



Financial Statements
June 30, 2023

College of Southern Idaho

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of the College of Southern Idaho (the College) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). The financial statements of the College of Southern Idaho Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Notes 1 and 4 to the financial statements, the College has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made as of July 1, 2022, to report the beginning balances for the right to use subscription IT assets and lease & SBITA liability. There was no impact to beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 (asset) and employer contributions, the schedule of changes in total OPEB liability and schedule of employer's share of net OPEB asset and employer contributions as noted in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Federal Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Boise, Idaho
October 17, 2023

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 2022 and 2023. This discussion has been prepared by management. The discussion and analysis is designed to focus on current activities, resulting changes, and currently 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, and Jerome. The main campus is located near the scenic Snake River Canyon, which offers many exciting outdoor recreation opportunities. The College offers programs leading to degrees in Associates of Arts, Associates of Science, Associates of Applied Science, and various certificates, as well as a Bachelor of Applied Science in Operations Management. During fiscal year 2023, the College served 15,178 students taking 138,869 credits. In addition to academic and Career Technical Education offerings, the College has a workforce development division serving 7,190 duplicated students.

The College is recognized for having a student-centered environment, outstanding faculty, and facilities. As a Hispanic Serving Institution (HSI), CSI has a diverse mix of students and takes great pride in offering innovative programs while maintaining an affordable and personalized experience for students. The College of Southern Idaho combines exceptional academics with successful Athletic programs, this past year Cross Country, Men's Basketball, Women's Basketball, Softball, and Rodeo all competed in National Tournaments.

Financial Highlights

The College's financial position at June 30, 2023, reflects improvement over the previous fiscal year. The improvements are the result of management's continuing efforts to enhance fiscal performance.

During fiscal year 2023:

- Net Tuition and Fees increased from \$11.1 million to \$13.1 million.
- Non-Operating Revenues increased from \$40.5 million to \$45.6 million.
- Total Assets increased from \$132.1 million to \$147.6 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, 2023, 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 outflow of resources minus liabilities and deferred inflow of resources) 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

	<u>2023</u>	<u>2022*</u>
Current and Other Assets	\$ 68,670,530	\$ 68,958,665
Capital Assets, net	<u>78,932,235</u>	<u>63,141,231</u>
Total assets	147,602,765	132,099,896
Deferred Outflows of Resources	<u>11,959,466</u>	<u>7,234,204</u>
Total assets and deferred outflows of resources	<u>\$ 159,562,231</u>	<u>\$ 139,334,100</u>
Current Liabilities	\$ 4,319,736	\$ 3,659,127
Noncurrent Liabilities	<u>27,083,176</u>	<u>3,868,381</u>
Total liabilities	<u>31,402,912</u>	<u>7,527,508</u>
Deferred Inflows of Resources	<u>1,471,687</u>	<u>13,400,542</u>
Net Position		
Net investment in capital assets	71,824,611	62,952,150
Restricted-expendable	7,841,254	7,925,560
Unrestricted	<u>47,021,767</u>	<u>47,528,340</u>
Total net position	<u>126,687,632</u>	<u>118,406,050</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 159,562,231</u>	<u>\$ 139,334,100</u>

*GASB 96 was not applied to prior year balances.

The College's total assets and deferred outflows of resources increased during fiscal year 2023 by \$20,228,131, from \$139,334,100 in 2022 to \$159,562,231 in 2023. Specifically contributing to the increase in assets was the increase in investments, property and equipment, and the implementation of GASB 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The College's total liabilities increased during fiscal year 2023 by \$23,875,404 from \$7,527,508 in 2022 to \$31,402,912 in 2023. This increase is attributed to the shift of the net pension asset to a net pension liability due to the fluctuations in the market this past year as well as the implementation of GASB 96. Deferred Inflows of Resources decreased from \$13,400,542 in fiscal year 2022 to \$1,471,687 in fiscal year 2023. This was the result of a decrease in Deferred Inflows of Resources associated with net pension and sick leave. The increase in assets is a result of senior management's continuing emphasis on sound fiscal management.

Additionally, the College senior management has focused on incurring ongoing expense only when necessary and makes every effort to ensure that ongoing spending is well within actual revenue. This includes the need to create operating reserves for the College to be able to weather any future downturns in funding.

Statement of Revenues, Expenses, and Changes in Net Position

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

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

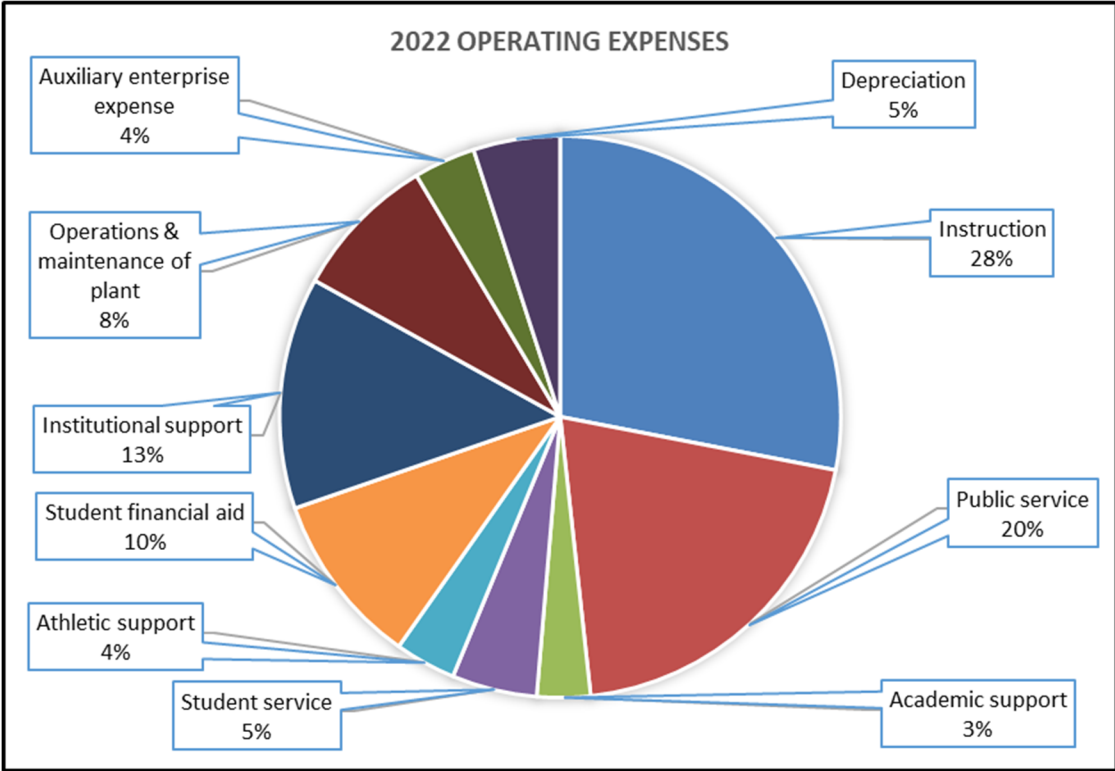
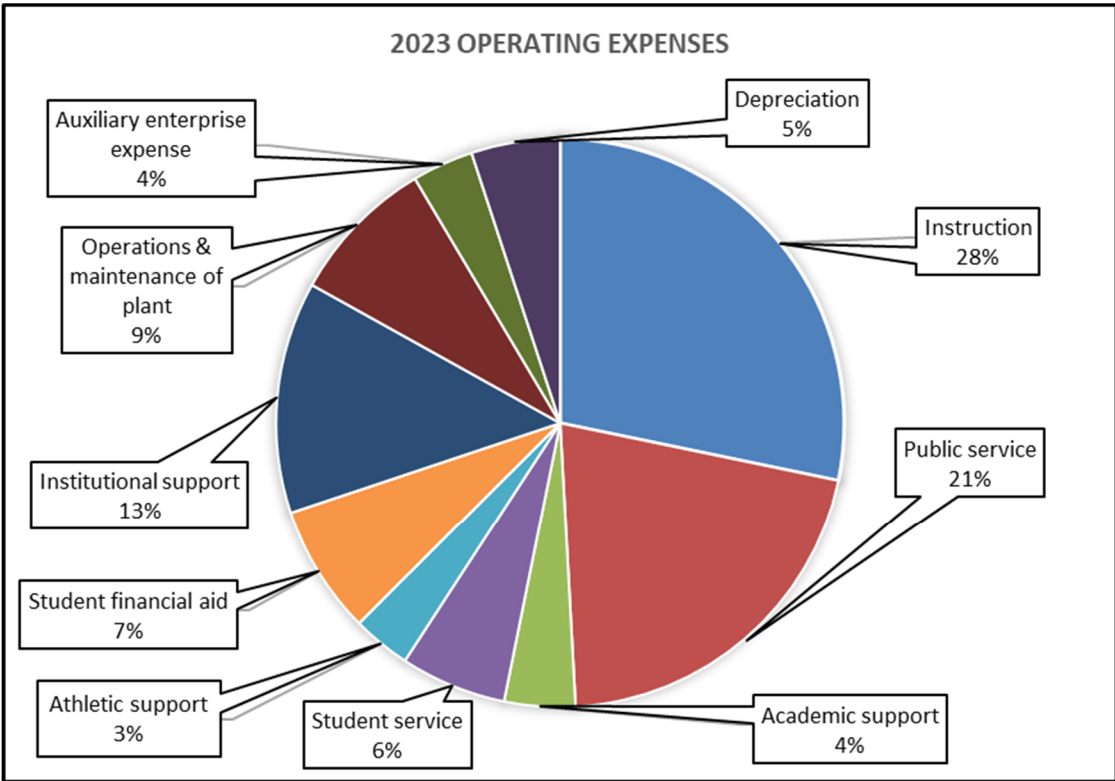
Generally, operating revenues are generated by providing services to various customers, students, and constituencies of the College, including but not limited to student tuition, fees, and federal and state grants. Operating expenses are those expenses paid to acquire or produce the services provided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

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

	<u>2023</u>	<u>2022*</u>
Operating Revenues	\$ 50,062,282	\$ 56,238,047
Operating Expenses	<u>90,887,412</u>	<u>86,623,903</u>
Operating income (loss)	<u>(40,825,130)</u>	<u>(30,385,856)</u>
Non-Operating Revenues (Expenses)		
State appropriations	25,258,432	22,827,700
Property and other local taxes	10,781,280	10,178,703
Investment income (loss)	1,726,506	(283,814)
Private gifts, grants, and contract	262,724	628,874
Gain or (loss) on disposal of fixed assets	(39,475)	(259,277)
Non-operating federal grants and contracts (Pell)	6,757,026	6,585,980
Other non-operating revenues (donations, rent)	<u>831,410</u>	<u>852,276</u>
Total non-operating revenues (expenses)	<u>45,577,903</u>	<u>40,530,442</u>
Capital Contributions	<u>3,528,809</u>	<u>692,401</u>
Change in Net Position	8,281,582	10,836,987
Net Position, Beginning of Year	<u>118,406,050</u>	<u>107,569,063</u>
Net Position, End of Year	<u><u>\$ 126,687,632</u></u>	<u><u>\$ 118,406,050</u></u>

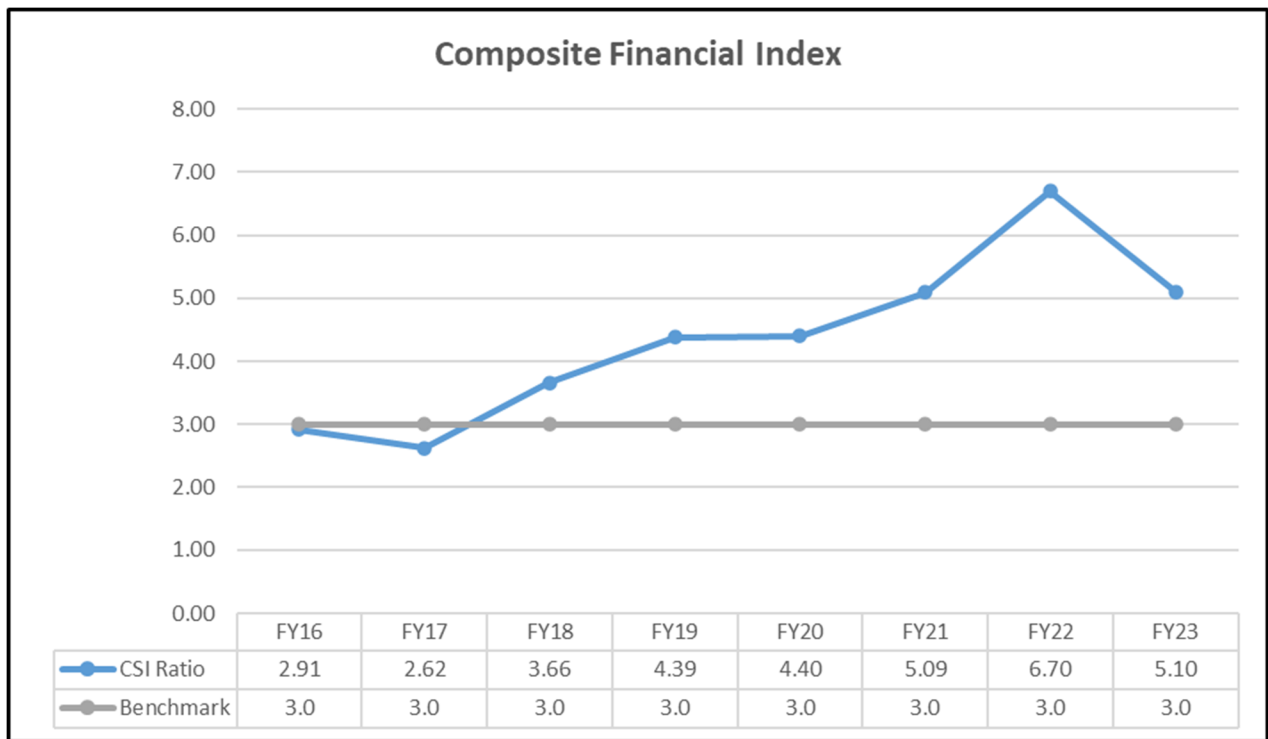
*GASB 96 was not applied to prior year balances.

The Statement of Revenues, Expenses, and Changes in Net Position reflects an overall increase in net position during fiscal year 2023. Operating revenues decreased by \$6.2 million from \$56,238,047 in 2022 to \$50,062,282 in 2023. This change was a result of a decrease in federal grant revenue, specifically attributed to Federal COVID Relief Funds that were received in the prior year. Operating expenses increased by \$4.3 million from \$86,623,903 in 2022 to \$90,887,412 in 2023. The increase in operating expenses was due to purchases made during the ordinary course of business coupled with the implementation of GASB 96.



Financial Health Indicators

Many ratios are used to evaluate the financial health of institutions of higher learning, the Composite Financial Index (CFI) utilizes four ratios to measure the financial health of an organization. The College of Southern Idaho does not have any long term debt so only the primary reserve ratio, net operating revenues ratio, and the return on net assets ratio are utilized. The CFI, weights and combines the ratios into a single metric, which provides a more balanced view of the institution’s financial health. The graph that follows shows the CFI of the College of Southern Idaho over the past eight years compared to the benchmark established by the State Board of Education for universities in the State of Idaho.



Capital Assets and Right to Use Leased Assets and Subscription IT Assets

The College’s investment in Capital Assets as of June 30, 2023 equates to \$69,017,036 net of accumulated depreciation. Investment in Capital Assets includes land, buildings, improvements, machinery and equipment, library holdings, and infrastructure. See Note 5 for further information.

The College has \$110,076 in right to use leased assets, net of accumulated amortization and \$9,805,123 in right to use subscription IT assets, net of accumulated amortization. See Note 4 for further information.

Debt Administration

The College of Southern Idaho has right to use assets consisting of office space, a postage machine, and subscription-based information technology arrangements (SBITAs) at fiscal year end June 30, 2023. The College is not financing any of its operations with debt as of fiscal year end June 30, 2023.

Economic Outlook

The national trend in higher education has been stable enrollment trending toward negative with little to no growth and projected flat revenues and tighter operating margins.

Due to enhanced efforts made in marketing, recruitment and retention the College experienced an increase in enrollment in fiscal year 2023. Enrollment fluctuations were 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 has begun a digital transformation, implementing a new ERP, SIS, and CRM. These new systems will help to enhance our student experience as well as create efficiencies in many of the departments throughout campus. The College continues to revitalize the 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, 2023

Current Assets	
Cash and cash equivalents	\$ 2,735,153
Investments	54,419,709
Accounts receivable, net of allowance for uncollectible amount of \$172,453	4,654,071
Property tax receivable	3,564,929
Lease receivable, current	10,818
Inventory	216,943
Prepays	<u>25,456</u>
Total current assets	<u>65,627,079</u>
Noncurrent Assets	
Property and equipment, net of accumulated depreciation	69,017,036
Right to use leased asset, net of accumulated amortization	110,076
Right to use subscription IT Assets, net of accumulated amortization	9,805,123
Lease receivable, noncurrent	98,327
Net OPEB sick reserve asset	<u>2,945,124</u>
Total noncurrent assets	<u>81,975,686</u>
Total assets	<u>147,602,765</u>
Deferred Outflows of Resources	
Pension obligations	10,974,874
OPEB single employer plan	131,298
OPEB sick leave reserve fund	<u>853,294</u>
Total deferred outflows of resources	<u>11,959,466</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 159,562,231</u></u>

College of Southern Idaho
Statement of Net Position
June 30, 2023

Liabilities and Net Position

Current Liabilities

Accounts payable	\$ 929,975
Deposits payable	123,795
Accrued salaries	1,118,472
Accrued benefits	425,445
Due to student groups	332,449
Unearned revenue	363,143
Lease and SBITA liability - current portion	<u>1,026,457</u>
Total current liabilities	<u>4,319,736</u>

Noncurrent Liabilities

Accrued vacation	1,546,425
Lease and SBITA liability - long-term	6,081,167
Net pension liability	17,358,595
Net other post employment benefits liability	<u>2,096,989</u>
Total noncurrent liabilities	<u>27,083,176</u>

Total liabilities

31,402,912

Deferred Inflows of Resources

OPEB single employer plan	698,756
OPEB sick leave reserve fund	392,118
Pension obligations	271,924
Lease payments	<u>108,889</u>
Total deferred inflows of resources	<u>1,471,687</u>

Net Position

Net investment in capital assets	71,824,611
Restricted - expendable	
OPEB net asset, sick leave	3,406,300
State, federal, and local programs	4,434,954
Unrestricted	<u>47,021,767</u>
Total net position	<u>126,687,632</u>

Total Liabilities, Deferred Inflows of Resources and Net Position

\$ 159,562,231

College of Southern Idaho
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023

Operating Revenues	
Tuition and fees	\$ 18,500,456
Less: Scholarship allowance	<u>(5,378,397)</u>
Net tuition and fees	13,122,059
Federal grants	18,936,004
State grants	3,116,375
Charges for services	2,270,468
Auxiliary enterprise revenue	3,897,662
Other	<u>8,719,714</u>
Total operating revenues	<u>50,062,282</u>
Operating Expenses	
Instruction	27,082,200
Public service	20,021,207
Academic support	3,870,512
Student service	5,776,434
Athletic support	3,182,586
Student financial aid	4,550,965
Institutional support	9,683,254
Operations & maintenance of plant	7,340,458
Auxiliary enterprise expense	3,345,114
Amortization Expense	1,185,525
Depreciation	<u>4,849,157</u>
Total operating expenses	<u>90,887,412</u>
Operating Loss	<u>(40,825,130)</u>
Non-Operating Revenues (Expenses)	
State appropriations	25,258,432
Property and other local taxes	10,781,280
Investment income (loss)	1,726,506
Private gifts, grants, and contracts	262,724
Gain or (loss) on disposal of fixed assets	(39,475)
Non-operating federal grants and contracts (Pell)	6,757,026
Other non-operating revenues (donations, rent)	<u>831,410</u>
Total non-operating revenues (expenses)	<u>45,577,903</u>
Increase (Decrease) in Net Position Before Capital Contributions	4,752,773
Capital Contributions	<u>3,528,809</u>
Change in Net Position	8,281,582
Net Position, Beginning of Year	<u>118,406,050</u>
Net Position, End of Year	<u><u>\$ 126,687,632</u></u>

College of Southern Idaho
Statement of Cash Flows
Year Ended June 30, 2023

Operating Activities	
Tuition, fees and services	13,032,529
Grants and contracts	22,953,047
Payments to suppliers	(29,643,467)
Payments to and on behalf of employees	(53,343,002)
Charges for services	2,270,468
Auxiliary enterprise revenue:	
Bookstore and residence halls	3,897,662
Other receipts	8,719,714
	<u>8,719,714</u>
Net Cash used for Operating Activities	<u>(32,113,049)</u>
Noncapital Financing Activities	
State appropriations	25,258,432
Property and other local taxes	10,589,341
Grants and contracts	7,019,750
Gifts and grants received for other than capital purposes	831,410
	<u>831,410</u>
Net Cash from Noncapital Financing Activities	<u>43,698,933</u>
Capital and Related Financing Activities	
Payments on leases and SBITAS, including interest	(1,336,024)
Prepayments on ERP implementation costs	(2,961,823)
Purchases of capital assets	(7,966,535)
	<u>(7,966,535)</u>
Net Cash used for Capital and Related Financing Activities	<u>(12,264,382)</u>
Investing Activities	
Net investment income (loss)	1,726,506
Lease receipts	13,596
Purchase of investments	(24,984,766)
Sale of investments	23,648,943
	<u>23,648,943</u>
Net Cash from Investing Activities	<u>404,279</u>
Net Change in Cash	(274,219)
Cash and Cash Equivalents, Beginning of Year	<u>3,009,372</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,735,153</u></u>

College of Southern Idaho
Statement of Cash Flows
Year Ended June 30, 2023

Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (40,825,130)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation expense	4,849,157
Amortization expense	1,185,525
GASB 68 - actuarial pension expense (expense offset)	2,078,383
GASB 75 - Single Employer OPEB expense (expense offset)	(30,542)
GASB 75 - PERSI/OPEB sick leave reserve fund expense (expense offset)	(49,592)
Change in assets and liabilities	
Receivables, net	838,136
Inventories	38,099
Prepays	29,063
Accounts payable	(245,659)
Accrued vacation	80,106
Unearned revenue	(26,998)
Deposits held for others	(21,147)
Accrued compensation	(12,450)
Net Cash used for Operating Activities	<u>\$ (32,113,049)</u>
Non- Cash Disclosures	
Donated Property	\$ 3,528,809
Right to use subscription IT assets acquired with lease	\$ 137,247

College of Southern Idaho Foundation
Statement of Financial Position – Component Unit
June 30, 2023

Assets	
Cash and cash equivalents	\$ 1,800,790
Operating investments	28,357,427
Endowment	
Cash	23,100
Investments	20,976,993
Donated property	<u>995,250</u>
Total endowment	<u>21,995,343</u>
	<u><u>\$ 52,153,560</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 215,733
Annuities payable	<u>19,595</u>
Total liabilities	<u>235,328</u>
Net Assets	
Without donor restrictions	
Board designated for future scholarships	9,538,472
Board designated for operations	1,232,480
With donor restrictions	
Perpetual in nature	22,064,114
Purpose restrictions	19,151,937
Underwater endowments	<u>(68,771)</u>
Total net assets	<u>51,918,232</u>
	<u><u>\$ 52,153,560</u></u>

College of Southern Idaho Foundation
Statement of Activities – Component Unit
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions of cash and other financial assets	\$ 149,196	\$ 3,304,453	\$ 3,453,649
Investment return, net	1,002,581	3,400,938	4,403,519
In-kind salaries and occupancy	287,337	-	287,337
Net assets released from restrictions	2,341,527	(2,341,527)	-
Total revenue, support, and gains	<u>3,780,641</u>	<u>4,363,864</u>	<u>8,144,505</u>
Expenses			
Program services expense			
Scholarships and grants	2,232,658	-	2,232,658
Other program payments	843,197	-	843,197
Total program services expense	<u>3,075,855</u>	<u>-</u>	<u>3,075,855</u>
Supporting services expense			
Management and general	279,476	-	279,476
Fundraising	124,473	-	124,473
Total supporting services expense	<u>403,949</u>	<u>-</u>	<u>403,949</u>
Total expenses	<u>3,479,804</u>	<u>-</u>	<u>3,479,804</u>
Change in Net Assets	300,837	4,363,864	4,664,701
Net Assets, Beginning of Year	<u>10,470,115</u>	<u>36,783,416</u>	<u>47,253,531</u>
Net Assets, End of Year	<u>\$ 10,770,952</u>	<u>\$ 41,147,280</u>	<u>\$ 51,918,232</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, 2023, 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, Inc. (the Foundation). The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income 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.

Accounts 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 through 2022 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's). 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.

Lease Receivables

Lease receivables are recorded by the College as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the College charges the lessee.

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

Right-to-use leased assets are recognized at the lease commencement date and represent the College's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 2 to 5 years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the College's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 2 to 8 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

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Included in this category is the employer deferred pension obligation and the deferred other postemployment benefit obligation (OPEB). See notes 7, 8, and 9 for more information.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (expense offset) until that time. This includes the employer deferred pension obligation, future lease receivable receipts, and the deferred OPEB obligation. See notes 4, 7, 8, and 9 for more information.

Pensions

For purposes of measuring the net pension liability (asset) and pension expense (revenue), 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 the 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.

Long-Term Obligations

Lease liabilities represent the College's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on the incremental borrowing rate determined by the College.

Subscription Liabilities represent the College's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on the incremental borrowing rate determined by the College.

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, leases and SBITAs, 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 \$17,235,915 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 federal and state grants.

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 federal and state grants not meeting the definition of operating revenues, 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.

Federal Student Loan Program

The College receives proceeds from the Federal Direct Student Loan Program. The College transmits these grantor supplied monies without having administrative or direct financial involvement in the program. Federal student loans received by the College's students but not reported in operations for the year ended June 30, 2023, was \$2,503,083.

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, 2023.

Scholarship Discounts and Allowances

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

Implementation of GASB Statement No. 96

As of July 1, 2022, the College adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset-an intangible asset-and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. As a result of implementing this standard the College recognized a right to use subscription asset and subscription liability of \$7,891,578 as of July 1, 2022. As a result of these adjustments, there was no effect on beginning net position. The additional disclosures required by this standard are included in Note 4.

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, 2023, consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash		
Insured or collateralized	\$ 3,566,266	\$ 2,735,153
	<u>\$ 3,566,266</u>	<u>\$ 2,735,153</u>
Investments		
Nonbrokered Certificates of Deposits		
Insured or collateralized	\$ 5,758,060	\$ 5,758,060
	<u>\$ 5,758,060</u>	<u>\$ 5,758,060</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, 2023, \$0, 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.

Investments

At June 30, 2023, the College's investments consisted of the following:

College Investments	Value	Investment Maturities		Percentage
		< 1 Year	1-5 Years	
Brokered Certificates of Deposits	\$ 5,065,443	\$ 4,814,736	\$ 250,707	9.31%
Certificates of Deposits Held at Local Banks	5,758,060	5,758,060	-	10.58%
State Treasurer Investment Pool	14,022,754	14,022,754	-	25.77%
Fixed income	29,573,452	22,591,285	6,982,167	54.34%
	<u>\$ 54,419,709</u>	<u>\$ 47,186,835</u>	<u>\$ 7,232,874</u>	<u>100.00%</u>

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

Credit Risk

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

College Investments	Fair Value	AAA	AA+	AA-	A+	A	A-1+	BB-	BBB	BBB-	Unrated
Brokered Certificates of Deposits	\$ 5,065,443	\$ -	\$ 503,056	\$ 500,468	\$ 501,348	\$ 1,246,998	\$ 1,062,621	\$ -	\$ 250,267	\$ 250,283	\$ 750,402
State Treasurer Investment Pool	14,022,754	-	-	-	-	-	-	-	-	-	14,022,754
Fixed Income	29,573,452	29,347,001	226,451	-	-	-	-	-	-	-	-
	<u>\$ 48,661,649</u>	<u>\$ 29,347,001</u>	<u>\$ 729,507</u>	<u>\$ 500,468</u>	<u>\$ 501,348</u>	<u>\$ 1,246,998</u>	<u>\$ 1,062,621</u>	<u>\$ -</u>	<u>\$ 250,267</u>	<u>\$ 250,283</u>	<u>\$ 14,773,156</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. At June 30, 2023, the effective duration of investments held in the pool was 0.27 years. The funds within the College's investments in U.S. Government Treasuries have been structured to mature at regular intervals to minimize interest rate risk. Currently, the College does not have a formal policy that addresses interest rate risk.

Concentration of Credit Risk

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

Investment Valuation

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

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

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

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

Investments' fair value measurements are as follows at June 30, 2023:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Brokered Certificates of Deposit	\$ 5,065,443	\$ -	\$ 5,065,443	\$ -
Fixed Income				
U.S. Government Obligations	<u>29,573,452</u>	<u>-</u>	<u>29,573,452</u>	<u>-</u>
Total	<u>\$ 34,638,895</u>	<u>\$ -</u>	<u>\$ 34,638,895</u>	<u>\$ -</u>

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 (NAV as a practical expedient) 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, 2023:

Federal, state and private grants	\$ 3,681,720
Student	698,006
Other	446,798
	<hr/>
Total	4,826,524
Less allowance	(172,453)
	<hr/>
Total Accounts Receivable	<u>\$ 4,654,071</u>

Note 4 - Leases and Subscription Based Information Technology Arrangements (SBITAs)

Lessee:

The College entered an agreement to lease a postage machine for sixty months, beginning May 11, 2021. The lease terminates June 2026. Under the terms of the lease, the College pays \$487 per month over the life of the agreement. At June 30, 2023, the College has recognized an additional right to use asset of \$16,244 and a lease liability of \$16,823 related to this agreement. During the fiscal year, the College recorded \$5,569 in amortization expense and \$508 in interest expense for the right to use the postage machine. The College used the incremental discount rate of 2.63%, based on the five-year government treasury yields for the same periods.

The College entered into a lease agreement effective November 1, 2019 for \$3,691 per month and increasing by 3% each year with Select Commercial Property Services LLC for STAR Program to rent a building in Garden City, Idaho. The lease terminates October 2025. 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 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. At June 30, 2023, the College has recognized an additional right to use asset of \$93,832 and a lease liability of \$103,569 related to this agreement. During the fiscal year, the College recorded \$26,809 in amortization expense and \$3,222 in interest expense for the right to use the office space. The College used the incremental discount rate of 2.63%, based on the five-year government treasury yields for the same periods.

The College amortized the right to use leased assets as follows during the fiscal year:

Right to use leased asset

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Copier #1	\$ 11,555	\$ -	\$ (11,555)	\$ -
Copier #2	11,956	-	(11,956)	-
Copier #3	49,512	-	(49,512)	-
Postage machine	27,326	57	-	27,383
Star building	182,031	59,252	-	\$ 241,283
	<u>\$ 282,380</u>	<u>\$ 59,309</u>	<u>\$ (73,023)</u>	<u>\$ 268,666</u>

Right to use leased asset - accumulated amortization

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Copier #1	\$ (3,852)	\$ -	\$ 3,852	\$ -
Copier #2	(10,760)	-	10,760	-
Copier #3	(36,309)	-	36,309	-
Postage machine	(5,465)	(5,674)	-	(11,139)
Star building	(42,007)	(105,444)	-	(147,451)
	<u>\$ (98,393)</u>	<u>\$ (111,118)</u>	<u>\$ 50,921</u>	<u>\$ (158,590)</u>

Total right to use leased asset, net of accumulated amortization \$ 110,076

A summary of the changes in lease liabilities during the year ended June 30, 2023 is as follows:

	July 1, 2022	Additions	Deletions	June 30, 2023	Due Within One Year
Lease agreement	\$ 189,082	\$ -	\$ (79,937)	\$ 109,145	\$ 48,233
Total lease receivable	<u>\$ 189,082</u>	<u>\$ -</u>	<u>\$ (79,937)</u>	<u>\$ 109,145</u>	<u>\$ 48,233</u>

Future payments under the lease obligations are as follows:

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 48,233	\$ 2,498	\$ 50,731
2025	50,889	1,186	52,075
2026	21,270	123	21,393
	<u>\$ 120,392</u>	<u>\$ 3,807</u>	<u>\$ 124,199</u>

Lessor:

The College leases a portion of its facilities for cellular tower antenna sites. The agreement is a 10-year lease, beginning July 2021. The agreement states a 3% annual increase to the license payments. At termination, the lessee must remove all equipment and restore the site to its original state. During the fiscal year, the College recognized \$13,246 in lease revenue and \$3,186 in interest income related to these agreements. At June 30, 2023, the College had \$112,322 in lease receivables and \$105,969 in deferred inflows of resources for these agreements. The College used an interest rate of 2.88%, based on the thirty-year government treasury yields for the same periods.

Remaining amounts to be received associated with these leases are as follows:

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,818	\$ 2,879	\$ 13,697
2025	11,546	2,534	14,080
2026	12,324	2,174	14,498
2027	13,129	1,791	14,920
2028	13,972	1,387	15,359
2029-2031	47,356	1,441	48,797
	<u>\$ 109,145</u>	<u>\$ 12,206</u>	<u>\$ 121,351</u>

Subscription Based Information Technology Arrangements (SBITAs):

The College has SBITA contracts for their ERP platform, add-on subscriptions for their ERP platform, education delivery platforms, networking, cloud, and cybersecurity solutions, and a video education platform. The College is required to make principal and interest payments from 2024 through 2031. The subscription liability was valued using a discount rate of 4.13% based on the College's incremental borrowing rate at the inception of the subscriptions.

\$2,961,823 has been recognized as subscription IT asset in progress (see following page) for costs related to the implementation of the College's new ERP system. At the time the ERP modules go live, the amounts relating to that module will be reclassified from subscription IT asset in progress to a subscription right to use asset and begin amortizing.

The College amortized the subscription assets as follows during the fiscal year:

	Restated Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Right to use Subscription IT Assets not Being Amortized				
Subscription IT asset in progress	\$ -	\$ 2,961,823	\$ -	\$ 2,961,823
Right to use Subscription IT Assets Being Amortized	<u>7,891,578</u>	<u>137,247</u>	<u>-</u>	<u>8,028,825</u>
Less Accumulated Amortization	<u>-</u>	<u>(1,185,525)</u>	<u>-</u>	<u>(1,185,525)</u>
Total Subscription IT Assets, net	<u>\$ 7,891,578</u>	<u>\$ 1,913,545</u>	<u>\$ -</u>	<u>\$ 9,805,123</u>

A summary of the changes in subscription IT liabilities during the year ended June 30, 2023 is as follows:

	Restated Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Subscription IT liabilities	<u>\$ 7,891,578</u>	<u>\$ 137,247</u>	<u>\$ (1,030,346)</u>	<u>\$ 6,998,479</u>
Total subscription liability	<u>\$ 7,891,578</u>	<u>\$ 137,247</u>	<u>\$ (1,030,346)</u>	<u>\$ 6,998,479</u>

Future payments related to the subscription liability is as follows:

Years Ended June 30,	Principal	Interest	Total
2024	\$ 978,224	\$ 200,424	\$ 1,178,648
2025	874,853	170,459	1,045,312
2026	859,477	143,567	1,003,044
2027	849,766	117,278	967,044
2028	875,889	91,156	967,045
2029-3031	<u>2,560,270</u>	<u>107,333</u>	<u>2,667,603</u>
	<u>\$ 6,998,479</u>	<u>\$ 830,217</u>	<u>\$ 7,828,696</u>

Note 5 - Capital Assets

Property, plant and equipment at June 30, 2023, consisted of the following:

	Balance June 30, 2022	Additions & Transfers	Retirements & Transfers	Balance June 30, 2023
Property, Plant and Equipment not being Depreciated				
Land	\$ 3,310,759	\$ -	\$ -	\$ 3,310,759
Construction in progress	1,392,717	1,868,497	(546,921)	2,714,293
Total property, plant and equipment Not being depreciated	<u>4,703,476</u>	<u>1,868,497</u>	<u>(546,921)</u>	<u>6,025,052</u>
Other Property, Plant and Equipment				
Buildings and improvements	114,720,708	7,611,106	(125,000)	122,206,814
Equipment	12,212,238	2,015,741	(422,745)	13,805,234
Library resources	598,637	-	-	598,637
Total other property, plant and equipment	<u>127,531,583</u>	<u>9,626,847</u>	<u>(547,745)</u>	<u>136,610,685</u>
Less Accumulated Depreciation				
Buildings and improvements	61,843,910	3,528,315	(125,001)	65,247,224
Equipment	6,892,529	1,303,122	(383,270)	7,812,381
Library resources	541,376	17,720	-	559,096
Total accumulated depreciation	<u>69,277,815</u>	<u>4,849,157</u>	<u>(508,271)</u>	<u>73,618,701</u>
Other Property, Plant and Equipment Net of accumulated depreciation	<u>58,253,768</u>	<u>4,777,690</u>	<u>(39,474)</u>	<u>62,991,984</u>
Property, Plant and Equipment, net	<u>\$ 62,957,244</u>	<u>\$ 6,646,187</u>	<u>\$ (586,395)</u>	<u>\$ 69,017,036</u>

Note 6 - 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 7 - Pension Plan

Plan Description

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees. As of June 30, 2022, it was 7.16% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees. The College's contributions were \$2,205,581 for the year ended June 30, 2023.

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

At June 30, 2023, the College reported a liability (asset) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability (asset) 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, 2023 and 2022, the College's proportion was .4407124 percent and .44512935 percent, respectively.

For the year ended June 30, 2023, the College recognized pension expense (expense offset) of \$2,200,246. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,908,812	\$ 77,477
Changes in assumptions or other inputs	2,829,971	-
Net difference between projected and actual earnings on pension plan investments	3,994,007	-
Changes in the employer's proportion differences between the employer's contributions and the employer's proportionate contributions - 2020	-	30,796
Changes in employer's proportion differences between the employer's contributions and the employer's proportionate contributions - 2021	-	78,511
Changes in employer's proportion differences between the employer's contributions and the employer's proportionate contributions - 2022	-	85,140
Changes in employer's proportion differences between the employer's contributions and the employer's proportionate contributions - 2023	36,503	-
College contributions subsequent to the measurement date	2,205,581	-
	<u>\$ 10,974,874</u>	<u>\$ 271,924</u>
Total		

\$2,205,581 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, 2024.

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, 2021 the beginning of the measurement period ended June 30, 2022 is 4.6 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:

<u>Years Ending June 30,</u>	
2024	\$ 1,970,217
2025	2,192,032
2026	1,029,712
2027	3,305,408

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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases, including inflation	3.05%
Investment Rate of Return	6.35%, net of investment fees
Cost of Living Adjustments	1%

The following are based on actuarial assumptions, the benefit formulas, and employee groups.

- General Employees and All Beneficiaries – Males Pub-2010 General Tables, increased 11%.
- General Employees and All Beneficiaries – Females Pub-2010 General Tables, increased 21%.
- Disabled Members – Males Pub-2010 Disabled Tables, increased 38%.
- Disabled Members – Females Pub-2010 Disabled Tables, increased 36%.

Economic Assumptions were studied in an experience study performed for the period 2015 through 2020. Demographic assumptions, including mortality were studied for the period 2011 through 2017.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. 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 PERSI'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 2022.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. 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 6.35 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 (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	<u>\$ 30,636,220</u>	<u>\$ 17,358,595</u>	<u>\$ 6,491,202</u>

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, 2023, 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 \$1,574,020 for the year ended June 30, 2023.

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 8 - Post-Employment HealthCare Plan

Plan Description

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

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

Funding Policy

The College has not established a fund to supplement the costs for the net OPEB obligation. Contributions are made on a pay-as-you-go basis. The required contribution is based on projected pay-as-you-go financing requirements. Retirees are required to pay 100 percent of the premiums based on the combined active and retiree pool for both the retiree and the dependent coverage. Monthly rates in effect for retirees under age 65 during fiscal year 2023 were as follows:

Pre-65 Rates	Select Health PPO	Select Health HDHP	Delta Dental	Willamette	LifeMap Choice Vision
Retiree Only	\$ 704.40	\$ 629.90	\$ 42.77	\$ 40.33	\$ 8.58
Retiree + Spouse	1,387.70	1,240.80	85.56	80.68	17.19
Retiree + Child	851.70	761.60	68.04	64.16	17.91
Retiree + Children	1,324.30	1,184.10	94.11	88.74	17.91
Family	1,944.50	1,738.80	128.33	121.01	28.69

Total OPEB Liability

The College's total OPEB liability of \$2,096,989 was valued as of July 1, 2022 and the measurement date was as of June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2022, 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	2.30%
Salary Increases	3.05% general wage growth plus increase due to promotions and
Discount Rate	3.54%, based on the 20 year Tax-Exempt Municipal Bond Yield Index
Health Cost Trend Rates	Medical trend is 9.4% from year ending June 30, 2023 then gradually decreasing and settled at 3.7% in 2073 and beyond. Dental and vision trend is 0% from year ending June 20, 2023 then 3.5% thereafter.
Mortality	Mortality is based on Pub-2010 tables. All mortality tables are adjusted with generational projection scales.

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

Balance as of June 30, 2021	\$ 2,272,575
Changes for the year	
Service cost	217,499
Interest on total OPEB liability	52,807
Effect of economic/demographic gains or losses	(41,692)
Effect of assumptions changes or inputs	(313,088)
Expected benefit payments	(91,112)
	(91,112)
Balance as of June 30, 2022	\$ 2,096,989

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 3.54%, 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 (2.54%) or 1- percentage point higher (4.54%) than the current discount rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	\$ 2,250,538	\$ 2,096,989	\$ 1,951,510

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 Trend Rate	1% Increase
Total OPEB Liability	\$ 1,875,152	\$ 2,096,989	\$ 2,357,592

OPEB Expense

For the year ended June 30, 2023, the College recognized OPEB expense (expense offset) of (\$49,592). At June 30, 2023, 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	\$ -	\$ 157,974
Changes of assumptions	32,171	540,782
College contributions subsequent to the measurement date	99,127	-
Total	\$ 131,298	\$ 698,756

\$99,127 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, 2024.

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.

Years Ending June 30,

2024	\$ (201,721)
2025	(178,716)
2026	(88,582)
2027	(96,042)
2028	(60,017)
Thereafter	(41,507)

Note 9 - 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.

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 .65% 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. During 2020, the PERSI Board issued a premium holiday effective January 1, 2020 through June 30, 2026. During this time, the College is not required to contribute to the Plan.

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

At June 30, 2023, the College reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, 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, 2023 and 2022, the College's proportion was 2.0818502 percent.

For the year ended June 30, 2023, the College recognized OPEB expense (expense offset) of (\$49,592). At June 30, 2023, 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	\$ 75,220	\$ 89,826
Differences between actual and expected earnings on investments	400,238	-
Changes of assumptions or other inputs	127,350	302,292
Changes in proportionate share	250,486	-
	<u>\$ 853,294</u>	<u>\$ 392,118</u>
Total	<u>\$ 853,294</u>	<u>\$ 392,118</u>

\$0 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ending June 30, 2024.

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.

The amortization period is based on the remaining service lives of all the employees that are provided with OPEB through the System determined at the beginning of the measurement period. The amortization period was calculated at 7.7 years. The amortization of the net difference between projected and actual investment earnings on OPEB plan investments is amortized over a closed 5-year period inclusive of this fiscal year.

Years Ending June 30

2024	\$ 69,681
2025	90,697
2026	68,178
2027	236,155
2028	14,244
Thereafter	(17,779)

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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return	5.45% net of investment expenses
Health care 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	Expected Rate of Return (Arithmetic)
Broad U.S. Equity	39.30%	8.53%
Global EX U.S. Equity	10.70%	9.09%
Fixed Income	50%	2.80%
Cash Equivalents	0%	2.25%

Discount Rate

The discount rate used to measure the total OPEB asset was 5.45%. 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 5.45 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 (4.45 percent) or 1-percentage-point higher (6.45 percent) than the current rate:

	<u>1% Decrease (4.45%)</u>	<u>Current Discount Rate (5.45%)</u>	<u>1% Increase (6.45%)</u>
Employer's proportionate share of the net OPEB Liability (Asset)	<u>\$ (2,752,353)</u>	<u>\$ (2,945,124)</u>	<u>\$ (3,116,866)</u>

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, 2023, the College reported payables to the defined benefit OPEB plan of \$0 for legally required employer contributions and \$0 for legally required employee.

Note 10 - 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 11 - 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 12 - Natural Classifications

Salaries and wages	\$ 36,076,702
Benefits	19,332,205
Services	13,870,207
Supplies	6,340,561
Other	9,200,676
Depreciation	4,849,157
Amortization	1,217,904
	<u> </u>
	<u><u>\$ 90,887,412</u></u>

Note 13 - 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:

Cash	\$ 1,800,790
Operating investments	28,357,427
Endowment spending rate distribution and appropriation	<u>1,001,025</u>
	<u>\$ 31,159,242</u>

Investments

The following table presents assets measured at fair value on a recurring basis at June 30, 2023:

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)	\$ 2,700,724	\$ -	\$ -	\$ -
Certificates of deposit	5,002,860	-	5,002,860	-
U.S. Government obligations	2,961,213	-	2,961,213	-
U.S. equity funds	15,013,522	15,013,522	-	-
U.S. equity mutual funds	162,219	162,219	-	-
Global equity mutual funds	1,711,460	1,711,460	-	-
Real estate funds	<u>805,429</u>	<u>805,429</u>	-	-
	<u>\$ 28,357,427</u>	<u>\$ 17,692,630</u>	<u>\$ 7,964,073</u>	<u>\$ -</u>
Endowment investments				
Cash and money market funds (at cost)	\$ 587,064	\$ -	\$ -	\$ -
Certificates of deposit	2,996,567	-	2,996,567	-
U.S. Government obligations	3,367,908	-	3,367,908	-
U.S. equity funds	10,062,636	10,062,636	-	-
U.S. equity mutual funds	875,376	875,376	-	-
Global equity mutual funds	2,099,431	2,099,431	-	-
Real estate funds	<u>988,011</u>	<u>988,011</u>	-	-
	<u>\$ 20,976,993</u>	<u>\$ 14,025,454</u>	<u>\$ 6,364,475</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.

	<u>Fair Value Measurements at Report Date Using</u>				<u>Total Losses</u>
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
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 160 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, 2023, 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, 2023, 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	\$ -	\$ 17,106,670	\$ 17,106,670
Accumulated investment gains	<u>-</u>	<u>4,888,673</u>	<u>4,888,673</u>
Endowment net assets, June 30, 2023	<u>\$ -</u>	<u>\$ 21,995,343</u>	<u>\$ 21,995,343</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 \$68,771 as of June 30, 2023. 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, 2023, are as follows:

	Without Donor Restriction	With Donor Restrictions	Total Net Endowment
Endowment net assets, July 1, 2022	\$ -	\$ 19,482,295	\$ 19,482,295
Contributions	-	1,387,000	1,387,000
Investment return, net	-	1,732,846	1,732,846
Amounts appropriated for expenditure	-	(606,798)	(606,798)
Endowment net assets, June 30, 2023	<u>\$ -</u>	<u>\$ 21,995,343</u>	<u>\$ 21,995,343</u>

With Donor Restricted Net Assets

With donor restricted net assets at June 30, 2023, consist of:

Subject to Expenditure for Specified Purpose		
Scholarships		\$ 18,593,399
Special projects		558,538
		<u>19,151,937</u>
Endowment		
Subject to Foundation endowment spending policy and appropriation		
Scholarships		21,068,864
Agricultural programs		995,250
Underwater endowments		(68,771)
		<u>21,995,343</u>
		<u>\$ 41,147,280</u>
Satisfaction of purpose restrictions		
Scholarships		\$ 1,726,156
Educational programs		615,371
		<u>\$ 2,341,527</u>

Donated Professional Services and Materials

Donated professional services and materials received during the years ended June 30, 2023 are as follows:

	2023			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 69,364	\$ 138,728	\$ 69,364	\$ 277,456
Rent	3,486	4,262	2,133	9,881
	\$ 72,850	\$ 142,990	\$ 71,497	\$ 287,337

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 \$2,119,946 during the year ended June 30, 2023, of which \$192,591 was payable to the College of Southern Idaho at June 30, 2023. The Foundation provided departmental and program support of \$782,771 during the year ended June 30, 2023.

Several members of the Foundation Board of Directors provided a donation to the Foundation. The Foundation received \$27,911 in contribution revenue from Board members during the year ended June 30, 2023.

The College of Southern Idaho provides donated office space, salaries and benefits to the Foundation. The College of Southern Idaho provided \$287,337 in donated office space and salaries and benefits to the Foundation during the year ended June 30, 2023.



Required Supplementary Information
June 30, 2023

College of Southern Idaho

College of Southern Idaho
 Schedule of Employer's Share of Net Pension Liability (Asset) and Employer Contributions
 June 30, 2023

Schedule of Employer's Share of the Net Pension Liability (Asset)

	PERSI - Base Plan Last 10 - Fiscal Years *									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer's portion of the net pension liability (asset)	0.5121639	0.4903647	0.4819133	0.4835511	0.004805879	0.00468207	0.004536908	0.004451294	0.004407124	
Employer's proportionate share of the net pension liability (asset)	\$ 3,770,368	\$ 6,457,305	\$ 9,769,123	\$ 7,600,593	\$ 7,088,755	\$ 5,344,452	\$ 10,535,300	\$ (351,554)	\$ 17,358,595	
Employer's covered payroll	\$ 13,730,671	\$ 13,730,671	\$ 14,134,541	\$ 15,017,270	\$ 16,723,666	\$ 15,902,208	\$ 16,155,394	\$ 16,594,899	\$ 17,388,150	
Employer's proportional share of the net pension liability (asset) as a percentage of covered payroll	27.46%	45.68%	65.05%	50.61%	42.39%	33.61%	65.21%	-2.12%	99.83%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.95%	91.38%	87.26%	90.68%	91.69%	93.79%	88.22%	100.36%	83.09%	

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

Date reported as of the measurement date of June 30, 2022.

Schedule of Employer's Contributions

	PERSI - Base Plan Last 10 - Fiscal Years *									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
Statutorily required contribution	\$ 1,554,312	\$ 1,600,030	\$ 1,699,955	\$ 1,893,119	\$ 1,800,130	\$ 1,928,954	\$ 1,981,431	\$ 2,076,089	\$ 2,208,954	
Contributions in relation to the statutorily required contribution amount	\$ 1,554,312	\$ 1,600,030	\$ 1,699,955	\$ 1,893,119	\$ 1,800,130	\$ 1,928,954	\$ 1,981,431	\$ 2,076,089	\$ 2,205,581	
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,373	
Employer's covered payroll	\$ 13,730,671	\$ 14,134,541	\$ 15,017,270	\$ 16,723,666	\$ 15,902,208	\$ 16,155,394	\$ 16,594,899	\$ 17,388,150	\$ 18,500,449	
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%	11.32%	11.94%	11.94%	11.94%	11.92%	

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

Date reported is measure as of the fiscal year end.

College of Southern Idaho
Schedule of Changes in Total OPEB Liability
Year Ended June 30, 2023

Schedule of Single Employer's OPEB Liability (Asset)

CSI Own Plan

Last 10 - Fiscal Years *

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 221,854	\$ 228,510	\$ 167,915	\$ 183,847	\$ 209,673	\$ 217,499
Interest	93,356	99,528	82,780	83,218	49,849	52,807
Effect of economic/demographic gains or losses	-	(191,922)	-	(122,761)	-	(41,692)
Effect of assumptions changes or inputs	-	(590,122)	63,428	(201,478)	8,383	(313,088)
Benefit payments	<u>(130,852)</u>	<u>(168,452)</u>	<u>(83,850)</u>	<u>(99,015)</u>	<u>(82,037)</u>	<u>(91,112)</u>
Net change in total OPEB liability	184,358	(622,458)	230,273	(156,189)	185,868	(175,586)
Total OPEB liability, beginning	<u>2,450,723</u>	<u>2,635,081</u>	<u>2,012,623</u>	<u>2,242,896</u>	<u>2,086,707</u>	<u>2,272,575</u>
Total OPEB liability, ending	\$ 2,635,081	\$ 2,012,623	\$ 2,242,896	\$ 2,086,707	\$ 2,272,575	\$ 2,096,989
Covered payroll	\$ 25,100,223	\$ 26,657,061	\$ 27,943,081	\$ 28,596,974	\$ 29,497,946	\$ 29,722,046
Total OPEB liability as a percentage of covered employee payroll	10.50%	7.55%	8.03%	7.30%	7.70%	7.06%

*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, 2022 (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 Employer's Share of Net OPEB Asset and Employer Contributions
Year Ended June 30, 2023

Schedule of Employer's Share of the Net OPEB Asset						
PERSI - Base Plan						
Last 10 - Fiscal Years *						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Employer's portion of the net OPEB Asset	2.4328077%	2.4618469%	2.4249367%	2.0818502%	2.0818502%	2.0818502%
Employer's proportionate share of the net OPEB asset	\$ 2,314,321	\$ 2,825,463	\$ 3,054,744	\$ 2,938,592	\$ 3,788,016	\$ 2,945,124
Employer's covered payroll	\$ 15,017,270	\$ 16,723,666	\$ 15,902,208	\$ 16,155,394	\$ 16,594,899	\$ 17,388,150
Employer's proportional share of the net OPEB Asset as a percentage of covered payroll	15.41%	16.89%	19.21%	18.19%	22.83%	16.94%
Plan fiduciary net position as a percentage of the total OPEB Asset	204.12%	25.45%	226.97%	251.29%	274.55%	237.30%

*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.

Date reported as of the measurement date of June 30, 2022.

College of Southern Idaho
Schedule of Employer's Share of Net OPEB Asset and Employer Contributions
Year Ended June 30, 2023

Schedule of Employer's Contributions

PERSI - Base Plan

Last 10 - Fiscal Years *

	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 168,452	\$ 181,783	\$ 99,015	\$ -	\$ -	\$ -
Contributions in relation to the satutorily required contribution amount	\$ 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	\$ 16,594,899	\$ 17,388,150	\$ 18,500,449
Contributions as a percentage of covered payroll	1.03%	1.17%	0.76%	0.00%	0.00%	0.00%

*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 in which information is available.

Date reported is measure as of the fiscal year end.



Single Audit Information
June 30, 2023

College of Southern Idaho



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the College of Southern Idaho (the College), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements and have issued our report thereon dated October 17, 2023. The financial statements of the discretely presented component unit, College of Southern Idaho Foundation, Inc., were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the College of Southern Idaho Foundation, Inc.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Boise, Idaho
October 17, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited College of Southern Idaho’s (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College’s major federal programs for the year ended June 30, 2023. The College’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College has complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Boise, Idaho
October 17, 2023

College of Southern Idaho
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
Department of Agriculture			
Passed through Idaho State Department of Education Child and Adult Care Food Program	10.558	4875	\$ 187,449
Total Department of Agriculture			<u>187,449</u>
Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	None	139,132
Federal Work-Study Program	84.033	None	222,959
Federal Pell Grant Program	84.063	None	6,767,252
Federal Direct Student Loans	84.268	None	<u>2,503,083</u>
Total Student Financial Assistance Cluster			9,632,426
Title III Part A Programs - Strengthening Institutions	84.031A	None	49,397
Title V Higher Education Act	84.031S	None	<u>76,987</u>
Total for ALN #84.031			126,384
Childcare Access Means Parents in School	84.335A	None	157,880
Education Stabilization Fund			
Passed through the State of Idaho			
COVID-19 - GEER	84.425C	Not Available	57,420
COVID-19 - HEERF Student	84.425E	None	579,020
COVID-19 - HEERF Institutional	84.425F	None	693,367
COVID-19 - SIP - Minority Serving Institutions	84.425L	None	<u>678,474</u>
Total Education Stabilization Fund			2,008,281
Passed through Idaho Division of Career-Technical Education			
Adult Basic Education Grants to States	84.002A	23V002	493,662
Career and Technical Education - Basic Grant to States	84.048	23V048-04	479,181
Passed through Idaho State Department of Education			
Gaining Early Awareness & Readiness for Undergraduate Programs - Gear Up	84.334	19-7505	<u>50,630</u>
Total Department of Education			<u>12,948,444</u>

College of Southern Idaho
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
Department of Health and Human Services			
Early Head Start	93.600	None	1,663,933
Head Start	93.600	None	7,807,392
COVID-19 - Head Start	93.600	None	<u>535,033</u>
Total for ALN #93.600			10,006,358
Passed through the Idaho Department of Health and Welfare			
COVID-19 - Child Care and Development Block Grant	93.575	Not Available	264,757
Passed through the Idaho Commission on Aging			
Aging Cluster			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	Not Available	218,807
COVID-19 - Supportive Services and Senior Centers	93.044	Not Available	<u>168,122</u>
Total for ALN #93.044			386,929
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	Not Available	531,374
COVID-19 - Special Programs for the Aging Title III, Part C Nutrition Services	93.045	Not Available	<u>35,531</u>
Total for ALN #93.045			566,905
Nutrition Services Incentive Program	93.053	Not Available	<u>118,717</u>
Total Aging Cluster			1,072,551
Special Programs for the Aging Title VII, Chapter 2 Long-Term Care Ombudsman Services for Older Individuals	93.042	Not Available	11,052
Special Programs for the Aging Title UI, Part D Disease Prevention and Health Promotion Services	93.043	Not Available	34,303
National Family Caregiver Support, Title III, Part E	93.052	Not Available	114,467
National Family Caregiver Support, Title III, Part B8 Grants for COVID-10 National Family Caregiver Support, Title III, Part E	93.052	Not Available	<u>61,401</u>
			175,868
Idaho Lifespan Respite Enhancement	93.072	Not Available	12,093
Elder Abuse Prevention Intervention Projects	93.747	Not Available	41,292
COVID-19 - Elder Abuse Prevention Intervention Projects	93.747	Not Available	<u>2,623</u>
			43,915

College of Southern Idaho
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
Passed through Idaho Head Start Association TANF Cluster		22-202103 22-202203 IOR-2012 TANF	
Temporary Assistance for Needy Families	93.558	IOR 2102, IOR-2112	124,512
Temporary Assistance for Needy Families	93.558	TANF CM-CSI	<u>86,298</u>
			210,810
		IOR-2023-CSI, HC235200 HC226500, IOR- 2222	613,288
Refugee and Entrant Assistance Targeted Assistance Grants	93.566	HC235200, GT-2300	412,927
Refugee and Entrant Assistance Targeted Assistance Grants	93.576	CSIRP, GT-IRC-2001	19,618
Refugee and Entrant Assistance Targeted Assistance Grants	93.583		
Passed through the University of Idaho			
National Center for Research Resources 20-21	93.859	SI3394-825871	54,154
National Center for Research Resources 21-22	93.859	SI3394-825824	<u>41,013</u>
			95,167
Passed through the U.S. Committee for Refugees and Immigrants			
Health Marriage and Responsible Fatherhood	93.086	Not Available	119,579
U.S. Refugee Admissions Program	93.567	Not Available	<u>226,818</u>
Total Department of Health and Human Services			<u>13,319,104</u>
National Science Foundation			
Passed through Boise State University			
Education and Human Resources	47.076	2022017	<u>24,972</u>
Total National Science Foundation			<u>24,972</u>
Department of Labor			
Passed through the Idaho Department of Labor			
Job Corps Experimental Projects and Technical Assistance	17.287	Not Available	768,347
Idaho Career Technical Education Apprenticeship: Closing the Skills Gap	17.268	Not Available	<u>81,839</u>

College of Southern Idaho
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
Total Department of Labor			<u>850,186</u>
Department of State			
U.S. Refugee Admissions Program	19.510	None	<u>437,911</u>
Total Department of State			<u>437,911</u>
Department of the Treasury			
Idaho State Controller - Workforce Development Center COVID-19 - Coronavirus Relief Fund	21.019	Not Available	<u>112,242</u>
Total Department of the Treasury			<u>112,242</u>
Department of Transportation			
Passed through the Idaho Department of Transportation Formula Grants for Rural Areas	20.509	CA-08	<u>78,727</u>
Total Department of Transportation			<u>78,727</u>
National Aeronautics and Space Administration			
Passed through the University of Idaho NASA Idaho Specific Grant Consortium Opportunity for Partnerships with Community Colleges & Technical Schools Total National Aeronautics and Space Administration	43.008	ES4527-783699	<u>23,520</u>
Total National Aeronautics and Space Administration			<u>23,520</u>
National Endowment for the Humanities			
Passed through the Idaho Humanities Council Promotion of the Humanities	45.129	2022017	1,000
National Endowment for the Arts			
Promotion of the Arts Partnership Agreements	45.025	None	3,900
Passed through the Idaho Commission on the Arts Promotion of the Arts Partnership Agreements	45.025	04892, 07110	14,475
COVID-19 - Promotion of the Arts Partnership Agreements	45.025	None	<u>9,049</u>
Total ALN #45.025			<u>27,424</u>
Small Business Administration			
Passed through Boise State University - Idaho Small Business Development Center			
Small Business Development Centers	59.037	10767-PO141702, 10176-PO140058	68,673
COVID-19 - Small Business Development Centers	59.037	9405-PO137294	<u>19,577</u>
Total Small Business Administration			<u>88,250</u>
Total Federal Financial Assistance			<u>\$ 28,099,229</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the College of Southern Idaho (the College) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The schedule presents only a selected portion of the operations of the College; it is not intended to and does not present the financial position, changes in net position, or cash flows.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

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

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

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

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Student Financial Assistance Cluster	
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Federal Supplemental Education Opportunity Grants	84.007
Federal Work-Study Program	84.033
Education Stabilization Fund	
COVID-19 - GEER	84.425C
COVID-19 - HEERF Student	84.425E
COVID-19 - HEERF Institutional	84.425F
COVID-19 - SIP - Minority Serving Institutions	84.425L
Dollar threshold used to distinguish between type A and type B programs:	\$842,977
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

2023-001 U.S. Department of Education
Student Financial Assistance Cluster
Federal Financial Assistance Listing Number(s): 84.063, 84.007, 84.268, 84.033
Compliance Requirement: Special Tests & Provisions – Enrollment Reporting
Type of Finding: Material Weakness in Internal Control

Criteria: 34 CFR 690.83(b)(2) and 34 CFR 685.309 states that Institutions are responsible for timely and accurate reporting of a student’s enrollment status and changes in those enrollment statuses, whether they report directly or via a third-party servicer. When an Institution is made aware of a change in a student’s enrollment status, the Institution has 60 days to update the change in enrollment status via NSLDS.

Condition: During our testing of compliance for Enrollment Reporting, there were 6 instances out of 29 where the College did not report a student’s change in enrollment status accurately or within the required time frame of 60 days from the effective date of the student’s change in enrollment status.

Cause: Enrollment Services was not able to run accurate reports from their student information system, causing delays and accuracy issues with being able to accurately and timely report when students graduated or had a change in enrollment status, specifically at the end of the Spring 2023 term.

Effect: The student’s change in enrollment status was not accurately reported in NSLDS and/or was not reported timely.

Questioned Costs: None reported.

Context/Sampling: A nonstatistical sample of 29 participants out of 193 students who had a change in enrollment status were selected for testing.

Repeat Finding from Prior Year(s): No

Recommendation: The Enrollment Services office should implement controls to ensure that enrollment records for students are being updated every 60 days, and that those records being submitted to NSLDS are accurate.

Views of Responsible Officials: Management agrees with the finding.