# Report of Independent Auditors and Financial Statements

LEWIS CLARK STATE COLLEGE

June 30, 2023

# LEWIS-CLARK STATE COLLEGE

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# INDEPENDENT AUDITORS' REPORT

Idaho Office of the State Board of Education
Lewis-Clark State College
Lewiston, Idaho

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Lewis-Clark State College (collectively, the College), a component unit of the State of Idaho, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Lewis-Clark State College, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lewis-Clark State 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. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

### *Emphasis of a Matter*

As disclosed in Note 1, the College implemented the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The Standard requires the entity to recognize a right-to-use subscription asset and corresponding subscription liability for all SBITA agreements with terms greater than twelve months. Our opinion is 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 Lewis-Clark State 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.

***Auditors' 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 auditors' 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 Lewis-Clark State 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 Lewis-Clark State 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 required schedules related to the College's pension plan, and the required schedules related to the College's postemployment benefits plans 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023, on our consideration of Lewis-Clark State 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 Lewis-Clark State 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 Lewis-Clark State College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Bellevue, Washington
October 19, 2023

## LEWIS-CLARK STATE COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE YEAR ENDED JUNE 30, 2023

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

The financial statements for the fiscal year ended June 30, 2023, are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. Three financial statements are presented: the *Statement of Net Position;* the *Statement of Revenues, Expenses, and Changes in Net Position;* and the *Statement of Cash Flows.*

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

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

***Statement of Net Position***

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

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

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

## SUMMARY STATEMENT OF NET POSITION

| | 2023 | 2022 |
|---|---|---|
| ASSETS: | | |
| Current assets | $ 54,681,008 | $ 48,335,696 |
| Capital assets, net | 83,920,638 | 76,762,702 |
| Other assets and deferred outflows of resources | 9,038,820 | 8,663,657 |
| Total assets and deferred outflows of resources | $ 147,640,466 | $ 133,762,055 |
| LIABILITIES: | | |
| Current liabilities | $ 7,013,078 | $ 6,139,293 |
| Noncurrent liabilities | 15,898,839 | 12,267,252 |
| Deferred inflows of resources | 3,855,173 | 6,048,467 |
| Total liabilities and deferred inflows of resources | 26,767,090 | 24,455,012 |
| NET POSITION: | | |
| Net investment in capital assets | 78,598,925 | 72,435,653 |
| Restricted – expendable | 3,727,676 | 4,776,187 |
| Unrestricted | 38,546,775 | 32,095,204 |
| Total net position | 120,873,376 | 109,307,044 |
| Total liabilities and deferred inflows of resources and net position | $ 147,640,466 | $ 133,762,055 |

Total assets and deferred outflows of resources increased $13.878M from fiscal year 2022 to 2023, an increase of 10.38%. The majority of this change is found in the following balance sheet components - an increase related to the deferred outflows of Pension, SLIRF, and OPEB, $1.495M (34% overall), an increase of $1.151M for Subscription–Based Information Technology Arrangement (SBITAs), increase in cash of $6.347M, an increase in capital asset of $6.104M, and a decrease in accounts receivable and student accounts of $206k, as well as a decrease in sick leave reserve and net pension asset of $946k.

Net cash deposits increased $6.347M in fiscal year 2023. Deposits in the Idaho Local Government Investment Pool (LGIP) increased approximately $1.83M during 2023. The Idaho State Treasurer deposits increased $4.08M at June 30, 2023. Cash and cash equivalents held in local banks increased approximately $444k as of June 30, 2023. The increase in cash and cash equivalents is due to moving more funds to Cash with Treasurer and LGIP Deposits. This allowed a better safety net when looking at current US banking concerns. The College still holds enough funds in our local account to meet short term capital expenditures, pending student tuition transfers, and payroll related expenses. A $240,000 certificate is classified as a current investment as of June 30, 2023, due to the maturity date of October 26, 2023.

Accounts receivable decreased by $224k as of June 30, 2023, and is related to less state and federal grants receivable compared to the prior year. This decrease can be attributed to federal grants decreasing due to SIP/CARES, which have now completed, a decrease in INBRE Grants receivable, and a slight increase in sponsorships by $194k.

On June 30, 2023, the College reported an asset of $2.93M for its proportionate share of the State of Idaho Sick Leave Insurance Reserve Fund (SLIRF). The amount reflects a decrease of $841k and represents additional excess sick leave funding in the Idaho plan.

Net capital assets increased $6.1M during fiscal year 2023. The largest portion of that increase is the addition of the Activity Center transferred to the College from the State in October 2022 for $8.21M, as well as other DPW closed projects that are now assets of the College. See footnote #5 for more details.

Investment in capital assets for subscriptions –net increased over last year by $1.151M. This increase is due to the accounting for Subscription –Based Information Technology Arrangement (SBITAs) asset and reflects the GASB 96 requirement to account for the Right-of-use subscription in the financial statements and footnotes (see footnote 1, and 5). Included in the $1.151M is $85k of subscriptions currently in the implementation phase. The College anticipates the implementation phase to be completed in 2024. Additionally, there was a decrease of $97k for the investment in capital leases.

Deferred outflows increased approximately $1.495M in 2023. The increase in fiscal year 2023 is primarily related to an increase in the PERSI pension outflows by $1.142M, and OPEB and SLIRF deferred outflow increase of $352k.

Total liabilities and deferred inflows of resources increased by $2.312M as of June 30, 2023, an increase of 9.45%. The primary contributors to this increase included Due to the State $460k, SBITAs of $1.059M, net PERSI liability of $4.964M, net other post-employment decrease of $1.836M. Deferred inflows decreased by $2.193M primarily due to a Pension decrease of $3.466M, OPEB increase of $1.784M, and SLIRF decrease of $511k. Unearned revenue increased by $178k in 2023 compared to 2022.

A new SBITA liability for current and non-current liabilities increased by $1.058M. This liability relates to the new SBITAs GASB 96 disclosure and was implemented by the College in 2023. See footnotes #1 and #8 for more information. In addition, there was a decrease of $100k for lease liability in 2023.

The change in net PERSI pension liability of $4.964M represents the College's allocation of the State of Idaho retiree benefit plans related to the PERSI base plan. In the fiscal year 2022 PERSI was an asset of $105k. Other post-employment benefit obligations decreased by $1.836M.

Deferred inflows decreased $2.193M in 2023 due to changes related to the PERSI pension plan, OPEB plans and the SLIRF. The major decrease was $3.466M for the pension deferred inflows offset by an increase in OPEB deferred inflows of $1.784M. Please see footnote 10 retirement plans for a more detailed discussion.

Unearned revenue increased by $178k this year over the last fiscal year. Included in this year over year change is funds received from the Division of Public Works (DPW) in the amount of $164k for projects that have started but have not been completed as of the fiscal year end, a decrease of $20k in deferred student revenues for the summer classes, and an increase of deferred grant and other student funds of $34k that have not been earned as of the fiscal year end.

Net investment in capital assets, including capital leases and subscriptions increased $6.163M in 2023 due to the addition of the LCSC Activity Center building, transferred from the State to the College in October 2022. Please see footnote 5.

Unrestricted net position increased $6.451M in 2023. Cash and cash deposits described above contributed to this increase. See the discussion from above and footnote 2.

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

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

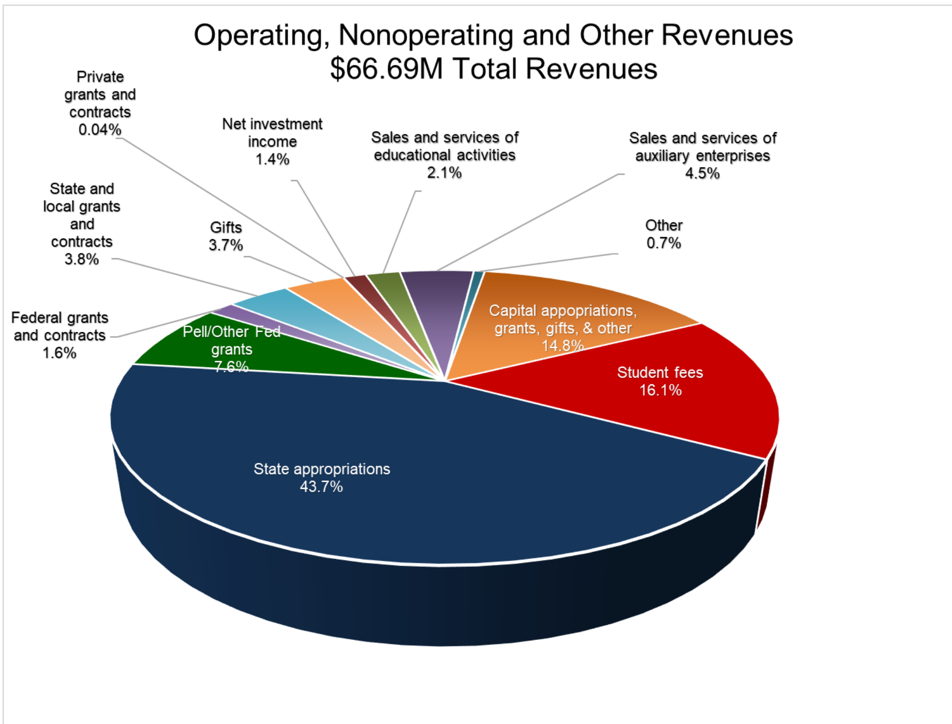
Generally, operating revenues are earned in return for providing goods and services to the College's various customers and constituents. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the role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

## SUMMARY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

| | 2023 | 2022 |
|---|---|---|
| Operating revenues | $ 19,210,912 | $ 22,109,215 |
| Operating expenses | 55,001,283 | 55,640,323 |
| Operating loss | (35,790,371) | (33,531,108) |
| Nonoperating revenues (expenses), net | 37,502,267 | 44,435,195 |
| Income before other revenues and expenses | 1,711,896 | 10,904,087 |
| Other revenues, net | 9,854,436 | 14,117,857 |
| **Increase in net position** | 11,566,332 | 25,021,944 |
| Net position--Beginning of year | 109,307,044 | 84,285,100 |
| **Net position--End of year** | $ 120,873,376 | $ 109,307,044 |

***Revenues***

The College generates revenues from various sources. The following is a graphic depiction of the revenues by source (both operating, nonoperating and other), which were used to fund the College's activities for the year ended June 30, 2023.




Total operating revenues for fiscal year 2023 decreased $2.898M, or 13.11%. Much of the decrease is related to the lower state grants of $827k offset by an increase in federal grants of $202k, and lower gross tuition and fees due to lower enrollment in the spring 2023 and fall 2022 semesters of $586k.

The scholarship discounts and allowances increased $2.42M as of June 30, 2023. This increase had an impact on the net tuition and fees, which decreased by $3.006M from last year.

Federal grants experienced an increase of $202k in 2023. Federal grants changes during 2023 are due mainly to a full year of revenue recognition on both the TRIO and CAMP grants. State and local grants decreased by $827k in 2023. The closing out of the workforce development grant and a hospitality building Idaho's future grant were large factors in this decrease.

Sales and services of educational activities increased $161k in 2023. Increases in 2023 are due to the hosting of more educational and athletic events and an increase in revenue for live shop labs.

Sales and services of auxiliary enterprises increased $464k during 2023. This reflects increases in Residence Life student meal plans, increases in room rent, and an increase in residence hall occupancy.

Nonoperating revenues decreased $6.9M during fiscal year 2023. The three largest changes are State appropriations with an increase of $2.577M, PELL and other federal grants decrease of $10.49M and net investment income increase of $856k.

State appropriations increased $2.577M during 2023 primarily due to an increase in state funding for personnel and benefit costs, an increase in endowment based upon the Idaho Land Board allocations, and an increase in CTE funding.

PELL and other federal grants decreased by $10.49M during fiscal year 2023. The 2023 decrease is primarily due to the close out of the HEERF and CARES-institutional support for students.

Gift revenue increased by $201k during 2023 more private donations for the Nursing program and additional donations for athletics and auxiliaries.

Investment income increased $856k in 2023. The College increased excess deposits of cash at the Local Government Investment Pool (LGIP) during the year. The increased deposits also generated more interest revenues due to the higher interest rates compared to last fiscal year 2022.

Capital appropriations decreased by $4.074M which represents a decrease of capital asset projects paid by the Idaho State Division of Public Works (DPW). These projects, when completed, are shown as State appropriations by the College. The decrease is primarily related to the completion in the prior year of the Schweitzer Career and Technical Education Center building and the increases are primarily related to the LCSC Activity Center building, a fire sprinkler system in the Mechanical and Technical Building, and completion of the multi-use field and the Center for Arts and History during fiscal year 2023. See footnote 5 for more information.

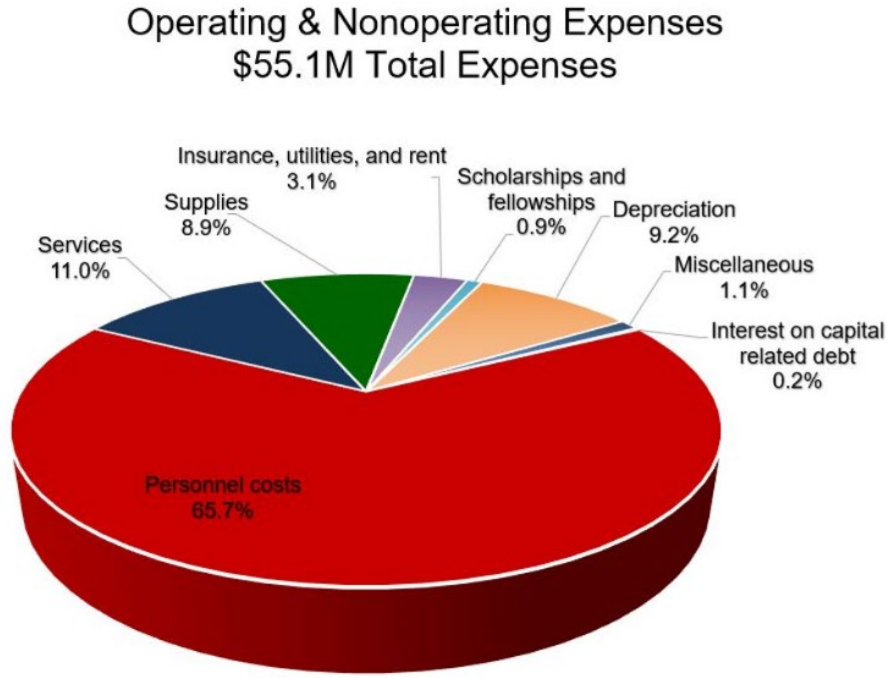
Capital grants and gifts decreased by $168k in the fiscal year 2023. The decrease is primarily related to the closure of the Schweitzer Career and Technical Education Center building project and a decline in gift revenue.

### *Expenses*

Following is a comparative summary of the College's expenses for the years ended June 30, 2023, and 2022.

| | 2023 | 2022 |
|---|---|---|
| OPERATING EXPENSES: | | |
| Personnel costs | $ 36,203,364 | $ 33,169,010 |
| Services | 6,060,940 | 5,160,920 |
| Supplies | 4,888,135 | 4,706,596 |
| Insurance, utilities, and rent | 1,713,807 | 1,390,945 |
| Scholarships and fellowships | 484,948 | 7,279,350 |
| Depreciation | 5,059,432 | 3,522,020 |
| Miscellaneous | 590,657 | 411,482 |
| Total operating expenses | $ 55,001,283 | $ 55,640,323 |
| NON-OPERATING EXPENSES | | |
| Interest on capital related debt | $ 125,591 | $ 47,570 |
| Total operating and non-operating expenses | $ 55,126,874 | $ 55,687,893 |

The following is a graphic depiction of total expenses by natural classification for the year ended June 30, 2023.




Total operating expenses decreased $639k, or 1.15%, in fiscal year 2023. The changes are primarily due to personnel costs, services, supplies, rent and scholarships. The non-operating increase of $78k is due to interest on debt service and lease and subscription obligations.

Personnel costs increased $3.034M, or 9.15% during 2023. This reflects an increase in salaries which is related to filling previously vacant positions within the institution, and annual increases. The fringe benefits increased which includes increases in health insurance, retirement, sick leave, post-employment retirement, and pensions. The College was not required to pay towards the retirement sick leave plan after January 2020 when the PERSI board enacted an 18-month sick leave contribution holiday effective January 1, 2020, due to the sick leave fund being overfunded. The sick leave holiday has been extended to include the fiscal year 2023.

Service expenses increased $900k during fiscal year 2023. The increase in 2023 is primarily related to increasing travel by $412k post COVID and having less travel restrictions, an increase in promotions that allowed the College to expand its reach to other communities, in addition, the College experienced an increase in technology costs and professional services.

Supplies expenses increased $181k during 2023. The 2023 increase reflects an increase in food expenses and other supplies, offset by the GASB 96 implementation for SBITAs.

Insurance, utilities, and rent increased by $322k in 2023. Increase in utility and insurance costs factored in this increase.

Scholarship expenses decreased $6.794M in 2023. The 2023 decrease is primarily related to student scholarships and the HEERF and CARES Institutional support grants no longer being available.

***Statement of Cash Flows***

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

The statement is divided into five parts. The first section focuses on the operating cash flows and shows the net cash used to perform the College's operating activities. The second section reflects cash flows related to noncapital financing activities. This section depicts the cash received and spent for nonoperating, non-investing, and noncapital financing purposes. The third section displays cash flows from capital and related financing activities. This section reflects the cash used for the acquisition and construction of capital and related items. The fourth section presents the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash provided or used in operating activities to the operating income or loss reflected on the *Statement of Revenues, Expenses, and Changes in Net Position.*

## SUMMARY STATEMENT OF CASH FLOWS

| | **2023** | **2022** |
|---|---|---|
| CASH PROVIDED BY (USED IN) | | |
| Operating activities: | $ (29,898,264) | $ (31,658,600) |
| Noncapital financing activities | 37,026,431 | 45,025,120 |
| Capital and related financing activities | (1,707,008) | (2,049,614) |
| Investing activities | 926,488 | 69,713 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 6,347,647 | 11,386,619 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 46,217,891 | 34,831,272 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 52,565,538 | $ 46,217,891 |

Cash increased overall by $6.347M for the year ended June 30, 2023.

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

Overall, the net cash flows from operations increased by $1.76M over last year. Net student fees had a decrease of $3.018M due to lower enrollment, and higher scholarships, discounts, and allowances. Grants and sales and services of both educational and auxiliary enterprises showed an overall increase of $639k, with auxiliary enterprises contributing $555k towards that overall increase. Other cash flows include the increase of payments to employees of $1.903M, and other payments for services increased by $1.375M. Travel costs increased due to the lifting of restriction following the pandemic compared to FY22. Payments for scholarships and fellowships showed a decrease of $6.794M, which was offset by the federal grants and contracts. Other payments, which include 3rd party contributions, parking permits and miscellaneous receipts, decreased over last year by $220k.

Cash flows from non-capital financing had a decrease of $7.998M compared to FY22. This decrease is a factor of several cash flow activities including a decrease in federal grants of $10.490M related to the HEERF, and CARES/SIP and PELL grants, see discussions above regarding federal grants revenues. Agency accounts had a reduced cashflow of $3.289M due to lower donations and other agency cashflows in FY23 and was offset by lower cashflows out of agency accounts showing a decrease of $2.534M. An increase of cash flows of $467k from the higher educational stabilization rounded out this cash flow from the non-capital financing area.

Cash flows from Capital and related financing activities had a cash flow increase of $342k versus FY22. Capital grants and gifts had a decrease of $269k due to lower gifts received this year compared to prior years. The purchase of capital assets decreased this year over last, which resulted in an increase in cash flows of $5.271M. This increase in lower capital purchases is offset by a lower cash inflow of $4.162M due to no new long-term debt in FY23 compared to FY22. SBITA was higher this year by $386k compared to the prior year.

Cash Flows from Investing activities increased $856k over FY22. The College moved more funds from operating accounts at commercial banks into the LGIP accounts compared to FY22. This allowed the College to take advantage of the higher yield rates from the LGIP investments. On average, the LGIP yield rates were higher than the commercial rates, and on average, were higher than in the prior FY. The average rate of return in FY23 was 3.34% compared to 0.27% in FY22. The College also carried lower balances in the operating accounts and higher balances in the LGIP due to the additional protections associated with the investment account.

***Capital Asset and Debt Administration***

The College had $138.9M and $127.5M of capital assets as of June 30, 2023, and 2022, with accumulated depreciation of $55M and $50.76M, respectively. Capital additions during fiscal year 2023 included LCSC Activity Center building, a Fire Sprinkler System in the Mechanical and Technical Building, completion of the multi-use field and implementation of GASB 96 – Subscriptions in fiscal year 2023 and GASB 87 Leases in fiscal year 2022.

Additional information concerning capital assets and debt administration is detailed in Notes 1, 5, 6, 7 and 8 as part of the notes to the financial statements.

***Economic Outlook***

The College, as a state institution, is directly impacted by trends in the Idaho economy, which continues to show positive signs. The State of Idaho ended fiscal year 2023 with a $99.1M surplus. The College's headcount enrollment for Fall 2023 is estimated to be flat compared to Fall 2022. With a 6% increase in the full-time and a 5.8% increase in the part-time tuition rate, the College is projecting student tuition revenues to be $15.4M in fiscal year 2024.

The College's general fund appropriation for fiscal year 2024 increased by 6.7% over the fiscal year 2023 level resulting in $21.8M. There were four key components of the increase. The first was an increase of $370k for the Governor's initiative for institutional funding. Second, was $5,500 in funding to cover the DHR consolidation transition. Third, was funding of $596k for a change in employee compensation. Finally, $75k was received for Enrollment Workload Adjustment (EWA). The College's Normal School endowment distribution will remain flat for the fiscal year 2024.

The College is also directly and indirectly impacted by national and global health and economic trends. Among the potential negative trends impacting virtually all higher education are concerns about the decreasing size of high school graduating classes, rapidly increasing health care costs, and changes in federal regulations. On the positive side, the College is implementing many different strategies to recruit and retain students, and it appears LC State is maintaining stable enrollment.

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

# LEWIS-CLARK STATE COLLEGE

## STATEMENT OF NET POSITION
### JUNE 30, 2023

| | |
|---|---|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents | $ 2,024,466 |
| Cash with treasurer | 23,858,967 |
| State of Idaho LGIP deposits | 26,682,105 |
| Investments | 244,867 |
| Accounts receivable and unbilled charges | 1,557,074 |
| Student loans receivable | 72,551 |
| Prepaid expenses | 240,978 |
| Total current assets | 54,681,008 |
| NONCURRENT ASSETS | |
| Student loans receivable, net of allowances | 227,069 |
| Sick leave reserve fund excess funding | 2,938,352 |
| SBITA, net | 1,151,157 |
| Leased asset, net | 79,988 |
| Capital assets, net | 82,689,493 |
| Total noncurrent assets | 87,086,059 |
| TOTAL ASSETS | 141,767,067 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | 3,107,516 |
| Deferred outflows related to other post employment benefits | 2,123,835 |
| Deferred outflows related to sick leave insurance reserve fund | 642,048 |
| Total deferred outflows of resources | 5,873,399 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | $ 147,640,466 |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE

## STATEMENT OF NET POSITION
**JUNE 30, 2023**

| | |
|---|---|
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Accounts payable and accrued liabilities | $ 181,899 |
| Accrued salaries and benefits payable | 2,414,557 |
| Compensated absences payable | 878,628 |
| Due to component unit | 783,417 |
| Due to State of Idaho | 527,315 |
| Unearned revenue | 1,217,164 |
| Other liabilities | 381,327 |
| Accrued interest payable | 55,784 |
| Lease liability | 41,479 |
| SBITA liability | 365,425 |
| Notes and bonds payable | 166,083 |
| Total current liabilities | 7,013,078 |
| NONCURRENT LIABILITIES | |
| Net PERSI pension liability | 4,964,756 |
| Total other postemployment benefit liability | 6,530,752 |
| Lease liability | 38,665 |
| SBITA liability | 693,381 |
| Notes and bonds payable | 3,671,285 |
| Total noncurrent liabilities | 15,898,839 |
| TOTAL LIABILITIES | 22,911,917 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | 476,448 |
| Deferred inflows related to other post employment benefits | 2,984,101 |
| Deferred inflows related to sick leave insurance reserve fund | 394,624 |
| Total deferred inflows of resources | 3,855,173 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 26,767,090 |
| NET POSITION | |
| Net investment in capital assets | 78,598,925 |
| Restricted, expendable | 3,727,675 |
| Unrestricted | 38,546,776 |
| TOTAL NET POSITION | 120,873,376 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | $ 147,640,466 |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE COMPONENT UNIT

## LEWIS-CLARK STATE COLLEGE FOUNDATION, INC.
## STATEMENT OF FINANCIAL POSITION
### JUNE 30, 2023

| | |
|---|---|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents | $ 859,590 |
| Due from Lewis-Clark State College | 783,417 |
| Pledges receivable | 160,000 |
| Total current assets | 1,803,007 |
| NONCURRENT ASSETS | |
| Investments | 14,940,321 |
| Long-term pledges receivable (net of discounts) | 524,726 |
| Total noncurrent assets | 15,465,047 |
| TOTAL ASSETS | $ 17,268,054 |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Gift annuities payable | $ 17,875 |
| Total current liabilities | 17,875 |
| NONCURRENT LIABILITIES | |
| Gift annuities payable | 478,685 |
| Total noncurrent liabilities | 478,685 |
| TOTAL LIABILITIES | 496,560 |
| NET ASSETS | |
| Net assets without donor restrictions | 1,038,228 |
| Net assets with donor restrictions | 15,733,266 |
| TOTAL NET ASSETS | 16,771,494 |
| TOTAL LIABILITIES AND NET ASSETS | $ 17,268,054 |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
### YEAR ENDED JUNE 30, 2023

| | |
|---|---|
| OPERATING REVENUES | |
| Student tuition and fees | $ 19,257,668 |
| Less scholarship discounts and allowances | (8,545,540) |
| Net tuition and fees | 10,712,128 |
| Federal grants and contracts | 1,062,446 |
| State and local grants and contracts | 2,534,985 |
| Private grants and contracts | 23,745 |
| Sales and services of educational activities | 1,403,441 |
| Sales and services of auxiliary enterprises | 3,031,894 |
| Other | 442,273 |
| Total operating revenues | 19,210,912 |
| OPERATING EXPENSES | |
| Personnel costs | 36,203,364 |
| Services | 6,060,940 |
| Supplies | 4,888,135 |
| Insurance, utilities, and rent | 1,713,807 |
| Scholarships and fellowships | 484,948 |
| Depreciation & Amortization | 5,059,432 |
| Miscellaneous | 590,657 |
| Total operating expenses | 55,001,283 |
| OPERATING (LOSS) INCOME | (35,790,371) |
| NONOPERATING REVENUES (EXPENSES) | |
| State appropriations | 29,173,464 |
| Pell and other federal grants | 5,053,202 |
| Gifts (includes Foundation gifts of $1,232,901) | 2,472,875 |
| Net investment income | 928,317 |
| Interest on capital asset related debt | (125,591) |
| Net nonoperating revenues (expenses) | 37,502,267 |
| INCOME BEFORE OTHER REVENUES | 1,711,896 |
| OTHER REVENUES | |
| Capital appropriations | 9,326,611 |
| Capital grants and gifts | 527,825 |
| Total other revenues | 9,854,436 |
| INCREASE IN NET POSITION | 11,566,332 |
| NET POSITION---BEGINNING OF YEAR | 109,307,044 |
| NET POSITION---END OF YEAR | $ 120,873,376 |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE COMPONENT UNIT

## LEWIS-CLARK STATE COLLEGE FOUNDATION, INC.
## STATEMENT OF ACTIVITIES
### YEAR ENDED JUNE 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| REVENUES | | | |
| Contributions and gifts | $ 22,656 | $ 1,276,276 | $ 1,298,932 |
| Donated materials and services | 39,104 | - | 39,104 |
| Interest | 11,995 | - | 11,995 |
| Roundup Transfers | - | 3,671 | 3,671 |
| Net realized/unrealized gain on investments | 83,774 | 1,421,097 | 1,504,871 |
| Fees and miscellaneous | 69,381 | - | 69,381 |
| Net realized/unrealized pledge discounts | - | 3,181 | 3,181 |
| Net change in value of gift annuities | - | (63,551) | (63,551) |
| Net assets released from program restrictions | 1,354,072 | (1,354,072) | - |
| Total revenues | 1,580,982 | 1,286,602 | 2,867,584 |
| EXPENSES | | | |
| Program Services | | | |
| Academic, development and program support | 1,470,854 | - | 1,470,854 |
| Support Services | | | |
| Management and general | 191,984 | - | 191,984 |
| Total expenses | 1,662,838 | - | 1,662,838 |
| CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER | (81,856) | 1,286,602 | 1,204,746 |
| Equity Transfer - Donated Services from Affiliate | 188,346 | | 188,346 |
| CHANGE IN NET ASSETS AFTER EQUITY TRANSFER | 106,490 | 1,286,602 | 1,393,092 |
| NET ASSETS---BEGINNING OF YEAR | 931,738 | 14,446,664 | 15,378,402 |
| NET ASSETS---END OF YEAR | $ 1,038,228 | $ 15,733,266 | $ 16,771,494 |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE

## STATEMENT OF CASH FLOWS
### YEAR ENDED JUNE 30, 2023

| | |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Student fees | $ 10,498,375 |
| Grants and contracts | 4,043,172 |
| Sales and services of educational activities | 1,403,441 |
| Sales and services of auxiliary enterprises | 3,057,808 |
| Payments to employees | (35,731,201) |
| Payments to suppliers | (5,974,714) |
| Other payments | (6,541,413) |
| Payments for scholarships and fellowships | (484,948) |
| Student loan receipts | 7,129,788 |
| Student loan payments | (7,129,788) |
| Loans issued to students | (98,197) |
| Collection of loans from students | 68,843 |
| Other receipts | (139,430) |
| Net cash provided (used) by operating activities | (29,898,264) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| State appropriations | 29,173,464 |
| Federal grants | 5,053,202 |
| Gifts | 2,472,875 |
| Agency account receipts | 406,826 |
| Agency account payments | (539,937) |
| Higher Education Stabilization Fund | 460,001 |
| Net cash provided (used) by noncapital financing activities | 37,026,431 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Capital grants and gifts | 38,179 |
| Purchase of capital assets | (937,754) |
| Purchase of College Place- Long Term Debt | (162,632) |
| Lease Liability | (123,667) |
| Subscription Liability | (386,175) |
| Interest on Lease Liability and SBITA | (8,514) |
| Interest paid on capital debt | (126,445) |
| Net cash provided (used) in capital and related financing activities | (1,707,008) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Investment income | 926,488 |
| Net cash provided (used) by investing activities | 926,488 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 6,347,647 |
| CASH AND CASH EQUIVALENTS---BEGINNING OF THE YEAR | 46,217,891 |
| CASH AND CASH EQUIVALENTS---END OF THE YEAR | $ 52,565,538 |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE

## STATEMENT OF CASH FLOWS
### YEAR ENDED JUNE 30, 2023

RECONCILIATION OF NET OPERATING (LOSS) INCOME TO NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES

| | |
|---|---|
| Operating (Loss) Income | $ (35,790,371) |
| Adjustments to reconcile operating (loss) income to net cash used in operating activities: | |
| Depreciation and amortization expense | 5,059,432 |
| Disposal of Capital Assets | 13,376 |
| Effect on cash from changes in operating assets and liabilities: | |
| Receivables, net | 223,748 |
| Prepaid expenses and deferred costs | (29,274) |
| Loans to students | (17,301) |
| Pension assets and liabilities | 462,088 |
| Other postemployment benefit assets and liabilities | 19,532 |
| Sick leave reserve fund assets and liabilities | (94,994) |
| Accounts payable and accrued liabilities | 163,507 |
| Accrued salaries and benefits payable | 61,657 |
| Compensated absences payable | 23,410 |
| Unearned revenue on DPW projects | (164,000) |
| Other liabilities | (7,411) |
| Unearned revenue | 178,337 |
| Net cash provided (used) by operating activities | $ (29,898,264) |

SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS

| | |
|---|---|
| Capital assets acquired through Dept. of Public Works' appropriations | $ (9,490,611) |
| Capital assets donated from the LCSC Foundation, Inc. | $ 5,000 |

See notes to financial statements.

# LEWIS-CLARK STATE COLLEGE

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

***Financial Statement Presentation***— The College has presented its financial statements in accordance with all Governmental Accounting Standards Board (GASB) Statements that are effective as of June 30, 2023. This includes discrete presentation of financial statements for its component unit, the Lewis-Clark State College Foundation (Foundation). The Foundation acts solely as a fund-raising organization to supplement the resources that are available to the College in support of its programs, and the resources and income of the Foundation are donor restricted to the activities of the College. Because these restricted resources held by the Foundation can only be used by or for the benefit of the College, the Foundation is considered a component unit of the College. The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. See Note 16 for the relevant information related to the Foundation.

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

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

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

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

***Accounts Receivable***—Accounts receivable consist of fee charges to students and auxiliary enterprise services provided to students, faculty and staff; the majority of each residing in the State of Idaho. Accounts receivable also 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. Accounts receivable are recorded net of estimated uncollectible amounts.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

More comprehensive disclosure of common risks associated with the deposits and investments are detailed in Notes 2 and 15, as per the requirements of GASB Statement No. 40, *Deposit and Investment Risk Disclosures.*

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

***Capital Assets, net***—Capital assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at the date of gift. The College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets; 50 years for buildings, 10 to 40 years for building improvements, 10 years for library books, and 5 to 15 years for equipment.

***Right to Use Assets*** — Lease and Subscription-Based Information Technology Arrangements (SBITAs) assets represent the College's control of the right to use another entity's nonfinancial asset for the lease or SBITA term, as specified in the contract, in an exchange or exchange-like transaction. These assets are recognized at the commencement date based on the initial measurement of the liability, plus any payments made to the vendor at or before the commencement of the lease or SBITA term. The College applies a capitalization threshold of $5,000 or more for right to use assets.

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

***Noncurrent Liabilities***—Noncurrent liabilities include: 1) principal amounts of revenue bonds payable with contractual maturities greater than one year; and 2) estimated amounts for other liabilities that will not be paid within the next fiscal year.

***Pensions***— Measurement of the net pension liability includes; (1) deferred outflows of resources and deferred inflows of resources related to pension, (2) information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and (3) additions to/deductions from the Base Plan's fiduciary net position. These liabilities have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

***Deferred Inflows of Resources***—Deferred inflows of resources are an acquisition of net assets that are applicable to future reporting periods. Similar to liabilities, they have a negative effect on net position. The College's deferred inflows of resources relate to the College's pension plan, OPEB plans and sick leave insurance reserve fund (SLIRF.)

***Net Position***—The College's net position is classified as follows:

> *Net Investment in Capital Assets*—This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
>
> *Restricted—Expendable*—Restricted expendable net position includes resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
>
> *Unrestricted*—Unrestricted net position represents resources derived from student fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the College, and may be used to meet current expenses for any lawful purpose in compliance with State Board of Education (Board) Policy.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

***Income Taxes***—The College, as a political subdivision of the State of Idaho, is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. Activities unrelated to those of the College are subject to corporate tax rates.

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

> *Operating Revenues and Expenses*—include activities that have the characteristics of exchange transactions, such as student fees, sales and services of educational activities and auxiliary enterprises, as well as most gifts, federal, state and local grants and contracts that support operations, interest revenue on institutional loans; and expenses such as personnel, services, supplies, scholarships and depreciation.
>
> *Nonoperating Revenues and Expenses*—include revenues and expenses from activities that have the characteristics of non-exchange transactions, such as gifts and capital contributions, federal financial aid grants, and other revenue resources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, such as state appropriations and investment income; and expenses such as interest on capital asset related debt and other.

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

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

***Leases –***Effective for the fiscal year end June 30, 2022, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 87, Leases (GASB 87). This standard supersedes GASB No. 62 and established new requirements for calculating and reporting the College's lease activities. The objective of this standard is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This standard increases the usefulness of government financial

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**New Accounting Standards –**Effective for the fiscal year end June 30, 2023, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96). This establishes new requirements for calculating and reporting the College's SBITA activities. This standard's objective is to better meet the information needs of financial statement users by improving accounting and financial reporting of SBITAs by governments. This standard enhances the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The changes adopted conform to the provisions of this standard and are effective from July 1, 2022 forward. With the implementation of GASB 96, the College recorded the right of use assets of $1,494,241 and the subscription liability of $1,444,981 as of July 1, 2022.

**New Accounting Standards –**Effective for the fiscal year end June 30, 2023, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (GASB 94). The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This standard enhances the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. There is no impact on the college due to the implementation of this standard.

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

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

*Custodial credit risk*

Custodial credit risk is the risk that in the event of a financial institution failure, the College's deposits may not be returned. The State's policy for managing custodial risk can be found in the Idaho Code, Section 67-2739. Management believes the College is in compliance with this policy. As of June 30, 2023 total deposits consisted of the following:

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

| | 2023 |
|---|---|
| Cash on hand | $ 178,083 |
| FDIC insured financial institution deposits | 500,089 |
| Uninsured financial institution deposits | 1,346,294 |
| Total cash and cash equivalents | 2,024,466 |
| Idaho State Treasurer deposits | 23,858,967 |
| State of Idaho LGIP deposits | 26,682,105 |
| Total deposits | $ 52,565,538 |

As of June 30, 2023, $1,346,294 of the College's financial institution balances were uncollateralized and exposed to custodial credit risk. The Idaho State Treasurer and State of Idaho LGIP deposits, managed by the Idaho State Treasurer, are commingled with deposits from other state agencies and invested according to Idaho Code. As of June 30, 2023, 81% of total State Treasurer investments were in the form of government agency and U.S. Treasury notes. As of June 30, 2023, 76% of total LGIP investments were in the form of government agency and U.S. Treasury notes.

A certificate of deposit with a maturity date of October 26, 2023 is recorded as a current investment as of June 30, 2023.

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

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

*Interest rate risk*
The College seeks to control interest rate risk in long-term investments by attempting to match anticipated cash requirements for investment maturities. The College incorporates weighted average maturity methodology in selecting and reporting its investments. The College held one certificate of deposit with a maturity less than 1 year, as of June 30, 2023. The College's State Treasurer and LGIP deposits may be withdrawn at any time. The State Treasurer has a weighted average maturity of 387 days as of June 30, 2023. The LGIP has a weighted average maturity of 101 days as of June 30, 2023.

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

## 3. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Accounts receivable and unbilled charges consisted of the following at June 30, 2023:

| | 2023 |
|---|---|
| Student fees | $ 160,256 |
| Federal, state and nongovernmental grants and contracts | 1,110,276 |
| Other receivables | 286,542 |
| | $ 1,557,074 |

## 4. STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program (FPLP) and the Nursing Student Loan Program (NSLP) comprise the loans receivable at June 30, 2023.

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

The FPLP expired September 30, 2017 and the College can no longer make new loans to students. During the fiscal year 2023 the College was required to return federal Perkins excess cash of $44,007 to the Department of Education. Institutional excess cash and service cancellation reimbursements of $7,155 were transferred out of the College's Perkins Revolving Fund during the year ended June 30, 2023.

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

Student loans receivable at June 30, 2023 consisted of the following:

| | 2023 | | |
|---|---|---|---|
| | Current | Long term | Total |
| Federal Perkins Loan Program | $ 16,541 | $ 67,564 | $ 84,105 |
| Nursing Student Loan Program | 50,010 | 218,096 | 268,106 |
| Miscellaneous Loans | 6,000 | 1,208 | 7,208 |
| Total student loan receivables | 72,551 | 286,868 | 359,419 |
| Less allowance for doubtful accounts | - | (59,798) | (59,798) |
| Student loans receivable, net | $ 72,551 | $ 227,070 | $ 299,621 |

## 5. CAPITAL ASSETS — NET

Following are the changes in capital assets, for the year ended June 30, 2023:

| | Balance June 30, 2022 | Additions | Transfers | Retirements | Balance June 30, 2023 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 3,452,572 | $ - | $ - | $ - | $ 3,452,572 |
| Capitalized collections | 15,000 | - | - | - | 15,000 |
| Construction in progress | 589,146 | 1,448,444 | (1,575,423) | - | 462,167 |
| Construction in progress - SBITA | - | 85,178 | - | - | 85,178 |
| Total capital assets not being depreciated | 4,056,718 | 1,533,622 | (1,575,423) | - | 4,014,917 |
| Other capital assets: | | | | | |
| Buildings and improvements | 105,534,991 | 8,210,024 | 1,575,423 | - | 115,320,438 |
| Furniture, fixtures and equipment | 11,818,386 | 895,879 | - | (335,146) | 12,379,119 |
| Library materials | 5,815,328 | 110,796 | - | (288,639) | 5,637,485 |
| Right-to-use buildings & land | 151,328 | 10,433 | - | (151,108) | 10,653 |
| Right-to-use equipment and fixtures | 150,851 | 13,140 | - | (37,253) | 126,738 |
| Right-to-use SBITA | - | 1,494,241 | - | (44,260) | 1,449,981 |
| Total other capital assets | 123,470,884 | 10,734,513 | 1,575,423 | (856,406) | 134,924,414 |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | (37,396,466) | (3,500,750) | - | - | (40,897,216) |
| Furniture, fixtures and equipment | (8,108,279) | (892,238) | - | 337,433 | (8,663,084) |
| Library materials | (5,135,659) | (169,969) | - | 288,639 | (5,016,989) |
| Less accumulated amortization for right-to-use assets | (124,496) | (112,474) | - | 179,567 | (57,403) |
| Less accumulated amortization for subscriptions | - | (384,001) | - | | (384,001) |
| Total accumulated depreciation | (50,764,900) | (5,059,432) | - | 805,639 | (55,018,693) |
| Other capital assets net of accumulated depreciati | 72,705,984 | 5,675,081 | 1,575,423 | (50,767) | 79,905,721 |
| Capital assets summary: | | | | | |
| Capital assets not being depreciated | 4,056,718 | 1,533,622 | (1,575,423) | - | 4,014,917 |
| Other capital assets at cost | 123,470,884 | 10,734,513 | 1,575,423 | (856,406) | 134,924,414 |
| Total cost of capital assets | 127,527,602 | 12,268,135 | - | (856,406) | 138,939,331 |
| Less accumulated depreciation | (50,764,900) | (5,059,432) | - | 805,639 | (55,018,693) |
| Capital assets, net | $ 76,762,702 | $ 7,208,703 | $ - | $ (50,767) | $ 83,920,638 |

The estimated cost to complete property authorized or under construction at June 30, 2023 is $47,368. These costs will be financed by state appropriations and available local resources.

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

## 6. NOTES PAYABLE

Long-term liability activity was as follows:

| Long-Term Debt | Balance June 30, 2022 | Additions | Reductions | Balance June 30, 2023 | Due Within One Year | Long-Term Portion |
|---|---|---|---|---|---|---|
| Notes and bonds payable | $ 4,000,000 | $ - | $ (162,632) | $ 3,837,368 | $166,083 | $ 3,671,285 |
| Lease liability | 180,438 | 23,373 | (123,667) | $ 80,144 | 41,479 | 38,665 |
| Subscription liability | - | 1,444,981 | (386,175) | $ 1,058,806 | 365,425 | 693,381 |
| Total Long-Term Debt | 4,180,438 | 1,468,354 | (672,474) | 4,976,318 | 572,987 | 4,403,331 |
| Other Noncurrent Liabilities | | | | | | |
| PERSI pension liability | - | 4,964,756 | - | 4,964,756 | - | 4,964,756 |
| OPEB liability | 8,367,414 | - | (1,836,662) | 6,530,752 | - | 6,530,752 |
| Total Other Noncurrent Liabilities | 8,367,414 | 4,964,756 | (1,836,662) | 11,495,508 | - | 11,495,508 |
| Total Long-Term Liabilities | $ 12,547,852 | $ 6,433,110 | $ (2,509,136) | $ 16,471,826 | $572,987 | $ 15,898,839 |

Notes and bonds payable which were used to acquire capital assets, consist of the following on June 30, 2023: General Revenue Bonds, Series 2021 (original balance of $4,000,000), consisting of term bonds payable in annual amounts increasing periodically from $162,632 to a maximum of $242,379 plus interest of 2.1% through the year 2041. Principal of $162,632 and interest of $82,292 was paid during fiscal year 2023.

Principal and interest maturities on notes and bonds payable in future periods for the year ending June 30, 2023 are as follows:

| Year Ending June 30 | Principal | Interest | Debt Service |
|---|---|---|---|
| 2024 | $ 166,083 | $ 78,841 | $ 244,924 |
| 2025 | 169,608 | 75,316 | 244,924 |
| 2026 | 173,208 | 71,717 | 244,925 |
| 2027 | 176,884 | 68,041 | 244,925 |
| 2028 | 180,638 | 64,287 | 244,925 |
| 2029-2033 | 962,345 | 262,275 | 1,224,620 |
| 2034-2038 | 1,068,891 | 155,729 | 1,224,620 |
| 2039-2043 | 939,711 | 39,984 | 979,695 |
| Total | $ 3,837,368 | $ 816,190 | $ 4,653,558 |

**Pledged Revenue for General Revenue Bonds Series 2021 (issued in Fiscal Year 2022)**

The bond is collateralized through Pledged Revenues including student fees, sales and services revenue, F & A recovery revenues, investment income, and other revenues as the Idaho State Board of Education shall designate as Pledged Revenues. Pledged Revenues do not include general appropriated funds or restricted fund revenues.

## 6. NOTES PAYABLE (CONTINUED)

| Pledged Revenues | June 30, 2023 |
|---|---|
| Student Fees, Net | $10,712,128 |
| Sales and Services Revenues | 4,435,335 |
| F&A Recovery Revenue | 322,896 |
| Other Revenue | 442,273 |
| Investment Income | 928,317 |
| Total pledged revenue | $16,840,949 |
| Less operations and maintenance | (5,112,226) |
| Pledged revenues, net | $11,728,723 |
| | |
| Annual debt service | $ 244,924 |
| Debt service coverage | 4,789% |
| Coverage requirement | 110% |

## 7. LEASES– LESSEE ARRANGEMENTS

The college has primarily entered into leases for real estate and office equipment. The College does not have any applicable lessor arrangements.

A summary of the Colleges lease terms and interest rates are as follows:
The College added $23,573 for new leases and made principal payments of $113,172. Building leases, annual installments totaling $47,697 plus interest at 1.08% and due dates ranging from 7/01/2022 to 6/01/2023. Land leases, annual installments totaling $20,711 plus interest ranging from 1.08% to 3.004% and due dates ranging from 7/01/2021 to 6/01/2024. Office equipment leases, annual installments totaling $42,658 plus interest at rates ranging from 1.1% to 3.07%, due dates ranging from 7/01/2022 to 11/20/2025, and a vehicle lease, annual installments totaling $2,106 plus interest at 5.86% and due dates ranging from 3/03/2023 to 2/03/2025. Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Per GASB 87, Paragraph 23: the future lease payments should be discounted using the interest rate the lessor charges the lessee, which may be the interest rate implicit in the lease. If the interest rate cannot be readily determined by the lessee, the lessee’s estimated incremental borrowing rate (an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the term) should be used. College management concluded that they could not readily determine the discount rates implicit in their lease contracts.

The College reviewed its existing debt, including unsecured debt with the organization’s primary lender and publicly traded bonds. Based on this review, college management has concluded that the appropriate incremental borrowing rate should be the US Treasury yield rate for the length of the lease plus 1%.

## 7. LEASES– LESSEE ARRANGEMENTS (CONTINUED)

Total future minimum lease payments under lease agreements are as follows:

| Fiscal Year | Principal Payments | Interest Payments | Total Payments |
|---|---|---|---|
| 2024 | $ 41,479 | $ 1,213 | $ 42,692 |
| 2025 | 30,179 | 354 | 30,533 |
| 2026 | 8,486 | 23 | 8,509 |
| | $ 80,144 | $ 1,590 | $ 81,734 |

Right-to-use assets, net acquired through outstanding leases are shown below, by underlying asset class.

| | Business-type Activities |
|---|---|
| Equipment | $ 113,598 |
| Vehicles | 13,140 |
| Land | 10,653 |
| Less: accumulated amortization | (57,403) |
| Total | $ 79,988 |

## 8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

The College adopted the requirements of GASB 96 - Subscription-Based Information Technology Arrangements (SBITAs) effective July 1, 2022, and has applied this standard's provisions to the beginning of the adoption period.

A summary of the Colleges SBITA terms and interest rates are as follows:
The College added $1,444,981 for new SBITAs and made principal payments of $386,175 plus interest. The SBITAs range in contract length with the last one ending June 30, 2027. Certain SBITAs provide for increases in future minimum annual payments based on defined increases stated in the agreements and no agreements contain variable payments.

Total future minimum SBITA payments are as follows:

| Fiscal Year | Principal Payments | Interest Payments | Total Payments |
|---|---|---|---|
| 2024 | $ 365,425 | $ 40,977 | $ 406,402 |
| 2025 | 321,828 | 26,837 | 348,665 |
| 2026 | 335,619 | 14,444 | 350,063 |
| 2027 | 35,934 | 1,409 | 37,343 |
| | $ 1,058,806 | $ 83,667 | $ 1,142,473 |

## 8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (CONTINUED)

The College has $85,178 SBITAs currently in implementation with anticipated completion dates in FY 2024. The estimated future principal payments of these commitments are $126,550 plus interest.

Per GASB 96, Paragraph 18: the future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be the interest rate implicit in the SBITA. If the interest rate cannot be readily determined by the government, the government's estimated incremental borrowing rate (an estimate of the interest rate that would be charged for borrowing the subscription payment amounts during the term) should be used. College management concluded that they could not readily determine the discount rates implicit in their SBITA contracts.

The College reviewed its existing debt, including unsecured debt with the organization's primary lender and publicly traded bonds. Based on this review, college management has concluded that the appropriate incremental borrowing rate should be the US Treasury yield rate for the length of the SBITA plus 1%.

## 9. RESTRICTED NET POSITION

Certain expendable assets are classified as restricted assets on the *Statement of Net Position.* The purpose and amounts of restricted assets as of June 30, 2023 is as follows:

| | 2023 |
|---|---|
| Federal student loan programs | $ 417,528 |
| Institutional student loan programs | 143,880 |
| Sick leave insurance reserve fund | 2,938,352 |
| Total restricted net position | $ 3,499,760 |

## 10. RETIREMENT PLANS

### *Public Employee Retirement System of Idaho*

*Plan Description*

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

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the

## 10. RETIREMENT PLANS (CONTINUED)

***Public Employee Retirement System of Idaho (Continued)***

Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Employee membership data related to the PERSI Base Plan, as of June 30, 2022, measurement date, was as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 53,190 |
| Terminated employees entitled to but not yet receiving benefits | 15,489 |
| Active plan members | 74,409 |
| Total system members | 143,088 |

*Pension Benefits*

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

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

*Member and Employer Contributions*

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

The contribution rates for employees are set by statute at 60% of the employer rate. As of June 30, 2022 it was 7.16%. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.94%. The College's contributions were $609,839 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 of $4,964,756 for its proportionate share of the net pension liability. The net pension liability for the year was measured as of June 30, 2022 and the total pension liability

**10. RETIREMENT PLANS (CONTINUED)**

***Public Employee Retirement System of Idaho (Continued)***

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

used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The College's proportion of the net pension asset for the year was based on the College's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2022 measurement date, the College's proportion was .12604875 percent, a decrease of .008% from the prior period's .1340913 percent.

For the year ended June 30, 2023, the College recognized a net pension expense of $462,088. At June 30, 2023 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2023 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Net difference between projected and actual earnings on pension plan investments | $ 1,142,331 | $ - |
| Differences between expected and actual experience | 545,943 | 22,160 |
| Changes in assumptions or other inputs | 809,403 | - |
| Changes in proportion and differences between the contributions and the proportionate contributions | - | 454,288 |
| Subtotal | 2,497,677 | 476,448 |
| Contributions subsequent to the measurement date | 609,839 | - |
| Total | $ 3,107,516 | $ 476,448 |

$609,839 reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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 the beginning of the measurement period is 4.6 years for the measurement periods ending July 1, 2022.

## 10. RETIREMENT PLANS (CONTINUED)

***Public Employee Retirement System of Idaho (Continued)***

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

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

| Year ended June 30 | |
|---|---|
| 2024 | $ 404,431 |
| 2025 | 481,300 |
| 2026 | 206,799 |
| 2027 | 928,699 |
| | $ 2,021,229 |

*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 amortization period of the unfunded liability is 100+ years which is more than the 25-year maximum allowed by statute. As a result of being over the 25-year maximum, PERSI will have to consider raising contribution rates.

The total pension liability in the July 1, 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 - net of investment expenses | 6.35% |
| Cost-of-living adjustments | 1.00% |

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. The rates were adopted for the valuation dated July 1, 2022.

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The total pension liability as of June 30, 2023 is based on the results of actuarial valuation dates of July 1, 2022.

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

## 10. RETIREMENT PLANS (CONTINUED)

### *Public Employee Retirement System of Idaho (Continued)*

*Actuarial Assumptions (Continued)*

(Expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

**Capital Market Assumptions**

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Cash | 0.00% | 0.00% |
| Large Cap | 18.00% | 4.50% |
| Small/Mid Cap | 11.00% | 4.70% |
| International Equity | 15.00% | 4.50% |
| Emerging Markets Equity | 10.00% | 4.90% |
| Domestic Fixed | 20.00% | -25.00% |
| TIPS | 10.00% | -30.00% |
| Real Estate | 8.00% | 3.75% |
| Private Equity | 8.00% | 6.00% |

Valuation Assumptions Chosen by PERSI Board

| | |
|---|---|
| Long-Term Expected Rate of Return, Net of Investment Expenses | 6.35% |
| Assumed Inflation | 2.30% |
| Long-Term Expected Geometric Rate of Return, Net of Investment Expenses | 8.65% |

*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

## 10. RETIREMENT PLANS (CONTINUED)

***Public Employee Retirement System of Idaho (Continued)***

*Discount Rate (Continued)*

contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

*Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate*

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (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% |
|---|---|---|---|
| College's proportionate share of the net pension liability (asset) | $ 8,762,307 | $ 4,964,755 | $ 1,856,558 |

*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 had no payables to the defined benefit pension plan for legally required employer or employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

***Optional Retirement Plan***

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

New faculty and exempt employees hired July 1, 1990 or thereafter automatically enroll in the ORP and select their vendor option. Faculty and exempt employees hired before July 1, 1990 had a one-time opportunity to

**10. RETIREMENT PLANS (CONTINUED)**

***Public Employee Retirement System of Idaho (Continued)***

***Optional Retirement Plan (Continued)***

enroll in the ORP. Enrollees in the ORP no longer belong to PERSI. Vendor options include Teachers Insurance and Annuity Association (TIAA) and AIG Retirement Services (formerly known as VALIC).

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age. The contribution requirement (and amount paid) for the year ended June 30, 2023 was $2,930,682, which consisted of $1,673,796 from the College and $1,256,886 from employees. During 2023, these contributions represented approximately 9.3% of covered payroll for the College and its employees.

Although enrollees in the ORP no longer belong to PERSI, the College is required to contribute to PERSI. These annual supplemental payments are required through July 1, 2025. During the year ended June 30, 2023 this supplemental funding payment made to PERSI was $268,706 or 0.8% of the covered payroll. This amount is not included in the regular College PERSI contribution discussed previously.

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

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

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

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

*403(b) Plan:*
The 403(b) is a voluntary tax-sheltered retirement plan covered under Section 403(b) of the Internal Revenue Code. All College employees are eligible to participate in this plan. The plan is funded exclusively by employee pre-tax contributions.

## 10. RETIREMENT PLANS (CONTINUED)

### *Public Employee Retirement System of Idaho (Continued)*

### *Optional Retirement Plan (Continued)*

*Supplemental Retirement Plans (Continued)*

| Supplemental Employee Funded Plan | Participants at June 30, 2023 | Approximate Annual Contributions |
|---|---|---|
| 401(k) PERSI Choice | 19 | $ 152,349 |
| 457(b) Deferred Compensation | 6 | $ 71,631 |
| 403(b) Tax Deferred | 41 | $ 219,591 |

## 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

### Summary of Plans

The Department of Administration administers postemployment benefits for healthcare, disability and life insurance for retired or disabled employees of State agencies, public health districts, community colleges, and other political subdivisions that participate in the plans. The Retiree Healthcare and Long-Term Disability plans are reported as multiple-employer defined benefit plans. The Retiree Life Insurance plan is a single-employer defined benefit plan. Idaho Code Sections 67-5760 to 67-5768 and 72-1335, establish the benefits and contribution obligations. The plans do not issue publicly available financial reports. The most recent actuarial valuation is as of July 1, 2022. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis. The costs of administering the plans are financed by a surcharge to employers on all active employees of $0.05 per person per month for fiscal year 2023. This rate is reviewed annually.

The College's proportionate share of the total OPEB liability at the measurement date of June 30, 2022 for the Retiree Healthcare and Long-Term Disability Healthcare Plans is 2.00%, a decrease of .06% from the prior period's 2.06% and the Retiree Life Insurance Plan proportion is 11%, a decrease of .52% from the prior period's 11.52%.

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

June 30, 2023

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

| | Retiree Healthcare Plan | Long-Term Disability Plan<br>Healthcare | Retiree Life Insurance Plan |
|---|---|---|---|
| Active Employees | 6,605 | 21,666 | 5,336 |
| Retired/Disabled Employees | 654 | 10 | 1,649 |
| Number of Participating Employers | 27 | 27 | 2 |

## 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

### Summary of Plans (Continued)

*Retiree Healthcare Plan*
A retired employee of the College who receives monthly retirement benefits from the Public Employee Retirement System of Idaho (PERSI) may elect to purchase the retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date that the active employee policy ends to receive coverage for the subsequent month. Additionally, the employee must be under age 65, receiving PERSI monthly benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An employee must have been an active employee on or before June 30, 2009, and must retire directly from state service.

Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The benefit is at least $1,860 per retiree per year. The College was charged $8.16 per active employee per month towards the retiree premium cost.

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

For up to 6 months following the date of disability an employee may continue healthcare coverage under this plan. The employer's share of the premium is paid from the Office of Group Insurance reserve. The employee is required to pay the normal active employee contribution to the plan and rate category for which the employee is enrolled.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability salary or $6,000, whichever is less. The benefit does not increase with inflation and may be offset by other disability benefits from Social Security, Workers' Compensation, or PERSI. The State is self-insured for employees who became disabled prior to July 1, 2003; the State pays 100 percent of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Principal Life Insurance Company insures employees disabled on or after July 1, 2003, and the obligation for the payment of income benefits has been effectively transferred. The College pays 100 percent of the cost of the premiums. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

This plan also provides basic life insurance and dependent life coverage to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less

## 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

### *Plan Descriptions and Funding Policy (continued)*

*Long-Term Disability Plan (Continued)*

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

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

*Retiree Life Insurance Plan*
The College provides basic life insurance for certified retired employees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100 percent of their annual salary at retirement. The College pays 100 percent of the cost of basic life insurance for eligible retirees.

The College's payments required and paid as OPEB benefits came due for fiscal year ended June 30, 2023 (*dollars in thousands*):

| | Retiree Healthcare Plan | Long-Term Disability Plan | Retiree Life Insurance Plan | Total |
|---|---|---|---|---|
| | | Healthcare | | |
| OPEB Paid 2023 | $ 40 | $ 4 | $ 105 | $ 149 |

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

### *Actuarial Assumptions*
The last actuarial valuation was performed as of July 1, 2022 for the Retiree Healthcare, Long-Term Disability and Retiree Life Insurance plans. There have been significant changes between the Valuation Date and Measurement Date. Effective July 1, 2023, the retiree healthcare plan will have a $155 explicit subsidy with no implicit subsidy. The $155 is not expected to change. There is no change to the LTD Healthcare Benefit.

The total OPEB liability was determined as of the measurement date June 30, 2022. The total OPEB liability as June 30, 2023 was based on the Milliman Financial Reporting Valuation as of July 1, 2022.

## 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

### *Plan Descriptions and Funding Policy (continued)*

### *Actuarial Assumptions (Continued)*

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

June 30, 2022

| | | Long-Term Disability Plan | |
|---|---|---|---|
| | **Retiree Healthcare Plan** | **Healthcare** | **Retiree Life Insurance Plan** |
| Inflation | 2.30% | 2.30% | 2.30% |
| Salary Increases | 3.05% general wage growth plus increases due to promotions and longevity | 3.05% general wage growth plus increases due to promotions and longevity | 3.05% general wage growth plus increases due to promotions and longevity |
| Discount Rate | 3.54% | 3.54% | 3.54% |
| Healthcare Cost Trend Rates | 5.7% claims from year ending June 30, 2023 to year ending June 30, 2024 grading to an ultimate rate of 3.7% after fiscal year ending June 30, 2073 | 5.7% claims from year ending June 30, 2023 to year ending June 30, 2024, grading to an ultimate rate of 3.7% after fiscal year ending June 30, 2073 | N/A |
| Retirees' Share of Benefit-Related Costs | 69.4% of projected health insurance premiums for retirees | N/A | N/A |

### *Mortality Rates*
Mortality rates for the plans were based on the Pub-2010 Mortality for Employees, Healthy and Disabled Retirees with generational projection and adjustments.

### *Discount Rate*
The actuary used a discount rate of 3.54 percent to measure the total OPEB liability.  The discount rate was based on 20-year Tax-Exempt Municipal Bond Buyer Go Index.

## 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

### *Total OPEB Liability*

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

June 30, 2022

| | | Long-Term Disability Plan | | | | |
|---|---|---|---|---|---|---|
| | **Retiree Healthcare Plan** | **Healthcare** | **Life Insurance** | **Income** | **Retiree Life Insurance Plan** | **Total** |
| Total OPEB Liability | $ 149 | $ 18 | $ - | $ - | $ 6,364 | $ 6,531 |

Changes in total OPEB liability for the fiscal year ended June 30, 2023 (*dollars in thousands*):

| | Increase (Decrease) | | | |
|---|---|---|---|---|
| | | **Long-Term Disability Plan** | | |
| | **Retiree Healthcare Plan** | **Healthcare** | **Retiree Life Insurance Plan** | **Total** |
| **Beginning Balances** | $ 437 | $ 25 | $ 7,906 | $ 8,368 |
| Change in Proportionate Share | (15) | (1) | (359) | (375) |
| **Adjusted Beginning Balances** | 422 | 24 | 7,547 | 7,993 |
| **Changes for the Year** | | | | |
| Service Cost | 18 | 4 | 339 | 361 |
| Interest on Total OPEB Liability | 9 | 1 | 169 | 179 |
| Plan Changes | (212) | - | - | (212) |
| Effects of economic/demographic gains or losses | (6) | 4 | 372 | 370 |
| Effect of Assumptions Changes or Inputs | (42) | (11) | (1958) | (2011) |
| Expected Benefit Payments | (40) | (4) | (105) | (149) |
| **Net Changes** | (273) | (6) | (1183) | (1,462) |
| **Ending Balances** | $ 149 | $ 18 | $ 6,364 | $ 6,531 |

## 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

### *Total OPEB Liability, OPEB Expense, and Deferrals (Continued)*

The College recognized the following OPEB expense and deferrals for the year ended June 30, 2023 (*dollars in thousands*):

| | Increase (Decrease) | | | |
|---|---|---|---|---|
| | | Long-Term Disability Plan | | |
| | Retiree Healthcare Plan | Healthcare | Retiree Life Insurance Plan | Total |
| **OPEB Expense (Revenue)** | $ (290) | $ 0 | $ 309 | $ 19 |

| | Increase (Decrease) | | | |
|---|---|---|---|---|
| | | Long-Term Disability Plan | | |
| | Retiree Healthcare Plan | Healthcare | Retiree Life Insurance Plan | Total |
| **Deferred Outflows** | | | | |
| Differences in Expected and Actual Experience | $ 48 | $ 10 | $ 329 | $ 387 |
| Changes in Assumptions | 123 | 1 | 1,392 | 1,516 |
| Change in Proportion | 6 | - | 103 | 109 |
| Benefit Payments Subsequent to the Measurement Date | 36 | 0 | 76 | 112 |
| **Total Deferred Outflows** | $ 213 | $ 11 | $ 1,900 | $ 2,124 |
| **Deferred Inflows** | | | | |
| Differences in Expected and Actual Experience | $ 181 | $ 2 | $ 470 | $ 653 |
| Changes in Assumptions | 77 | 13 | 1,833 | 1,923 |
| Change in Proportion | 72 | 2 | 334 | 408 |
| **Total Deferred Inflows** | $ 330 | $ 17 | $ 2,637 | $ 2,984 |

At June 30, 2023, deferred outflows of resources of $112 thousand related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability.

## 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

### *Total OPEB Liability, OPEB Expense and Deferrals (Continued)*

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

**Expense**

| Fiscal Year | Retiree Healthcare Plan | Long-Term Disability Plan: Healthcare | Retiree Life Insurance Plan | Total |
|---|---|---|---|---|
| 2024 | $ (65) | $ (1) | $ (90) | $ (156) |
| 2025 | (31) | - | (90) | (121) |
| 2026 | (40) | (1) | (90) | (131) |
| 2027 | (10) | (1) | (62) | (73) |
| 2028 | (8) | (1) | (65) | (74) |
| After | - | (1) | (417) | (419) |
| Total | $ (154) | $ (5) | $ (814) | $ (973) |

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

| | | |
|---|---|---|
| 5.7 | 7.3 | 8.7 |

*Discount Rate Sensitivity*

The following presents the total OPEB liability of the College calculated using the discount rate of 3.54 percent, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (2.54%) or 1 percent higher (4.54%) than the current rate (*dollars in thousands*):

| | Retiree Healthcare Plan | Long-Term Disability Plan: Healthcare | Retiree Life Insurance Plan | Total |
|---|---|---|---|---|
| 1% Decrease 2.54% | $ 153 | $ 19 | $ 7,767 | $ 7,939 |
| Discount Rate 3.54% | $ 149 | $ 18 | | $ 6,531 |
| 1% Increase 4.54% | $ 144 | $ 17 | $ 5,289 | $ 5,450 |

## 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

### *Total OPEB Liability, OPEB Expense and Deferrals (Continued)*

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*
The following presents the total OPEB liability of the College calculated using the current healthcare cost trend rates as well as what the College's total OPEB liability would be if it were calculated using trend rates that are 1 percent lower or 1 percent higher than the current trends (*dollars in thousands*):

| | | Long-Term Disability Plan | | |
|---|---|---|---|---|
| | Retiree Healthcare Plan | Healthcare | Retiree Life Insurance Plan | Total |
| 1% Decrease | $ N/A | $ 14 | N/A | $ 14 |
| Current Trend Rate | $ N/A | $ 18 | N/A | $ 18 |
| 1% Increase | $ N/A | $ 22 | N/A | $ 22 |

### *Sick Leave Insurance Reserve Fund*

Idaho Code section 67-5333 establishes the policy for sick leave benefits. The Sick Leave Insurance Reserve Fund (SLIRF) is administered by PERSI. The State does not pay amounts for accumulated sick leave when employees separate from service. Employees who qualify for retirement under PERSI or ORP are eligible to use 50% of the cash value of their unused sick leave, up to a maximum of 600 hours, to continue their medical insurance coverage through the College. The College partially funds these obligations by calculating eligible compensation for active members. The College was not required to pay contributions toward the plan after January 2020 when the PERSI board enacted an 18-month sick leave contribution holiday effective January 1, 2020 due to the sick leave fund being over funded. In the November 2021 Board Meeting, the PERSI Board extended the rate holiday for employer contributions for the State to June 30, 2031.

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

At June 30, 2023 the College reported an asset of $2,938,352 for its proportionate share of the SLIRF excess funding. The excess funding was measured as of July, 1, 2021 and determined by an actuarial valuation as of that date. The College's proportion of the sick leave assets was based on the College's share of contributions in the fund relative to the total contributions of all participating employers. At June 30, 2022, the College's proportion was the same as the prior period at 2.077 percent.

For the year ended June 30, 2023 the College recognized sick leave revenue of $94,994. At June 30, 2023 the College reported deferred outflows of resources and deferred inflows of resources related to sick leave from the following sources:

## 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

***Sick Leave Insurance Reserve Fund (Continued)***

| | 2023 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Net difference between projected and actual earnings on sick leave fund investments | $ 399,318 | $ - |
| Differences between expected and actual experience | 75,047 | 89,619 |
| Changes in assumptions or other inputs | 127,058 | 301,597 |
| Changes in proportion and differences between the contributions and the proportionate contributions | 40,625 | 3,408 |
| Subtotal | 642,048 | 394,624 |
| Contributions subsequent to the measurement date | - | - |
| Total | $ 642,048 | $ 394,624 |

The average of the expected remaining service lives of all employees that are provided with sick leave through the System (active and inactive employees) determined at the beginning of the measurement period is 7.7 years for the measurement period ending June 30, 2022.

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

| Year ended June 30 | |
|---|---|
| 2024 | $ 24 |
| 2025 | 47 |
| 2026 | 25 |
| 2027 | 192 |
| 2028 | (23) |
| After | (18) |
| | $ 247 |

Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the State net OPEB liability (asset) are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future.

## 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

***Sick Leave Insurance Reserve Fund (Continued)***

*Actuarial Assumptions*

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

Actuarial Assumptions OPEB SLIRF

| | |
|---|---|
| Inflation | 2.30% |
| Salary increases including inflation | 3.05% |
| Investment rate of return | 5.45%, net of investment expenses |

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

Even though history provides a valuable perspective for setting the investment return assumption, the approach builds upon the latest capital market assumptions. The assumptions and formal policy for asset allocation are shown below. The formal asset allocation policy is more conservative than the current allocation of assets.

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

**Actuarial Assumptions for Plan Year 2022**

| 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 | 50.00% | 2.80% |
| Cash Equivalents | 0.00% | 2.25% |

*Discount Rate*

The discount rate used to measure the total sick leave asset was 5.45%. The projection of cash flows used to determine the discount rate assumed that contributions from Fund employers will be made at the current contribution rate. Based on these assumptions, the OPEB Fund’s net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Fund investments was applied to all periods of projected benefit payments to determine the total sick leave asset. The long-term expected rate of return was determined net of the sick leave fund investment expense but without reduction for sick leave fund administrative expense.

## 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

### *Sick Leave Insurance Reserve Fund (Continued)*

*Discount Rate (Continued)*

The following presents the College's proportionate share of the sick leave asset calculated using the discount rate of 5.45 percent, as well as what the College's proportionate share of the sick leave asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.45 percent) or 1-percentage-point higher (6.45 percent) than the current rate *(dollars in thousands)*:

| | 1% Decrease 4.45% | Current Discount Rate 5.45% | 1% Increase 6.45% |
|---|---|---|---|
| College's proportionate share of the sick leave asset | $ 2,746 | $ 2,938 | $ 3,110 |

Changes in sick leave insurance reserve fund liability (asset) for the fiscal year ended June 30, 2023 (*dollars in thousands*):

| | | |
|---|---|---|
| **Sick Leave Liability** | | |
| Beginning balances | $ | 2,165 |
| Change in proportionate share | | - |
| Adjusted beginning balance | | 2,165 |
| Changes for the year | | |
| Service cost | | 97 |
| Interest on liability | | 120 |
| Differences between expected and actual experience | | 70 |
| Effect of plan changes | | - |
| Effect of assumptions | | (199) |
| Benefit payments | | (113) |
| Net Changes | | (25) |
| **Ending Liability (Asset) Balances** | $ | 2,140 |
| **Plan Net Position** | | |
| Beginning balances | $ | 5,944 |
| Change in proportionate share | | - |
| Adjusted beginning balance | | 5,944 |
| Changes for the year | | |
| Contributions-employer | | - |
| Net investment income | | (752) |
| Benefit payments | | (113) |
| Administrative expense | | (1) |
| Net changes | | (866) |
| **Ending net position** | $ | 5,078 |
| Sick leave liability | $ | 2,140 |
| Sick leave fund position | | 5,078 |
| Net sick leave asset | $ | (2,938) |

## 12. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

| | 2023 Natural Classification | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Functional Classification | Personnel Costs | Services | Supplies | Insurance, Utilities, and Rent | Scholarships and Fellowships | Depreciation and Amortization | Miscellaneous | Operating Expense Totals |
| Instruction | $ 19,495,901 | $ 1,132,077 | $ 961,903 | $ 47,617 | $ 6,966 | $ 42,731 | $ 133,737 | $ 21,820,932 |
| Research | 288,823 | 29,867 | 182,197 | 21 | - | - | 6,247 | 507,155 |
| Public services | 260,334 | 43,183 | 39,873 | 1,955 | - | - | 9,397 | 354,742 |
| Libraries | 393,861 | 320,893 | 23,268 | - | - | 13,342 | 134 | 751,498 |
| Student services | 3,898,280 | 411,015 | 342,560 | 9,314 | 95,676 | 2,154 | 42,123 | 4,801,122 |
| Plant operations | 1,953,313 | 264,833 | 463,119 | 1,207,606 | - | 4,562,957 | 39,845 | 8,491,673 |
| Institutional support | 4,717,689 | 1,197,989 | 339,978 | 160,378 | - | 70,757 | 91,504 | 6,578,295 |
| Academic support | 2,544,275 | 1,167,841 | 442,322 | 200 | - | 367,491 | 2,145 | 4,524,274 |
| Scholarships and fellowships | 73,553 | 950 | - | - | 261,044 | - | 51,162 | 386,709 |
| Auxiliaries | 2,577,335 | 1,492,292 | 2,092,915 | 286,716 | 121,262 | - | 214,363 | 6,784,883 |
| Total Expenses: | $ 36,203,364 | $ 6,060,940 | $ 4,888,135 | $ 1,713,807 | $ 484,948 | $ 5,059,432 | $ 590,657 | $ 55,001,283 |

## 13. RELATED PARTIES TRANSACTIONS

In fiscal year 2004 the College began constructing a new Student Activity Center (facility). With an estimated cost of approximately $15,000,000, this project was completed in fiscal year 2006. The Idaho State Building Authority (ISBA), with approval from the Idaho State Legislature, issued $10,018,000 of tax-exempt bonds to finance the project.

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

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

The College and the SDOA had entered into an operating agreement whereby the College is obligated to cover all operating costs including maintenance, insurance, and furnishings. At the termination of these agreements, drafted to coincide with the final bond payments, it was intended for ownership of the facility to pass to the College. The final bond payment was made in fiscal year 2023 and the facility transferred to the College as of October, 26, 2022. The College reported an asset of $8,210,024 as of this date.

## 14. COMMITMENTS, CONTINGENCIES AND LEGAL MATTERS

The College received Idaho State Board of Education approval in June 2022, and committed $1.5M to fund the buildout of the first floor of Clearwater Hall. The College had requested funding for this project through the Idaho Division of Public Works as a fiscal year 2024 project request as has been awarded $1.3M. The College purchased Clearwater Hall in 2009 and the first floor was unfinished. The upper levels were finished and are a residence hall. The first floor, once finished, will house the College's Workforce Training program currently located in a leased facility. The lease will be terminated upon occupancy of Clearwater Hall.

The College purchased an 88-bedroom residential housing unit called College Place on December 20, 2021. The facility was purchased for $5.0M plus closing and finance costs, with $1M from institutional reserves and $4M in general revenue bonds. The bond is collateralized through Pledged Revenues including student fees, sales and services revenue, F & A recovery revenues, investment income, and other revenues as the Idaho State Board of Education shall designate as Pledged Revenues. Pledged Revenues do not include general appropriated funds or restricted fund revenues. Revenues from the occupancy of the residence is anticipated to fully fund the annual bond payments.

## 14. COMMITMENTS, CONTINGENCIES AND LEGAL MATTERS (CONTINUED)

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

## 15. RISK MANAGEMENT

The College participates in the State of Idaho Risk Management Program, which manages property and general liability risk. The program provides liability protection up to the Idaho Tort Claims Act maximum of $500,000 for each occurrence. The State of Idaho purchases commercial insurance for claims not self-insured by the above coverage, with an annual coverage limit of $500,000,000. Insurance premium payments are made to the state risk management program based on rates determined by a state agency’s loss trend experience and asset value covered. Presently the College’s total insured property value is $325,753,070. The College obtains worker’s compensation coverage from the Idaho State Insurance Fund. The College’s worker’s compensation premiums are based on payroll amount, the College’s loss experience, as well as the loss experience of the State of Idaho as a whole. This program also provides coverage for other risks of loss, including but not limited to employee bond and crime, out of state worker’s compensation, business interruption, media liability and automobile physical damage insurance. No significant reductions in coverage, or losses in excess of payments, have occurred in the last three years.

## 16. COMPONENT UNIT DISCLOSURE

Lewis-Clark State College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 28-member board of the Foundation is self-perpetuating and consists of friends of the College.

Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are 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 and is discretely presented in the College’s financial statements, as described in Note 1. During the year ended June 30, 2023, the Foundation distributed $1,470,854 to the College for both restricted and unrestricted purposes. The financial statements of the Foundation are presented in accordance with FASB principles. Significant accounting policies associated with the College, also described in Note 1, apply to the Foundation, when applicable. Other disclosures at June 30, 2023 are as follows:

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

## 16. COMPONENT UNIT DISCLOSURE (CONTINUED)

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

*Fair Value Measurement*

The Foundation investments are recorded at fair market value and are categorized within the fair value hierarchy established by generally accepted accounting principles. The Foundation's investments represent exchange traded funds and mutual funds and are valued using Level 1 inputs, which are quoted prices in active markets for identical assets at the measurement date.

*Credit Risk*

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

As of June 30, 2023 the Foundation had the following credit risk related to its debt security exchange traded and mutual funds:

| Credit rating | 2023 |
|---|---|
| AAA | $ 2,218,488 |
| AA | 149,648 |
| A | 925,839 |
| BBB | 1,006,253 |
| Total | $ 4,300,228 |

*Foreign Currency Risk*

The Foundation investment policy permits the acquisition of investments denominated in foreign currencies. There is a risk that changes in exchange rates could adversely affect the fair value of these investments. To reduce this risk the investment policy limits the investment in international equities to no more than 17.5% of the total investment portfolio. As of June 30, 2023 the Foundation's exposure to foreign currency risk is as follows based on equity and debt security funds:

## 16. COMPONENT UNIT DISCLOSURE (CONTINUED)

### *Investments (Continued)*

*Foreign Currency Risk (Continued)*

| Currency | Country | 2023 |
|---|---|---|
| AUD | Australia | $ 90,249 |
| BRL | Brazil | 33,361 |
| CAD | Canada | 200,910 |
| CHF | Switzerland | 120,643 |
| CLP | Chile | 7,253 |
| CNY | China | 122,956 |
| COP | Columbia | 437 |
| CZK | Czech Republic | 437 |
| DKK | Denmark | 26,929 |
| EUR | Europe | 367,081 |
| GBP | United Kingdom | 267,813 |
| HKD | Hong Kong | 21,518 |
| HUF | Hungary | 937 |
| IDR | Indonesia | 10,645 |
| ILS | Israel | 13,183 |
| INR | India | 68,819 |
| JPY | Japan | 282,778 |
| KRW | South Korea | 56,784 |
| MXN | Mexico | 22,210 |
| MYR | Malaysia | 6,114 |
| NOK | Norway | 11,882 |
| NZD | New Zealand | 3,348 |
| PEN | Peru | 3,453 |
| PHP | Philippines | 6,289 |
| PLN | Poland | 4,814 |
| SEK | Sweden | 38,820 |
| SGD | Singapore | 19,169 |
| THB | Thailand | 8,588 |
| TRY | Turkey | 3,493 |
| TWD | Taiwan | 66,674 |
| ZAR | South Africa | 13,170 |
| Various | Various | 88,767 |
| Total foreign investments | | $ 1,989,524 |

## 16. COMPONENT UNIT DISCLOSURE (CONTINUED)

### *Investments (Continued)*

*Interest Rate Risk*
Investments that are fixed for longer periods are likely to experience greater variability in fair value due to future changes in interest rates. The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2023 the Foundation's debt security exchange traded and mutual funds had the following maturities:

| Investment Maturities in Years | 2023 |
|---|---|
| 0-3 | $ 1,352,852 |
| 3-5 | 1,005,823 |
| 5-10 | 986,042 |
| 10-20 | 249,843 |
| 20-30 | 680,296 |
| >30 | 25,372 |
| Total | $ 4,300,228 |

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

***Related Party Transactions***—Foundation cash is primarily deposited and withdrawn from a College bank account. The balance in this account attributable to the Foundation is reported as a receivable from the College in the amount of $783,417 as of June 30, 2023.

Certain gifts and gift annuity liabilities involve contributions made to the Foundation by Foundation board members. For the year ended June 30, 2023 gifts from these related parties approximated $149,840 or 9.4% of total contributions. Liabilities to related parties, reflected in the *Statement of Financial Position* as gift annuities payable, totaled $291,559 or 58.7% of total gift annuities payable as of June 30, 2023.

***Distributions to the College***—During the year ended June 30, 2023 the Foundation distributed $1,470,854 to the College for both restricted and unrestricted purposes.

***Donor-Restricted Endowments—***The Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the College. During the fiscal year 2023 the Foundation received new contributions of $1,276,276, of which the amount perpetually restricted by donors was $259,551. The endowments of the Foundation experienced net unrealized market appreciation of $1,421,097 during fiscal year 2023. Unappropriated accumulated earnings are reported in net assets with donor restrictions. The Foundation established a spending rate of 4% of the five-year rolling average of the market value of each endowment account as of December 31st for each

## 16. COMPONENT UNIT DISCLOSURE (CONTINUED)

***Donor-Restricted Endowments (Continued)***

fiscal year. This amount may be reduced if an account has insufficient accumulated earnings to cover the payout.

***Gift Annuities Payable***—The College is the beneficiary of eight gift annuities. The College recognizes the annuity in the period in which the gift is received. The assets are recorded at fair value when received. An obligation to the annuitant is recorded at the present value of the estimated future payments to be distributed. The excess of contributed assets over the annuity liability is recorded as a contribution. The annuity liability is reduced by payments made to the beneficiaries.

Discount rates to determine the present value of the obligations to the annuitants range from 5.7% to 8.0% for the year ended June 30, 2023. Annuity obligations represent the present value of the aggregate liability to annuitants based upon their estimated life expectancies, via tables provided by the Internal Revenue Service.

***Donated Materials and Services***—FASB Accounting Standards Codification (ASC) 958-720-25-9 requires that organizations recognize all services received from personnel of an affiliate that directly benefit the organization. Accordingly, donated materials and services from the College for the year ended June 30, 2023 consist of the following:

| Management and General | 2023 |
|---|---|
| Equity Transfer | $ 188,346 |
| Third Party Contributions | 39,104 |
| Total | $ 227,450 |

## REQUIRED SUPPLEMENTARY INFORMATION

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

| | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| College's portion of net pension liability | .001260488 | .001340913 | .001603766 | .001726114 |
| College's proportionate share of net pension liability | $4,964,755 | ($105,902) | $3,724,157 | $1,970,311 |
| College's covered payroll | $4,970,671 | $5,033,902 | $6,055,152 | $5,862,583 |
| College's proportional share of net pension liability as a percentage of its covered payroll | 99.88% | -2.10% | 61.50% | 33.61% |
| Plan fiduciary net position as a percentage of the total pension liability | 83.09% | 100.36% | 88.22% | 93.79% |

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| College's portion of net pension liability | .001784488 | .001876297 | 0.001918969 | 0.00188876 | .0019994939 |
| College's proportionate share of net pension liability | $2,632,151 | $2,949,217 | $3,890,045 | $2,487,190 | $1,468,857 |
| College's covered payroll | $5,741,359 | $5,827,647 | $5,339,791 | $5,287,228 | $5,415,597 |
| College's proportional share of net pension liability as a percentage of its covered payroll | 45.85% | 50.61% | 72.85% | 47.04% | 27.12% |
| Plan fiduciary net position as a percentage of the total pension liability | 91.69% | 90.68% | 87.26% | 91.38% | 94.95% |

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

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Employer Contributions
### PERSI – Base Plan

| | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Statutorily required contribution | $583,690 | $529,431 | $629,157 | $660,411 |
| Contributions in relation to the statutorily required contribution | $609,839 | $593,498 | $601,048 | $685,443 |
| Contribution (deficiency) excess | $26,150 | $64,067 | ($28,109) | $25,032 |
| College's covered payroll | $5,107,533 | $4,970,671 | $5,033,902 | $6,055,151 |
| Contributions as a percentage of covered payroll | 11.94% | 11.94% | 11.94% | 11.32% |

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

# REQUIRED SUPPLEMENTARY INFORMATION

## Schedule of Changes in the College's Total OPEB Liability and Related Ratios

*(dollars in thousands)*

Total OPEB Liability as of June 30, 2023

| | | Long-Term Disability Plan | | | | |
|---|---|---|---|---|---|---|
| | Retiree Health care Plan | Health care | Life Insurance | Income | Retiree Life Insurance Plan | Total |
| Service cost | $ 18 | $ 4 | $ - | $ - | $ 339 | $ 361 |
| Interest on total OPEB liability | 9 | 1 | - | - | 169 | 179 |
| Plan Change | (212) | | | | | (212) |
| Effect of economic/demographic gains or losses | (6) | 4 | - | - | 372 | 370 |
| Effect of Assumptions Changes or Inputs | (42) | (11) | - | - | (1,958) | (2,011) |
| Expected benefit payments | (40) | (4) | - | - | (105) | (149) |
| Net change in OPEB liability | (273) | (6) | - | - | (1,183) | (1,462) |
| Total OPEB liability - beginning | 437 | 25 | - | - | 7,906 | 8,368 |
| Change in proportionate share | (15) | (1) | - | - | (359) | (375) |
| Adjusted beginning balance | 422 | 24 | - | - | 7,547 | 7,993 |
| Total OPEB liability - ending | $ 149 | $ 18 | $ - | $ - | $ 6,364 | $ 6,531 |
| Covered-Employee Payroll | $ 11,147 | $ 11,147 | $ - | $ - | $ 11,147 | |
| Total OPEB liability as a percentage of covered-employee payroll | 1.33% | 0.16% | - | - | 57.09% | |
| College's Proportion (%) of total OPEB liability | 2.0% | 2.0% | - | - | 11.0% | |

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in the College's Total OPEB Liability and Related Ratios**

*(dollars in thousands)*

Total OPEB Liability as of June 30, 2022

| | | Long-Term Disability Plan | | | | |
|---|---|---|---|---|---|---|
| | Retiree Health care Plan | Health care | Life Insurance | Income | Retiree Life Insurance Plan | Total |
| Service cost | $ 15 | $ 4 | $ - | $ - | $ 338 | $ 357 |
| Interest on total OPEB liability | 8 | 1 | - | - | 170 | 179 |
| Effect of economic/demographic gains or losses | 75 | - | - | - | - | 75 |
| Effect of Assumptions Changes or Inputs | 3 | - | - | - | 87 | 90 |
| Expected benefit payments | (35) | (3) | - | - | (100) | (138) |
| Net change in OPEB liability | 66 | 2 | - | - | 495 | 563 |
| Total OPEB liability - beginning | 411 | 25 | - | - | 7,379 | 7,815 |
| Change in proportionate share | (40) | (2) | - | - | 32 | (10) |
| Adjusted beginning balance | 371 | 23 | - | - | 7,411 | 7,805 |
| Total OPEB liability - ending | $ 437 | $ 25 | $ - | $ - | $ 7,906 | $ 8,368 |
| Covered-Employee Payroll | $ 22,280 | $ 22,280 | $ - | $ - | $ 22,280 | |
| Total OPEB liability as a percentage of covered-employee payroll | 1.96% | 0.11% | - | - | 35.49% | |
| College's Proportion (%) of total OPEB liability | 2.06% | 2.06% | - | - | 11.52% | |

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Changes in the College's Total OPEB Liability and Related Ratios

*(dollars in thousands)*

Total OPEB Liability as of June 30, 2021

| | Retiree Health care Plan | Long-Term Disability Plan | | | Retiree Life Insurance Plan | Total |
|---|---|---|---|---|---|---|
| | | Health care | Life Insurance | Income | | |
| Service cost | $ 29 | $ 5 | $ - | $ - | $ 213 | $ 247 |
| Interest on total OPEB liability | 25 | 1 | 1 | 1 | 216 | 244 |
| Effect of economic/demographic gains or losses | (415) | (4) | (39) | (29) | (667) | (1,154) |
| Effect of Assumptions Changes or Inputs | 126 | 2 | - | - | 1,721 | 1,849 |
| Expected benefit payments | (74) | (6) | (8) | (6) | (129) | (223) |
| Net change in OPEB liability | (309) | (2) | (46) | (34) | 1,354 | 963 |
| Total OPEB liability - beginning | 710 | 27 | 46 | 34 | 5,992 | 6,809 |
| Change in proportionate share | 10 | - | - | - | 33 | 43 |
| Adjusted beginning balance | 720 | 27 | 46 | 34 | 6,025 | 6,852 |
| Total OPEB liability - ending | $ 411 | $ 25 | $ - | $ - | $ 7,379 | $ 7,815 |
| Covered-Employee Payroll | $ 24,658 | $ 24,658 | $ - | $ - | $ 24,658 | |
| Total OPEB liability as a percentage of covered-employee payroll | 1.67% | 0.10% | - | - | 29.92% | |
| College's Proportion (%) of total OPEB liability | 2.28% | 2.28% | - | - | 11.47% | |

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Changes in the College's Total OPEB Liability and Related Ratios

*(dollars in thousands)*

Total OPEB Liability as of June 30, 2020

| | | Long-Term Disability Plan | | | | |
|---|---|---|---|---|---|---|
| | Retiree Health care Plan | Health care | Life Insurance | Income | Retiree Life Insurance Plan | Total |
| Service cost | $ 18 | $ 5 | $ - | $ - | $ 180 | $ 203 |
| Interest on total OPEB liability | 19 | 1 | 2 | 1 | 211 | 234 |
| Effect of Assumptions Changes or Inputs | 222 | - | 1 | 1 | 408 | 632 |
| Expected benefit payments | (55) | (22) | (10) | (8) | (118) | (213) |
| Net change in OPEB liability | 204 | (16) | (7) | (6) | 681 | 856 |
| Total OPEB liability – beginning | 542 | 46 | 56 | 46 | 5,204 | 5,894 |
| Change in proportionate share | (36) | (3) | (3) | (6) | 107 | 59 |
| Adjusted beginning balance | 506 | 43 | 53 | 40 | 5,311 | 5,953 |
| Total OPEB liability – ending | $ 710 | $ 27 | $ 46 | $ 34 | $ 5,992 | $ 6,809 |
| Covered-Employee Payroll | $ 24,337 | $ 24,337 | $ 24,337 | $ 24,337 | $ 24,337 | |
| Total OPEB liability as a percentage of covered-employee payroll | 2.92% | 0.11% | 0.19% | 0.14% | 24.62% | |
| College's Proportion (%) of total OPEB liability | 2.25% | 2.25% | 2.25% | 2.25% | 11.41% | |

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Changes in the College's Total OPEB Liability and Related Ratios

*(dollars in thousands)*

Total OPEB Liability as of June 30, 2019

| | | Long-Term Disability Plan | | | | |
|---|---|---|---|---|---|---|
| | Retiree Health care Plan | Health care | Life Insurance | Income | Retiree Life Insurance Plan | Total |
| Service cost | $ 34 | $ 5 | $ - | $ - | $ 189 | $ 228 |
| Interest on total OPEB liability | 30 | 2 | 2 | 2 | 194 | 230 |
| Economic/Demographic gains or losses | (4) | 20 | - | 1 | (90) | (73) |
| Assumptions changes | (281) | (10) | (1) | (1) | (248) | (541) |
| Expected benefit payments | (79) | (27) | (12) | (9) | (108) | (235) |
| Net change in OPEB liability | (300) | (10) | (11) | (7) | (63) | (391) |
| Total OPEB liability - beginning | 836 | 55 | 67 | 49 | 5,406 | 6,413 |
| Change in proportionate share | 6 | 1 | - | 4 | (139) | (128) |
| Adjusted beginning balance | 842 | 56 | 67 | 53 | 5,267 | 6,285 |
| Total OPEB liability - ending | $ 542 | $ 46 | $ 56 | $ 46 | $ 5,204 | $ 5,894 |
| Covered-Employee Payroll | $ 23,625 | $ 23,625 | $ 23,625 | $ 23,625 | $ 23,625 | |
| Total OPEB liability as a percentage of covered-employee payroll | 2.29% | 0.19% | 0.24% | 0.18% | 22.02% | |
| College's Proportion (%) of total OPEB liability | 2.41% | 2.41% | 2.41% | 2.41% | 11.18% | |

Total OPEB Liability as of June 30, 2018

| | | Long-Term Disability Plan | | | | |
|---|---|---|---|---|---|---|
| | Retiree Health care Plan | Health care | Life Insurance | Income | Retiree Life Insurance Plan | Total |
| Service cost | $ 33 | $ 4 | $ - | $ - | $ 188 | $ 225 |
| Interest on total OPEB liability | 30 | 3 | 3 | 2 | 189 | 227 |
| Expected benefit payments | (74) | (39) | (15) | (9) | (101) | (238) |
| Net change in OPEB liability | (11) | (32) | (12) | (7) | 276 | 214 |
| Total OPEB liability - beginning | 847 | 87 | 79 | 56 | 5,130 | 6,199 |
| Total OPEB liability - ending | $ 836 | $ 55 | $ 67 | $ 49 | $ 5,406 | $ 6,413 |
| Covered-Employee Payroll | $ 23,227 | $ 23,227 | $ 23,227 | $ 23,227 | $ 23,227 | |
| Total OPEB liability as a percentage of covered-employee payroll | 3.60% | 0.24% | 0.29% | 0.21% | 23.27% | |
| College's Proportion (%) of total OPEB liability | 2.39% | 2.39% | 2.39% | 2.39% | 11.47% | |

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

## REQUIRED SUPPLEMENTARY INFORMATION

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

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

| | |
|---|---|
| June 30, 2023 | 3.54% |
| June 30, 2022 | 2.16% |
| June 30, 2021 | 2.21% |
| June 30, 2020 | 3.50% |
| June 30, 2019 | 3.87% |
| June 30, 2018 | 3.58% |

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

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

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

| | 2023 |
|---|---|
| College's portion of sick leave asset | .020770641 |
| College's proportionate share of sick leave asset | $2,938,353 |
| College's covered payroll | $23,089,477 |
| College's proportional share of sick leave asset as a percentage of its covered payroll | 12.73% |
| Plan fiduciary net position as a percentage of the total sick leave asset | 237.30% |

## REQUIRED SUPPLEMENTARY INFORMATION

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| College's portion of sick leave asset | .020770641 | .020770641 | .021092137 | .021416803 | .021231653 |
| College's proportionate share of sick leave asset | $3,779,307 | $2,931,836 | $2,657,021 | $2,458,008 | $2,019,759 |
| College's covered payroll | $28,722,390 | $24,329,520 | $23,595,515 | $23,311,352 | $20,734,832 |
| College's proportional share of sick leave asset as a percentage of its covered payroll | 13.16% | 12.05% | 11.26% | 10.54% | 9.74% |
| Plan fiduciary net position as a percentage of the total sick leave asset | 274.55% | 251.29% | 226.97% | 225.45% | 204.10% |

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

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

| | 2023 |
|---|---|
| Actuarially required contribution | $ - |
| Contributions in relation to the statutorily required contribution | ($4) |
| Contribution (deficiency) excess | ($4) |
| College's covered payroll | $24,522,115 |
| Contributions as a percentage of covered payroll | 0.00% |

## REQUIRED SUPPLEMENTARY INFORMATION

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Actuarially required contribution | $ - | $103,401 | $92,452 | $89,663 | $90,914 |
| Contributions in relation to the statutorily required contribution | ($14) | $93,348 | $158,142 | $153,371 | $151,524 |
| Contribution (deficiency) excess | ($14) | ($10,053) | $65,690 | $63,708 | $60,610 |
| College's covered payroll | $23,089,477 | $28,722,390 | $24,329,520 | $23,595,515 | $23,311,352 |
| Contributions as a percentage of covered payroll | 0.00% | .33% | .65% | .65% | .65% |

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

CliftonLarsonAllen LLP
CLAconnect.com

# INDEPENDENT AUDITORS' 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*

Idaho Office of the State Board of Education
Lewis-Clark State College
Lewiston, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Lewis-Clark State College (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 19, 2023. Our report includes the financial statements of Lewis-Clark State College Foundation. This component unit was not audited in accordance with *Government Auditing Standards*, and this report does not include the results of their testing of internal controls over financial reporting.

## 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 were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Lewis-Clark State 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.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Bellevue, Washington
October 19, 2023

# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Idaho Office of the State Board of Education
Lewis-Clark State College
Lewiston, Idaho

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited Lewis-Clark State College's 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 Lewis-Clark State College's major federal programs for the year ended June 30, 2023. Lewis-Clark State College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lewis-Clark State College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lewis-Clark State 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 Lewis-Clark State 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 Lewis-Clark State College's federal programs.

### *Auditors' 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 Lewis-Clark State 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 Lewis-Clark State 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 Lewis-Clark State 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 Lewis-Clark State 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 Lewis-Clark State 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.

### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Lewis-Clark State College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Lewis-Clark State 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.

**Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

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 Lewis-Clark State College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Lewis-Clark State 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.

Idaho Office of the State Board of Education
Lewis-Clark State College

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities, and the discretely presented component unit of Lewis-Clark State College as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lewis-Clark State College's basic financial statements. We have issued our report thereon, dated October 19, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Bellevue, Washington
October 19, 2023

# LEWIS-CLARK STATE COLLEGE
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# YEAR ENDED JUNE 30, 2023

| Federal Grantor<br>Pass-Through Grantor<br>Program or Cluster Title | Assistance Listing Number | Pass-Through Entity Identifying Number | From Pass-Through Awards | Direct Awards | Passed Through to Subrecipients | Total |
|---|---|---|---|---|---|---|
| **Student Financial Assistance Cluster** | | | | | | |
| **U.S. Department of Education** | | | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | $ - | $ 87,694 | $ - | $ 87,694 |
| Federal Work Study Program | 84.033 | | - | 88,153 | - | 88,153 |
| Federal Perkins Loan Program | 84.038 | | - | 100,646 | - | 100,646 |
| Federal Pell Grant Program | 84.063 | | - | 4,565,117 | - | 4,565,117 |
| Federal Direct Student Loans | 84.268 | | - | 7,189,894 | - | 7,189,894 |
| Teacher Education Assistance for College and Higher Education Grants | 84.379 | | - | 13,202 | - | 13,202 |
| **Department of Education SFA Cluster Total** | | | **-** | **12,044,706** | **-** | **12,044,706** |
| **U.S. Department of Health & Human Services** | | | | | | |
| Nursing Student Loans | 93.364 | | - | 317,058 | - | 317,058 |
| **Department of Health & Human Services SFA Cluster Total** | | | **-** | **317,058** | **-** | **317,058** |
| **Total Student Financial Assistance Cluster** | | | **-** | **12,361,764** | **-** | **12,361,764** |
| **Research & Development Cluster** | | | | | | |
| **U.S. Department of Health & Human Services** | | | | | | |
| National Institute of Health | | | | | | |
| R-16 DNA Replication | 93.859 | | - | 120,103 | - | 120,103 |
| Drexel University | | | | | | |
| Air Toxics Monitoring | 93.113 | 1R21ES034494-01 | 2,798 | - | - | 2,798 |
| University of Idaho | | | | | | |
| Biomedical Research and Research Training | 93.859 | SI3394-825899 | 286,725 | - | - | 286,725 |
| Biomedical Research and Research Training | 93.859 | SI3394-825815 | 969 | - | - | 969 |
| Biomedical Research and Research Training | 93.859 | SI3394-825878 | 842 | - | - | 842 |
| Epidemiology & Laboratory Capacity for Prevention & Control of Emerging Infectious Diseases | 93.323 | HC256100 | 66,693 | - | - | 66,693 |
| **U.S. Department of Health & Human Services R&D Cluster Total** | | | **358,027** | **120,103** | **-** | **478,130** |
| **Total Research & Development Cluster** | | | **358,027** | **120,103** | **-** | **478,130** |
| **TRIO Cluster** | | | | | | |
| **U.S. Department of Education** | | | | | | |
| TRIO - Talent Search | 84.044A | | - | 371,137 | - | 371,137 |
| **Total TRIO Cluster** | | | **-** | **371,137** | **-** | **371,137** |
| **Economic Development Cluster** | | | | | | |
| **U.S. Department of Commerce** | | | | | | |
| Economic Development Administration | | | | | | |
| Economic Adjustment Assistance | 11.307 | | - | 8,882 | - | 8,882 |
| **Total Economic Development Cluster** | | | **-** | **8,882** | **-** | **8,882** |

*See accompanying Notes to Schedule of Expenditures of Federal Awards.*

# LEWIS-CLARK STATE COLLEGE
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# YEAR ENDED JUNE 30, 2023

| Federal Grantor<br>Pass-Through Grantor<br>Program or Cluster Title | Assistance Listing Number | Pass-Through Entity Identifying Number | From Pass-Through Awards | Direct Awards | Passed Through to Subrecipients | Total |
|---|---|---|---|---|---|---|
| **CCDF Cluster** | | | | | | |
| **U.S. Department of Health & Human Services** | | | | | | |
| Idaho State Department of Health & Welfare | | | | | | |
| Child Care and Development Block Grant - Idaho Child Care Emergency Grant | 93.575 | Not available | 60,003 | - | - | 60,003 |
| Child Care and Development Block Grant-Child Care Wage Enhancement Grant | 93.575 | Not available | 47,301 | - | - | 47,301 |
| **Total Economic Development Cluster** | | | **107,304** | - | - | **107,304** |
| **Other Programs** | | | | | | |
| **U.S. Department of Agriculture** | | | | | | |
| USDA RDGB-CNC Lab Tooling | 10.351 | | $ - | $ 4,199 | $ - | $ 4,199 |
| **U.S. Department of Agriculture Total** | | | - | **4,199** | - | **4,199** |
| **U.S. Department of Labor** | | | | | | |
| Idaho Department of Labor | | | | | | |
| Closing the Skills Gap | 17.268 | RG2610 DOLETA-21-52101-7420 | 21,866 | - | - | 21,866 |
| **U.S. Department of Labor Total** | | | **21,866** | - | - | **21,866** |
| **National Endowment for the Arts** | | | | | | |
| Idaho Commission on the Arts | | | | | | |
| Promotion of the Arts Partnership Agreements | 45.025 | 01919 | 15,604 | - | - | 15,604 |
| **National Endowment for the Arts Total** | | | **15,604** | - | - | **15,604** |
| **National Endowment for the Humanities** | | | | | | |
| Idaho Humanities Council | | | | | | |
| Promotion of the Humanities - Federal/State Partnership | 45.129 | 2019032 | 2,510 | - | - | 2,510 |
| **National Endowment for the Humanities Total** | | | **2,510** | - | - | **2,510** |
| **U.S. Small Business Administration** | | | | | | |
| Boise State University | | | | | | |
| Small Business Development Centers | 59.037 | 9660-PO138709 | 30,561 | - | - | 30,561 |
| Small Business Development Centers | 59.037 | 9660-PO138709 | 79,100 | - | - | 79,100 |
| Small Business Development Centers | 59.037 | 9102-PO136857 | 33,585 | - | - | 33,585 |
| Small Business Development Centers | 59.037 | 9405-PO137293 | 111 | - | - | 111 |
| **U.S. Small Business Administration Total** | | | **143,357** | - | - | **143,357** |
| **U.S. Department of Education** | | | | | | |
| College Assistance Migrant Program | 84.149A | | - | 364,269 | - | 364,269 |
| Childcare Access Means Parents In School | 84.335A | | - | 72,127 | - | 72,127 |

*See accompanying Notes to Schedule of Expenditures of Federal Awards.*

# LEWIS-CLARK STATE COLLEGE
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# YEAR ENDED JUNE 30, 2023

| Federal Grantor<br>Pass-Through Grantor<br>Program or Cluster Title | Assistance Listing Number | Pass-Through Entity Identifying Number | From Pass-Through Awards | Direct Awards | Passed Through to Subrecipients | Total |
|---|---|---|---|---|---|---|
| Economic Stabilization Fund (ESF) | | | | | | |
| COVID-19 Higher Education Emergency Relief Fund - Student Aid Portion | 84.425E | | - | 34,560 | - | 34,560 |
| COVID-19 Higher Education Emergency Relief Fund - Institutional Portion | 84.425F | | - | 4,337 | - | 4,337 |
| COVID-19 Higher Education Emergency Relief Fund - SIP | 84.425M | | - | 270,362 | - | 270,362 |
| | **84.425 Total** | | **-** | **309,259** | **-** | **309,259** |
| Idaho Division of Career & Technical Education | | | | | | |
| Adult Education - Basic Grants to States | 84.002A | RG2610-00 / 51305 | $ 6,624 | $ - | $ - | $ 6,624 |
| Adult Education - Basic Grants to States | 84.002A | RG2610-00 / 51300 | 193,832 | - | - | 193,832 |
| Adult Education - Basic Grants to States | 84.002A | RG2610-00 / 51200 | 21,088 | - | - | 21,088 |
| | **84.002A Total** | | **221,544** | **-** | **-** | **221,544** |
| Idaho Division of Career & Technical Education | | | | | | |
| Career and Technical Education-Basic Grants to States | 84.048A | RG2610-00 / 21090 | 92,940 | - | - | 92,940 |
| Career and Technical Education - Basic Grants to States | 84.048A | RG2610-G1 / 21005 | 131,532 | - | - | 131,532 |
| Career and Technical Education-Basic Grants to States | 84.048A | RG2610-00 / 21001 | 9,992 | - | - | 9,992 |
| | **84.048A Total** | | **234,464** | **-** | **-** | **234,464** |
| **U.S. Department of Education Total** | | | **456,008** | **745,655** | **-** | **1,201,663** |
| **U.S. Department of Health & Human Services** | | | | | | |
| Idaho State Department of Health & Welfare | | | | | | |
| Foster Care - Title IV-E | 93.658 | KC280100 | 96,465 | - | - | 96,465 |
| **U.S. Department of Health & Human Services Total** | | | **96,465** | **-** | **-** | **96,465** |
| **TOTAL FEDERAL EXPENDITURES** | | | **$ 1,201,141** | **$ 13,611,740** | **$ -** | **$ 14,812,881** |

*See accompanying Notes to Schedule of Expenditures of Federal Awards.*

# LEWIS-CLARK STATE COLLEGE
# NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# YEAR ENDED JUNE 30, 2023

## NOTE 1 BASIS OF PRESENTATION

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

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

## NOTE 3 COLLEGE ADMINISTERED LOAN PROGRAMS

The federal student loan programs listed subsequently are administered directly by the College, and balances and transactions relating to these programs are included in the College's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2023 consists of:

| Assistance Listing Number | Program Name | Outstanding Balance at June 30, 2023 |
|---|---|---|
| 84.038 | Federal Perkins Loans | $84,105 |
| 93.364 | Nursing Students Loans | $268,106 |

## *Section I – Summary of Auditors' Results*

- ***Financial Statements***

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified? ______ yes __x__ none reported

3. Noncompliance material to financial statements noted? ______ yes __x__ no

- ***Federal Awards***

1. Internal control over major federal programs:

   - Material weakness(es) identified? __x__ yes ______ no

   - Significant deficiency(ies) identified? __x__ yes ______ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __x__ yes ______ no

***Identification of Major Federal Programs***

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.007, 84.033, 84.038, 84.063, 84.268 84.379, 93.364 | Student Financial Assistance Cluster |

Dollar threshold used to distinguish between Type A and Type B programs: $750,000/$187,500

Auditee qualified as low-risk auditee? __x__ yes ______ no

LEWIS-CLARK STATE COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

## *Section II – Financial Statement Findings*

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards.*

**LEWIS-CLARK STATE COLLEGE**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**YEAR ENDED JUNE 30, 2023**

## *Section III – Findings and Questioned Costs – Major Federal Programs*

### 2023-001 Errors in Reporting for NSLDS

Federal Agency: Department of Education

Federal Program Name: Student Financial Assistance Cluster

Assistant Listing Number: 84.007/84.033/84.063/84.268/84.379/93.364

Federal Award Identification Number and Year: P268K230100 - 2023, P007A221087 - 2023, P063P220100 - 2023, P033A221087 - 2023, P379T230100 - 2023, E4C14916 - 2023

Award Period: July 1, 2022 to June 30, 2023

Type of Finding: Material Weakness in Internal Control over Compliance; Compliance, Material Noncompliance

**Criteria or Specific Requirement:** The Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless of if they receive aid from the institution or not. Changes to said status are required to be reported within 30 days of becoming aware of the status change, or with the next scheduled transmission of statuses if the scheduled transmission is within 60 days.

**Condition:** The College did not correctly update student status changes and enrollment effective dates, nor did the College do so timely.

**Questioned Costs:** None

**Context:** In our statistically valid sample of sixty students selected for NSLDS enrollment reporting testing, we identified twenty eight samples for which the student's enrollment status was not correctly reported to NSLDS, thirty samples for which the enrollment effective date was not correctly reported to NSLDS, twenty eight samples for which the change in status was not reported timely to NSLDS, and twenty eight samples for which the enrollment was not certified within 60 days.

**Cause:** The College did not timely or properly report student status changes to NSLDS through their third-party servicer, National Student Clearinghouse (NSC).

**Effect:** Failure to properly report enrollment status changes on NSLDS could affect the timing of the grace period for repayment of Title IV loans. Additionally, the College was not in compliance with the requirements to properly report student enrollment data correctly or timely to NSLDS.

**Repeat Finding:** Yes, 2022-002

**Recommendation:** We recommend that the College work with their third-party servicer and implement procedures to ensure that enrollment data, changes in status and effective dates within NSLDS are reported timely.

**Views of Responsible Officials and Planned Corrective Action:** Management agrees with the finding and has developed a plan to correct it.

***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

**2023-002 Special Tests and Provisions – Perkins**

Federal Agency: Department of Education

Federal Program Name: Student Financial Assistance Cluster

Assistant Listing Number: 84.038

Federal Award Identification Number and Year: N/A – Prior Perkins Awards

Award Period: July 1, 2022 to June 30, 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or Specific Requirement:** The Code of Federal Regulations, 34 CFR 674.19.(e)(4)(iii), states that after the loan obligation is satisfied, the institution shall return the original or a true and exact copy of the note marked "paid in full" to the borrower, or otherwise notify the borrower in writing that the loan is paid in full, and retain a copy for the full prescribed period.

**Condition:** The College did not retain a copy of the note marked "paid in full" in the records of the retired or assigned loans.

**Questioned Costs:** None.

**Context:** During our testing, we noted that the college did not retain a copy of the note marked "paid in full." for six of the ten retired or assigned loans tested.

**Cause:** The College did not retain a copy of the note in the file.

**Effect:** The College is not in compliance with the record retention requirements.

**Repeat Finding:** No.

**Recommendation:** We recommend the college implement a checklist to reference to ensure all required elements of the Perkins loan records are retained as required.

**Views of Responsible Officials and Planned Corrective Action:** Management agrees with the finding and has developed a plan to correct it.