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FY17 ANNUAL FINANCIAL STATEMENTS

Financial Statements for the Years Ended June 30, 2017 and 2016 and Independent Auditor's Report.
Including Schedule of Expenditures of Federal Awards and Single Audit Documents for the Year Ended June 30, 2017.

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Idaho State UNIVERSITY

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IDAHO STATE UNIVERSITY

TABLE OF CONTENTS

MOSSADAMS

Report of Independent Auditors

Idaho State Board of Education
Idaho State University

Report on the Financial Statements

We have audited the accompanying financial statements of Idaho State University (University) and its discretely presented component unit, Idaho State University Foundation, Inc. (Foundation) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Idaho State University Foundation, Inc., which represents the entirety of the University's discretely presented component unit as described in Note 13. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation are based solely on the reports of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

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

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

Opinions

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Idaho State University and its discretely presented component unit, as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and certain information in Note 10, *Pension Plan* and Note 11, *Postemployment Benefits Other than Pensions*, labeled as "required supplementary information", be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2017 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Moss Adams LLP

Portland, Oregon
October 13, 2017

Management's Discussion and Analysis
For the fiscal year ended June 30, 2017

INTRODUCTION

The following analysis and discussion provides an overview of the financial position and activities of Idaho State University (the University or ISU) for the fiscal year ended June 30, 2017, with comparative information for the fiscal year ended June 30, 2016. This overview has been prepared by management and should be read in association with the financial statements and accompanying footnote disclosures of the University included in this report.

PROFILE OF THE UNIVERSITY

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

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

USING THE FINANCIAL STATEMENTS

Idaho State University's financial statements for the fiscal year 2017 are presented in this report for your review. Condensed operations and financial position data are presented in this section in order to illustrate certain increases and decreases over fiscal year 2016. The emphasis of the following discussions about these statements is on changes in current year data versus the prior year.

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

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

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

IMPACT FROM CHANGES IN FINANCIAL REPORTING REQUIREMENTS

GASB No 68, *Accounting and Financial Reporting for Pensions*, implemented for the year ending June 30, 2015, had significant implications for all public colleges and universities with defined-benefit pension plans. The cost of pension expense is now recognized during the employee service period – the time worked until separation or retirement. Each employer's proportionate share of the net pension liability is calculated based on its annual contributions as a percentage of the contributions of all participating employers, and reported on the statement of net position along with deferred inflows and outflows relating to changes in the net pension liability. An adjustment to beginning net position for fiscal year 2015 was necessary to give a retroactive effect to the implementation of the standard. Deferred outflows are defined as a consumption of net assets that is applicable to a future reporting period. Deferred inflows are defined as an acquisition of net assets that is applicable to a future period.

FINANCIAL HIGHLIGHTS

Comparison of fiscal year 2017 to fiscal year 2016
The University's financial position at June 30, 2017, reflects gains over the previous fiscal year.

- Assets decreased by $4.6 million to end the year at $339.9 million.
- Liabilities decreased by $3.4 million to end the year at $96.6 million.
- Net position, invested in capital assets totaled $131.2 million, an increase of $4.2 million.
- Net position, which is the residual of assets and deferred outflows after deducting liabilities and deferred inflows, increased by $4.5 million to end at $249.7 million.

Other significant changes to operations were as follows:

- Operating revenues totaled $129.9 million, a decrease of $11.9 million.
- Operating expenses totaled $247.4 million, a decrease of $0.8 million.
- Nonoperating revenues, net of expense, totaled $122.0 million, an increase of $11.4 million.

Comparison of fiscal year 2016 to fiscal year 2015
The University's financial position at June 30, 2016, reflects gains over the previous fiscal year.

- Assets increased by $1.7 million to end the year at $344.5 million.
- Liabilities increased by $3.7 million to end the year at $100.0 million.
- Net position, which is the residual of assets and deferred outflows after deducting liabilities and deferred inflows, increased by $4.1 million to end at $245.2 million.

Other significant changes to operations were as follows:

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

CONDENSED FINANCIAL INFORMATION AND ANALYSIS

Financial Position - Statement of Net Position

The Statement of Net Position is a snapshot of the University's financial position at, June 30, 2017 (fiscal year end). It reports the University's assets and deferred outflows (financial resources), liabilities and deferred inflows (financial obligations), and net position (remaining balance in assets after paying creditors) based on end-of-year data.

Assets are classified as current, noncurrent, or capital. Current assets can be expected to easily convert to cash to meet the University's expenses within 12 months and include cash and cash equivalents, accounts receivable, inventories, prepaid expenses, and investments. Noncurrent assets can be expected to be held more than one year and include items such as, student loans receivable. Capital assets are reported net of accumulated depreciation and include construction in progress, furniture and equipment, land, buildings, and improvements.

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

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

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

Net position is divided into three categories:

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

the majority of unrestricted net assets for various academic programs and university support functions.

SUMMARIZED STATEMENTS OF NET POSITION

The *Statement of Net Position* reflects the financial position of the University at the end of the fiscal year. The sum of assets and deferred outflows, less liabilities and deferred inflows, represents net position. Changes in net position occur over time and are one important indicator of the financial condition of the University. Net Position is presented in three major categories on the statement, each of which is described in more detail within the footnotes to the statements. A summary comparison of the assets, deferred outflows, liabilities, deferred inflows, and net position for the years ended June 30, 2017, 2016, and 2015 is presented below.

Schedule of Net Position

	June 30, 2017	June 30, 2016	2017 vs 2016 Change	June 30, 2015
Assets:				
Current Assets	$ 166,812,453	$ 170,695,382	$ (3,882,929)	$ 164,011,927
Noncurrent Assets	173,042,196	173,770,417	(728,221)	178,737,418
Total Assets	339,854,649	344,465,799	(4,611,150)	342,749,345
Deferred outflows of resources	8,767,634	8,599,691	167,943	3,964,810
Liabilities:				
Current Liabilities	31,865,440	37,133,064	(5,267,624)	35,082,474
Noncurrent Liabilities	64,696,752	62,825,387	1,871,365	61,174,040
Total Liabilities	96,562,192	99,958,451	(3,396,259)	96,256,514
Deferred inflows of resources	2,368,486	7,870,309	(5,501,823)	9,350,207
Net Position:				
Invested in capital assets	131,220,667	126,984,356	4,236,311	126,573,391
Restricted, expendable	4,380,824	5,053,113	(672,289)	4,961,978
Unrestricted	114,090,114	113,199,261	890,853	109,572,065
Total Net Position	$ 249,691,605	$ 245,236,730	$ 4,454,875	$ 241,107,434

SIGNIFICANT CHANGES IN THE STATEMENTS OF NET POSITION

Comparison of fiscal year 2017 to fiscal year 2016

- The total net position of the University at June 30, 2017, was $249.7 million, an increase of $4.5 million over the prior year. The University's total net position includes its investment in capital assets, net of related debt, which increased $4.2 million to $131.2 million. The restricted portion of net position decreased $0.7 million to $4.4 million, and the unrestricted portion of net position increased $0.9 million to a total of $114.1 million.

- In 2017, the decrease in current assets is largely due to the $7.5 million decrease in cash with treasurer along with smaller declines in accounts receivable ($1.3 million), prepaid expenses ($0.2 million) and student loans receivable ($0.3 million), which was partially offset by increases of $3.0 million in cash and cash equivalents and $2.3 million in due from State agencies. The primary driver of decline in noncurrent assets is attributed to net capital assets, which decreased $0.8 million. Deferred outflows of resources is up $0.2 million due to increases in deferred outflow for pensions of $0.3 million and an decline in deferred cost of refunding of $0.1 million.

- During the current fiscal year, total liabilities decreased by $3.4 million, primarily due to decreases in current liabilities of $5.3 million and to a net increase in noncurrent liabilities of $1.9 million. Noncurrent liability increases in other post-employment benefits payable of $1.2 million and pension liability of $5.7 million were partially offset by declines in notes and bonds payable for debt service payments of $5.0 million. Deferred inflows of resources reflect a decrease of $5.5 million due to a reduction in deferred inflow for pensions.

Comparison of fiscal year 2016 to fiscal year 2015

- The total net position of the University at June 30, 2016, was $245.2 million, an increase of $4.1 million over the prior year. The University's total net position includes its investment in capital assets, net of related debt, which increased $0.4 million to $127.0 million. The restricted portion of net position increased $0.1 million to $5.0 million, and the unrestricted portion of net position increased $3.6 million to a total of $113.2 million.

- In 2016, the increase in current assets is largely due to the increases in cash and cash equivalents of $6.8 million and cash with treasurer of $10.0 million, which was partially offset by a decrease of $10.4 million in accounts receivable. The primary drivers of decline in noncurrent assets is attributed to net capital assets, which decreased $4.8 million and the $0.1 million decline in student loans receivable. Deferred outflows of resources is up $4.6 million due to increases in deferred outflow for pensions of $4.2 million and deferred cost of refunding of $0.4 million.

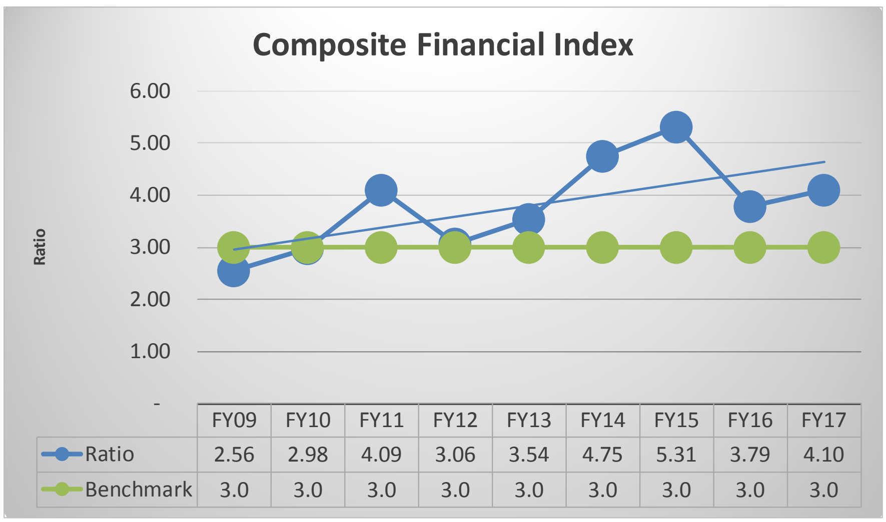
- During the current fiscal year, total liabilities increased by $3.7 million, primarily due to increases in current liabilities of $2.0 million and to a net increase in noncurrent liabilities of $1.7 million. Noncurrent liability increases in other post-employment benefits payable of $0.8 million and pension liability of $5.2 million were partially offset by declines in notes and bonds payable for debt service payments of $4.3 million. Deferred inflows of resources reflect a decrease of $1.5 million due to a reduction in deferred inflow for pensions.

Financial Health Indicators

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

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

The graph that follows displays the CFI of Idaho State University over the past nine years compared to the benchmark established for universities in the State of Idaho by the State Board of Education. The ratio was climbing until the 2012 dip in revenues driven by the decline in state appropriations. At that time the University put proactive actions in place to generate greater diversity of revenues in combination with strategic spending reduction plans driving performance increases in 2013-2015. The decline in 2016 was driven by an increased investment in repairs and maintenance driving up expenses and lowering net position growth. Results in 2017 were improved primarily by continued reduction of debt and expense controls returning the CFI ratio to an upward trend.



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

The Statement of Revenues, Expenses and Changes in Net Position is comparable to the income statement of for-profit entities. It reflects the sources and amounts of revenues earned and the expense types and amounts incurred during the year, grouped as operating, nonoperating or other. The statement of revenues, expenses, and changes in net position reports the revenues earned and expenses incurred during the year on an accrual basis, identified as operating and nonoperating activities as prescribed by GASB.

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

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

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

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

A comparative statement summarizing the University's revenues, expenses, and changes in net position for the years ended June 30, 2017, 2016, and 2015, is shown below.

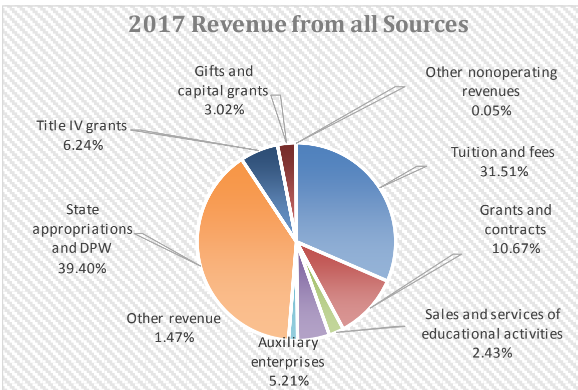
Summary Statement of Revenues, Expenses, and Changes in Net Position

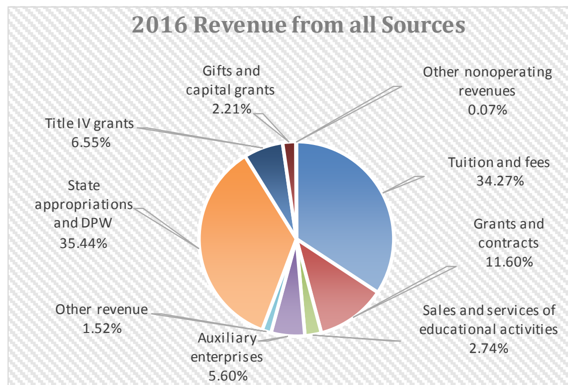
Operating revenues	**2017**	**2016**	**2017 vs 2016 Change**	**2015**
Student tuition and fees (net of scholarship discounts and allowances)	$ 79,831,468	$ 87,208,911	$ (7,377,443)	$ 88,206,974
Federal grants and contracts	8,890,478	10,019,841	(1,129,363)	9,290,225
State and local grants and contracts	11,643,584	12,249,400	(605,816)	11,733,975
Private grants and contracts	6,495,621	7,251,844	(756,223)	7,012,923
Sales and services of educational activities	6,153,003	6,979,623	(826,620)	7,311,610
Sales and services of auxiliary enterprises	13,195,581	14,236,801	(1,041,220)	14,015,044
Other	3,728,134	3,858,144	(130,010)	3,678,615
Total operating revenues	129,937,869	141,804,564	(11,866,695)	141,249,366
Operating expenses	247,447,738	248,285,034	(837,296)	228,567,678
Operating loss	(117,509,869)	(106,480,470)	(11,029,399)	(87,318,312)
Nonoperating revenues/(expenses)				
State appropriations	95,576,162	86,773,095	8,803,067	83,835,488
State Department of Public Works	4,232,065	3,408,499	823,566	4,985,344
Title IV grants	15,792,869	16,668,145	(875,276)	18,879,046
Gifts	7,653,184	5,632,083	2,021,101	5,843,281
Net investment income	126,422	189,275	(62,853)	195,658
Amortization of bond insurance costs	(4,566)	(6,936)	2,370	(7,267)
Bond issuance costs	-	(185,960)	185,960	-
Interest on capital asset related debt	(1,312,674)	(1,704,084)	391,410	(1,923,003)
Gain (Loss) on disposal of capital assets	(98,718)	(164,351)	65,633	(85,380)
Net nonoperating revenues	121,964,744	110,609,766	11,354,978	111,723,167
Increase in net position	4,454,875	4,129,296	325,579	24,404,855
Net position - beginning of year	245,236,730	241,107,434	4,129,296	231,484,666
Cummulative effect of implementing GASB 68			-	(14,782,087)
Net position - beginning of year (as restated)			-	216,702,579
Net position - end of year	$ 249,691,605	$ 245,236,730	$ 4,454,875	$ 241,107,434

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

- Total revenues for the year ended June 30, 2017, were $253.3 million, representing a decrease of $1.1 million over fiscal year 2016. Below is a graphic illustration of revenues by source (both operating and nonoperating) for the years ended June 30, 2017 and 2016. Total revenues for the year ended June 30, 2016, were $254.5 million, representing an increase of $0.4 million over fiscal year 2015.

Operating Revenue from all Sources





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

- State Appropriations: The largest component of nonoperating revenue is state appropriations. In 2017, state funding increased overall by $9.6 million, or 10.6%, over the prior year. The largest increase was in state appropriations for general education totaling $76.4 million in 2017 and $71.0 million in 2016, a 7.6% increase amounting to $5.4 million. Funding from the Department of Public Works (DPW) fluctuates from year to year depending on the number and extent of building projects, finishing the year with a $0.8 million increase over 2016. Increases in endowment income, other state appropriations, and career technical education were $0.6 million, $0.1 million and $2.7 million respectively.
- Tuition and Fees: Net tuition and fee revenue of $79.8 million reflects a decline of $7.4 million over the prior year due to a decline in international student enrollment and an increase in scholarship awards.
- Grants and Contracts: Fiscal year 2017 showed a decrease in federal grants and contracts revenue versus the prior year of $1.1 million to $8.9 million. Private grant revenue was $6.5 million in 2017, down $0.8 million from 2016. State grant revenue decreased by $0.6 million over 2016 to $11.6 million for 2017. In total, grant revenue decreased by $2.5 million in 2017 to $27.0 million.

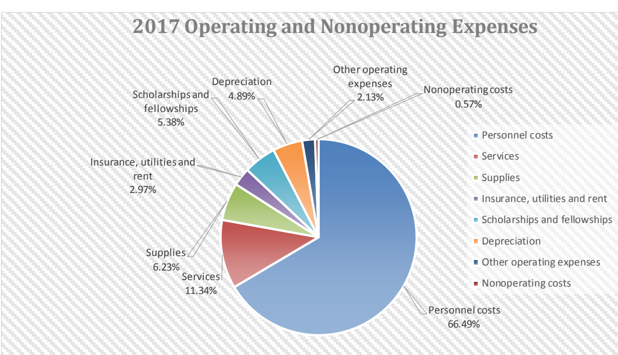
- Federal Title IV Grants: There was a $0.9 million decrease in Title IV revenue from the prior year. This decrease was due to the federal government restricting Pell grant availability, and tightening the eligibility requirements, coupled with declining domestic enrollment.
- Sales and Services: Revenue decreased $1.9 million to $19.3 million for fiscal year 2017.
- Other Revenue: Revenues increased $0.1 million to $3.7 million in 2017.

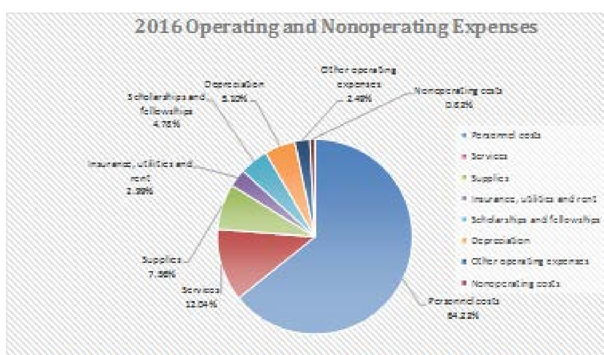
Expenses

Operating expenses consist mainly of employee compensation, supplies and services costs, and student scholarships and fellowships that enable us to carry out the mission of the University. Nonoperating expenses are generally those associated with interest on debt and the disposal loss of fixed assets. Salaries, wages, and benefits are the major support cost for the University's programs, followed by services and supplies, scholarships, and other operating expenses. Embedded in the personnel costs is the pension expense recorded as a result of the adoption of GASB 68. GASB 68 implemented in 2015 required pension expense for defined-benefit plans to be actuarially determined instead of cash contributions made to the plan during the fiscal year. The table below compares expenses for fiscal years ending June 30, 2017, 2016, and 2015.

Summary Statement of Expenses

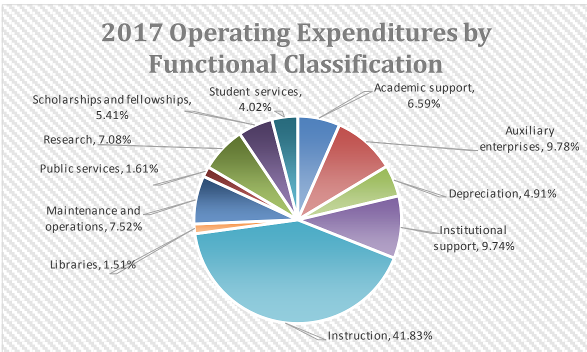
	2017	2016	2017 vs 2016 Change	2015
Operating Expenses				
Personnel costs	$ 165,477,527	$ 160,776,462	$ 4,701,065	$ 149,425,555
Services	28,224,653	30,142,180	(1,917,527)	26,747,825
Supplies	15,509,634	18,916,787	(3,407,153)	14,823,343
Insurance, utilities and rent	7,390,736	7,486,150	(95,414)	7,350,446
Scholarships and fellowships	13,395,827	11,960,896	1,434,931	12,514,538
Depreciation expense	12,157,980	12,776,292	(618,312)	12,622,576
Other operating expenses	5,291,381	6,226,267	(934,886)	5,083,395
Total operating expenses	$ 247,447,738	$ 248,285,034	$ (837,296)	$ 228,567,678
Nonoperating Expenses				
Amortization of bond insurance costs	$ 4,566	$ 6,936	$ (2,370)	$ 7,267
Bond issuance costs	-	185,960	(185,960)	-
(Gain) or loss on disposal of fixed assets	98,718	164,351	(65,633)	85,380
Interest on capital asset related debt	1,312,674	1,704,084	(391,410)	1,923,003
Total nonoperating expenses	$ 1,415,958	$ 2,061,331	$ (645,373)	$ 2,015,650

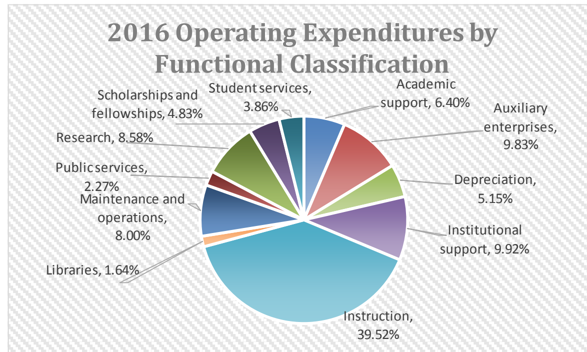


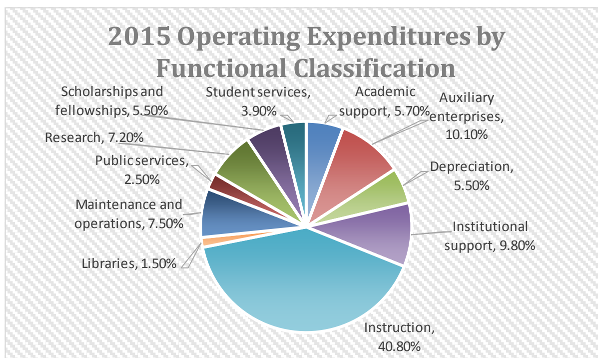


Idaho State UNIVERSITY discoverOPPORTUNITY

An alternative view of operating expenses is by functional (programmatic) classification. Instructional expenses by far comprise the largest single category of operating costs. Fluctuations in expenses for maintenance and operations are largely impacted by noncapitalized facility improvements associated with project expenses that are not capitalized to an asset. The amount varies by year depending on several factors including the types and timing of projects undertaken. See Footnote 12 for additional details regarding functional expenses.







- Operating expenses in fiscal year 2017 decreased by $0.8 million, or 0.3%, from the prior year. The largest component of this cost is personnel costs which increased $4.7 million. Scholarships and fellowships increased by $1.4 million. These increases were offset by decreases in services and supplies, which decreased by $1.9 and $3.4 million, respectively, and a $0.9 million decrease in miscellaneous expenses. Insurance, utilities and rent, and depreciation decreased by a total of $0.7 million. Operating expenses in fiscal year 2016 increased by $19.7 million, or 9%, from the prior year.

- Nonoperating expenses driven by interest on capital asset related debt, decline each year due to annual principal debt payments. 2016 saw a slight increase over 2015 with more asset disposal losses and bond issuance costs.

CASH FLOWS

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

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

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

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

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

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

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

A comparative summary of the *Statement of Cash Flows* for the years ended June 30, 2017, 2016, and 2015, is presented below.

Summary Statement of Cash Flows

	2017	2016	2017 vs 2016 Change	2015
Cash and cash equivalents (used in) or provided by:				
Operating activities	$ (109,929,534)	$ (89,325,088)	$ (20,604,446)	$ (74,819,842)
Noncapital financing activities	121,475,332	119,760,013	1,715,319	96,584,043
Capital and related financing activities	(16,069,855)	(13,656,652)	(2,413,203)	(15,091,402)
Investing activities	19,334	18,088	1,246	17,009
Net increase in cash	(4,504,723)	16,796,361	(21,301,084)	6,689,808
Cash and cash equivalents, beginning of year	127,587,153	110,790,792	16,796,361	104,100,984
Cash and cash equivalents, end of year	$ 123,082,430	$ 127,587,153	$ (4,504,723)	$ 110,790,792

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

CAPITAL ASSET AND DEBT ACTIVITIES

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

Capital Assets

Idaho State University's total capital assets decreased by $0.8 million; from $172.5 million in 2016 to $171.7 million in 2017, with depreciation expense outpacing capital additions.

	June 30, 2017	June 30, 2016	2017 vs 2016 Change	June 30, 2015
Land	$ 5,012,553	$ 5,012,553	$ -	$ 5,012,553
Construction in progress	4,874,799	2,861,766	2,013,033	1,763,051
Buildings, net	136,077,367	138,556,827	(2,479,460)	144,119,834
Intangibles, net	1,273,316	1,384,039	(110,723)	1,494,762
Equipment, net	14,167,341	14,310,538	(143,197)	13,790,562
Library materials, net	10,286,278	10,367,190	(80,912)	11,105,668
Total capital assets, net	$ 171,691,654	$ 172,492,913	$ (801,259)	$ 177,286,430

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

Debt

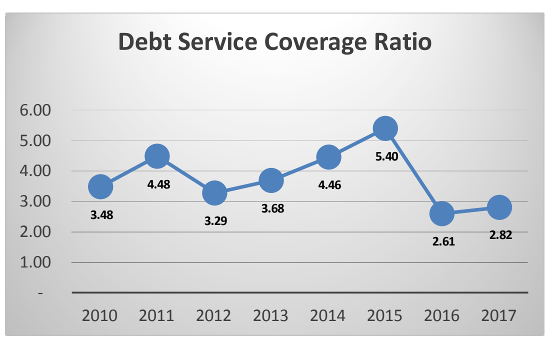
Total notes and bonds payable declined by $5.1 million from $46.4 million at June 30, 2016, to $41.3 million at June 30, 2017. The University continues to pay down existing debt according to the debt schedule detailed in the notes of this report.

	June 30, 2017	June 30, 2016	2017 vs 2016 Change	June 30, 2015
Notes and bonds payable	$ 41,338,312	$ 46,470,693	$ (5,132,381)	$ 51,277,411

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

Debt Ratios

The debt service coverage ratio provides an indicator of the University's ability to repay annual principal and interest relative to its overall expenses. The graph below shows the University's debt service ratio for the past eight years and indicates the University has sufficient resources to pay its long-term debt obligations 2.82 times over.



ECONOMIC OUTLOOK

The financial position of Idaho State University has remained stable for the past several years. As we move into 2018, enrollment will be our top priority and challenge. Enrollment is a significant driver of funding for the University and presents challenges due to increasing competition for students, a low unemployment rate in the region and Idaho's bottom 10 ranking of students who go on and finish a four year college degree. Consistent with state trends in higher education, the University is projecting enrollment declines in the 2017 Fall semester, followed by flat enrollment for the Fall 2018 semester. Leadership has implemented a multi-year enrollment management plan, focused on driving improvements in enrollment and student retention, which has produced an increase in incoming first-time students. However, as previous classes move through the university, the enrollment increases will not be fully felt for several years.

During the year, the University proposed and received approval for a 3.0% undergraduate resident tuition and fee increase for fiscal year 2018, the second lowest increase in twenty-nine years. ISU is and remains extremely competitive in tuition and fees, even after the increase, which is essential in enabling the University to balance its budget and continue to provide quality educational opportunities to students. The University's general state appropriation for fiscal year 2018 has increased by 1.44% from its FY2017 funding levels in both permanent and one-time funding.

Idaho State continues its restraint on student tuition and fee increases while making investments, reallocating resources to support growth, and creating incentives to increase enrollment. The institution will continue to maintain and enhance student support, actively develop and grow sponsored research, address key infrastructure and deferred maintenance needs, focus on compensation equity, and maintain affordability for students. A temporary use of reserves will be used to aid in the dynamic rebalancing of our financial posture, which is essential for improving student opportunities and increasing access to high-quality education.

Through the Institutional Effectiveness and Assessment Council, the University's leadership evaluates regularly the adequacy of its resources, capacity, and effectiveness of operations to document its ongoing potential to fulfill its mission, accomplish its core theme objectives, and achieve the goals or intended outcomes of its programs and services, wherever offered and however delivered. The core themes of learning and discovery, access and opportunity, leadership in health sciences, and community engagement and impact are at the forefront of prioritizing the investments of the University. A new University Strategic Plan identified five goals: grow enrollment; strengthen retention; promote ISU's identity; strengthen communication, transparency, and inclusion; and enhance community partnerships. Strategic Plan working groups are currently developing action plans to achieve the identified goals and benchmarks. There is an immediate focus on investments in student recruiting and financial incentives aimed at attracting and retaining the student population.

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

IDAHO STATE UNIVERSITY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 41,849,232	$ 38,858,790
Cash with Treasurer	81,233,198	88,728,363
Investments	20,515,612	20,408,666
Student loans receivable, net	14,651	300,834
Accounts receivable and unbilled charges, less allowance for doubtful accounts of $2,475,164 and $3,825,771, respectively	15,189,877	16,452,119
Due from state agencies	5,969,321	3,634,429
Inventories	200,027	236,039
Prepaid expenses	1,840,535	2,076,142
Total current assets	166,812,453	170,695,382
NONCURRENT ASSETS:		
Student loans receivable, less allowance for doubtful loans of $607,901 and $647,875, respectively	1,022,450	945,660
Assets held in trust	234,214	298,400
Prepaid bond insurance costs	28,878	33,444
Capital assets, net	171,691,654	172,492,913
Other long-term assets	65,000	-
Total noncurrent assets	173,042,196	173,770,417
TOTAL ASSETS	339,854,649	344,465,799
DEFERRED OUTFLOWS OF RESOURCES		
Deferred cost of refunding	853,344	948,554
Deferred outflow for pensions	7,914,290	7,651,137
Total deferred outflows of resources	8,767,634	8,599,691
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 348,622,283	$ 353,065,490
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 3,549,454	$ 6,875,970
Due to state agencies	279,579	704,796
Accrued salaries and benefits payable	9,076,802	10,618,098
Compensated absences payable	5,146,415	5,485,812
Deposits	375,756	364,957
Funds held in custody for others	880,309	1,051,977
Unearned revenues	7,636,842	6,906,787
Accrued interest payable	381,283	427,110
Notes and bonds payable	4,539,000	4,697,557
Total current liabilities	31,865,440	37,133,064
NONCURRENT LIABILITIES:		
Other post-employment benefits payable	10,184,000	9,020,000
Pension liability	17,713,440	12,032,251
Notes and bonds payable	36,799,312	41,773,136
Total noncurrent liabilities	64,696,752	62,825,387
TOTAL LIABILITIES	96,562,192	99,958,451
DEFERRED INFLOWS OF RESOURCES		
Deferred cost of refunding	14,897	19,863
Deferred inflow for pensions	2,353,589	7,850,446
Total deferred inflows of resources	2,368,486	7,870,309
NET POSITION:		
Invested in capital assets	131,220,667	126,984,356
Restricted, expendable	4,380,824	5,053,113
Unrestricted	114,090,114	113,199,261
Total net position	249,691,605	245,236,730
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 348,622,283	$ 353,065,490

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY COMPONENT UNIT

IDAHO STATE UNIVERSITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 1,390,259	$ 2,551,354
Promises to give, net	2,780,293	3,841,977
Life insurance cash surrender value	687,358	92,082
Inventory	451,216	412,280
Pharmacy receivables, net	168,457	202,039
Miscellaneous receivables, net	67,847	40,325
Prepaid Expenses	126,332	114,171
Property and Equipment, net	263,625	372,700
Goodwill, net	199,241	199,241
Donated land held for sale	1,466,916	1,824,556
Investments	56,990,994	52,845,818
Total assets	$ 64,592,538	$ 62,496,543
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 273,453	$ 432,700
Scholarships and other payables to Idaho State University	191,684	426,317
Obligations to beneficiaries under split-interest agreements	744,185	850,798
Funds held in custody for others	809,970	716,020
Long-term debt	4,749,762	5,291,106
Total liabilities	6,769,054	7,716,941
Net Assets (Deficit)		
Unrestricted	(3,949,544)	(4,350,626)
Temporarily restricted	19,736,747	18,388,380
Permanently restricted	42,036,281	40,741,848
Total net assets	57,823,484	54,779,602
TOTAL LIABILITIES AND NET ASSETS	$ 64,592,538	$ 62,496,543

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
Student tuition and fees (net of scholarship discounts and allowances of $27,912,077 and $25,947,403, respectively)	$ 79,831,468	$ 87,208,911
Federal grants and contracts	8,890,478	10,019,841
State and local grants and contracts	11,643,584	12,249,400
Private grants and contracts	6,495,621	7,251,844
Sales and services of educational activities	6,153,003	6,979,623
Sales and services of auxiliary enterprises	13,195,581	14,236,801
Other	3,728,134	3,858,144
Total operating revenues	129,937,869	141,804,564
OPERATING EXPENSES		
Personnel costs	165,477,527	160,776,462
Services	28,224,653	30,142,180
Supplies	15,509,634	18,916,787
Insurance, utilities and rent	7,390,736	7,486,150
Scholarships and fellowships	13,395,827	11,960,896
Depreciation	12,157,980	12,776,292
Miscellaneous	5,291,381	6,226,267
Total operating expenses	247,447,738	248,285,034
OPERATING LOSS	(117,509,869)	(106,480,470)
NONOPERATING REVENUES (EXPENSES)		
State appropriations:		
State general account - general education	76,473,502	71,057,200
Endowment income	3,609,600	3,004,200
Other state appropriations	3,092,487	2,970,873
Career technical education	12,400,573	9,740,822
Department of Public Works	4,232,065	3,408,499
Title IV grants	15,792,869	16,668,145
Gifts (including $5,274,496 and $5,158,769 from the Idaho State University Foundation, respectively)	7,653,184	5,632,083
Net investment income	126,422	189,275
Amortization of bond insurance costs	(4,566)	(6,936)
Bond issuance costs	-	(185,960)
Interest on capital asset related debt	(1,312,674)	(1,704,084)
Gain (Loss) on disposal of capital assets	(98,718)	(164,351)
Net nonoperating revenues	121,964,744	110,609,766
INCOME BEFORE OTHER REVENUES AND EXPENSES	4,454,875	4,129,296
INCREASE IN NET POSITION	4,454,875	4,129,296
NET POSITION, BEGINNING OF YEAR	245,236,730	241,107,434
NET POSITION, END OF YEAR	$ 249,691,605	$ 245,236,730

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY COMPONENT UNIT

IDAHO STATE UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Contributions and gifts	$ 1,420,789	$ 2,703,572	$ 1,191,625	$ 5,315,986
Contributed services	378,201	-	-	378,201
Interest and dividends	162,011	339,672	-	501,683
Net realized/unrealized gain (loss) on investments	648,012	5,157,008	-	5,805,020
Fees, charges, and miscellaneous	811,782	26,828	-	838,610
Pharmacy revenue	5,226,456	-	-	5,226,456
Less cost of goods sold	(4,309,333)	-	-	(4,309,333)
Net pharmacy charges	917,123	-	-	917,123
Net change in value of split-interest agreements and life insurance	71,410	(837,145)	62,683	(703,052)
Donor designated transfers	(573,170)	533,045	40,125	-
Net assets released from program restrictions	6,574,613	(6,574,613)	-	-
Total Revenues	10,410,771	1,348,367	1,294,433	13,053,571
EXPENSES				
Program support to Idaho State University				
Donations/transfers	1,390,421	-	-	1,390,421
Scholarships	1,911,321	-	-	1,911,321
Athletic	8,473	-	-	8,473
Department support	3,765,838	-	-	3,765,838
Support services				
Management and general	726,705	-	-	726,705
Fundraising	1,393,961	-	-	1,393,961
Pharmacy expenses	812,970	-	-	812,970
Total Expenses	10,009,689	-	-	10,009,689
CHANGE IN NET ASSETS	401,082	1,348,367	1,294,433	3,043,882
NET ASSETS (Deficit), beginning of year	(4,350,626)	18,388,380	40,741,848	54,779,602
NET ASSETS (Deficit), end of year	$ (3,949,544)	$ 19,736,747	$ 42,036,281	$ 57,823,484

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY COMPONENT UNIT

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

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

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Student fees	$ 62,574,618	$ 76,054,017
Grants and contracts	25,627,235	29,129,834
Sales and services of educational activities	6,771,858	6,085,988
Sales and services from auxiliary enterprises	14,444,947	14,179,941
Other operating revenue	3,666,021	3,815,552
Collection of loans to students	752,514	969,353
Payments to and on behalf of employees	(162,207,496)	(157,241,615)
Payments to suppliers	(59,214,175)	(58,170,745)
Payments for scholarships and fellowships	(1,841,911)	(3,278,282)
Loans issued to students	(503,145)	(869,131)
Net cash used by operating activities	(109,929,534)	(89,325,088)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	95,497,635	87,941,416
Title IV grants	15,755,686	16,522,016
Gifts	7,131,903	5,485,162
Agency receipts	25,573,933	41,870,811
Agency payments	(22,890,475)	(32,497,883)
Direct lending receipts	55,645,076	59,808,822
Direct lending payments	(55,238,426)	(59,370,331)
Net cash provided by noncapital financing activities	121,475,332	119,760,013
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital purchases	(9,704,423)	(6,458,482)
Sale of Capital Assets	35,206	-
Proceeds from advance refunding of debt	-	140,879
Cost of issuance for advance refunding bonds	-	(134,841)
Principal paid on capital debt	(4,697,557)	(5,142,488)
Interest paid on capital debt	(1,703,081)	(2,061,720)
Net cash used by financing activities	(16,069,855)	(13,656,652)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(11,471,400)	(14,940,875)
Proceeds from sales and maturities of investments	11,471,400	14,940,875
Investment net of income and expenses	19,334	18,088
Net cash used by investing activities	19,334	18,088
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,504,723)	16,796,361
CASH AND CASH EQUIVALENTS--Beginning of year	127,587,153	110,790,792
CASH AND CASH EQUIVALENTS--End of year	$ 123,082,430	$ 127,587,153
RECONCILIATION OF NET OPERATING LOSS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES		
Operating Loss	$ (117,509,869)	$ (106,480,470)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Depreciation	12,157,980	12,776,292
Maintenance costs paid by Department of Public Works and other	1,525,867	3,100,687
Change in assets and liabilities		
Accounts receivable, net	(4,267,297)	195,588
Prepaid expenses	235,607	(558,728)
Student loans receivable, net	209,393	141,849
Inventory	36,012	36,454
Pension liability and deferred inflows and outflows for pensions	(78,821)	(406,908)
Accounts payable and accrued liabilities	(2,323,859)	1,430,631
Accrued salaries and benefits payable	(663,623)	222,503
Deposits	(12,039)	(10,703)
Unearned revenue	761,929	223,491
Noncurrent assets	(814)	4,226
Net cash used in operating activities	$ (109,929,534)	$ (89,325,088)

See Accompanying Notes to Financial Statements

IDAHO STATE UNIVERSITY
Notes to Financial Statements
Years Ended June 30, 2017 And 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

The financial reporting entity is reported as Idaho State University in the financial statements. The reporting entity also includes one university foundation (Idaho State University Foundation, Inc.), which is reported as a discrete component unit in the financial statements. The Foundation was established to provide support for private fundraising efforts of the University and to manage privately donated funds. The Foundation is considered a component unit of the University as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - and amendment of GASB Statements No. 14 and No. 34*. Additional detail and discussion related to the Foundation can be found in Note 13 of this report.

Basis of Accounting

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

Cash Equivalents

The University considers all liquid investments with a remaining maturity of three months or less at the date of acquisition and all nonnegotiable certificates of deposit to be cash equivalents.

Cash with Treasurer

Balances classified as Cash with Treasurer are amounts that are required to be remitted to the State of Idaho as a result of the student fee collection process and, once remitted, these balances are under the control of the State Treasurer. Interest accruing on the balance is maintained in a separate fund and must be appropriated by the legislature before any expenditure can occur.

Investments

The University accounts for its investments at fair value. Investment income is recorded on the accrual basis. Changes in unrealized gains and losses on the carrying value of investments are reported as a component of net investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Student Loans Receivable

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

Accounts Receivable

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

Inventories

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

Capital Assets

Capital assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at date of the gift. The University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Intangible assets with a unit cost of $200,000 or more and an estimated useful life of greater than one year are recorded as capital assets. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 12 to 25 years for land improvements, 10 years for library books, and 5 to 13 years for equipment.

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

Deferred Inflows and Outflows of Resources

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

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

Unearned Revenues

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

Compensated Absences

Employee vacation pay that is earned but unused is accrued at year-end for financial statement purposes. Amounts included in accrued salaries and benefits payable in the statement of net position are $5,146,415 and $5,485,812 at June 30, 2017 and 2016, respectively.

Noncurrent Liabilities

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

Net Position

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

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

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

Unrestricted – Unrestricted includes resources derived from student fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the University, and may be used at the discretion of the institution to meet current expenses for any lawful purpose and in accordance with SBOE policy.

When an expense is incurred that can be paid using either restricted or unrestricted resources, restricted resources are generally applied first.

Income and Unrelated Business Income Taxes

The University, as a political subdivision of the State of Idaho, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The University is liable for tax on its unrelated business income. Defined by the Internal Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance by the organization of its exempt purpose or function. The University did not incur unrelated business income tax expense in the fiscal years ended June 30, 2017 or 2016.

Classification of Revenues

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

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

Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as gifts and contributions, and other revenue resources defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB Statement No. 34, such as state appropriations and investment income.

Scholarship Discounts and Allowances

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

Pensions

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

Use of Accounting Estimates

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

Accounting Standards Implemented

In March 2016, the GASB issued Statement No. 82, "Pension Issue". This Statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements. It establishes the definition for covered payroll as the payroll on which contributions to a pension plan are based. GASB No. 82 is effective for fiscal years beginning after June 15, 2016, except for the requirements of for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. The University has implemented GASB No. 82. (See footnote 2.)

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

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

Cash with Treasurer is under the custody of the Idaho State Treasurer and is recorded at fair value, which approximates cost. The University's deposits are maintained in commercial checking accounts which, as of June 30, 2017, have insurance coverage up to $250,000 through the Federal Deposit Insurance Corporation (FDIC). At June 30, 2017 and 2016, total deposits consisted of the following:

	2017	2016
Cash	$ 47,537,186	$ 43,074,153
Cash equity with the State Treasurer	81,233,198	88,728,363
Total deposits	$ 128,770,384	$ 131,802,516

The deposit amounts subject to custodial credit risk at June 30, 2017 and 2016 consisted of the following:

Basis of Custodial Credit Risk
As of June 30

	2017	2016
Insured	$ 250,000	$ 250,000
Uncollateralized	-	-
Collateralized by securities held by the pledging financial institution	47,287,186	42,824,153
Total deposits	$ 47,537,186	$ 43,074,153

At June 30, 2017 and 2016, the University had $181,766 and $135,113, respectively, of cash on hand in various change funds. The carrying amount of the University's cash and cash equivalents at June 30, 2017 and 2016, was $123,082,430 and $127,587,153, respectively. The net difference between deposits and the carrying amount of cash and cash equivalents is a reflection of deposits in transit, outstanding checks, and investment of the daily float.

Investments

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

Investments Measured at Fair Value

Fair Value is described as an exit price. Fair value measurements assume a transaction takes place in a government's principal market or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value does not take into consideration transaction costs. The following tables classify the fair value of the University's investments at June 30, 2017 and 2016, respectively:

		Fair Value Measurements Using		
	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Certificates of deposit	$ 3,238,614	$ -	$ 3,238,614	$ -
Debt securities				
Fixed income - Government Bonds	16,980,627	-	16,980,627	-
Fixed income - Corporate Bonds	296,371	-	296,371	-
Total debt securities	17,276,998	-	17,276,998	-
Total investments by fair value	$ 20,515,612	$ -	$ 20,515,612	$ -

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

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

The following table represents the fair value of investments by type and interest rate risk at June 30, 2017 and 2016, respectively:

			Investment Maturities		
Fiscal Year	University Investments	Fair Value	1-3 years	3-5 years	5+ years
2017	Fixed Income - CD	$ 3,238,614	$ 2,236,417	$ 1,002,197	$ -
2017	Fixed Income - Corporate Bonds	296,371	296,371	-	-
2017	Fixed Income - Government Bonds	16,980,627	7,758,305	7,803,893	1,418,429
		$ 20,515,612	$ 10,291,093	$ 8,806,090	$ 1,418,429
2016	Fixed Income - CD	$ 5,450,072	$ 3,442,521	$ 2,007,551	$ -
2016	Fixed Income - Corporate Bonds	300,800	300,800	-	-
2016	Fixed Income - Government Bonds	14,657,794	6,047,063	7,090,266	1,520,465
		$ 20,408,666	$ 9,790,384	$ 9,097,817	$ 1,520,465

Credit Risk

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

Fixed income investment ratings as of June 30, 2017, are presented below using credit risk ratings issued upon standards set by Moody's Investors Service. 'Aaa' rated obligations are judged to be of the highest quality, with minimal credit risk. 'Aa' rated obligations are judged to be of high quality and are subject to very low credit risk. 'A' rated obligations are considered upper-medium grade and are subject to low credit risk. Issuers rated 'NP' or 'Not Prime' do not fall within any of the prime rating categories.

			Credit Rating				
Fiscal Year	University Investments	Fair Value	Aaa	Aa	A	NP	Unrated
2017	Fixed Income - CD	$ 3,238,614	$ 29,304	$ -	$ 1,002,149	$ 952,809	$ 1,254,352
2017	Fixed Income - Corporate Bonds	296,371	-	45,361	251,010	-	-
		$ 3,534,985	$ 29,304	$ 45,361	$ 1,253,159	$ 952,809	$ 1,254,352

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

Concentration of Credit Risk

Concentration of credit risk is defined per GASB Statement No. 40 as the risk of loss attributed to the magnitude of an investment in a single issuer other than the federal government. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when 5 percent of investments are concentrated in any one issuer. At present, the University does not have a formal policy that addresses concentration of risk. As of June 30, 2017 and June 30, 2016, the University has the following concentration of credit risk:

Investment Securities Subject to Concentration of Credit Risk

	At June 30, 2017		At June 30, 2016	
	Total Fair Value	Percentage of Total Investments	Total Fair Value	Percentage of Total Investments
Federal National Mortgage Association (FNMA)	$ 2,388,368	11.64%	$ 1,606,197	7.87%
Federal Home Loan Mortgage Corporation (FGLMC)	4,163,231	20.29%	2,659,231	13.03%
Total	$ 6,551,599	31.93%	$ 4,265,428	20.90%

Custodial Credit Risk

Custodial credit risk for investments is defined as the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of its investments that are in the possession of an outside party. The University does not have a policy that specifically addresses custodial credit risk. As of June 30, 2017, all investments were held by the University or its counterparty in the University's name.

Interest Rate Risk

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

Foreign Currency Risk

The University does not presently have a policy that addresses foreign currency risk. As of June 30, 2017, all investments held by the University were denominated in U.S. Dollars; therefore, no foreign currency risk needs to be considered at this time.

3. ACCOUNTS RECEIVABLE AND DUE FROM STATE AGENCIES

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

	2017	2016
Accounts receivable	$ 17,665,041	$ 20,277,890
Less allowance for doubtful accounts	(2,475,164)	(3,825,771)
	15,189,877	16,452,119
Due from state agencies	5,969,321	3,634,429
Net accounts receivable and Due from state agencies	$ 21,159,198	$ 20,086,548

4. STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the loans receivable at June 30, 2017 and 2016. Under the Program, the federal government provides approximately 75% of the funding for the Program, with the University providing the balance. The Program provides cancellation provisions for borrowers engaging in teaching, public service, service in the military or law enforcement, as well as other disciplines. The Department of Education reimburses the University each year for the principal and interest canceled in its Perkins Loan Fund for all of the cancellation provisions except death, total and permanent disability, and bankruptcy. The University must deposit this reimbursement into its Perkins loan fund. In the event the University should withdraw from the Program or the government were to cancel the Program, the amount the University would be liable for as of June 30, 2017 and 2016, is $1,705,292 and $1,790,269, respectively.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2017 and 2016, the allowance for uncollectible loans was $607,901 and $647,875, respectively.

5. CAPITAL ASSETS

Capital Assets at June 30, 2017 and 2016, consisted of the following:

	2017				
	Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Capital assets					
not being depreciated:					
Land	$ 5,012,553	$ -	$ -	$ -	$ 5,012,553
Construction in progress	2,861,765	2,013,034	-	-	4,874,799
Total capital assets					
not being depreciated	7,874,318	2,013,034	-	-	9,887,352
Other capital assets:					
Buildings and improvements	249,488,940	3,511,228	(22,000)	-	252,978,168
Intangibles	2,214,462	-	-	-	2,214,462
Furniture, fixtures and equipment	55,436,713	3,610,485	(3,376,205)	-	55,670,993
Library materials	59,852,112	2,355,900	-	-	62,208,012
Total other capital assets	366,992,227	9,477,613	(3,398,205)	-	373,071,635
Less accumulated depreciation and amortization:					
Buildings and improvements	(110,932,116)	(5,990,685)	22,000	-	(116,900,801)
Intangibles	(830,423)	(110,723)	-	-	(941,146)
Furniture, fixtures and equipment	(41,126,173)	(3,619,760)	3,242,281	-	(41,503,652)
Library materials	(49,484,922)	(2,436,812)	-	-	(51,921,734)
Total accumulated depreciation and amortization	(202,373,634)	(12,157,980)	3,264,281	-	(211,267,333)
Other capital assets					
net of accumulated depreciation	164,618,593	(2,680,367)	(133,924)	-	161,804,302
Capital assets summary:					
Capital assets					
not being depreciated	7,874,318	2,013,034	-	-	9,887,352
Other capital assets	366,992,227	9,477,613	(3,398,205)	-	373,071,635
Capital assets	374,866,545	11,490,647	(3,398,205)	-	382,958,987
Less accumulated depreciation and amortization	(202,373,634)	(12,157,980)	3,264,281	-	(211,267,333)
Capital assets, net	$ 172,492,911	$ (667,333)	$ (133,924)	$ -	$ 171,691,654

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

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

In addition to accounts payable for construction in progress, the estimated cost to complete property authorized or under construction at June 30, 2017, is $7,081,405. These costs will be financed by available resources of Idaho State University.

6. UNEARNED REVENUES

Unearned revenues consist of the following at June 30:

	2017	2016
Student Fees	$ 4,474,005	$ 4,380,348
Auxiliary enterprises and other	2,403,891	1,001,523
Grants and contracts	692,837	1,467,668
Other ticket sales	66,109	57,248
	$ 7,636,842	$ 6,906,787

7. NONCURRENT LIABILITIES

Notes and bonds payable, which were used to acquire capital assets, consisted of the following at June 30:

Description	Balance Outstanding 6/30/2015	Additions	Reductions	Balance Outstanding 6/30/2016	Additions	Reductions	Balance Outstanding 6/30/2017	Amounts Due Within One Year
Note payable to a financial institution due in semi-annual installments varying from maximum of $2,993,916 to $16,696 plus interest of 5.08% through 09/01/2016	1,287,044	-	(946,487)	340,557	-	(340,557)	-	-
General Revenue Bonds, Series 2004A (original balance of $4,980,000), consisting of serial bonds payable in annual amounts increasing periodically from $210,000 to a maximum of $375,000, plus interest from 2.00% to 4.375% through the year 2023. All bonds are collateralized by certain student fees and other revenues.	285,000	-	(285,000)	-	-	-	-	-
General Revenue Bonds, Series 2004B (original balance of $3.305,000), consisting of serial and term bonds payable in annual amounts increasing periodically from $55,000 commencing in 2022 to a maximum of $345,000, plus interest from 4.50% to 4.75% through the year 2034. All bonds are collateralized by certain student fees and other revenues.	3,040,000	-	(3,040,000)	-	-	-	-	-
General Revenue Bonds, Series 2004C (original balance of $2.305,000), consisting of term bonds payable in annual amounts increasing periodically from $95,000 to a maximum of $190,000, plus interest of 4.880% through the year 2022. All bonds are collateralized by certain student fees and other revenues.	1,155,000	-	(150,000)	1,005,000	-	(155,000)	850,000	165,000
General Revenue Bonds, Series 2006 (original balance of $10,000,000), consisting of term bonds payable in annual amounts increasing periodically from $320,000 to a maximum of $805,000, plus interest of 5.260% through the year 2028. All bonds are collateralized by certain student fees and other revenues.	7,820,000	-	(435,000)	7,385,000	-	(455,000)	6,930,000	480,000
General Revenue Bonds, Series 2007 (original balance of $16,120,000), consisting of term bonds payable in annual amounts increasing periodically from $270,000 to a maximum of $1,055,000, plus interest from 3.90% to 5.00% through the year 2032. All bonds are collateralized by certain student fees and other revenues.	11,970,000	-	(11,300,000)	670,000	-	(670,000)	-	-
General Revenue Refunding Bonds, Series 2012 (original balance of $27,530,000), consisting of serial bonds payable in annual amounts increasing periodically from $965,000 to a maximum of $3,470,000, plus interest from 2.00% to 4.00% through the year 2023. All bonds are collateralized by certain student fees and other revenues.	23,005,000	-	(2,340,000)	20,665,000	-	(2,725,000)	17,940,000	2,835,000
General Revenue Refunding Bonds, Series 2013 (original balance of $3,810,000), consisting of serial bonds payable in annual amounts from $334,000 to a maximum of $1,669,000, plus interest from 2.25% to 2.75% through the year 2020. All bonds are collateralized by certain student fees and other revenues.	1,807,000	-	(341,000)	1,466,000	-	(352,000)	1,114,000	364,000
General Revenue Refunding Bonds, Series 2016 (original balance of $12,780,000), consisting of serial bonds payable in annual amounts from $300,000 to a maximum of $1,250,000, plus interest from 2.00% to 5.00% through the year 2034. All bonds are collateralized by certain student fees and other revenues. Payments begin April 1, 2018.	-	12,780,000	-	12,780,000	-	-	12,780,000	695,000
	50,369,044	12,780,000	(18,837,487)	44,311,557	-	(4,697,557)	39,614,000	4,539,000
Premium on bonds	997,267	1,598,340	(394,032)	2,201,575	-	(438,422)	1,763,153	
Discount on bonds	(88,900)	(42,351)	88,812	(42,439)	-	3,598	(38,841)	
Totals	$ 51,277,411	$ 14,335,989	$ (19,142,707)	$ 46,470,693	$ -	$ (5,132,381)	$ 41,338,312	$ 4,539,000

Advance Refunding of Debt – Series 2016 Bonds

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

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

Principal and interest maturities on notes and bonds payable in future periods for the year ending June 30, 2017, are as follows:

	Bonds	
	Principal	Interest
2018	$ 4,539,000	$ 1,525,133
2019	4,715,000	1,354,523
2020	4,325,000	1,214,189
2021	4,530,000	1,062,564
2022	4,690,000	902,836
2023-2027	12,450,000	2,257,650
2028-2032	3,755,000	432,043
2033-2034	610,000	27,600
	$ 39,614,000	$ 8,776,538

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

Pledged Revenues	2017	2016
	Student Facility Fee Revenue Bonds Series 2004C, 2006, 2007, 2012, 2013, and 2016	
Student fees	$ 50,174,063	$ 52,797,753
Student facilities fee	3,713,715	3,979,203
Revenue of student housing system	6,088,937	6,413,833
CAES lease payment	850,104	850,104
	$ 60,826,819	$ 64,040,893
Debt service	$ 6,050,743	$ 6,050,743
Debt service coverage	10.1	10.6
Coverage requirement	1.1	1.1

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

8. LEASES

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

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

ISU leases building and office facilities under various noncancelable operating leases. Total costs for such leases were $341,510 and $346,999 for the years ended June 30, 2017 and 2016, respectively.

Future minimum lease payments at June 30, 2017, for all leases are as follows:

Fiscal Years		Payments
2018		415,315
2019		384,550
2020		354,872
2021		352,512
2022-2026		1,286,960
2027-2031		1,188,005
2032-2036		1,129,672
Totals	$	5,111,886

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

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

Fiscal Years		Income
2018		850,104
2019		850,104
2020		850,104
2021		850,104
2022-2026		4,250,520
2027-2028		1,487,682
Totals	$	9,138,618

Battelle Energy Alliance, LLC makes all lease payments directly to the trustee. Rental income is restricted and is to be used solely for debt service on the 2006 Revenue bonds; the proceeds were used to construct the facility. As of June 30, 2017, the book value of the building is $14,702,342, which is net of accumulated depreciation of $2,998,507.

9. OPTIONAL RETIREMENT PLANS AND TERMINATION PAYMENTS

Optional Retirement Plan – Effective July 1, 1990, the Idaho State Legislature authorized the Idaho State Board of Education to establish an Optional Retirement Plan (ORP), a defined contribution plan, for faculty and professional employees. The ORP is governed by Idaho Code, Sections 33-107A and 33-107B. The employee contribution requirement for the ORP is based on a percentage of the total payroll. Employer contributions are determined by the State of Idaho. The plan provisions were established by, and may be amended by, the State of Idaho.

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

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

Contributions required and paid are as follows:

	2017	2016	2015
University contributions required and paid	$ 7,129,635	$ 6,373,221	$ 6,264,020
Employee contributions	5,369,372	4,799,712	4,717,470
Total Contribution	$ 12,499,007	$ 11,172,933	$ 10,981,490
University required contribution rate	9.26%	9.24%	9.24%
Employee contribution rate	6.97%	6.96%	6.96%

Although enrollees in the ORP no longer belong to PERSI, the University is required to contribute a percentage of the annual covered payroll to PERSI. Effective July 1, 2007, the percentage was changed from 3.03% to 1.49%, allowing the difference of 1.54% to be used to increase the University's contribution to ORP retirement accounts. In addition, the payoff period of the unfunded liability obligation was extended from July 1, 2015, to July 1, 2025. During the years ended June 30, 2017 and 2016, supplemental funding payments to PERSI were $1,150,402 and $1,029,595, respectively. These amounts are not included in the regular University PERSI contribution discussed previously.

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

401(k) – PERSI Choice Plan (PCP):
This is only available to active PERSI members. The Choice Plan contains employee gain sharing distributions, any voluntary employee contributions made, and the earnings on those funds. Approximately 68 employees contributed to this plan during the fiscal year ended June 30, 2017.

457(b) – Deferred Compensation Plan:
The 457(b) is a voluntary retirement savings plan covered under Section 457(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan. The plan is funded exclusively through employee pre-tax contributions. Approximately 41 employees contributed to this plan during the fiscal year ended June 30, 2017.

403(b) Plan:
The 403(b) is a voluntary tax-sheltered retirement plan covered under Section 403(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan. The plan is funded exclusively by employee pre-tax contributions. Approximately 176 employees contributed to this plan during the fiscal year ended June 30, 2017.

Roth 403(b) Plan:
The Roth 403(b) is a voluntary retirement savings plan covered under Section 403(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan. The plan is funded exclusively by employee post-tax contributions. Approximately 17 employees contributed to this plan during the fiscal year ended June 30, 2017.

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

Supplemental Retirement Plan Contributions for the fiscal year ended June 30, 2017, are as follows:

	401(k) - PCP	403(b)	457(b)	Roth 403(b)	Supplemental 403(b)
Employee contributions	$ 287,315	$ 1,276,252	$ 457,158	$ 108,721	$ 6,688
University contributions	N/A	N/A	N/A	N/A	9,362

Termination Payments – Employees who qualify for retirement under PERSI or ORP are eligible to use 50% of the cash value of their unused sick leave to continue their medical insurance coverage through the University. The University partially funds these obligations by depositing 0.65% of employee gross payroll to PERSI, who administers the plan for all participating ISU employees and retirees under a trust fund. The total contributions for the years ended June 30, 2017 and 2016, were $670,714 and $609,710, respectively.

10. PENSION PLAN

Plan Description

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

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

Employee membership data related to the PERSI Base Plan, as of June 30, 2017, was as follows:

Retirees and beneficiaries currently receiving benefits	44,181
Terminated employees entitled to but not yet receiving benefits	12,251
Active plan members	68,517
	124,949

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by State statute at 60% of the employer rate. As of June 30, 2016, it was 6.79% for general employees. The employer contribution rate is set by the Retirement Board and was 11.32% for general employees. The University's contributions were $2,927,405 for the year ended June 30, 2017, and $2,892,968 for the year ended June 30, 2016.

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

At June 30, 2017, the University reported a liability of $17,713,440 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2016 and 2015, the University's proportion was 0.87 and 0.91 percent, respectively. Since the prior measurement date, the University's proportion of the collective net pension liability dropped by 0.04 percent.

For the year ended June 30, 2017, the University recognized pension expense of $2,956,816.
At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions or other inputs	393,758	
Net difference between projected and actual earnings on pension plan investments	4,593,127	1,765,013
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions		588,576
Total (prior to post-measurement date contributions)	$ 4,986,885	$ 2,353,589
University contributions subsequent to the measurement date	2,927,405	-
Total Net Deferred Outflows/(Inflows) of Resources	$ 7,914,290	$ 2,353,589

Deferred outflows of resources amounting to $2,927,405 and related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2015, the beginning of the measurement period ended June 30, 2016, is 4.9 years.

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

Years ended June 30:	
2017	18,002
2018	18,002
2019	2,055,058
2020	1,130,811

Actuarial Assumptions

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

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

An experience study was performed for the period July 1, 2007, through June 30, 2013, which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2016 for the period from July 1, 2009, through June 30, 2013. The Net Pension Liability is based on the results of an actuarial valuation date of July 1, 2016.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach, which builds upon the latest capital market assumptions. Specifically, the System uses Callan Associates 2016 capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Callan Associates investment consulting as of January 1, 2016.

Asset Class	**Index**	**Target Allocation**	**Long-Term Expected Real Rate of Return***
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Russell 3000	55.00%	6.35%
Developed Foreign Equities	MSCI ACWI ex USA	15.00%	7.30%

* Arithmetic return

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.08%
Portfolio Standard Deviation	12.59%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses	**7.10%**

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

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

1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
$ 34,747,483	$ 17,713,440	$ 3,547,752

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, 2017, the University reported payables to the defined benefit pension plan of $114,365 for legally required employer contributions and $0 for legally required employee contributions, which had been withheld from employee wages but not yet remitted to PERSI.

Required Supplementary Information

Schedule of Employer's Proportionate Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

	2017	2016	2015
Employer's portion of the net pension liability	0.8738085%	0.9137234%	0.9202007%
Employer's proportinate share of the net pension liability	$ 17,713,440	$ 12,032,251	$ 6,774,117
Employer's covered-employee payroll	25,616,617	25,593,139	25,093,539
payroll	69.15%	47.01%	27.00%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	91.38%	94.95%

trend is compiled, the University will present information for those years for which information is available.

Data reported is measured as of June 30, 2016 (measurement date)

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years*

	2017	2016	2015
Statutorily required contribution	$ 2,927,405	$ 2,892,968	$ 2,897,140
Contributions in relation to the statutorily required contribution	2,927,405	2,892,968	2,897,140
Contribution (deficiency) excess	-	-	-
Employer's covered-employee payroll	25,858,174	25,616,617	25,593,139
Contributions as a percentage of covered-employee payroll	11.32%	11.29%	11.32%

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

Data reported is measured as of June 30, 2016 (measurement date)

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Summary of Plans

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

Plan Descriptions and Funding Policy

Retiree Healthcare Plan – A retired employee of the University who receives monthly retirement benefits from the Public Employee Retirement System of Idaho (PERSI) may elect to purchase the retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date the active employee policy ends. Additionally, the employee must be receiving PERSI monthly benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An employee must have been an active employee on or before June 30, 2009, and must retire directly from State service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is $1,860 per retiree per year. The University contributed $16.14 per active employee per month towards the retiree premium cost.

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

For up to 30 months following the date of disability, an employee may continue healthcare coverage under the State plan. The University pays 100 percent of the University's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. The University was charged $10.53 per active employee per month in fiscal year 2017.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability salary or $4,000, whichever is less. The benefit does not increase with inflation and may be offset by other sources of income such as Social Security, Workers' Compensation, unemployment benefits, employment rehabilitation earnings, and certain retirement benefits. The State is self-insured for employees who became disabled prior to July 1, 2003; the State pays 100 percent of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Principal Life Insurance Company insures employees disabled on or after July 1, 2003, and the obligation for the payment of income benefits has been effectively transferred. The University pays 100 percent of the cost of the premiums. The University's contribution rate for the period was 0.264 percent of payroll in fiscal year 2016. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

This plan also provides basic life insurance and dependent life coverage to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than $20,000. In addition, the plan provides a $2,000 life insurance benefit for spouses and a $1,000 life insurance benefit for dependent children. These benefits do not increase with inflation. The State is self-insured for employees who became disabled prior to July 1, 2012. The State pays 100 percent of the cost; the contribution is actuarially determined based on actual claims experience.

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

Retiree Life Insurance Plan – This plan provides basic life insurance for certified retired employees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100 percent of their annual salary at retirement. The University pays 100 percent of the cost of basic life insurance for eligible retirees. The University contribution for the period as a percent of payroll was 1.177% for retirees under age 65, 0.894% for retirees between the ages of 65 and 69, and 0.600% for retirees over age 70.

Annual Other Post-Employment Benefit (OPEB) Costs

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

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Annual OPEB Cost and Net OPEB Obligation 2017
(dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan: Healthcare	Long-Term Disability Plan: Life Insurance	Long-Term Disability Plan: Income	Life Insurance Plan	Total
Annual Required Contribution	$ 465	$ 33	$ 63	$ 48	$ 1,396	$ 2,005
Interest	83	1	1	1	209	295
Adjustment to ARC	(174)	(3)	(2)	(3)	(441)	(623)
Total Annual OPEB Cost	374	31	62	46	1,164	1,677
Contributions Made	(186)	(127)	(52)	(32)	(181)	(578)
Increase (Decrease) in NOO	188	(96)	10	14	983	1,099
NOO – Beginning of Year	2,586	31	24	53	6,326	9,020
NOO (Funding Excess) – End of Year	$ 2,774	$ (65)	$ 34	$ 67	$ 7,309	$ 10,119

Annual OPEB Cost Comparison

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

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

		Retiree Healthcare Plan	Long-Term Disability Plan: Healthcare	Long-Term Disability Plan: Life Insurance	Long-Term Disability Plan: Income	Life Insurance Plan	Total
Annual OPEB Cost	2015	$ 302	$ 120	$ 104	$ 62	$ 958	$ 1,546
	2016	246	110	96	55	958	1,465
	2017	374	31	62	46	1,164	1,677
	2015	74.17%	139.17%	83.65%	80.65%	16.81%	44.57%
Percentage of AOC Contributed	2016	124.39%	118.18%	66.67%	72.73%	16.91%	47.92%
	2017	49.73%	409.68%	83.87%	69.57%	15.55%	34.47%
	2015	$ 2,646	$ 51	$ (8)	$ 38	$ 5,530	$ 8,257
NOO (Funding Excess) – End of Year	2016	2,586	31	24	53	6,326	9,020
	2017	2,774	(65)	34	67	7,309	10,119

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

Funded Status and Funding Progress
(dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan: Healthcare	Long-Term Disability Plan: Life Insurance	Long-Term Disability Plan: Income	Life Insurance Plan
Actuarial Valuation Date	7/1/2016	7/1/2016	7/1/2016	7/1/2016	7/1/2016
(1) Actuarial Value of Assets	-	-	-	-	-
(2) Accrued Liability (AAL)	$ 2,989	$ 342	$ 285	$ 218	$ 17,446
(3) Unfunded AAL (UAAL) (2) - (1)	2,989	342	285	218	17,446
(4) Funded Ratios (1) : (2)	-	-	-	-	-
(5) Annual Covered Payroll	98,901	98,901	98,901	98,901	98,901
UAAL as a Percentage of Covered Payroll (3) : (5)	3.02%	0.35%	0.29%	0.22%	17.64%

Actuarial Methods and Assumptions

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

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

		Long-Term Disability Plan			
	Retiree Healthcare Plan	**Healthcare**	**Life Insurance**	**Income**	**Life Insurance Plan**
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar Amount	Level Dollar Amount	Level Percentage of Payroll
Amortization Period	10 years, Open	30 years, Open	5 years, Open	5 years, Open	30 years, Open
Assumptions:					
Inflation Rate	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Return	3.30%	3.30%	3.30%	3.30%	3.30%
OPEB Increases	N/A	N/A	N/A	N/A	N/A
Projected Salary Increases	3.00%	3.00%	3.00%	3.00%	3.00%
Healthcare Cost Initial Trend Rate	3.80%	3.80%	N/A	N/A	N/A
Healthcare Cost Ultimate Trend Rate	4.20%	4.20%	N/A	N/A	N/A

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

Schedule of Funding Progress
(dollars in thousands)

OPEB Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
Retiree Healthcare	7/1/2014	$ -	$ 2,479	$ 2,479	0.0%	$ 93,374	2.65%
	7/1/2015	-	2,201	2,201	0.0%	93,606	2.35%
	7/1/2016	-	2,989	2,989	0.0%	98,901	3.02%
Long-Term Disability:							
Healthcare	7/1/2014	-	848	848	0.0%	93,374	0.91%
	7/1/2015	-	722	722	0.0%	93,606	0.77%
	7/1/2016	-	342	342	0.0%	98,901	0.35%
Life Insurance	7/1/2014	-	470	470	0.0%	93,374	0.50%
	7/1/2015	-	351	351	0.0%	93,606	0.37%
	7/1/2016	-	285	285	0.0%	98,901	0.29%
Income	7/1/2014	-	329	329	0.0%	93,374	0.35%
	7/1/2015	-	254	254	0.0%	93,606	0.27%
	7/1/2016	-	218	218	0.0%	98,901	0.22%
Retiree Life Insurance	7/1/2014	-	14,381	14,381	0.0%	93,374	15.40%
	7/1/2015	-	14,635	14,635	0.0%	93,606	15.63%
	7/1/2016	-	17,446	17,446	0.0%	98,901	17.64%

Schedule of Employer Contributions
(dollars in thousands)

OPEB Plan	Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions	Actual Contributions as Percentage of ARC
Retiree Life Insurance	06/30/15	$ 1,110	$ 161	14.50%
	06/30/16	1,116	162	14.52%
	06/30/17	1,396	181	12.97%

12. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION

2017

	Personnel Costs	Services	Supplies	Insurance, Utilities and Rent	Scholarships and Fellowships	Depreciation	Miscellaneous	Operating Expenses Totals
Academic support	$ 13,150,456	$ 2,008,636	$ 939,624	$ 11,088	$ -	$ -	$ 203,311	$ 16,313,115
Auxiliary enterprises	11,797,629	5,795,007	2,493,115	2,076,447	-	-	2,033,959	24,196,157
Depreciation	-	-	-	-	-	12,157,980	-	12,157,980
Institutional support	17,926,986	4,158,235	1,488,362	201,332	-	-	332,486	24,107,401
Instruction	86,843,646	7,805,318	6,740,215	368,017	-	-	1,738,490	103,495,686
Libraries	2,655,516	223,655	839,884	36	-	-	19,100	3,738,191
Maintenance and operations	8,896,339	4,328,431	1,108,700	4,281,203	-	-	(8,391)	18,606,282
Public services	3,272,813	330,984	189,836	97,494	-	-	89,238	3,980,365
Research	13,284,680	2,240,559	1,178,053	308,266	-	-	504,424	17,515,982
Scholarships and fellowships	-	-	-	-	13,395,827	-	-	13,395,827
Student services	7,649,462	1,333,828	531,845	46,853	-	-	378,764	9,940,752
Total expenses	$ 165,477,527	$ 28,224,653	$ 15,509,634	$ 7,390,736	$ 13,395,827	$ 12,157,980	$ 5,291,381	$ 247,447,738

2016

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

13. COMPONENT UNIT DISCLOSURE

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

Foundation Operations

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

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

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

The pharmacy has expanded its original mission to support ISU's rural health mission by opening tele-health pharmacy locations in Arco and Challis, Idaho. During 2017, the Pharmacy began providing pharmacy management services to an FQHC-owned pharmacy in Council, Idaho.

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

Principles of Consolidation

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

Basis of Accounting

The Foundation financial statements included in this report have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America, whereby revenue is recorded when earned and expenses are recorded when materials or services are received. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

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

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

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

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

Use of Estimates in the Preparation of Financial Statements

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

Cash and Cash Equivalents

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

Investments

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

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

Financial Instruments and Credit Risk

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

Assessments

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

Promises to Give

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

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

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due to the Pharmacy. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable.

Inventories

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

Revenue and Revenue Recognition

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

Donated Materials and Services

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

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

Property and Equipment

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

Obligations under Split Interest Agreements

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

Donated Land Held for Sale

Certain assets received from donors are held for resale. Such assets are recorded at fair value at date of donation. Subsequently, such assets are carried at the lower of their recorded amounts or fair value. $400,000 was written off during the year ended June 30, 2017.

Advertising Costs

Advertising costs are expensed as incurred, and were $4,575 and $2,295 for the years ended June 30, 2017 and 2016, respectively.

Goodwill

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

Goodwill is not amortized: rather, potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate the amount of goodwill is greater than its fair value. As of June 30, 2017 and 2016, the carrying value of goodwill was not considered impaired.

Income Taxes

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

Foundation has filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

The Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Reclassification

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

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU 2016-14 (the ASU) Presentation of Financial Statements for Not-for-Profit Entities during August 2016. The ASU is the first in a two-phase FASB project that will change the way not-for-profit (NFP) entities present their financial statements and related disclosures. It seeks to improve NFP financial reporting by simplifying net asset classifications and enhancing presentation and disclosure requirements regarding liquidity, financial performance, and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017; for the Foundation, the ASU is effective July 1, 2018. The most significant changes resulting from the ASU are summarized as follows:

- The three existing classes of net assets will become two. The new categories of Net Assets without Donor Restrictions, which is not substantively different than current Unrestricted Net Assets, and Net Assets with Donor Restrictions, which includes all net assets subject to a donor restriction, will replace unrestricted, temporarily restricted, and permanently restricted net assets.
- Quantitative and qualitative information about liquidity will be required to provide financial statement users with an understanding of a NFP's exposure to risk, management of liquidity risks, and availability of assets to meet cash needs for general expenditures.
- NFP's presenting an intermediate measure of operations will need to provide additional information about items included or excluded from the operating measure.
- Investment returns presented in the statement of activities will be recorded net of both external and direct internal investment expenses.
- NFP's will be required to report expenses both by function and natural classification in a single location (this can be accomplished in several different ways).
- NFP's presenting a direct method statement of cash flows no longer need to present or disclose a reconciliation to the indirect method.

The second phase of the FASB's financial reporting project will consider additional operating measures and cash flow considerations that were not addressed in the first phase. There is no estimated timeframe for the completion of the second phase.

The Foundation is currently evaluating the new ASU and the effect it will have on the Foundation's financial statements when implemented.

Subsequent Events

The Foundation has evaluated subsequent events through September 8, 2017, the date the consolidated financial statements were issued.

During the year ended June 30, 2017, the Board of Directors for the Pharmacy approved the opening of an additional tele-health pharmacy site in Kendrick, Idaho. The expansion is in the planning stage as of June 30, 2017. The expenditure estimate for equipment, inventory and other supplies needed to open the pharmacy is $150,000.

Endowments

The Foundation's endowment consists of approximately 600 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions. Changes in the fair value of split-interest agreements, life insurance, and the net change in charitable remainder trusts relating to permanently restricted net assets are summarized in other changes in the Endowment asset roll forward.

The Board of Directors of the Foundation has interpreted the Idaho Prudent Management of Institutional Funds Act (IPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the Foundation in a manner that is consistent with the standard of prudence prescribed by IPMIFA.

In accordance with IPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Donor imposed restrictions requiring earnings to be contributed back to the corpus are not formally complied with by the Foundation. The Foundation addresses this indirectly through the strategy established through its investment and spending policies.

From time to time, the fair value of assets associated with individual endowment funds may fall below the level the donor or the IPMIFA requires the Foundation to maintain as a fund of perpetual duration. Deficiencies have been reported in unrestricted net assets totaling $1,582,397 and $2,677,711 as of June 30, 2017 and 2016, respectively.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and scholarships supported by its endowment while seeking to maintain the fair value of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide both a reasonably predictable income stream and principal appreciation that exceeds inflation. The Foundation expects its endowment funds, over time, to provide an average minimum rate of return equal to the annual change in the United States Consumer Price Index plus the Foundation’s spending rate percentage and management fee.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a current policy of appropriating for annual distribution 4% of its endowment funds’ average fair values over the prior 12 quarters through the calendar year end proceeding the current fiscal year, assuming the endowment grows at an average rate at least equal to the change in the Consumer Price Index annually.

In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its consistent with objectives to maintain the principal of the endowment assets in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The annual percentage distribution is reviewed annually by the Board of Directors and may change based on those reviews.

During the fiscal year ended June 30, 2017, the Foundation amended its policy for appropriating endowment funds for annual distributions. As amended, the policy allows a distribution from 0% to 4% of each endowment fund’s average fair value. Distributions of less than 4% may be made if the fair market value of an endowment falls below its historical contribution value. The amended policy goes into effect July 1, 2018.

The endowment fund net asset composition is as follows:

At June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ (1,582,397)	$ 12,804,914	$ 42,036,281	$ 53,258,798

At June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ (2,677,711)	$ 10,894,564	$ 40,741,848	$ 48,958,701

Changes in endowment net assets are as follows:

	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Assets, Beginning of Year July 1, 2016	$ (2,677,711)	$ 10,894,564	$ 40,741,848	$ 48,958,701
Investment return				
Investment income	-	279,846	-	279,846
Net realized and unrealized appreciation	1,095,314	3,517,826	-	4,613,140
Contributions	-		1,191,625	1,191,625
Appropriation of endowment assets for expenditures	-	(1,847,197)	-	(1,847,197)
Donor designated transfers	-	(40,125)	40,125	-
Other changes	-	-	62,683	62,683
Endowment Assets, End of Year June 30, 2017	$ (1,582,397)	$ 12,804,914	$ 42,036,281	$ 53,258,798

	June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Assets, Beginning of Year July 1, 2015	$ (1,564,129)	$ 12,803,235	$ 38,967,296	$ 50,206,402
Investment return				
Investment income	-	392,689	-	392,689
Net realized and unrealized appreciation	(1,113,582)	(450,027)	-	(1,563,609)
Contributions	-		1,868,591	1,868,591
Appropriation of endowment assets for expenditures	-	(1,851,333)	-	(1,851,333)
Donor designated transfers	-	-	(140,466)	(140,466)
Other changes	-	-	46,427	46,427
Endowment Assets, End of Year June 30, 2016	$ (2,677,711)	$ 10,894,564	$ 40,741,848	$ 48,958,701

Fair Value of Assets and Liabilities

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

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

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

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

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

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

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

Assets and liabilities measured at fair value on a recurring basis at June 30, 2017 and 2016, are shown below.

	2017	2016
Investment securities		
Mutual funds	$ 4,394,597	$ 3,678,669
Co-mingled and pooled marketable investment funds	52,596,397	49,167,149
Common stock	-	-
Hedge funds	-	-
Total assets	$ 56,990,994	$ 52,845,818

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below. This table includes all operating investments, assets held under split-interest agreements and endowment investments at June 30, 2017 and 2016:

June 30, 2017

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds				
Stock index fund	$ 4,330,840	$ -	$ -	$ 4,330,840
Stock bank industry	$ 63,757	$ -	$ -	$ 63,757
Co-mingled and pooled				
marketable investment funds				
Real estate funds	-	97,888	-	97,888
Bond funds	-	5,021,363	-	5,021,363
Equity funds	-	30,445,513	-	30,445,513
Money market funds	-	-	-	304,454
Hedge funds	-	9,059,008	-	9,059,008
Real asset funds	-	7,668,171	-	7,668,171
	$ 4,394,597	$ 52,291,943	$ -	$ 56,990,994

June 30, 2016

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds				
Stock index fund	$ 3,678,669	$ -	$ -	$ 3,678,669
Co-mingled and pooled				
marketable investment funds				
Real estate funds	-	81,203	-	81,203
Bond funds	-	5,624,840	-	5,624,840
Equity funds	-	26,457,701	-	26,457,701
Money market funds	-	-	-	187,121
Hedge funds	-	9,803,853	-	9,803,853
Real asset funds	-	7,012,431	-	7,012,431
	$ 3,678,669	$ 48,980,028	$ -	$ 52,845,818

Investments in certain entities that calculates NAV per share are as follows at June 30, 2017 and 2016:

	2017			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Co-mingled and pooled				
marketable investment funds				
Real estate funds	$ 97,888	$ -	Annually	95 days
Bond funds	5,021,363	-	Weekly	5 days
Equity funds	30,445,513	10,002,744	Monthly	5 days
Hedge funds	9,059,008	-	Annually	95 days
Real asset funds	7,668,171	2,451,610	Monthly	5 days

	2016			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Co-mingled and pooled				
marketable investment funds				
Real estate funds	$ 81,203	$ -	Annually	95 days
Bond funds	5,624,840	-	Weekly	5 days
Equity funds	26,457,701	7,493,139	Monthly	5 days
Hedge funds	9,803,853	-	Annually	95 days
Real asset funds	7,012,431	3,103,450	Monthly	5 days

Multi-Mode Variable Rate Revenue Bonds

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

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

	2017	2016
3.7% note payable, due in annual installments of $500,000, with interest due quarterly, maturing December 2024, unsecured	$4,500,000	$5,000,000

Total interest expense and fees during 2017 and 2016, were $203,750 and $128,053, respectively.

Notes Payable

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

	2017	2016
6% note payable, due in monthly installments of $3,053 including interest, maturing May 2024, unsecured	$ 206,983	$ 230,432
6% note payable, due in monthly installments of $1,450, including interest, maturing March 2020, unsecured	42,779	60,674
	$ 249,762	$ 291,106

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

	Foundation	Pharmacy	Total
2018	$ 500,000	$ 40,143	$ 540,143
2019	$ 500,000	42,618	542,618
2020	$ 500,000	39,404	539,404
2021	$ 500,000	29,791	529,791
2022	$ 500,000	31,629	531,629
Thereafter	2,000,000	66,177	2,066,177
	$ 4,500,000	$ 249,762	$ 4,749,762

The Pharmacy has two notes payable with the Foundation totaling $138,720 at year end. One loan for $75,000 was issued with payments commencing in April 2016 until maturity at May of 2021. The note bears interest at 6% and is unsecured and will bear interest at 18% upon default. The second note for $100,000 was issued with payments commencing in April 2016, until maturity at May 2021. The note bears interest at 6% and is unsecured and will be interest at 18% upon default. These notes have been eliminated in the consolidated financial statements.

14. SUBSEQUENT EVENTS

No reportable subsequent events.

15. CONTINGENCIES AND LEGAL MATTERS

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

16. RISK MANAGEMENT

The University participates in the State of Idaho Risk Management Program, which manages property and general liability risk. That program provides liability (cap) protection to $500,000 per occurrence. Insurance premium payments are made to the state risk management program based on rates determined by a state agency's loss trend experience and asset value covered. Presently, Idaho State University’s total insured property value is $1,201,349,638.

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

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

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

Idaho State Board of Education
Idaho State University

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 Idaho State University (the University) and Idaho State University Foundation, Inc. (the Foundation), its discretely presented component unit, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 13, 2017. Our report includes a reference to other auditors who audited the financial statements of the Foundation, as described in our report on the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards,* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Idaho State University's Response to Finding

The University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Moss Adams LLP

Portland, Oregon
October 13, 2017

MOSSADAMS

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Idaho State Board of Education
Idaho State University

Report on Compliance for Each Major Federal Program

We have audited Idaho State University's (the University) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2017. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Moss Adams LLP

Portland, Oregon
October 13, 2017

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

• Material weakness(es) identified?	☐ Yes	☒	No
• Significant deficiency(ies) identified?	☒ Yes	☐	
Noncompliance material to financial statements noted?	☐ Yes	☒	No

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified?	☐ Yes	☒	No
• Significant deficiency(ies) identified?	☐ Yes	☒	None reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR Section 200.516(a)?	☐ Yes	☒	No

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

CFDA Numbers	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
Various	Student Financial Assistance Cluster	Unmodified
Various	Research & Development Cluster	Unmodified

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

Section II - Financial Statement Findings

FINDING 2017-001 – Lack of Manual Journal Entry Review, Significant Deficiency in Internal Controls

Criteria:
Manual journal entries should be reviewed by an individual separate from the individual posting the entry to the general ledger.

Condition:

Certain manual entries posted to the general ledger showed no evidence of review. This appeared to be isolated to one individual.

Context:

It was observed that certain manual entries posted to the general ledger showed no evidence of review.

Effect:

Without a secondary review of manual journal entries, misstatements posted to the general ledger could go undetected.

Cause:

Over the past few years, significant turnover in the finance and accounting department and this situation appeared to be isolated to one individual.

Recommendation:

We recommend that the University review all of their policies and procedures surrounding manual journal entries, such that all manual journal entries be formally reviewed and that evidence of review is documented.

Views of responsible officials and planned corrective actions:

In March of 2017, we initiated a self-generated transition and reorganization of our controller's office staff. Subsequently, through a course of internal assessment management has looked at ways to improve processes and workflow. We acknowledge the identified control weakness of journal entry review. As a result, we have implemented the practice of having secondary review and sign off for all journal entries.

Section III - Federal Award Findings and Questioned Costs

None

IDAHO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30 , 2017

Federal CFDA	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee, End of Audit Period Outstanding Loan Balance	Name of Pass-through Entity	Identifying Number Assigned by the Pass-through Entity, if assigned	Total Amount Passed Through to Subrecipients
US DEPARTMENT OF AGRICULTURE										
10.310	2014-69004-21848, A1	Agriculture and Food Research Initiative (AFRI)	641	R&D	641	10,947,040				
10.902	68-7482-16-503	Soil and Water Conservation	26,569	R&D	26,569	10,947,040				
10.558		Child and Adult Care Food Program	53,300	N/A	53,300			State of Idaho	USDA	
10.559		Summer Food Service Program for Children	14,875	Child Nutrition	21,250	21,250		State of Idaho	AG1624	
10.559		Summer Food Service Program for Children	6,375	Child Nutrition	21,250	21,250		State of Idaho	AG1624	
TOTAL US DEPARTMENT OF AGRICULTURE			101,760							
US DEPARTMENT OF COMMERCE										
11.468	NA10OAR4680240 A1	Cooperative Institute for Applied Meteorological Studies (CIAMS) and Cooperative Institute for Tropical Meteorology (CITM)	301	R&D	301	10,947,040				301
11.303		Economic Development Technical Assistance	19,512	N/A	19,512			Boise State Univ	5461-2014-B, 5461-2015-B, 2016	
11.417		Sea Grant Support	15,375	R&D	15,375	10,947,040		Univ of Alaska Fairbanks	UAF 14-0076, M1,2,3,4	
11.611		Manufacturing Extension Partnership	20,536	N/A	20,536			Boise State Univ	4801-B, 4801-2015-B, 2016-A, 6	
TOTAL US DEPARTMENT OF COMMERCE			55,724							301
US DEPARTMENT OF DEFENSE										
12.351	HDTRA1-17-1-0004	Basic Scientific Research - Combating Weapons of Mass Destruction	62,700	R&D	62,700	10,947,040				
12.800	F2KBAB1199M001, 2185, A1, 3238	Air Force Defense Research Sciences Program	34,806	R&D	34,806	10,947,040				
12.901	H98230-13-1-0163, 14-1-0305,15	Mathematical Sciences Grants Program	7,000	N/A	7,000					
12.910	FA9453-15-1-001, A1	Research and Technology Development	250,246	R&D	250,246	10,947,040				
12.002		Procurement Technical Assistance For Business Firms	19,687	N/A	34,316			Boise State Univ	7370-B	
12.002		Procurement Technical Assistance For Business Firms	14,629	N/A	34,316			Boise State Univ	7370-C	
TOTAL US DEPARTMENT OF DEFENSE			389,068							
US DEPARTMENT OF HOUSING and URBAN DEVELOPMENT										
14.241		Housing Opportunities for Persons with AIDS	24,474	N/A	24,474			Idaho Housing & Finance Association	HOPWA15-08,16-08	
TOTAL US DEPARTMENT OF HOUSING and URBAN DEVELOMENT			24,474							
US DEPARTMENT OF INTERIOR										
15.224	L10AC16134 001-008,9,10	Cultural Resource Management	4,101	N/A	26,009					
15.224	L16AC00365 A1	Cultural Resource Management	21,909	N/A	26,009					
15.517	R16AC00036	Fish and Wildlife Coordination Act	32,510	R&D	32,510	10,947,040				
15.636	F16AC00496, A1	Alaska Subsistence Management (B)	42,176	R&D	42,176	10,947,040				
15.808	G12AC20440 M1,2,3,4	Geological Survey Research and Data Acquisition	1,205	R&D	170,886	10,947,040				
15.808	G13AC00379 M1-M3	Geological Survey Research and Data Acquisition	111,009	R&D	170,886	10,947,040				
15.808	G14AC00136, M1	Geological Survey Research and Data Acquisition	1,168	R&D	170,886	10,947,040				
15.808	G14AC00317M M1,2,3,4	Geological Survey Research and Data Acquisition	27,332	R&D	170,886	10,947,040				
15.808	G16AC00278	Geological Survey Research and Data Acquisition	30,171	N/A	170,886					
15.810	G16AC00159	National Cooperative Geologic Mapping Program (B)	12,906	R&D	18,038	10,947,040				
15.810	G17AC00159	National Cooperative Geologic Mapping Program (B)	5,132	R&D	18,038	10,947,040				
15.923	P15AP00095 A1	National Center for Preservation Technology and Training	21,149	N/A	21,149					
15.945	P16AC01179	Cooperative Ecosystem Studies Units CESU Network	23,359	R&D	23,359	10,947,040				
15.815		National Land Remote Sensing_Education Outreach and Research	23,343	R&D	23,343	10,947,040		AmericaView	AV13-ID01, M1, M2	
15.945		Cooperative Ecosystem Studies Units CESU Network	3,928	R&D	3,928	10,947,040		Univ of Wyoming	1002954F - ISU	
TOTAL US DEPARTMENT OF INTERIOR			361,398							
US DEPARTMENT OF JUSTICE										
16.560	2013-R2-CX-K012	Justice Research Development and Evaluation Project	28,101	R&D	28,101	10,947,040				
16.562	2015-R2-CX-0017, A1	Criminal Justice Research and Development Graduate	37,845	R&D	37,845	10,947,040				
TOTAL US DEPARTMENT OF JUSTICE			65,946							

Federal CFDA	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee, End of Audit Period Outstanding Loan Balance	Name of Pass-through Entity	Identifying Number Assigned by the Pass-through Entity, if assigned	Total Amount Passed Through to Subrecipients
US DEPARTMENT OF LABOR										
17.201		Registered Apprenticeship	16,480	N/A	16,480			Dept of Labor	ISU-AGE-5610	
17.207		Employment Service	1,670	Employment Service	1,670	1,670		State of Idaho Professional Technical Education	PTEA-E72-714	
17.282		Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	704,577	N/A	704,577			North Idaho College	NIC-TAACCCTIV-02, A1, A2	
TOTAL US DEPARTMENT OF LABOR			722,727							
US DEPARATMENT OF TRANSPORTATION										
20.205		Highway Planning and Construction	56,830	Highway Planning	56,830	56,830		Idaho Transportation Dept	ITDNSTI SWA, 2014 AWD 2017	
20.931		Innovative and Advanced Transportation Research	1,104	R&D	1,104	10,947,040		Univ of Arkansas	SA1501076	
TOTAL US DEPARTMENT OF TRANSPORTATION			57,934							
NATIONAL AERONAUTICS and SPACE ADMINISTRATION										
43.001	NNX12AQ78G M1-8	Aerospace Education Services Program	139,534	R&D	421,934	10,947,040				10,479
43.001	NNX14AG35A, M1, M2,3,4,5	Aerospace Education Services Program	104,798	R&D	421,934	10,947,040				
43.001	NNX14AJ86G, A1, A2,3	Aerospace Education Services Program	75,847	R&D	421,934	10,947,040				14,003
43.001	NNX15AM06A, A1-A5	Aerospace Education Services Program	101,755	R&D	421,934	10,947,040				
43.008		EPSCoR Research Infrastructure Development	8,254	R&D	40,780	10,947,040		Univ of Idaho	FPK548-SB-001	
43.008		EPSCoR Research Infrastructure Development	9,169	R&D	40,780	10,947,040		Univ of Idaho	FPK900-SB-014	
43.008		EPSCoR Research Infrastructure Development	6,983	N/A	40,780			Univ of Idaho	FPK900-SB-016, A1, A2	
43.008		EPSCoR Research Infrastructure Development	1,807	N/A	40,780			Univ of Idaho	FPK900-SB-020	
43.008		EPSCoR Research Infrastructure Development	9,125	R&D	40,780	10,947,040		Univ of Idaho	FPK900-SB-021	
43.008		EPSCoR Research Infrastructure Development	3,404	N/A	40,780			Univ of Idaho	FPK900-SB-024	
43.008		EPSCoR Research Infrastructure Development	446	N/A	40,780			Univ of Idaho	FPK900-SB-029	
43.008		EPSCoR Research Infrastructure Development	1,592	N/A	40,780			Univ of Idaho	FPK900-SB-035	
TOTAL NATIONAL AERONAUTICS and SPACE ADMINISTRATION			462,714							24,482
NATIONAL ENDOWMENT FOR THE HUMANITIES										
45.149	PG-233652-16	Promotion of the Humanities Division of Preservation and Access	500	N/A	500					
45.129		Promotion of the Humanities Federal-State Partnership	957	R&D	6,732	10,947,040		Idaho Humanities Council	2016001	
45.129		Promotion of the Humanities Federal-State Partnership	2,000	R&D	6,732	10,947,040		Idaho Humanities Council	2016024	
45.129		Promotion of the Humanities Federal-State Partnership	1,776	N/A	6,732			Idaho Humanities Council	2016044	
45.129		Promotion of the Humanities Federal-State Partnership	1,999	N/A	6,732			Idaho Humanities Council	2016069	
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			7,232							
NATIONAL SCIENCE FOUNDATION										
47.041	CBET-1403688	Engineering Grants	52,664	R&D	52,664	10,947,040				
47.049	1506417, A1	Mathematical and Physical Sciences	138,011	R&D	490,782	10,947,040				24,061
47.049	1615146	Mathematical and Physical Sciences	221,494	R&D	490,782	10,947,040				
47.049	DMS-1319110	Mathematical and Physical Sciences	19,514	R&D	490,782	10,947,040				
47.049	PHY-1307340, A1, A2	Mathematical and Physical Sciences	104,875	R&D	490,782	10,947,040				
47.050	1521365	Geosciences	11,067	R&D	534,091	10,947,040				
47.050	EAR-1331872, A1-5	Geosciences	405,370	R&D	534,091	10,947,040				179,846
47.050	EAR-1349384, NCE	Geosciences	51,220	R&D	534,091	10,947,040				
47.050	GEO-1108480 THRU A6	Geosciences	41,381	R&D	534,091	10,947,040				
47.050	PLR-1204020, A1,2,3,4	Geosciences	25,053	R&D	534,091	10,947,040				16,841
47.070	IIS-1208385, A1	Computer and Information Science and Engineering	45,810	R&D	45,810	10,947,040				
47.074	DEB-1241069	Biological Sciences	96,874	R&D	108,623	10,947,040				
47.074	IOS-1255926	Biological Sciences	3,702	R&D	108,623	10,947,040				
47.075	1523409	Social Behavioral and Economic Sciences	16,113	R&D	220,178	10,947,040				
47.075	1551822	Social Behavioral and Economic Sciences	169,847	R&D	220,178	10,947,040				93,307
47.075	1633750 A1	Social Behavioral and Economic Sciences	15,069	R&D	220,178	10,947,040				
47.075	BCS-1216310	Social Behavioral and Economic Sciences	19,149	R&D	220,178	10,947,040				
47.076	1458847	Education and Human Resources	111,093	R&D	886,856	10,947,040				
47.076	1502015	Education and Human Resources	146,277	R&D	886,856	10,947,040				21,635
47.076	1611871	Education and Human Resources	41,007	R&D	886,856	10,947,040				
47.076	DGE-1504528, A1, A2	Education and Human Resources	492,555	R&D	886,856	10,947,040				
47.076	DUE-1458292	Education and Human Resources	95,924	R&D	886,856	10,947,040				
47.049		Mathematical and Physical Sciences	6,888	R&D	490,782	10,947,040		Univ of Notre Dame	LETTER OF AGREEMENT	
47.074		Biological Sciences	8,047	R&D	108,623	10,947,040		Western Michigan University	SUBAWARD 8936-ISU	

Federal CFDA	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee, End of Audit Period Outstanding Loan Balance	Name of Pass-through Entity	Identifying Number Assigned by the Pass-through Entity, if assigned	Total Amount Passed Through to Subrecipients
47.079		Office of International Science and Engineering	57,008	R&D	57,008	10,947,040		Univ of Idaho	KBK035-SB-001, A1, A2, A3	
47.080		Office of Cyberinfrastructure	3,560	R&D	1,871,085	10,947,040		Univ of Idaho	KBK990-SB-002 A1-A8	
47.080		Office of Cyberinfrastructure	190,730	R&D	1,871,085	10,947,040		Univ of Idaho	KBK990-SB-002 A1-A8	
47.080		Office of Cyberinfrastructure	1,308,823	R&D	1,871,085	10,947,040		Univ of Idaho	KBK990-SB-002, A1-9	
47.080		Office of Cyberinfrastructure	286,466	R&D	1,871,085	10,947,040		Univ of Idaho	KBK990-SB-002, A1-A8	
47.080		Office of Cyberinfrastructure	81,507	R&D	1,871,085	10,947,040		Univ of Idaho	KBK990-SB-002, A1-A8	
TOTAL NATIONAL SCIENCE FOUNDATION			4,267,098							335,690
US SMALL BUSINESS ADMINISTRATION										
59.037		Small Business Development Centers	60,140	N/A	127,046			Boise State Univ	6668-B, A1, 6923-B, 7448-D	
59.037		Small Business Development Centers	66,906	N/A	127,046			Boise State Univ	6668-C, 6923-C, 7448-C,A1	
TOTAL US SMALL BUSINESS ADMINISTRATION			127,046							
US NECLEAR REGULATORY AGENCY										
77.008	NRC-HQ-13-G-38-0022, M1&2	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77,942	R&D	151,586	10,947,040				
77.008	NRC-HQ-13-G-38-0037, M1	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	19,652	N/A	151,586					
77.008	NRC-HQ-84-16-G-0023	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	31,368	N/A	151,586					
77.008	NRC-HQ-84-16-G-0039, M1	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	22,624	N/A	151,586					
TOTAL US NUCLEAR REGULATORY AGENCY			151,586							
US DEPARTMENT OF ENERGY										
81.113	DE-NA0002488 A1	Defense Nuclear Nonproliferation Research (B)	242,946	R&D	242,946	10,947,040				85,267
81.121	DE-NE0008301, M1-3	Nuclear Energy Research, Development and Demonstration (B)	99,977	R&D	634,183	10,947,040				
81.121	DE-NE0008511 A1	Nuclear Energy Research, Development and Demonstration (B)	56,490	R&D	634,183	10,947,040				
81.121	DE-NE0008524, M1-M4	Nuclear Energy Research, Development and Demonstration (B)	13,183	R&D	634,183	10,947,040				
81.000		Pass Through Funding from Battelle Energy Alliance LLC	21,770	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	00043028 00164, A1, A2	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	31,714	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	00043028 00166 A1,2,3,4	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	123	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	00043028 00169, A1,2	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	29,146	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	00043028 00170, A1,2,3,4	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	9,232	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	00043028 00163, A1,2	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	8,565	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	00168057 A1	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	59,606	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 0010, A1,A2,A3	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	145,840	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 002 A1-4	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	169	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 012 A1,2,3	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	13,200	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 017	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	323,203	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 0013 A1-5	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	79,141	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 0014 A1,2	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	38,703	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 003 A1,A3	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	124,108	N/A	2,982,301			Battelle Energy Alliance LLC	154652 005	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	228,029	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 006, A1 -A11	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	211,075	N/A	2,982,301			Battelle Energy Alliance LLC	154652 007 A1-3	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	89,799	N/A	2,982,301			Battelle Energy Alliance LLC	154652 009 A1,2,3	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	60,937	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 015, A1	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	5,471	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 016 A1, A2	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	485,725	N/A	2,982,301			Battelle Energy Alliance LLC	154652 018	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	28,600	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 019 A1	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	6,180	N/A	2,982,301			Battelle Energy Alliance LLC	154652 020 A1, A2	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	5,726	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 021, A1, A2	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	23,300	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 022	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	106,079	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 024	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	6,999	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 025	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	3,986	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 026	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	3,452	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	154652 027	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	107,660	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	161631 005 A1,A2,A3,A4	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	92,900	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	161631 001 A1, A2	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	23,512	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	161631 002 A1-A3	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	108,623	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	161631 003 A1 A2,A3	

Federal CFDA	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee, End of Audit Period Outstanding Loan Balance	Name of Pass-through Entity	Identifying Number Assigned by the Pass-through Entity, if assigned	Total Amount Passed Through to Subrecipients
81.000		Pass Through Funding from Battelle Energy Alliance LLC	117,521	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	161631 004 A1-A3	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	264,625	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	181775 A1	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	40,208	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	182024 A1	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	110	R&D	2,982,301	10,947,040		Battelle Energy Alliance LLC	66791-05 M10,M13, M14	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	18,365	N/A	2,982,301			Boise State Univ	7554-A, A1	
81.000		Pass Through Funding from Battelle Energy Alliance LLC	58,901	R&D	2,982,301	10,947,040		Jefferson National Accelerator Facility	JSA-14-C1556, M1-5	
81.049		Basic Energy Sciences University and Science Education	64,751	R&D	64,751	10,947,040		Univ of Notre Dame	UND 20234, M1,2,3	
81.092		Environmental Restoration	294,216	R&D	294,216	10,947,040		Idaho Dep of environmental Quality	K111, A1, A2	
81.121		Nuclear Energy Research, Development and Demonstration (B)	31,682	R&D	634,183	10,947,040		City College of New York	47846-B	
81.121		Nuclear Energy Research, Development and Demonstration (B)	95,900	R&D	634,183	10,947,040		Univ of Wisconsin Madison	572K342, A1,A2	
81.121		Nuclear Energy Research, Development and Demonstration (B)	25,139	R&D	634,183	10,947,040		Utah State Univ	200658-336	
81.121		Nuclear Energy Research, Development and Demonstration (B)	298,927	R&D	634,183	10,947,040		Wastren Advantage Inc.	ESER-16-5-1, M1	
81.121		Nuclear Energy Research, Development and Demonstration (B)	12,884	R&D	634,183	10,947,040		Wastren Advantage Inc.	ESER-16-7-1	
TOTAL US DEPARTMENT OF ENERGY			4,218,398							85,267
US DEPARTMENT OF EDUCATION										
84.007	P007A161086	Supplemental Educational Opportunity Grant	321,036	Student Financial Assistance	321,036	73,134,146				
84.033	P033A161086	Federal Work Study	458,855	Student Financial Assistance	458,855	73,134,146				
84.038	NA	Perkins Loan Program	-	Student Financial Assistance	-	73,134,146	1,968,547			
84.042	P042A100690, 11	TRIO Student Support Services	13	TRIO	299,876	1,700,376				
84.042	P042A150065, 4	TRIO Student Support Services	299,863	TRIO	299,876	1,700,376				
84.044	P044A110422-12, 14	TRIO Talent Search	52,333	TRIO	641,564	1,700,376				
84.044	P044A160298	TRIO Talent Search	388,069	TRIO	641,564	1,700,376				
84.044	P044A160300	TRIO Talent Search	201,161	TRIO	641,564	1,700,376				
84.047	P047A120818, A3, A4, A5, A7	TRIO Upward Bound	293,669	TRIO	611,422	1,700,376				
84.047	P047A170235	TRIO Upward Bound	74,515	TRIO	611,422	1,700,376				
84.047	P047M120151, A1-6	TRIO Upward Bound	243,238	TRIO	611,422	1,700,376				
84.063	P063P150099	Federal Pell Grant Program	32,470	Student Financial Assistance	15,470,478	73,134,146				
84.063	P063P160099	Federal Pell Grant Program	15,438,099	Student Financial Assistance	15,470,478	73,134,146				
84.063	P063P140099	Federal Pell Grant Program	(91)	Student Financial Assistance	15,470,478	73,134,146				
84.066	P066A160311	TRIO Educational Opportunity Centers	147,513	TRIO	147,513	1,700,376				
84.268	P268K160099	Federal Direct Student Loan	61,086	Student Financial Assistance	55,197,900	73,134,146				
84.268	P268K170099	Federal Direct Student Loan	15,416,843	Student Financial Assistance	55,197,900	73,134,146				
84.268	P268K160099	Federal Direct Student Loan	88,772	Student Financial Assistance	55,197,900	73,134,146				
84.268	P268K170099	Federal Direct Student Loan	34,007,332	Student Financial Assistance	55,197,900	73,134,146				
84.268	P268K160099	Federal Direct Student Loan	27,908	Student Financial Assistance	55,197,900	73,134,146				
84.268	P268K170099	Federal Direct Student Loan	4,378,857	Student Financial Assistance	55,197,900	73,134,146				
84.268	P268K170099	Federal Direct Student Loan	1,217,102	Student Financial Assistance	55,197,900	73,134,146				
84.379	P379T170099	Teacher Education Assistance for College and Higher Education (TEACH)	5,592	Student Financial Assistance	40,526	73,134,146				
84.379	P379T170099	Teacher Education Assistance for College and Higher Education (TEACH)	34,934	Student Financial Assistance	40,526	73,134,146				
84.002		Adult Education-Basic Grants to States	232,855	N/A	278,133			State of Idaho Professional Technical Education	V002A160012	
84.002		Adult Education-Basic Grants to States	24,391	N/A	278,133			State of Idaho Professional Technical Education	V002A160012	
84.002		Adult Education-Basic Grants to States	20,886	N/A	278,133			State of Idaho Professional Technical Education	V002A160012	
84.010		Title I Grants to Local Educational Agencies	810,332	N/A	810,332			Idaho State Board of Education	17-4001	
84.048		Career and Technical Education -- Basic Grants to States	71,042	N/A	501,063			Idaho Division of Professional Technical Education	FCPLPSWS-PD-15A-608, PL7608-N1	
84.048		Career and Technical Education-Basic Grants to States	154,537	N/A	501,063			State of Idaho Professional Technical Education	V048A160012	
84.048		Career and Technical Education-Basic Grants to States	8,243	N/A	501,063			State of Idaho Professional Technical Education	V048A160012	
84.048		Career and Technical Education-Basic Grants to States	35,880	N/A	501,063			State of Idaho Professional Technical Education	V048A160012	
84.048		Career and Technical Education-Basic Grants to States	88,654	N/A	501,063			State of Idaho Professional Technical Education	V048A160012	
84.048		Career and Technical Education-Basic Grants to States	19,555	N/A	501,063			State of Idaho Professional Technical Education	V048A160012	
84.048		Career and Technical Education-Basic Grants to States	123,151	N/A	501,063			State of Idaho Professional Technical Education	V048A160012	
84.126		Rehabilitation Services Vocational Rehabilitation Grants	15,442	R&D	15,442	10,947,040		Idaho Div of Vocational Rehabilitation-	MOU 05122017	
84.334		Gear Up Scholarship	211,630	N/A	211,630			State of Idaho	P334S06003	
84.366		Mathematics and Science Partnerships (B)	3,024	N/A	34,727			Boise State Univ	5821-E, A2, A3/7274-A, A1,7913	

Federal CFDA	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee, End of Audit Period Outstanding Loan Balance	Name of Pass-through Entity	Identifying Number Assigned by the Pass-through Entity, if assigned	Total Amount Passed Through to Subrecipients
84.366		Mathematics and Science Partnerships (B)	25,342	N/A	34,727			State Department of Education	13MSP19, YR2, YR3	1,700
84.366		Mathematics and Science Partnerships (B)	6,361	N/A	34,727			State Department of Education	16MSP22	
84.367		Improving Teacher Quality State Grants (A)	21,379	N/A	106,529			Boise State Univ	7504-C	
84.367		Improving Teacher Quality State Grants (A)	85,149	N/A	106,529			Univ of Idaho	ETK379-SB-001, A1, A2, A3	
84.377		School Improvement Grants	104,533	School Improvement	104,533	104,533		Idaho State Board of Education	17-4001	
TOTAL US DEPARTMENT OF EDUCATION			75,251,555				1,968,547			1,700
US DEPARTMENT OF HEALTH AND HUMAN SERVICES										
93.113	1R15ES021884-01	Biological Response to Environmental Health Hazards	1,500	R&D	1,500	10,947,040				
93.173	1R03DC014042-01, 02, 03	Research Related to Deafness and Communication Disorders	143,965	R&D	143,965	10,947,040				
93.213	1R15AT009348-01	Research and Training in Complementary and Integrative Health	139,018	R&D	139,018	10,947,040				10,300
93.234	90TBSG000701	Traumatic Brain Injury State Demonstration Grant Program	181,204	R&D	220,655	10,947,040				6,600
93.234	H21MC26926, A1,2	Traumatic Brain Injury State Demonstration Grant Program	39,451	R&D	220,655	10,947,040				
93.273	1R01AA020364-01A1, 02, 03,04	Alcohol Research Programs	396,926	R&D	396,926	10,947,040				176,735
93.359	1 UD7HP28528-01-00, A1, A3	Nurse Education, Practice Quality and Retention Grants	494,114	R&D	494,114	10,947,040				
93.510	T89HP20754-01-01-02-03	Affordable Care Act (ACA) Primary Care Residency Expansion Program	45,139	N/A	45,139					
93.853	IR15NS093579-01A1	Clinical Research Related to Neurological Disorders	83,728	R&D	188,527	10,947,040				
93.853	R15NS087521	Clinical Research Related to Neurological Disorders	104,799	R&D	188,527	10,947,040				
93.855	1R21AI126755-01	Allergy and Infectious Diseases Research	73,299	R&D	73,299	10,947,040				54,151
93.884	1T0BHP28559-01-00, 02-00, 03-0	Grants for Primary Care Training and Enhancement	234,567	N/A	293,481					20,009
93.884	D58HP23221 YEAR 5	Grants for Primary Care Training and Enhancement	58,914	R&D	293,481	10,947,040				
93.918	H76HA24732, Y2, Y3, Y4,Y5,Y6	Grants to Provide Outpatient Early Intervention Services	262,223	N/A	262,223					
93.925	1 T08HP30213-01-00	Scholarships for Health Professions Students from	17,000	Student Financial Assistance	17,000	73,134,146				
93.145		National AIDS Education and Training Centers	146,540	N/A	146,540			Univ of Washington	UWSC8690 A1, A2	
93.251		Universal Newborn Hearing Screening (B)	43,771	R&D	43,771	10,947,040		Idaho Department of Health and Welfare	KC267100, A1	
93.283		Centers for Disease Control and Prevention_Investigations and Technical Assistance	18,087	R&D	18,087	10,947,040		Idaho Department of Health and Welfare	HC819700, HC850500, A1, HC8903	
93.624		ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	85,943	N/A	85,943			Idaho Department of Health and Welfare	LETTER OF NOTATION,AC061300,A3	
93.658		Foster Care Title IV-E	529,756	N/A	566,593			Idaho Department of Health and Welfare	KC255200, KC261000, A1	
93.658		Foster Care Title IV-E	36,836	N/A	566,593			Idaho Department of Health and Welfare	KC255600, A1, A2	
93.778		Medical Assistance Program	461,412	Medicaid	680,138	630,138		Idaho Department of Health and Welfare	RC060300,4 RC067300,RC071300,1	
93.778		Medical Assistance Program	218,726	Medicaid	680,138	630,138		Idaho Department of Health and Welfare	RC071300, AMEND 1,2,3,4	
93.837		Cardiovascular Diseases Research	16,130	R&D	16,130	10,947,040		Univ of Iowa	W000661886M W000724094, A1,A2	
93.859		Pharmacology Physiology and Biological Chemistry	185,764	R&D	347,900	10,947,040		Univ of Idaho	IAK100-SB-007,IAK200-SB-002,A3	
93.859		Pharmacology Physiology and Biological Chemistry	32,938	N/A	347,900			Univ of Nevada Las Vegas	16-746Q-ISU-BS4-00, 01	
93.859		Pharmacology Physiology and Biological Chemistry	325	R&D	347,900	10,947,040		Univ of Nevada Las Vegas	16-746Q-ISU-PG44-00, A1	
93.859		Pharmacology Physiology and Biological Chemistry	657	R&D	347,900	10,947,040		Univ of Nevada Las Vegas	16-746Q-ISU-PG47-00, A1	
93.859		Pharmacology Physiology and Biological Chemistry	71,124	R&D	347,900	10,947,040		Univ of Nevada Las Vegas	17-746Q-ISU-PG63-00	
93.859		Pharmacology Physiology and Biological Chemistry	57,092	R&D	347,900	10,947,040		Univ of Nevada Las Vegas	17-746Q-ISU-PG65-00	
93.879		Medical Library Assistance	18,017	N/A	18,017			Univ of Washington	UWSC9004 A1	
93.917		HIV Care Formula Grants	55,551	N/A	151,530			Idaho Department of Health and Welfare	HC835900, A1,A2,A3	
93.917		HIV Care Formula Grants	95,979	N/A	151,530			Idaho Department of Health and Welfare	HC863100, A1,A2	
93.940		HIV Prevention Activities Health Department Based	42,711	N/A	44,844			Idaho Department of Health and Welfare	HC666900 A1-4, HC818000 A1-7	
93.940		HIV Prevention Activities Health Department Based	2,133	N/A	44,844			Idaho Department of Health and Welfare	HC821600 A1,2, HC890400	
93.991		Preventive Health and Health Services Block Grant	17,522	N/A	17,522			Idaho Department of Health and Welfare	HC882900, A1, A2	
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES			4,412,861							267,795
US CORPORATION FOR NATIONAL AND COMMUNITY SERVICES										
94.006		AmeriCorps	34,982	N/A	345,014			National Assoc of Community Health Centers	AGREEMENT 7/8/2013	
94.006		AmeriCorps	310,032	N/A	345,014			Serve Idaho	15AFHID0010002	
TOTAL US CORPORATION FOR NATIONAL AND COMMUNITY SERVICES			345,014							
US DEPARTMENT OF HOMELAND SECURITY										
97.045		Cooperating Technical Partners (B)	348	R&D	348	10,947,040		Boise State Univ	7350-A	
TOTAL US DEPARTMENT OF HOMELAND SECURITY			348							
GRANT TOTAL EXPENDITURES			91,022,883				1,968,547			715,235

IDAHO STATE UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

1. BASIS OF PRESENTATION

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

2. UNIVERSITY ADMINISTERED LOAN PROGRAMS

The University administers the following Federal Perkins Loan Program (CFDA number 84.038). The prior year ending outstanding loan balance and current year total loan disbursements were $1,869,536 and $99,011, respectively, for the year ended June 30, 2017. The cumulative administrative costs allowance as of the year ended June 30, 2017 was $639,959.

Funds distributed as agent for the Federal Direct Lending Program of $55,197,900 and the Federal Teach Program of $40,526 are not included in the revenues or expenses of the University.

3. FEDERAL WORK STUDY

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5. DE MINIMIS INDIRECT COST RATE

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

discover OPPORTUNITY

FY17 ANNUAL
FINANCIAL STATEMENTS

Pocatello | Idaho Falls

Idaho State UNIVERSITY

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