



Financial Statements
June 30, 2020

College of Southern Idaho

Independent Auditor’s Report.....	1
Management's Discussion and Analysis	4
Financial Statements	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position.....	14
Statement of Cash Flows	15
Statement of Financial Position – Component Unit	17
Statement of Activities – Component Unit.....	18
Notes to Financial Statements.....	19
Required Supplementary Information	
Schedule of Employer’s Share of Net Pension Liability and Employer Contributions	50
Schedule of Changes in Total OPEB Liability.....	51
Schedule of Changes in Total Sick Leave Plan and Related Ratios.....	52
Other Information	
DHC Auxiliary Enterprise Funds – Revenues and Expenses	53



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the College of Southern Idaho (the College), and the discretely presented component unit as of and for the year ended June 30, 2020, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of College of Southern Idaho Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and the discretely presented component unit, as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of employer's share of net pension liability and employer contributions, the schedule of changes in total OPEB liability and schedule of changes in total sick leave plan and related ratios as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements. The DHC Auxiliary Enterprise Funds – Revenues and Expenses is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
October 23, 2020

This discussion and analysis of the College of Southern Idaho's (the College or CSI) financial statements provide an overview of the College's financial performance during the fiscal years 2019 and 2020. This discussion has been prepared by management. The discussion and analysis is designed to focus on current activities, resulting changes, and current known facts and should be read in conjunction with the College's financial statements and accompanying footnotes.

Profile of the College

The College of Southern Idaho is a public institution of higher education offering courses on the main campus in Twin Falls and outreach centers in Burley, Gooding, Hailey, and Jerome. The college offers programs leading to degrees in Associates of Arts, Associates of Science, Associates of Applied Science, and various certificates, as well as an Advanced Food Technology Bachelor of Applied Science degree. During fiscal year 2020, the college served 13,130 students taking 124,765 credits. In addition to academic and Career Technical Education offerings, the college has a workforce development division serving 5,034 duplicated students enrolled in 94,390 hours of workforce development coursework.

The College is recognized for having a student-centered environment, outstanding faculty, and facilities. CSI has a diverse mix of students and takes great pride in offering innovative programs while maintaining an affordable and personalized experience for students.

Financial Highlights

The College's financial position at June 30, 2020 reflects improvement over the previous fiscal year. The improvements are the result of management's continuing efforts to enhance fiscal performance.

During fiscal year 2020:

- Operating revenues increased from \$40.6 million to \$43.3 million.
- Capital Contributions increased from \$100,500 to \$936,601.
- Total Assets increased from \$109.9 million to \$114.1 million.
- Total Liabilities decreased from \$13.8 million to \$12.3 million.

Accounting Treatment of Financial Aid

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

aid over tuition and fees should be treated as an institutional expense (e.g., student aid, scholarships, and fellowships, etc.).

Overview of the Financial Statements and Financial Analysis

The financial statements for fiscal year ended June 30, 2020 are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. There are three financial statements presented: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements present financial information in a form similar to that used by most private-sector companies. These financial statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

Statement of Net Position

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

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

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

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

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

Summary of Statements of Net Position
Fiscal Years Ended June 30

	2020	2019
Current and other assets	\$ 54,458,869	\$ 49,190,864
Capital assets	56,539,987	57,855,524
Non-current assets	3,054,744	2,825,463
Total assets	114,053,600	109,871,851
Deferred Outflows of Resources	3,008,093	3,325,107
Total assets and deferred outflows of resources	\$ 117,061,693	\$ 113,196,958
Current Liabilities	\$ 3,368,932	\$ 3,438,548
Non-current Liabilities	8,954,188	10,313,481
Total liabilities	12,323,120	13,752,029
Deferred Inflows of Resources	3,387,234	2,329,212
Net Position		
Net investment in capital assets	56,539,987	57,855,524
Restricted-expendable	4,982,933	5,189,103
Unrestricted	39,828,419	34,071,090
Total net position	101,351,339	97,115,717
Total liabilities, deferred inflows of resources, and net position	\$ 117,061,693	\$ 113,196,958

The College's total assets and deferred outflows of resources increased during fiscal year 2020 by \$3,864,735, from \$113,196,958 in 2019 to \$117,061,693 in 2020. Specifically contributing to the increase in assets was the increase in cash and cash equivalents and investments. The College's total liabilities decreased during fiscal year 2020 by \$1,428,909 from \$13,752,029 in 2019 to \$12,323,120 in 2020. This decline is attributed to a decrease net pension liability of \$1,744,303. Deferred Inflows of Resources increased from \$2,329,212 in fiscal year 2019 to \$3,387,234 in fiscal year 2020. This was the result of an increase in the pension and other post-employment benefits liabilities.

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

Statement of Revenues, Expenses, and Changes in Net Position

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

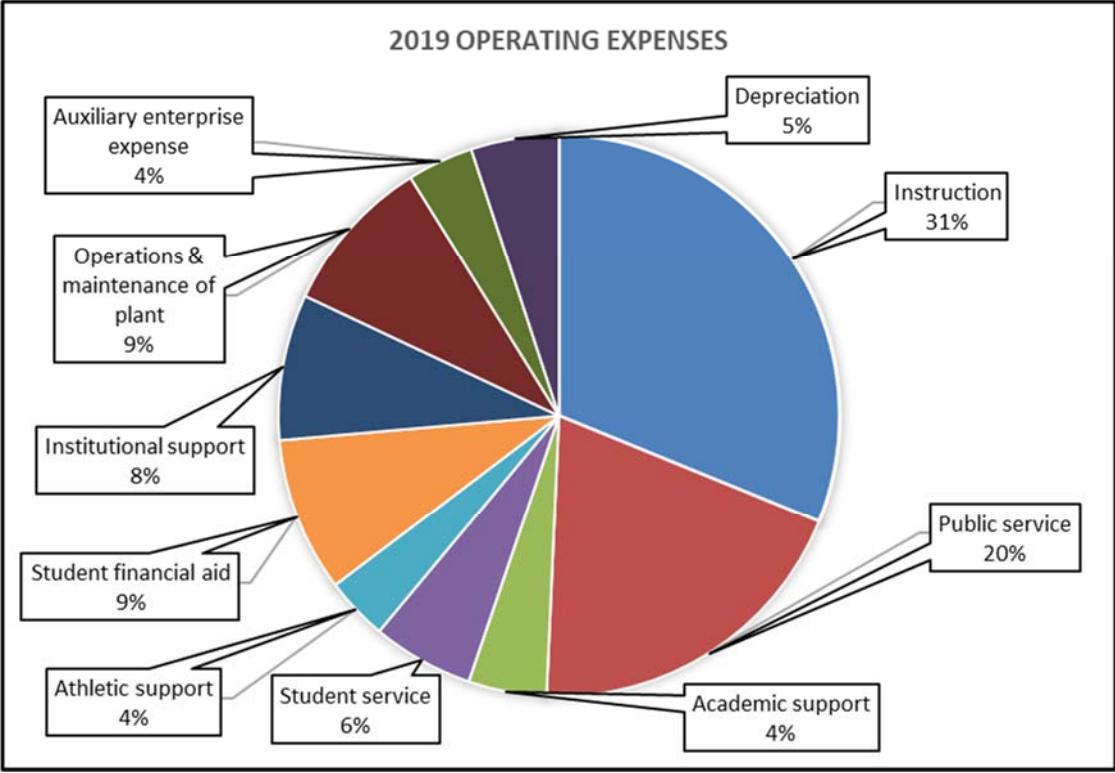
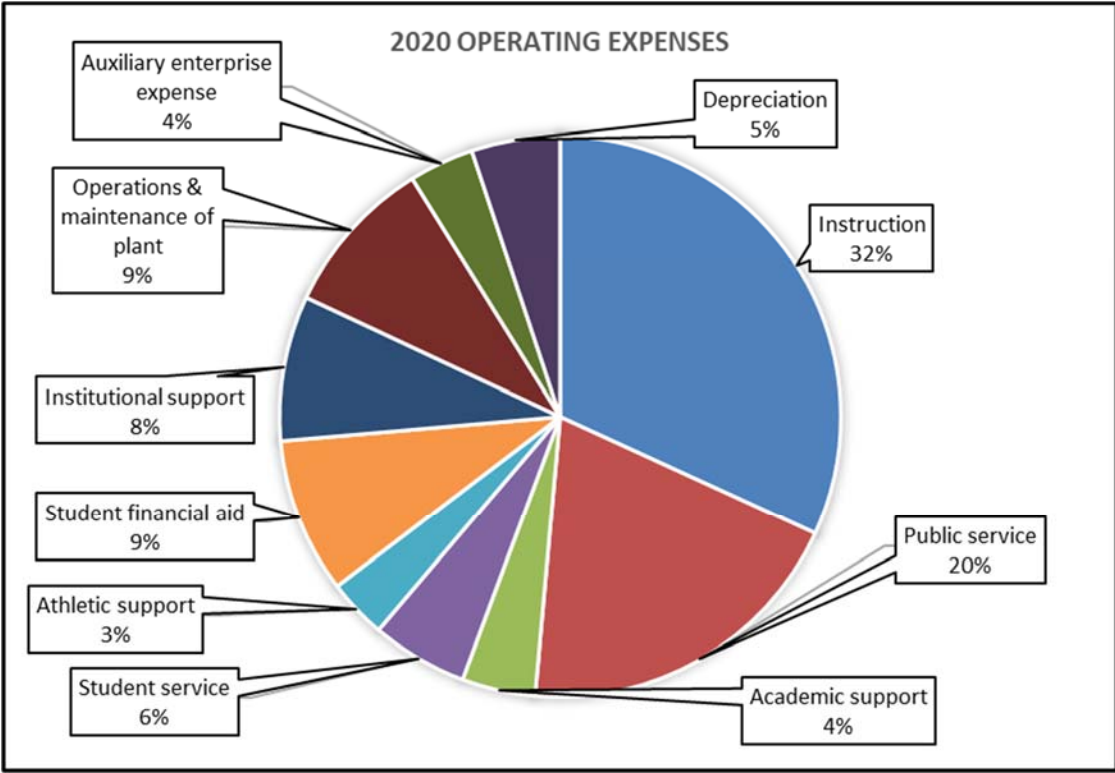
Activities are reported as either operating or non-operating. The College will always reflect a net operating loss in this format since state appropriations and property tax, the revenue streams that the College depends upon most significantly, are classified as non-operating revenues.

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

Summary of Statements of Revenues, Expenses, and Changes in Net Position
Fiscal Years Ended June 30

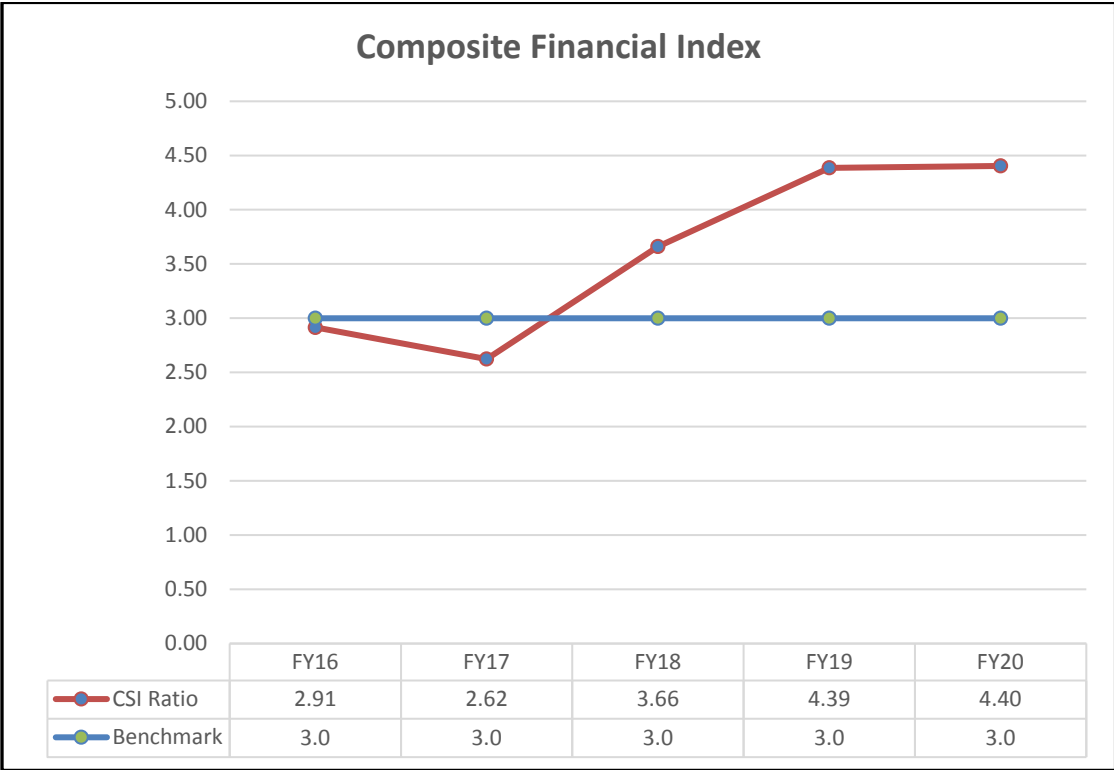
	2020	2019
Operating Revenues	\$ 43,278,970	\$ 40,630,026
Operating Expenses	78,133,830	75,413,689
Operating income (loss)	(34,854,860)	(34,783,663)
Non-Operating Revenues (Expenses)		
State appropriations	21,554,001	21,824,000
Property and other local taxes	8,076,475	7,597,804
Investment income	1,041,486	1,098,160
Private gifts, grants, and contract	267,861	840,319
Non-operating federal grants and contracts (Pell)	6,432,883	6,500,672
Other non-operating revenues (donations, rent)	781,175	799,641
Total non-operating revenues (expenses)	38,153,881	38,660,596
Capital Contributions	936,601	100,500
Change in Net Position	4,235,622	3,977,433
Net Position, Beginning of Year	97,115,717	93,138,284
Net Position, End of Year	\$ 101,351,339	\$ 97,115,717

The Statement of Revenues, Expenses, and Changes in Net Position reflects an overall increase in net position during fiscal year 2020. Operating revenues increased by \$2.6 million from \$40,630,026 in 2019 to \$43,278,970 in 2020. This change was a result of an increase in net tuition and fees and federal and state grant revenue. Operating expenses increased by \$2.7 million from \$75,413,689 in 2019 to \$78,133,830 in 2020. The increase in operating expenses was largely due to increased purchases made to convert to online instruction due to the COVID-19 pandemic.



Financial Health Indicators

Many ratios are used to evaluate the financial health of institutions of higher learning, the Composite Financial Index (CFI) utilizes three ratios to measure the financial health of an organization. The CFI, weights and combines the three ratios into a single metric, which provides a more balanced view of the institution's financial health. The ratios used are the primary reserve ratio, the return on net assets ratio, and the net operating revenues ratio. The graph that follows shows the CFI of the College of Southern Idaho over the past four years compared to the benchmark established by the State Board of Education for universities in the State of Idaho.



Capital Assets

The College's investment in Capital Assets as of June 30, 2020 equates to \$56,539,987, net of accumulated depreciation. Investment in Capital Assets normally includes land, buildings, improvements, machinery and equipment, library holdings, and infrastructure. The College had an increase in depreciation for fiscal year 2020, which attributes to the decline from the prior year. See Note 4 for further information.

Debt Administration

The College of Southern Idaho has one operating lease obligation for instructional and administrative office space at fiscal year end June 30, 2020. The College is not financing any of its operations with debt as of fiscal year end June 30, 2020.

Economic Outlook

According to the April 2020 Idaho Economic Forecast, published by the Division of Financial Management, the next few years are expected to be years of uncertainty, with the housing and job markets fluctuating and unemployment in Idaho rising due to the COVID-19 pandemic.

The College experienced an increase in enrollment in fiscal year 2020 and is anticipating a decline in the coming year due to the uncertainties associated with the COVID-19 pandemic. The decline in enrollment was anticipated in the College's budgeting process and appropriate steps were taken early on to ensure fiscal stability and sustainability for the College. The College continues to actively implement improvements and new programs to increase retention.

The College of Southern Idaho's IT department continues to make progress on the Enterprise Web Initiative, which involves improving the Public Website, Student Portal, and Employee Portal. The College continues to revitalize campus with many building renovations in progress or scheduled to start in the upcoming year. Management continues to look for cost cutting opportunities. Net position for the College is adequate to meet known obligations, including federal financial aid to students and to fund new one-time costs. Management continues to actively plan for future funding needs.

Contacting the College's Financial Management

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

College of Southern Idaho
Statement of Net Position
June 30, 2020

Current Assets	
Cash and cash equivalents	\$ 2,693,249
Investments	45,136,846
Accounts receivable, net of allowance for uncollectible amount of \$ 327,610 in 2020	3,486,979
Property tax receivable	2,792,170
Inventory	254,802
Prepays	94,823
	<hr/>
Total current assets	54,458,869
Noncurrent assets	
Property and equipment, net of accumulated depreciation	56,539,987
Net OPEB sick reserve asset	3,054,744
	<hr/>
Total noncurrent assets	59,594,731
	<hr/>
Total assets	114,053,600
Deferred Outflows of Resources	
Pension obligations	2,728,471
Deferred OPEB single employer plan	153,115
Deferred OPEB sick leave reserve fund	126,507
	<hr/>
Total deferred outflows of resources	3,008,093
	<hr/>
Total Assets and Deferred Outflows of Resources	<u>\$ 117,061,693</u>

College of Southern Idaho
Statement of Net Position
June 30, 2020

Liabilities and Net Position

Current Liabilities

Accounts payable	\$ 679,723
Deposits payable	102,366
Accrued salaries	1,067,822
Accrued benefits	558,070
Due to student groups	351,553
Unearned revenue	609,398

Total current liabilities	3,368,932
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Noncurrent Liabilities

Accrued vacation	1,366,840
Net pension liability	5,344,452
Total other post employment benefits liability	2,242,896

Total noncurrent liabilities	8,954,188
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Total liabilities	12,323,120
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Deferred Inflows of Resources

Deferred OPEB single employer plan	552,030
Deferred OPEB sick leave reserve fund	180,866
Pension obligations	2,654,338

Total deferred inflows of resources	3,387,234
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Net Position

Net investment in capital assets	56,539,987
Restricted - expendable	
OPEB net asset, sick leave	3,000,385
State, federal, and local programs	1,982,548
Unrestricted	39,828,419

Total net position	101,351,339
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Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 117,061,693
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College of Southern Idaho
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2020

Operating Revenues	
Tuition and fees	\$ 16,720,398
Less: Scholarship allowance	(4,959,947)
Net tuition and fees	<u>11,760,451</u>
Federal grants	15,849,231
State grants	3,209,826
Charges for services	1,887,790
Auxiliary enterprise revenue	3,450,910
Other	7,120,762
Total operating revenues	<u>43,278,970</u>
Operating Expenses	
Instruction	24,891,945
Public service	15,293,162
Academic support	3,302,578
Student service	4,336,313
Athletic support	2,671,633
Student financial aid	7,030,077
Institutional support	6,529,921
Operations & maintenance of plant	7,167,662
Auxiliary enterprise expense	2,922,281
Depreciation	3,988,258
Total operating expenses	<u>78,133,830</u>
Operating Loss	<u>(34,854,860)</u>
Non-Operating Revenues (Expenses)	
State appropriations	21,554,001
Property and other local taxes	8,076,475
Investment income	1,041,486
Private gifts, grants, and contracts	267,861
Nonoperating federal grants and contracts (Pell)	6,432,883
Other non-operating revenues (donations, rent)	781,175
Total non-operating revenues	<u>38,153,881</u>
Increase in Net Position Before Capital Contributions	3,299,021
Capital Contributions	<u>936,601</u>
Change in Net Position	4,235,622
Net Position, Beginning of Year	<u>97,115,717</u>
Net Position, End of Year	<u><u>\$ 101,351,339</u></u>

College of Southern Idaho
Statement of Cash Flows
Year Ended June 30, 2020

Operating Activities	
Tuition, fees and services	\$ 11,823,927
Grants and contracts	18,498,410
Payments to suppliers	(25,620,308)
Payments to and on behalf of employees	(48,823,901)
Charges for services	1,887,790
Auxiliary enterprise revenue:	
Bookstore and residence halls	3,450,910
Other receipts	<u>7,120,762</u>
Net Cash used for Operating Activities	<u>(31,662,410)</u>
Noncapital Financing Activities	
State appropriations	21,554,001
Property and other local taxes	7,901,868
Grants and contracts	6,700,744
Gifts and grants received for other than capital purposes	<u>781,175</u>
Net Cash from Noncapital Financing Activities	<u>36,937,788</u>
Capital and Related Financing Activities	
Purchases of capital assets	<u>(1,736,120)</u>
Net Cash used for Capital and Related Financing Activities	<u>(1,736,120)</u>
Investing Activities	
Investment income	1,041,486
Purchase of investments	(27,053,743)
Sales of investments	<u>24,418,242</u>
Net Cash used for Investing Activities	<u>(1,594,015)</u>
Net Change in Cash	1,945,243
Cash, Beginning of Year	<u>748,006</u>
Cash, End of Year	<u><u>\$ 2,693,249</u></u>

College of Southern Idaho
Statement of Cash Flows
Year Ended June 30, 2020

Reconciliation of net operating loss to net cash used for operating activities	
Operating loss	\$ (34,854,860)
Adjustments to reconcile net operating loss to net cash used for operating activities	
Depreciation expense	3,988,258
GASB 68 - actuarial pension expense (revenue)	(227,272)
GASB 75 - Single Employer OPEB expense (revenue)	46,001
GASB 75 - PERSI/OPEB sick leave reserve fund expense (revenue)	(187,004)
Change in assets and liabilities	
Receivables, net	(552,614)
Inventories	87,788
Prepays	(47,828)
Accounts payable	20,742
Accrued vacation	154,737
Unearned revenue	55,443
Deposits held for others	76,450
Accrued compensation	<u>(222,251)</u>
Net Cash used for Operating Activities	<u><u>\$ (31,662,410)</u></u>
Non- Cash Disclosures	
Donated Property	\$ 936,601

College of Southern Idaho Foundation
Statement of Financial Position – Component Unit
June 30, 2020

	2020
Assets	
Cash	\$ 760,943
Operating investments	25,722,945
Donated vehicles	9,950
Endowment	
Cash	15,044
Investments	14,455,363
Donated property	995,250
Total endowment	15,465,657
	\$ 41,959,495
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 136,969
Annuities payable	25,224
Total liabilities	162,193
Net Assets	
Without donor restrictions	
Board designated for future scholarships	9,312,163
Board designated for operations	1,661,647
With donor restrictions	
Perpetual in nature	15,529,607
Purpose restrictions	15,357,835
Underwater endowments	(63,950)
Total net assets	41,797,302
	\$ 41,959,495

College of Southern Idaho Foundation
Statement of Activities – Component Unit
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	\$ 88,024	\$ 1,225,569	\$ 1,313,593
Investment return, net	127,454	1,373,118	1,500,572
In-kind salaries and occupancy	285,328	-	285,328
Net assets released from restrictions	2,251,242	(2,251,242)	-
Total revenue, support, and gains	<u>2,752,048</u>	<u>347,445</u>	<u>3,099,493</u>
Expenses			
Program services expense			
Scholarships and grants	2,349,424	-	2,349,424
Other program payments	801,356	-	801,356
Total program services expense	<u>3,150,780</u>	<u>-</u>	<u>3,150,780</u>
Supporting services expense			
Management and general	237,301	-	237,301
Fundraising	92,998	-	92,998
Total supporting services expense	<u>330,299</u>	<u>-</u>	<u>330,299</u>
Total expenses	<u>3,481,079</u>	<u>-</u>	<u>3,481,079</u>
Change in Net Assets	(729,031)	347,445	(381,586)
Net Assets, Beginning of Year	<u>11,702,841</u>	<u>30,476,047</u>	<u>42,178,888</u>
Net Assets, End of Year	<u>\$ 10,973,810</u>	<u>\$ 30,823,492</u>	<u>\$ 41,797,302</u>

Note 1 - Principal Business Activity and Significant Accounting Policies

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

Reporting Entity

The College's financial statements for fiscal year ended June 30, 2020, are prepared in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles in the United States of America (GAAP).

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

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

Basis of Accounting and Presentation

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally property taxes, federal and state grants, and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions.

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

Cash and Cash Equivalents

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

Investments

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

Receivables

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

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

Property Tax Receivable

Property taxes that are levied for 2016 through 2019 and have not been collected as of June 30 are carried as receivables. Assessed values are established by the County Assessor in Twin Falls and Jerome County (the District). Property tax payments are due in one-half installments in December and June. The District's property tax is levied each November on the assessed value listed as of the prior September for all taxable property located in the District.

Inventories

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

Capital Assets

Capital assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated acquisition value at the date of the gift. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. For buildings and improvements, the College's capitalization policy includes all items with a unit cost of \$50,000 or more and an estimated useful life of greater than one year. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the College:

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

Prepaid Expenses

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

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The College has three items that qualify for reporting in this category: the pension obligation, deferred OPEB single employer plan, and the deferred OPEB sick leave reserve fund. The employer pension obligation results from the differences between the expected and actual experience, the net difference between projected and actual earnings on pension plan investments derived from the actuarial calculation of the College's net pension liability, and changes in the employer's proportion. The deferred OPEB single employer plan results from changes in assumptions and differences between expected and actual experience used in the actuarial calculation of the College's OPEB liability. The deferred OPEB sick leave reserve fund results from differences between projected and actual investment earnings on OPEB plan investments and the difference between expected and actual

experience. These amounts are deferred and recognize as an inflow of resources in the period that the amounts become available.

Pensions

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

Other Post Employment Benefits (OPEB)

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

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

Net Position

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

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

Restricted, Expendable - Restricted expendable includes resources which the College is legally or contractually obligated to use in accordance with restrictions imposed by external third parties.

Unrestricted - Unrestricted represents resources derived from student fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the College, and may be used at the discretion of the institution to meet current expenses for any lawful purpose and in accordance with State Board of Education Policy. Included in unrestricted net position is \$15,992,227 of board designated funds associated with future capital projects.

Classification of Revenues

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

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as: student tuition and fees, net of scholarship discounts and allowances; sales and services of auxiliary enterprises, and contracts and federal appropriations.

Non-operating Revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 34 and 35, such as state appropriations, property taxes and most federal, state and local grants, and investment income.

Revenue Recognition

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Income Taxes

As a state institution of higher education, the income of the College is generally exempt from federal and state income taxes under Section 115 (a) of the Internal Revenue Code and a similar provision of state law. The College is liable for tax on its unrelated business income. Defined by the Internal Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance by the College of its exempt purpose or function. The College did not incur unrelated business income tax expense in the fiscal year ended June 30, 2020.

Scholarship Discounts and Allowances

Student fee revenues are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount paid by students or other third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy student fees and related charges, the College has recorded a scholarship discount and allowance.

Note 2 - Cash and Investments

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

Cash Deposits

The deposit amounts subject to custodial credit risk at June 30, 2020, consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash		
Insured or collateralized	\$ 2,168,518	\$ 2,669,073
Uninsured or uncollateralized	-	24,176
	<u>\$ 2,168,518</u>	<u>\$ 2,693,249</u>
Investments		
Nonbrokered Certificates of Deposit		
Insured or collateralized	<u>\$ 1,348,870</u>	<u>\$ 1,374,176</u>

Investments

At June 30, 2020, the College's investments consisted of the following:

College Investments	Value	Investment Maturities		Percentage
		< 1 year	1-5 years	
Brokered Certificates of Deposits	\$ 11,244,822	\$ 6,249,537	\$ 4,995,285	24.91%
Certificates of Deposits Held at Local Banks	1,374,176	1,374,176	-	3.04%
State Treasurer Investment Pool	28,262,885	28,262,885	-	62.62%
Fixed Income	4,254,963	2,515,511	1,739,452	9.43%
	<u>\$ 45,136,846</u>	<u>\$ 38,402,109</u>	<u>\$ 6,734,737</u>	<u>100%</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. At June 30, 2020, \$24,176, of the College's deposits were uninsured and uncollateralized. The College does not have a policy that specifically addresses custodial credit risk, however; the College follows Idaho code, Title 50, Chapter 10 discussed above.

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

Credit Risk

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

College Investments	Fair Value	AAA	AA+	AA	AA-	A+	A	A-1+	A-1	A-2	BBB+	Unrated
Brokered Certificates of Deposits	\$11,244,822	\$ -	\$ 499,852	\$ 249,496	\$ 749,446	\$ 1,499,866	\$ 249,718	\$ 1,499,788	\$ 250,000	\$ 250,000	\$ 499,859	\$ 5,496,797
State Treasurer Investment Pool	28,262,885	-	-	-	-	-	-	-	-	-	-	28,262,885
Fixed Income	4,254,963	4,254,963	-	-	-	-	-	-	-	-	-	-
	<u>\$43,762,670</u>	<u>\$ 4,254,963</u>	<u>\$ 499,852</u>	<u>\$ 249,496</u>	<u>\$ 749,446</u>	<u>\$ 1,499,866</u>	<u>\$ 249,718</u>	<u>\$ 1,499,788</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 499,859</u>	<u>\$33,759,682</u>

Interest Rate Risk

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

Concentration of Credit Risk

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

Investment Valuation

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

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

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

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

Investments' fair value measurements are as follows at June 30, 2020:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Brokered Certificates of deposit	\$ 11,244,822	\$ -	\$ 11,244,822	\$ -
Fixed Income				
U.S. Government obligations	4,254,963	-	4,254,963	-
 Total	 \$ 15,499,785	 \$ -	 \$ 15,499,785	 \$ -

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

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

Note 3 - Accounts Receivable

The following summarizes the accounts receivable as of June 30, 2020:

Federal, state and private grants	\$ 2,719,395
Student	673,002
Other	422,192
 Less allowance	 (327,610)
 Total accounts receivable	 \$ 3,486,979

Note 4 - Capital Assets

Property, plant and equipment at June 30, 2020, consisted of the following:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Property, plant and equipment not being depreciated				
Land	\$ 3,310,759	\$ -	\$ -	\$ 3,310,759
Construction in progress	164,953	907,763	(120,736)	951,980
Total property, plant and equipment Not being depreciated	3,475,712	907,763	(120,736)	4,262,739
Other property, plant and equipment				
Buildings and improvements	103,630,536	907,627	120,736	104,658,899
Equipment	7,438,940	857,331	-	8,296,271
Library resources	586,733	-	-	586,733
Total other property, plant and equipment	111,656,209	1,764,958	120,736	113,541,903
Less accumulated depreciation				
Buildings and improvements	52,515,165	3,176,163	-	55,691,328
Equipment	4,268,058	796,075	-	5,064,133
Library resources	493,174	16,020	-	509,194
Total accumulated depreciation	57,276,397	3,988,258	-	61,264,655
Other property, plant and equipment Net of accumulated depreciation	54,379,812	(2,223,300)	120,736	52,277,248
Property, plant and equipment, net	\$ 57,855,524	\$ (1,315,537)	\$ -	\$ 56,539,987

Note 5 - Property Taxes

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

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

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

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

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

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

Note 6 - Pension Plan

Plan Description

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

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

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 11.66% for police and firefighters. The College's contributions were \$1,928,954 for the year ended June 30, 2020.

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

At June 30, 2020, the College reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. For the years ended June 30, 2020 and 2019, the College's proportion was .468207 percent and .4805879 percent, respectively.

For the year ended June 30, 2020, the College recognized pension expense (revenue) of \$1,813,630. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 496,685	\$ 629,870
Changes in assumptions or other inputs	297,289	-
Net difference between projected and actual earnings on pension plan investments	-	1,820,700
Changes in the employer's proportion differences between the employer's contributions and the employer's proportionate contributions - 2016	-	29,314
Changes in the employer's proportion differences between the employer's contributions and the employer's proportionate contributions - 2017	-	25,359
Changes in the employer's proportion differences between the employer's contributions and the employer's proportionate contributions - 2018	5,543	-
Changes in the employer's proportion differences between the employer's contributions and the employer's proportionate contributions - 2020	-	149,095
College contributions subsequent to the measurement date	1,928,954	
Total	\$ 2,728,471	\$ 2,654,338

\$1,928,954 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2018 the beginning of the measurement period ended June 30, 2019 is 4.8 years.

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

Years Ending June 30		
2021	\$	(280,072)
2022	\$	(862,998)
2023	\$	(440,123)
2024	\$	(271,628)

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, 2019 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%
Salary Inflation	3.75%
Investment Rate of Return	7.05%, net of investment expense
Cost of Living Adjustments	1%

*There is an additional component of assumed salary growth (on top of the 3.75%) that varies for each individual member based on years of service.

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

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

An experienced study was performed for the period 2011 through 2017 which reviewed all economic and demographic assumptions other than mortality. The total pension liability as of June 30, 2019 is based on the results of an actuarial valuation date of July 1, 2019.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of July 1, 2018.

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
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%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric)Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric)Expected Rate of Return, Net of Investment Expense		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 Real 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 Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 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%)
Employer's proportionate share of the net pension liability (asset)	\$ 16,142,306	\$ 5,344,452	\$ (3,585,028)

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, 2020, the College reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Optional Retirement Plan

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

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

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 62 years of age. The College of Southern Idaho contributions required and paid were \$123,436, for the year ended June 30, 2020.

Termination Benefits

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

Note 7 - Post-Employment HealthCare Plan

Plan Description

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

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

Funding Policy

The College has not established a fund to supplement the costs for the total OPEB obligation. Contributions are made on a pay-as-you-go basis. The required contribution is based on projected pay-as-you-go financing requirements. Retirees are required to pay 100 percent of the premiums based on the combined active and retiree pool for both the retiree and the dependent coverage. Monthly rates in effect for retirees under age 65 during fiscal year 2020 were as follows:

Pre - 65 Rates	Select Health PPO	Select Health HDHP	Delta Dental	LifeMap Choice Vision
Retiree Only	\$ 641.60	\$ 573.70	\$ 40.33	\$ 7.83
Retiree + Spouse	\$ 1,264.00	\$ 1,130.20	\$ 80.68	\$ 15.69
Retiree + Child	\$ 775.80	\$ 693.70	\$ 64.16	\$ 16.78
Retiree + Children	\$ 1,206.30	\$ 1,078.60	\$ 88.74	\$ 16.78
Family	\$ 1,771.20	\$ 1,583.80	\$ 121.01	\$ 26.81

Total OPEB Liability

The College's total OPEB liability of \$2,242,896 was valued as of July 1, 2018 and the measurement date was as of June 30, 2019.

Actuarial assumptions and other inputs

The total OPEB liability as of July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	3.00% general wage growth plus increase due to promotions and longevity
Discount Rate	3.87%, based on the 20 year Tax-Exempt Municipal Bond Yield Index
Health Cost Trend Rates	Medical trend is 6.9% from year ending June 30, 2019 then gradually decreasing to an ultimate rate of 4.2% for 2104 and beyond. Dental and vision trend is 0% from year ending June 30, 2019 then 3.5%
Mortality	Mortality is RP-2000 Mortality for employees, healthy annuitants and disabled annuitants with disabled annuitants with generational projection per Scale AA with adjustments as referenced to Table A-7B of the July 1, 2018 valuation report.

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

Balance as of June 30, 2019	\$ 2,012,623
Changes for the year:	
Service Cost	167,915
Interest on total OPEB liability	82,780
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	63,428
Expected benefit payments	<u>(83,850)</u>
Balance as of June 30, 2020	<u><u>\$ 2,242,896</u></u>

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

The following presents the total OPEB liability of the College, calculated using the discount rate of 3.50%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (2.50%) or 1- percentage point higher (4.50%) than the current healthcare cost trend rates:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability	\$ 2,422,502	\$ 2,242,896	\$ 2,075,387

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- percentage point lower or 1- percentage point higher than current healthcare cost trend rates:

	1% Decrease	Current Rend Rates	1% Increase
Total OPEB liability	\$ 1,969,028	\$ 2,242,896	\$ 2,571,096

OPEB Expense

For the year ended June 30, 2020, the College recognized OPEB expense (revenue) of \$145,016. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 135,474
Changes of Assumptions	54,100	416,556
College contributions subsequent to the measurement date	99,015	-
Total	\$ 153,115	\$ 552,030

\$99,015 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as an addition of the net OPEB liability in the year ending June 30, 2021.

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense below.

Measurement Period Ending June 30:

2021	\$ (105,679)
2022	(105,679)
2023	(105,679)
2024	(105,679)
2025	(82,674)
Thereafter	7,460

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

Plan Descriptions and Funding Policy

The College contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

OPEB Benefits

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

Employer Contributions

The contribution rate for employers are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The College contributions for year ended June 30, 2020, was \$93,521.

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

At June 30, 2020, the College reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB asset was based on the College's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2020 and 2019, the College proportion was 2.4249367 percent and 2.4618469 percent, respectively.

For the year ended June 30, 2020, the College recognized OPEB expense (expense offset) of (\$132,908). At June 30, 2020 the College reported deferred outflow of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,914	\$ 94,807
Differences between actual and expected investment income	-	86,059
Changes in assumptions or other inputs	3,072	-
Contributions subsequent to measurement date	93,521	-
Total	<u>\$ 126,507</u>	<u>\$ 180,866</u>

\$93,521 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as an addition of the net OPEB liability in the year ending June 30, 2021.

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense below.

Measurement Period Ending June 30:

2021	\$	(43,793)
2022		(43,793)
2023		(43,793)
2024		(24,448)
2025		31
Thereafter		7,916

Actuarial Assumptions

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

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.75%
Salary Inflation	3.75%
Investment rate of return	7.05% net of investment expenses
Healthcare trend rate	N/A*

*Health care trend rate is not applicable as the benefit is based on the unused sick leave hours at retirement, and is calculated as a fixed dollar amount that can be applied to premiums.

The long-term expected rate of return on OPEB plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement thus would have no impact.

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

The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
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%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric)Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric)Expected Rate of Return, Net of Investment Expense		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 Real 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 OPEB 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 OPEB plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

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

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 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%)
Employer's proportionate share of the net OPEB liability (asset)	\$ (2,952,314)	\$ (3,054,744)	\$ (3,150,534)

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERSI financial report. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the OPEB plan

At June 30, 2020, the College reported payables to the defined benefit OPEB plan of \$0 for legally required employer contributions and \$0 for legally required employee.

Note 9 - Contingencies

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

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

Note 10 - Risk Management

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

Note 11 - Natural Classifications

Salaries and wages	\$ 32,514,891
Benefits	15,873,221
Services	13,090,310
Supplies	3,878,395
Capital outlays	74,107
Other	8,714,648
Depreciation	<u>3,988,258</u>
 Total operating expenses	 <u>\$ 78,133,830</u>

Note 12 - Operating Leases

Effective September 15, 2014, the College entered into a lease agreement for \$3,691 per month with STAR Program to rent a building in Garden City, Idaho. As of August 2, 2019, the College renewed the lease agreement for \$3,364 per month starting November 1, 2019 and increasing by 3% each year. Additional rent may be required if the estimate on the charges for common area maintenance and building insurance increase over the term of the lease. The lease term is for 3 years with one remaining option to renew. The College has the option to cancel the lease early if the State funding is discontinued. The College is responsible for all utilities and maintenance except the Landlord's obligation to warranty the HVAC system.

As of June 30, 2020, future minimum operating lease commitments are as follows:

Years Ended June 30,	
2021	\$ 41,176
2022	42,412
2023	<u>14,276</u>
Total	<u>\$ 97,864</u>

Note 13 - Commitments

The College is currently in the process of constructing the Vet Tech Building and the Twin Falls Head Start Building. These total estimated construction costs are \$1,670,000 for the Vet Tech Building and \$1,992,510 for the Twin Falls Head Start Building. Total costs incurred as of June 30, 2020 totaled \$187,477 for the Vet Tech Building and \$106,751 for the Twin Falls Head Start Building.

Note 14 - Component Unit Disclosure

Foundation Operations and Significant Accounting Policies

Foundation Operations

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

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

Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020
Cash	\$ 760,943
Operating investments	25,722,945
Endowment spending rate distribution and appropriation	849,108
	\$ 27,332,996

Investments

The following table presents assets measured at fair value on a recurring basis at June 30, 2020:

Assets	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Cash and money market funds (at cost)	\$ 2,169,603	\$ -	\$ -	\$ -
Certificates of deposit	4,880,882	-	4,880,882	-
U.S. Government obligations	3,200,155	-	3,200,155	-
U.S. equity funds	13,251,103	13,251,103	-	-
U.S. equity mutual funds	128,441	128,441	-	-
Global equity mutual funds	1,177,345	1,177,345	-	-
Real estate funds	915,416	915,416	-	-
	<u>\$ 25,722,945</u>	<u>\$ 15,472,305</u>	<u>\$ 8,081,037</u>	<u>\$ -</u>
Endowment investments				
Cash and money market funds (at cost)	\$ 1,068,856	\$ -	\$ -	\$ -
Certificates of deposit	3,280,544	-	3,280,544	-
U.S. Government obligations	2,358,915	-	2,358,915	-
U.S. equity funds	5,219,793	5,219,793	-	-
U.S. equity mutual funds	662,816	662,816	-	-
Global equity mutual funds	1,038,408	1,038,408	-	-
Real estate funds	826,031	826,031	-	-
	<u>\$ 14,455,363</u>	<u>\$ 7,747,048</u>	<u>\$ 5,639,459</u>	<u>\$ -</u>

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

	Fair Value Measurements at Report Date Using				Total Losses
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Property held for resale	<u>\$ 995,250</u>	<u>\$ -</u>	<u>\$ 995,250</u>	<u>\$ -</u>	<u>\$ -</u>

Endowments

The Foundation's endowment (the Endowment) consists of approximately 140 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain unrestricted net assets designated for endowment by the Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2019, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

As of June 30, 2020, the Foundation had the following endowment net asset composition by type of fund:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment</u>
Donor-restricted endowment			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 11,943,192	\$ 11,943,192
Accumulated investment gains	-	<u>3,522,465</u>	<u>3,522,465</u>
Endowment net assets, June 30, 2020	<u>\$ -</u>	<u>\$ 15,465,657</u>	<u>\$ 15,465,657</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The deficiencies of this nature are reported in net assets with donor restrictions and were \$63,950 as of June 30, 2020. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new donor restricted contributions.

Investment and Spending Policies

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

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

Changes in Endowment net assets for the year ended June 30, 2020, are as follows:

	Without Donor Restriction	With Donor Restrictions	Total Net Endowment
Endowment net assets, July 1, 2019	\$ -	\$ 14,890,055	\$ 14,890,055
Contributions	-	433,311	433,311
Investment return, net	-	703,888	703,888
Amounts appropriated for expenditure	-	(561,597)	(561,597)
Endowment net assets, June 30, 2020	<u>\$ -</u>	<u>\$ 15,465,657</u>	<u>\$ 15,465,657</u>

With Donor Restricted Net Assets

With donor restricted net assets at June 30, 2020, consist of:

Subject to Expenditure for Specified Purpose		
Scholarships		\$ 15,193,961
Special projects		163,874
		<u>15,357,835</u>
Endowment		
Subject to Foundation endowment spending policy and appropriation		
Scholarships		14,534,357
Agricultural programs		995,250
Underwater endowments		(63,950)
		<u>15,465,657</u>
		<u>\$ 30,823,492</u>
Satisfaction of purpose restrictions		
Scholarships		\$ 1,593,456
Educational programs		657,786
		<u>\$ 2,251,242</u>

Donated Professional Services and Materials

Donated professional services and materials received during the years ended June 30, 2020 are as follows:

	2020			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 81,861	\$ 129,428	\$ 64,714	\$ 276,003
Rent	1,992	5,340	1,993	9,325
	\$ 83,853	\$ 134,768	\$ 66,707	\$ 285,328

Donated Property

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

Related Party

The Foundation provides scholarships to the College of Southern Idaho based on the terms of the donations. The Foundation provided scholarship support of \$2,106,572 during the year ended June 30, 2020, of which \$108,377 was payable to the College of Southern Idaho at June 30, 2020. The Foundation provided departmental and program support of \$755,263 during the year ended June 30, 2020.

Several members of the Foundation Board of Directors provided a donation to the Foundation. The Foundation received \$17,347 in contribution revenue from Board members during the year ended June 30, 2020.

The College of Southern Idaho provides donated office space, salaries and benefits to the Foundation. The College of Southern Idaho provided \$285,328 in donated office space and salaries and benefits to the Foundation during the year ended June 30, 2020.



Required Supplementary Information
June 30, 2020

College of Southern Idaho

College of Southern Idaho
Schedule of Employer's Share of Net Pension Liability and Employer Contributions
June 30, 2020

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan

Last 10 - Fiscal Years *

	2014	2015	2016	2017	2018	2019
Employer's portion of net the pension liability	0.5121639	0.4903647	0.4819133	0.4835511	0.004805879	0.00468207
Employer's proportionate share of the net pension liability	\$ 3,770,368	\$ 6,457,305	\$ 9,769,123	\$ 7,600,593	\$ 7,088,755	\$ 5,344,452
Employer's covered payroll	\$ 13,730,671	\$ 13,730,671	\$ 14,134,541	\$ 15,017,270	\$ 16,723,666	\$ 15,902,208
Employer's proportional share of the net pension liability as a percentage of its covered payroll	27.46%	45.68%	65.05%	50.61%	42.39%	33.61%
Plan fiduciary net position as a percentage of the total pension liability	94.95%	91.38%	87.26%	90.68%	91.69%	93.79%

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

Data reported is measured as of June 30, 2019

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years *

	2015	2016	2017	2018	2019	2020
Statutorily required contribution	\$ 1,554,312	\$ 1,600,030	\$ 1,699,955	\$ 1,893,119	\$ 1,800,130	\$ 1,928,954
Contributions in relation to the statutorily required contribution	\$ (1,554,312)	\$ (1,600,030)	\$ (1,699,955)	\$ (1,893,119)	\$ (1,800,130)	\$ (1,928,954)
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 13,730,671	\$ 14,134,541	\$ 15,017,270	\$ 16,723,666	\$ 15,902,208	\$ 16,155,394
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%	11.32%	11.94%

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

Data reported is measured as of June 30, 2020

College of Southern Idaho
Schedule of Changes in Total OPEB Liability
Year Ended June 30, 2020

	2018	2019	2020
Total OPEB Liability			
Service Cost	\$ 221,854	\$ 228,510	\$ 167,915
Interest	93,356	99,528	82,780
Effect of economic/demographic gains or losses	-	(191,922)	-
Effect of assumptions changes or inputs	-	(590,122)	63,428
Benefit payments	(130,852)	(168,452)	(83,850)
Net change in total OPEB liability	184,358	(622,458)	230,273
Total OPEB liability, beginning	2,450,723	2,635,081	2,012,623
Total OPEB liability, ending	\$ 2,635,081	\$ 2,012,623	\$ 2,242,896
Covered payroll	\$ 25,100,223	\$ 26,657,061	\$ 27,943,081
Total OPEB liability as a percentage of covered payroll	10.50%	7.55%	8.03%

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

Data reported is measured as of June 30, 2019 (measurement date).

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

College of Southern Idaho
 Schedule of Changes in Total Sick Leave Plan and Related Ratios
 Year Ended June 30, 2020

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

	2017	2018	2019
Employer's portion of net OPEB asset	2.4328077%	2.4618469%	2.4249367%
Employer's proportionate share of net OPEB asset	\$ 2,314,321	\$ 2,825,463	\$ 3,054,744
Employer's covered payroll	\$ 15,017,270	\$ 16,723,666	\$ 15,902,208
Employer's proportional share of the net OPEB asset as a percentage of its covered payroll	15.411063%	16.894998%	19.209559%
Plan fiduciary net position as a percentage of the total OPEB asset	204.12%	225.45%	226.97%

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

Data reported is measured as of June 30, 2019

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

	2018	2019	2020
Statutorily required contribution	\$ 168,452	\$ 181,783	\$ 99,015
Contributions in relation to the statutorily required contribution	\$ 172,139	\$ 185,644	\$ 123,436
Contribution (deficiency) excess	\$ 3,687	\$ 3,861	\$ 24,421
Employer's covered payroll	\$ 16,723,666	\$ 15,902,208	\$ 16,155,394
Contributions as a percentage of covered payroll	1.0293138%	1.1674102%	0.7640544%

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

Data reported is as of June 30, 2020



Other Information
June 30, 2020

College of Southern Idaho

DHC Auxiliary Enterprise Funds-Revenues and Expenses

	2020	2019
Income from DHC Building Operations		
Eagle Hall		
Monthly/Semester Fees	\$ 473,315	\$ 528,421
Other Revenue	12,339	20,438
Subtotal Revenue	485,654	548,859
Operating Expenses		
Salaries & Benefits	140,817	131,978
Materials, Supplies, Other	58,114	61,500
Utilities	77,845	83,939
Equipment	-	-
Maintenance	41,610	6,816
Transfers to Sinking Fund	-	-
Subtotal Expense	318,386	284,233
Net Revenues/(Losses) of DHC Buildings	\$ 167,268	\$ 264,626
	2020	2019
Income from DHC Building Operations		
Northview Apts		
Monthly/Semester Fees	\$ 247,996	\$ 258,715
Other Revenue	11,315	7,920
Subtotal Revenue	259,311	266,635
Operating Expenses		
Salaries & Benefits	115,783	100,930
Materials, Supplies, Other	8,998	8,036
Utilities	47,115	44,332
Equipment	-	-
Maintenance	23,904	12,269
Transfers to Sinking Fund	-	-
Subtotal Expense	195,800	165,567
Net Revenues/(Losses) of DHC Buildings	\$ 63,511	\$ 101,068

College of Southern Idaho
DHC Auxiliary Enterprise Funds – Revenues and Expenses
Year Ended June 30, 2020

	2020	2019
Income from DHC Building Operations		
Eagleview Apts		
Monthly/Semester Fees	\$ 331,580	\$ 366,519
Other Revenue	9,906	6,467
Subtotal Revenue	341,486	372,986
Operating Expenses		
Salaries & Benefits	-	-
Materials, Supplies, Other	22,450	18,689
Utilities	56,885	60,960
Equipment	-	-
Maintenance	16,273	15,754
Transfers to Sinking Fund	-	-
Subtotal Expense	95,608	95,403
Net Revenues/(Losses) of DHC Buildings	\$ 245,878	\$ 277,583
	2020	2019
Food Service		
Monthly/Semester Fees	\$ 475,908	\$ 535,294
Other Revenue	-	-
Subtotal Revenue	475,908	535,294
Operating Expenses		
Salaries & Benefits		
Materials, Supplies, Other	27,551	15,090
Utilities	4,304	5,562
Equipment	-	-
Maintenance	10,573	13,553
Cost of Sales-Sodexo payment	379,152	497,772
Subtotal Expense	421,580	531,977
Net Revenues/(Losses) of DHC Buildings	\$ 54,328	\$ 3,317

College of Southern Idaho
DHC Auxiliary Enterprise Funds – Revenues and Expenses
Year Ended June 30, 2020

		2020	2019
CSI Housing			
Monthly/Semester Fees		\$ 28,800	\$ 27,400
Other Revenue		-	-
	Subtotal Revenue	28,800	27,400
Operating Expenses			
Salaries & Benefits			
Materials, Supplies, Other		74	230
Utilities		94	89
Equipment		-	-
Maintenance		-	580
	Subtotal Expense	168	899
Net Revenues/(Losses) of DHC Buildings		\$ 28,632	\$ 26,501
		2020	2019
Student Union			
Monthly/Semester Fees		\$ 109,935	\$ 90,103
Other Revenue			225
	Subtotal Revenue	109,935	90,328
Operating Expenses			
Salaries & Benefits		8,277	96,844
Materials, Supplies, Other		6,146	5,144
Utilities		24,915	27,781
Equipment		-	7,649
Maintenance		-	-
Transfer to other Funds		-	-
	Subtotal Expense	39,338	137,418
Net Revenues/(Losses) of DHC Buildings		\$ 70,597	\$ (47,090)