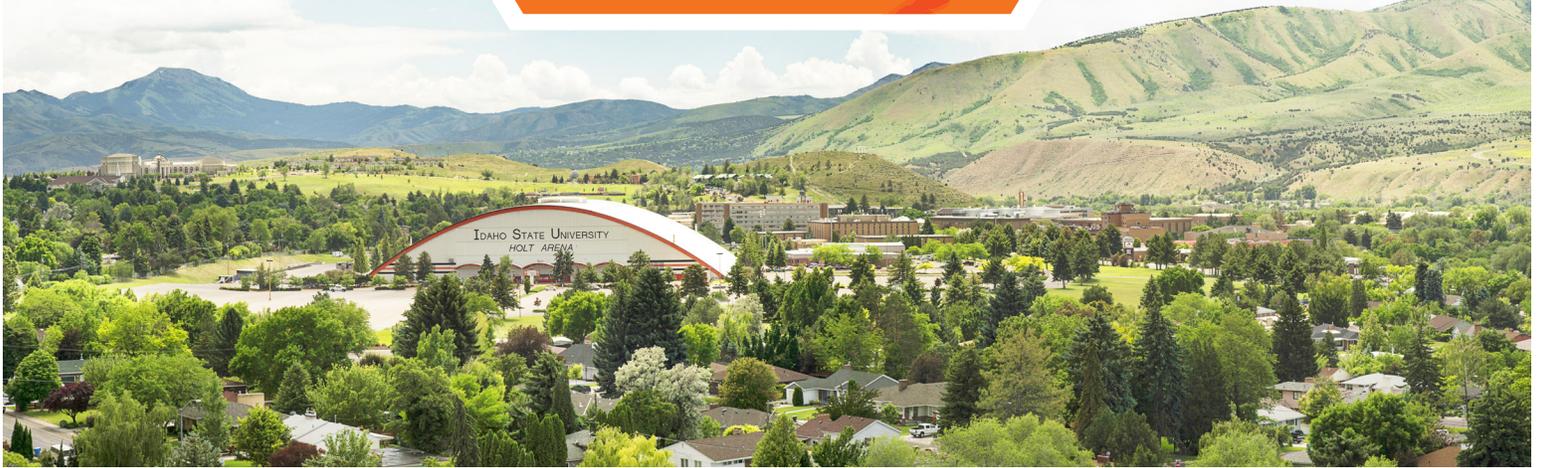


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# FY16 ANNUAL FINANCIAL STATEMENTS

Financial Statements for the Years Ended June 30, 2016 and 2015 and Independent Auditor's Report.  
Including Schedule of Expenditures of Federal Awards and Single Audit Documents for the Year Ended June 30, 2016.

Pocatello | Idaho Falls

**Idaho State**  
UNIVERSITY

Meridian | Twin Falls

[isu.edu](http://isu.edu)

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## REPORT OF INDEPENDENT AUDITORS

Idaho State Board of Education  
Idaho State University  
Pocatello, Idaho

### Report on the Financial Statements

We have audited the accompanying financial statements of Idaho State University (the "University") and its discretely presented component unit, Idaho State University Foundation, Inc. (the Foundation), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Foundation, which represents the entirety of the University's discretely presented component unit as described in Note 14. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, are based solely on the report of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Idaho State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

## MOSS ADAMS<sub>LLP</sub>

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

### **Opinion**

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Idaho State University and its discretely presented component unit, as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents and certain information in Note 11, *Pension Plan* and Note 12, *Postemployment Benefits Other Than Pensions* and labelled as "required supplementary information," be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## MOSS ADAMS<sub>LLP</sub>

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2016 on our consideration of Idaho State University'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 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 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 Idaho State University's internal control over financial reporting and compliance.

Moss Adams LLP

Portland, Oregon  
September 29, 2016

### **Management's Discussion and Analysis For the fiscal year ended June 30, 2016**

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#### ***INTRODUCTION***

The following analysis and discussion provides an overview of the financial position and activities of Idaho State University (the University or ISU) for the fiscal year ended June 30, 2016, with comparative information for the fiscal year ended June 30, 2015. This overview has been prepared by management and should be read in association with the financial statements and accompanying footnote disclosures of the University included in this report.

#### ***PROFILE OF THE UNIVERSITY***

Idaho State University, a Carnegie-classified doctoral research and teaching institution founded in 1901, attracts students from around the world to its Idaho campuses. At the main campus in Pocatello, and at locations in Meridian, Idaho Falls and Twin Falls, ISU offers access to high-quality education in more than 250 programs. Over 13,000 students attend ISU, receiving education and training in those programs. Idaho State University is the state's designated lead institution in health professions.

Idaho State University faculty and students are leading the way in cutting-edge research and innovative solutions in the areas of energy, health professions, nuclear research, teaching, humanities, engineering, performing and visual arts, technology, biological sciences pharmacy and business. Idaho State University combines exceptional academics amidst the grand natural beauty of the West. ISU is at the heart of an outdoor-lover's paradise and a short drive to some of America's greatest natural wonders and exciting outdoor recreation opportunities.

#### ***USING THE FINANCIAL STATEMENTS***

Idaho State University's financial statements for the fiscal year 2016 are presented in this report for your review. Condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases over fiscal year 2015. The emphasis of the following discussions about these statements will be on changes in current year data versus the prior year.

The financial statements presented in this report include the University and its discretely presented component unit, the Idaho State University Foundation, Inc. (Foundation). The financial reports include the University's Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The financial statements are prepared in accordance with the generally accepted accounting principles and standards of the Governmental Accounting Standards Board (GASB). GASB establishes governmental accounting and financial reporting standards for state and local governments, including public colleges and universities.

Management's discussion and analysis highlights supplementary information regarding the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position.

### **IMPACT FROM CHANGES IN FINANCIAL REPORTING REQUIREMENTS**

GASB No 68, *Accounting and Financial Reporting for Pensions*, was implemented for the year ending June 30, 2015, which had significant implications for all public colleges and universities with defined-benefit pension plans. The cost of pension expense is now recognized during the employee service period – the time worked until separation or retirement. Each employer's proportionate share of the net pension liability is calculated based on the employer's annual contributions as a percentage of the contributions of all participating employers, and reported on the statement of net position along with deferred inflows and outflows relating to changes in the net pension liability. An adjustment to beginning net position for fiscal year 2015 was necessary to give a retroactive effect to the implementation of the standard. Fiscal year 2014 information has not been adjusted for comparative presentation. Deferred outflows are defined as a consumption of net assets that is applicable to a future reporting period. Deferred inflows are defined as an acquisition of net assets that is applicable to a future period.

### **FINANCIAL HIGHLIGHTS**

The University's financial position at June 30, 2016, reflects gains over the previous record-breaking fiscal year.

- Assets increased by \$1.7 million to end the year at \$344.5 million.
- Liabilities increased by \$3.7 million to end the year at \$100.0 million.
- Net position, invested in capital assets totaled \$127.0 million, an increase of \$0.4 million.
- Net position, which is the residual of assets and deferred outflows after deducting liabilities and deferred inflows, increased by \$4.1 million to end at \$245.2 million.

Other significant changes to operations were as follows:

- Operating revenues totaled \$141.8 million, an increase of \$0.6 million.
- Operating expenses totaled \$248.3 million, an increase of \$19.7 million.
- Nonoperating revenues, net of expense, totaled \$110.8 million, a decrease of \$1.0 million.

### **CONDENSED FINANCIAL INFORMATION AND ANALYSIS**

#### **Financial Position - Statement of Net Position**

The Statement of Net Position is a snapshot at a point in time, June 30, 2016 (fiscal year end), of the University's financial position. It reports the University's assets and deferred outflows (financial resources), liabilities and deferred inflows (financial obligations), and net position (remaining balance in assets after paying creditors) based on end-of-year data.

Assets are classified as current, noncurrent, or capital. Current assets can be expected to easily convert to cash to meet the University's expenses within 12 months and include cash and cash equivalents, accounts receivable, inventories, prepaid expenses, and investments. Noncurrent assets

can be expected to be held more than one year and include items such as, student loans receivable. Capital assets are reported net of accumulated depreciation and include construction in progress, furniture and equipment, land, buildings, and improvements.

Liabilities are classified as current or noncurrent. Current liabilities are obligations that are due and payable within 12 months and include payroll and benefits, amounts payable to suppliers for goods and services received, and debt principal payments due within one year. Noncurrent liabilities are obligations payable after more than one year and include installment contracts and bond commitments.

Deferrals represent the consumption and acquisition of resources applicable to future reporting periods. Deferred outflows of resources reflect expenditures applicable to future reporting periods and so will not be recognized as an expense until then. Deferred inflows of resources are revenue that is associated with future reporting periods and so it will not be recognized as revenue until then.

Liquidity is an important indicator of financial stability, which can be measured by the number of days an institution is able to operate using unrestricted cash and investments that can be liquidated and spent within one year. The University has maintained its ability to cover operating costs (see ratios later in this section). Within the industry, it is generally considered prudent to maintain reserves to cover operating expenses for at least 60 to 90 days. At fiscal year end, the University has significantly better coverage than the industry average.

Net position is divided into three categories:

- **Net investment in capital assets:** represents capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted, expendable:** consists of funds subject to restrictions established by outside entities directing their use, such as scholarships, research sponsors, loans, capital projects, and debt service.
- **Unrestricted:** represent those funds available to the University for the general and educational obligations to meet current expenses for any purpose. Unrestricted net assets are not subject to externally imposed stipulations; however, the University has designated the majority of unrestricted net assets for various academic programs and university support functions.

### **SUMMARIZED STATEMENTS OF NET POSITION**

The *Statement of Net Position* reflects the financial position of the University at the end of the fiscal year. The sum of assets and deferred outflows, less liabilities and deferred inflows, represents net position. Changes in net position occur over time and are one important indicator of the financial condition of the University. Net Position is presented in three major categories on the statement, each of which is described in more detail within the footnotes to the statements. A summary comparison of

## Management's Discussion and Analysis

the assets, deferred outflows, liabilities, deferred inflows, and net position for the years ended June 30, 2016, 2015, and 2014 is presented below.

### Schedule of Net Position

	June 30, 2016	June 30, 2015	2016 vs 2015 Change	June 30, 2014
<b>Assets:</b>				
Current Assets	\$ 170,695,382	\$ 164,011,927	\$ 6,683,455	\$ 142,751,585
Noncurrent Assets	173,770,417	178,737,418	(4,967,001)	180,629,916
Total Assets	344,465,799	342,749,345	1,716,454	323,381,501
Deferred outflows of resources	8,599,691	3,964,810	4,634,881	566,757
<b>Liabilities:</b>				
Current Liabilities	37,133,064	35,082,474	2,050,590	33,383,756
Noncurrent Liabilities	62,825,387	61,174,040	1,651,347	59,050,041
Total Liabilities	99,958,451	96,256,514	3,701,937	92,433,797
Deferred inflows of resources	7,870,309	9,350,207	(1,479,898)	29,795
<b>Net Position:</b>				
Invested in capital assets	126,984,356	126,573,391	410,965	123,062,611
Restricted, expendable	5,053,113	4,961,978	91,135	5,267,523
Unrestricted	113,199,261	109,572,065	3,627,196	103,154,532
Total Net Position	\$ 245,236,730	\$ 241,107,434	\$ 4,129,296	\$ 231,484,666

### SIGNIFICANT CHANGES IN THE STATEMENTS OF NET POSITION

- The total net position of the University at June 30, 2016, was \$245.2 million, an increase of \$4.1 million over the prior year. The University's total net position includes its investment in capital assets, net of related debt, which increased \$0.4 million to \$127.0 million. The restricted portion of net position increased \$0.1 million to \$5.0 million, and the unrestricted portion of net position increased \$3.6 million to a total of \$113.2 million.
- In 2016, the increase in current assets is largely due to the increases in cash and cash equivalents of \$6.8 million and cash with treasurer of \$10.0 million, which was partially offset by a decrease of \$10.4 million in accounts receivable. The primary drivers of decline in noncurrent assets is attributed to net capital assets, which decreased \$4.8 million and the \$0.1 million decline in student loans receivable. Deferred outflows of resources is up \$4.6 million due to increases in deferred outflow for pensions of \$4.2 million and deferred cost of refunding of \$0.4 million.
- During the current fiscal year, total liabilities increased by \$3.7 million, primarily due to increases in current liabilities of \$2.0 million and to a net increase in noncurrent liabilities of \$1.7 million. Noncurrent liability increases in other post-employment benefits payable of \$0.8 million and pension liability of \$5.2 million were partially offset by declines in notes and bonds payable for debt service payments of \$4.3 million. Deferred inflows of resources reflect a decrease of \$1.5 million due to a reduction in deferred inflow for pensions.

**Financial Health Indicators**

There are a number of ratios used to evaluate financial health of institutions. Each ratio measures one aspect of performance. The Composite Financial Index (CFI), combines four core ratios into a single metric. Blending the four key metrics of financial health into a single number provides a more balanced view of the institution’s financial health. A shortcoming in one measure may be offset by the strength of another measure.

The four core ratios are the viability ratio, the net operating revenues ratio, the return on net assets ratio and the primary reserve ratio. Each of these ratios is adjusted for their strength factor using a common scale then multiplied by the designated weighting factors and summed to compute the composite financial index.

The graph that follows displays the CFI of Idaho State University over the past eight years compared to the benchmark established for universities in the State of Idaho by the State Board of Education. The ratio was climbing until the 2012 dip in revenues driven by the decline in state appropriations. At that time the University put proactive actions in place to generate greater diversity of revenues in combination with strategic spending reduction plans driving performance increases in 2013-2015. The significant increase in operating expense in 2016 is the primary driver of the CFI decline over last year. Operating expense growth is driven by increases in personnel, repairs and maintenance in the facilities of the University.



**Results of Operations - Statement of Revenues, Expenses, and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position is comparable to the income statement of for-profit entities. It reflects the sources and amounts of revenues earned and the expense types and amounts incurred during the year, grouped as operating, nonoperating or other. The

## Management's Discussion and Analysis

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statement of revenues, expenses, and changes in net position reports the revenues earned and expenses incurred during the year on an accrual basis, identified as operating and nonoperating activities as prescribed by GASB.

Operating revenues represent the funds obtained from providing goods and services to the University's customers. They include tuition and fees, grant and contract payments, and sales and service revenue generated by student housing, student dining, and other University operations. Operating expenses are those expenditures made to acquire or produce the services provided to generate operating revenues and in carrying out the mission of the University.

Nonoperating revenues are resources for which goods and services are not provided and include state appropriations, federal student aid, gifts, and investment income. Nonoperating expenses include such expenditures as interest expense on long-term debt and amortization of bond insurance costs. One of ISU's primary sources of revenue is appropriations provided by the state of Idaho, which, as directed by GASB standards, are classified as nonoperating revenue. As a result, the University's financial statements typically show an operating loss. A more comprehensive assessment of the operations of the University is reflected in the change in net position at the end of the year.

Other revenues and expenses include capital gifts or grants and gains or losses on the disposal of capital assets.

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

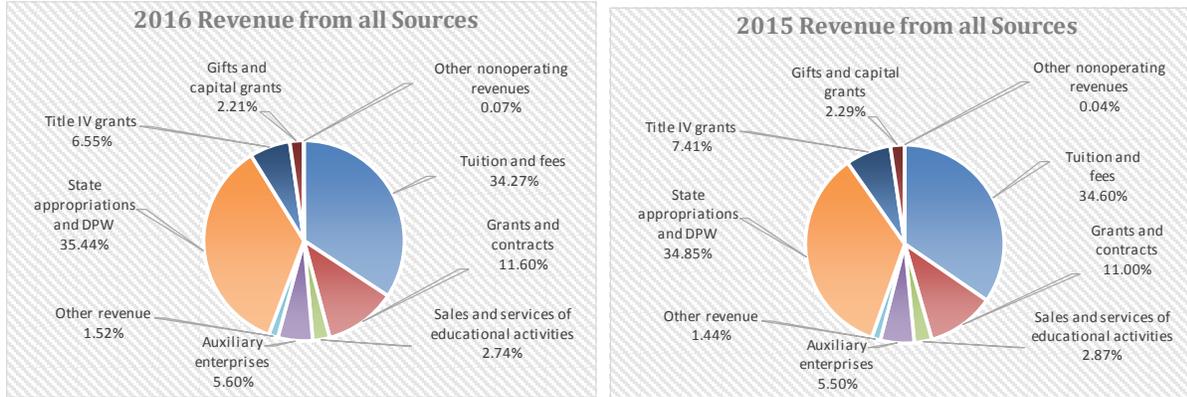
A comparative statement summarizing the University's revenues, expenses, and changes in net position for the years ended June 30, 2016, 2015, and 2014, is shown below.

Summary Statement of Revenues, Expenses, and Changes in Net Position				
	2016	2015	2016 vs 2015 Change	2014
Operating revenues				
Student tuition and fees (net of scholarship discounts and allowances)	\$ 87,208,911	\$ 88,206,974	\$ (998,063)	\$ 80,067,373
Federal grants and contracts	10,019,841	9,290,225	729,616	8,267,766
State and local grants and contracts	12,249,400	11,733,975	515,425	10,964,430
Private grants and contracts	7,251,844	7,012,923	238,921	7,409,810
Sales and services of educational activities	6,979,623	7,311,610	(331,987)	6,757,178
Sales and services of auxiliary enterprises	14,236,801	14,015,044	221,757	13,507,916
Other	3,858,144	3,678,615	179,529	3,560,921
Total operating revenues	<u>141,804,564</u>	<u>141,249,366</u>	<u>555,198</u>	<u>130,535,394</u>
Operating expenses	<u>248,285,034</u>	<u>228,567,678</u>	<u>19,717,356</u>	<u>219,960,108</u>
Operating loss	<u>(106,480,470)</u>	<u>(87,318,312)</u>	<u>(19,162,158)</u>	<u>(89,424,714)</u>
Nonoperating revenues/(expenses)				
State appropriations	86,773,095	83,835,488	2,937,607	79,825,405
State Department of Public Works	3,408,499	4,985,344	(1,576,845)	2,593,121
Title IV grants	16,668,145	18,879,046	(2,210,901)	21,120,080
Gifts	5,632,083	5,843,281	(211,198)	5,994,344
Net investment income	189,275	195,658	(6,383)	107,819
Amortization of bond insurance costs	(6,936)	(7,267)	331	(7,267)
Bond issuance costs	(185,960)	-	(185,960)	-
Interest on capital asset related debt	<u>(1,704,084)</u>	<u>(1,923,003)</u>	<u>218,919</u>	<u>(2,068,697)</u>
Net nonoperating revenues	<u>110,774,117</u>	<u>111,808,547</u>	<u>(1,034,430)</u>	<u>107,564,805</u>
Other expenses				
Loss on disposal of fixed assets	<u>(164,351)</u>	<u>(85,380)</u>	<u>(78,971)</u>	<u>95,764</u>
Net other expenses	<u>(164,351)</u>	<u>(85,380)</u>	<u>(78,971)</u>	<u>95,764</u>
Increase in net position	4,129,296	24,404,855	(20,275,559)	18,235,855
Net position - beginning of year	241,107,434	231,484,666	9,622,768	213,248,811
Cummulative effect of implementing GASB 68 (Note 2)	<u>-</u>	<u>(14,782,087)</u>	<u>14,782,087</u>	<u>-</u>
Net position - beginning of year (as restated)	<u>-</u>	<u>216,702,579</u>	<u>24,404,855</u>	<u>-</u>
Net position - end of year	<u>\$ 245,236,730</u>	<u>\$ 241,107,434</u>	<u>\$ 4,129,296</u>	<u>\$ 231,484,666</u>

**SIGNIFICANT CHANGES IN THE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

- Total revenues for the year ended June 30, 2016, were \$254.5 million, representing an increase of \$0.4 million over fiscal year 2015. Below is a graphic illustration of revenues by source (both operating and nonoperating) for the years ended June 30, 2016 and 2015.

**Operating Revenue from all Sources**



As the above graphs show, the University’s primary sources for revenue are state appropriations and tuition and fees. State appropriations contribute a significant share of the funds needed for instructional activities. Tuition and fees represent the next largest source of revenue.

- **State Appropriations:** The largest component of nonoperating revenue is state appropriations. In 2016, state funding increased overall by \$1.4 million, or 1.5%, over the prior year. The largest increase was in state appropriations for general education totaling \$71.0 million in 2016 and \$68.0 million in 2015, a 4% increase amounting to \$3.0 million. Funding from the Department of Public Works (DPW) fluctuates from year to year depending on the number and extent of building projects, finishing the year with a \$1.6 million decline over 2015. Increases in endowment income and other state appropriations were offset by a decline in professional technical education.
- **Tuition and Fees:** The enrollment profile continues to reflect a decline in the student population. Tuition and fee revenue reflects a decline of \$1.0 million over the prior year with a total of \$87.0 million.
- **Grants and Contracts:** Fiscal year 2016 showed an increase in federal grants and contracts revenue over the prior year of \$0.73 million to \$10.0 million. Private grant revenue was \$7.3 million in 2016, up \$0.24 million from 2015. State grant revenue increased by \$0.51 million over 2015 to \$12.2 million for 2016. In total, grant revenue increased by \$1.48 million in 2016 to \$29.5 million.

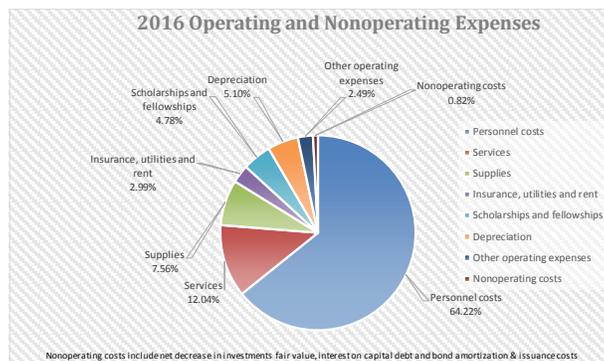
## Management's Discussion and Analysis

- Federal Title IV Grants: There was a \$2.2 million decrease in Title IV revenue from the prior year. This decrease was due to the federal government restricting Pell grant availability, and tightening the eligibility requirements, coupled with declining domestic enrollment.
- Sales and Services: Revenue decreased \$0.1 million to \$21.2 million for fiscal year 2016.
- Other Revenue: Revenues increased \$0.2 million to \$3.9 million in 2016.

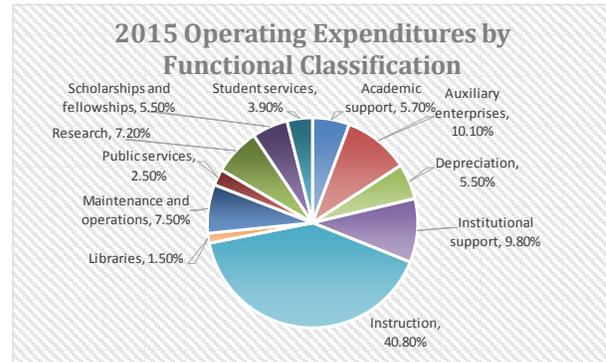
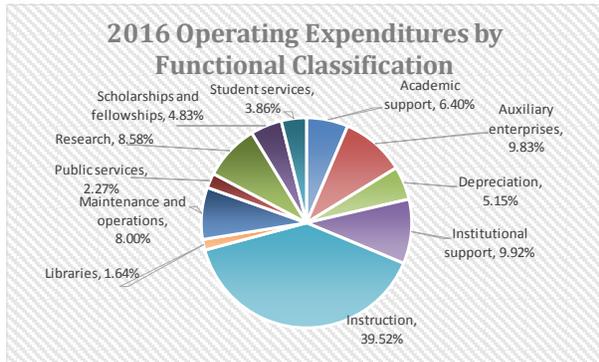
### Expenses

Operating expenses consist mainly of employee compensation, supplies and services costs, and student scholarships and fellowships that enable us to carry out the mission of the University. Nonoperating expenses are generally those associated with interest on debt and the disposal loss of fixed assets. Salaries, wages, and benefits are the major support cost for the University's programs, followed by services and supplies, scholarships, and other operating expenses. Embedded in the personnel costs is the pension expense recorded as a result of the adoption of GASB 68. GASB 68 implemented in 2015 required pension expense for defined-benefit plans to be actuarially determined instead of cash contributions made to the plan during the fiscal year. The table below compares expenses for fiscal years ending June 30, 2016, 2015, and 2014.

<b>Summary Statement of Expenses</b>				
	<b>2016</b>	<b>2015</b>	<b>2016 vs 2015 Change</b>	<b>2014</b>
<b>Operating Expenses</b>				
Personnel costs	\$ 160,776,462	\$ 149,425,555	\$ 11,350,907	\$ 143,971,434
Services	30,142,180	26,747,825	3,394,355	24,862,319
Supplies	18,916,787	14,823,343	4,093,444	11,891,858
Insurance, utilities and rent	7,486,150	7,350,446	135,704	7,466,242
Scholarships and fellowships	11,960,896	12,514,538	(553,642)	14,302,237
Depreciation expense	12,776,292	12,622,576	153,716	12,781,070
Other operating expenses	6,226,267	5,083,395	1,142,872	4,684,948
<b>Total operating expenses</b>	<b>\$ 248,285,034</b>	<b>\$ 228,567,678</b>	<b>\$ 19,717,356</b>	<b>\$ 219,960,108</b>
<b>Nonoperating Expenses</b>				
Amortization of bond insurance costs	\$ 6,936	\$ 7,267	\$ (331)	\$ 7,267
Bond issuance costs	185,960	-	185,960	-
(Gain) or loss on disposal of fixed assets	164,351	85,380	78,971	(95,764)
Interest on capital asset related debt	1,704,084	1,923,003	(218,919)	2,068,697
<b>Total nonoperating expenses</b>	<b>\$ 2,061,331</b>	<b>\$ 2,015,650</b>	<b>\$ 45,681</b>	<b>\$ 1,980,200</b>



An alternative view of operating expenses is by functional (programmatic) classification. Instructional expenses by far comprise the largest single category of operating costs. Fluctuations in expenses for maintenance and operations are largely impacted by noncapitalized facility improvements associated with project expenses that are not capitalized to an asset. The amount varies by year depending on several factors including the types and timing of projects undertaken. See Footnote 13 for additional details regarding functional expenses.



- Operating expenses in fiscal year 2016 increased by \$19.7 million, or 9%, from the prior year. The largest component of this increase is personnel costs of \$11.4 million. Other increases included services and supplies, which increased by \$3.4 and \$4.1 million, respectively, and a \$1.1 million increase in miscellaneous expenses. Scholarships and fellowships, insurance, utilities and rent, and depreciation decreased by a total of \$0.3 million. Key drivers of services and supplies were building services at an increase of \$2.3 million, and building materials and supplies also at an increase of \$2.3 million.
- Nonoperating expenses in fiscal year 2016 remained relatively flat.

### CASH FLOWS

The statement of cash flows presents the inflows and outflows of cash for the year; summarized by operating, noncapital financing, capital and related financing, and investing activities.

The various sources of cash, along with their application and use, are presented in the *Statement of Cash Flows*. This analytical perspective is useful in assessing the ability of the University to satisfy its financial obligations as they come due. The statement classifies the flow of cash in the following four categories.

**Operating activities** – Displays the net cash flow required to conduct the day-to-day operating activities of the University and reflects the continued need for funding from the state of Idaho.

**Noncapital financing activities** – Reflects the net cash flow of nonoperating transactions not related to investing or capital financing activities, and includes funds provided by state appropriations.

## Management's Discussion and Analysis

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Capital and related financing activities – Includes payments for the acquisition of capital assets, proceeds from long-term debt, and debt repayment.

Investing activities – Details the funds involved in the purchase and sale of investments and reflects the change in rates of return on invested funds.

The statement summarizes the net cash flow and reconciles to the operating income or loss, as reflected on the *Statement of Revenues, Expenses, and Changes in Net Position*.

A comparative summary of the *Statement of Cash Flows* for the years ended June 30, 2016, 2015, and 2014, is presented below.

	<b>Summary Statement of Cash Flows</b>			
	<b>2016</b>	<b>2015</b>	<b>2016 vs 2015 Change</b>	<b>2014</b>
Cash and cash equivalents (used in) or provided by:				
Operating activities	\$ (89,325,088)	\$ (74,819,842)	\$ (14,505,246)	\$ (69,063,536)
Noncapital financing activities	119,760,013	96,584,043	23,175,970	104,717,232
Capital and related financing activities	(13,656,652)	(15,091,402)	1,434,750	(13,645,211)
Investing activities	18,088	17,009	1,079	(14,944,746)
Net increase in cash	16,796,361	6,689,808	10,106,553	7,063,739
Cash and cash equivalents, beginning of year	110,790,792	104,100,984	6,689,808	97,037,245
Cash and cash equivalents, end of year	<u>\$ 127,587,153</u>	<u>\$ 110,790,792</u>	<u>\$ 16,796,361</u>	<u>\$ 104,100,984</u>

For purposes of the *Statement of Cash Flows*, the University considers all highly liquid investments with an original maturity of three months or less and all nonnegotiable certificates of deposit to be cash equivalents.

### **CAPITAL ASSET AND DEBT ACTIVITIES**

The University considers the effective management of the institution's physical resources as a fundamental element of its financial stewardship, including the prudent use of debt to finance such resources. The development and maintenance of our physical resources is a key factor in creating and sustaining a learning environment that permits education to flourish, but continues to be a challenge due to lack of adequate funding.

#### **Capital Assets**

Idaho State University's total capital assets decreased by \$4.8 million; from \$177.3 million in 2015 to \$172.5 million in 2016, with depreciation expense outpacing capital additions.

## Management's Discussion and Analysis

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>
Land	\$ 5,012,553	\$ 5,012,553	\$ -
Construction in progress	2,861,766	1,763,051	1,098,715
Buildings, net	138,556,827	144,119,834	(5,563,007)
Intangibles, net	1,384,039	1,494,762	(110,723)
Equipment, net	14,310,538	13,790,562	519,976
Library materials, net	10,367,190	11,105,668	(738,478)
<b>Total capital assets, net</b>	<b><u>\$ 172,492,913</u></b>	<b><u>\$ 177,286,430</u></b>	<b><u>\$ (4,793,517)</u></b>

A summary of changes in capital assets is disclosed in Note 6.

### Debt

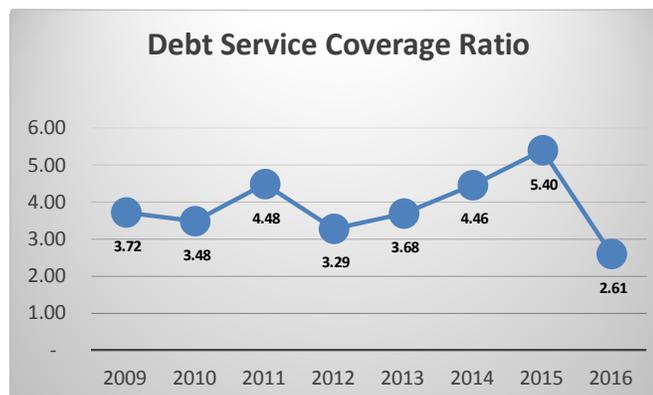
Total notes and bonds payable declined by \$4.8 million from \$51.3 million at June 30, 2015, to \$46.5 million at June 30, 2016. The University completed advance refunding of its 2004B and 2007 series bonds to reduce its total debt service payments over the next 18 years and obtain an economic gain of \$1.9 million. The University continues to pay down existing debt according to the debt schedule detailed in the notes of this report.

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>
Notes and bonds payable	<u>\$ 46,470,693</u>	<u>\$ 51,277,411</u>	<u>\$ (4,806,718)</u>

A summary of changes in debt is disclosed in Note 8.

### Debt Ratios

The debt service coverage ratio provides an indicator of the University's ability to repay annual principal and interest relative to its overall expenses. The graph below shows the University's debt service ratio for the past eight years and indicates the University has sufficient resources to pay its long-term debt obligations 2.61 times over. The decline in 2016 is driven by the increase in operating loss, due to operating expense increases for personnel, repairs and maintenance in the facilities of the University.



### **ECONOMIC OUTLOOK**

The financial position of Idaho State University has remained stable for the past several years, as we move into 2017 enrollment will be our top priority and challenge. Enrollment is a significant driver of funding for the University and presents challenges due to increasing competition for students, a low unemployment rate in the region and Idaho's bottom 10 ranking of students who go on and finish a four year college degree. Consistent with state trends in higher education, the University is projecting enrollment declines in the 2016 Fall semester. Leadership has implemented the first year of a multi-year enrollment management plan, focused on driving improvements in enrollment and student retention. Further, operating expenses will continue to grow due to state approved employee compensation increases and repairs and maintenance in the facilities of the University. As a result, financial performance will be under pressure in 2017.

During the year, the University proposed and received approval for a 2.5% tuition and fee increase for fiscal year 2017, the lowest increase in 28 years. ISU is and remains extremely competitive in tuition and fees, even after the increase, which is essential in enabling the University to balance its budget and continue to provide quality educational opportunities to students. The University's general state appropriation for fiscal year 2017 has increased by 8.5% over 2016 providing key support for operations.

Through the Institutional Effectiveness and Assessment Council, the University's leadership evaluates regularly the adequacy of its resources, capacity, and effectiveness of operations to document its ongoing potential to fulfill its mission, accomplish its core theme objectives, and achieve the goals or intended outcomes of its programs and services, wherever offered and however delivered. Investments in student recruiting and financial incentives are aimed at attracting and retaining the student population. Implementation of a campus-wide, university strategic planning process is being utilized to achieve a consistent and focused approach to ensure utilization of resources is aligned with the mission of the University. The core themes of learning and discovery, access and opportunity, leadership in health sciences, and community engagement and impact are at the forefront of prioritizing the investments of the University. The strategic plan will guide the University with long-term planning that supports the achievement of the vision and mission fulfillment.

*The audited financial statements included in this report, along with the accompanying notes to the financial statements, provide pertinent information and details related to the financial activities discussed in this analysis.*

# Annual Financial Statements

IDAHO STATE UNIVERSITY  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016 AND 2015

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 38,858,790	\$ 32,067,327
Cash with Treasurer	88,728,363	78,723,465
Investments	20,408,666	20,237,619
Student loans receivable, net	300,834	325,398
Accounts receivable and unbilled charges, less allowance for doubtful accounts of \$3,825,771 and \$1,826,349, respectively	16,452,119	26,845,864
Due from state agencies	3,634,429	4,022,347
Inventories	236,039	272,493
Prepaid expenses	2,076,142	1,517,414
Total current assets	<u>170,695,382</u>	<u>164,011,927</u>
<b>NONCURRENT ASSETS:</b>		
Student loans receivable, less allowance for doubtful loans of \$647,875 and \$590,980, respectively	945,660	1,062,945
Assets held in trust	298,400	294,626
Prepaid bond insurance costs	33,444	85,417
Capital assets, net	172,492,913	177,286,430
Other long-term assets	-	8,000
Total noncurrent assets	<u>173,770,417</u>	<u>178,737,418</u>
<b>TOTAL ASSETS</b>	<u>344,465,799</u>	<u>342,749,345</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred cost of refunding	948,554	503,784
Deferred outflow for pensions	7,651,137	3,461,026
Total deferred outflows of resources	<u>8,599,691</u>	<u>3,964,810</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 353,065,490</u>	<u>\$ 346,714,155</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 6,875,970	\$ 4,756,193
Due to state agencies	704,796	103,707
Accrued salaries and benefits payable	10,618,098	11,408,978
Compensated absences payable	5,485,812	5,217,489
Deposits	364,957	375,435
Funds held in custody for others	1,051,977	928,072
Unearned revenues	6,906,787	6,626,293
Accrued interest payable	427,110	523,819
Notes and bonds payable	4,697,557	5,142,488
Total current liabilities	<u>37,133,064</u>	<u>35,082,474</u>
<b>NONCURRENT LIABILITIES:</b>		
Other post-employment benefits payable	9,020,000	8,265,000
Pension liability	12,032,251	6,774,117
Notes and bonds payable	41,773,136	46,134,923
Total noncurrent liabilities	<u>62,825,387</u>	<u>61,174,040</u>
<b>TOTAL LIABILITIES</b>	<u>99,958,451</u>	<u>96,256,514</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred cost of refunding	19,863	24,829
Deferred inflow for pensions	7,850,446	9,325,378
Total deferred inflows of resources	<u>7,870,309</u>	<u>9,350,207</u>
<b>NET POSITION:</b>		
Invested in capital assets	126,984,356	126,573,391
Restricted, expendable	5,053,113	4,961,978
Unrestricted	113,199,261	109,572,065
Total net position	<u>245,236,730</u>	<u>241,107,434</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 353,065,490</u>	<u>\$ 346,714,155</u>

See Accompanying Notes to Financial Statements

**IDAHO STATE UNIVERSITY COMPONENT UNIT**

**IDAHO STATE UNIVERSITY FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,551,354	\$ 2,167,955
Cash held pursuant to bond requirements	-	447,429
Promises to give, net	3,841,977	4,253,218
Life insurance cash surrender value	92,082	100,979
Inventory	412,280	361,181
Pharmacy receivables, net	202,039	218,853
Miscellaneous receivables	40,325	1,684
Prepaid Expenses	114,171	63,701
Capitalized bond issuance costs, net	-	88,036
Property and Equipment, net	372,700	183,535
Goodwill, net	199,241	199,241
Donated land held for sale	1,824,556	1,945,856
Investments	52,845,818	53,918,942
	<b>\$ 62,496,543</b>	<b>\$ 63,950,610</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 432,700	\$ 391,565
Scholarships and other payables to Idaho State University	426,317	423,941
Obligations to beneficiaries under split-interest agreements	850,798	917,521
Funds held in custody for others	716,020	652,640
Long-term debt	5,291,106	5,957,779
	<b>7,716,941</b>	<b>8,343,446</b>
<b>Net Assets</b>		
Unrestricted	(4,350,626)	(4,086,482)
Temporarily restricted	18,388,380	20,726,350
Permanently restricted	40,741,848	38,967,296
	<b>54,779,602</b>	<b>55,607,164</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 62,496,543</b>	<b>\$ 63,950,610</b>

**See Accompanying Notes to Financial Statements**

# Annual Financial Statements

## IDAHO STATE UNIVERSITY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
<b>OPERATING REVENUES</b>		
Student tuition and fees (net of scholarship discounts and allowances of \$25,947,403 and \$25,916,197, respectively)	\$ 87,208,911	\$ 88,206,974
Federal grants and contracts	10,019,841	9,290,225
State and local grants and contracts	12,249,400	11,733,975
Private grants and contracts	7,251,844	7,012,923
Sales and services of educational activities	6,979,623	7,311,610
Sales and services of auxiliary enterprises	14,236,801	14,015,044
Other	3,858,144	3,678,615
<b>Total operating revenues</b>	<b>141,804,564</b>	<b>141,249,366</b>
<b>OPERATING EXPENSES</b>		
Personnel costs	160,776,462	149,425,555
Services	30,142,180	26,747,825
Supplies	18,916,787	14,823,343
Insurance, utilities and rent	7,486,150	7,350,446
Scholarships and fellowships	11,960,896	12,514,538
Depreciation	12,776,292	12,622,576
Miscellaneous	6,226,267	5,083,395
<b>Total operating expenses</b>	<b>248,285,034</b>	<b>228,567,678</b>
<b>OPERATING LOSS</b>	<b>(106,480,470)</b>	<b>(87,318,312)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations:		
State general account - general education	71,057,200	68,005,400
Endowment income	3,004,200	2,599,200
Other state appropriations	2,970,873	2,818,075
Professional technical education	9,740,822	10,412,813
Department of Public Works	3,408,499	4,985,344
Title IV grants	16,668,145	18,879,046
Gifts (including \$5,274,496 and \$5,158,769 from the Idaho State University Foundation, respectively)	5,632,083	5,843,281
Net investment income	189,275	195,658
Amortization of bond insurance costs	(6,936)	(7,267)
Bond issuance costs	(185,960)	-
Interest on capital asset related debt	(1,704,084)	(1,923,003)
<b>Net nonoperating revenues</b>	<b>110,774,117</b>	<b>111,808,547</b>
<b>INCOME BEFORE OTHER REVENUES AND EXPENSES</b>	<b>4,293,647</b>	<b>24,490,235</b>
<b>OTHER EXPENSES</b>		
Loss on disposal of fixed assets	(164,351)	(85,380)
<b>Net other expenses</b>	<b>(164,351)</b>	<b>(85,380)</b>
<b>INCREASE IN NET POSITION</b>	<b>4,129,296</b>	<b>24,404,855</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>241,107,434</b>	<b>231,484,666</b>
<b>CUMULATIVE EFFECT OF IMPLEMENTING GASB 68 (NOTE 2)</b>	<b>-</b>	<b>(14,782,087)</b>
<b>NET POSITION, BEGINNING OF YEAR (AS RESTATED)</b>	<b>-</b>	<b>216,702,579</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 245,236,730</b>	<b>\$ 241,107,434</b>

See Accompanying Notes to Financial Statements

**IDAHO STATE UNIVERSITY COMPONENT UNIT**

**IDAHO STATE UNIVERSITY FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES</b>				
Contributions and gifts	\$ 1,637,846	\$ 2,530,133	\$ 1,868,591	\$ 6,036,570
Contributed services	393,251	10,250	-	403,501
Interest and dividends	193,575	402,250	324	596,149
Net realized/unrealized gain on investments	97,464	(1,563,965)	6,465	(1,460,036)
Fees, charges, and miscellaneous	895,602	395	-	895,997
Pharmacy revenue	3,503,006	-	-	3,503,006
Less cost of goods sold	<u>(3,057,054)</u>	<u>-</u>	<u>-</u>	<u>(3,057,054)</u>
Net pharmacy charges	445,952	-	-	445,952
Net change in value of split-interest agreements and life insurance	-	34,312	39,638	73,950
Donor designated transfers	(300)	140,766	(140,466)	-
Net assets released from program restrictions	<u>3,892,111</u>	<u>(3,892,111)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>7,555,501</u>	<u>(2,337,970)</u>	<u>1,774,552</u>	<u>6,992,083</u>
<b>EXPENSES</b>				
Program support to Idaho State University				
Donations/transfers	1,293,830	-	-	1,293,830
Scholarships	1,869,773	-	-	1,869,773
Athletic	228,028	-	-	228,028
Department support	1,882,867	-	-	1,882,867
Support services				
Management and general	547,731	-	-	547,731
Fundraising	1,473,607	-	-	1,473,607
Pharmacy expenses	<u>523,809</u>	<u>-</u>	<u>-</u>	<u>523,809</u>
Total Expenses	<u>7,819,645</u>	<u>-</u>	<u>-</u>	<u>7,819,645</u>
CHANGE IN NET ASSETS	(264,144)	(2,337,970)	1,774,552	(827,562)
NET ASSETS, beginning of year	<u>(4,086,482)</u>	<u>20,726,350</u>	<u>38,967,296</u>	<u>55,607,164</u>
NET ASSETS, end of year	<u>\$ (4,350,626)</u>	<u>\$ 18,388,380</u>	<u>\$ 40,741,848</u>	<u>\$ 54,779,602</u>

See Accompanying Notes to Financial Statements

**IDAHO STATE UNIVERSITY COMPONENT UNIT**

**IDAHO STATE UNIVERSITY FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES</b>				
Contributions and gifts	\$ 1,263,570	\$ 2,423,074	\$ 3,626,016	\$ 7,312,660
Contributed services	714,109	-	-	714,109
Interest and dividends	133,487	330,823	-	464,310
Net realized/unrealized gain on investments	21,548	208,213	-	229,761
Fees, charges, and miscellaneous	881,750	29,449	-	911,199
Pharmacy revenue	1,908,647	-	-	1,908,647
Less cost of goods sold	<u>(1,395,718)</u>	<u>-</u>	<u>-</u>	<u>(1,395,718)</u>
Net pharmacy charges	512,929	-	-	512,929
Net change in value of split-interest agreements and life insurance	-	(114,130)	(71,669)	(185,799)
Donor designated transfers	48,883	(111,195)	62,312	-
Net assets released from program restrictions	<u>3,373,872</u>	<u>(3,373,872)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>6,950,148</u>	<u>(607,638)</u>	<u>3,616,659</u>	<u>9,959,169</u>
<b>EXPENSES</b>				
Program support to Idaho State University				
Donations/transfers	1,456,139	-	-	1,456,139
Scholarships	1,397,610	-	-	1,397,610
Athletic	196,049	-	-	196,049
Department support	2,108,971	-	-	2,108,971
Support services				
Management and general	464,844	-	-	464,844
Fundraising	1,744,644	-	-	1,744,644
Pharmacy expenses	<u>586,572</u>	<u>-</u>	<u>-</u>	<u>586,572</u>
Total Expenses	<u>7,954,829</u>	<u>-</u>	<u>-</u>	<u>7,954,829</u>
CHANGE IN NET ASSETS	(1,004,681)	(607,638)	3,616,659	2,004,340
NET ASSETS, beginning of year	<u>(3,081,801)</u>	<u>21,333,988</u>	<u>35,350,637</u>	<u>53,602,824</u>
NET ASSETS, end of year	<u>\$ (4,086,482)</u>	<u>\$ 20,726,350</u>	<u>\$ 38,967,296</u>	<u>\$ 55,607,164</u>

See Accompanying Notes to Financial Statements

# Annual Financial Statements

**IDAHO STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student fees	\$ 76,054,017	\$ 76,401,610
Grants and contracts	29,129,834	27,882,961
Sales and services of educational activities	6,085,988	6,562,763
Sales and services from auxiliary enterprises	14,179,941	14,144,594
Other operating revenue	3,815,552	3,667,055
Collection of loans to students	969,353	547,711
Payments to and on behalf of employees	(157,241,615)	(146,151,983)
Payments to suppliers	(58,170,745)	(52,971,921)
Payments for scholarships and fellowships	(3,278,282)	(4,468,182)
Loans issued to students	(869,131)	(434,450)
Net cash used by operating activities	<u>(89,325,088)</u>	<u>(74,819,842)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	87,941,416	83,957,238
Title IV grants	16,522,016	19,012,657
Gifts	5,485,162	5,198,387
Agency receipts	41,870,811	27,470,199
Agency payments	(32,497,883)	(38,465,871)
Direct lending receipts	59,808,822	62,622,904
Direct lending payments	(59,370,331)	(63,211,471)
Net cash provided by noncapital financing activities	<u>119,760,013</u>	<u>96,584,043</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital purchases	(6,458,482)	(7,862,390)
Proceeds from advance refunding of debt	140,879	-
Cost of issuance for advance refunding bonds	(134,841)	-
Principal paid on capital debt	(5,142,488)	(4,958,257)
Interest paid on capital debt	(2,061,720)	(2,270,755)
Net cash used by financing activities	<u>(13,656,652)</u>	<u>(15,091,402)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(14,940,875)	(15,611,276)
Proceeds from sales and maturities of investments	14,940,875	15,611,276
Investment net of income and expenses	18,088	17,009
Net cash used by investing activities	<u>18,088</u>	<u>17,009</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>16,796,361</b>	<b>6,689,808</b>
<b>CASH AND CASH EQUIVALENTS--Beginning of year</b>	<b><u>110,790,792</u></b>	<b><u>104,100,984</u></b>
<b>CASH AND CASH EQUIVALENTS--End of year</b>	<b><u>\$ 127,587,153</u></b>	<b><u>\$ 110,790,792</u></b>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES</b>		
Operating Loss	\$ (106,480,470)	\$ (87,318,312)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Depreciation	12,776,292	12,622,576
Maintenance costs paid by Department of Public Works and other	3,100,687	2,383,266
Change in assets and liabilities		
Accounts receivable, net	195,588	(2,372,755)
Prepaid expenses	(558,728)	(267,164)
Student loans receivable, net	141,849	121,103
Inventory	36,454	16,079
Pension liability and deferred inflows and outflows for pensions	(406,908)	(2,143,618)
Accounts payable and accrued liabilities	1,430,631	151,144
Accrued salaries and benefits payable	222,503	1,750,547
Deposits	(10,703)	(10,932)
Unearned revenue	223,491	239,430
Noncurrent assets	4,226	8,794
Net cash used in operating activities	<u>\$ (89,325,088)</u>	<u>\$ (74,819,842)</u>

See Accompanying Notes to Financial Statements

**IDAHO STATE UNIVERSITY**  
**Notes to Financial Statements**  
**Years Ended June 30, 2016 And 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Idaho State University (the University) is part of the public system of higher education in the State of Idaho (the State). The system is considered part of the State of Idaho financial reporting entity. The State Board of Education (SBOE), appointed by the Governor and affirmed by the legislature, directs the system. The University is headquartered in Pocatello, Idaho with satellite campuses in Idaho Falls, Meridian, and Twin Falls, Idaho. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

***Financial Reporting Entity***

The Idaho State University Foundation, Inc. (the Foundation) is considered a component unit of the University as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - and amendment of GASB Statements No. 14 and No. 34*. As such, the Foundation is discretely presented for fiscal years ended June 30, 2016 and 2015. Additional detail and discussion related to the Foundation can be found in Note 14 of this report.

***Basis of Accounting***

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University'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 Equivalents***

The University considers all liquid investments with a remaining maturity of three months or less at the date of acquisition and all nonnegotiable certificates of deposit 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. Interest accruing on the balance is maintained in a separate fund and must be appropriated by the legislature before any expenditure can occur.

***Investments***

The University accounts for its investments at fair value. Investment income is recorded on the accrual basis. 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.

### ***Student Loans Receivable***

Loans receivable from students bear interest at rates ranging from 3.00% to 7.00% and are generally payable to the University in installments over a 5 to 10 year period, commencing 6 or 9 months after the date of separation from the University.

### ***Accounts Receivable***

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

### ***Inventories***

Inventories, consisting primarily of items held by University Stores, are valued at the lower of first-in, first-out ("FIFO") cost or market.

### ***Capital Assets***

Capital assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at date of the gift. The University'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. Intangible assets with a unit cost of \$200,000 or more and an estimated useful life of greater than one year are recorded as capital assets. 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, generally 50 years for buildings, 12 to 25 years for land improvements, 10 years for library books, and 5 to 13 years for equipment.

The University houses collections at the Idaho Museum of Natural History that it does not capitalize. These collections adhere to the University's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. The University charges these collections to operations at the time of purchase, in accordance with generally accepted accounting principles.

### ***Deferred Inflows and Outflows of Resources***

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that apply to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that apply to a future period and so will not be recognized as an inflow of resources (revenue) until then.

### ***Unearned Revenues***

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

### ***Compensated Absences***

Employee vacation pay that is earned but unused is accrued at year-end for financial statement purposes. Amounts included in accrued salaries and benefits payable in the statement of net position are \$5,485,812 and \$5,217,489 at June 30, 2016 and 2015, respectively.

### ***Noncurrent Liabilities***

Noncurrent liabilities include the principal portions of revenue bonds payable, notes payable with contractual maturities greater than one year, and other post-employment benefits payable.

### ***Net Position***

Net position is identified as the residual of all elements presented in the statement of financial position. The University's net position is classified as follows:

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

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

*Unrestricted* – Unrestricted represents resources, derived from student fees, state appropriations, and sales and services of educational departments and auxiliary enterprises.

These resources are used for transactions related to the educational and general operations of the University, and may be used at the discretion of the institution to meet current expenses for any lawful purpose and in accordance with SBOE policy.

### ***Income and Unrelated Business Income Taxes***

The University, 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. The University is liable for tax on its unrelated business income. Defined by the Internal Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance by the organization of its exempt purpose or function. The University did not incur unrelated business income tax expense in the fiscal years ended June 30, 2016 or 2015.

### ***Classification of Revenues***

The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating Revenues* – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student fees net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state, and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.

*Nonoperating Revenues* – Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as gifts and contributions, and other revenue resources 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, such as state appropriations and investment income.

### ***Scholarship Discounts and Allowances***

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

### ***Pensions***

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### ***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.

### ***Accounting Standards Implemented***

The University implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, effective for the fiscal year ending June 30, 2016. GASB issued Statement No. 72 defines fair value, how fair value is measured, what assets and liabilities should be measured at fair value, and what information about fair value should be reported in the notes to the financial statements. GASB Statement No. 72 requires disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques. (See footnote 3.)

The University was required to implement the provisions of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 was effective for the fiscal year ending June 30, 2015. The primary objective of this Statement is to improve accounting and financial reporting of pensions by state and local governments. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about pensions are also addressed. The University participates in the State's defined benefit retirement plan where the benefits and obligations to contribute to the plan are established, and may be amended by, the Idaho State Legislature. The State administers the plan and provides its component units the respective pension benefit and obligation amounts.

The University was required to implement the provisions of *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of this Statement were required to be applied simultaneously with the provisions of GASB Statement No. 68, which was effective for the fiscal year ending June 30, 2015. The primary objective of this Statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68.

## **2. RESTATEMENT OF NET POSITION**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was effective for financial statement periods beginning after June 15, 2014, with the effects of accounting changes to be applied retroactively by restating the financial statements. The Statement requires the University record its proportionate share of the defined benefit pension obligations for active, inactive and retired

employees receiving retirement benefits under the Public Employee Retirement System of Idaho (“PERSI”).

The University adopted this new pronouncement in fiscal year 2015. It was not practical for PERSI to determine the amounts of all deferred inflows of resources and deferred outflows of resources related to pensions as of the beginning of the plan year, fiscal year 2015. As a result, the prior year, fiscal 2014, was not restated for deferred inflows of resources, deferred outflows of resources, net pension liability and pension expense. Since the restatement of fiscal year 2014 was not practical, the cumulative effect of applying this Statement was reported as a restatement of beginning net position as of June 30, 2014.

**Net Position Restated** – The cumulative effect of implementing GASB 68 decreases the beginning net position for fiscal year 2015 by \$14,782,087 from \$231,484,666 to \$216,702,579.

	As Previously Reported June 30, 2014	Restated June 30, 2014	Cummulative Effect of Change
Deferred outflows of resources for pensions	\$ -	\$ 2,822,012	\$ 2,822,012
Net pension liability	-	17,604,099	17,604,099
Net position	231,484,666	216,702,579	(14,782,087)

**3. CASH WITH TREASURER, CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS**

***Cash with Treasurer, Cash and Cash Equivalents, and Other Deposits***

Cash with Treasurer is under the custody of the Idaho State Treasurer and is carried at cost. The University's deposits are maintained in commercial checking accounts which, as of June 30, 2016, have insurance coverage up to \$250,000 through the Federal Deposit Insurance Corporation (FDIC). At June 30, 2016 and 2015, total deposits consisted of the following:

	<u>2016</u>	<u>2015</u>
Cash	\$ 43,074,153	\$ 35,465,410
Cash equity with the State Treasurer	88,728,363	78,723,465
Total deposits	<u>\$ 131,802,516</u>	<u>\$ 114,188,875</u>

The deposit amounts subject to custodial credit risk at June 30, 2016 and 2015 consisted of the following:

## Notes to the Financial Statements

### Basis of Custodial Credit Risk As of June 30

	2016	2015
Insured	\$ 250,000	\$ 250,000
Uncollateralized	-	-
Collateralized by securities held by the pledging financial institution	42,824,153	35,215,410
Total deposits	<u>\$ 43,074,153</u>	<u>\$ 35,465,410</u>

At June 30, 2016 and 2015, the University had \$135,113 and \$161,453, respectively, of cash on hand in various change funds. The carrying amount of the University's cash and cash equivalents at June 30, 2016 and 2015, was \$127,587,153 and \$110,790,792, respectively. The net difference between deposits and the carrying amount of cash and cash equivalents is a reflection of deposits in transit, outstanding checks, and investment of the daily float.

### Investments

The general investment policy of the University as adopted by the State Board of Education outlines that investments in securities are to be made with the objective of maximizing long-term total return, ensuring safety of principal, and providing satisfactory current income. Investments generally include direct obligations of the U.S. government and its agencies, municipal and corporate bonds, mortgage-backed securities, mutual funds, and certificates of deposit. These securities are recorded at fair value in the statement of net position. Investment income, including change in fair value of investments, is recognized as revenue in the statement of revenues, expenses, and changes in net position.

### Investments Measured at Fair Value

Fair Value is described as an exit price. Fair value measurements assume a transaction takes place in a government's principal market or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value does not take into consideration transaction costs. The following tables classify the fair value of the University's investments at June 30, 2016 and 2015, respectively:

	June 30, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Certificates of deposit	\$ 5,450,072	\$ -	\$ 5,450,072	\$ -
Debt securities				
Fixed income - Government Bonds	300,800	-	300,800	-
Fixed income - Corporate Bonds	14,657,794	-	14,657,794	-
Total debt securities	<u>14,958,594</u>	<u>-</u>	<u>14,958,594</u>	<u>-</u>
Total investments by fair value	<u>\$ 20,408,666</u>	<u>\$ -</u>	<u>\$ 20,408,666</u>	<u>\$ -</u>

## Notes to the Financial Statements

	June 30, 2015	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Certificates of deposit	\$ 4,960,143	\$ -	\$ 4,960,143	\$ -
Debt securities				
Fixed income - Government Bonds	752,280	-	752,280	-
Fixed income - Corporate Bonds	14,525,196	-	14,525,196	-
Total debt securities	15,277,476	-	15,277,476	-
Total investments by fair value	\$ 20,237,619	\$ -	\$ 20,237,619	\$ -

Certificates of deposit and debt securities classified in Level 2 of the fair value hierarchy are valued using a variety of pricing techniques, including but not limited to fundamental analytical data related to the securities, values of baskets of securities, market interest rates, matrix calculated prices, and purchase price. The University does not hold any securities that would be classified as Level 1, quoted in active markets, or Level 3, significant unobservable inputs, for fair value measurement.

The following table represents the fair value of investments by type and interest rate risk at June 30, 2016 and 2015, respectively:

Fiscal Year	University Investments	Fair Value	Investment Maturities		
			1-3 years	3-5 years	5+ years
2016	Fixed Income - CD	\$ 5,450,072	\$ 3,442,521	\$ 2,007,551	\$ -
2016	Fixed Income - Corporate Bonds	300,800	300,800	-	-
2016	Fixed Income - Government Bonds	14,657,794	6,047,063	7,090,266	1,520,465
		\$ 20,408,666	\$ 9,790,384	\$ 9,097,817	\$ 1,520,465
2015	Fixed Income - CD	\$ 4,960,143	\$ 2,705,322	\$ 2,254,821	\$ -
2015	Fixed Income - Corporate Bonds	752,280	503,410	248,870	-
2015	Fixed Income - Government Bonds	14,525,196	4,218,646	4,136,305	6,170,245
		\$ 20,237,619	\$ 7,427,378	\$ 6,639,996	\$ 6,170,245

### Credit Risk

Credit risk is the risk the issuer or other counterparty to an investment will not fulfill its obligation, causing the University to experience a loss of principal, or that negative perceptions of issuer's ability to make these payments will cause prices to decline. The University does not presently have a formal policy that addresses credit risk.

Fixed income investment ratings as of June 30, 2016, are presented below using credit risk ratings issued upon standards set by Moody's Investors Service. 'Aaa' rated obligations are judged to be of the highest quality, with minimal credit risk. 'Aa' rated obligations are judged to be of high quality

and are subject to very low credit risk. 'A' rated obligations are considered upper-medium grade and are subject to low credit risk. Issuers rated 'NP' or 'Not Prime' do not fall within any of the prime rating categories.

Fiscal Year	University Investments	Fair Value	Credit Rating				
			Aaa	Aa	A	NP	Unrated
2016	Fixed Income - CD	\$ 5,450,072	\$ 838,235	\$ -	\$ 1,654,987	\$ 1,453,279	\$ 1,503,571
2016	Fixed Income - Corporate Bonds	300,800	-	300,800	-	-	-
		<u>\$ 5,750,872</u>	<u>\$ 838,235</u>	<u>\$ 300,800</u>	<u>\$ 1,654,987</u>	<u>\$ 1,453,279</u>	<u>\$ 1,503,571</u>

Credit risk disclosed for Fixed Income – Government Bonds is related to the mutual funds' underlying assets. The mutual fund typically holds most of its exposure in mortgage-backed securities, including collateralized mortgage obligations, issued or guaranteed by U.S. Government agencies or government-sponsored entities. In addition, it targets maintaining an average credit quality rating that is equivalent to the highest rating available from a Nationally Recognized Statistical Rating Organization. According to GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

**Concentration of Credit Risk**

Concentration of credit risk is defined per GASB Statement No. 40 as the risk of loss attributed to the magnitude of an investment in a single issuer other than the federal government. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when 5 percent of investments are concentrated in any one issuer. At present, the University does not have a formal policy that addresses concentration of risk. The University did not have any investments at June 30, 2016 or 2015, that represented a 5 percent or greater concentration in any one issuer.

**Custodial Credit Risk**

Custodial credit risk for investments is defined as the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of its investments that are in the possession of an outside party. The University does not have a policy that specifically addresses custodial credit risk. As of June 30, 2016, all investments were held by the University or its counterparty in the University's name.

**Interest Rate Risk**

Interest rate risk is the risk the value of fixed income securities will decline because of a change in interest rates. Currently, the University does not have a formal policy that addresses interest rate risk. Interest rate risk disclosed for Fixed Income – Government Bonds is related to the mutual funds' underlying assets.

**Foreign Currency Risk**

The University does not presently have a policy that addresses foreign currency risk. As of June 30, 2016, all investments held by the University were denominated in U.S. Dollars; therefore, no foreign currency risk needs to be considered at this time.

**4. ACCOUNTS RECEIVABLE AND DUE FROM STATE AGENCIES**

Accounts receivable and due from state agencies consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Accounts receivable	\$ 20,277,890	\$ 28,672,213
Due from state agencies	<u>3,634,429</u>	<u>4,022,347</u>
	23,912,319	32,694,560
Less allowance for doubtful accounts	<u>(3,825,771)</u>	<u>(1,826,349)</u>
Net accounts receivable and Due from state agencies	<u>\$ 20,086,548</u>	<u>\$ 30,868,211</u>

**5. STUDENT LOANS RECEIVABLE**

Student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the loans receivable at June 30, 2016 and 2015. Under the Program, the federal government provides approximately 75% of the funding for the Program, with the University providing the balance. The Program provides cancellation provisions for borrowers engaging in teaching, public service, service in the military or law enforcement, as well as other disciplines. The Department of Education reimburses the University each year for the principal and interest canceled in its Perkins Loan Fund for all of the cancellation provisions except death, total and permanent disability, and bankruptcy. The University must deposit this reimbursement into its Perkins loan fund. In the event the University should withdraw from the Program or the government were to cancel the Program, the amount the University would be liable for as of June 30, 2016 and 2015, is \$1,790,269 and \$1,993,473, respectively.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management’s opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2016 and 2015, the allowance for uncollectible loans was \$647,875 and \$590,980, respectively.

## Notes to the Financial Statements

### 6. CAPITAL ASSETS

Capital Assets at June 30, 2016 and 2015, consisted of the following:

	2016				Balance June 30, 2016
	Balance	Additions	Retirements	Transfers	
	July 1, 2015				
Capital assets not being depreciated:					
Land	\$ 5,012,553	\$ -	\$ -	\$ -	\$ 5,012,553
Construction in progress	1,763,051	1,183,668	-	(84,953)	2,861,766
<b>Total capital assets not being depreciated</b>	<b>6,775,604</b>	<b>1,183,668</b>	<b>-</b>	<b>(84,953)</b>	<b>7,874,319</b>
Other capital assets:					
Buildings and improvements	249,052,362	351,626	-	84,953	249,488,941
Intangibles	2,214,462	-	-	-	2,214,462
Furniture, fixtures and equipment	52,500,741	4,906,391	(1,970,419)	-	55,436,713
Library materials	58,146,671	1,705,441	-	-	59,852,112
<b>Total other capital assets</b>	<b>361,914,236</b>	<b>6,963,458</b>	<b>(1,970,419)</b>	<b>84,953</b>	<b>366,992,228</b>
Less accumulated depreciation and amortization:					
Buildings and improvements	(104,932,528)	(5,999,586)	-	-	(110,932,114)
Intangibles	(719,700)	(110,723)	-	-	(830,423)
Furniture, fixtures and equipment	(38,710,179)	(4,222,064)	1,806,068	-	(41,126,175)
Library materials	(47,041,003)	(2,443,919)	-	-	(49,484,922)
<b>Total accumulated depreciation and amortization</b>	<b>(191,403,410)</b>	<b>(12,776,292)</b>	<b>1,806,068</b>	<b>-</b>	<b>(202,373,634)</b>
Other capital assets net of accumulated depreciation	170,510,826	(5,812,834)	(164,351)	84,953	164,618,594
Capital assets summary:					
Capital assets not being depreciated	6,775,604	1,183,668	-	(84,953)	7,874,319
Other capital assets	361,914,236	6,963,458	(1,970,419)	84,953	366,992,228
Capital assets	368,689,840	8,147,126	(1,970,419)	-	374,866,547
Less accumulated depreciation and amortization	(191,403,410)	(12,776,292)	1,806,068	-	(202,373,634)
<b>Capital assets, net</b>	<b>\$ 177,286,430</b>	<b>\$ (4,629,166)</b>	<b>\$ (164,351)</b>	<b>\$ -</b>	<b>\$ 172,492,913</b>

## Notes to the Financial Statements

	2015				
	Balance	Additions	Retirements	Transfers	Balance
	July 1, 2014				June 30, 2015
Capital assets					
not being depreciated:					
Land	\$ 5,012,553	\$ -	\$ -	\$ -	\$ 5,012,553
Construction in progress	1,953,279	1,496,408	-	(1,686,636)	1,763,051
Total capital assets					
not being depreciated	6,965,832	1,496,408	-	(1,686,636)	6,775,604
Other capital assets:					
Buildings and improvements	244,322,287	3,043,439	-	1,686,636	249,052,362
Intangibles	2,214,462	-	-	-	2,214,462
Furniture, fixtures and equipment	50,382,159	4,293,848	(2,175,266)	-	52,500,741
Library materials	56,004,242	2,142,429	-	-	58,146,671
Total other capital assets	352,923,150	9,479,716	(2,175,266)	1,686,636	361,914,236
Less accumulated depreciation and amortization:					
Buildings and improvements	(99,004,920)	(5,927,608)	-	-	(104,932,528)
Intangibles	(608,977)	(110,723)	-	-	(719,700)
Furniture, fixtures and equipment	(36,717,655)	(4,082,410)	2,089,886	-	(38,710,179)
Library materials	(44,539,168)	(2,501,835)	-	-	(47,041,003)
Total accumulated depreciation and amortization	(180,870,720)	(12,622,576)	2,089,886	-	(191,403,410)
Other capital assets					
net of accumulated depreciation	172,052,430	(3,142,860)	(85,380)	1,686,636	170,510,826
Capital assets summary:					
Capital assets					
not being depreciated	6,965,832	1,496,408	-	(1,686,636)	6,775,604
Other capital assets	352,923,150	9,479,716	(2,175,266)	1,686,636	361,914,236
Capital assets	359,888,982	10,976,124	(2,175,266)	-	368,689,840
Less accumulated depreciation and amortization	(180,870,720)	(12,622,576)	2,089,886	-	(191,403,410)
Capital assets, net	\$ 179,018,262	\$ (1,646,452)	\$ (85,380)	\$ -	\$ 177,286,430

The Performing Arts Center was constructed by the Foundation with contributions and the proceeds from the Foundation's Multi-Mode Variable Rate Revenue Bond, issued in 2001. The facility was constructed on land leased by the Foundation from the University for \$1 a year for a 20 year term. The land and improvements were, in turn, leased back to the University for \$1 a year for 20 years, with a provision that title to the improvements transfers to the University at the earlier of the end of the lease or retirement of the bonds. A security interest in the land and improvements is held through a Deed of Trust issued by the Foundation to Wells Fargo Bank, N.A. The excess of the fair value of the improvements (i.e., cost) over the gross rents payable by the University were recorded

as an asset of the University in recognition of the permanent transfer of rights of use to the University for only nominal consideration.

In addition to accounts payable for construction in progress, the estimated cost to complete property authorized or under construction at June 30, 2016, is \$3,609,545. These costs will be financed by available resources of Idaho State University.

**7. UNEARNED REVENUES**

Unearned revenues consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Student Fees	\$ 4,380,348	\$ 4,631,708
Auxiliary enterprises and other	1,001,523	581,462
Grants and contracts	1,467,668	1,359,348
Other ticket sales	<u>57,248</u>	<u>53,775</u>
	<u>\$ 6,906,787</u>	<u>\$ 6,626,293</u>

8. NONCURRENT LIABILITIES

Notes and bonds payable at June 30 consisted of the following:

Description	Balance Outstanding 6/30/2014			Balance Outstanding 6/30/2015			Balance Outstanding 6/30/2016			Amounts Due Within One Year
	Balance Outstanding 6/30/2014	Additions	Reductions	Balance Outstanding 6/30/2015	Additions	Reductions	Balance Outstanding 6/30/2016	Additions	Reductions	Amounts Due Within One Year
Note payable to a financial institution due in semi-annual installments varying from maximum of \$2,993,916 to \$16,696 plus interest of 5.08% through 09/01/2016	\$ 2,211,301	\$ -	\$ (924,257)	\$ 1,287,044	\$ -	\$ (946,487)	\$ 340,557	\$ -	\$ -	\$ 340,557
General Revenue Bonds, Series 2004A (original balance of \$4,980,000), consisting of serial bonds payable in annual amounts increasing periodically from \$210,000 to a maximum of \$375,000, plus interest from 2.00% to 4.375% through the year 2023. All bonds are collateralized by certain student fees and other revenues.	560,000	-	(275,000)	285,000	-	(285,000)	-	-	-	-
General Revenue Bonds, Series 2004B (original balance of \$3,305,000), consisting of serial and term bonds payable in annual amounts increasing periodically from \$55,000 commencing in 2022 to a maximum of \$345,000, plus interest from 4.50% to 4.75% through the year 2034. All bonds are collateralized by certain student fees and other revenues. (Bonds refunded with Series 2016 bonds.)	3,040,000	-	-	3,040,000	-	(3,040,000)	-	-	-	-
General Revenue Bonds, Series 2004C (original balance of \$2,305,000), consisting of term bonds payable in annual amounts increasing periodically from \$95,000 to a maximum of \$190,000, plus interest of 4.880% through the year 2022. All bonds are collateralized by certain student fees and other revenues.	1,295,000	-	(140,000)	1,155,000	-	(150,000)	1,005,000	-	-	155,000
General Revenue Bonds, Series 2006 (original balance of \$10,000,000), consisting of term bonds payable in annual amounts increasing periodically from \$320,000 to a maximum of \$805,000, plus interest of 5.260% through the year 2028. All bonds are collateralized by certain student fees and other revenues.	8,230,000	-	(410,000)	7,820,000	-	(435,000)	7,385,000	-	-	455,000
General Revenue Bonds, Series 2007 (original balance of \$16,120,000), consisting of term bonds payable in annual amounts increasing periodically from \$270,000 to a maximum of \$1,055,000, plus interest from 3.90% to 5.00% through the year 2032. All bonds are collateralized by certain student fees and other revenues. (Bonds refunded with Series 2016 bonds.)	12,590,000	-	(620,000)	11,970,000	-	(11,300,000)	670,000	-	-	670,000
General Revenue Refunding Bonds, Series 2012 (original balance of \$27,530,000), consisting of annual amounts increasing periodically from \$965,000 to a maximum of \$3,470,000, plus interest from 2.00% to 4.00% through the year 2023. All bonds are collateralized by certain student fees and other revenues.	25,260,000	-	(2,255,000)	23,005,000	-	(2,340,000)	20,665,000	-	-	2,725,000
General Revenue Refunding Bonds, Series 2013 (original balance of \$3,810,000), consisting of annual amounts increasing periodically from \$334,000 to a maximum of \$1,669,000 plus interest from 2.25% to 2.75% through the year 2020. All bonds are collateralized by certain student fees and other revenues.	2,141,000	-	(334,000)	1,807,000	-	(341,000)	1,466,000	-	-	352,000
General Revenue Refunding Bonds, Series 2016 (original balance of \$12,780,000), consisting of serial bonds payable in annual amounts from \$300,000 to a maximum of \$1,250,000, plus interest from 2.00% to 5.00% through the year 2034. All bonds are collateralized by certain student fees and other revenues. (Series 2016 bonds issued to refund Series 2004B and Series 2007 bonds.)	-	-	-	-	12,780,000	-	12,780,000	-	-	-
	55,327,301	-	(4,958,257)	50,369,044	12,780,000	(18,837,487)	44,311,557	-	-	4,697,557
Premium on bonds	1,356,620	-	(359,353)	997,267	1,598,340	(394,032)	2,201,575	-	-	-
Discount on bonds	(98,623)	9,723	-	(88,900)	88,812	(42,351)	(42,439)	-	-	-
Totals	\$ 56,585,298	\$ 9,723	\$ (5,317,610)	\$ 51,277,411	\$ 14,467,152	\$ (19,273,870)	\$ 46,470,693	\$ -	\$ -	\$ 4,697,557

**Advance Refunding of Debt – Series 2016 Bonds**

On April 7, 2016, General Revenue Refunding Bonds, Series 2016, were issued by the University to refund 2004B and 2007 series bonds to achieve debt service savings and to pay the costs of issuance of the Series 2016 Bonds. The Series 2016 Bonds were issued in the aggregate principal amount of \$12,780,000 and bear interest from the date of issuance of 2% to 5% payable semiannually on April 1 and October 1 of each year, commencing on October 1, 2016.

The University completed the advance refunding to reduce its total debt service payments over the next 18 years by \$2.3 million and to obtain an economic gain (difference between the present values, on the bonds issuance date, of the prior and refunding debt service payments) of \$1.9 million.

Principal and interest maturities on notes and bonds payable in future periods for the year ending June 30, 2016, are as follows:

	Bonds		Notes	
	Principal	Interest	Principal	Interest
2017	\$ 4,357,000	\$ 1,693,743	\$ 340,557	\$ 8,650
2018	4,539,000	1,525,133	-	-
2019	4,715,000	1,354,523	-	-
2020	4,325,000	1,214,189	-	-
2021	4,530,000	1,062,564	-	-
2022-2026	15,125,000	2,912,354	-	-
2027-2031	5,135,000	642,825	-	-
2032-2034	1,245,000	64,950	-	-
	<u>\$ 43,971,000</u>	<u>\$ 10,470,281</u>	<u>\$ 340,557</u>	<u>\$ 8,650</u>

**Pledged Revenue** — Current outstanding issuances are 2004C, 2006, 2007, 2012, 2013, and 2016. The University has pledged certain revenues as collateral for these bonds. The pledged revenue amounts as of June 30 are as follows:

Pledged Revenues	2016	2015
	<b>Student Facility Fee Revenue Bonds</b>	
<b>Series 2004C, 2006, 2007, 2012, 2013, and 2016</b>		
Matriculation fee	\$ 52,797,753	\$ 52,693,194
Student facilities fee	3,979,203	4,124,892
Revenue of student housing system	6,413,833	6,294,932
CAES lease payment	850,104	850,104
	<u>\$ 64,040,893</u>	<u>\$ 63,963,122</u>
Debt service	<u>\$ 6,050,743</u>	<u>\$ 6,204,012</u>
Debt service coverage	1058%	1031%
Coverage requirement	110%	110%

As indicated, the student facilities fee is pledged for Series 2004C, Series 2006, Series 2007, Series 2012, Series 2013, and Series 2016 bonds. The Revenue of the Housing System is pledged for the Series 2012, 2013, and 2016 bonds and the Center for Advanced Energy Studies (CAES) lease payments are pledged for Series 2006 bonds.

**9. ACCOUNTING FOR LEASES**

The University is a lessor in a ground lease agreement with Portneuf Medical Center (lessee) that expires on May 31, 2032. The lease allowed for the construction of a sports medicine facility (the Facility) on the premises, which was completed in September 1994. The lessee pays rent of \$1 per year for the ground lease, payable on the date of the execution of the lease and annually thereafter on the anniversary date of such execution.

The University leases a weight/training room and associated common areas from Portneuf Medical Center (lessor). This lease has an expiration date of May 31, 2032. Rent for the weight/training room portion of the lease is \$1 per year. Rent for shared use of the common areas is \$14,000 per year. Rents for the initial term and renewal term are payable on the date of the execution of the lease and annually thereafter on the anniversary date of such execution. Upon expiration of the lease term, the Facility shall become the property of the University.

ISU leases building and office facilities under various noncancelable operating leases. Total costs for such leases were \$346,999 and \$360,922 for the years ended June 30, 2016 and 2015, respectively.

Future minimum lease payments at June 30, 2016, for all leases are as follows:

Fiscal Years	Payments
2017	\$ 79,453
2018	68,980
2019	45,760
2020	26,500
2021	14,000
2022-2026	70,000
2027-2031	70,000
2032	14,000
Totals	<u>\$ 388,693</u>

In 2006, Idaho State University entered into a lease agreement with Battelle Energy Alliance, LLC for facilities located in the CAES facility. The lease commenced September 2009, and extends through March 5, 2028.

Future minimum rental income on this operating lease is as follows:

Fiscal Years	Income
2017	\$ 850,104
2018	850,104
2019	850,104
2020	850,104
2021	850,104
2022-2026	4,250,520
2027-2028	1,487,682
Totals	<u>\$ 9,988,722</u>

Battelle Energy Alliance, LLC makes all lease payments directly to the trustee. Rental income is restricted and is to be used solely for debt service on the 2006 Revenue bonds; the proceeds were used to construct the facility. As of June 30, 2016, the book value of the building is \$14,728,485, which is net of accumulated depreciation of \$2,601,770.

## 10. OPTIONAL RETIREMENT PLANS AND TERMINATION PAYMENTS

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

Participants are immediately fully vested in the ORP. Retirement benefits are available as either a lump sum or any portion thereof upon attaining 55 years of age.

Contributions required and paid are as follows:

	2016	2015	2014
University contributions required and paid	\$ 6,373,221	\$ 6,264,020	\$ 5,964,369
Employee contributions	4,799,712	4,717,470	4,491,803
Total Contribution	<u>\$ 11,172,933</u>	<u>\$ 10,981,490</u>	<u>\$ 10,456,172</u>
University required contribution rate	9.24%	9.24%	9.255%
Employee contribution rate	6.96%	6.96%	6.97%

Although enrollees in the ORP no longer belong to PERSI, the University is required to contribute a percentage of the annual covered payroll to PERSI. Effective July 1, 2007, the percentage was

changed from 3.03% to 1.49%, allowing the difference of 1.54% to be used to increase the University’s contribution to ORP retirement accounts. In addition, the payoff period of the unfunded liability obligation was extended from July 1, 2015, to July 1, 2025. During the years ended June 30, 2016 and 2015, supplemental funding payments to PERSI were \$1,029,595 and \$1,014,900, respectively. These amounts are not included in the regular University PERSI contribution discussed previously.

**Supplemental Retirement Plans** – Full and part time benefited faculty, classified and professional staff, enrolled in PERSI as their regular retirement plan, may enroll in the 403(b), 401(k), and the 457(b) plans. Full and part time benefited 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. Approximately 96 employees contributed to this plan during the fiscal year ended June 30, 2016.

**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 University employees are eligible to participate in this plan. The plan is funded exclusively through employee pre-tax contributions. Approximately 47 employees contributed to this plan during the fiscal year ended June 30, 2016.

**403(b) Plan:**

The 403(b) is a voluntary tax-sheltered retirement plan covered under Section 403(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan. The plan is funded exclusively by employee pre-tax contributions. Approximately 178 employees contributed to this plan during the fiscal year ended June 30, 2016.

**Roth 403(b) Plan:**

The Roth 403(b) is a voluntary retirement savings plan covered under Section 403(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan. The plan is funded exclusively by employee post-tax contributions. Approximately 27 employees contributed to this plan during the fiscal year ended June 30, 2016.

**Supplemental Retirement 403(b) Plan:**

The Supplemental 403(b) plan was established by the Idaho State Board of Education as of June 23, 2011, for the benefit of a limited group of participants from the state’s higher education institutions. The plan is funded by contributions from the employees and the respective institutions, as set forth in Appendix A to the Plan document and as administered by the Idaho State Board of Education.

Supplemental Retirement Plan Contributions for the fiscal year ended June 30, 2016, are as follows:

	401(k) - PCP	403(b)	457(b)	Roth 403(b)	Supplemental 403(b)
Employee contributions	\$ 296,160	\$ 1,207,371	\$ 421,885	\$ 107,106	\$ 6,248
University contributions	N/A	N/A	N/A	N/A	8,747

**Termination Payments** – Employees who qualify for retirement under PERSI or ORP are eligible to use 50% of the cash value of their unused sick leave to continue their medical insurance coverage through the University. The University partially funds these obligations by depositing 0.65% of employee gross payroll to PERSI, who administers the plan for all participating ISU employees and retirees under a trust fund. The total contributions for the years ended June 30, 2016 and 2015, were \$609,710 and \$609,093, respectively.

**11. PENSION PLAN**

**Plan Description**

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

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

Employee membership data related to the PERSI Base Plan, as of June 30, 2016, was as follows:

Retirees and beneficiaries currently receiving benefits	42,657
Terminated employees entitled to but not yet receiving benefits	11,859
Active plan members	<u>67,008</u>
	<u><u>121,524</u></u>

**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 and earnings from investments. 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) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by State statute at 60% of the employer rate. As of June 30, 2015, it was 6.79% for general employees. The employer contribution rate is set by the Retirement Board and was 11.32% for general employees. The University’s contributions were \$2,784,740 for the year ended June 30, 2016, and \$2,897,140 for the year ended June 30, 2015.

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

At June 30, 2016, the University reported a liability of \$12,032,251 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University’s proportion of the net pension liability was based on the University’s share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2015 and 2014, the University’s proportion was 0.91 and 0.92 percent, respectively. Since the prior measurement date, the University’s proportion of the collective net pension liability dropped by 0.01 percent.

For the year ended June 30, 2016, the University recognized pension expense of \$2,377,832. At June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,442,408
Changes in assumptions or other inputs	4,866,396	-
Net difference between projected and actual earnings on pension plan investments	-	6,318,566
Changes in the employer’s proportion and differences between the employer’s contributions and the employer’s proportionate contributions	-	89,472
University contributions subsequent to the measurement date	2,784,740	-
Total	<u>\$ 7,651,136</u>	<u>\$ 7,850,446</u>

## Notes to the Financial Statements

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Deferred outflows of resources amounting to \$2,784,740 and related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2014, the beginning of the measurement period ended June 30, 2015, is 5.5 years.

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

Years ended June 30:	
2017	(1,234,255)
2018	(1,234,255)
2019	(1,234,255)
2020	895,852
2021	(87,660)

### **Actuarial Assumptions**

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 – 10%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

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

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

## Notes to the Financial Statements

An experience study was performed in 2012 for the period July 1, 2007, through June 30, 2011, which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2015 for the period from July 1, 2009, through June 30, 2013. The Net Pension Liability as of June 30, 2015, is based on the results of an actuarial valuation date of July 1, 2015.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI ACWI ex USA	15.00%	7.55%
* Arithmetic return			
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Geometric Rate of Return			7.50%
Assumed Investment Expenses			0.40%
<b>Long-Term Expected Rate of Return, Net of Investment Expenses</b>			<b>7.10%</b>

### **Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term

expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 29,306,192	\$ 12,032,251	\$ (2,328,740)

***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](http://www.persi.idaho.gov).

***Payables to the pension plan***

At June 30, 2016, the University reported payables to the defined benefit pension plan of \$220,920 for legally required employer contributions and \$0 for legally required employee contributions, which had been withheld from employee wages but not yet remitted to PERSI.

## Required Supplementary Information

### Schedule of Employer's Proportionate Share of Net Pension Liability

#### PERSI - Base Plan

#### Last 10 - Fiscal Years\*

	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.9137234%	0.9202007%
Employer's proportionate share of the net pension liability	\$ 12,032,251	\$ 6,774,117
Employer's covered-employee payroll	24,628,717	25,593,139
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	48.85%	26.47%
Plan fiduciary net position as a percentage of the total pension liability	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 University will present information for those years for which information is available.

Data reported is measured as of June 30, 2015 (measurement date)

### Schedule of Employer Contributions

#### PERSI - Base Plan

#### Last 10 - Fiscal Years\*

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 2,784,740	\$ 2,897,140
Contributions in relation to the statutorily required contribution	2,784,740	2,897,140
Employer's covered-employee payroll	24,628,717	25,593,139
Contributions as a percentage of covered-employee payroll	11.31%	11.32%

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

Data reported is measured as of June 30, 2015 (measurement date)

## 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

### *Summary of Plans*

The University participates in other postemployment benefit plans relating to health and disability administered by the State of Idaho as agent multiple-employer defined benefit plans. The Life Insurance benefit is a single-employer defined benefit plan. Idaho Code, Sections 67-5760 to 67-5768 and 72-1335, establishes the benefits and contribution obligations. Each of these benefits is provided by the University to retired or disabled employees. The most recent actuarial valuation is as of July 1, 2015. The University has not set aside any assets to pay future benefits; the University funds these benefits on a pay-as-you-go basis. Details of the plans can be found in the Comprehensive Annual Report of the State of Idaho, which may be obtained from the Office of the Idaho State Controller, 700 W State Street, 4<sup>th</sup> Floor, P.O. Box 83720, Boise, ID 83720-0011 [www.sco.idaho.gov](http://www.sco.idaho.gov).

### *Plan Descriptions and Funding Policy*

**Retiree Healthcare Plan** – A retired employee of the University 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 the active employee policy ends. Additionally, the employee must be receiving PERSI monthly benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An employee must have been an active employee on or before June 30, 2009, and must retire directly from State service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is \$1,860 per retiree per year. The University contributed \$13.39 per active employee per month towards the retiree premium cost.

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

For up to 30 months following the date of disability, an employee may continue healthcare coverage under the State plan. The University pays 100 percent of the University's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. The University was charged \$9.60 per active employee per month in fiscal year 2016.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability

salary or \$4,000, whichever is less. The benefit does not increase with inflation and may be offset by other sources of income such as Social Security, Workers' Compensation, unemployment benefits, employment rehabilitation earnings, and certain retirement benefits. 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 University pays 100 percent of the cost of the premiums. The University's contribution rate for the period was 0.264 percent of payroll in fiscal year 2016. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

This plan also provides basic life insurance and dependent life coverage to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than \$20,000. In addition, the plan provides a \$2,000 life insurance benefit for spouses and a \$1,000 life insurance benefit for dependent children. These benefits do not increase with inflation. The State is self-insured for employees who became disabled prior to July 1, 2012. The State 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 University 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** – This plan 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 University pays 100 percent of the cost of basic life insurance for eligible retirees. The University contribution for the period as a percent of payroll was 1.177% for retirees under age 65, 0.894% for retirees between the ages of 65 and 69, and 0.600% for retirees over age 70.

### ***Annual Other Post-Employment Benefit (OPEB) Costs***

The annual OPEB cost (AOC) is actuarially determined based on the annual required contribution (ARC) of the employer. The following table illustrates the annual OPEB cost, the amount of contributions made, the increase (decrease) in the net OPEB obligation (NOO), and the NOO (funding excess) for the current year.

## Notes to the Financial Statements

### Annual OPEB Cost and Net OPEB Obligation 2016 (dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan			Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
Annual Required Contribution	\$ 324	\$ 112	\$ 96	\$ 56	\$ 1,116	\$ 1,704
Interest	95	2	-	1	189	287
Adjustment to ARC	(173)	(4)	-	(2)	(347)	(526)
Total Annual OPEB Cost	246	110	96	55	958	1,465
Contributions Made	(306)	(130)	(64)	(40)	(162)	(702)
Increase (Decrease) in NOO	(60)	(20)	32	15	796	763
NOO – Beginning of Year	2,646	51	(8)	38	5,530	8,257
NOO (Funding Excess) – End of Year	\$ 2,586	\$ 31	\$ 24	\$ 53	\$ 6,326	\$ 9,020

### Annual OPEB Cost Comparison

The following table compares the annual OPEB cost, the percentage of annual OPEB cost contributed and the NOO (funding excess) for the current and two prior years:

### Annual OPEB Cost and Net OPEB Obligation (NOO) Comparison (dollars in thousands)

		Retiree Healthcare Plan	Long-Term Disability Plan			Life Insurance Plan	Total
			Healthcare	Life Insurance	Income		
Annual OPEB Cost	2014	\$ 118	\$ 102	\$ 148	\$ 79	\$ 894	\$ 1,341
	2015	302	120	104	62	958	1,546
	2016	246	110	96	55	958	1,465
Percentage of AOC Contributed	2014	150.85%	139.22%	74.32%	67.09%	15.55%	51.65%
	2015	74.17%	139.17%	83.65%	80.65%	16.81%	44.57%
	2016	124.39%	118.18%	66.67%	72.73%	16.91%	47.92%
NOO (Funding Excess) – End of Year	2014	\$ 2,566	\$ 98	\$ (24)	\$ 26	\$ 4,733	\$ 7,399
	2015	2,646	51	(8)	38	5,530	8,257
	2016	2,586	31	24	53	6,326	9,020

**Funded Status and Funding Progress** – The following table illustrates the funded status and the funding progress for the University:

### Funded Status and Funding Progress (dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan			Life Insurance Plan
		Healthcare	Life Insurance	Income	
Actuarial Valuation Date	7/1/2015	7/1/2015	7/1/2015	7/1/2015	7/1/2015
(1) Actuarial Value of Assets	-	-	-	-	-
(2) Accrued Liability (AAL)	\$ 2,201	\$ 722	\$ 351	\$ 254	\$ 14,635
(3) Unfunded AAL (UAAL) (2) - (1)	2,201	722	351	254	14,635
(4) Funded Ratios (1) : (2)	-	-	-	-	-
(5) Annual Covered Payroll	93,606	93,606	93,606	93,606	93,606
UAAL as a Percentage of Covered Payroll (3) : (5)	2.35%	0.77%	0.37%	0.27%	15.63%

**Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information immediately following the notes to the financial statements contains multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits for financial reporting purposes does not incorporate the potential effects of legal funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following table presents the significant methods and assumptions for all plans:

	<b>Significant Methods and Actuarial Assumptions</b>				
	<b>Retiree Healthcare Plan</b>	<b>Long-Term Disability Plan</b>			<b>Life Insurance Plan</b>
	<b>Healthcare</b>	<b>Life Insurance</b>	<b>Income</b>	<b>Life Insurance Plan</b>	
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar Amount	Level Dollar Amount	Level Percentage of Payroll
Amortization Period	11 years, Open	30 years, Open	4 years, Open	5 years, Open	30 years, Open
Assumptions:					
Inflation Rate	2.75%	2.75%	2.75%	2.75%	2.75%
Investment Return	3.60%	3.60%	3.60%	3.60%	3.60%
OPEB Increases	N/A	N/A	N/A	N/A	N/A
Projected Salary Increases	3.25%	3.25%	3.25%	3.25%	3.25%
Healthcare Cost Initial Trend Rate	5.50%	5.50%	N/A	N/A	N/A
Healthcare Cost Ultimate Trend Rate	4.70%	4.70%	N/A	N/A	N/A

## Notes to the Financial Statements

### Required Supplementary Information As of and for Each of the Years Ended June 30

#### Schedule of Funding Progress (dollars in thousands)

OPEB Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
Retiree Healthcare	7/1/2013	\$ -	\$ 1,505	\$ 1,505	0.0%	\$ 89,623	1.68%
	7/1/2014	-	2,479	2,479	0.0%	93,374	2.65%
	7/1/2015	-	2,201	2,201	0.0%	93,606	2.35%
Long-Term Disability:							
Healthcare	7/1/2013	-	685	685	0.0%	89,623	0.76%
	7/1/2014	-	848	848	0.0%	93,374	0.91%
	7/1/2015	-	722	722	0.0%	93,606	0.77%
Life Insurance	7/1/2013	-	534	534	0.0%	89,623	0.60%
	7/1/2014	-	470	470	0.0%	93,374	0.50%
	7/1/2015	-	351	351	0.0%	93,606	0.37%
Income	7/1/2013	-	348	348	0.0%	89,623	0.39%
	7/1/2014	-	329	329	0.0%	93,374	0.35%
	7/1/2015	-	254	254	0.0%	93,606	0.27%
Retiree Life Insurance	7/1/2013	-	12,469	12,469	0.0%	89,623	13.91%
	7/1/2014	-	14,381	14,381	0.0%	93,374	15.40%
	7/1/2015	-	14,635	14,635	0.0%	93,606	15.63%

#### Schedule of Employer Contributions (dollars in thousands)

OPEB Plan	Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions	Actual Contributions as Percentage of ARC
Retiree Life Insurance	06/30/14	\$ 1,026	\$ 148	14.42%
	06/30/15	1,110	161	14.50%
	06/30/16	1,116	162	14.52%

**13. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION**

		2016							
		Personnel			Insurance, Utilities and Rent	Scholarships and Fellowships	Depreciation	Miscellaneous	Operating Expenses Totals
		Costs	Services	Supplies					
Academic support	\$	12,253,419	\$ 1,744,808	\$ 1,640,987	\$ 19,466	\$ -	\$ -	\$ 236,115	\$ 15,894,795
Auxiliary enterprises		11,777,453	5,960,825	2,524,411	2,129,256	-	-	2,027,512	24,419,457
Depreciation		-	-	-	-	-	12,776,292	-	12,776,292
Institutional support		17,168,667	4,062,181	2,330,239	172,675	-	-	894,716	24,628,478
Instruction		82,567,945	7,500,776	5,959,445	317,214	-	-	1,787,058	98,132,438
Libraries		2,545,357	191,470	1,305,819	707	-	-	26,384	4,069,737
Maintenance and operations		8,178,307	5,980,944	1,597,279	4,106,910	-	-	13,149	19,876,589
Public services		4,831,133	361,843	163,561	178,314	-	-	90,859	5,625,710
Research		13,991,701	3,163,221	3,088,335	509,277	-	-	557,005	21,309,539
Scholarships and fellowships		-	-	-	-	11,960,896	-	-	11,960,896
Student services		7,462,480	1,176,112	306,711	52,331	-	-	593,469	9,591,103
Total expenses	\$	<u>160,776,462</u>	<u>\$ 30,142,180</u>	<u>\$ 18,916,787</u>	<u>\$ 7,486,150</u>	<u>\$ 11,960,896</u>	<u>\$ 12,776,292</u>	<u>\$ 6,226,267</u>	<u>\$ 248,285,034</u>

		2015							
		Personnel			Insurance, Utilities and Rent	Scholarships and Fellowships	Depreciation	Miscellaneous	Operating Expenses Totals
		Costs	Services	Supplies					
Academic support	\$	10,207,212	\$ 1,492,157	\$ 1,243,408	\$ (3,806)	\$ -	\$ -	\$ 197,660	\$ 13,136,631
Auxiliary enterprises		11,058,207	5,976,469	2,038,795	2,089,860	-	-	1,811,455	22,974,786
Depreciation		-	-	-	-	-	12,622,576	-	12,622,576
Institutional support		16,071,562	3,685,412	1,883,840	177,875	-	-	567,099	22,385,788
Instruction		78,930,360	6,957,384	5,413,968	417,649	-	-	1,477,172	93,196,533
Libraries		2,416,899	191,026	689,301	1,285	-	-	16,370	3,314,881
Maintenance and operations		7,400,104	4,525,870	1,218,258	4,078,403	-	-	10,310	17,232,945
Public services		4,807,904	399,331	224,003	155,382	-	-	99,236	5,685,856
Research		11,242,767	2,529,339	1,682,367	369,457	-	-	575,689	16,399,619
Scholarships and fellowships		-	-	-	-	12,514,538	-	68	12,514,606
Student services		7,290,540	990,837	429,403	64,341	-	-	328,336	9,103,457
Total expenses	\$	<u>149,425,555</u>	<u>\$ 26,747,825</u>	<u>\$ 14,823,343</u>	<u>\$ 7,350,446</u>	<u>\$ 12,514,538</u>	<u>\$ 12,622,576</u>	<u>\$ 5,083,395</u>	<u>\$ 228,567,678</u>

### 14. COMPONENT UNIT DISCLOSURE

The Foundation is discretely presented within the financial statements as a component unit. The Foundation prepares its financial statements based upon generally accepted accounting principles in accordance with standards issued by the Financial Accounting Standards Board. The information disclosed hereafter is related to Foundation items that are determined to be significant to the reporting entity as a whole, but is not wholly inclusive. Separate, audited financial statements are prepared for the Foundation and may be obtained in their entirety by contacting the Idaho State University Foundation, 921 S. 8th Ave, Stop 8050, Pocatello, ID 83209-8050.

#### *Foundation Operations*

The Idaho State University Foundation, Inc. (the Foundation) and subsidiary was established in March 1967 to provide support for the private fundraising efforts of Idaho State University (the University) and to manage privately donated funds. The Foundation is a not-for-profit corporation incorporated in accordance with the laws of the State of Idaho and managed by a volunteer Board of Directors. Under the Idaho State Board of Education's administrative rules, the Foundation must be independent of, and cannot be controlled by, the University. A memorandum of understanding between the Foundation and the University defines the relationship between the two entities in accordance to the State Board of Education's rules.

The Foundation has a subsidiary corporation called Bengal Pharmacy, LLC (the Pharmacy). The Pharmacy was formed as a limited liability company (LLC) with the Foundation as the sole member.

The Pharmacy was formed to serve students, administrative staff and faculty being seen by the student health center as well as patients of the Idaho State University (ISU) residency program. The residency program treats patients of a local Federally Qualified Health Center including those who qualify for discount drug purchases under Section 340b of the Public Health Service Act.

The pharmacy has expanded its original mission to support ISU's rural health mission by opening tele-health pharmacy locations in Arco and Challis, Idaho.

Per the operating agreement, any allocation and distribution of income will be allocated and 25% will be paid to the Foundation and 75% will be paid to the Idaho State University College of Pharmacy.

#### *Principles of Consolidation*

The consolidated financial statements include the accounts of the Foundation and the Pharmacy because the Foundation has both control and economic interest in the Pharmacy. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Foundation.

#### *Basis of Accounting*

The Foundation financial statements included in this report have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America, whereby revenue is recorded when earned and expenses are recorded when materials or services are received. Net assets and revenues, expenses, gains, and losses are classified based on the existence or

absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets that are subject to donor restrictions that may or will be met either by actions of the Foundation and/or the passage of time and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Foundation.

The Foundation reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Foundation. The restrictions stipulate that resources be maintained permanently but permit the Foundation to expend the income generated in accordance with the provisions of the agreements.

### ***Use of Estimates in the Preparation of Financial Statements***

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those estimates could be material. The most significant estimates used in the consolidated financial statements relate to the present value of the promises to give, the obligations under the split interest agreements, and the fair market values of certain investments.

### ***Cash and Cash Equivalents***

For purposes of the consolidated statements of cash flows, the Foundation considers all cash on deposit in demand savings and time deposits with an original maturity date of three months or less, and which is not held pursuant to bond requirements or held in trust for others, to be cash equivalents. Cash and cash equivalents held by investment managers are considered investments as the funds have been designated by the Foundation for investment purposes.

### ***Investments***

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

The Foundation, through the Board of Directors, appoints an investment committee that determines investment guidelines, sets the spending rules, and engages the investment manager(s) and custodian(s). The Board of Directors oversees and approves all investment and asset allocation policies proposed by the Investment Committee.

### ***Financial Instruments and Credit Risk***

The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by management and the investment committee of the Board of Directors. The Foundation investment policy states that no single major industry shall represent more than 20% of the endowment's total market value, and no single security shall represent more than 5% of the endowment's total market value. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the investment committee believe the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

### ***Assessments***

All endowment funds are charged an annual administrative fee of 1.5%. New restricted gifts are charged a start-up administration fee of 3-5% depending on size.

### ***Promises to Give***

Unconditional promises to give are recognized as an asset and contribution revenue in the period the promise is received. Fair values of new promises to give are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would make in pricing the receivable. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

The allowance for doubtful accounts for all promises to give represents the Foundation's best estimate of the amount of probable losses in the Foundation's existing promises to give. The Foundation determines the allowance by performing on-going evaluations of its donors and their ability to make payments. The Foundation determines the adequacy of the allowance based upon length of time past due, historical experience and judgment of economic conditions. Account balances are charged off against the allowance after all means of collection have been exhausted and potential recovery is considered unlikely.

### ***Receivables and Credit Policies***

Accounts receivable consist primarily of noninterest-bearing amounts due to the Pharmacy. Management determines the allowance for uncollectable accounts receivable based on historical experience, an

assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable.

### ***Inventories***

Inventory is comprised of Pharmacy merchandise held for sale. Inventories are stated at the lower of cost or market using the first-in, first out (FIFO) method. Cost is determined on an average cost basis.

### ***Revenue and Revenue Recognition***

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Pharmacy revenues are recorded when the prescription has been picked up by the customer. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### ***Donated Materials and Services***

Donated materials and services are reflected as contributions at their estimated fair market values at date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation.

The Foundation's office is located in the Idaho State University's administration building. The use of space is donated by Idaho State University, which also donates the services of employees that perform administrative functions for the Foundation. These items represent in-kind donations that are recognized as revenues with a corresponding expense.

### ***Property and Equipment***

Property and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

### ***Capitalized Bond Issuance Costs***

Capitalized bond issuance costs consist of legal costs, underwriting fees, printing and other costs incurred to obtain, secure and rate the multi-mode variable rate revenue Bonds issued for the construction of the L.E. and Thelma Stephens Performing Arts Center on May 30, 2001. The issuance costs for the multi-mode variable rate bonds have an original cost of \$570,000 at May 30, 2001 and are amortized over the term of the bonds using the effective interest rate method.

During 2016, the Foundation redeemed the bond through a refinancing agreement. The unamortized portion of the bond issuance costs of \$88,036 was expensed to reflect the payment of the bonds.

Accumulated amortization of the bond issuance costs at the end of June 30, 2016 and 2015, was \$570,000 and \$481,965, respectively.

### ***Obligations under Split Interest Agreements***

The Foundation administers life income agreements such as charitable remainder trusts where an income beneficiary is the lifetime recipient of income and the Foundation is the remainder beneficiary. Upon receipt of the gift, a liability is established for the estimated net present value of the lifetime recipient's interest using applicable mortality tables and a risk-adjusted discount rate designed to reflect the assumptions market participants would make in pricing the liability. A contribution is recognized for the estimated remainder interest.

### ***Donated Land Held for Sale***

Certain assets received from donors are held for resale. Such assets are recorded at fair value at date of donation. Subsequently, such assets are carried at the lower of their recorded amounts or fair value.

### ***Advertising Costs***

Advertising costs are expensed as incurred, and were \$2,295 and \$9,448 for the years ended June 30, 2016 and 2015, respectively.

### ***Goodwill***

Goodwill represents the excess of the purchase price over the fair value of the assets of the Pharmacy acquired.

Goodwill is not amortized: rather, potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate the amount of goodwill is greater than its fair value. As of June 30, 2016 and 2015, the carrying value of goodwill was not considered impaired. As of June 30, 2015, the carrying value of goodwill was written down by \$67,000.

### ***Income Taxes***

Idaho State University Foundation, Inc. is organized as an Idaho nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Sections 509(a)(1). Bengal Pharmacy LLC is treated as a disregarded entity for income tax purposes, and accordingly, all income and expenses are reported through the Foundation. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that

are unrelated to their exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

### ***Reclassification***

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

### ***Recent Accounting Pronouncements***

In August 2016, the Financial Accounting Standards Board issued an Accounting Standard Update (ASU) that amended Topic 958, Presentation of Financial Statements of Not-for-Profit Entities that focuses on improving the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. Specifically, the ASU addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, lack of consistency in the type of information provided about expenses and investment return and misunderstandings about and opportunities to enhance the utility of the statement of cash flows. The amendments in this ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Foundation is currently evaluating the new ASU and the effect it will have on the Foundation's financial statements when implemented.

### ***Subsequent Events***

The Foundation has evaluated subsequent events through September 12, 2016, the date the consolidated financial statements were issued. No significant subsequent events were noted.

### ***Endowments***

The Foundation's endowment consists of approximately 500 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions. Changes in the fair value of split-interest agreements, life insurance, and the net change in charitable remainder trusts relating to permanently restricted net assets are summarized in other changes in the Endowment asset roll forward.

From time to time, the fair value of assets associated with individual endowment funds may fall below the level the donor or the Idaho Prudent Management of Institutional Funds Act (IPMIFA) requires the Foundation to maintain as a fund of perpetual duration. The corpus balance of the endowment was \$40,741,848 and \$38,967,296 as of June 30, 2016 and 2015, respectively. Accordingly, deficiencies have

been reported in unrestricted net assets totaling \$2,677,711 and \$1,564,129 as of June 30, 2016 and 2015, respectively.

### ***Fair Value of Assets and Liabilities***

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

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

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

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

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk or liquidity profile of the asset or liability.

Investment assets classified within Level 1 are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values.

The Foundation uses Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair values of certain hedge funds and private equity funds which do not have readily determinable fair values. Investments valued at NAV are classified within Level 2 if the Foundation has the ability to redeem the investment at NAV per share at the measurement date or within the near term; otherwise, the investment is classified within Level 3.

## Notes to the Financial Statements

Assets and liabilities measured at fair value on a recurring basis at June 30, 2016 and 2015, are shown below.

	<u>2016</u>	<u>2015</u>
Investment securities		
Mutual funds	\$ 3,678,669	\$ 3,535,129
Co-mingled and pooled marketable investment funds	49,167,149	50,383,813
Common stock	-	-
Hedge funds	-	-
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 52,845,818</u>	<u>\$ 53,918,942</u>

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below. This table includes all operating investments, assets held under split-interest agreements and endowment investments at June 30, 2016 and 2015:

### June 30, 2016

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	<u>Total</u>
Mutual funds				
Stock index fund	\$ 3,678,669	\$ -	\$ -	\$ 3,678,669
Co-mingled and pooled marketable investment funds				
Real estate funds	-	81,203	-	81,203
Bond funds	-	5,624,840	-	5,624,840
Equity funds	-	26,162,390	-	26,162,390
Money market funds	-	-	-	187,121
Hedge funds	-	9,803,853	-	9,803,853
Real asset funds	-	7,307,742	-	7,307,742
	<u>\$ 3,678,669</u>	<u>\$ 48,980,028</u>	<u>\$ -</u>	<u>\$ 52,845,818</u>

### June 30, 2015

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	<u>Total</u>
Mutual funds				
Stock index fund	\$ 3,535,129	\$ -	\$ -	\$ 3,535,129
Co-mingled and pooled marketable investment funds				
Real estate funds	-	142,383	-	142,383
Bond funds	-	6,229,232	-	6,229,232
Equity funds	-	23,998,347	-	23,998,347
Money market funds	-	-	-	1,231,446
Hedge funds	-	16,518,944	-	16,518,944
Real asset funds	-	2,263,461	-	2,263,461
	<u>\$ 3,535,129</u>	<u>\$ 49,152,367</u>	<u>\$ -</u>	<u>\$ 53,918,942</u>

Investments in certain entities that calculates NAV per share are as follows at June 30, 2016 and 2015:

	2016			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Co-mingled and pooled				
marketable investment funds				
Real estate funds	\$ 81,203	\$ -	Annually	95 days
Bond funds	5,624,840	-	Monthly	5 days
Equity funds	26,162,390	7,493,139	Monthly	5 days
Hedge funds	9,803,853	-	Annually	95 days
Real asset funds	7,307,742	3,103,450	Monthly	2 - 120 days

	2015			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Co-mingled and pooled				
marketable investment funds				
Real estate funds	\$ 142,383	\$ -	Annually	95 days
Bond funds	6,229,232	-	Monthly	5 days
Equity funds	23,998,347	6,239,264	Monthly	5 days
Hedge funds	16,518,944	-	Annually	95 days
Real asset funds	2,263,461	2,301,840	Monthly	2 - 120 days

### Multi-Mode Variable Rate Revenue Bonds

A Multi-Mode Variable Rate Revenue Bond for constructing, furnishing, equipping and improving certain real and personal property comprising the L.E. and Thelma Stephens Performing Arts Center was issued on May 30, 2001, in the amount of \$22,170,000. The Bonds were scheduled to fully mature on May 1, 2021, and were secured by donations, pledges and other funds held under the Bond Indenture. Debt balance at June 30, 2016 and 2015, was \$0 and \$5,600,000, respectively.

During 2016, the bonds were redeemed and replaced with a note payable to a commercial lender. The note payable terms included the following:

\$5,000,000 - 3.7% note payable, due in annual installments of \$500,000 with interest due quarterly, maturing December 2024, unsecured.

Total interest expense and fees during 2016 and 2015, were \$128,053 and \$98,505, respectively.

**Notes Payable**

Notes payable for the Pharmacy consist of the following as of June 30:

	<u>2016</u>	<u>2015</u>
6% note payable, due in monthly installments of \$3,053 including interest, maturing May 2024, unsecured	\$ 230,432	\$ 286,020
6% note payable, due in monthly installments of \$1,450, including interest, maturing March 2020, unsecured	<u>60,674</u>	<u>71,759</u>
	<u>\$ 291,106</u>	<u>\$ 357,779</u>

Future maturities on notes payable for the year ending June 30 are as follows:

	<u>Foundation</u>	<u>Pharmacy</u>	<u>Total</u>
2017	\$ 500,000	\$ 34,572	\$ 534,572
2018	\$ 500,000	39,943	539,943
2019	\$ 500,000	42,406	542,406
2020	\$ 500,000	40,650	540,650
2021	\$ 500,000	29,643	529,643
Thereafter	<u>2,500,000</u>	<u>103,892</u>	<u>2,603,892</u>
	<u>\$ 5,000,000</u>	<u>\$ 291,106</u>	<u>\$ 5,291,106</u>

The Pharmacy has two notes payable with the Foundation totaling \$169,971 at year end. One loan for \$75,000 was issued with payments commencing in April 2016 until maturity at May of 2021. The note bears interest at 6% and is unsecured and will bear interest at 18% upon default. The second note for \$100,000 was issued with payments commencing in April 2016, until maturity at May 2021. The note bears interest at 6% and is unsecured and will be interest at 18% upon default. These notes have been eliminated in the consolidated financial statements.

**15. SUBSEQUENT EVENTS**

No reportable subsequent events.

**16. CONTINGENCIES AND LEGAL MATTERS**

The University is a defendant in litigation arising from the normal course of operations. Based on present knowledge, the University's administration believes any ultimate liability in these matters will not materially affect the financial position of the University.

**17. RISK MANAGEMENT**

The University participates in the State of Idaho Risk Management Program, which manages property and general liability risk. That program provides liability (cap) protection to \$500,000 per occurrence. 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, Idaho State University's total insured property value is \$1,041,758,465.

The University obtains worker's compensation coverage from the Idaho State Insurance Fund. The University's worker's compensation premiums are based on its payroll, its own loss experience, as well as that of the State of Idaho as a whole.

The University carries commercial insurance for other risks of loss, including but not limited to employee bonds and crime, out of state worker's compensation, business interruption, media liability and automobile physical damage insurance.

## **REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Idaho State Board of Education  
Idaho State University  
Pocatello, Idaho

We have audited the financial statements of Idaho State University (University) and Idaho State University Foundation, Inc. (Foundation), its discretely presented component unit, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated September 28, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report includes reference to other auditors who audited the financial statements of the discretely presented component unit as described in our report on the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component unit.

### **Internal Control Over Financial Reporting**

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

## MOSS ADAMS<sub>LLP</sub>

### Compliance and Other Matters

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

### Purpose of this Report

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

Moss Adams LLP

Portland, Oregon  
September 29, 2016

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

Idaho State Board of Education  
Idaho State University  
Pocatello, Idaho

**Report on Compliance for Each Major Federal Program**

We have audited the Idaho State University's (University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2016. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the University complied, in all material respects, with the types of 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, 2016.



## Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Moss Adams LLP".

Portland, Oregon  
September 29, 2016

**IDAHO STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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

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*Financial Statements*

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

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

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

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

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

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
Various	Student Financial Assistance Cluster	Unmodified
84.010	Title I Grants to Local Educational Agencies	Unmodified
Various	TRIO Cluster	Unmodified
93.778	Medicaid Cluster	Unmodified

- Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
- Auditee qualified as low-risk auditee?  Yes  No

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**Section II - Financial Statement Findings**

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**None**

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**Section III - Federal Award Findings and Questioned Costs**

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**None**

IDAHO STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016

Federal CFDA	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee, End of Audit Period Outstanding Loan Balance	Name of Pass-through Entity	Identifying Number Assigned by the Pass-through Entity, if assigned	Total Amount Passed Through to Subrecipients
<b>US DEPARTMENT OF AGRICULTURE</b>										
10.310	2014-69004-21848, A1	Agriculture and Food Research Initiative (AFRI)	68,254	R & D	68,394	11,785,765				36,422
10.310		Agriculture and Food Research Initiative (AFRI)	140	R & D	68,394	11,785,765		Univ of Idaho	BKK123-SB-001	
10.351		Rural Business Development Grant	6,049	N/A	6,049	0		Boise State Univ	5890-A, 6738-B	
10.558		Child and Adult Care Food Program	74,216	N/A	74,216	0		State of Idaho	AG1516	
10.559		Summer Food Service Program for Children	12,592	CHILD NUTRITION	16,789	16,789		State of Idaho	TRIO USDA	
10.559		Summer Food Service Program for Children	4,197	CHILD NUTRITION	16,789	16,789		State of Idaho	TRIO USDA	
10.561		State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	67,142	SNAP CLUSTER	67,142	67,142		Idaho Department of Health and Welfare	WC079300M A1	
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>			<b>232,590</b>							
<b>US DEPARTMENT OF COMMERCE</b>										
11.468	NA100AR4680240 A1	Cooperative Institute for Applied Meteorological Studies (CIAMS) and Cooperative Institute for Tropical Meteorology (CITM)	140,358	R & D	140,358	11,785,765				140,358
11.303		Economic Development Technical Assistance	30,930	N/A	30,930	0		Boise State Univ	5461-2014-B, 5461-2015-B, 2016	
11.417		Sea Grant Support	11,529	R & D	11,529	11,785,765		Univ of Alaska Fairbanks	UAF 14-0076, M1,2,3	
11.611		Manufacturing Extension Partnership	43,183	N/A	43,183	0		Boise State Univ	4801-B, 4801-2015-B, 2016-A	
<b>TOTAL US DEPARTMENT OF COMMERCE</b>			<b>226,000</b>							
<b>US DEPARTMENT OF DEFENSE</b>										
12.300	N00014-14-1-0229, M1,2,3,4,5 F2KBAB1199M001, 2185, A1, 3238	Basic and Applied Scientific Research	686,103	R & D	686,103	11,785,765				
12.800	H98230-13-1-0163, 14-1-	Air Force Defense Research Sciences Program	35,500	R & D	35,500	11,785,765				
12.901	0305,15	Mathematical Sciences Grants Program	7,000	N/A	7,000	0				
12.910	FA9453-15-1-001, A1	Research and Technology Development	716,961	R & D	716,961	11,785,765				
12.351		Basic Scientific Research - Combating Weapons of Mass Destruction	43,316	R & D	43,316	11,785,765		Johns Hopkins University	126542, A1	
<b>TOTAL US DEPARTMENT OF DEFENSE</b>			<b>1,488,880</b>							
<b>US DEPARTMENT OF HOUSING and URBAN DEVELOPMENT</b>										
14		Housing Opportunities for Persons with AIDS	1,640	N/A	1,640	0		Idaho Housing & Finance Association	HOPWA15-08	
<b>TOTAL US DEPARTMENT OF HOUSING and URBAN DEVELOPMENT</b>			<b>1,640</b>							
<b>US DEPARTMENT OF INTERIOR</b>										
15.224	L10AC16134 001-008,9,10	Cultural Resource Management	33,058	N/A	33,415	0				
15.224	L12AC20541, MOD 1	Cultural Resource Management	357	R & D	33,415	11,785,765				
15.636	F12AC00191 REV 1-3	Alaska Subsistence Management (B)	31,677	R & D	31,677	11,785,765				
15.808	G12AC20440 M1,2,3	Geological Survey Research and Data Acquisition	7,336	R & D	124,888	11,785,765				
15.808	G13AC00379 M1-M3	Geological Survey Research and Data Acquisition	58,988	R & D	124,888	11,785,765				
15.808	G14AC00136, M1	Geological Survey Research and Data Acquisition	34,502	R & D	124,888	11,785,765				
15.808	G14AC00317M M1,2	Geological Survey Research and Data Acquisition	11,366	R & D	124,888	11,785,765				
15.808	G15AC00034	Geological Survey Research and Data Acquisition	12,696	R & D	124,888	11,785,765				
15.810	G15AC00179-0001-EG00	National Cooperative Geologic Mapping Program (B)	12,794	N/A	30,293	0				
15.810	G15AC00178-0001-EG00	National Cooperative Geologic Mapping Program (B)	12,982	R & D	30,293	11,785,765				
15.810	G16AC00159	National Cooperative Geologic Mapping Program (B)	4,517	R & D	30,293	11,785,765				
15.923	P15AP00095	National Center for Preservation Technology and	14,281	N/A	14,281	0				
15.945		Cooperative Ecosystem Studies Units CESU Network	1,042	R & D	1,042	11,785,765		Univ of Wyoming	1002954F - ISU	
<b>TOTAL US DEPARTMENT OF INTERIOR</b>			<b>235,596</b>							
<b>US DEPARTMENT OF JUSTICE</b>										
16.560	2013-R2-CX-K012	Justice Research Development and Evaluation Project	90,794	R & D	196,948	11,785,765				
16.560	2015-DN-BX-K009	Justice Research Development and Evaluation Project	106,154	R & D	196,948	11,785,765				
16.562	2015-R2-CX-0017	Criminal Justice Research and Development Graduate	15,941	R & D	15,941	11,785,765				75,871
<b>TOTAL US DEPARTMENT OF JUSTICE</b>			<b>212,889</b>							
<b>US DEPARTMENT OF LABOR</b>										
17.207		Employment Service	32,367	EMPLOYMENT SERVICE	32,367	32,367		State of Idaho Professional Technical Education	PTEA-E72-714	

Federal CFDA	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee, End of Audit Period Outstanding Loan Balance	Name of Pass-through Entity	Identifying Number Assigned by the Pass-through Entity, if assigned	Total Amount Passed Through to Subrecipients
17.282		Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants	852	N/A	217,868	0	CSI		SGA/DFA PY 10-03	
17.282		Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants	217,016	N/A	217,868	0	North Idaho College		NIC-TAACCTIV-02, A1, A2	
TOTAL US DEPARTMENT OF LABOR			250,235							
<b>US DEPARTMENT OF TRANSPORTATION</b>										
20.205		Highway Planning and Construction	76,550	HIGHWAY PLAN/CONST	76,550	76,550		Idaho Transportation Dept	ITDNSTI SWA, 2014 AWD	
20.931		Innovative and Advanced Transportation Research	18,929	R & D	18,929	11,785,765		Univ of Arkansas	SA1501076	
TOTAL US DEPARTMENT OF TRANSPORTATION			95,479							
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>										
43.RD	NNX12AQ78G M1-6	Aerospace Education Services Program	141,376	R & D	477,798	11,785,765				
43.RD	NNX14AG35A, M1, M2,3,4	Aerospace Education Services Program	124,419	R & D	477,798	11,785,765				
43.RD	NNX14AJ86G, A1, A2	Aerospace Education Services Program	126,568	R & D	477,798	11,785,765				22,683
43.RD	NNX15AM06A, A1-A4	Aerospace Education Services Program	75,323	R & D	477,798	11,785,765				
43.RD	NNX15AR53G	Aerospace Education Services Program	10,112	R & D	477,798	11,785,765				
43.U01		Aerospace Education Services Program	2,809	N/A	2,809	0	Univ of Idaho		FPK800-SB-042, A1	
43.U02		Aerospace Education Services Program	39,689	N/A	39,689	0	Univ of Idaho		FPK800-SB-048	
43.008		EPSCoR Research Infrastructure Development	7,734	N/A	17,320	0	Univ of Idaho		FPK175-SB-011	
43.008		EPSCoR Research Infrastructure Development	9,586	R & D	17,320	11,785,765	Univ of Idaho		FPK548-SB-001	
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			537,616							
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>										
45.149	PG-233652-16	Promotion of the Humanities Division of Preservation and Access	5,500	N/A	5,500	0				
45.129		Promotion of the Humanities Federal-State Partnership	1,600	R & D	5,055	11,785,765		Idaho Humanities Council	2015053	
45.129		Promotion of the Humanities Federal-State Partnership	3,455	R & D	5,055	11,785,765		Idaho Humanities Council	2015060	
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			10,555							
<b>NATIONAL SCIENCE FOUNDATION</b>										
47.041	CBET-1403688	Engineering Grants	41,521	R & D	41,521	11,785,765				
47.049	1506417, A1	Mathematical and Physical Sciences	77,250	R & D	472,377	11,785,765				423
47.049	AST-1340205 A1,2	Mathematical and Physical Sciences	(278)	R & D	472,377	11,785,765				362
47.049	CHE-1058952	Mathematical and Physical Sciences	10,803	R & D	472,377	11,785,765				1,499
47.049	CHE-1111053, A1, A2	Mathematical and Physical Sciences	42,029	R & D	472,377	11,785,765				
47.049	DMS-1319110	Mathematical and Physical Sciences	25,678	R & D	472,377	11,785,765				
47.049	PHY-1307340, A1, A2	Mathematical and Physical Sciences	312,217	R & D	472,377	11,785,765				
47.050	EAR-1024850	Geosciences	3,326	R & D	975,038	11,785,765				
47.050	EAR-1331872, A1, A2,A3	Geosciences	807,196	R & D	975,038	11,785,765				520,426
47.050	EAR-1349384	Geosciences	19,677	R & D	975,038	11,785,765				
47.050	GEO-1108480 THRU A6	Geosciences	9,800	R & D	975,038	11,785,765				
47.050	OCE-1155426, A1	Geosciences	21,885	R & D	975,038	11,785,765				
47.050	PLR-1204020, A1,2	Geosciences	113,154	R & D	975,038	11,785,765				
47.070	IIS-1208385, A1	Computer and Information Science and Engineering	104,765	R & D	104,765	11,785,765				
47.074	DEB-1241069	Biological Sciences	213,830	R & D	268,053	11,785,765				
47.074	IOS-1255926	Biological Sciences	54,223	R & D	268,053	11,785,765				
47.075	1523409	Social Behavioral and Economic Sciences	33,698	R & D	56,814	11,785,765				
47.075	1551822	Social Behavioral and Economic Sciences	9,131	R & D	56,814	11,785,765				
47.075	BCS-1216310	Social Behavioral and Economic Sciences	13,985	R & D	56,814	11,785,765				
47.076	1458847	Education and Human Resources	97,826	R & D	723,124	11,785,765				3,333
47.076	1502015	Education and Human Resources	81,020	R & D	723,124	11,785,765				14,437
47.076	DGE-1504528	Education and Human Resources	466,172	R & D	723,124	11,785,765				
47.076	DUE-0965939	Education and Human Resources	302	R & D	723,124	11,785,765				
47.076	DUE-1129445; AMD 001	Education and Human Resources	(40,951)	R & D	723,124	11,785,765				
47.076	DUE-1140286	Education and Human Resources	29,870	R & D	723,124	11,785,765				
47.076	DUE-1458292	Education and Human Resources	88,885	R & D	723,124	11,785,765				
47.078	ARC-1259930	Polar Programs	4,899	R & D	31,494	11,785,765				
47.078	ARC-1321411	Polar Programs	26,595	R & D	31,494	11,785,765				
47.049		Mathematical and Physical Sciences	4,678	R & D	472,377	11,785,765	Univ of Notre Dame		LETTER OF AGREEMENT	
47.079		Office of International Science and Engineering	121,041	R & D	121,041	11,785,765	Univ of Idaho		KBK035-SB-001, A1, A2, A3	
47.080		Office of Cyberinfrastructure	99,212	R & D	1,168,110	11,785,765	Univ of Idaho		KBK990-SB-002 A1-3, A7	

Federal CFDA	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee, End of Audit Period Outstanding Loan Balance	Name of Pass-through Entity	Identifying Number Assigned by the Pass-through Entity, if assigned	Total Amount Passed Through to Subrecipients
47.080		Office of Cyberinfrastructure	14,552	R & D	1,168,110	11,785,765		Univ of Idaho	KBK990-SB-002 A1-A7	
47.080		Office of Cyberinfrastructure	829,484	R & D	1,168,110	11,785,765		Univ of Idaho	KBK990-SB-002, A#1,2,3-7	10,500
47.080		Office of Cyberinfrastructure	56,088	R & D	1,168,110	11,785,765		Univ of Idaho	KBK990-SB-002, A#2,3,7	
47.080		Office of Cyberinfrastructure	168,774	R & D	1,168,110	11,785,765		Univ of Idaho	KBK990-SB-002, A1-A3, A7	
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>			<b>3,962,337</b>							
<b>SMALL BUSINESS ADMINISTRATION</b>										
59.037		Small Business Development Centers	77,286	N/A	136,577	0		Boise State Univ	6668-B, A1, 6923-B	
59.037		Small Business Development Centers	59,291	N/A	136,577	0		Boise State Univ	6668-C, 6923-C	
<b>TOTAL SMALL BUSINESS ADMINISTRATION</b>			<b>136,577</b>							
<b>US NUCLEAR REGULATORY AGENCY</b>										
77.008	NRC-HQ-13-G-38-0037, M1	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	63,646	N/A	75,668	0				
77.008	NRC-HQ-13-G-38-0022, M1&2	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	12,022	R & D	75,668	11,785,765				
<b>TOTAL US NUCLEAR REGULATORY AGENCY</b>			<b>75,668</b>							
<b>US DEPARTMENT OF ENERGY</b>										
81.113	DE-NA0001738 A1, 2	Defense Nuclear Nonproliferation Research (B)	169,731	R & D	294,960	11,785,765				
81.113	DE-NA0002488	Defense Nuclear Nonproliferation Research (B)	125,229	R & D	294,960	11,785,765				31,225
81.121	DE-NE0000116 W/MOD 001-009	Nuclear Energy Research, Development and Demonstration (B)	15,246	N/A	526,480	0				
81.121	DE-NE0008233, M1	Nuclear Energy Research, Development and Demonstration (B)	8,489	R & D	526,480	11,785,765				
81.121	DE-NE0008301	Nuclear Energy Research, Development and Demonstration (B)	149,393	R & D	526,480	11,785,765				
81.U01		Pass Through Funding from Battelle Energy Alliance	147,717	N/A	147,717	0		Battelle Energy Alliance LLC	00043028 00097 AMEND 9	
81.U02		Pass Through Funding from Battelle Energy Alliance	4,148	N/A	4,148	0		Battelle Energy Alliance LLC	00043028 00154, A1-5	
81.U03		Pass Through Funding from Battelle Energy Alliance	130,997	N/A	130,997	0		Battelle Energy Alliance LLC	00043028 00156, A1,A2	
81.U04		Pass Through Funding from Battelle Energy Alliance	458,565	N/A	458,565	0		Battelle Energy Alliance LLC	154652 005	
81.U05		Pass Through Funding from Battelle Energy Alliance	142,495	N/A	142,495	0		Battelle Energy Alliance LLC	154652 007	
81.U06		Pass Through Funding from Battelle Energy Alliance	11,722	N/A	11,722	0		Battelle Energy Alliance LLC	154652 009 A1	
81.U07		Pass Through Funding from Battelle Energy Alliance	11,000	N/A	11,000	0		Battelle Energy Alliance LLC	163204	
81.RD		Pass Through Funding from Battelle Energy Alliance	19,723	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00130 A1,2,3	
81.RD		Pass Through Funding from Battelle Energy Alliance	16,687	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00147, A1, A2	
81.RD		Pass Through Funding from Battelle Energy Alliance	11,260	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00157 A1	
81.RD		Pass Through Funding from Battelle Energy Alliance	107,307	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00164, A1, A2	
81.RD		Pass Through Funding from Battelle Energy Alliance	43,147	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00165, A1, A2, A3	
81.RD		Pass Through Funding from Battelle Energy Alliance	20,292	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00166	
81.RD		Pass Through Funding from Battelle Energy Alliance	66,107	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00167, A1,2,3,4	
81.RD		Pass Through Funding from Battelle Energy Alliance	11,258	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00168	
81.RD		Pass Through Funding from Battelle Energy Alliance	269,367	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00169, A1,2	
81.RD		Pass Through Funding from Battelle Energy Alliance	47,833	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00170, A1,2,3,4	
81.RD		Pass Through Funding from Battelle Energy Alliance	209	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 000153 A1-3	
81.RD		Pass Through Funding from Battelle Energy Alliance	31,148	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00149 A1-6	
81.RD		Pass Through Funding from Battelle Energy Alliance	52,596	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00163, A1,2	
81.RD		Pass Through Funding from Battelle Energy Alliance	(1,504)	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00116 1 THRU 12	
81.RD		Pass Through Funding from Battelle Energy Alliance	79,747	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	00043028 00152, A1-6	
81.RD		Pass Through Funding from Battelle Energy Alliance	124,104	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	0043028 00159, A1-5	
81.RD		Pass Through Funding from Battelle Energy Alliance	15,528	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	154652 0010	
81.RD		Pass Through Funding from Battelle Energy Alliance	98,196	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	154652 002 A1,A2	
81.RD		Pass Through Funding from Battelle Energy Alliance	5,704	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	154652 008 A1	
81.RD		Pass Through Funding from Battelle Energy Alliance	6,960	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	154652 012 A1,2	
81.RD		Pass Through Funding from Battelle Energy Alliance	6,985	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	154652 0013 A1	
81.RD		Pass Through Funding from Battelle Energy Alliance	50,281	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	154652 003 A1	
81.RD		Pass Through Funding from Battelle Energy Alliance	210,383	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	154652 006, A1 -A6	
81.RD		Pass Through Funding from Battelle Energy Alliance	3,000	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	154652 011	
81.RD		Pass Through Funding from Battelle Energy Alliance	47,637	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	161631 005 A1,A2	
81.RD		Pass Through Funding from Battelle Energy Alliance	48,441	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	161631 001	
81.RD		Pass Through Funding from Battelle Energy Alliance	12,384	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	161631 002	
81.RD		Pass Through Funding from Battelle Energy Alliance	31,990	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	161631 003	

Federal CFDA	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee, End of Audit Period Outstanding Loan Balance	Name of Pass-through Entity	Identifying Number Assigned by the Pass-through Entity, if assigned	Total Amount Passed Through to Subrecipients
81.RD		Pass Through Funding from Battelle Energy Alliance	53,282	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	161631 004 A1	
81.RD		Pass Through Funding from Battelle Energy Alliance	3,550	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	168057	
81.RD		Pass Through Funding from Battelle Energy Alliance	14,451	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	66791-05 M10,M13, M14	
81.RD		Pass Through Funding from Battelle Energy Alliance	59,912	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	66791-15, M1-3	
81.RD		Pass Through Funding from Battelle Energy Alliance	39,403	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	JA 66791-09 MOD 8,9,10,11,12	
81.RD		Pass Through Funding from Battelle Energy Alliance	31,361	R & D	1,838,293	11,785,765		Battelle Energy Alliance LLC	JAA 66791-13 M1-5	
81.RD		Pass Through Funding from Battelle Energy Alliance	199,564	R & D	1,838,293	11,785,765		Jefferson National Accelerator Facility	JSA-14-C1556, M1-4	
81.049		Basic Energy Sciences University and Science Education	37,410	R & D	194,577	11,785,765		Niowave	PO14-0004-100, 15-0014-110	
81.049		Basic Energy Sciences University and Science Education	103,716	R & D	194,577	11,785,765		Niowave	PO14-0007-101,15-0017-147	
81.049		Basic Energy Sciences University and Science Education	53,451	R & D	194,577	11,785,765		Univ of Notre Dame	UND 20234, M1,2	
81.092		Environmental Restoration	74,527	R & D	284,078	11,785,765		Idaho Department of Environmental Quality	C850 AMEND 04	
81.092		Environmental Restoration	209,551	R & D	284,078	11,785,765		Idaho Department of Environmental Quality	K111	
81.121		Nuclear Energy Research, Development and Demonstration (B)	5,707	R & D	526,480	11,785,765		City College of New York	47846-B	
81.121		Nuclear Energy Research, Development and Demonstration (B)	209,434	R & D	526,480	11,785,765		S M Stoller Corporation	GSS-0300-1100007 MOD 1-6	
81.121		Nuclear Energy Research, Development and Demonstration (B)	73,707	R & D	526,480	11,785,765		Univ of Wisconsin Madison	572K342, A1	
81.121		Nuclear Energy Research, Development and Demonstration (B)	64,504	R & D	526,480	11,785,765		Wastren Advantage Inc.	ESER-16-5-1	
<b>TOTAL US DEPARTMENT OF ENERGY</b>			<b>4,045,032</b>							
<b>US DEPARTMENT OF EDUCATION</b>										
84.007	P007A151086	Supplemental Educational Opportunity Grant	316,216	STUDENT FINANCIAL AID	316,216	78,715,414				
84.033	P033A151086	Federal Work Study	471,678	STUDENT FINANCIAL AID	471,678	78,715,414				
84.038	NA	Perkins Loan Program	2,183,225	STUDENT FINANCIAL AID	2,183,225	78,715,414	1,869,536			
84.042	P042A100690, 11	TRIO Student Support Services	67,868	TRIO CLUSTER	273,416	1,444,466				
84.042	P042A150065	TRIO Student Support Services	205,548	TRIO CLUSTER	273,416	1,444,466				
84.044	P044A110422-12, 14	TRIO Talent Search	523,968	TRIO CLUSTER	523,968	1,444,466				
84.047	P047A120818, A3, A4, A5, A7	TRIO Upward Bound	380,690	TRIO CLUSTER	647,082	1,444,466				
84.047	P047M120151, 1, 2, 3, 4	TRIO Upward Bound	266,392	TRIO CLUSTER	647,082	1,444,466				
84.063	P063P140099	Federal Pell Grant Program	16,373,964	STUDENT FINANCIAL AID	16,373,964	78,715,414				
84.268	P268K160099	Federal Direct Student Loan	59,218,351	STUDENT FINANCIAL AID	59,218,351	78,715,414				
84.379	P379T160099	Teacher Education Assistance for College and Higher Education (TEACH)	151,980	STUDENT FINANCIAL AID	151,980	78,715,414				
84.002		Adult Education-Basic Grants to States	270,782	N/A	270,782	0		State of Idaho Professional Technical Education	V002A140012	
84.010		Title I Grants to Local Educational Agencies	67,801	N/A	877,508	0		State Department of Education	075100, A1	22,300
84.010		Title I Grants to Local Educational Agencies	809,707	N/A	877,508	0		State Department of Education	16-4021	
84.048		Career and Technical Education-Basic Grants to States	508,157	N/A	508,157	0		State of Idaho Professional Technical Education	V048A140012	
84.323		Special Education - State Personnel Development	5,829	N/A	5,829	0		State Department of Education	075100, A1	
84.334		Gaining Early Awareness and Readiness for Undergraduate Programs	262,844	N/A	262,844	0		State of Idaho	P334S06003	
84.366		Mathematics and Science Partnerships (B)	2,096	N/A	167,845	0		Boise State Univ	5821-E, A2, A3/7274-A	
84.366		Mathematics and Science Partnerships (B)	165,749	N/A	167,845	0		State Department of Education	13MSP19, YR2, YR3	3,000
84.367		Improving Teacher Quality State Grants (A)	60,424	R & D	93,236	11,785,765		Idaho State Board of Education	MOU SAHE 2013-14	26,039
84.367		Improving Teacher Quality State Grants (A)	32,812	R & D	93,236	11,785,765		Univ of Idaho	ETK379-SB-001, A1, A2, A3	
84.377		School Improvement Grants	3,871	SCHOOL IMPROVEMENT	100,713	100,713		State Department of Education	075100, A1	
84.377		School Improvement Grants	96,842	SCHOOL IMPROVEMENT	100,713	100,713		State Department of Education	16-4021	
<b>TOTAL US DEPARTMENT OF EDUCATION</b>			<b>82,446,794</b>				<b>1,869,536</b>			
<b>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>										
93.113	1R15E021884-01	Biological Response to Environmental Health Hazards	94,283	R & D	94,283	11,785,765				
93.173	1R03DC014042-01, 02	Research Related to Deafness and Communication Disorders	89,442	R & D	89,442	11,785,765				
93.234	90TBSG000701	Traumatic Brain Injury State Demonstration Grant Program	600	R & D	256,350	11,785,765				
93.234	H21MC26926, A1,2	Traumatic Brain Injury State Demonstration Grant Program	255,750	R & D	256,350	11,785,765				11,800
93.273	1R01AA020364-01A1, 02, 03	Alcohol Research Programs	336,894	R & D	336,894	11,785,765				128,315
93.359	D11HP11127 THRU 06	Nurse Education, Practice Quality and Retention Grants	(2,719)	N/A	279,166	0				
93.359	1 UD7HP28528-01-00, A1	Nurse Education, Practice Quality and Retention Grants	281,885	R & D	279,166	11,785,765				

Federal CFDA	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee, End of Audit Period Outstanding Loan Balance	Name of Pass-through Entity	Identifying Number Assigned by the Pass-through Entity, if assigned	Total Amount Passed Through to Subrecipients
93.510	T89HP20754-01-01-02	Affordable Care Act (ACA) Primary Care Residency Expansion Program	242,908	N/A	242,908	0				
93.837	1R15HL106548-01A1	Cardiovascular Diseases Research	15,971	R & D	76,158	11,785,765				
93.853	R15NS087521	Clinical Research Related to Neurological Disorders	50,451	R & D	50,451	11,785,765				
93.855	1R15AI098049-01	Allergy and Infectious Diseases Research	15,811	R & D	15,811	11,785,765				8,333
93.884	1T0BHP28559-01-00, 02-00	Grants for Primary Care Training and Enhancement	101,607	N/A	357,474	0				20,983
93.884	D58HP23221 YEAR 5	Grants for Primary Care Training and Enhancement	255,867	R & D	357,474	11,785,765				
93.918	H76HA24732, Y2, Y3, Y4,Y5	Grants to Provide Outpatient Early Intervention Services	252,943	N/A	253,785	0				
93.918	P06HA28068	Grants to Provide Outpatient Early Intervention Services	842	N/A	253,785	0				
93.145		National AIDS Education and Training Centers	19,500	N/A	109,032	0	Univ of Washington	722604, 742850, 753764,761687		
93.145		National AIDS Education and Training Centers	89,532	N/A	109,032	0	Univ of Washington	UWSC8690		
93.211		Telehealth Programs	33,448	R & D	33,448	11,785,765	The Hospital Cooperative	CON FOR SERVICES		
93.283		Centers for Disease Control and Prevention_Investigations and Technical Assistance ACA - State Innovation Models: Funding for Model	33,253	R & D	33,253	11,785,765	Idaho Department of Health and Welfare	HC819700, HC850500, A1, HC8903		
93.624		Design and Model Testing Assistance	17,141	N/A	17,141	0	Idaho Department of Health and Welfare	LETTER OF NOTATION,AC061300		
93.658		Foster Care Title IV-E (656)	(656)	N/A	623,473	0	Idaho Department of Health and Welfare	KC245400, A1,2,3		
93.658		Foster Care Title IV-E	538,019	N/A	623,473	0	Idaho Department of Health and Welfare	KC255200, KC261000, A1		
93.658		Foster Care Title IV-E	86,110	N/A	623,473	0	Idaho Department of Health and Welfare	KC255600, A1, A2		
93.757		State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health financed in part by Prevention and Public Health Funding (PPHF)	1,404	R & D	77,064	11,785,765	Idaho Department of Health and Welfare	HC824500, A1, A2, A3		
93.757		State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health financed in part by Prevention and Public Health Funding (PPHF)	75,660	R & D	77,064	11,785,765	Idaho Department of Health and Welfare	HC893000, AMENDMENT 1		
93.757		Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds	12,606	N/A	12,606	0	Idaho Department of Health and Welfare	HC764200 AMEND 1,2,3,4		
93.778		Medical Assistance Program	21	MEDICAID CLUSTER	3,169,207	3,169,207	Idaho Department of Health and Welfare	KC254500		
93.778		Medical Assistance Program	1,886,184	MEDICAID CLUSTER	3,169,207	3,169,207	Idaho Department of Health and Welfare	RC060300,4 RC067300,RC071300,1		
93.778		Medical Assistance Program	1,283,002	MEDICAID CLUSTER	3,169,207	3,169,207	Idaho Department of Health and Welfare	RC071300, AMEND 1,2,3,4		
93.837		Cardiovascular Diseases Research	60,187	R & D	76,158	11,785,765	Univ of Iowa	W000661886M W000724094, A1,A2		
93.859		Pharmacology Physiology and Biological Chemistry	28,857	N/A	391,846	0	Univ of Nevada Las Vegas	16-746Q-ISU-BS4-00		
93.859		Pharmacology Physiology and Biological Chemistry	163,673	R & D	391,846	11,785,765	Univ of Idaho	IAK100-SB-007, IAK200-SB-002		
93.859		Pharmacology Physiology and Biological Chemistry (496)	(496)	R & D	391,846	11,785,765	Univ of Nevada Las Vegas	15-746Q-ISU-PG32-00		
93.859		Pharmacology Physiology and Biological Chemistry	5,278	R & D	391,846	11,785,765	Univ of Nevada Las Vegas	16-746Q-ISU-MG33-00		
93.859		Pharmacology Physiology and Biological Chemistry	53,044	R & D	391,846	11,785,765	Univ of Nevada Las Vegas	16-746Q-ISU-PG42-00		
93.859		Pharmacology Physiology and Biological Chemistry	70,626	R & D	391,846	11,785,765	Univ of Nevada Las Vegas	16-746Q-ISU-PG44-00, A1		
93.859		Pharmacology Physiology and Biological Chemistry	70,705	R & D	391,846	11,785,765	Univ of Nevada Las Vegas	16-746Q-ISU-PG47-00, A1		
93.859		Pharmacology Physiology and Biological Chemistry	159	R & D	391,846	11,785,765	University of New Mexico	3RN79, A1, A2		
93.879		Medical Library Assistance	30	N/A	30	0	Univ of Washington	759987		
93.917		HIV Care Formula Grants	57,113	N/A	142,751	0	Idaho Department of Health and Welfare	HC835900, A1,A2,A3		
93.917		HIV Care Formula Grants	85,638	N/A	142,751	0	Idaho Department of Health and Welfare	HC863100, A1		
93.940		HIV Prevention Activities Health Department Based	40,029	N/A	50,107	0	Idaho Department of Health and Welfare	HC66900 A1-4, HC818000 A1-5		
93.940		HIV Prevention Activities Health Department Based	10,078	N/A	50,107	0	Idaho Department of Health and Welfare	HC821600 A1,2, HC890400		
93.991		Preventive Health and Health Services Block Grant	17,527	N/A	17,527	0	Idaho Department of Health and Welfare	HC882900, A1		
<b>TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>6,730,207</b>							
<b>US CORPORATION FOR NATIONAL AND COMMUNITY SERVICES</b>										
94.006		AmeriCorps (3)	(3)	N/A	348,493	0	National Association Of Community Health Centers	10EDHMD002		
94.006		AmeriCorps	118,322	N/A	348,493	0	National Association Of Community Health Centers	AGREEMENT 7/8/2013		
94.006		AmeriCorps	230,174	N/A	348,493	0	Serve Idaho	15AFHID0010002		
<b>TOTAL US CORPORATION FOR NATIONAL AND COMMUNITY SERVICES</b>			<b>348,493</b>							
<b>US DEPARTMENT OF HOMELAND SECURITY</b>										
97.077		Homeland Security Research, Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection	29,252	R & D	29,252	11,785,765	RadiaBeam Technologies	13-166, M1		
<b>TOTAL US DEPARTMENT OF HOMELAND SECURITY</b>			<b>29,252</b>							
<b>TOTAL GRANT EXPENDITURES</b>			<b>101,065,840</b>							<b>1,869,536</b>

**IDAHO STATE UNIVERSITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

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**1. BASIS OF PRESENTATION**

The schedule of expenditures of federal awards includes the federal grant activity of the University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. UNIVERSITY ADMINISTERED LOAN PROGRAMS**

The University administers the following Federal Perkins Loan Program (CFDA number 84.038). The outstanding loan balance and total loan disbursements were \$1,869,536 and \$228,000, respectively, for the year ended June 30, 2016. The cumulative administrative costs allowance as of the year ended June 30, 2016 was \$639,959.

Funds distributed as agent for the Federal Direct Lending Program of \$62,964,492 and the Federal Teach Program of \$251,978 are not included in the revenues or expenses of the University.

**3. FEDERAL WORK STUDY**

The University participates in the Federal Work Study program (FWS). A portion of the federal award amount for this program is used by the University to fund America Reads. Under the America Reads waiver provided by the U.S. Department of Education, the federal government waives the 25% matching requirement and pays 100% of the wages of FWS students who serve as reading mentors or tutors to preschool and elementary school children.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule of expenditures of federal awards are recognized following the cost principles contained in OMB Circular A-21, Educational Institutions and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**5. DE MINIMIS INDIRECT COST RATE**

Because Idaho State University has a current federally negotiated F & A rate, we are not using the 10% de minimis rate allowed in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

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