**	**$ 2,261,037**	**$ 2,317,530**
Operations and Maintenance Expense										
Cost of Merchandise Sold (2)	$ 2,513,832	$ 2,202,816	$ 2,085,332	$ 1,318,971	$ 490,662	$ 457,072	$ 461,642	$ 466,259	$ 470,921	$ 475,631
Salaries and Benefits (3)	1,150,315	1,141,814	1,075,008	977,072	1,122,083	1,159,981	1,171,580	1,183,296	1,195,129	1,207,081
Repairs, Maintenance and Supplies (4)	104,388	91,126	70,347	78,532	150,124	103,081	104,112	105,153	106,204	107,267
Utilities and Garbage (5)	243,803	127,409	134,893	123,736	114,530	97,803	98,781	99,769	100,767	101,774
Other Operating Expenses (6)	255,898	275,374	430,742	152,766	202,364	184,996	186,846	188,714	190,601	192,507
Total Building Expenses	**$ 4,268,236**	**$ 3,838,539**	**$ 3,796,322**	**$ 2,651,076**	**$ 2,079,763**	**$ 2,002,932**	**$ 2,022,961**	**$ 2,043,191**	**$ 2,063,623**	**$ 2,084,259**
Net Revenue of Buildings	**$ 537,288**	**$ 506,049**	**$ 301,373**	**$ 309,162**	**$ 148,727**	**$ 135,596**	**$ 129,189**	**$ 162,730**	**$ 197,414**	**$ 233,271**
Student Union Fee + Other Income	736,547	671,614	598,873	$ 580,305	$ 527,488	$ 501,114	$ 506,125	$ 511,186	$ 516,298	$ 521,461
Student Wellness & Recreation Center Fee + Other Income	-	-	238,243	542,866	493,457	468,791	473,479	478,213	482,996	487,826
Student Union Fee Revenue (7)	**$ 736,547**	**$ 671,614**	**$ 837,116**	**$ 1,123,171**	**$ 1,020,945**	**$ 969,905**	**$ 979,604**	**$ 989,400**	**$ 999,294**	**$ 1,009,287**
Total Pledged Revenues	**$ 1,273,835**	**$ 1,177,663**	**$ 1,138,489**	**$ 1,432,333**	**$ 1,169,672**	**$ 1,105,500**	**$ 1,108,792**	**$ 1,152,130**	**$ 1,196,708**	**$ 1,242,557**
Debt Service on Parity Obligations										
Series 2008 Bonds	$ 414,110	$ 416,155	$ 413,989	$ 353,850	$ -	$ -	$ -	$ -	$ -	$ -
Series 2012 Bonds (8)	407,546	403,747	409,650	413,738	817,534	821,650	819,325	820,200	309,300	-
Series 2016 Bonds (9)	-	-	-	301,551	287,537	279,856	279,856	279,856	279,856	497,656
Total Debt-Service	**$ 821,656**	**$ 819,902**	**$ 823,639**	**$ 1,069,139**	**$ 1,105,071**	**$ 1,101,506**	**$ 1,099,181**	**$ 1,100,056**	**$ 589,156**	**$ 497,656**
Fund Balance Support					**$ 207,000**	**$ 266,000**	**$ 260,000**	**$ 218,000**	**$ -**	**$ -**
Debt Service Coverage	**1.55**	**1.44**	**1.38**	**1.34**	**1.25**	**1.25**	**1.25**	**1.25**	**2.03**	**2.50**
Available for CapEx or Increase in Fund Balance	**$ 452,179**	**$ 357,761**	**$ 314,850**	**$ 363,194**	**$ 64,601**	**$ 3,994**	**$ 9,611**	**$ 52,074**	**$ 607,552**	**$ 744,901**

Footnotes

(1) Revenues from Sales and Rentals include Building Revenues. FY 2018 Building Revenues reflect full-year contractual commission agreement with Follett Higher Education Group, Inc. and full-year Student Wellness & Recreation Center operation. Building Revenues are expected to increase 1.00% annually beginning in FY 2019 due to stabilizing enrollment and modest increases in rental fees.
(2) Cost of Merchandise Sold is budgeted to decrease in FY 2019 due to Dining Services savings initiatives. Cost of Merchandise Sold is then expected to increase by 1.00% annually beginning in FY 2020.
(3) Salaries and Benefits reflect full-year contractual agreement with Follett Higher Education Group, Inc. and full-year Student Wellness & Recreation Center operation in FY 2018. FY 2019 Salaries reflect approximately 3.00% employee increase. Salaries and Benefits are then expected to increase 1.00% annually beginning in FY 2020.
(4) Repair, Maintenance, and Supplies reflects one-time lock repair expense in FY 2018 and are expected to increase 1.00% annually beginning in FY 2020.
(5) Utilities and Garbage expenses reflect Dormitory Internet and Cable Television savings in FY 2019 and are expected to increase 1.00% annually beginning in FY 2020.
(6) Other Operating Expenses reflect full-year contractual agreement with Follett Higher Education Group, Inc. and additional cost of full-year Student Wellness & Recreation Center operation in FY 2018. Other Operating Expenses are then expected to increase 1.00% annually beginning in FY 2020.
(7) Student Union Fee and Other Income recognize FY 2018 fee of $180 per semester per full-time equivalency student beginning in FY 2017 with stabilizing enrollment beginning in FY 2020.
(8) Series 2012 Bonds (Dormitory) reflect acceleration due to refinance beginning in FY 2018.
(9) Series 2016 Bonds (Student Wellness & Recreation Center) reflect interest only through FY 2022 and principal and interest beginning in FY 2023.

Source: The Commission.

DHC Auxiliary Enterprise Funds - Revenues, Expenses and Changes in Fund Balance

	Schedule of Funds Provided for Required Debt Service	Auxiliary Enterprise Funds Summary from Audited Financial Statements					
Fiscal Year	2018 Based on Audit [(1)]	2017 Audited	2016 Audited	2015 Audited	2014 Audited	2013 Audited	2012 Audited
Funds Pledged for Debt service							
Income from DHC Building operations							
Revenues for sales & rentals	$ 1,408,451 [(2)]	$ 2,545,082	$ 3,687,174	$ 3,940,234	$ 4,804,800	$ 5,457,527	$ 5,587,502
Dormitory Revenues	817,534 [(3)]	413,738	409,650	403,747			
Subtotal	2,225,985	2,958,820	4,096,824	4,343,981			
Cost of sales and operating expenses	(2,079,763)	(2,651,076)	(3,796,322)	(3,838,539)	(4,268,236)	(4,717,461)	(4,808,477)
Net Revenues of DHC Buildings	146,222	307,744	300,502	505,442	536,564	740,066	779,025
Income from Other Sources							
Student Union Fee	527,488 [(4)]	580,305	598,873	671,614	736,547	836,012	869,699
Student Wellness & Recreation Center Fee	493,457	542,866	238,243	-			
Interest Income	2,504	1,418	871	607	724	997	847
Total Funds Pledged for Debt Service	1,169,671	1,432,333	1,138,489	1,177,663	1,273,835	1,577,075	1,649,571
Transfer to pay Parity Debt Service [(5)]	(1,105,071)	(1,069,139)	(823,639)	(819,902)	(821,656)	(819,657)	(830,466)
Excess Revenue	64,600	363,194	314,850	357,761	452,179	757,418	819,105
Capital Expenditures	(260,373)	(19,990)	(615,107)	(316,703)	(50,287)	(440,690)	(362,751)
Net Change in DHC Fund Balances	(195,773)	343,204	(300,257)	41,058	401,892	316,728	456,354
DHC Fund Balances Beginning of Year [(6)]	4,734,786	4,391,582	4,691,839	4,650,781	4,248,889	3,932,161	3,475,807
DHC Fund Balances End of Year [(6)]	**$ 4,539,013**	**$ 4,734,786**	**$ 4,391,582**	**$ 4,691,839**	**$ 4,650,781**	**$ 4,248,889**	**$ 3,932,161**

Footnotes

(1) The College's Audited Financial Statements for FY 2018 include a Schedule of Funds Provided and Required for Debt Service. The Commission has included additional detail in this table to enable comparison to prior years.

(2) Revenue for Sales & Rentals match amount shown in the FY 2018 Schedule of Funds Provided and Required for Debt Service and include revenues of the Student Union Building.

(3) Dormitory revenues shown for FY 2018 are the amount transferred for debt service on the Series 2012 Bonds.

(4) Actual Student Union Fee revenue for FY 2018. The FY 2087 Schedule of Funds Provided and Required for Debt Service shows $1,020,945 and included transfers from the Student Services Fund and the Dormitory revenue from the Auxiliary Enterprise Fund.

(5) Amount shown is the combined transfers from the Auxiliary Enterprise Fund and the Student Services Fund to pay Parity Debt Service on outstanding Bonds and may not match actual Parity Debt Service with any difference being funded by balances available in the Debt Service Fund.

(6) DHC Fund Balances include balances in the Auxiliary Enterprise Fund and the Student Services Fund. Balances in the Debt Service Fund are not included.

Source: Audited Financial Reports and the Commission

North Idaho College - Historical Student Stats (Fiscal Years)	2018	2017	2016	2015	2014	2013	2012
HEADCOUNT							
Fall Headcount	5,391	5,346	5,546	5,779	6,049	6,574	6,751
Fall FTE Students	3,252	3,345	3,510	3,779	4,093	4,618	4,554
Academic	3,369	3,623	3,857	4,225	4,470	5,073	5,160
Technical	695	789	831	810	884	823	945
Other (Dual Enrollment -- High School Students)	1,327	934	858	744	695	678	646
Average Class Size	n/a	n/a	n/a	n/a	n/a	17	18
Average Age	24	n/a	n/a	n/a	n/a	27	27
STUDENT DEMOGRAPHICS							
Residency							
Idaho:	4,814	4,754	4,920	5,100	5,350	5,877	6,046
Kootenai County	3,568	3,453	3,578	3,750	3,966	4,448	4,480
Benewah County	124	126	141	157	169	157	147
Bonner County	458	521	548	566	616	637	654
Boundary County	184	170	185	175	182	185	238
Shoshone County	162	199	212	204	201	211	234
All Other Idaho Counties	318	285	256	248	216	239	293
Montana	45	49	62	65	81	94	100
Washington	275	285	312	350	363	358	370
All Other States	257	189	252	264	255	245	235
Age Group							
19 Years or Younger	2,575	2,215	2,171	2,090	2,016	2,080	2,165
20-24 Years	1,179	1,286	1,384	1,425	1,489	1,697	1,618
25-39 Years	1,139	1,288	1,324	1,533	1,701	1,903	1,961
40-49 Years	259	289	357	384	473	547	550
50-59 Years	116	131	171	211	242	223	269
60 Years and Older	123	137	139	136	128	124	188
Gender							
Male	2,156	2,138	2,107	2,312	2,420	2,641	2,632
Female	3,235	3,208	3,439	3,467	3,629	3,933	4,119
Financial Aid							
Students Receiving Aid	3,182	3,468	3,925	4,414	5,067	5,490	5,192
Total Money Disbursed ($ millions)	16.4	18.4	22.3	25.6	37.4	39.3	37.6
Degrees Conferred							
Associate of Arts Degrees	690	746	676	689	66	78	79
Associate of Science Degrees					560	468	388
Associate of Applied Science Degrees					117	86	78
Certificates of Completion	504	335	289	309	340	407	337
GED Graduates	247	145	188	608	456	493	527
NIC Foundation and Development							
Scholarship Endowments, beginning of year	$ 18,213,486	$ 16,152,484	$ 16,711,867	$ 16,515,870	$ 12,195,023	$ 10,724,427	$ 10,553,231
General Scholarship and Designated Funds, beginning of year	4,586,510	4,099,394	1,494,721	1,586,230	4,495,188	4,143,409	4,231,898
Unrestricted Funds, beginning of year	4,520,600	3,912,038	3,977,150	3,768,527	2,286,547	1,840,634	1,562,865
Land, Buildings, Other Assets, beginning of year	632,378	684,530	547,245	540,395	517,567	469,143	1,289,777
Total Assets, beginning of year (audited)	$ 27,952,974	$ 24,848,446	$ 22,730,983	$ 22,411,022	$ 19,494,325	$ 17,177,613	$ 17,637,771
Scholarships Disbursed:							
Number of Scholarships	943	871	1,104	969	822	791	640
Amount of Scholarships	$ 887,872	$ 903,024	$ 944,857	$ 896,658	$ 870,851	$ 704,237	$ 547,073
Alumni Association:							
Number of Members	3,359	3,341	3,307	3,056	2,987	2,800	2,745
Number of Scholarships Funded		n/a	n/a	n/a	n/a	6	7
Amount of Scholarships Funded		n/a	n/a	n/a	n/a	$ 4,000	$ 4,500
External Grants Received by NIC, excluding professional- technical workforce training, ABE, GED, PELL or financial aid, grants or appropriations	$ 2,018,466	$ 515,886	$ 6,781,143	$ 3,796,594	$ 4,041,081	$ 1,761,654	$ 8,145,484

		Amount
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances	$	7,378,243
Auxiliary enterprises revenue		2,551,055
State and local grants and contracts		543,842
Federal grants and contracts		4,230,279
Other operating revenues		3,188,021
Total operating revenues		17,891,440
NON-OPERATING REVENUES		
State appropriations		18,381,600
Property taxes		16,066,368
Non operating state and federal grants		12,324,417
Non operating other income		364,251
Private gifts, grants and contracts		1,706,091
Investment income		315,676
Interest expense		(335,520)
Loss on disposal of fixed assets		(114,711)
Total non-operating revenues		48,708,172
Change in net position		2,444,974
Net position, beginning of year, as restated		72,527,354
TOTAL RESOURCES	$	74,972,328

North Idaho College
Tuition and Fees 2017-2018

12-18 Credits Per Semester	Per Credit	12 Credit FTE
Kootenai County Residents	$ 140	$ 1,680
Other Idaho Residents	156	1,872
Washington Residents	233	2,796
Western Undergraduate Exchange	272	3,264
Out-of-State/Out-of-Country	345	4,140

Fiscal year 2018 Full-Time Student Fee (12 Credit Hours per Semester)

Associated Student Body	$ 28
Athletics	36
Commencement	4
Health Services	31
Instructional Technology	123
Learning Assistance	40
Student Activities and Recreation	38
Student union Fee [(1)]	180
Total Resident Fee	$ 480
Resident Tuition	1,200
Total Resident Fee and Tuition	$ 1,680
Total Non-District	$ 1,872
Total Washington Residents	2,796
Total Western Undergraduate Exchange	3,264
Total Non-Resident Fee and Tuition	4,140

(1) The Student Union Fee is included in the Pledged Revenues.
Source: North Idaho College, Tuition and Fees for 2017-2018.

Tax Year	Taxable Assessed Value (TAV)	Tax Levy (per $100 TAV)	Total Assessed Property Taxes
2017	$ 15,296,356,440	0.00098160	$ 15,014,827
2016	14,014,269,046	0.00103959	14,569,136
2015	13,094,316,945	0.00109893	14,389,777
2014	12,359,983,215	0.00112385	13,890,817
2013	11,472,122,065	0.00120145	13,783,193
2012	11,200,581,030	0.00122031	13,668,147
2011	12,057,168,912	0.00110841	13,364,250
2010	12,927,862,542	0.00099817	12,904,243

Single Audit Section
June 30, 2018

North Idaho College

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
North Idaho College
Coeur d'Alene, 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 North Idaho College (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 November 29, 2018. Our report includes a reference to other auditors who audited the financial statements of the North Idaho College Foundation, Inc., as described in our report on the College's financial statements. The audits of the financial statements of North Idaho College Foundation, Inc. were not performed 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 North Idaho College 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control 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.

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
November 29, 2018

CPAs & BUSINESS ADVISORS

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

To the Board of Trustees
North Idaho College
Coeur d'Alene, Idaho

Report on Compliance for Each Major Federal Program

We have audited North Idaho College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of 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 Each Major Federal Program

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

The College's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's 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
November 29, 2018

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
Department of Health and Human Services:				
Direct Programs				
Head Start	93.600		$ 2,789,914	$ -
TANF Cluster:				
Temporary Assistance for Needy Families	93.558		134,888	-
Subtotal Department of Health and Human Services Direct Programs			2,924,802	-
Pass-Through Programs				
State of Idaho Commission on Aging:				
Aging Cluster:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	826000936 13	317,015	-
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	826000936 13	535,866	-
Nutrition Services Incentive Program	93.053	826000936 13	81,607	-
Total Aging Cluster			934,488	-
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	826000936 13	24,317	-
Special Programs for the Aging Title III Part F Disease Prevention Health Promotion Services	93.043	826000936 13	38,641	-
National Family Caregiver Support, Title III, Part E	93.052	826000936 13	124,810	-
Medicare Enrollment Assistance Program	93.071	826000936 13	7,179	-
Medicaid Cluster				
State Medicaid Fraud Control Units	93.775	826000936 13	17,667	-
Idaho Department of Health & Welfare:				
Preventive Health and Health Services Block Grant	93.991	HC883000	10,886	-
University of Idaho:				
Idaho INBRE-3 Network with NIC	93.859	IAK400-SB-002	95,780	-
Idaho INBRE-3 Network - TWDD	93.859	IAK500-SB-004	37,163	-
Idaho INBRE-3 Network - TWDD	93.859	IAK400-SB-001	43,359	-
Idaho INBRE-3 Pilot Project - Foster	93.859	IAK500-SB-005	5,203	-
Total Idaho INBRE			181,505	-
Subtotal Department of Health and Human Services Pass-Through Programs			1,339,493	-
Total Department of Health and Human Services			4,264,295	-
Department of Commerce Economic Development Administration				
Direct Programs:				
Economic Development Cluster				
Investment for Public Works and Economic Development Facilities	11.300		567,977	-
Total Department of Commmerce and Economic Development Administration			567,977	-

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
Department of Education:				
Direct Programs:				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		150,465	-
Federal Work-Study Program	84.033		140,463	-
Federal Pell Grant Program	84.063		6,462,534	-
Federal Direct Student Loans	84.268		5,710,725	-
Total Student Financial Aid Cluster			12,464,187	-
TRIO Cluster				
TRIO - Student Support Services	84.042		241,381	-
Subtotal Department of Education Direct Programs			12,705,568	-
Pass-Through Programs:				
State of Idaho Professional-Technical Education				
Adult Education - Basic Grants to States	84.002	AD7614L1	209,686	-
Adult Education - Basic Grants to States	85.002	AD7614M1	17,261	-
Adult Education - Basic Grants to States	84.002	AL7614B1	16,211	-
Total Adult Education - Basic Grants to States			243,158	-
Career and Technical Education - Basic Grants to States	84.048A	PP8614E1	193,062	-
Career and Technical Education - Basic Grants to States	84.048A	PP8614E2	22,921	-
Career and Technical Education - Basic Grants to States	84.048A	PP8614H1	47,288	
Career and Technical Education - Basic Grants to States	84.048A	PR8614K1	86,340	-
Total Career and Technical Education - Basic Grants to States			349,611	-
Gaining Early Awareness and Readiness for Undergraduate Programs	83.334	826000936 01	85,937	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S	18-7529	25,117	-
Total Gaining Early Awareness and Readiness for Undergraduate Programs			111,054	-
Subtotal Department of Education Pass-Through Programs			703,823	-
Total Department of Education			13,409,391	-
Department of Labor Employment Training Administration:				
Direct Programs:				
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants - ICE Healthcare	17.282		2,126,609	838,241
Pass-Though Programs:				
State of Idaho Department of Labor:				
WIOA Cluster				
WIA Adult Program	17.258	826000936 19	83,173	-
Apprenticeship USA State Expansion Grant	17.268	AP-30095-16-60-A-16	27,005	-
Department of Labor Mine Safety and Helath Administration direct:				
Mine Health and Safety Grants	17.600	MS270431555R16	119,879	-
Total Department of Labor Employment Training Administration			2,356,666	838,241

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
Department of Agriculture Food and Nutrition Service:				
Pass-Through Programs				
State of Idaho Superintendent of Public Instruction:				
Child and Adult Care Food Program	10.558	826000936 06	197,440	-
Total Department of Agriculture Food and Nutrition Service			197,440	-
Small Business Administration				
Pass-Through Programs				
Boise State University:				
Small Business Development Centers	59.037	7982-E	71,494	-
Total Small Business Administration			71,494	-
National Science Foundation:				
Pass-Through Programs				
Northern Virginia Community College				
Trans-NSF Recovery Act Research Support	47.082	1323283	4,509	-
Total National Science Foundation			4,509	-
National Security Agency				
Direct Programs				
Information Security Grants	12.902		165,765	-
Total National Security Agency			165,765	-
Corporation for National and Community Service:				
Direct Programs:				
Retired and Senior Volunteer Program	94.002		64,865	-
Total Corporation for National and Community Service			64,865	-
Total expenditures of federal awards			$ 21,102,402	$ 838,241

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The College received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on an accrual basis of accounting. The College's summary of significant accounting policies is presented in Note 1 in the basic financial statements. Pass-through entity identifying numbers are presented where available.

The College has not elected to use the 10% de minimis 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	None Reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
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:	Yes
Identification of major programs:	
Name of Federal Program	CFDA Number
Student Financial Aid Cluster	84.007, 87.033, 84.063, 84.268
Head Start	93.600
Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Findings – Financial Statement Audit

There we no findings relating to the financial statement audit.

Section III -Findings and Questioned Costs – Major Federal Award Programs Audit

2018-001
Direct Programs – Department of Education
CFDA# 84.063, 84.007, 84.268, 84.033
Student Financial Aid Cluster
Special Tests and Provisions: NSLDS Withdrawal Date
Significant Deficiency in Internal Controls

Criteria:
34 CFR section 668.22(e) states that if a student withdraws from classes and has received student financial aid, the amount of unearned Title IV assistance must be calculated and returned to the Department of Education.

Condition:
During our testing of students that were disbursed direct loans during the 2017-18 school year, there was one instance in which the students' withdrawal date per the Return of Title IV Aid (R2T4) calculation worksheets was not reported to NSLDS.

Cause:
The withdrawal date was not reported to NSLDS.

Effect:
The withdrawal date for 1 of the 60 students sampled was not reported to NSLDS.

Questioned Costs:
None

Context/Sampling:
A non-statistical sample of 60 students out of 2,343 students were selected for R2T4 testing.

Repeat Finding from Prior Year(s):
Yes, prior year finding 2017-001

Recommendation:
We recommend that the College implement a control process in which the NSLDS system is updated between the Registrar's office and the Student Financial Aid's office. The College should also periodically monitor this process to ensure that it is working effectively

Views of Responsible Officials
Management agrees with these findings. The Student Financial Aid Office will ensure the final submission for each semester is recording the proper withdrawal date for each student reported to NSLDS.