Report of Independent Auditors and Financial Statements

LEWIS CLARK
STATE COLLEGE

June 30, 2023

LEWIS-CLARK STATE COLLEGE

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of a Matter

As disclosed in Note 1, the College implemented the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The Standard requires the entity to recognize a right-to-use subscription asset and corresponding subscription liability for all SBITA agreements with terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lewis-Clark State College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lewis-Clark State College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the required schedules related to the College's pension plan, and the required schedules related to the College's postemployment benefits plans be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023, on our consideration of Lewis-Clark State College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lewis-Clark State College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lewis-Clark State College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
October 19, 2023

LEWIS-CLARK STATE COLLEGE

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

Overview of the Financial Statements and Financial Analysis

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

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

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

Statement of Net Position

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

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

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

SUMMARY STATEMENT OF NET POSITION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Statement of Revenues, Expenses and Changes in Net Position

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

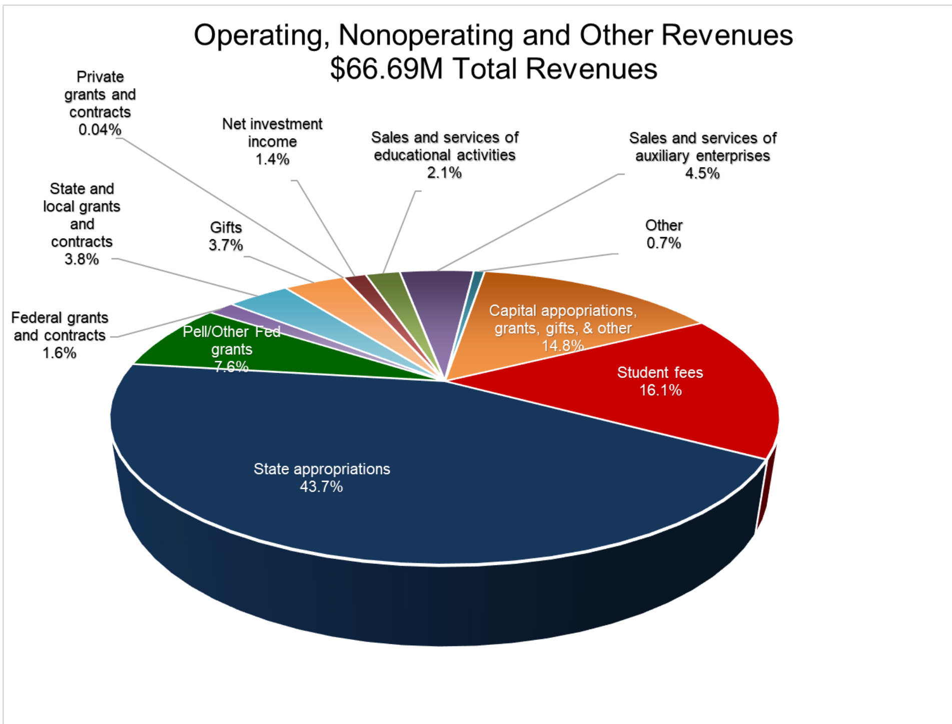
Generally, operating revenues are earned in return for providing goods and services to the College's various customers and constituents. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the role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

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

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

Revenues

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



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

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

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

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

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

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

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

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

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

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

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

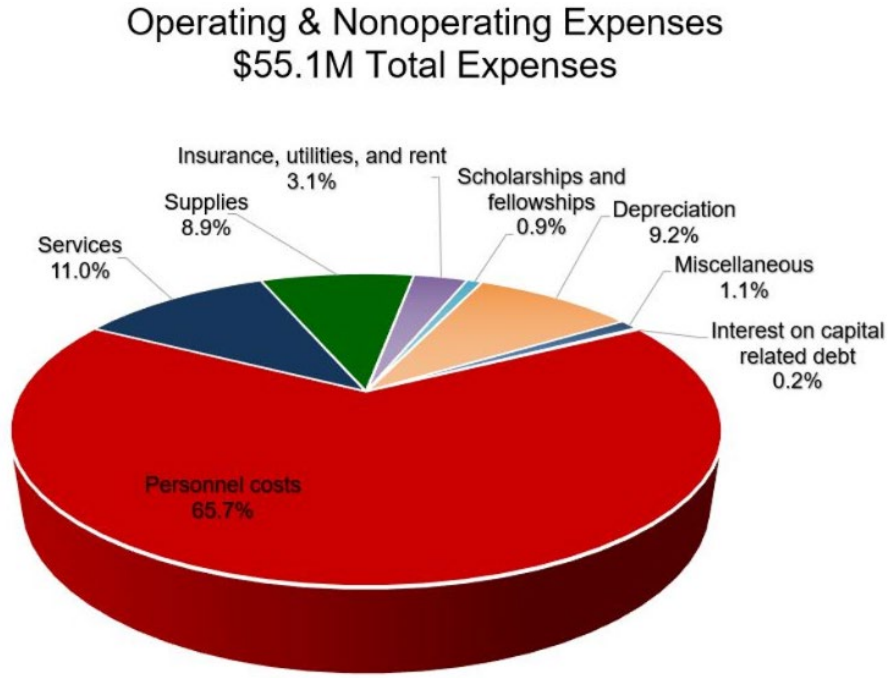
Capital grants and gifts decreased by $168k in the fiscal year 2023. The decrease is primarily related to the closure of the Schweitzer Career and Technical Education Center building project and a decline in gift revenue.

Expenses

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

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

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



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

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

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

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

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

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

Statement of Cash Flows

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

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

SUMMARY STATEMENT OF CASH FLOWS

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

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

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

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

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

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

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

Capital Asset and Debt Administration

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

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

Economic Outlook

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

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

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

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

LEWIS-CLARK STATE COLLEGE

STATEMENT OF NET POSITION
JUNE 30, 2023

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

See notes to financial statements.

LEWIS-CLARK STATE COLLEGE

STATEMENT OF NET POSITION
JUNE 30, 2023

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

See notes to financial statements.

LEWIS-CLARK STATE COLLEGE COMPONENT UNIT

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

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

See notes to financial statements.

LEWIS-CLARK STATE COLLEGE

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

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

See notes to financial statements.

LEWIS-CLARK STATE COLLEGE COMPONENT UNIT

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

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

See notes to financial statements.

LEWIS-CLARK STATE COLLEGE

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

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

See notes to financial statements.

LEWIS-CLARK STATE COLLEGE

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

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

Operating (Loss) Income	$ (35,790,371)
Adjustments to reconcile operating (loss) income to net cash used in operating activities:	
Depreciation and amortization expense	5,059,432
Disposal of Capital Assets	13,376
Effect on cash from changes in operating assets and liabilities:	
Receivables, net	223,748
Prepaid expenses and deferred costs	(29,274)
Loans to students	(17,301)
Pension assets and liabilities	462,088
Other postemployment benefit assets and liabilities	19,532
Sick leave reserve fund assets and liabilities	(94,994)
Accounts payable and accrued liabilities	163,507
Accrued salaries and benefits payable	61,657
Compensated absences payable	23,410
Unearned revenue on DPW projects	(164,000)
Other liabilities	(7,411)
Unearned revenue	178,337
Net cash provided (used) by operating activities	$ (29,898,264)
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS	
Capital assets acquired through Dept. of Public Works' appropriations	$ (9,490,611)
Capital assets donated from the LCSC Foundation, Inc.	$ 5,000

See notes to financial statements.

LEWIS-CLARK STATE COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Custodial credit risk

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

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

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

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

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

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

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

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

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

3. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

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

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

4. STUDENT LOANS RECEIVABLE

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

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

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

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

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

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

5. CAPITAL ASSETS — NET

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

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

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

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

6. NOTES PAYABLE

Long-term liability activity was as follows:

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

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

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

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

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

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

6. NOTES PAYABLE (CONTINUED)

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

7. LEASES– LESSEE ARRANGEMENTS

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

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

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

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

7. LEASES– LESSEE ARRANGEMENTS (CONTINUED)

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

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

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

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

8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

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

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

Total future minimum SBITA payments are as follows:

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

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

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

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

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

9. RESTRICTED NET POSITION

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

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

10. RETIREMENT PLANS

Public Employee Retirement System of Idaho

Plan Description

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

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

10. RETIREMENT PLANS (CONTINUED)

Public Employee Retirement System of Idaho (Continued)

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

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

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate. As of June 30, 2022 it was 7.16%. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.94%. The College's contributions were $609,839 for the year ended June 30, 2023.

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

At June 30, 2023, the College reported a liability of $4,964,756 for its proportionate share of the net pension liability. The net pension liability for the year was measured as of June 30, 2022 and the total pension liability

10. RETIREMENT PLANS (CONTINUED)

Public Employee Retirement System of Idaho (Continued)

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

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

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

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

$609,839 reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at the beginning of the measurement period is 4.6 years for the measurement periods ending July 1, 2022.

10. RETIREMENT PLANS (CONTINUED)

Public Employee Retirement System of Idaho (Continued)

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

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

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

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years. The amortization period of the unfunded liability is 100+ years which is more than the 25-year maximum allowed by statute. As a result of being over the 25-year maximum, PERSI will have to consider raising contribution rates.

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return - net of investment expenses	6.35%
Cost-of-living adjustments	1.00%

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

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

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return

10. RETIREMENT PLANS (CONTINUED)

Public Employee Retirement System of Idaho (Continued)

Actuarial Assumptions (Continued)

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

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

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

Capital Market Assumptions

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

Valuation Assumptions Chosen by PERSI Board

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

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current

10. RETIREMENT PLANS (CONTINUED)

Public Employee Retirement System of Idaho (Continued)

Discount Rate (Continued)

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

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease 5.35%	Current Discount Rate 6.35%	1% Increase 7.35%
College's proportionate share of the net pension liability (asset)	$ 8,762,307	$ 4,964,755	$ 1,856,558

Pension plan fiduciary net position

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

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

Payables to the pension plan

At June 30, 2023 the College had no payables to the defined benefit pension plan for legally required employer or employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Optional Retirement Plan

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

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

10. RETIREMENT PLANS (CONTINUED)

Public Employee Retirement System of Idaho (Continued)

Optional Retirement Plan (Continued)

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

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

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

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

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

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

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

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

10. RETIREMENT PLANS (CONTINUED)

Public Employee Retirement System of Idaho (Continued)

Optional Retirement Plan (Continued)

Supplemental Retirement Plans (Continued)

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

11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Summary of Plans

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

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

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

June 30, 2023

Classes of Employees and Number of Participating Employers

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

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Summary of Plans (Continued)

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

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

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

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

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

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

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

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Plan Descriptions and Funding Policy (continued)

Long-Term Disability Plan (Continued)

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

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

Retiree Life Insurance Plan

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

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

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

Summary of Significant Accounting Polices

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

Actuarial Assumptions

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

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

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Plan Descriptions and Funding Policy (continued)

Actuarial Assumptions (Continued)

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

June 30, 2022

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

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

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

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Total OPEB Liability, OPEB Expense, and Deferrals

Total OPEB Liability

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

June 30, 2022

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

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

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

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

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

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

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

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Total OPEB Liability, OPEB Expense and Deferrals (Continued)

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

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

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

5.7	7.3	8.7

Discount Rate Sensitivity

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

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

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Total OPEB Liability, OPEB Expense and Deferrals (Continued)

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

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

Sick Leave Insurance Reserve Fund

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

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

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

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

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sick Leave Insurance Reserve Fund (Continued)

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

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

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

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

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

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sick Leave Insurance Reserve Fund (Continued)

Actuarial Assumptions

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

Actuarial Assumptions OPEB SLIRF

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

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

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

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

Actuarial Assumptions for Plan Year 2022

Asset Class	Target Allocation	Expected Rate of Return (Arithmetic)
Broad U.S. Equity	39.30%	8.53%
Global EX U.S. Equity	10.70%	9.09%
Fixed Income	50.00%	2.80%
Cash Equivalents	0.00%	2.25%

Discount Rate

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

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sick Leave Insurance Reserve Fund (Continued)

Discount Rate (Continued)

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

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

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

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

12. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

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

13. RELATED PARTIES TRANSACTIONS

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

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

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

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

14. COMMITMENTS, CONTINGENCIES AND LEGAL MATTERS

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

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

14. COMMITMENTS, CONTINGENCIES AND LEGAL MATTERS (CONTINUED)

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

15. RISK MANAGEMENT

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

16. COMPONENT UNIT DISCLOSURE

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

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

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

16. COMPONENT UNIT DISCLOSURE (CONTINUED)

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

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

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

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

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

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

16. COMPONENT UNIT DISCLOSURE (CONTINUED)

Investments (Continued)

Foreign Currency Risk (Continued)

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

16. COMPONENT UNIT DISCLOSURE (CONTINUED)

Investments (Continued)

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

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

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

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

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

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

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

16. COMPONENT UNIT DISCLOSURE (CONTINUED)

Donor-Restricted Endowments (Continued)

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions
PERSI – Base Plan

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(dollars in thousands)

Total OPEB Liability as of June 30, 2023

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(dollars in thousands)

Total OPEB Liability as of June 30, 2022

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(dollars in thousands)

Total OPEB Liability as of June 30, 2021

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(dollars in thousands)

Total OPEB Liability as of June 30, 2020

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(dollars in thousands)

Total OPEB Liability as of June 30, 2019

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

Total OPEB Liability as of June 30, 2018

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Schedule of Employer Contributions
Idaho Sick Leave Insurance Reserve Fund

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Lewis-Clark State College (College), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 19, 2023. Our report includes the financial statements of Lewis-Clark State College Foundation. This component unit was not audited in accordance with *Government Auditing Standards*, and this report does not include the results of their testing of internal controls over financial reporting.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
October 19, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lewis-Clark State College's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lewis-Clark State College's major federal programs for the year ended June 30, 2023. Lewis-Clark State College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lewis-Clark State College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Lewis-Clark State College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lewis-Clark State College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

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

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

Report on Internal Control Over Compliance

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

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

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

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

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

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

We have audited the financial statements of the business-type activities, and the discretely presented component unit of Lewis-Clark State College as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lewis-Clark State College's basic financial statements. We have issued our report thereon, dated October 19, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
October 19, 2023

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

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

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

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

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

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

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 COLLEGE ADMINISTERED LOAN PROGRAMS

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

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

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

Section I – Summary of Auditors' Results

- ***Financial Statements***

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

• Material weakness(es) identified?	____ yes	x no
• Significant deficiency(ies) identified?	____ yes	x none reported

3. Noncompliance material to financial statements noted? ____ yes x no

- ***Federal Awards***

1. Internal control over major federal programs:

• Material weakness(es) identified?	x yes	____ no
• Significant deficiency(ies) identified?	x yes	____ none reported

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

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

Identification of Major Federal Programs

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

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

Auditee qualified as low-risk auditee? x yes ____ no

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

2023-001 Errors in Reporting for NSLDS

Federal Agency: Department of Education

Federal Program Name: Student Financial Assistance Cluster

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

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

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

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

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

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

Questioned Costs: None

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

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

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

Repeat Finding: Yes, 2022-002

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

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

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

2023-002 Special Tests and Provisions – Perkins

Federal Agency: Department of Education

Federal Program Name: Student Financial Assistance Cluster

Assistant Listing Number: 84.038

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

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

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

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

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

Questioned Costs: None.

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

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

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

Repeat Finding: No.

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

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