Report of Independent Auditors and Financial Statements with Federal Awards Supplementary Information for

LEWIS-CLARK STATE COLLEGE

June 30, 2019 and 2018

# LEWIS-CLARK STATE COLLEGE

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# Report of Independent Auditors

Idaho State Board of Education
Lewis-Clark State College

## Report on the Financial Statements

We have audited the accompanying financial statements of Lewis-Clark State College and its discretely presented component unit, the Lewis-Clark State College Foundation, Inc. (collectively, College) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the yeas then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 4 through 14, the schedules of the College's proportionate share of net pension liability – PERSI base plan, schedule of employer contributions – PERSI base plan, on page 58 and 59, the schedule of Change in the College's total OPEB liability and related ratios on page 60, The Schedule of College's Proportionate Share of Idaho Sick Leave Insurance Reserve Fund Asset and Schedule of Employer Contributions – Idaho Sick Leave Insurance Reserve Fund on page 61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lewis-Clark State College's basic financial statements. The schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is 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 the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019, 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.

Moss Adams LLP

Portland, Oregon
September 27, 2019

# LEWIS-CLARK STATE COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE YEAR ENDED JUNE 30, 2019

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

The financial statements for fiscal years ended June 30, 2019 and June 30, 2018 are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. Three financial statements are presented: the *Statements of Net Position;* the *Statements of Revenues, Expenses, and Changes in Net Position;* and the *Statements of Cash Flows.*

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

In 2002, GASB issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB 14*. This Statement clarified the definition of a component unit for financial reporting purposes. As a result, the College is discretely reporting the Lewis-Clark State College Foundation, Inc.'s (Foundation) *Statements of Net Position*, *Statements of Revenues, Expenses and Changes in Net Position*, and *Statements of Cash Flows* as part of the financial statements for the College.

***Statement of Net Position***

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

From the data presented, readers of the *Statement of Net Position* are able to determine the assets available to continue the operations of the College. They are also able to ascertain how much the College owes vendors, grantors, and lending institutions. The *Statement of Net Position* provides a picture of the net position and the availability of resources for expenditure by the College.  Changes in net position over time is an indicator of whether the College's financial condition is improving or declining.

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

## SUMMARY STATEMENTS OF NET POSITION

| | 2019 | 2018 (Restated) | 2017 |
|---|---|---|---|
| ASSETS: | | | |
| Current assets | $ 32,272,079 | $ 33,303,085 | $ 32,230,510 |
| Capital assets, net | 50,225,198 | 50,354,323 | 48,884,605 |
| Other assets and deferred outflows of resources | 8,386,476 | 6,525,863 | 7,347,752 |
| Total assets and deferred outflows of resources | $ 90,883,753 | $ 90,183,271 | $ 88,462,867 |
| LIABILITIES: | | | |
| Current liabilities | $ 6,002,722 | $ 4,797,938 | $ 4,187,049 |
| Noncurrent liabilities and deferred inflows of resources | 10,076,554 | 9,942,822 | 7,210,315 |
| Total liabilities and deferred inflows of resources | 16,079,276 | 14,740,760 | 11,397,364 |
| NET POSITION: | | | |
| Net investment in capital assets | 52,850,968 | 52,980,093 | 51,510,374 |
| Restricted – expendable | 3,168,953 | 2,929,724 | 980,320 |
| Unrestricted | 18,784,556 | 19,532,694 | 24,574,809 |
| Total net position | 74,804,477 | 75,442,511 | 77,065,503 |
| Total liabilities and deferred inflows of resources and net position | $ 90,883,753 | $ 90,183,271 | $ 88,462,867 |

Total assets and deferred outflows of resources increased $700,482 from fiscal year 2018 to 2019, an increase of .85%. The total assets and deferred outflows of resources of the College increased $1,720,404 in fiscal year 2018, an increase of 1.9% from 2017. The primary components of the changes relate to cash deposits, prepaid expenses, receivables, capital assets and deferred outflows of resources for both years. The addition of an asset related to excess sick leave reserve funding increased assets $2 million in 2018.

Total cash deposits increased $1,397,545 in fiscal year 2019 and decreased $1,524,981 in 2018. Deposits in the Idaho Local Government Investment Pool (LGIP) continue to grow, with increases of $2 million and almost $1.3 million during 2019 and 2018, respectively. The Idaho State Treasurer deposits continue to decrease, with decreases of $1.4 million and $1.9 million in 2019 and 2018, due to withdrawals to pay capital expenditures primarily related to the Spalding Hall Upgrade and the initial expenditures related to the new Career Technical Education (CTE) building.

The long-term certificate of deposit fluctuated during 2019 and 2018. The five year certificate of deposit matured October 22, 2018, with a balance of $2,532,739. $1,532,739 was invested in a new two year certificate. It was classified as a noncurrent investment as of June 30, 2019 and 2017, but as a current investment as of June 30, 2018, prior to its maturity. The $1 million reduction was reserved for CTE building expenditures.

Receivables decreased $257,527 in 2019 and increased $83,085 in 2018. The changes in receivables are primarily related to grant receivables. The decrease at June 30, 2019 is due to the timing of billings related to the National Science Foundation Career Technical Pathways Program grant and the loss of the Dental Hygiene grant during 2019. The Pathways grant was awarded to the College during 2018 and the College Assistance Migrant Program (CAMP) grant grew in services offered during its second year attributing to increases during 2018.

Prepaid expenses increased $328,197 during fiscal year 2019. This increase is primarily related to payments made for the College's joint share in the North Idaho Collaboration Education (NICE) Building. $232,456 was paid toward the College's agreement to pay $666,666 to be applied to the construction of the facility. The College will have use of the facility along with the University of Idaho and North Idaho College for an initial term of ten years.

At June 30, 2019 and 2018 the College reported an asset of $2,458,008 and $2,019,759 for its proportionate share of the State of Idaho Sick Leave Insurance Reserve Fund (SLIRF). The $2.0 million increase in 2018 is the cumulative effect of the College implementing GASB 75 and a correction of an error since as it was not originally included in 2018 financial statements.

Capital assets decreased $129,125 during fiscal year 2019, and increased $1.5 million during 2018. Capital improvements during the two years primarily relate to the continued upgrade to Spalding Hall and initial expenditures toward the CTE building. The 2019 decrease is attributable to depreciation expense of $2,760,263 slightly exceeding capital improvements of $2,631,138.

Deferred outflows decreased $7,897 at June 30, 2019, and decreased $312,796 in 2018. The 2019 decrease is related to OPEB contributions subsequent to the measurement date. The 2018 decrease is related to the net difference between projected and actual investment earnings on the Public Employee Retirement System of Idaho (PERSI).

Total liabilities and deferred inflows of resources increased $1,338,516 at June 30, 2019, an increase of 9.1%, and $3.3 million at June 30, 2018, an increase of 29.3%. The specific changes are related to unearned revenue, total other postemployment benefit (OPEB) obligations, PERSI pension liability, and deferred inflows of resources.

Unearned revenue increased $694,520 in 2019 and $180,371 in 2018. The increases each year are due to grant funds received for the new CTE building; $250,000 from the Sunderland Foundation grant in 2019 and $100,000 from the Laura Moore Cunningham Foundation in 2018. The increase in 2019 is also related to $256,733 in prepaid Department of Public Works funds received for projects not started as of June 30, 2019.

The OPEB liability for retiree health care and long-term disability decreased $519,312 in 2019 and increased approximately $3.6 million in 2018. $3.4 million of the increase is the cumulative effect of the College implementing GASB 75 during 2018. GASB 75 was enacted and effective for periods beginning after June 15, 2017. It requires the College to record its proportionate share of the state of Idaho postemployment benefit plans.

The net PERSI pension liability decreased both years, $317,066 in 2019 and $940,828 in 2018. These liabilities represent the College's allocation of the net pension liability related to the PERSI Base Plan.

Deferred inflows increased $970,110 and $78,518, respectfully in 2019 and 2018 due to changes related to the PERSI pension plan, OPEB plans and the sick leave fund. The pension plan increased $115,244 and $580,788 in 2019 and 2018. The OPEB plans and sick leave fund both reported initial deferred inflows of $668,083 and $186,783, respectively, at June 30, 2019.

Net position decreased $638,034 between fiscal year 2018 and 2019, and decreased $1.6 million between fiscal year 2017 and 2018. The changes were related to restricted and unrestricted net positions.

Restricted net position increased $1.9 million during 2018 due primarily to the inclusion of the $2.2 million sick leave reserve excess funding and deferred outflows of resources. The restricted net position increased $239,229 during 2019 due to the increase in the related sick leave reserve fund in 2019.

Unrestricted net position decreased $5.0 million during 2018 due an increase of $3.6 million in the OPEB liability and $1.5 million decrease in cash deposits. The unrestricted net position decreased $748,138 during 2019 due to increases in accounts payable and unearned revenue.

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

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

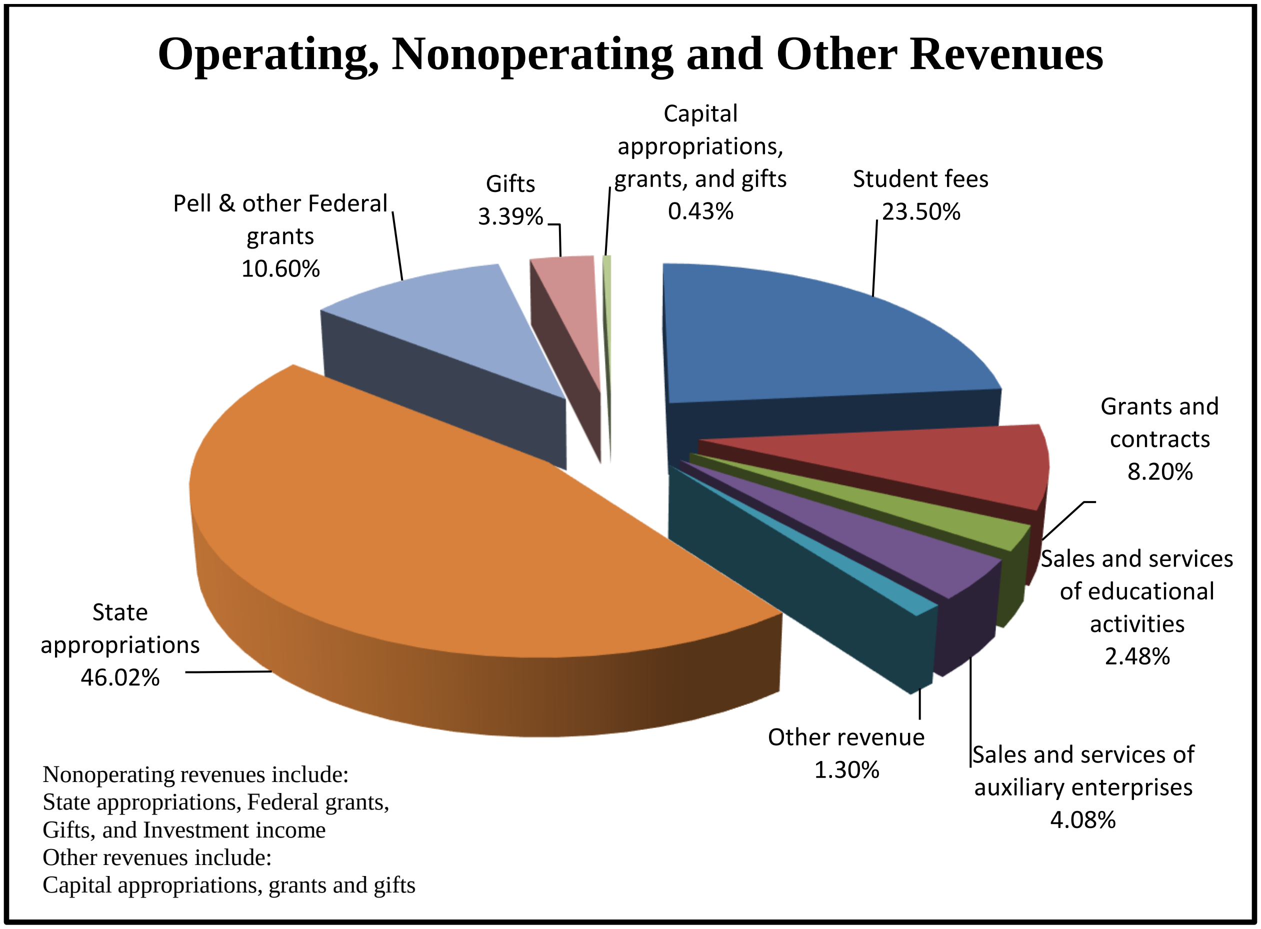
Generally speaking, operating revenues are earned in return for providing goods and services to the various customers and constituents of the College. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry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

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

| | 2019 | 2018 (Restated) | 2017 |
|---|---|---|---|
| Operating revenues | $ 20,687,219 | $ 20,257,794 | $ 20,231,595 |
| Operating expenses | 54,048,733 | 54,119,017 | 51,673,136 |
| Operating loss | (33,361,514) | (33,861,223) | (31,441,541) |
| Nonoperating revenues and expenses, net | 32,494,812 | 32,445,116 | 32,486,114 |
| Income (loss) before other revenues and expenses | (866,702) | (1,416,107) | 1,044,573 |
| Other revenues, net | 228,668 | 781,983 | 1,004,310 |
| **Increase (Decrease) in net position** | (638,034) | (634,124) | 2,048,883 |
| Net position--Beginning of year (as previously reported) | 75,442,511 | 77,065,503 | 75,016,620 |
| Cumulative effects of implementing GASB 75 | - | (988,868) | - |
| Net position Beginning of year (restated) | 75,442,511 | 76,076,635 | 75,016,620 |
| **Net position--End of year** | $ 74,804,477 | $ 75,442,511 | $ 77,065,503 |

***Revenues***

The College generates revenues from a variety of sources. The following is a graphic depiction of the revenues by source (both operating and nonoperating), which were used to fund the College's activities for the year ended June 30, 2019.




Total operating revenues for fiscal year 2019 increased $429,425, or 2.12%. 2018 increased $26,199, or .13%, from 2017. The changes are related to student tuition and fees, scholarship discounts and allowances, grants and contracts, and sales and services of auxiliary enterprises.

Gross student tuition and fees increased $369,248, or 1.84% from fiscal year 2018 to 2019, and increased $88,647, or .44% from fiscal year 2017 to 2018. The increases both years are related to an approximately four percent increase in full-time tuition rate fees offset by decreases in non-dual credit head count. Summer session revenue increased in fiscal year 2019 due to an increase in enrollment related to the availability of year-round Pell and also because a discounted rate was not offered as in fiscal year 2018. Registration fees increased in 2019 due to Work Force Training health courses and in the international intensive English program. Registration fees decreased in 2018 related to the Work Force Training paramedic course which is offered every other year. Registration fees also decreased in the international intensive English program during 2018.

The scholarship discounts and allowances increased both years, $91,000 in 2019 and $614,000 in 2018. The increase in 2019 is related to increases in the state Advanced Opportunity grants and Fast Forward program. 2018 relate to increases in Presidential, Work Scholars, State Opportunity, and CAMP grant scholarships during the year.

Federal grants increased $284,625 in 2019, due to increased activity in the new Technical Career Pathways grant and continued increases in the TRIO and CAMP grants. Federal grants increased $326,304 in 2018, due to increased activity in the CAMP grant. State and local grants increased $153,962 in 2019 due to increases in the CTE Adult Retraining and AmeriCorps grants and continued increases in the Idaho State Opportunity scholarships. 2018 state grants increased $137,181 related to Idaho State Opportunity scholarships and increase in the AmeriCorps grant.

Sales and services of auxiliary enterprises decreased $204,199 during 2019. The 2019 decrease is related to a decrease in occupancy of students, offset by an increase in meal rates. The decrease is also related to a change in the recording of off campus rental income. The College purchased three residential houses near campus for student housing. The fiscal year 2019 rental income is recorded in an administrative account, included as sales and services of educational activities, which will be accumulated to purchase additional houses near campus. The auxiliary revenue increased $257,553 during 2018, primarily related to meal plan revenue and room rent caused by an increase in the housing occupancy during the year.

Nonoperating revenues and expenses increased $49,696 during fiscal year 2019, and decreased $40,998 in fiscal year 2018. The changes are primarily due to state appropriations, Pell, revenues from gifts, and investment income.

State appropriations increased $143,125 during 2019 due to increases in the general account revenue and state endowment income, offset by a decrease in the CTE appropriation. State appropriations decreased slightly for fiscal year 2018, primarily related to a $75,656 reduction in the CTE appropriation.

Pell and other federal grants decreased $289,371 during fiscal year 2019 due to less Pell granted to students during the year.

Gift revenue decreased $189,436 during 2018 due primarily to not having the specific Athletic fund raisers as in 2017.

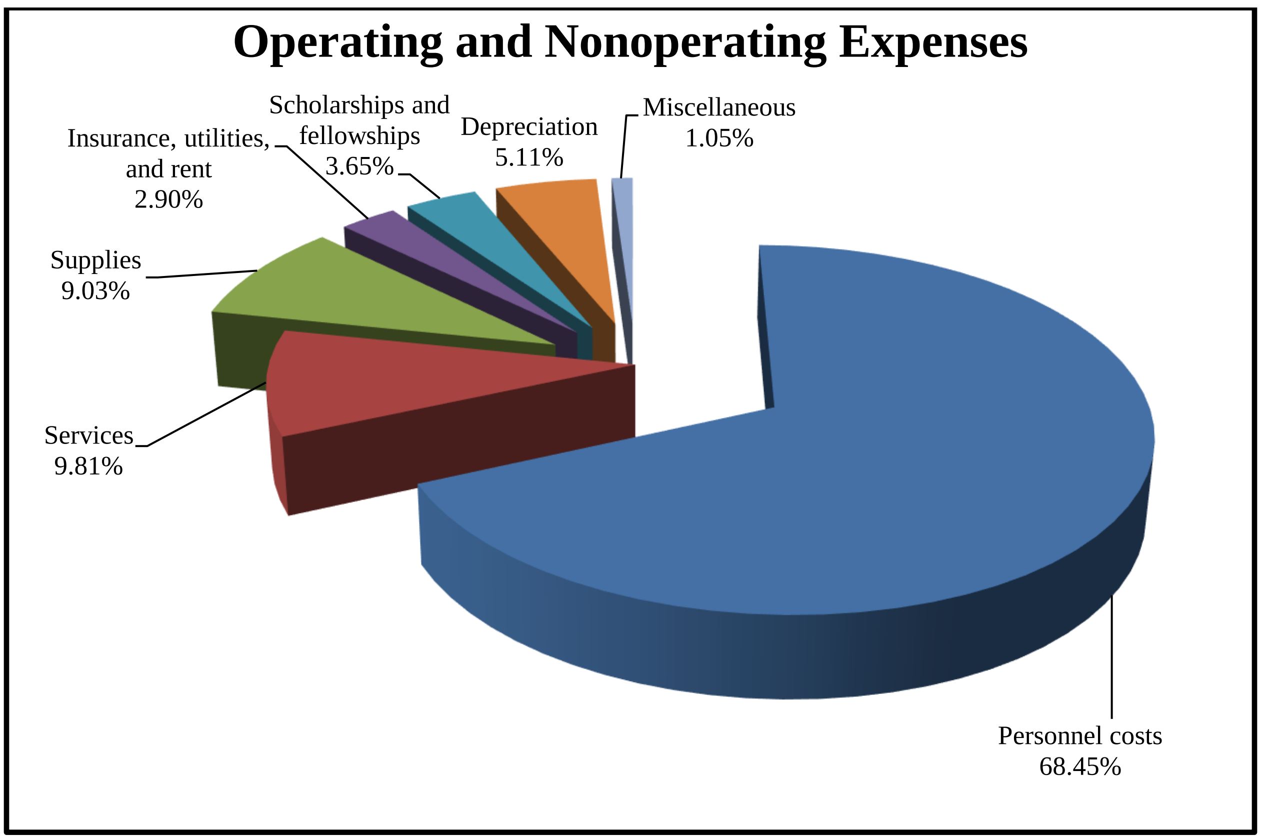
Investment income increased $208,256 and $100,516 during fiscal years 2019 and 2018, respectively, due to increased deposits of excess cash and increased interest rates at the LGIP.

### *Expenses*

Following is a comparative summary of the College's expenses for the years ended June 30, 2019, 2018, and 2017.

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| OPERATING EXPENSES: | | | |
| Personnel costs | $ 36,997,083 | $ 37,564,501 | $ 35,555,236 |
| Services | 5,303,949 | 4,818,578 | 4,777,159 |
| Supplies | 4,877,963 | 4,580,640 | 4,640,128 |
| Insurance, utilities, and rent | 1,567,492 | 1,547,079 | 1,495,684 |
| Scholarships and fellowships | 1,973,682 | 2,159,357 | 1,941,223 |
| Depreciation | 2,760,263 | 2,723,790 | 2,695,324 |
| Miscellaneous | 568,301 | 725,072 | 568,382 |
| Total operating expenses | 54,048,733 | 54,119,017 | 51,673,136 |
| NONOPERATING EXPENSES: | | | |
| Interest on capital asset related debt | - | - | 28,959 |
| Other | - | 6,894 | 9,598 |
| Total nonoperating expenses | - | 6,894 | 38,557 |
| TOTAL EXPENSES | $ 54,048,733 | $ 54,125,911 | $ 51,711,693 |

The following is a graphic depiction of total expenses by natural classification for the year ended June 30, 2019.



Total operating expenses decreased $70,284, or .1% in fiscal year 2019, and increased approximately $2.4 million, or 4.73%, in fiscal year 2018. The changes are primarily due to personnel costs, services, supplies and scholarships.

Personnel costs decreased $567,418 during 2019, representing a 1.5% decrease. This decrease reflects a decrease in health insurance costs due to lower premiums during 2019 compared to 2018. The health insurance decrease is also attributable to two months of premium holidays in November and December 2018 due to excess state insurance reserve funds. Personnel costs increased $2 million in 2018, or a 5.65% increase. The increase reflects higher health insurance premiums and 3% merit-based salary increases during fiscal year 2018.

Service expenses increased $485,371 during fiscal year 2019 due to increases in overhead expenses paid to the state and increases in information technology costs. The College also entered into an agreement and incurred costs with St. Joseph Regional Medical Center to manage the College's Health Service Center during 2019. Expenses were also incurred in the Music department as the LCSC Concert Choir traveled and performed at the Lincoln Center in New York. Expenses related to the Technical Career Pathways grant increased during 2019.

Supplies expenses increased $297,323 during 2019 due to increases in Information Technology including an upgrade to the wireless networking system, in Movement and Sport Sciences division due to the purchase of optical cameras, and furniture purchases for Spalding Hall as the remodeling neared completion. Supplies also increased in the Nursing and Technical & Industrial divisions, and with the INBRE grants during 2019.

Scholarship expenses decreased $185,675 during 2019 due to decreases in Pell grants awarded. Scholarship expenses increased $218,134 during 2018 due to increases in Presidential, Work Scholars, CAMP and Idaho State Opportunity scholarships.

***Statement of Cash Flows***

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

The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used to perform the operating activities of the College. The second section reflects cash flows related to noncapital financing activities. This section depicts the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section displays cash flows from capital and related financing activities. This section reflects the cash used for the acquisition and construction of capital and related items.

The fourth section presents the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash provided or used in operating activities to the operating income or loss reflected on the *Statement of Revenues, Expenses, and Changes in Net Position.*

## SUMMARY STATEMENTS OF CASH FLOWS

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| CASH PROVIDED BY (USED IN): | | | |
| Operating activities | $ (29,807,244) | $ (30,717,802) | $ (29,754,907) |
| Noncapital financing activities | 32,205,347 | 32,423,130 | 32,641,294 |
| Capital and related financing activities | (2,402,469) | (3,418,419) | (5,049,858) |
| Investing activities | 1,401,911 | 188,110 | 87,986 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,397,545 | (1,524,981) | (2,075,485) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 29,704,085 | 31,229,066 | 33,304,551 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 31,101,630 | $ 29,704,085 | $ 31,229,066 |

Cash increased approximately $1.4 million for the year ended June 30, 2019, and decreased $1.5 million for the year ended June 30, 2018.

Governmental Accounting Standards Board ("GASB") pronouncements require that the College recognize State of Idaho appropriated revenues and certain federal financial aid grants, primarily Pell grants, as noncapital financing activities, while all the expenditures associated with these funds are reflected as operating activities. This causes the financial statements to show a large operating loss and a corresponding large use of cash by operating activities.

The operating activities cash increase in 2019 is primarily related to increases in grants and contracts. The College entered into a new federal Technical Career Pathways grant and had continued increases in the TRIO and CAMP grants. State grants increased due to increases in the CTE Adult Retraining and AmeriCorps grants and continued increases in the Idaho State Opportunity scholarships. The College also received private grant funds during 2019 and 2018 intended to be used toward the new CTE building construction. Decreases in operating activities during 2018 are primarily related to increases in cash payments to employees and decreases in cash receipts of student fees.

The noncapital financing activities resulted in cash decreases in both 2019 and 2018. Decreases in 2019 are related to less federal Pell grants received for student awards. The decrease in 2018 is primarily related to cash receipts from state appropriations and gifts. The state appropriation receipts decreased slightly in 2018, by $165,670, or a decrease of .7%.

Capital and related financing activities are primarily related to capital asset purchases. There was a $1.0 million decrease in these types of cash uses in 2019 compared to 2018, primarily related to less Spalding Hall costs as the remodeling project neared completion during 2019 and instructors returned to the building.

Cash flows from investing increased $1.2 million during 2019. This increase is primarily related to $1 million excess funds being reserved for CTE building construction when a five year certificate of deposit matured and was renewed for $1 million less and for a lesser time period. Cash flows from investing increased $100,124 during 2018. The increase is due to increased deposits of excess cash and increased interest rates at the LGIP.

### *Capital Asset and Debt Administration*

The College had $93,624,124, and $91,216,647 and $87,466,627 of capital assets at June 30, 2019, 2018 and 2017, with accumulated depreciation of $43,398,926 and $40,862,324 and $38,582,022, respectively. Capital asset additions during fiscal year 2019 include the final remodeling costs to Spalding Hall, architecture and infrastructure costs for the CTE building, conference center folding walls, HVAC and roof improvements. The College also continued to purchase several personal residences near the campus for student housing. Capital asset additions during fiscal year 2018 include the continuing remodel to upgrade Spalding Hall, Library air conditioning and fire suppression, additional expenditures for Harris Field improvements and the multi-use field. The College also purchased several personal residences to use for student housing and incurred initial expenditures related to the CTE building during 2018. Capital asset additions during fiscal year 2017 include an upgrade to Clearwater residence hall, Center for Arts and History heating and air conditioning, physical plant storage units, the multi-use playing field, and Harris Field bleachers. The College also started the remodeling of Spalding Hall during 2017.

The College paid off its final note payable during 2017, did not enter into any new long-term notes during any of the current fiscal years, and has no amounts due at June 30, 2019, 2018, and 2017.

Additional information concerning capital assets and debt administration is detailed in Notes 1, 5, and 6 as part of the notes to the financial statements.

### *Economic Outlook*

The College, as a state institution, is directly impacted by trends in the Idaho economy, which continues to show positive signs. As of August 2019, the State Division of Financial Management forecasts that revenues for fiscal year 2019 will be $3.9 billion for the state of Idaho, representing a 5.2% increase over fiscal year 2019 revenues. This positive trend has been accompanied by a continuing decrease in the unemployment rate as the state economy improves. The College’s headcount enrollment for Fall 2019 decreased slightly compared to Fall 2018. With an increase in the tuition rate fee the College is projecting student tuition revenues to be $16.6 million in fiscal year 2020.

The College's general fund appropriation for fiscal year 2020 increased by 2.7% over the fiscal year 2019 level. Key components of the increase include $376,500 to provide a 3% Change in Employee Compensation increase and a payline schedule move. New funding was provided by the legislature to cover a 5.5% increase for the College’s share of PERSI pension contributions. The College’s Normal School endowment distribution will increase to almost $2.5 million, an approximately 12% increase, for fiscal year 2020. The Career and Technical Education (CTE) funding level from the State will increase by 2.3% to $4.9 million for 2020. The College will also receive a one-time CTE $109,900 capital outlay bringing the total CTE appropriated funding to $5 million for 2020. The College expects a 2020 budget deficit and plans to use one-time funding of $410,000 from College reserve accounts. The Idaho Legislature designated $10 million toward a new CTE facility in the Lewiston Orchards. It will be adjacent to the new Lewiston High School and will serve as a regional CTE center for area high schools. The 75,000-square-foot facility will house Technical & Industrial Division programs. The College raised $6 million in grants and donations to be used toward the College’s portion of construction costs. The College’s CTE programs are partnering with local industry, and the College was part of a consortium that received a National Science Foundation grant; both will help address workforce needs.

The College is also indirectly impacted by national and global economic trends. Among the potential negative trends impacting virtually all higher education are rapidly increasing health care costs, changes in federal regulations, weak global economic growth reducing international trade, and volatility of equity and bond markets (with the Lewis-Clark State College Foundation's endowments being most directly affected by stock market trends). On the positive side, there are indications of continued employment growth and modest inflation. There has been a continued national decrease in the number of international students during 2019 which may affect the College's future enrollment numbers if the trend continues.

In summary, the economic outlook is generally positive, with no indications that any near-term systemic factors would have a material negative impact on the financial health and viability of the College. Since the College has no indebtedness, it allows for greater financial flexibility.

# LEWIS-CLARK STATE COLLEGE

## STATEMENTS OF NET POSITION
### JUNE 30, 2019 and 2018

| ASSETS | LCSC 2019 | LCSC 2018 (Restated) | Component Unit 2019 | Component Unit 2018 |
|---|---|---|---|---|
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | $ 2,507,391 | $ 1,817,308 | $ 1,867,120 | $ 613,340 |
| Cash with treasurer | 16,729,749 | 18,121,318 | - | - |
| State of Idaho LGIP deposits | 11,864,490 | 9,765,459 | - | - |
| Investments | - | 2,517,731 | - | - |
| Accounts receivable and unbilled charges | 712,079 | 969,606 | - | - |
| Due from Lewis-Clark State College | - | - | 231,565 | 197,882 |
| Pledges receivable | - | - | 1,053,335 | 1,000,000 |
| Student loans receivable | 123,510 | 105,000 | - | - |
| Prepaid expenses | 334,860 | 6,663 | - | - |
| Total current assets | 32,272,079 | 33,303,085 | 3,152,020 | 1,811,222 |
| NONCURRENT ASSETS | | | | |
| Student loans receivable, less allowance for doubtful loans of $61,000 and $61,000 for 2019 and 2018, respectively | 289,752 | 411,413 | - | - |
| Investments | 1,551,922 | - | 9,524,899 | 9,236,520 |
| Sick leave reserve fund excess funding | 2,458,008 | 2,019,759 | - | - |
| Long-term pledges receivable | - | - | 1,193,330 | 2,000,000 |
| Investment in capital assets | 2,613,348 | 2,613,348 | - | - |
| Capital assets, net | 50,225,198 | 50,354,323 | - | - |
| Total noncurrent assets | 57,138,228 | 55,398,843 | 10,718,229 | 11,236,520 |
| TOTAL ASSETS | 89,410,307 | 88,701,928 | 13,870,249 | 13,047,742 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions | 1,142,989 | 1,142,227 | - | - |
| Deferred outflows related to other post employment benefits | 168,982 | 185,745 | - | - |
| Deferred outflows related to sick leave insurance reserve fund | 161,475 | 153,371 | - | - |
| Total deferred outflows of resources | 1,473,446 | 1,481,343 | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | **$ 90,883,753** | **$ 90,183,271** | **$ 13,870,249** | **$ 13,047,742** |

See notes to financial statements.

(Continued)

# LEWIS-CLARK STATE COLLEGE

## STATEMENTS OF NET POSITION
**JUNE 30, 2019 and 2018**

| LIABILITIES | LCSC 2019 | LCSC 2018 (Restated) | Component Unit 2019 | Component Unit 2018 |
|---|---|---|---|---|
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued liabilities | $ 765,213 | $ 407,467 | $ - | $ - |
| Accrued salaries and benefits payable | 2,012,875 | 1,990,401 | - | - |
| Compensated absences payable | 870,829 | 867,398 | - | - |
| Due to component unit | 231,565 | 197,882 | - | - |
| Due to State of Idaho | 430,817 | 315,344 | - | - |
| Unearned revenue | 1,420,959 | 726,439 | - | - |
| Amounts held in trust for others | 270,464 | 293,007 | - | - |
| Gift annuities payable | - | - | 25,154 | 69,768 |
| Total current liabilities | 6,002,722 | 4,797,938 | 25,154 | 69,768 |
| NONCURRENT LIABILITIES | | | | |
| Gift annuities payable | - | - | 533,607 | 558,761 |
| Net PERSI pension liability | 2,632,151 | 2,949,217 | - | - |
| Total other postemployment benefit liability | 5,893,505 | 6,412,817 | - | - |
| Total noncurrent liabilities | 8,525,656 | 9,362,034 | 533,607 | 558,761 |
| TOTAL LIABILITIES | 14,528,378 | 14,159,972 | 558,761 | 628,529 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | 696,032 | 580,788 | - | - |
| Deferred inflows related to other post employment benefits | 668,083 | - | - | - |
| Deferred inflows related to sick leave insurance reserve fund | 186,783 | - | - | - |
| Beneficial interests in gift annuity agreements | - | - | 555,666 | 527,349 |
| Total deferred inflows of resources | 1,550,898 | 580,788 | 555,666 | 527,349 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 16,079,276 | 14,740,760 | 1,114,427 | 1,155,878 |
| NET POSITION | | | | |
| Net investment in capital assets | 52,850,968 | 52,980,093 | - | - |
| Restricted for: | | | | |
| Nonexpendable | - | - | 5,229,563 | 4,964,244 |
| Expendable | 3,168,953 | 2,929,724 | 6,788,691 | 6,225,533 |
| Unrestricted | 18,784,556 | 19,532,694 | 737,568 | 702,087 |
| TOTAL NET POSITION | 74,804,477 | 75,442,511 | 12,755,822 | 11,891,864 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | **$ 90,883,753** | **$ 90,183,271** | **$ 13,870,249** | **$ 13,047,742** |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
**YEARS ENDED JUNE 30, 2019 and 2018**

| | LCSC | | Component Unit | |
|---|---|---|---|---|
| | 2019 | 2018 (Restated) | 2019 | 2018 |
| OPERATING REVENUES | | | | |
| Student tuition and fees | $ 20,467,544 | $ 20,098,296 | $ - | $ - |
| Less scholarship discounts and allowances | (7,914,000) | (7,823,000) | - | - |
| Net tuition and fees | 12,553,544 | 12,275,296 | - | - |
| Federal grants and contracts | 1,506,459 | 1,221,834 | - | - |
| State and local grants and contracts | 2,825,307 | 2,671,345 | - | - |
| Private grants and contracts | 44,800 | 41,565 | - | - |
| Sales and services of educational activities | 1,326,814 | 1,409,868 | - | - |
| Sales and services of auxiliary enterprises | 2,177,835 | 2,382,034 | - | - |
| Gifts | - | - | 1,337,379 | 3,951,746 |
| Other | 252,460 | 255,852 | - | - |
| Total operating revenues | 20,687,219 | 20,257,794 | 1,337,379 | 3,951,746 |
| OPERATING EXPENSES | | | | |
| Personnel costs | 36,997,083 | 37,564,501 | - | - |
| Services | 5,303,949 | 4,818,578 | - | - |
| Supplies | 4,877,963 | 4,580,640 | - | - |
| Insurance, utilities, and rent | 1,567,492 | 1,547,079 | - | - |
| Scholarships and fellowships | 1,973,682 | 2,159,357 | - | - |
| Depreciation | 2,760,263 | 2,723,790 | - | - |
| Miscellaneous | 568,301 | 725,072 | 3,342 | 2,292 |
| Total operating expenses | 54,048,733 | 54,119,017 | 3,342 | 2,292 |
| OPERATING (LOSS) INCOME | (33,361,514) | (33,861,223) | 1,334,037 | 3,949,454 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| State appropriations | 24,577,632 | 24,434,507 | - | - |
| Pell and other federal grants | 5,661,728 | 5,951,099 | - | - |
| Gifts (including $904,419 and $885,187 from the Foundation for 2019 and 2018, respectively) | 1,812,296 | 1,831,504 | - | - |
| Net investment income | 443,156 | 234,900 | 434,340 | 628,827 |
| Distributions to the College | - | - | (904,419) | (885,187) |
| Other | - | (6,894) | - | - |
| Net nonoperating revenues (expenses) | 32,494,812 | 32,445,116 | (470,079) | (256,360) |
| INCOME (LOSS) BEFORE OTHER REVENUES | (866,702) | (1,416,107) | 863,958 | 3,693,094 |
| OTHER REVENUES | | | | |
| Capital appropriations | 110,000 | 325,200 | - | - |
| Capital grants and gifts | 118,668 | 456,783 | - | - |
| Total other revenues | 228,668 | 781,983 | - | - |
| INCREASE (DECREASE) IN NET POSITION | (638,034) | (634,124) | 863,958 | 3,693,094 |
| NET POSITION---BEGINNING OF YEAR (as previously reported) | 75,442,511 | 77,065,503 | 11,891,864 | 8,198,770 |
| Cumulative effects of implementing GASB 75 (See Note 1) | - | (988,868) | - | - |
| NET POSITION---BEGINNING OF YEAR (restated) | 75,442,511 | 76,076,635 | 11,891,864 | 8,198,770 |
| NET POSITION---END OF YEAR | $ 74,804,477 | $ 75,442,511 | $ 12,755,822 | $ 11,891,864 |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE

## STATEMENTS OF CASH FLOWS
### YEARS ENDED JUNE 30, 2019 and 2018

| | LCSC | | Component Unit | |
|---|---|---|---|---|
| | 2019 | 2018 (Restated) | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Student fees | $ 12,625,973 | $ 12,364,046 | $ - | $ - |
| Grants and contracts | 4,982,626 | 3,950,725 | - | - |
| Sales and services of educational activities | 1,326,734 | 1,409,948 | - | - |
| Sales and services of auxiliary enterprises | 2,178,433 | 2,385,555 | - | - |
| Donations received | - | - | 1,969,031 | 850,249 |
| Payments to employees | (37,267,803) | (37,398,315) | - | - |
| Payments to suppliers | (6,115,583) | (6,045,274) | - | - |
| Other payments | (5,919,552) | (5,530,353) | (100,347) | (40,834) |
| Payments for scholarships and fellowships | (1,973,683) | (2,159,357) | - | - |
| Loans issued to students | (59,979) | (134,197) | - | - |
| Collection of loans from students | 163,130 | 183,568 | - | - |
| Other receipts | 252,460 | 255,852 | - | - |
| Net cash provided (used) by operating activities | (29,807,244) | (30,717,802) | 1,868,684 | 809,415 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| State appropriations | 24,577,632 | 24,434,507 | - | - |
| Federal grants | 5,661,728 | 5,951,099 | - | - |
| Gifts | 1,816,831 | 1,831,504 | - | - |
| Agency account receipts | 1,266,864 | 855,601 | - | - |
| Agency account payments | (1,233,181) | (774,240) | - | - |
| Student loan receipts | 10,702,038 | 11,447,999 | - | - |
| Student loan payments | (10,702,038) | (11,447,999) | - | - |
| Higher Education Stabilization Fund | 115,473 | 124,659 | - | - |
| Distributions to the College | - | - | (816,419) | (815,913) |
| Net cash provided (used) by noncapital financing activities | 32,205,347 | 32,423,130 | (816,419) | (815,913) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital grants and gifts | 30,668 | 387,509 | - | - |
| Purchase of capital assets | (2,433,137) | (3,805,928) | - | - |
| Net cash used in capital and related financing activities | (2,402,469) | (3,418,419) | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment income | 401,911 | 188,110 | 199,380 | 149,153 |
| Purchase of investments | (1,532,739) | - | (847,119) | (402,823) |
| Proceeds from sale of investments | 2,532,739 | - | 849,254 | 278,679 |
| Net cash provided (used) by investing activities | 1,401,911 | 188,110 | 201,515 | 25,009 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,397,545 | (1,524,981) | 1,253,780 | 18,511 |
| CASH AND CASH EQUIVALENTS---BEGINNING OF THE YEAR | 29,704,085 | 31,229,066 | 613,340 | 594,829 |
| CASH AND CASH EQUIVALENTS---END OF THE YEAR | $ 31,101,630 | $ 29,704,085 | $ 1,867,120 | $ 613,340 |

See notes to financial statements.

(Continued)

# LEWIS-CLARK STATE COLLEGE

## STATEMENTS OF CASH FLOWS
### YEARS ENDED JUNE 30, 2019 and 2018

| RECONCILIATION OF NET OPERATING (LOSS) INCOME TO NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES | LCSC 2019 | LCSC 2018 (Restated) | Component Unit 2019 | Component Unit 2018 |
|---|---|---|---|---|
| Operating (Loss) Income | $ (33,361,514) | $ (33,861,223) | $ 1,334,037 | $ 3,949,454 |
| Adjustments to reconcile operating (loss) income to net cash used in operating activities: | | | | |
| Noncash donations | - | - | (88,000) | (69,274) |
| Cumulative effects on GASB 75 implementation | - | (988,868) | - | - |
| Depreciation expense | 2,760,263 | 2,723,790 | - | - |
| Effect on cash from changes in operating assets and liabilities: | | | | |
| Receivables, net | 264,581 | (94,150) | - | - |
| Due from Lewis-Clark State College | - | - | (33,683) | (81,360) |
| Pledges receivable | - | - | 753,335 | (2,998,500) |
| Prepaid expenses and deferred costs | (328,197) | 3,865 | - | - |
| Loans to students | 103,151 | 49,371 | - | - |
| Pension assets and liabilities | (202,584) | (210,398) | - | - |
| Other postemployment benefit assets and liabilities | 165,534 | 3,428,072 | - | - |
| Sick leave reserve fund assets and liabilities | (259,570) | (2,173,130) | - | - |
| Accounts payable and accrued liabilities | 357,745 | 104,860 | - | - |
| Accrued salaries and benefits payable | 22,474 | 89,021 | - | - |
| Compensated absences payable | 3,431 | 21,489 | - | - |
| Gift annuities payable | - | - | (69,767) | 9,095 |
| Beneficial interests in gift annuities | - | - | (27,238) | - |
| Amounts held in trust for others | (22,543) | 9,128 | - | - |
| Unearned revenue | 689,985 | 180,371 | - | - |
| Net cash provided (used) by operating activities | $ (29,807,244) | $ (30,717,802) | $ 1,868,684 | $ 809,415 |
| SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS | | | | |
| Capital assets acquired through Dept. of Public Works' appropriations | $ 110,000 | $ 325,200 | $ - | $ - |
| Capital assets donated from the LCSC Foundation, Inc. | $ 88,000 | $ 69,274 | | |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

***Financial Statement Presentation***— The College has presented its financial statements in accordance with all Governmental Accounting Standards Board (GASB) Statements that are effective as of June 30, 2019. This includes discrete presentation of financial statements for its component unit, the Lewis-Clark State College Foundation (Foundation). The Foundation acts solely as a fund-raising organization to supplement the resources that are available to the College in support of its programs, and the resources and income of the Foundation are donor restricted to the activities of the College. Because these restricted resources held by the Foundation can only be used by or for the benefit of the College, the Foundation is considered a component unit of the College. See Note 13 for the relevant information related to the Foundation.

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

***Cash and Cash Equivalents***—The College considers all cash on hand, cash deposits and short term instruments deposited with banks to be cash equivalents.

***Cash with Treasurer*** – Balances classified as cash with treasurer are amounts that are required to be remitted to the State of Idaho as a result of the student fee collection process and, once remitted, these balances are under the control of the State Treasurer.

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

***Accounts Receivable***—Accounts receivable consist of fee charges to students and auxiliary enterprise services provided to students, faculty and staff; the majority of each residing in the State of Idaho. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

***Investments***—The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gains and losses on the carrying value of investments are reported as a component of net investment income in the Statements of Revenues, Expenses, and Changes in Net Position.

Additional disclosure is required of fair value measurement through GASB Statement No. 72, *Fair Value Measurement and Application,* which requires the use of a three-level hierarchy based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* permits qualifying external investment pools to measure its investments at amortized cost. The Idaho Local Government Investment Pool (LGIP) does not meet all the specific criteria of Statement 79 and the College has measured its investment in the LGIP as provided in GASB Statement 31.

More comprehensive disclosure of common risks associated with the deposits and investments are detailed in Notes 2 and 13, as per the requirements of GASB Statement No. 40, *Deposit and Investment Risk Disclosures.*

***Deferred Outflows of Resources***—Deferred outflows of resources are a consumption of net assets by the College that are applicable to future reporting periods. Similar to assets, they have a positive effect on net position. The College's deferred outflows of resources relate to the College's pension, other postemployment benefit plans and sick leave insurance reserve fund.

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

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

***Compensated Absences***—Employee vacation pay and estimated benefits that are earned but unused are accrued at year end and presented in the *Statements of Net Position.*

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

***Noncurrent Liabilities***—Noncurrent liabilities include principal amounts of notes payable, total other postemployment obligations with contractual maturities greater than one year, and net PERSI pension liability.

***Deferred Inflows of Resources***—Deferred inflows of resources are an acquisition of net assets that are applicable to future reporting periods. Similar to liabilities, they have a negative effect on net position. The College's deferred inflows of resources relate to the College's pension plan, other postemployment benefit plans and sick leave insurance reserve fund; and the Foundation's gift annuity agreements.

***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.

*Restricted—Nonexpendable*—Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

*Unrestricted*—Unrestricted net position represents resources derived from student fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the College, and may be used to meet current expenses for any lawful purpose in compliance with State Board of Education (Board) Policy.

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

***Income Taxes***—The College, as a political subdivision of the State of Idaho, is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

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

*Operating Revenues and Expenses*—include activities that have the characteristics of exchange transactions, such as student fees, sales and services of educational activities and auxiliary enterprises, as well as most gifts, federal, state and local grants and contracts that support operations, interest revenue on institutional loans; and expenses such as personnel, services, supplies, scholarships and depreciation.

*Nonoperating Revenues and Expenses*—include revenues and expenses from activities that have the characteristics of non-exchange transactions, such as gifts and capital contributions, federal financial aid grants, and other revenue resources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, such as state appropriations and investment income; and expenses such as interest on capital asset related debt and other.

***Scholarship Discounts and Allowances***—Student fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or other third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy student fees and related charges, the College has recorded a scholarship discount and allowance.

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

***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 the 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 Postemployment Benefits (OPEB)***—For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the state of Idaho postemployment benefit plans and additions to and deductions from the plans have been determined on the same basis as they are reported by the Idaho plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is effective for financial statement periods beginning after June 15, 2017, with the effects of accounting changes to be applied retroactively by restating the financial statements. The Statement requires the College to record its proportionate share of the state of Idaho postemployment benefit plans.

The College adopted this new pronouncement in the year ending June 30, 2018. It is not practical for the state of Idaho to determine the amounts of all deferred inflows of resources and deferred outflows related to OPEB as of the beginning of the 2017 plan year. As a result, the prior year has not been restated for deferred inflows of resources, deferred outflows of resources, total OPEB liability and OPEB expense. Since the restatement of the prior year is not practical, the cumulative effect of applying this Statement is reported as a restatement of the beginning net position as of July 1, 2017.

The following shows the original OPEB adjustments reported as of June 30, 2018.

| | June 30, 2017 | Cumulative Effect of Implementing GASB 75 | (Restated) July 1, 2017 |
|---|---|---|---|
| NONCURRENT ASSETS | | | |
| Net OPEB excess funding | $ 19,000 | $ ( 19,000) | $ - |
| DEFERRED OUTFLOWS | | | |
| Deferred outflows of resources related to OPEB liability | $ - | $ 238,124 | $ 238,124 |
| NONCURRENT LIABILITIES | | | |
| Total OPEB liability | $ 2,818,000 | $ 3,381,122 | $ 6,199,122 |
| NET POSITION | | | |
| Net investment in capital assets | $ 51,510,374 | $ - | $ 51,510,374 |
| Restricted, expendable | 980,320 | - | 980,320 |
| Unrestricted | 24,574,809 | (3,161,998) | 21,412,811 |
| TOTAL NET POSITION | $ 77,065,503 | $ (3,161,998) | $ 73,903,505 |

***Sick Leave Insurance Reserve Fund (SLIRF)***—For purposes of measuring the total SLIRF asset, deferred outflows of resources and deferred inflows of resources related to SLIRF, SLIRF expense, information about the state of Idaho sick leave insurance fund and additions to and deductions from the fund have been determined on the same basis as they are reported by the Idaho fund. For this purpose, fund payments are recognized when due and payable in accordance with the fund terms. Investments are reported at fair value.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is effective for financial statement periods beginning after June 15, 2017, with the effects of accounting changes to be applied retroactively by restating the financial statements. The Statement requires the College to record its proportionate share of the state of Idaho sick leave insurance reserve fund.

The College adopted this new pronouncement for OPEB in the year ending June 30, 2018, but the SLIRF was omitted from the 2018 calculations and not reported in the financial statements. As a result, the year ending June 30, 2018 has been restated to record the sick leave reserve fund excess funding and related deferred outflows of resources. The cumulative effect of reporting the SLIRF in the prior year, including the excess funds asset, deferred outflows of resources, and changes related to net position, is reported as a restatement of the beginning net position as of July 1, 2017.

The prior year restatement related to OPEB, above, is restated with the SLIRF included as follows:

Total Other Post-Employment Benefits GASB 75 Implementation Restatements

| | June 30, 2017 (Originally Reported) | Cumulative Effect of GASB 75 Implementation | June 30, 2017 (Previously Reported) | SLIRF Correction of Error (Part of GASB 75 Implementation) | June 30, 2017 As Restated |
|---|---|---|---|---|---|
| NONCURRENT ASSETS | | | | | |
| Total OPEB excess funding | $ 19,000 | $ (19,000) | $ - | $ - | $ - |
| Net OPEB asset – SLIRF excess funding | - | - | - | 2,019,759 | 2,019,759 |
| DEFERRED OUTFLOWS | | | | | |
| Related to OPEB | - | 238,124 | 238,124 | - | 238,124 |
| Related to SLIRF | - | - | - | 153,371 | 153,371 |
| NONCURRENT LIABILITIES | | | | | |
| Total OPEB Liability | (2,818,000) | (3,381,122) | (6,199,122) | - | (6,199,122) |
| TOTAL | $ (2,799,000) | $ (3,161,998) | $ (5,960,998) | $ 2,173,130 | $ (3,787,868) |
| NET POSITION | | | | | |
| Net investment in capital assets | $ 51,510,374 | $ - | $ 51,510,374 | $ - | $ 51,510,374 |
| Restricted, expendable | 980,320 | - | 980,320 | 2,173,130 | 3,153,450 |
| Unrestricted | 24,574,809 | (3,161,998) | 21,412,811 | - | 21,412,811 |
| TOTAL NET POSITION | $ 77,065,503 | $ (3,161,998) | $ 73,903,505 | $ 2,173,130 | $ 76,076,635 |

***Reclassifications***—Certain reclassifications have been made to the 2018 statements in order to conform to the 2019 presentation.

## 2. CASH AND CASH EQUIVALENTS, CASH WITH TREASURER, LGIP DEPOSITS, AND INVESTMENTS

***Deposits*** **–** Cash and cash equivalents are deposited with various financial institutions. Cash with treasurer is under the control of the State Treasurer. Deposits are held with the Idaho State Treasury Local Government Investment Pool (LGIP).

*Custodial credit risk*
Custodial credit risk is the risk that in the event of a financial institution failure, the College's deposits may not be returned. The State's policy for managing custodial risk can be found in the Idaho Code, Section 67-2739. Management believes the College is in compliance with this policy. As of June 30, 2019 and 2018, total deposits consisted of the following:

| | 2019 | 2018 |
|---|---|---|
| Cash on hand | $ 35,705 | $ 31,678 |
| FDIC insured financial institution deposits | 515,541 | 518,085 |
| Uninsured financial institution deposits | 1,956,145 | 1,267,545 |
| Total cash and cash equivalents | 2,507,391 | 1,817,308 |
| Idaho State Treasurer deposits | 16,729,749 | 18,121,318 |
| State of Idaho LGIP deposits | 11,864,490 | 9,765,459 |
| Total deposits | $ 31,101,630 | $ 29,704,085 |
| | | |
| Current investments | $ - | $ 2,517,731 |
| Noncurrent investments | $ 1,551,922 | $ - |

As of June 30, 2019 and 2018, $1,956,145 and $1,267,545 of the College's financial institution balances were uncollateralized and exposed to custodial credit risk. The Idaho State Treasurer and State of Idaho LGIP deposits, managed by the Idaho State Treasurer, are commingled with deposits from other state agencies and invested according to Idaho Code. As of June 30, 2019 and 2018, 55% and 58% of total State Treasurer investments were in the form of government agency and U.S. Treasury notes. As of June 30, 2019 and 2018, 65% and 60% of total LGIP investments were in the form of government agency and U.S. Treasury notes.

An original five year certificate of deposit matured October 22, 2018 with a balance of $2,532,739. $1,532,739 was invested in a new two year certificate with a maturity date of October 25, 2020. The certificates are recorded as a noncurrent investment as of June 30, 2019, and a current investment as of June 30, 2018.

*Fair Value Measurement*
The College categorizes its fair value measurements within the fair value hierarchy established by GASB Statement 72. The Idaho State Treasurer and State of Idaho LGIP deposits do not meet the criteria of Statement 72 and are exempt from the level categories. The deposits are valued at fair value outside the leveling measurement. The CD investment is valued at Level 1 since it is a negotiable CD with minimal early withdrawal penalties.

*Credit risk*
None of the investments have assigned credit ratings. The College follows objectives to provide safety of the principal, allow liquidity and achieve a maximum return through investments in local financial institutions and in investment pools managed by the State of Idaho.

*Interest rate risk*
The College does not have a formal policy that addresses interest rate risk; however, it does incorporate weighted average maturity methodology in selecting and reporting its investments. The College held one certificate of deposit with a maturity greater than 1 year, as of June 30, 2019. The College's State Treasurer and LGIP deposits may be withdrawn at any time. The State Treasurer has a weighted average maturity of 420 days and 540 days as of June 30, 2019 and 2018. The LGIP has a weighted average maturity of 88 days and 94 days as of June 30, 2019 and 2018 respectively.

*Foreign currency risk*
The College has no funds deposited that are subject to foreign currency risk, either in financial institutions or through the Idaho State Treasurer or the State of Idaho LGIP funds.

## 3. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Accounts receivable and unbilled charges consisted of the following at June 30, 2019 and 2018:

| | 2019 | 2018 |
|---|---|---|
| Student fees | $ 121,226 | $ 128,572 |
| Federal, state and nongovernmental grants and contracts | 538,443 | 774,192 |
| Other receivables | 43,247 | 64,135 |
| Investment income | 7,315 | 261 |
| Funds held in custody for others | 1,848 | 2,446 |
| | $ 712,079 | $ 969,606 |

## 4. STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program (FPLP) and the Nursing Student Loan Program (NSLP) comprise the loans receivable at June 30, 2019 and 2018.

FPLP requires the College to match federal contributions. A portion or all of the loan principal and interest may be cancelled upon the occurrence of certain events. The amount of such cancellations is partially absorbed by the Federal Government.

The FPLP expired September 30, 2017 and the College can no longer make new loans to students. During fiscal year 2018, the College was required to return federal capital contributions of $115,537 to the Department of Education. Institutional capital contributions of $18,233 were transferred out of the College's Perkins Revolving Fund.

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

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

Student loans receivable at June 30, 2019 and 2018 consisted of the following:

| | 2019 | | |
|---|---|---|---|
| | Current | Noncurrent | Total |
| Federal Perkins Loan Program | $ 64,000 | $ 215,396 | $ 279,396 |
| Nursing Student Loan Program | 59,000 | 135,356 | 194,356 |
| Miscellaneous Loans | 510 | - | 510 |
| Total student loan receivables | 123,510 | 350,752 | 474,262 |
| Less allowance for doubtful accounts | - | (61,000) | (61,000) |
| Student loans receivable, net | $ 123,510 | $ 289,752 | $ 413,262 |

| | 2018 | | |
|---|---|---|---|
| | Current | Noncurrent | Total |
| Federal Perkins Loan Program | $ 63,000 | $ 280,757 | $ 343,757 |
| Nursing Student Loan Program | 42,000 | 191,656 | 233,656 |
| Total student loan receivables | 105,000 | 472,413 | 577,413 |
| Less allowance for doubtful accounts | - | (61,000) | (61,000) |
| Student loans receivable, net | $ 105,000 | $ 411,413 | $ 516,413 |

## 5. CAPITAL ASSETS — NET

Following are the changes in capital assets, for the years ended June 30, 2019:

| | Balance June 30, 2018 | Additions | Transfers | Retirements | Balance June 30, 2019 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 3,209,732 | $ 45,000 | $ - | $ - | $ 3,254,732 |
| Capitalized collections | 15,000 | - | - | - | 15,000 |
| Construction in progress | 4,049,064 | 1,530,149 | (70,893) | - | 5,508,320 |
| Total capital assets not being depreciated | $ 7,273,796 | $ 1,575,149 | $ (70,893) | $ - | $ 8,778,052 |
| Other capital assets: | | | | | |
| Buildings and improvements | $ 68,955,335 | $ 351,895 | $ 70,893 | $ - | $ 69,378,123 |
| Furniture, fixtures and equipment | 8,917,765 | 544,840 | - | (118,535) | 9,344,070 |
| Library materials | 6,069,751 | 159,254 | - | (105,126) | 6,123,879 |
| Total other capital assets | 83,942,851 | 1,055,989 | 70,893 | (223,661) | 84,846,072 |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | (29,611,467) | (1,789,032) | - | - | (31,400,499) |
| Furniture, fixtures and equipment | (6,144,232) | (752,677) | - | 118,535 | (6,778,374) |
| Library materials | (5,106,625) | (218,554) | - | 105,126 | (5,220,053) |
| Total accumulated depreciation | (40,862,324) | (2,760,263) | - | 223,661 | (43,398,926) |
| Other capital assets net of accumulated depreciation | $ 43,080,527 | $(1,704,274) | $ 70,893 | $ - | $ 41,447,146 |
| Capital assets summary: | | | | | |
| Capital assets not being depreciated | $ 7,273,796 | $ 1,575,149 | $ (70,893) | $ - | $ 8,778,052 |
| Other capital assets at cost | 83,942,851 | 1,055,989 | 70,893 | (223,661) | 84,846,072 |
| Total cost of capital assets | 91,216,647 | 2,631,138 | - | (223,661) | 93,624,124 |
| Less accumulated depreciation | (40,862,324) | (2,760,263) | - | 223,661 | (43,398,926) |
| Capital assets, net | $ 50,354,323 | $ (129,125) | $ - | $ - | $ 50,225,198 |

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

| | Balance June 30, 2017 | Additions | Transfers | Retirements | Balance June 30, 2018 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 3,159,732 | $ 50,000 | $ - | $ - | $ 3,209,732 |
| Capitalized collections | 15,000 | - | - | - | 15,000 |
| Construction in progress | 1,730,922 | 2,461,334 | (143,192) | - | 4,049,064 |
| Total capital assets not being depreciated | $ 4,905,654 | $ 2,511,334 | $ (143,192) | $ - | $ 7,273,796 |
| Other capital assets: | | | | | |
| Buildings and improvements | $ 67,976,249 | $ 835,894 | $ 143,192 | $ - | $ 68,955,335 |
| Furniture, fixtures and equipment | 8,638,491 | 668,977 | - | (389,703) | 8,917,765 |
| Library materials | 5,946,233 | 184,197 | - | (60,679) | 6,069,751 |
| Total other capital assets | 82,560,973 | 1,689,068 | 143,192 | (450,382) | 83,942,851 |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | (27,874,167) | (1,737,300) | - | - | (29,611,467) |
| Furniture, fixtures and equipment | (5,778,397) | (748,644) | - | 382,809 | (6,144,232) |
| Library materials | (4,929,458) | (237,846) | - | 60,679 | (5,106,625) |
| Total accumulated depreciation | (38,582,022) | (2,723,790) | - | 443,488 | (40,862,324) |
| Other capital assets net of accumulated depreciation | $ 43,978,951 | $ (1,034,722) | $ 143,192 | $ (6,894) | $ 43,080,527 |
| Capital assets summary: | | | | | |
| Capital assets not being depreciated | $ 4,905,654 | $ 2,511,334 | $ (143,192) | $ - | $ 7,273,796 |
| Other capital assets at cost | 82,560,973 | 1,689,068 | 143,192 | (450,382) | 83,942,851 |
| Total cost of capital assets | 87,466,627 | 4,200,402 | - | (450,382) | 91,216,647 |
| Less accumulated depreciation | (38,582,022) | (2,723,790) | - | 443,488 | (40,862,324) |
| Capital assets, net | $ 48,884,605 | $ 1,476,612 | $ - | $ (6,894) | $ 50,354,323 |

The estimated cost to complete property authorized or under construction at June 30, 2019 and 2018 is $27,527,668 and $23,341,134, respectively. These costs will be financed by state appropriations and available local resources.

Institutional funds included in the construction costs of the Student Activity Center are reported as Investment in Capital Assets since ownership of the facility will not pass to the College until debt incurred by the State of

Idaho for the majority of the project cost is retired. See Note 10. The total amount in Investment in Capital Assets was $2,613,348 as of June 30, 2019 and 2018.

Certain land on which four campus buildings are located was donated to the College by the City of Lewiston. Under terms of the gift, ownership of the land reverts back to the City if it ceases to be used for educational purposes. This land is reflected in Capital Assets in the amount of $19,200 as of June 30, 2019 and 2018.

## 6. NOTES PAYABLE

The College does not have any outstanding notes payable as of June 30, 2019 and 2018.

## 7. RESTRICTED NET POSITION

Certain expendable assets are classified as restricted assets on the *Statements of Net Position.* The purpose and amounts of restricted assets as of June 30, 2019 and 2018 are as follows:

| | 2019 | 2018 |
|---|---|---|
| Federal student loan programs | $ 591,639 | $ 601,814 |
| Institutional student loan programs | 125,184 | 135,349 |
| Grants and contracts | 19,430 | 19,431 |
| Sick leave insurance reserve fund | 2,432,700 | 2,173,130 |
| Total restricted net position | $ 3,168,953 | $ 2,929,724 |

## 8. RETIREMENT PLANS

### *Public Employee Retirement System of Idaho*

*Plan Description*

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

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

Employee membership data related to the PERSI Base Plan, as of June 30, 2018 and 2017 measurement dates, were as follows:

| | 2018 | 2017 |
|---|---|---|
| Retirees and beneficiaries currently receiving benefits | 46,907 | 45,468 |
| Terminated employees entitled to but not yet receiving benefits | 13,133 | 12,669 |
| Active plan members | 71,112 | 70,073 |
| Total system members | 131,152 | 128,210 |

*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% 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. As of June 30, 2018 it was 6.79%. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.32%. The College's contributions were $663,644 and $649,920 for the years ended June 30, 2019 and 2018, respectively.

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

At June 30, 2019 and June 30, 2018, the College reported a liability of $2,632,151 and $2,949,217, respectively for its proportionate share of the net pension liability. The net pension liability for each year was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The College's proportion of the net pension liability for each year 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 and 2017, the College's proportion was .001784488 and .001876297 percent.

For the years ended June 30, 2019 and 2018, respectively, the College recognized pension expense of $461,060 and $439,522. At June 30, 2019 and 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2019 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Net difference between projected and actual earnings on pension plan investments | $ - | $ 292,447 |
| Differences between expected and actual experience | 288,936 | 198,790 |
| Changes in assumptions or other inputs | 171,273 | - |
| Changes in proportion and differences between the contributions and the proportionate contributions | 19,136 | 204,795 |
| Subtotal | 479,345 | 696,032 |
| Contributions subsequent to the measurement date | 663,644 | - |
| Total | $ 1,142,989 | $ 696,032 |

| | 2018 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Net difference between projected and actual earnings on pension plan investments | $ - | $ 176,700 |
| Differences between expected and actual experience | 408,560 | 265,699 |
| Changes in assumptions or other inputs | 54,539 | - |
| Changes in proportion and differences between the contributions and the proportionate contributions | 29,208 | 138,389 |
| Subtotal | 492,307 | 580,788 |
| Contributions subsequent to the measurement date | 649,920 | - |
| Total | $ 1,142,227 | $ 580,788 |

$663,644 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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 the beginning of the measurement period is 5.5 years and 4.9 years for the measurement periods ending June 30, 2018 and June 30, 2017.

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 | |
|---|---|
| 2020 | $ 147,143 |
| 2021 | (26,898) |
| 2022 | (258,535) |
| 2023 | (78,397) |
| | $ (216,687) |

*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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.00% |
| Salary increases including inflation | 3.75% |
| Investment rate of return | 7.05%, net of investment expenses |
| Cost-of-living adjustments | 1.00% |

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

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

An experience study was performed 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, 2019 and 2018 are based on the results of actuarial valuation dates of July 1, 2018 and 2017, respectively.

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.

| Asset Class | Target Allocation | Expected Nominal Rate of Return | Expected Real Rate of Return |
|---|---|---|---|
| Core Fixed Income | 30.00% | 3.05% | .80% |
| Broad US Equities | 55.00% | 8.30% | 6.05% |
| Developed Foreign Equities | 15.00% | 8.45% | 6.20% |
| Assumed Inflation - Mean | | 2.25% | 2.25% |
| Assumed Inflation – Standard Deviation | | 1.50% | 1.50% |
| Portfolio Arithmetic Mean Return | | 6.75% | 4.5% |
| Portfolio Standard Deviation | | 12.54% | 12.54% |
| Portfolio Long-Term (Geometric) Expected Rate of Return | | 6.13% | 3.77% |
| Assumed Investment Expenses | | .40% | .40% |
| Net of Investment Expenses | | 5.73% | 3.37% |
| Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses | | | 4.19% |
| Portfolio Standard Deviation | | | 14.16% |

Valuation Assumptions Chosen by PERSI Board

| | |
|---|---|
| Long-Term Expected Rate of Return, Net of Investment Expenses | 4.05% |
| Assumed Inflation | 3.00% |
| Long-Term Expected Geometric Rate of Return, Net of Investment Expenses | 7.05% |

*Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. 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 College's proportionate share of the net pension liability to changes in the discount rate*

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, 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 (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

| | 1% Decrease 6.05% | Current Discount Rate 7.05% | 1% Increase 8.05% |
|---|---|---|---|
| College's proportionate share of the net pension liability (asset) | $ 6,588,869 | $ 2,632,151 | $ (644,174) |

*Pension plan fiduciary net position*

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

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

*Payables to the pension plan*

At June 30, 2019 and June 30, 2018, the College had no payables to the defined benefit pension plan for legally required employer or employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

***Optional Retirement Plan***

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

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

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age. The contribution requirement (and amount paid) for the years ended June 30, 2019 and 2018 was $3,008,665 and $2,954,375, respectively, which consisted of $1,717,428 and $1,673,506, respectively, from the College and $1,291,237 and $1,280,869 , respectively, from employees. For both 2019 and 2018, these contributions represented approximately 9.3% of covered payroll for the College and its employees.

Although enrollees in the ORP no longer belong to PERSI, the College is required to contribute to PERSI. These annual supplemental payments are required through July 1, 2025. During the years ended June 30, 2019 and 2018, this supplemental funding payment made to PERSI was $276,234 and $266,768 or 1.49% of the covered payroll, respectively. These amounts are not included in the regular College PERSI contribution discussed previously.

*Supplemental Retirement Plans* - Full and part time faculty, classified and professional staff, enrolled in PERSI as their regular retirement plan, may enroll in supplemental 403(b), 401(k), and 457(b) plans. Full and part time faculty and professional staff enrolled in the ORP as their regular retirement plan may enroll in the 403(b) and the 457(b) plans.

*401(k) - PERSI Choice Plan (PCP):*
This is only available to active PERSI members. The Choice Plan contains employee gain sharing distributions, any voluntary employee contributions made, and the earnings on those funds.

*457(b) - Deferred Compensation Plan:*
The 457(b) is a voluntary retirement savings plan covered under Section 457(b) of the Internal Revenue Code. All College employees are eligible to participate in this plan. The plan is funded exclusively through employee pre-tax contributions.

*457(b) – State of Idaho Plan:*
The State of Idaho 457(b) plan is similar to the 457(b) Deferred Compensation Plan except that pre-tax and after tax (Roth) options are available.

*403(b) Plan:*
The 403(b) is a voluntary tax-sheltered retirement plan covered under Section 403(b) of the Internal

Revenue Code. All College employees are eligible to participate in this plan. The plan is funded exclusively by employee pre-tax contributions.

| Supplemental Employee Funded Plan | Participants at June 30, 2019 | Approximate Annual Contributions |
|---|---|---|
| 401(k) PERSI Choice | 36 | $ 183,409 |
| 457(b) Deferred Compensation | 6 | $ 37,607 |
| 403(b) Tax Deferred | 58 | $ 320,552 |

| Supplemental Employee Funded Plan | Participants at June 30, 2018 | Approximate Annual Contributions |
|---|---|---|
| 401(k) PERSI Choice | 35 | $ 170,124 |
| 457(b) Deferred Compensation | 10 | $ 72,195 |
| 403(b) Tax Deferred | 56 | $ 329,756 |

**Postemployment Benefits Other Than Pensions**

**Summary of Plans**

The Department of Administration administers postemployment benefits for healthcare, disability and life insurance for retired or disabled employees of State agencies, public health districts, community colleges, and other political subdivisions that participate in the plans. The Retiree Healthcare and Long-Term Disability plans are reported as multiple-employer defined benefit plans. The Retiree Life Insurance plan is a single-employer defined benefit plan. Idaho Code Sections 67-5760 to 67-5768 and 72-1335, establish the benefits and contribution obligations. The plans do not issue publicly available financial reports. The most recent actuarial valuation is as of July 1, 2018. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis. The costs of administering the plans are financed by a surcharge to employers on all active employees of $0.09 per person per month for fiscal year 2018. This rate is reviewed annually.

The number of participating employers and the classes of employees covered by the above plans are as follows:

June 30, 2019

**Classes of Employees and Number of Participating Employers**

| | | **Long-Term Disability Plan** | | | |
|---|---|---|---|---|---|
| | **Retiree Healthcare Plan** | **Healthcare** | **Life Insurance** | **Income** | **Retiree Life Insurance Plan** |
| Active Employees | 7,633 | 19,911 | - | - | 5,713 |
| Retired/Disabled Employees | 584 | 107 | 291 | 50 | 1,595 |
| Terminated, Vested Employees | - | - | - | - | 121 |
| Number of Participating Employers | 25 | 25 | 25 | 24 | 4 |

**Classes of Employees and Number of Participating Employers**

| | Retiree Healthcare Plan | Long-Term Disability Plan: Healthcare | Long-Term Disability Plan: Life Insurance | Long-Term Disability Plan: Income | Retiree Life Insurance Plan |
|---|---|---|---|---|---|
| Active Employees | 9,301 | 19,520 | 19,520 | - | 5,610 |
| Retired/Disabled Employees | 681 | 141 | 389 | 64 | 1,488 |
| Terminated, Vested Employees | - | - | - | - | 110 |
| Number of Participating Employers | 25 | 25 | 25 | 25 | 4 |

## *Plan Descriptions and Funding Policy*

*Retiree Healthcare Plan*

A retired employee of the College who receives monthly retirement benefits from the Public Employee Retirement System of Idaho (PERSI) may elect to purchase the retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date that the active employee policy ends. Additionally, the employee must be receiving PERSI monthly benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An employee must have been an active employee on or before June 30, 2009, and must retire directly from state service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The benefit is at least $1,860 per retiree per year. The retired plan members' contribution percentage to the total premium cost increase from 73.7 in 2017 to 74.0 percent in 2018. The College was charged $16 per active employee per month towards the retiree premium cost, or 26.0 percent of the total cost of the retiree plan.

*Long-Term Disability Plan*

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

For up to 30 months following the date of disability, an employee may continue healthcare coverage under this plan. The College pays 100 percent of the College's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. The College was charged $10.53 per active employee per month in fiscal year 2017.

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

Principal Life Insurance Company insures employees disabled on or after July 1, 2003, and the obligation for the payment of income benefits has been effectively transferred. The College pays 100 percent of the cost of the premiums. The College's contribution rate for the period was 0.264 percent of payroll. The employers' actual contribution was $2.6 million in fiscal year 2017. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

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

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

*Retiree Life Insurance Plan*

The College provides basic life insurance for certified retired employees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100 percent of their annual salary at retirement. The College pays 100 percent of the cost of basic life insurance for eligible retirees. The College's payments required and paid as OPEB benefits came due for fiscal year ended June 30, 2019 and 2018 (*dollars in thousands*):

| | Retiree Healthcare Plan | Long-Term Disability Plan | | | Retiree Life Insurance Plan | Total |
|---|---|---|---|---|---|---|
| | | Healthcare | Life Insurance | Income | | |
| OPEB Paid 2019 | $ 79 | $ 27 | $ 12 | $ 9 | $ 108 | $ 235 |

| | Retiree Healthcare Plan | Long-Term Disability Plan | | | Retiree Life Insurance Plan | Total |
|---|---|---|---|---|---|---|
| | | Healthcare | Life Insurance | Income | | |
| OPEB Paid 2018 | $ 74 | $ 39 | $ 15 | $ 9 | $ 101 | $ 238 |

***Summary of Significant Accounting Polices***

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

***Actuarial Assumptions***

The last actuarial valuation was performed as of July 1, 2018, and rolled forward to June 30, 2019 for the Retiree Healthcare, Long-Term Disability and Retiree Life Insurance plans. There have been no significant changes between the valuation date and the fiscal year end.

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

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

June 30, 2018

| | | **Long-Term Disability Plan** | | | |
|---|---|---|---|---|---|
| | **Retiree Healthcare Plan** | **Healthcare** | **Life Insurance** | **Income** | **Retiree Life Insurance Plan** |
| Inflation | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Salary Increases | 3.25% general wage growth plus increases due to promotions and longevity | 3.25% general wage growth plus increases due to promotions and longevity | 3.25% general wage growth plus increases due to promotions and longevity | 3.25% general wage growth plus increases due to promotions and longevity | 3.25% general wage growth plus increases due to promotions and longevity |
| Discount Rate | 3.87% | 3.87% | 3.87% | 3.87% | 3.87% |
| Healthcare Cost Trend Rates | 7.2% claims and 6.5% premiums from year ending June 30, 2019 to year ending June 30, 2020, grading to an ultimate rate of 4.2% for 2074 and later years | 7.2% claims and 6.5% premiums from year ending June 30, 2019 to year ending June 30, 2020, grading to an ultimate rate of 4.2% for 2074 and later years | N/A | N/A | N/A |

June 30, 2017

| | Retiree Healthcare Plan | Long-Term Disability Plan Healthcare | Long-Term Disability Plan Life Insurance | Long-Term Disability Plan Income | Retiree Life Insurance Plan |
|---|---|---|---|---|---|
| Inflation | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Salary Increases | 3.00% general wage growth plus increases due to promotions and longevity | 3.00% general wage growth plus increases due to promotions and longevity | 3.00% general wage growth plus increases due to promotions and longevity | 3.00% general wage growth plus increases due to promotions and longevity | 3.00% general wage growth plus increases due to promotions and longevity |
| Discount Rate | 3.58% | 3.58% | 3.58% | 3.58% | 3.58% |
| Healthcare Cost Trend Rates | 9.9% claims and 3.8% premiums from year ending June 30, 2017 to year ending June 30, 2018, grading to an ultimate rate of 4.2% for 2096 and later years | 9.9% claims and 3.8% premiums from year ending June 30, 2017 to year ending June 30, 2018, grading to an ultimate rate of 4.2% for 2096 and later years | N/A | N/A | N/A |
| Retirees' Share of Benefit-Related Costs | 73.7% of projected health insurance premiums for retirees | N/A | N/A | N/A | N/A |

***Mortality Rates***

Mortality rates for the Retiree Healthcare, the Long-Term Disability Healthcare, and the Retiree Life Insurance plans were based on the RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale AA with adjustments. Mortality rates for the Long-Term Disability Life Insurance plan was based on the 2005 Group Term Life Waiver Reserve table developed by the Society of Actuaries. Mortality rates for the Long-Term Disability Income plan was based on the 2012 Group Long-Term Disability Valuation Table.

***Discount Rate***

The actuary used a discount rate of 3.87 percent to measure the total OPEB liability. The discount rate was based on 20 year Bond Buyer Go Index.

### ***Total OPEB Liability, OPEB Expense, and Deferrals***

#### ***Total OPEB Liability***

Total OPEB liability components as of measurement dates (dollars in thousands):

June 30, 2018

| | | Long-Term Disability Plan | | | | |
|---|---|---|---|---|---|---|
| | **Retiree Healthcare Plan** | **Healthcare** | **Life Insurance** | **Income** | **Retiree Life Insurance Plan** | **Total** |
| Total OPEB Liability | $ 542 | $ 46 | $ 56 | $ 46 | $ 5,204 | $ 5,894 |

June 30, 2017

| | | Long-Term Disability Plan | | | | |
|---|---|---|---|---|---|---|
| | **Retiree Healthcare Plan** | **Healthcare** | **Life Insurance** | **Income** | **Retiree Life Insurance Plan** | **Total** |
| Total OPEB Liability | $ 836 | $ 55 | $ 67 | $ 49 | $ 5,406 | $ 6,413 |

Changes in total OPEB liability for the fiscal year ended June 30, 2019 (dollars in thousands):

| | **Increase (Decrease)** | | | | | |
|---|---|---|---|---|---|---|
| | | **Long-Term Disability Plan** | | | | |
| | **Retiree Healthcare Plan** | **Healthcare** | **Life Insurance** | **Income** | **Retiree Life Insurance Plan** | **Total** |
| **Beginning Balances** | $ 836 | $ 55 | $ 67 | $ 49 | $ 5,406 | $ 6,413 |
| Change in Proportionate Share | 6 | 1 | - | 4 | (139) | (128) |
| **Adjusted Beginning Balances** | 842 | 56 | 67 | 53 | 5,267 | 6,285 |
| **Changes for the Year** | | | | | | |
| Service Cost | 34 | 5 | - | - | 189 | 228 |
| Interest on Total OPEB Liability | 30 | 2 | 2 | 2 | 194 | 230 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Effect of Economic / Demographic Gains or Losses | (4) | 20 | - | 1 | (90) | (73) |
| Effect of Assumptions Changes or Inputs | (281) | (10) | (1) | (1) | (248) | (541) |
| Expected Benefit Payments | ( 79) | ( 27) | ( 12) | ( 9) | (108) | (235) |
| **Net Changes** | (300) | ( 10) | ( 11) | ( 7) | (63) | (391) |
| **Ending Balances** | $ 542 | $ 46 | $ 56 | $ 46 | $ 5,204 | $ 5,894 |

Changes in total OPEB liability for the fiscal year ended June 30, 2018 (dollars in thousands):

| | Increase (Decrease) | | | | | |
|---|---|---|---|---|---|---|
| | | Long-Term Disability Plan | | | | |
| | **Retiree Healthcare Plan** | **Healthcare** | **Life Insurance** | **Income** | **Retiree Life Insurance Plan** | **Total** |
| **(Restated)** | | | | | | |
| **Beginning Balances** | $ 847 | $ 87 | $ 79 | $ 56 | $ 5,130 | $ 6,199 |
| **Changes for the Year** | | | | | | |
| Service Cost | 33 | 4 | - | - | 188 | 225 |
| Interest on Total OPEB Liability | 30 | 3 | 3 | 2 | 189 | 227 |
| Expected Benefit Payments | ( 74) | ( 39) | ( 15) | ( 9) | (101) | (238) |
| **Net Changes** | ( 11) | ( 32) | ( 12) | ( 7) | 276 | 214 |
| **Ending Balances** | $ 836 | $ 55 | $ 67 | $ 49 | $ 5,406 | $ 6,413 |

### *OPEB Expense and Deferrals*

The College recognized the following OPEB expense and deferrals for the year ended June 30, 2019 (*dollars in thousands*):

| | Increase (Decrease) | | | | | |
|---|---|---|---|---|---|---|
| | | Long-Term Disability Plan | | | | |
| | **Retiree Healthcare Plan** | **Healthcare** | **Life Insurance** | **Income** | **Retiree Life Insurance Plan** | **Total** |
| **OPEB Expense** | $ 17 | $ 8 | $ 1 | $ 3 | $ 343 | $ 372 |

| | Increase (Decrease) | | | | | |
|---|---|---|---|---|---|---|
| | | Long-Term Disability Plan | | | | |
| | **Retiree Healthcare Plan** | **Healthcare** | **Life Insurance** | **Income** | **Retiree Life Insurance Plan** | **Total** |
| **Deferred Outflows** | | | | | | |
| Differences in Expected and Actual Experience | $ - | $ 18 | $ - | $ - | $ - | $ 18 |
| Change in Proportion | 5 | - | - | - | - | 5 |
| Benefit Payments Subsequent to the Measurement Date | 49 | 16 | 10 | 7 | 64 | 146 |
| **Total Deferred Outflows** | $ 54 | $ 34 | $ 10 | $ 7 | $ 64 | $ 169 |
| **Deferred Inflows** | | | | | | |
| Differences in Expected and Actual Experience | $ 3 | $ - | $ - | $ - | $ 80 | $ 83 |
| Changes in Assumptions | 235 | 9 | - | - | 218 | 462 |
| Change in Proportion | - | - | - | - | 123 | 123 |
| **Total Deferred Outflows** | $ 238 | $ 9 | $ - | $ - | $ 421 | $ 668 |

The College recognized the following OPEB expense and deferrals for the year ended June 30, 2018 (*dollars in thousands*):

| | Increase (Decrease) | | | | | |
|---|---|---|---|---|---|---|
| | | Long-Term Disability Plan | | | | |
| | **Retiree Healthcare Plan** | **Healthcare** | **Life Insurance** | **Income** | **Retiree Life Insurance Plan** | **Total** |
| **OPEB Expense** | $ 63 | $ 7 | $ 3 | $ 2 | $ 377 | $ 452 |

| | Increase (Decrease) | | | | | |
|---|---|---|---|---|---|---|
| | | Long-Term Disability Plan | | | | |
| | Retiree Healthcare Plan | Healthcare | Life Insurance | Income | Retiree Life Insurance Plan | Total |
| **Deferred Outflows** | | | | | | |
| Benefit Payments Subsequent to the Measurement Date | $ 26 | $ 34 | $ 59 | $ 8 | $ 59 | $ 186 |
| **Total Deferred Outflows** | $ 26 | $ 34 | $ 59 | $ 8 | $ 59 | $ 186 |

Amounts reported as deferred outflows of resources will be recognized as OPEB expense as follows *(dollars in thousands)*:

| | Expense | | | | | |
|---|---|---|---|---|---|---|
| | | Long-Term Disability Plan | | | | |
| **Fiscal Year** | **Retiree Healthcare Plan** | **Healthcare** | **Life Insurance** | **Income** | **Retiree Life Insurance Plan** | **Total** |
| 2020 | $ (46) | $ 1 | $ - | $ - | $ (56) | $ (101) |
| 2021 | (46) | 1 | - | - | (56) | (101) |
| 2022 | (46) | 1 | - | - | (56) | (101) |
| 2023 | (46) | 1 | - | - | (56) | (101) |
| 2024 | (46) | 1 | - | - | (56) | (101) |
| After | ( 3) | 4 | - | - | (141) | (140) |
| Total | $ ( 233) | $ 9 | $ - | $ - | $ (421) | $ (645) |

The average expected remaining service lives of all active and inactive employees for each OPEB plan:

| | | | | |
|---|---|---|---|---|
| 6.1 | 7.9 | 1 | 1 | 8.5 |

*Discount Rate Sensitivity*

The following presents the total OPEB liability of the College calculated using the discount rate of 3.87 percent, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (2.87%) or 1 percent higher (4.87%) than the current rate (*dollars in thousands*):

| | Retiree Healthcare Plan | Long-Term Disability Plan: Healthcare | Long-Term Disability Plan: Life Insurance | Long-Term Disability Plan: Income | Retiree Life Insurance Plan | Total |
|---|---|---|---|---|---|---|
| 1% Decrease 2.87% | $ 572 | $ 47 | $ 59 | $ 48 | $ 6,344 | $ 7,070 |
| Discount Rate 3.87% | $ 542 | $ 46 | $ 56 | $ 46 | $ 5,204 | $ 5,894 |
| 1% Increase 4.87% | $ 514 | $ 45 | $ 54 | $ 44 | $ 4,332 | $ 4,989 |

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*
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 percent lower or 1 percent higher than the current trends (*dollars in thousands*):

| | Retiree Healthcare Plan | Long-Term Disability Plan: Healthcare | Long-Term Disability Plan: Life Insurance | Long-Term Disability Plan: Income | Retiree Life Insurance Plan | Total |
|---|---|---|---|---|---|---|
| 1% Decrease | $ 501 | $ 43 | N/A | N/A | N/A | $ 544 |
| Current trend Rate | $ 542 | $ 46 | N/A | N/A | N/A | $ 588 |
| 1% Increase | $ 589 | $ 50 | N/A | N/A | N/A | $ 639 |

***Sick Leave Insurance Reserve Fund***
Idaho Code section 67-5333 establishes the policy for sick leave benefits. The Sick Leave Insurance Reserve Fund (SLIRF) is administered by PERSI. The State does not pay amounts for accumulated sick leave when employees separate from service. Employees who qualify for retirement under PERSI or ORP are eligible to use 50% of the cash value of their unused sick leave, up to a maximum of 600 hours, to continue their medical insurance coverage through the College. The College partially funds these obligations by calculating eligible compensation for active members. The total contributions for the years ended June 30, 2019 and 2018 were $158,116 and $153,371, respectively.

*Sick Leave Insurance Reserve Fund Assets, Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Sick Leave Insurance Fund*

At June 30, 2019 and 2018, the College reported an asset of $2,458,008 and $2,019,759, for its proportionate share of the SLIRF excess funding. The excess funding was measured as of June 30, 2018 and 2017, and determined by an actuarial valuation as of those dates. The College's proportion of the sick leave assets was based on the College's share of contributions in the fund relative to the total contributions of all participating employers. At June 30, 2018, the College's proportion was .021416803 percent. At June 30, 2017, the College's proportion was .021231653 percent.

For the years ended June 30, 2019 and 2018 the College recognized sick leave expense of $101,454 and $42,179, respectively. At June 30, 2019 and 2018 the College reported deferred outflows of resources and deferred inflows of resources related to sick leave from the following sources:

| | 2019 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Net difference between projected and actual earnings on sick leave fund investments | $ - | $ 68,342 |
| Differences between expected and actual experience | - | 103,669 |
| Changes in assumptions or other inputs | 3,359 | - |
| Changes in proportion and differences between the contributions and the proportionate contributions | - | 14,772 |
| Subtotal | 3,359 | 186,783 |
| Contributions subsequent to the measurement date | 158,116 | - |
| Total | $ 161,475 | $ 186,783 |

| | 2018 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Contributions subsequent to the measurement date | $ 153,371 | $ - |
| Total | $ 153,371 | $ - |

$158,116 reported as deferred outflows of resources related to sick leave resulting from College contributions subsequent to the measurement date will be recognized as an increase of the net sick leave excess funding in the year ending June 30, 2020.

The average of the expected remaining service lives of all employees that are provided with sick leave through the System (active and inactive employees) determined at the beginning of the measurement period is 6.2 years for the measurement period ending June 30, 2018.

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

| Year ended June 30 | | |
|---|---|---|
| 2020 | $ | (39,217) |
| 2021 | | (39,217) |
| 2022 | | (39,217) |
| 2023 | | (39,217) |
| 2024 | | (22,131) |
| After | | (4,425) |
| | $ | (183,424) |

*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.

The total sick leave asset in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.00% |
| Salary increases including inflation | 3.75% |
| Investment rate of return | 7.05%, net of investment expenses |

The long-term expected rate of return on sick leave fund 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 approach builds upon the latest capital market assumptions. The assumptions and formal policy for asset allocation are shown below. The formal asset allocation policy is more conservative than the current allocation of 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.

| Asset Class | Target Allocation | Expected Nominal Rate of Return | Expected Real Rate of Return |
|---|---|---|---|
| Core Fixed Income | 30.00% | 3.05% | .80% |
| Broad US Equities | 55.00% | 8.30% | 6.05% |
| Developed Foreign Equities | 15.00% | 8.45% | 6.20% |
| | | | |
| Assumed Inflation - Mean | | 2.25% | 2.25% |
| Assumed Inflation – Standard Deviation | | 1.50% | 1.50% |
| | | | |
| Portfolio Arithmetic Mean Return | | 6.75% | 4.5% |
| Portfolio Standard Deviation | | 12.54% | 12.54% |
| | | | |
| Portfolio Long-Term (Geometric) Expected Rate of Return | | 6.13% | 3.77% |
| Assumed Investment Expenses | | .40% | .40% |
| Net of Investment Expenses | | 5.73% | 3.37% |
| | | | |
| Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses | | | 4.19% |
| Portfolio Standard Deviation | | | 14.16% |

Valuation Assumptions Chosen by PERSI Board

| | |
|---|---|
| Long-Term Expected Rate of Return, Net of Investment Expenses | 4.05% |
| Assumed Inflation | 3.00% |
| Long-Term Expected Geometric Rate of Return, Net of Investment Expenses | 7.05% |

*Discount Rate*

The discount rate used to measure the total sick leave asset was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from Fund employers will be made at the current contribution rate. Based on these assumptions, the Fund’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 Fund investments was applied to all periods of projected benefit payments to determine the total sick leave asset. The long-term expected rate of return was determined net of the sick leave fund investment expense but without reduction for sick leave fund administrative expense.

*Sensitivity of the College's proportionate share of the net sick leave asset to changes in the discount rate*

The following presents the College's proportionate share of the sick leave asset calculated using the discount rate of 7.05 percent, as well as what the College's proportionate share of the sick leave asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

| | 1% Decrease 6.05% | Current Discount Rate 7.05% | 1% Increase 8.05% |
|---|---|---|---|
| College's proportionate share of the sick leave asset | $ 2,374,776 | $ 2,458,008 | $ 2,536,980 |

Changes in sick leave insurance reserve fund liability (asset) for the fiscal years ended June 30, 2019 and 2018 (dollars in thousands):

| | 2019 | 2018 |
|---|---|---|
| **Sick Leave Liability** | | |
| Beginning balances | $ 1,940 | $ 1,828 |
| Change in proportionate share | 17 | - |
| Adjusted beginning balance | 1,957 | 1,828 |
| | | |
| Changes for the year | | |
| Service cost | 89 | 86 |
| Interest on liability | 133 | 132 |
| Effect of plan changes | (124) | - |
| Effect of assumptions | 4 | - |
| Benefit payments | ( 100) | (106) |
| Net Changes | 2 | 112 |
| **Ending Liability Balances** | $ 1,959 | $ 1,940 |
| | | |
| **Plan Net Position** | | |
| Beginning balances | $ 3,960 | $ 3,654 |
| Change in proportionate share | 34 | - |
| Adjusted beginning balance | 3,994 | 3,654 |
| | | |
| Changes for the year | | |
| Contributions-employer | 153 | 152 |
| Net investment income | 371 | 261 |
| Benefit payments | (100) | (106) |
| Administrative expense | (1) | (1) |
| Net changes | 423 | 306 |
| **Ending net position** | $ 4,417 | $ 3,960 |
| | | |
| Sick leave liability | $ 1,959 | $ 1,940 |
| Sick leave fund position | 4,417 | 3,960 |
| Net sick leave asset | $ (2,458) | $ (2,020) |

## 9. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

| | 2019 Natural Classification | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Functional Classification | Personnel Costs | Services | Supplies | Insurance, Utilities, and Rent | Scholarships and Fellowships | Depreciation | Miscellaneous | Operating Expense Totals |
| Instruction | $ 20,161,686 | $ 1,233,360 | $ 1,356,825 | $ 108,911 | $ 46,055 | $ - | $ 138,694 | $ 23,045,531 |
| Research | 301,979 | 30,234 | 65,703 | 1,303 | - | - | 11,725 | 410,944 |
| Public services | 664,157 | 183,180 | 41,266 | 2,004 | - | - | 27,133 | 917,740 |
| Libraries | 831,110 | 319,162 | 58,788 | - | - | - | 470 | 1,209,530 |
| Student services | 4,180,675 | 529,256 | 304,880 | 10,208 | 471,930 | - | 42,938 | 5,539,887 |
| Plant operations | 1,695,525 | 139,147 | 642,287 | 1,061,395 | - | 2,760,263 | - | 6,298,617 |
| Institutional support | 4,264,927 | 825,080 | 403,380 | 179,949 | - | - | 45,724 | 5,719,060 |
| Academic support | 2,654,571 | 957,396 | 426,866 | - | - | - | 91 | 4,038,924 |
| Scholarships and fellowships | 115,201 | 600 | - | - | 991,212 | - | 29,500 | 1,136,513 |
| Auxiliaries | 2,127,252 | 1,086,534 | 1,577,968 | 203,722 | 464,485 | - | 272,026 | 5,731,987 |
| Total expenses | $ 36,997,083 | $ 5,303,949 | $ 4,877,963 | $ 1,567,492 | $ 1,973,682 | $ 2,760,263 | $ 568,301 | $ 54,048,733 |

| | 2018 Natural Classification | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Functional Classification | Personnel Costs | Services | Supplies | Insurance, Utilities, and Rent | Scholarships and Fellowships | Depreciation | Miscellaneous | Operating Expense Totals |
| Instruction | $ 20,636,061 | $ 1,099,617 | $ 1,397,336 | $ 102,474 | $ 53,400 | $ - | $ 146,149 | $ 23,435,037 |
| Research | 327,666 | 26,089 | 64,926 | 1,105 | - | - | 15,407 | 435,193 |
| Public services | 691,431 | 201,023 | 50,850 | 6,493 | - | - | 14,773 | 964,570 |
| Libraries | 884,207 | 310,142 | 18,669 | - | - | - | 459 | 1,213,477 |
| Student services | 4,256,063 | 474,997 | 266,086 | 13,299 | 475,570 | - | 18,891 | 5,504,906 |
| Plant operations | 1,685,742 | 178,703 | 440,343 | 1,046,539 | - | 2,723,790 | - | 6,075,117 |
| Institutional support | 4,151,741 | 885,955 | 292,888 | 160,107 | - | - | 129,258 | 5,619,949 |
| Academic support | 2,558,330 | 752,509 | 419,251 | - | 35 | - | 2,336 | 3,732,461 |
| Scholarships and fellowships | 125,029 | 600 | - | - | 1,224,274 | - | 162,034 | 1,511,937 |
| Auxiliaries | 2,248,231 | 888,943 | 1,630,291 | 217,062 | 406,078 | - | 235,765 | 5,626,370 |
| Total expenses | $ 37,564,501 | $ 4,818,578 | $ 4,580,640 | $ 1,547,079 | $ 2,159,357 | $ 2,723,790 | $ 725,072 | $ 54,119,017 |

## 10. RELATED PARTIES TRANSACTIONS

In fiscal year 2004 the College began constructing a new Student Activity Center (facility). With an estimated cost of approximately $15,000,000, this project was completed in fiscal year 2006. The Idaho State Building Authority (ISBA), with approval from the Idaho State Legislature, issued $10,018,000 of tax exempt bonds to finance the project and has current ownership of the facility. The College initially contributed $2,533,463 to the project with the balance provided by the State of Idaho and financed as part of a bond offering. A portion of the College's contribution was financed through the issuance of a Secured Student Fee Revenue Note, issued in the amount of $1,126,307. This note was paid off in fiscal year 2012.

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

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

The College and the SDOA have entered into an operating agreement whereby the College is obligated to cover all operating costs including maintenance, insurance, and furnishings. At the termination of these agreements, drafted to coincide with the final bond payments, ownership of the facility should pass to the College. As of June 30, 2019 and 2018 the College's total contribution is presented in the *Statements of Net Position* as Investment in capital assets in the amount of $2,613,348. See Note 5.

## 11. COMMITMENTS, CONTINGENCIES AND LEGAL MATTERS

The College is committed to incur capital expenditures of $24 million as of June 30, 2019 for the construction of the Career Technical Education (CTE) building, with the Idaho Legislature contributing $10 million toward the facility. The College has also raised $6 million in grants and contributions which are intended to be used to help pay for construction costs of the building. The CTE building is expected to be placed in service during the ended June 30, 2021. The College is committed to incur capital expenditures of $85,000 as of June 30, 2019, and $2.2 million as of June 30, 2018 for the Spalding Hall Upgrade. These commitments are expected to be settled during the year ended June 30, 2020.

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

The College is currently party to litigation in the ordinary course of business. Management believes the ultimate resolution of these legal proceedings will not have a material adverse effect on the operations or financial position of the College.

## 12. RISK MANAGEMENT

The College participates in the State of Idaho Risk Management Program, which manages property and general liability risk. The program provides liability protection up to the Idaho Tort Claims Act maximum of $500,000 for each occurrence. Property damage claims are covered up to $250,000 per occurrence annually. The State of Idaho purchases commercial insurance for claims not self-insured by the above coverage. Insurance premium payments are made to the State risk management program based on rates determined by a State agency's loss trend experience and asset value covered. Presently the College's total insured property value is $189,555,649. The College obtains worker's compensation coverage from the Idaho State Insurance Fund. The College's worker's compensation premiums are based on payroll amount, the College's loss experience, as well as the loss experience of the State of Idaho as a whole. This program also provides coverage for other risks of loss, including but not limited to employee bond and crime, out of state worker's compensation, business interruption, media liability and automobile physical damage insurance. No significant reductions in coverage, or losses in excess of payments, have occurred in the last three years.

## 13. COMPONENT UNIT DISCLOSURE

As described in Note 1, the Lewis-Clark State College Foundation, Inc. (Foundation) has been determined to be a component unit of the College. The financial statements of the Foundation are presented in accordance with GASB principles. Significant accounting policies associated with the College, also described in Note 1, apply to the Foundation, when applicable. Other disclosures at June 30, 2019 and 2018 are as follows:

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

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

*Fair Value Measurement*
The Foundation investments are recorded at fair market value. The Foundation categorizes the fair value measurements within the fair value hierarchy established by GASB Statement 72. The Foundation's investments represent exchange traded funds and mutual funds and are valued using Level 1 inputs, which are quoted prices in active markets.

*Credit Risk*
Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The credit risk ratings listed below for investments in debt securities are issued by standards set by Standard and Poor's.

As of June 30, 2019 and 2018, the Foundation had the following credit risk related to its debt security exchange traded and mutual funds:

| Credit rating | 2019 | 2018 |
|---|---|---|
| AAA | $ 1,409,144 | $ 1,347,683 |
| AA | 189,318 | 168,807 |
| A | 435,918 | 435,461 |
| BBB | 582,274 | 482,305 |
| BB | 91,079 | 130,832 |
| B | 127,453 | 177,954 |
| Below B | 11,456 | 22,729 |
| Not rated | 17,471 | 6,098 |
| Total | $ 2,864,113 | $ 2,771,869 |

*Interest Rate Risk*
Investments that are fixed for longer periods are likely to experience greater variability in fair value due to future changes in interest rates. The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2019 and 2018, the Foundation's debt security exchange traded and mutual funds had the following maturities:

| Investment Maturities in Years | 2019 | 2018 |
|---|---|---|
| 0-3 | $ 897,327 | $ 843,757 |
| 3-5 | 852,360 | 764,204 |
| 5-10 | 481,171 | 641,133 |
| 10-20 | 135,472 | 116,974 |
| 20-30 | 462,268 | 363,669 |
| >30 | 35,515 | 42,132 |
| Total | $ 2,864,113 | $ 2,771,869 |

*Foreign Currency Risk*
The Foundation investment policy permits the acquisition of investments denominated in foreign currencies. There is a risk that changes in exchange rates could adversely affect the fair value of these investments. To reduce this risk the investment policy limits the investment in international equities to no more than 17.5% of the total investment portfolio. As of June 30, 2019 and 2018,

the Foundation's exposure to foreign currency risk is as follows based on equity and debt security funds:

| Currency | Country | 2019 | 2018 |
|---|---|---|---|
| AUD | Australia | $ 82,942 | $ 86,796 |
| BRL | Brazil | 23,909 | 17,455 |
| CAD | Canada | 152,341 | 145,098 |
| CHF | Switzerland | 102,203 | 86,324 |
| CLP | Chile | 3,910 | 4,505 |
| CNY | China | 102,940 | 113,946 |
| COP | Columbia | 4,258 | 3,776 |
| CZK | Czech Republic | 1,209 | 1,122 |
| DKK | Denmark | 18,473 | 18,499 |
| EUR | Europe | 455,904 | 457,153 |
| GBP | United Kingdom | 231,389 | 245,542 |
| HKD | Hong Kong | 31,903 | 30,645 |
| HUF | Hungary | 2,747 | 2,165 |
| IDR | Indonesia | 8,733 | 6,625 |
| ILS | Israel | 7,254 | 6,846 |
| INR | India | 31,015 | 31,150 |
| JPY | Japan | 309,769 | 322,637 |
| KRW | South Korea | 53,513 | 59,923 |
| MXN | Mexico | 19,124 | 19,243 |
| MYR | Malaysia | 9,715 | 10,134 |
| NOK | Norway | 11,531 | 11,574 |
| NZD | New Zealand | 4,770 | 3,753 |
| PEN | Peru | 944 | 2,214 |
| PHP | Philippines | 5,494 | 5,024 |
| PLN | Poland | 7,003 | 5,960 |
| RUB | Russia | 14,747 | 8,514 |
| SEK | Sweden | 36,586 | 36,442 |
| SGD | Singapore | 19,185 | 18,956 |
| THB | Thailand | 12,292 | 11,230 |
| TRY | Turkey | 2,039 | 2,417 |
| TWD | Taiwan | 34,477 | 39,432 |
| ZAR | South Africa | 17,816 | 18,353 |
| Various | Various | 72,634 | 64,677 |
| Total Foreign Investments | | $ 1,892,769 | $ 1,898,130 |

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

***Related Party Transactions***—Foundation cash is primarily deposited and withdrawn from a College bank account. The balance in this account attributable to the Foundation is reported as a receivable from the College in the amount of $231,565 and $197,882 as of June 30, 2019 and 2018, respectively.

Certain gifts and gift annuity liabilities involve contributions made to the Foundation by Foundation board members. For the years ended June 30, 2019 and 2018, gifts from these related parties approximated $119,516 and $68,510 or 9% and 2% of total contributions, respectively. Liabilities to related parties, reflected in the *Statements of Net Position* as gift annuities payable, totaled $473,363 and $536,093 or 85% and 85% of total gift annuities payable as of June 30, 2019 and 2018, respectively.

***Distributions to the College***—During the years ended June 30, 2019 and 2018, the Foundation distributed $904,419 and $885,187, respectively to the College for both restricted and unrestricted purposes.

***Donor-Restricted Endowments*—**The Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the College. During the fiscal years 2019 and 2018 the Foundation received new contributions of $1,337,379 and $4,000,883, respectively, of which the amount permanently restricted by donors was $265,319 and $245,288 respectively. The endowments of the Foundation experienced net unrealized market appreciation of $419,203 and $619,072 during fiscal years 2019 and 2018. Accumulated earnings are reported in restricted net position, expendable. The Foundation established a spending rate of 4% of the five-year rolling average of the market value of each endowment account as of December 31st for each fiscal year. This amount may be reduced if an account has insufficient accumulated earnings to cover the payout.

***Gift Annuities Payable***—The College is the beneficiary of seven gift annuities. The College records the annuity in the period in which the gift is received in accordance with GASB 81. The assets are recorded at fair value when received. An obligation to the annuitant is recorded at the present value of the estimated future payments to be distributed. The difference between the fair value of the asset and the payable obligation is recorded as a deferred inflow of resources. Income earned on assets, recognized gains and losses are reflected as changes to the deferred inflow of resources. Adjustments to the annuity obligation to reflect the revaluation of the present value of the estimated future payments to the annuitant, based upon changes in the actuarial assumptions, are also shown as changes to the deferred inflow of resources. Changes in the distributions paid to annuitants reduce the gift annuity payable. The deferred inflow of resources represent the beneficial interests to the College. The contribution revenue will be recognized at the end of the agreement. The deferred inflow of resources and gift annuity payables are reflected in the *Statements of Net Position.*

Discount rates to determine the present value of the obligations to the annuitants range from 5.7% to 8.0% for the years ended June 30, 2019 and 2018. Annuity obligations represent the present value of the aggregate liability to annuitants based upon their estimated life expectancies, via tables provided by the Internal Revenue Service.

## Required Supplementary Information

### Schedule of College's Proportionate Share of Net Pension Liability
### PERSI – Base Plan

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| College's portion of net pension liability | .001784488 | .001876297 | 0.001918969 | 0.00188876 | .0019994939 |
| College's proportionate share of net pension liability | $ 2,632,151 | $ 2,949,217 | $ 3,890,045 | $ 2,487,190 | $ 1,468,857 |
| College's covered payroll | $ 5,741,359 | $ 5,827,647 | $ 5,339,791 | $ 5,287,228 | $ 5,415,597 |
| College's proportional share of net pension liability as a percentage of its covered payroll | 45.85% | 50.61% | 72.85% | 47.04% | 27.12% |
| Plan fiduciary net position as a percentage of the total pension liability | 91.69% | 90.68% | 87.26% | 91.38% | 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

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Statutorily required contribution | $ 692,917 | $ 632,687 | $ 573,196 | $ 617,817 | $ 648,438 |
| Contributions in relation to the statutorily required contribution | 663,644 | 649,920 | 659,690 | 604,464 | 598,514 |
| Contribution (deficiency) excess | (29,273) | 17,233 | 86,494 | (13,353) | (49,924) |
| College’s covered payroll | 5,862,583 | 5,741,359 | 5,827,647 | 5,339,791 | 5,287,228 |
| Contributions as a percentage of covered payroll | 11.32% | 11.32% | 11.32% | 11.32% | 11.32% |

# Required Supplementary Information

**Schedule of Changes in the College's Total OPEB Liability and Related Ratios** *(dollars in thousands):*

Total OPEB Liability as of June 30, 2019

| | Retiree Healthcare Plan | Long-Term Disability Plan | | | Retiree Life Insurance Plan |
|---|---|---|---|---|---|
| | | Healthcare | Life Insurance | Income | |
| Service cost | $ 34 | $ 5 | $ - | $ - | $ 189 |
| Interest on total OPEB liability | 30 | 2 | 2 | 2 | 194 |
| Economic/Demographic gains or losses | (4) | 20 | - | 1 | (90) |
| Assumptions changes | (281) | (10) | (1) | (1) | (248) |
| Expected benefit payments | (79) | (27) | (12) | (9) | (108) |
| Net change in OPEB liability | (300) | (10) | (11) | (7) | (63) |
| Total OPEB liability - beginning | 836 | 55 | 67 | 49 | 5,406 |
| Change in proportionate share | 6 | 1 | - | 4 | (139) |
| Adjusted beginning balance | 842 | 56 | 67 | 53 | 5,267 |
| Total OPEB liability - ending | $ 542 | $ 46 | $ 56 | $ 46 | $ 5,204 |

Total OPEB Liability as of June 30, 2018

| | Retiree Healthcare Plan | Long-Term Disability Plan | | | Retiree Life Insurance Plan |
|---|---|---|---|---|---|
| | | Healthcare | Life Insurance | Income | |
| Service cost | $ 33 | $ 4 | $ - | $ - | $ 188 |
| Interest on total OPEB liability | 30 | 3 | 3 | 2 | 189 |
| Expected benefit payments | (74) | (39) | (15) | (9) | (101) |
| Net change in OPEB liability | (11) | (32) | (12) | (7) | 276 |
| Total OPEB liability - beginning | 847 | 87 | 79 | 56 | 5,130 |
| Total OPEB liability - ending | $ 836 | $ 55 | $ 67 | $ 49 | $ 5,406 |

Changes of benefit terms: There were no changes in benefit terms.

Changes of assumptions: changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

| | |
|---|---|
| June 30, 2019 | 3.87% |
| June 30, 2018 | 3.58% |

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

## Required Supplementary Information

### Schedule of College's Proportionate Share of Idaho Sick Leave Insurance Reserve Fund Asset

| | 2019 | 2018 |
|---|---|---|
| College's portion of sick leave asset | .021416803 | .021231653 |
| College's proportionate share of sick leave asset | $2,458,008 | $2,019,759 |
| College's covered payroll | $23,311,352 | $20,734,832 |
| College's proportional share of sick leave asset as a percentage of its covered payroll | .65% | .65% |
| Plan fiduciary net position as a percentage of the total sick leave asset | 225.45% | 204.10% |

### Schedule of Employer Contributions
### Idaho Sick Leave Insurance Reserve Fund

| | 2019 | 2018 |
|---|---|---|
| Actuarially required contribution | $ 89,663 | $90,914 |
| Contributions in relation to the statutorily required contribution | 153,371 | 151,524 |
| Contribution (deficiency) excess | 63,708 | 60,610 |
| College's covered payroll | 23,595,515 | 23,311,352 |
| Contributions as a percentage of covered payroll | .65% | .65% |

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

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

Idaho State Board of Education
Lewis-Clark State College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lewis-Clark State College and it's discretely presented component unit, the Lewis-Clark State College Foundation, Inc. (collectively, College) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 27, 2019.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

### 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*.

### College's Response to Findings

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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.

Moss Adams LLP

Portland, Oregon
September 27, 2019

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

Idaho State Board of Education
Lewis-Clark State College

## Report on Compliance for the Major Federal Program

We have audited Lewis-Clark State College's (College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2019. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for the College's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

### *Opinion on the Major Federal Program*

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

**Report on Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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

Moss Adams LLP

Portland, Oregon
September 27, 2019

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

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

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

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

## Section II - Financial Statement Findings

### FINDING 2019-001 – Significant Deficiency Related to the Lack of Adequate Controls surrounding the Financial Close and Reporting Process.

***Criteria:*** Generally Accepted Accounting Principles (GAAP) require the College to have adequate controls in place over their financial close and reporting process to prevent a material misstatement.

***Condition/Context:*** The College lacked adequate controls surrounding the financial close and reporting cycle to detect significant errors related to the accrual of accounts payable, the classification of payments made towards the use of a building, the completeness of the year end depreciation expense, and the classification of net position.

***Cause:*** Controls were unable to detect an adjustment to depreciation expense and an additional accrual relating to accounting for construction in progress.

***Effect:*** Several adjusting journal entries were required to accurately reflect the year end balances.

***Repeat Finding:*** No

***Recommendation:*** We recommend the College conduct a thorough review of year-end supporting documentation to ensure the financial statements are complete, accurate, and understandable and that there is adequate review of the closing process.

***Views of responsible officials and planned corrective actions:*** *During the year-end procedures, a review will be conducted by the Controller and Assistant Controller for completeness. A checklist of the procedures will be prepared and completed to document the review process.*

## Section III - Federal Award Findings and Questioned Costs

None reported

**Lewis-Clark State College**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2019**

| Federal Grantor Pass-Through Grantor Program or Cluster Title | CFDA Number | Pass-Through Entity Identifying Number | Expenditures: From Pass-Through Awards | Expenditures: Direct Awards | Expenditures: Passed Through to Subrecpients | Total |
|---|---|---|---|---|---|---|
| **Student Financial Assitance Cluster** | | | | | | |
| **U.S. Department of Education** | | | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | - | 97,800 | - | 97,800 |
| Federal Work Study Program | 84.033 | | - | 94,486 | - | 94,486 |
| Federal Perkins Loan Program | 84.038 | | - | 343,757 | - | 343,757 |
| Federal Pell Grant Program | 84.063 | | - | 5,564,128 | - | 5,564,128 |
| Federal Direct Student Loans | 84.268 | | - | 10,702,038 | - | 10,702,038 |
| Teacher Education Assistance for College and Higher Education Grants | 84.379 | | - | 15,008 | - | 15,008 |
| **Department of Education SFA Cluster Total** | | | **-** | **16,817,217** | **-** | **16,817,217** |
| **U.S. Department of Health & Human Services** | | | | | | |
| Nursing Student Loans | 93.364 | | - | 253,337 | - | 253,337 |
| **Department of Health & Human Services SFA Cluster Total** | | | **-** | **253,337** | **-** | **253,337** |
| **Total Student Financial Assistance Cluster** | | | **-** | **17,070,554** | **-** | **17,070,554** |
| **Research & Development Cluster** | | | | | | |
| **U.S. Department of Transportation** | | | | | | |
| Lewis-Clark Valley Metropolitan Planning Organization | | | | | | |
| Planning and Research | 20.505 | None | 6,714 | - | - | 6,714 |
| **U.S. Department of Transportation R&D Cluster Total** | | | **6,714** | **-** | **-** | **6,714** |
| **National Science Foundation** | | | | | | |
| Education and Human Resources | 47.076 | | - | 119,303 | 171,866 | 291,169 |
| **National Science Foundation R&D Cluster Total** | | | **-** | **119,303** | **171,866** | **291,169** |
| **U.S. Department of Health & Human Services** | | | | | | |
| University of Idaho | | | | | | |
| Biomedical Research and Research Training | 93.859 | SI3394-SB-825962 | 194,798 | - | - | 194,798 |
| Biomedical Research and Research Training | 93.859 | SI2211-SB7-825996 | 31,391 | - | - | 31,391 |
| Biomedical Research and Research Training | 93.859 | IAK400-SB-017 | 45,313 | - | - | 45,313 |
| Biomedical Research and Research Training | 93.859 | IAK300-SB-009 | (2,764) | - | - | (2,764) |
| Biomedical Research and Research Training | 93.859 | SI3394-SB-825953 | 29,452 | - | - | 29,452 |
| Biomedical Research and Research Training | 93.859 | SI3394-SB-825962 | 3,099 | - | - | 3,099 |
| **U.S. Department of Health & Human Services R&D Cluster Total** | | | **301,289** | **-** | **-** | **301,289** |
| **Total Research & Development Cluster** | | | **308,003** | **119,303** | **171,866** | **599,172** |
| **TRIO Cluster** | | | | | | |
| **U.S. Department of Education** | | | | | | |
| TRIO - Student Support Services | 84.042A | | - | 13,945 | - | 13,945 |
| TRIO - Student Support Services | 84.042A | | - | 374,224 | - | 374,224 |
| TRIO - Talent Search | 84.044A | | - | 273,122 | - | 273,122 |
| **Total TRIO Cluster** | | | **-** | **661,291** | **-** | **661,291** |
| **TANF Cluster** | | | | | | |
| **U.S. Department of Health & Human Services** | | | | | | |
| Idaho State Department of Health & Welfare | | | | | | |
| Temporary Assistance for Needy Families | 93.558 | KC272700 | 1,622 | - | - | 1,622 |
| **Total TANF Cluster** | | | **1,622** | **-** | **-** | **1,622** |
| **Medicaid Cluster** | | | | | | |
| **U.S. Department of Health & Human Services** | | | | | | |
| Idaho State Department of Health & Welfare | | | | | | |
| Medical Assistance Program | 93.778 | KC272700 | (78) | - | - | (78) |
| **Total Medicaid Cluster** | | | **(78)** | **-** | **-** | **(78)** |
| **Other Programs** | | | | | | |
| **U.S. Department of Agriculture** | | | | | | |
| Rural Business Development Grant | 10.351 | None | - | 32,497 | - | 32,497 |
| State of Idaho Department of Education | | | | | | |
| Child and Adult Care Food Program | 10.558 | None | 6,154 | - | - | 6,154 |
| **U.S. Department of Argiculture Total** | | | **6,154** | **32,497** | **-** | **38,651** |

**Lewis-Clark State College**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2019**

| Federal Grantor Pass-Through Grantor Program or Cluster Title | CFDA Number | Pass-Through Entity Identifying Number | Expenditures: From Pass-Through Awards | Direct Awards | Passed Through to Subrecpients | Total |
|---|---|---|---|---|---|---|
| **U.S. Department of Labor** | | | | | | |
| North Idaho College | | | | | | |
| Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant | 17.282 | NIC-TAACCCTIV-03 | (712) | - | - | (712) |
| Idaho Department of Labor | | | | | | |
| Apprenticeship USA Grants | 17.285 | None | 9 | - | - | 9 |
| **U.S. Department of Labor Total** | | | **(703)** | **-** | **-** | **(703)** |
| **National Endowment for the Arts** | | | | | | |
| Idaho Commission on the Arts | | | | | | |
| Promotion of the Arts Partnership Agreements | 45.025 | 3916ET-18 | 5,015 | - | - | 5,015 |
| **National Endowment for the Arts Total** | | | **5,015** | **-** | **-** | **5,015** |
| **National Endowment for the Humanities** | | | | | | |
| Idaho Humanities Council | | | | | | |
| Promotion of the Humanities - Federal/State Partnership | 45.129 | 2018015 | 4,302 | - | - | 4,302 |
| Promotion of the Humanities - Federal/State Partnership | 45.129 | 2018049 | 2,000 | - | - | 2,000 |
| **National Endowment for the Humanities Total** | | | **6,302** | **-** | **-** | **6,302** |
| **U.S. Small Business Administration** | | | | | | |
| Boise State University | | | | | | |
| Small Business Development Centers | 59.037 | 8564-PO129543 | 41,165 | - | - | 41,165 |
| **U.S. Small Business Administration Total** | | | **41,165** | **-** | **-** | **41,165** |
| **U.S. Department of Education** | | | | | | |
| College Assistance Migrant Program | 84.149A | | - | 441,501 | - | 441,501 |
| Idaho Division of Career & Technical Education | | | | | | |
| Adult Education - Basic Grants to States | 84.002A | AD9610M1 | 2,489 | - | - | 2,489 |
| Adult Education - Basic Grants to States | 84.002A | AD8610L1 | 196,915 | - | - | 196,915 |
| Adult Education - Basic Grants to States | 84.002A | AL9610B1 | 25,501 | - | - | 25,501 |
| | | | 224,905 | | | 224,905 |
| Idaho Division of Career & Technical Education | | | | | | |
| Career and Technical Education-Basic Grants to States | 84.048A | PR9610K1 | 83,795 | - | - | 83,795 |
| Career and Technical Education - Basic Grants to States | 84.048A | PP9610E1 | 194,151 | - | - | 194,151 |
| Career and Technical Education-Basic Grants to States | 84.048A | PN9610H1 | 10,872 | - | - | 10,872 |
| | | | 288,818 | | | 288,818 |
| Boise State Univerisity | | | | | | |
| Mathematics and Science Partnerships | 84.366 | None | 7,883 | - | - | 7,883 |
| **U.S. Department of Education Total** | | | **521,606** | **441,501** | **-** | **963,107** |
| **U.S. Department of Health & Human Services** | | | | | | |
| Idaho State Department of Health & Welfare | | | | | | |
| Foster Care - Title IV-E | 93.658 | KC272700 | 69,357 | - | - | 69,357 |
| Social Services Block Grant | 93.667 | KC272700 | 563 | - | - | 563 |
| **U.S. Department of Health & Human Services Total** | | | **69,920** | **-** | **-** | **69,920** |
| **Corporation for National and Community Service** | | | | | | |
| Serve Idaho | | | | | | |
| AmeriCorps | 94.006 | 18AFHID001003 | 139,273 | - | - | 139,273 |
| **Corporation for National and Community Service Total** | | | **139,273** | **-** | **-** | **139,273** |
| **TOTAL FEDERAL EXPENDITURES** | | | **1,098,279** | **18,325,146** | **171,866** | **19,595,291** |

## LEWIS-CLARK STATE COLLEGE

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
### FOR THE YEAR ENDED JUNE 30, 2019

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

**3. COLLEGE ADMINISTERED LOAN PROGRAMS**

The federal student loan programs listed below are administered directly by the College, and balances and transactions to these programs are included in the College's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2019 consists of:

| Loan Program | CFDA Number | Outstanding Loan Balances |
|---|---|---|
| Federal Perkins Loan Program | 84.038 | $ 279,396 |
| Nursing Student Loan Program | 93.364 | $ 194,356 |

The beginning loan receivable balance, plus new loans, less the administrative cost allowance of the Department of Education Perkins Loan program for the year ended June 30, 2019, are identified below and reported in the Schedule. The loan repayments are also identified below:

| **Federal Perkins Loan Program** | **CFDA Number** | |
|---|---|---|
| | 84.038 | |
| Beginning loan receivable balance | | $ 343,757 |
| New loans | | 0 |
| Administrative cost allowance | | (0) |
| As reported in the Schedule of Federal Awards | | 343,757 |
| Less loan repayments | | (64,361) |
| Ending loan receivable balance | | $ 279,396 |

The beginning loan receivable balance, plus new loans of the Department of Health and Human Services Nursing Student Loan program for the year ended June 30, 2019, are identified below and reported in the Schedule. The loan repayments are also identified below:

| **Nursing Student Loan Program** | **CFDA Number** | |
|---|---|---|
| | 93.364 | |
| Beginning loan receivable balance | | $ 233,656 |
| New loans | | 19,681 |
| As reported in the Schedule of Federal Awards | | 253,337 |
| Less loan repayments | | (58,981) |
| Ending loan receivable balance | | $ 194,356 |