FINANCIAL STATEMENTS FOR THE YEARS
ENDED JUNE 30, 2019 AND 2018 AND
REPORT OF INDEPENDENT AUDITORS

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Report of Independent Auditors

Idaho State Board of Education
University of Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Idaho (University) and the discretely presented component unit, the University of Idaho Foundation (Foundation), as of and for the years ended June 30, 2019 and 2018, and the aggregate remaining fund information of the University (the University of Idaho Health Benefits Trust and the University of Idaho Retiree Benefits Trust), as of and for the years ended December 31, 2018 and 2017, 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of the Foundation, which represent 100% of the assets, net position, and revenues of the discretely presented component unit, or the University of Idaho Health Benefits Trust, which represent 14%, 6%, and 104%, of the assets, net position and additions of the aggregate remaining fund information, respectively. Those 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 and the University of Idaho Health Benefits Trust, are based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 the University, and its discretely presented component unit, as of June 30, 2019 and 2018, and the aggregate remaining fund information of the University, as of December 31, 2018 and 2017, 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 on pages 4 through 28, the schedules of the University's proportionate share of net pension liability – PERSI base plan, University contributions – PERSI base plan on page 101, the Schedule of Changes in Net OPEB Liability on page 102, and the Schedule of OPEB Contributions on page 103, 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.

Moss Adams LLP

Portland, Oregon
September 27, 2019

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University of Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

The University of Idaho ("University") is a doctoral-research intensive land-grant institution, with the principal responsibility for research and granting Ph.D. degrees in Idaho. The University serves state, national and international communities by providing academic instruction and conducting research that advances fundamental knowledge. In addition to its main campus in Moscow, the University has instructional centers in Coeur d'Alene, Boise, Twin Falls and Idaho Falls as well as research and extension centers located across the state. The University offers degrees through 176 undergraduate and 130 graduate programs.

Student fall enrollment history and annual graduation statistics for the University's fiscal years 2017 through 2019 are presented in the following table:

Enrollment and Graduation Statistics

	FY19	FY18	FY17
Enrollments			
	Fall 2018	Fall 2017	Fall 2016
Total Headcount	11,841	12,072	11,780
Total Full-time Equivalents (FTE)	9,273	9,433	9,422
Undergraduate Headcount:			
Full-time	7,044	7,168	7,273
Part-time	2,646	2,844	2,478
Graduate Headcount:			
Full-time	1,465	1,340	1,307
Part-time	686	720	722
Resident Student Percentage	73%	74%	73%
First-year Enrollment Statistics Including Transfers			
Applied	9,276	8,527	7,398
Admitted	7,069	6,200	5,549
Enrolled	1,972	2,114	2,256
SAT Combined Score Mean	1114	1121	1053
Degrees Awarded			
Bachelors	1,702	1,670	1,733
Masters	490	487	509
Doctoral	65	79	69
Law	95	97	96
Specialist	22	24	34
Academic Certificates, Undergraduate/Graduate	100	88	105
Total Combined	2,474	2,445	2,546

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

Overview

The Management's Discussion and Analysis is designed to provide an easy to read analysis of the University's financial condition, results of operations and cash flows based on facts, decisions and conditions known at the date of the auditor's reports, June 30, 2019.

The discussion and analysis that follows provides an overview of the University's financial activities for the fiscal year ended June 30, 2019 in comparison to 2018 and 2017. Three financial statements are presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These statements are prepared using the accrual basis of accounting, whereby revenues are recognized when goods and services are provided and expenses are recognized when goods or services are received, regardless of when cash is exchanged.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units, an Amendment of GASB Statement No. 14*, these statements also present information for the University of Idaho Foundation, Inc. ("Foundation"), which qualifies as a component unit of the University.

In accordance with GASB Statements 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the University has included financial statements for the Health Benefits Trust ("HBT") and Retirement Benefits Trust ("RBT"). The HBT was established to meet the requirements of the State of Idaho Department of Insurance in order to manage the University's self-insurance program. Separate audited financial statements are prepared for the HBT and may be obtained by contacting the Vice President for Finance and Administration for the University of Idaho. The RBT does not produce annual financial statements other than in summary form as part of the University's statements. The statements for the HBT and the RBT are presented after the University's financial statements and preceding the notes to the financial statements.

Statement of Net Position

The Statement of Net Position outlines the University's financial condition at fiscal year-end. This is a point-in-time financial statement and presents end-of-year data concerning assets, liabilities and net position. From the data presented, readers are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes vendors, investors and lending institutions. Finally, it provides a picture of the net position (assets minus liabilities) and its availability for expenditure by the University. Trends in net position are a useful indicator of whether the entity's financial condition is improving or declining.

The Statement of Net Position is presented in a classified format, which differentiates between current and noncurrent assets and liabilities, and groups net position into four categories which are:

1. Net Investment in Capital Assets - the University's investment in property, plant, and equipment - net of depreciation and outstanding debt obligations related to those capital assets.

2. Restricted Nonexpendable - the corpus of nonexpendable restricted resources is available only for investment purposes. These assets are held in perpetuity.

3. Restricted Expendable - subject to external donor or grantor stipulations regarding their use. The University may expend these assets for purposes as determined by donors and/or external entities.

4. Unrestricted - may be expended for any lawful purpose of the University.

Statement of Net Position, FY19 Compared to FY18:

Condensed Statement of Net Position
Fiscal Years Ended June 30, 2019 and 2018
(Dollars in Thousands)

	2019	2018	2019 $ Inc. (Dec.)	2019 % Inc. (Dec.)
ASSETS				
Current assets	$ 59,699	$ 50,198	$ 9,501	18.9%
Capital assets - net	427,395	424,518	2,877	0.7%
Other noncurrent assets	71,149	102,595	(31,446)	-30.7%
Total Assets	**$ 558,243**	**$ 577,311**	**$ (19,068)**	**-3.3%**
Deferred Outflows of Resources	18,923	14,247	4,676	32.8%
Total Assets and Deferred Outflows of Resources	**$ 577,166**	**$ 591,558**	**$ (14,392)**	**-2.4%**
LIABILITIES				
Current liabilities	$ 46,104	$ 38,631	$ 7,473	19.3%
Noncurrent liabilities	231,084	241,055	(9,972)	-4.1%
Total Liabilities	**$ 277,188**	**$ 279,686**	**$ (2,498)**	**-0.9%**
Deferred Inflows of Resources	23,593	16,154	7,439	46.1%
Total Liabilities and Deferred Inflows of Resources	**$ 300,781**	**$ 295,840**	**$ 4,941**	**1.7%**
NET POSITION				
Net investment in capital assets	$ 251,956	$ 243,910	$ 8,046	3.3%
Restricted nonexpendable	-	-	-	N/A
Restricted expendable	38,281	35,790	2,491	7.0%
Unrestricted	(13,852)	16,018	(29,870)	-186.5%
Total Net Position	**$ 276,385**	**$ 295,718**	**$ (19,333)**	**-6.5%**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 577,166**	**$ 591,558**	**$ (14,392)**	**-2.4%**

The University's total assets and deferred outflows of resources decreased by $14.4 million in FY19. While current assets increased by $9.5 million and net capital assets increased by $2.9 million, these increases were offset by a $31.4 million decrease in other noncurrent assets. Deferred outflows of resources increased by $4.7 million.

The $9.5 million increase in current assets was due to an increase in cash of $6.6 million during FY19, and an increase in net accounts receivable of $2.7 million. The increase in cash resulted from liquidation of longer-term investments toward the end of FY19 to meet operating cash needs. Lower cash balances experienced during the year generating the need to liquidate longer term investments were the result of

(1) increased FY19 operating expenses outpacing operating revenue growth, (2) capital expenditures that were $6.1 million higher than the prior year, and (3) combined FY19 capital grants and gifts that were $6.1 million lower than the previous year.

The increase in accounts receivable was due to larger FY19 year-end balances for both student accounts receivable and grants accounts receivable compared to prior year.

Net capital assets increased by $2.9 million due to FY19 additions of $27.4 million of assets, offset by $24.1 million of additional accumulated depreciation recorded during the year and net asset disposals of $0.5 million. For further discussion and information on changes to capital assets, refer to the "Capital Assets and Debt Management" section of this narrative.

Noncurrent investments of $45.7 million decreased by $31.7 million in FY19 due to liquidation of securities to provide needed operating cash prior to the end of the fiscal year.

Deferred outflows of resources increased by $4.7 million from FY18. Increases in deferred contributions and changes of assumptions for the University's other post-employment benefits ("OPEB") accounted for $4.5 million of this increase. This net change consisted of a $1.9 million difference between the expected and actual returns on plan assets and a $3.2 million difference between the expected and actual experience in the plan liability, offset by a $0.6 million additional payment by the University to the plan in Spring 2018. For further information and discussion on these and other OPEB factors refer to Footnote 13, "Postemployment Benefits (Other Than Pensions) and Retiree Benefits Trust", to these financial statements.

Current liabilities increased $7.5 million from the prior year. Increased year-end accrued salaries and benefits accounted for $5.6 million of this increase at the end of FY19, accounts payable for an additional $1.6 million, and an increase in other liabilities of $0.9 million. These increases were offset by combined decreases of $0.6 million in compensated absences payable, deposits, unearned revenue and the current portion of long-term liabilities.

Noncurrent liabilities decreased by $10.0 million from year-end FY18. Decreases of $5.6 million in noncurrent balances of long-term debt and capital leases resulted from scheduled retirement of debt principal during FY19. Both the University's net pension obligation and its net OPEB obligation decreased by a combined $4.4 million in FY19 due to ongoing contributions for those plans, combined with changes in the actuarial valuation.

Deferred inflows of resources for the University's portion of the State PERSI pension plan increased by $0.7 million for FY19, while changes in deferred inflows related to the OPEB plan increased by $5.8 million. These increases resulted from ongoing investment performance and changes in actuarial assumptions. In particular, the OPEB plan change in deferred inflows was the result of increases due to changes of assumptions and other inputs of $7.2 million, offset by a net difference between projected and actual plan investments of -$1.4 million. The University also recorded an additional deferred inflow of $0.9 million related to its service concession agreement with Sodexo to provide food services to the University. This deferred inflow relates to the final year of revenues that will be recognized through this agreement.

Overall net position decreased by $19.3 million during FY19. Net investments in capital assets increased $8.0 million due to additions to capital assets during the year, combined with the net decrease in related long-term debt. Restricted expendable net position increased $2.5 million due to positive FY19 activity related to sponsored research grants and federally-funded agricultural- and natural resource-related activities through the Colleges of Agriculture and Life Sciences, the College of Natural Resources, and the University's various county extension services throughout Idaho. Unrestricted net position decreased $29.9 million primarily due to negative operating results for the University in FY19. For further discussion and analysis of this latter decrease, refer to the Statement of Revenues, Expenses and Changes in Net Position section of this narrative.

Statement of Net Position, FY18 Compared to FY17:

Condensed Statement of Net Position
Fiscal Years Ended June 30, 2018 and 2017
(Dollars in Thousands)

	2018	2017 (Restated)	2018 $ Inc. (Dec.)	2018 % Inc. (Dec.)
ASSETS				
Current assets	$ 50,198	$ 68,831	$ (18,633)	-27.1%
Capital assets - net	424,518	427,304	(2,786)	-0.7%
Other noncurrent assets	102,595	96,404	6,191	6.4%
Total Assets	**$ 577,311**	**$ 592,539**	**$ (15,228)**	**-2.6%**
Deferred Outflows of Resources	14,247	18,562	(4,315)	-23.2%
Total Assets and Deferred Outflows of Resources	**$ 591,558**	**$ 611,101**	**$ (19,543)**	**-3.2%**
LIABILITIES				
Current liabilities	$ 38,631	34,820	$ 3,811	10.9%
Noncurrent liabilities	241,055	220,667	20,388	9.2%
Total Liabilities	**$ 279,686**	**$ 255,487**	**$ 24,199**	**9.5%**
Deferred Inflows of Resources	16,154	4,090	12,064	295.0%
Total Liabilities and Deferred Inflows of Resources	**$ 295,840**	**$ 259,577**	**$ 36,263**	**14.0%**
NET POSITION				
Net investment in capital assets	$ 243,910	$ 241,967	$ 1,943	0.8%
Restricted nonexpendable	-	-	-	N/A
Restricted expendable	35,790	39,605	(3,815)	-9.6%
Unrestricted	16,018	69,952	(53,934)	-77.1%
Total Net Position	**$ 295,718**	**$ 351,524**	**$ (55,806)**	**-15.9%**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 591,558**	**$ 611,101**	**$ (19,542)**	**-3.2%**

The University's total assets and deferred outflows of resources at June 30, 2018 decreased by $19.5 million from June 30, 2017. Current assets decreased by $18.6 million, while net capital assets decreased by $2.8 million. These decreases were partially offset by an increase in other noncurrent assets of $6.2 million. Deferred outflows of resources decreased by $4.3 million by the end of the 2018 fiscal year.

The decrease in current assets was driven by a $22.5 million decrease in cash and cash equivalents related to the University's ongoing operations. FY18 operating expenses were $20.1 higher than FY17, primarily in salaries and benefits expenses totaling $261.1 million compared to $235.8 million in the previous year, an increase of $25.3 million. These increases were offset by decreases totaling $9.9 million in services and supplies combined with increases in other operating expenses. Additionally, the University used cash of $20.8 million for capital asset acquisitions in FY18.

Noncurrent restricted cash and cash equivalents increased $9.3 million due to a 35-year naming rights agreement the University entered with the Idaho Central Credit Union during FY18. In exchange for an up-front payment of $10.0 million, the University agreed to name its planned sports and events arena to be completed in 2021 the "Idaho Central Credit Union Arena". These restricted proceeds will be used to partially fund this construction project. A corresponding deferred inflow of resources was recorded and will be amortized once the arena has opened over the 35-year life of the agreement.

Net capital assets decreased $2.8 million in FY18. This decrease was due to FY18 depreciation expense of $23.6 million and net asset disposals of $0.3 million exceeding the year's capital asset additions of $21.1 million.

Deferred outflows of resources of $14.2 million decreased $4.3 million in FY18. This decrease resulted from year-end changes in actuarial assumptions and performance of the PERSI defined-benefit pension plan of -$4.6 million.

Current liabilities increased $3.8 million over FY17 ending balances. This was due to an increase of $1.5 million in year-end accrued salaries and benefits payable for FY18, resulting from salary and benefit increases initiated during the year. Accounts payable balances also increased by $1.4 million due to higher year-end outstanding invoices balances and accruals related to higher operating costs. Compensated absences payable increased $0.6 million due to the FY18 higher compensation levels and increased leave balances.

Noncurrent liabilities increased by $20.4 million due to the University's recording of its net OPEB liability of $33.3 million related to the adoption of new GASB standards 74 and 75. Previous GASB standards had not required full recognition of this net liability. This increase was offset by decreases in the University's long-term debt of $5.7 million related to ongoing principal payments and the refinancing of the Series 2007B bonds, as well as a decrease in the net PERSI pension liability of $7.2 million resulting from FY18 changes in actuarial assumptions and plan performance.

FY18 deferred inflows of resources increased $12.1 million. This increase was primarily driven by the University's recording of a $10.0 million deferred inflow related to the 35-year agreement it executed with the ICCU in FY18 for naming rights of the University's new arena to be completed in 2021. This amount will be amortized over the life of the agreement, commencing on completion of the arena. The University also recorded a new deferred inflow of resources of $1.4 million related to its FY18 adoption of GASB standards 74 and 75.

The University's overall net position decreased $55.8 million in FY18. Net position related to net investment in capital assets increased $1.9 million due to the year's net additions to capital assets combined with decreases in related long-term debt. Restricted expendable net position of $35.8 million decreased by $0.8 million from year-end FY17 due to lower sponsored grants activity combined with lower federal appropriations related to the University's agricultural and natural resources programs. Unrestricted net position decreased $53.9 million due to the University's adoption of GASB standards 74 and 75 recognizing the University's full net OPEB obligation related to retiree health benefits (-$34.7 effect on net position) combined with an overall negative change in net position of $21.1 million from the University's aggregate operating and nonoperating activities for FY18.

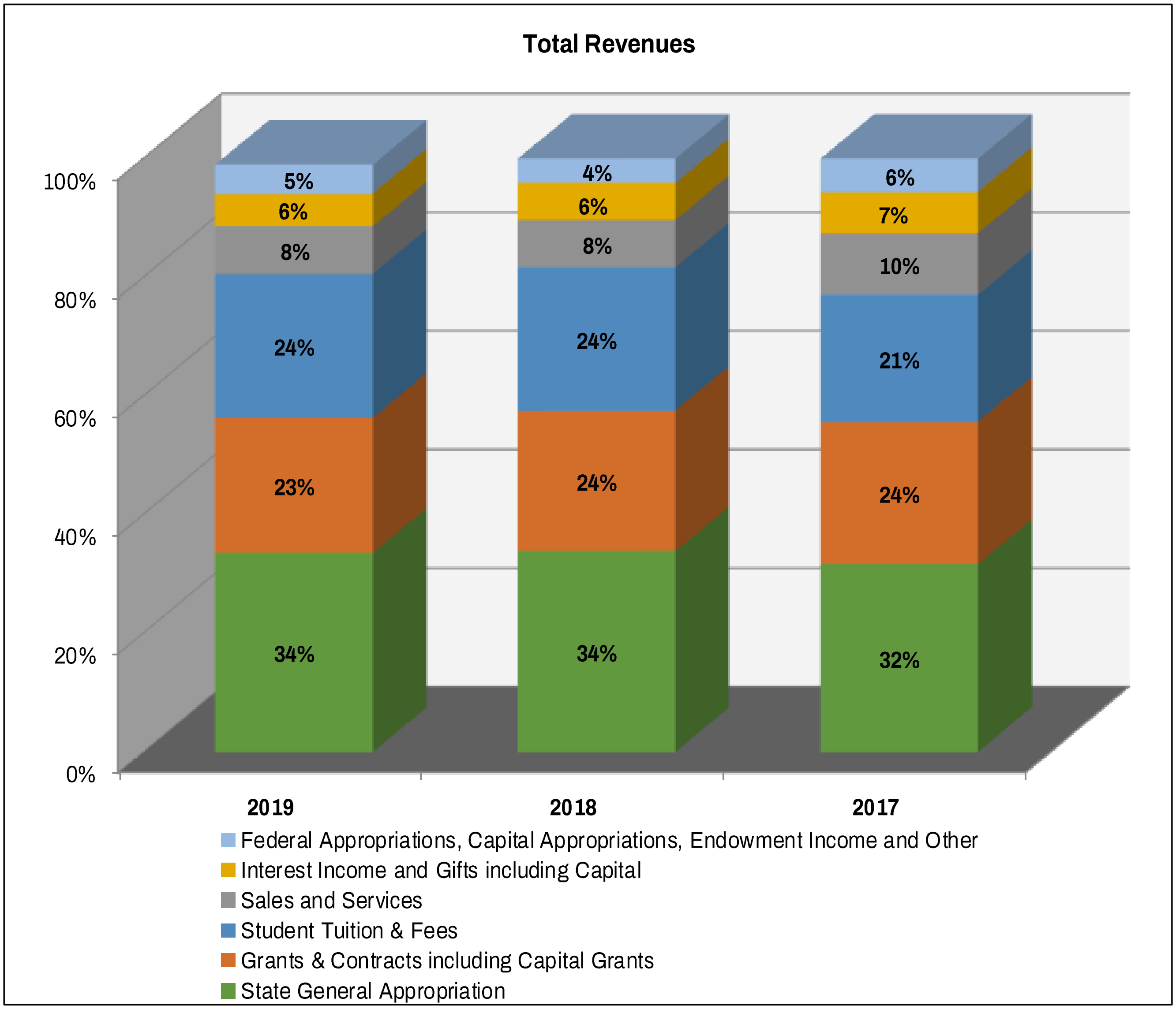
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSTION

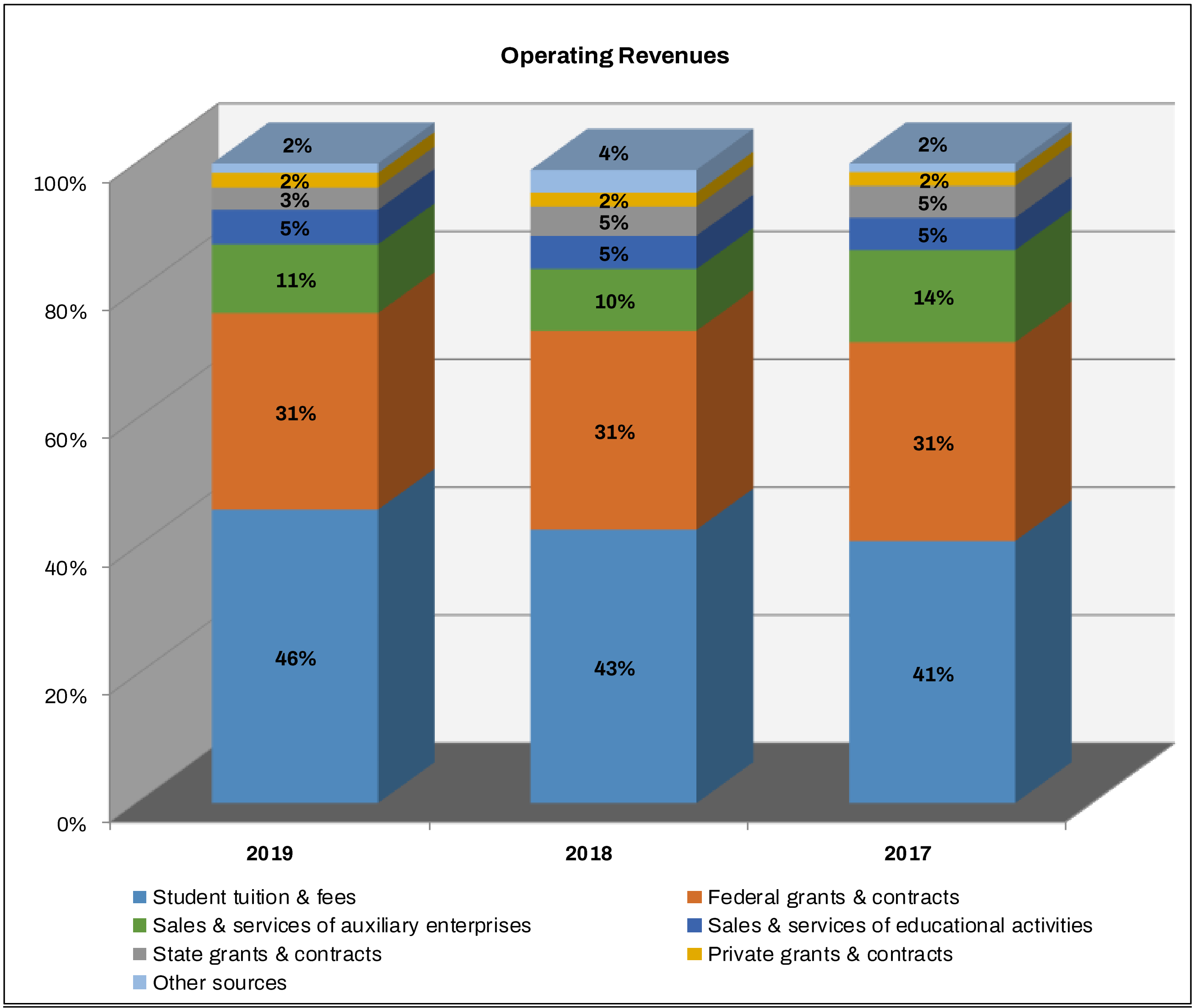
Changes in total net position as presented in the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present the revenues earned and expenses incurred during the year, classifying activities as either operating or non-operating.

Operating revenues are earned from exchange transaction activities associated with providing goods and services for instruction, research, public service or related support to entities separate from the University. Examples include student tuition and fees, sales and services, grants and contracts. Operating expenses are those expenses paid to acquire or produce the goods and services to carry out the functions of the University. Examples include salaries, benefits, scholarships, and purchases of supplies. Non-operating revenues are primarily derived from activities that are non-exchange transactions, e.g., gifts and contributions; and from sources defined as such by GASB Statement No. 9, e.g., investment income; and from sources defined as such by GASB Statement Nos. 33 and 34, e.g., state and federal appropriations. The GASB 34 reporting model classifies state appropriations, gifts, federal appropriations, and investment income as non-operating revenue. Without these non-operating revenues, the University would not be able to cover its costs of operations, which results in a net operating loss on the statement.

The Statement of Revenues, Expenses, and Changes in Net Position shows the activity that resulted in a $19.3 million decrease in net position for the year ended June 30, 2019.

The graphs on the following pages show the composition of total revenues, operating revenues and operating expenses for FY's 2019, 2018 and 2017.


Total Revenues
100%
80%
60%
40%
20%
0%
5%
6%
8%
24%
23%
34%
4%
6%
8%
24%
24%
34%
6%
7%
10%
21%
24%
32%
2019
2018
2017
Federal Appropriations, Capital Appropriations, Endowment Income and Other
Interest Income and Gifts including Capital
Sales and Services
Student Tuition & Fees
Grants & Contracts including Capital Grants
State General Appropriation


Operating Revenues
100%
80%
60%
40%
20%
0%
2019
2018
2017
2%
2%
3%
5%
11%
31%
46%
4%
2%
5%
5%
10%
31%
43%
2%
2%
5%
5%
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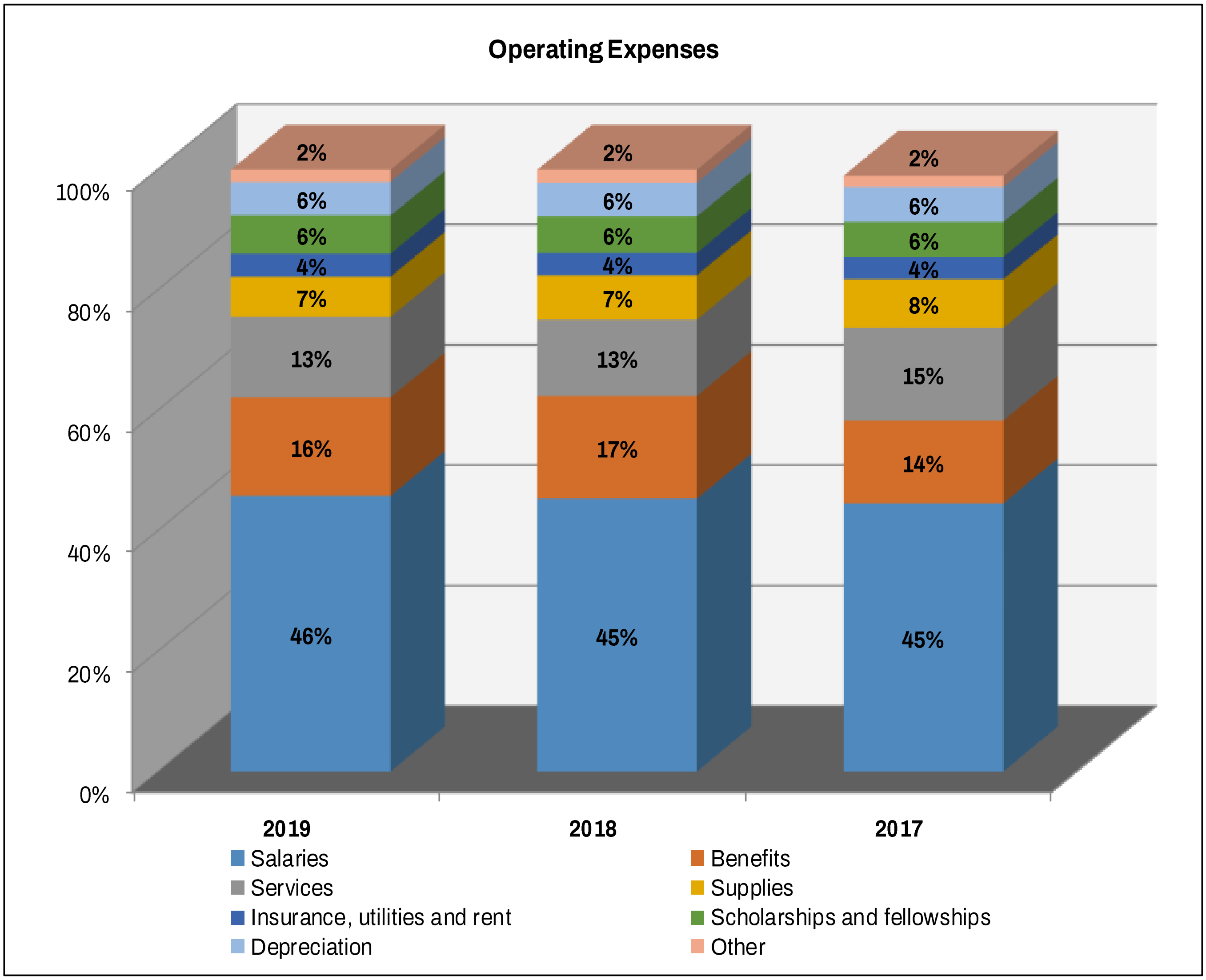
Student tuition & fees
Federal grants & contracts
Sales & services of auxiliary enterprises
Sales & services of educational activities
State grants & contracts
Private grants & contracts
Other sources


Operating Expenses
100%
80%
60%
40%
20%
0%
2019
2018
2017
2%
6%
6%
4%
7%
13%
16%
46%
2%
6%
6%
4%
7%
13%
17%
45%
2%
6%
6%
4%
8%
15%
14%
45%
Salaries
Benefits
Services
Supplies
Insurance, utilities and rent
Scholarships and fellowships
Depreciation
Other

Statement of Revenues, Expenses and Changes in Net Position, FY19 Compared to FY18:

Condensed Statement of Revenues, Expenses and Changes in Net Position
Fiscal Years Ended June 30
(Dollars in Thousands)

	2019	2018	2019 $ Inc. (Dec.)	2019 % Inc. (Dec.)
Operating revenues	$ 216,760	$ 214,018	$ 2,742	1.3%
Operating expenses	429,127	418,389	10,738	2.6%
Operating loss	**$ (212,367)**	**$ (204,371)**	**$ (7,996)**	**3.9%**
Net nonoperating revenues	187,528	178,460	9,068	5.1%
Gain (loss) before other revenues	**$ (24,839)**	**$ (25,911)**	**$ 1,072**	**-4.1%**
Other revenues	5,506	4,845	661	13.6%
Increase (Decrease) In Net Position	**$ (19,333)**	**$ (21,066)**	**$ 1,733**	**-8.2%**
Net Position - Beginning of year (As restated, Note 19)	295,718	351,524	(55,806)	-15.9%
Cumulative effect implementing GASB 75 (Note 19)	-	(34,740)	34,740	-100.0%
Net Position - Beginning of year (as fully restated)	$ 295,718	$ 316,784	$ (21,066)	-6.6%
Net Position - End of year	**$ 276,385**	**$ 295,718**	**$ (19,333)**	**-6.5%**

The University recorded a decrease in total net position of $19.3 million in FY19 compared to an overall decrease in net position of $21.1 million in FY18. The FY19 operating loss of -$212.4 million increased $8.0 million from FY18's operating loss of -$204.4 million. This loss decreased to -$24.8 million with the addition on net nonoperating revenues of $187.5 million, compared to a similar loss in FY18 of -$25.9 million. When accounting for other revenues of $5.5 million, the aggregate change in net position was -$19.3 million. From these results, the University ended FY19 with an aggregate net position of $276.4 million compared to an ending aggregate net position of $295.7 million in FY18.

FY19 operating revenues of 216.8 million were $2.7 million higher than the prior year. Net student tuition and fees revenues of $99.4 million increased $3.6 million over FY18. This 3.8% increase was attributable to an average tuition and fee increase of 6% (5% resident increase, 8% nonresident), a slightly higher mix of nonresident to resident students, and a slightly higher mix of graduate to undergraduate students, offset by lower aggregate student full-time equivalents for the year of -2.7%.

Overall grants and contracts revenues of $79.1 million were slightly up from $78.7 million in FY18. Federal grants and contracts revenues of $66.6 million were slightly ahead of FY18's total of $66.5 million, State grants and contracts of $7.6 million were down -$0.1 million from prior year, and private grants and contracts revenues of $4.9 million were slightly ahead of $4.6 million recorded in FY18. FY19 grant awards of $87.1

million increased $5.4 million from awards in FY18. These awards, as opposed to actual expenditures during the year, are in part a reflection of amounts that will be recognized by the University in future years.

Sales and services of educational activities of $9.6 million for FY19 were down $1.6 million from FY18. This decrease was related to a wide variety of areas, including conference revenues, facility rentals, administrative service fees, media services and sales of materials and supplies.

Sales and services of auxiliary enterprises for FY19 of $23.3 million increased $2.6 million over prior year. Dining services revenues of $2.4 million accounted for $1.6 million of this increase over prior year, with the remaining increase spread evenly across student housing, technology equipment sales, royalty income, golf course fee revenues.

Other sources of operating revenues of $5.1 million decreased by $2.4 million in FY19 due to a FY19 change in the accounting for the University's health plan subsidies and its consolidated fringe rate (CFR).

FY19 operating expenses totaling $429.1 million increased $10.7 million when compared to FY18. Increased salary expenses in FY19 accounted for $6.9 million of this increase, being 3.6% higher than FY18 salaries. This increase was due to a FY19 increase of 3% approved by the State Board of Education, combined with an increase in full-time equivalent staff and faculty of 0.6% due to filling vacant positions.

Supplies expenses of $31.9 million increased $1.2 million from FY18 due to non-capital project expenses across campus of $0.9 million, as well as an increase of $0.5 million in research supplies associated with the new Aquaculture Center in Moscow.

Scholarship and fellowship expenses increased $1.8 million due to increased financial assistance and stipends awarded to graduate assistants of $2.6 million, offset by a decrease of $1.0 million in federal and State grants, loans and scholarships.

Other operating expenses of $10.4 million increased $1.8 million over FY18. These increases related to student travel, royalty and promotional expenses across campus.

FY19 net nonoperating revenues of $187.5 million were $9.1 million higher than the prior year. State appropriations of $137.4 million increased $3.1 million over FY18, and the University's investment portfolio recorded an unrealized increase in fair value of $3.2 million compared to an unrealized decrease in FY18 of -$2.7 million.

Other revenues of $5.5 million were slightly ahead of $4.8 million recorded in FY18. Capital gifts from the Foundation of $4.3 million in FY19 exceeded FY18 by $3.6 million. The primary projects for which these revenues were recorded were $1.0 million for the new President's residence completed in FY19, and $2.6 million for the Idaho Central Credit Union Arena project expected to be completed in 2021. Revenues recognized from projects funded by the Idaho Department of Public Works of $0.8 million were $2.3 million lower in FY19, while capital grants and contracts revenues of $0.4 million were lower than FY18 revenues of $1.0 million.

Statement of Revenues, Expenses and Changes In Net Position, FY18 Compared to FY17:

Condensed Statement of Revenues, Expenses and Changes in Net Position
Fiscal Years Ended June 30
(Dollars in Thousands)

	2018	2017 (Restated)	2018 $ Inc. (Dec.)	2018 % Inc. (Dec.)
Operating revenues	$ 214,018	$ 215,985	$ (1,967)	-0.9%
Operating expenses	418,389	398,210	20,179	5.1%
Operating loss	**$ (204,371)**	**$ (182,225)**	**$ (22,146)**	**12.2%**
Net nonoperating revenues	178,460	176,306	2,154	1.2%
Gain (loss) before other revenues	**$ (25,911)**	**$ (5,919)**	**$ (19,992)**	**337.8%**
Other revenues	4,845	12,177	(7,332)	-60.2%
Increase (Decrease) In Net Position	**$ (21,066)**	**$ 6,258**	**$ (27,324)**	**-436.6%**
Net Position - Beginning of year (As restated, Note 19)	351,524	345,266	6,258	1.8%
Cumulative effect implementing GASB 75 (Note 19)	(34,740)	-	(34,740)	N/A
Net Position - Beginning of year (as fully restated)	$ 316,784	$ 345,266	$ (28,482)	-8.2%
Net Position - End of year	**$ 295,718**	**$ 351,524**	**$ (55,806)**	**-15.9%**

The University recorded a decrease in net position of $21.1 million in FY18 prior to the cumulative effect of the implementation of GASB standards 74 and 75. This compared to an overall increase in net position of $6.3 million in FY17. FY18's operating loss of -$204.3 million increased -$22.1 million compared to FY17's operating loss of -$182.2 million. The loss before other revenues was -$25.9 million after net nonoperating revenues of $178.5 million are considered, compared to a similar loss in FY17 of -$5.9 million. Other revenues of $4.8 million brought the aggregate change in net position to -$21.1 million. After adjusting for the cumulative effect of GASB 74 and 75 implementation of -$34.7 million, the University ended FY18 with an aggregate net position of $295.7 million compared to an ending aggregate net position of $351.5 million in FY17.

FY18 operating revenues of $214.0 million were $2.0 million less than FY17. Net student tuition and fees of $95.8 million were $9.5 million higher than FY17, an increase of 11.0%.

This increase resulted from a rate increase of 3.5% approved by the State Board and higher graduate enrollments in both Fall and Spring semesters.

Aggregate grants and contracts revenues for FY18 of $78.7 million were $3.7 million lower that FY17. Federal grants and contracts of $66.5 million were down slightly from FY17's total of $67.1 million, while FY18 State grants revenues of $7.7 million were $3.0 million lower than the previous year. Private grant revenues of $4.6 million were comparable to the prior year. FY18 total grant awards of $81.7 million exceeded the prior year total by $3.7 million.

Sales and services of auxiliary enterprises revenues of $20.7 million decreased $10.4 million from FY17. The primary contributor to this decrease was a change in the University's contract with Sodexo for provision of campus dining services resulting in a $6.5 million decrease in revenues. In fiscal years 2017 and prior, the University had collected the gross revenues related to these services and recorded a corresponding expense for Sodexo's services. Under the new agreement in FY18, Sodexo collected all revenues for dining services and paid a commission to the University based on the collected revenues. These decreased revenues to the University had a corresponding decrease in service fee expenses paid to Sodexo during the year. Additionally, other food services revenues decreased $1.7 million if FY18. One final factor to the FY18 decrease in auxiliary revenues related to reduced athletics game guarantees of $1.5 million.

Other sources of operating revenues of $7.5 million increased by $2.7 million in FY18. Incentives, subsidies and rebates revenues related to the University's health insurance plan of $2.5 million increased by $0.7 million. Royalty income for FY18 also increased by $0.7 million over prior year. The remaining increase in these revenues was spread over a variety of other revenues.

FY18 operating expenses of $418.4 million increased $20.2 million over FY17. Salary expenses of $189.6 million accounted for $11.8 million of this overall increase. Salary expenses rose in FY18 due to a 3% across-the-board increase approved by the State Board, combined with an additional mid-year increase of approximately 3% related to the University's implementation of a market-based compensation system. Additionally, full-time equivalent faculty and staff increased 2.7% through the filling of vacant and new positions.

Benefits expense of $71.6 million increased $13.5 million over FY17. Health plan benefits costs increased $2.1 million due to increased funding requirements by the Idaho Department of Insurance, tuition waivers for staff, spouse, and graduate/teaching assistants increased $1.8 million, and other post-retirement employment benefits ("OPEB") costs increased $2.1 million with the required adoption of GASB standards 74/75. The remaining increase was spread across worker's compensation, retirement matching benefits, and FICA/FICA Medicare increases related to the previously-mentioned salary increases.

Services expense of $53.0 million decreased $8.4 million from FY17. This decrease related to the FY18 alteration of the Sodexo contract as discussed previously in the revenue section of this narrative.

Scholarship and fellowship expenses of $25.4 million were $2.2 million higher than FY17. $1.2 million of this increase related to increases in medical education and State Board of Education scholarships, a $0.3

million increase in graduate assistant aid, and a $0.4 million increase in Pell grants. The remaining increase was spread across a spectrum of other scholarships and aid.

Net nonoperating revenues of $178.5 million increased $2.2 million over FY17. This was related directly to State appropriation revenues of $134.4 million increasing $2.5 million over the prior year.

FY18 other revenues totaling $4.8 million decreased $7.3 million from FY17. Project revenues from the Idaho Department of Public Works (DPW) decreased $3.3 million from the prior year due to the completion of the Integrated Research and Innovation Center ("IRIC") in FY17. DPW revenues are dependent upon projects in which the State chooses to participate and are only recognized when DPW deems projects complete.

Capital gifts from the University Foundation of $0.7 million in FY18 were $4.3 million lower than recorded in the prior year. This drop was due to the FY18 focus on the accumulation of funding for the Idaho Central Credit Union Arena project that had not yet been initiated.

STATEMENT OF CASH FLOWS

The statement of cash flows presents detailed information about the cash activities of the University during the year ended June 30, 2019. The statement is divided into five parts. The first part details operating cash flows and the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing and non-capital financing purposes. The third section, cash flows from capital and related financing activities, shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds and interest received. The fifth section reflects the net change in cash position.

Statement of Cash Flows, FY19 Compared to FY18:

Condensed Statement of Cash Flows
Fiscal Years Ended June 30
(Dollars in Thousands)

	2019	2018	2019 $ Inc. (Dec.)	2019 % Inc. (Dec.)
Cash provided (used) by:				
Operating activities	$ (183,931)	$ (181,124)	$ (2,807)	1.5%
Noncapital financing activities	188,996	186,224	2,772	1.5%
Capital and related financing activities	(33,764)	(18,983)	(14,781)	77.9%
Investing activities	37,314	710	36,604	5155.5%
Net change in cash	8,615	(13,173)	21,788	-165.4%
Cash beginning of the year	25,577	38,750	(13,173)	-34.0%
Cash end of the year	$ 34,192	$ 25,577	$ 8,615	33.7%

FY19 ending cash balance of $34.2 million increased $8.6 million from ending FY18. This was due to the University liquidating portions of its long-term investments at the end of fiscal 2019 to replenish operating cash.

Cash used for operating activities of $183.9 million increased from FY18 by $2.8 million. Receipts from student tuition/fees, grants and contracts, sales of services, net student loan collections and other receipts totaled $215.7 million, $3.5 million higher than FY18. These collections were offset by payments to employees, suppliers, and scholarships of $399.6 million, an increase of $6.3 million from the prior year. These factors resulted in the FY19 increase in outflow of cash from University operations.

The FY19 increase of $2.9 million in State appropriations accounted for the increase in cash inflow from noncapital financing activities.

Reductions in State capital appropriations and capital gifts during FY19 of $8.4 million, combined with an increase in capital asset expenditures of $6.1 million translated into net cash used by capital and related financing activities for the year of $33.8 million, $14.8 million higher than 2018.

Net sales and maturities of investments, combined with investment income received, resulted in net cash of $37.3 million being provided, an increase of $30.3 million over FY18.

Statement of Cash Flows, FY18 Compared to FY17:

Condensed Statement of Cash Flows
Fiscal Years Ended June 30
(Dollars in Thousands)

	2018	2017 (Restated)	2018 $ Inc. (Dec.)	2018 % Inc. (Dec.)
Cash provided (used) by:				
Operating activities	$ (181,124)	$ (166,817)	$ (14,307)	8.6%
Noncapital financing activities	186,224	182,490	3,734	2.0%
Capital and related financing activities	(18,983)	(28,513)	9,530	-33.4%
Investing activities	710	379	331	87.3%
Net change in cash	(13,173)	(12,461)	(712)	5.7%
Cash beginning of the year	38,750	51,211	(12,461)	-24.3%
Cash end of the year	$ 25,577	$ 38,750	$ (13,173)	-34.0%

The FY18 year-end cash balance of $25.6 million decreased $13.2 million from the ending balance of FY17.

Operating activities cash inflows for student tuition, grants, net sales of services, net student loans collected and other receipts of $212.1 million was $5.9 million lower than FY17. Operating activities used cash for salaries and benefits, payments to suppliers and scholarships totaling $393.3 million, $8.5 million more than FY17. As a result, operating activities net use of cash of $181.2 million was $14.3 million higher than in FY17.

Net cash provided by noncapital financing activities of $186.2 million increased $3.7 million over FY17. Increases in State appropriations of $2.5 million combined with a $1.0 million increase in cash received from gifts and other receipts comprised the increase of cash in this category.

Net cash used by capital and related financing activities of $19.0 million represented a decrease of cash used of $9.5 million for FY18. Reduced capital expenditures of $8.3 million and increased capital grants and gifts of $2.7 million for FY18 were the primary components of this reduction in cash used.

Net sales and purchased of investments yielded a slight increase in cash provided for the year from investing activities of $0.7 million.

CAPITAL ASSETS AND DEBT MANAGEMENT

Strategic planning of capital asset renewal and replacement, combined with associated debt management, is vital to the University's long-term success. The University focuses on continual update of its teaching, research and student living investments to ensure it maintains campuses and facilities that create an effective and inviting environment for quality instruction and critical research activities, an environment that is safe, up-to-date and welcoming.

Capital Assets, FY19 Compared to FY18:

Capital Assets
Fiscal Years Ended June 30
(Dollars in Thousands)

	2019	2018	2019 $ Inc. (Dec.)	2019 % Inc. (Dec.)
Capital Asset at Cost				
Buildings and improvements	$ 682,348	$ 666,947	$ 15,401	2.3%
Equipment	111,293	109,060	2,233	2.0%
Construction in progress	10,415	8,868	1,547	17.4%
Library materials	57,359	56,444	915	1.6%
Capitalized collections	2,420	2,408	12	0.5%
Land	30,160	27,714	2,446	8.8%
Total Capital Assets at Cost	$ 893,995	$ 871,441	$ 22,554	2.6%
Accumulated Depreciation				
Buildings and improvements	$ (320,798)	$ (303,887)	$ (16,911)	5.6%
Equipment	(91,496)	(89,289)	(2,207)	2.5%
Library materials	(54,306)	(53,747)	(559)	1.0%
Total Accumulated Depreciation	$ (466,600)	$ (446,923)	$ (19,677)	4.4%
Total Capital Assets, Net	$ 427,395	$ 424,518	$ 2,877	0.7%

The University's net capital assets of $427.3 million increased $2.9 million during FY19. This increase was the result of $27.4 million in asset acquisitions during the year. The University acquired several properties during the year totaling $5.0 million, consisting of both land and associated buildings. Property was purchased in Sandpoint ($2.2 million) for the establishment the Sandpoint Organic Agriculture Center to provide research and outreach programs related to organic farming; in Rupert ($2.5 million) for future development of the Idaho Center for Agriculture, Food and the Environment (CAFÉ); a facility focused on dairy, crop production and food processing research; and in Moscow ($0.3 million) for future campus development.

During FY19 the University capitalized $2.2 million in building improvements and equipment related to a service concession agreement with Sodexo to provide campus food services. These assets were funded by Sodexo but are owned by the University.

Other significant projects completed and capitalized during the year included the new Presidential Residence ($2.2 million), construction of a new building for the Aquaculture Research Institute ($3.1 million), renovations to Renfrew Hall, the Janssen Engineering Building, and the J.A. Albertson's Building (combined $1.7 million), and additions to the WWAMI Anatomy Lab located in Gritman Medical Center ($0.8 million) for the benefit of the University's first-year medical students and their instructors. In June 2019, the University broke ground for the construction of the Idaho Central Credit Union ("ICCU") Arena, a modern sports and events venue to be opened in 2021. Costs for FY19 progress on the ICCU Arena construction were $3.2 million and were reflected in capitalized construction-in-progress at year-end. The remaining additions consisted of a significant number of other projects on the Moscow campus and other University locations.

These additions were offset by an increase of $19.7 million in net accumulated depreciation recognized through annual depreciation expense and disposal of fully-depreciated assets, with the ending net capital asset balance for the University being $427.4 million.

Capital Assets, FY18 Compared to FY17:

Capital Assets
Fiscal Years Ended June 30
(Dollars in Thousands)

	2018	2017 (Restated)	2018 $ Inc. (Dec.)	2018 % Inc. (Dec.)
Capital Asset at Cost				
Buildings and improvements	$ 666,947	$ 661,191	$ 5,756	0.9%
Equipment	109,060	102,958	6,102	5.9%
Construction in progress	8,868	1,639	7,229	441.1%
Library materials	56,444	56,761	(317)	-0.6%
Capitalized collections	2,408	2,377	31	1.3%
Land	27,714	27,714	-	0.0%
Total Capital Assets at Cost	$ 871,441	$ 852,640	$ 18,801	2.2%
Accumulated Depreciation				
Buildings and improvements	$ (303,887)	$ (287,011)	$ (16,876)	5.9%
Equipment	(89,289)	(84,210)	(5,079)	6.0%
Library materials	(53,747)	(54,115)	368	-0.7%
Total Accumulated Depreciation	$ (446,923)	$ (425,336)	$ (21,587)	5.1%
Total Capital Assets, Net	$ 424,518	$ 427,304	$ (2,786)	-0.7%

Net capital assets of $424.5 million decreased by $2.8 million in FY18. Gross capital assets increased by $18.8 million for the year, a combination of $11.1 in capitalized assets and $10.0 million in construction-in-progress additions, offset by asset retirements of $2.3 million.

Major projects and expenditures capitalized in FY18 include completion of the Wallace dormitory renovation of $3.0 million, acquisition of laboratory equipment for the Integrated Research and Innovation Center ("IRIC") and elsewhere across the University costing $2.3 million, purchase and capital leasing of computer equipment of $0.8 million, and replacement of synthetic turf for the University's football program for $0.6 million. The remaining additions for FY18 were spread across a wide number of departments and programs throughout the University.

These additions were offset by a net increase in accumulated depreciation of $21.6 million in FY18 captured through depreciation expense and disposals of fully-depreciated assets.

Ending net capital assets related to these activities were $424.5 million. For further information and detail regarding current and prior year changes in capital assets refer to Footnote 6.

Bonds and Capital Leases, FY19 Compared to FY18:

Bonds and Capital Leases
Fiscal Years Ended June 30
(Dollars in Thousands)

	2019	2018	2019 $ Inc. (Dec.)	2019 % Inc. (Dec.)
Total Bonds & Capital Leases	$ 173,070	$ 178,627	$ (5,557)	-3.1%

The University incurred no new debt in FY19. Total debt of $173.1 million decreased $5.6 million from prior year.

Bonds payable issued for prior year capital projects and debt refinancings totaled $172.9 million at year-end FY19, a decrease of $6+ million from year-end FY18. This reduction was related to FY19 principal payments on the University's existing debt.

Obligations related to capital leases of $0.1 million decreased from the FY18 total of $0.2 million due to ongoing lease payments. This capital lease obligations relate to various computer components across campus.

Bonds, Notes and Capital Leases, FY18 Compared to FY17:

Bonds, Notes Payable and Capital Leases
Fiscal Years Ended June 30
(Dollars in Thousands)

	2018	2017 (Restated)	2018 $ Inc. (Dec.)	2018 % Inc. (Dec.)
Total Bonds, Notes Payable and Capital Leases	$ 178,627	$ 184,391	$ (5,764)	-3.1%

The University's year-end total debt balance of $178.6 million decreased $5.8 million from FY17.

Bonds payable of $178.4 million decreased $6.0 million from the prior year-end balance. This decrease was the result of FY18 ongoing bond principal payments combined with the current refinancing of the Series 2007B bonds with the Series 2018A bonds in Spring 2018. This refinancing reduced the outstanding bond principal by $5.1 million and reduced the effective interest rate associated with these refinanced bonds from 4.25% to 2.61%.

The University paid off its remaining note payable of $13 thousand in FY18. This note was related to a loan issued through the Economic Development Association.

The University entered into capital leases for computer equipment with Dell and Hewlett-Packard in FY18 totaling $0.3 million in FY18. After FY18 amortization the year-end balances were $0.3 million.

For further information and detail regarding the University's debt refer to Footnotes 9 and 10.

ECONOMIC OUTLOOK

Funding for the major activities of the University comes from a variety of sources including tuition and fees, state appropriations, private and governmental grants and contracts, auxiliary sales and services, donor gifts and investment income. Revenues are also generated through recovery of costs associated with federal grants and contracts activities, which serve to offset related administrative and facility costs of the University.

State of Idaho support for the University has increased steadily over the past 3 years, in whole dollars and as a percentage of revenues. The overall economy of the state has shown strong growth in 2019, finishing the year with $3.7 billion in general fund receipts. Although this represented virtually no change from fiscal year 2018, all categories of tax revenue grew by between 7-18% except for individual income tax receipts, which was depressed by 10% after the state passed the largest income tax cut in state history. Corporate taxes increased by 18%, a sign of increased business activity; and sales taxes grew by 7% from increased personal spending. Based on continued expectations of economic growth, the Division of Financial Management has projected general fund revenues to increase by 5.2% in fiscal year 2020.

The State Board of Education has continued to support necessary and reasonable tuition and fee increases for the University, authorizing a 5% increase for fiscal year 2019. Enrollment has been relatively stable for the past four years after several years of declines, although undergraduate enrollment is declining while the graduate level is growing. Increased investment in strategic enrollment efforts and financial aid management continue to be a focus of University leadership and management. The University has led efforts with the State Board of Education to promote and encourage an increase in Idaho high school "go on" rates to college and will continue such efforts. In addition, the University has been focusing greater attention on achieving diversified and sustainable growth in its international student population. Finally, significant efforts across all areas of the University continue to remain focused on student retention with promising results seen at both the undergraduate and graduate levels.

The University continues to excel as a national leader in high-quality academic research. Recognized by the Carnegie Foundation as a high research activity institution, the University was actively engaged in approximately $79.1 million in sponsored programs, grant and contract activities in fiscal year 2019. University efforts toward proactively pursuing new federal, state, industry and other grants and contracts reflect the ongoing commitment to remain a national leader in academic research. The University received 715 awards totaling $87.1 million during the year. These awards were received across numerous programs with various sponsors, including the National Science Foundation, the U.S. Department of Agriculture, the U.S. Department of Education, the Department of Health and Human Services, and the Idaho Department of Health and Welfare.

The University has set forth a 9-year Strategic Plan, guided by its mission to shape the future through innovative thinking, community engagement and transformational education, which will guide prioritization of resources through 2025. Every member of the University community, including students, faculty and staff, are fully committed to playing an active role in the continued success of the State of Idaho's premier research and land-grant institution.

STATEMENT OF NET POSITION
AS OF JUNE 30, 2019 AND 2018

	University of Idaho 2019	University of Idaho 2018	University of Idaho Foundation (note 17) 2019	University of Idaho Foundation (note 17) 2018
ASSETS				
Current Assets				
Cash and cash equivalents	$ 15,662,282	$ 9,104,097	$ 14,493,160	$ 6,889,365
Due from state agencies	266,170	205,681	-	-
Prepaid expenses	1,748,973	1,259,460	-	-
Investments	-	-	24,214,225	14,119,854
Interest and other receivables	792,746	714,138	276,762	248,646
Student loans receivable - net	2,150,353	2,192,247	-	-
Accounts receivable & unbilled charges - net	36,972,065	34,307,262	-	-
Inventories	1,861,880	2,155,029	-	-
Promises to give - net	-	-	1,358,300	1,088,960
Notes receivable	244,022	260,319	24,915	101,582
Total Current Assets	**59,698,491**	**50,198,233**	**40,367,362**	**22,448,407**
Noncurrent Assets				
Restricted cash and cash equivalents	18,529,824	16,472,506	14,091,462	26,920,677
Student loans receivable - net	6,867,696	8,639,418	-	-
Investments	45,751,552	77,483,251	300,361,894	292,627,721
Promises to give - net	-	-	3,414,362	2,221,147
Notes receivable	-	-	-	30,577
Real estate holdings	-	-	4,865,957	4,963,457
Non-depreciable capital assets	42,994,283	38,989,906	-	-
Depreciable capital assets - net	384,400,393	385,527,964	-	-
Other noncurrent assets	-	-	312,347	319,051
Total Noncurrent Assets	**498,543,748**	**527,113,045**	**323,046,022**	**327,082,630**
TOTAL ASSETS	**$ 558,242,239**	**$ 577,311,278**	**$ 363,413,384**	**$ 349,531,037**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on refunding	1,534,966	1,556,693	-	-
Deferrals - pension plan	12,272,565	12,074,978	-	-
Deferrals - OPEB	5,115,718	615,000	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**18,923,249**	**14,246,671**	**-**	**-**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 577,165,488**	**$ 591,557,949**	**$ 363,413,384**	**$ 349,531,037**

See notes to financial statements

Continued

STATEMENT OF NET POSITION
AS OF JUNE 30, 2018 AND 2017

	University of Idaho 2019	University of Idaho 2018	University of Idaho Foundation (note 17) 2019	University of Idaho Foundation (note 17) 2018
LIABILITIES				
Current Liabilities				
Accounts payable	$ 7,834,987	$ 6,271,393	$ 203,550	$ 890,150
Accrued salaries and benefits payable	12,407,109	6,793,112	-	-
Compensated absences payable	7,942,781	7,739,280	-	-
Endowment earnings payable to trust beneficiaries	-	-	11,312,048	10,929,770
Accrued interest payable	2,083,398	2,048,902	-	-
State teacher education loan advance	128,076	148,808	-	-
Deposits	713,049	853,736	-	-
Unearned revenue	6,844,069	7,008,252	-	-
Funds held in custody for others	1,414,916	1,484,487	-	-
Obligations under capital leases	64,816	62,204	-	-
Current portion long-term liabilities	5,492,475	5,977,478	-	-
Other liabilities	1,178,613	243,006	-	-
Split interest agreements	-	-	801,008	1,091,545
Total Current Liabilities	**46,104,289**	**38,630,658**	**12,316,606**	**12,911,465**
Noncurrent Liabilities				
Obligations under capital leases	137,918	202,734	-	-
Notes and bonds payable	172,931,591	178,424,066	-	-
Net pension liability	27,122,978	29,092,164	-	-
Net OPEB liability	30,891,246	33,335,831	-	-
Other funds due to University of Idaho	-	-	10,000,000	10,000,000
Split interest agreements	-	-	7,186,343	7,867,540
Total Noncurrent Liabilities	**231,083,733**	**241,054,795**	**17,186,343**	**17,867,540**
TOTAL LIABILITIES	**$ 277,188,022**	**$ 279,685,453**	**$ 29,502,949**	**$ 30,779,005**
DEFERRED INFLOWS OF RESOURCES				
Deferrals - pension	5,429,308	4,711,288	-	-
Deferred amortization - services concession arrangement and naming rights agreement	10,922,736	10,000,000	-	-
Deferrals - OPEB	7,240,505	1,442,806		
Split interest trusts	-	-	5,283,184	4,350,037
TOTAL DEFERRED INFLOWS OF RESOURCES	**23,592,549**	**16,154,094**	**5,283,184**	**4,350,037**
NET POSITION				
Net investment in capital assets	251,956,088	243,910,315	-	-
Restricted for:				
Nonexpendable	-	-	246,202,912	237,176,160
Expendable	38,281,066	35,790,253	74,672,796	70,092,088
Unrestricted	(13,852,237)	16,017,834	7,751,543	7,133,747
TOTAL NET POSITION	**276,384,917**	**295,718,402**	**328,627,251**	**314,401,995**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 577,165,488**	**$ 591,557,949**	**$ 363,413,384**	**$ 349,531,037**

See notes to financial statements

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

OPERATING REVENUES	University of Idaho 2019	University of Idaho 2018	University of Idaho Foundation (note 17) 2019	University of Idaho Foundation (note 17) 2018
Student tuition and fees (net of scholarship allowances of $23,314,163 and $24,652,391 for FY 2019 and FY 2018 respectively)	$ 99,431,771	$ 95,794,002	$ -	$ -
Federal grants and contracts	66,615,671	66,491,802	-	-
State and local grants and contracts	7,561,658	7,689,506	-	-
Private grants and contracts	4,929,896	4,550,353	-	-
Sales and services of educational activities	9,557,950	11,152,508	-	-
Sales and services of auxiliary enterprises	23,284,674	20,697,095	-	-
Interest on loans receivable	320,858	157,558	-	-
Other sources	5,057,716	7,485,668	74,210	719,633
Gifts	-	-	22,015,344	21,117,965
Total operating revenue	**216,760,194**	**214,018,492**	**22,089,554**	**21,837,598**
OPERATING EXPENSES				
Salaries	196,438,566	189,570,125	-	-
Benefits	70,339,670	71,569,997	-	-
Services	57,260,304	52,990,732	-	-
Supplies	26,873,323	30,717,586	-	-
Insurance, utilities and rent	16,403,426	15,567,204	-	-
Scholarships and fellowships	27,289,088	25,404,355	-	-
Depreciation	24,080,561	23,600,840	-	-
Other	10,442,388	8,968,499	77,491	108,778
Administrative expense	-	-	2,523,297	2,147,407
Total operating expenses	**429,127,326**	**418,389,338**	**2,600,788**	**2,256,185**
OPERATING (LOSS) INCOME	**$ (212,367,132)**	**$ (204,370,846)**	**$ 19,488,766**	**$ 19,581,413**

See notes to financial statements

Continued

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NONOPERATING REVENUES (EXPENSES)	University of Idaho 2019	University of Idaho 2018	University of Idaho Foundation (note 17) 2019	University of Idaho Foundation (note 17) 2018
State appropriations	$ 137,438,200	$ 134,373,900	$ -	$ -
Land grant endowment income	10,498,800	10,099,200	-	-
Federal appropriations	6,284,369	4,866,343	-	-
Federal grants and contracts	13,899,589	14,539,709	-	-
Gifts (including gifts from Foundation)	20,067,352	21,151,842	-	-
Private grants and contracts	-	-	-	-
Net investment income	2,414,318	2,768,497	6,864,754	6,233,184
Net increase (decrease) in fair value of investments	3,167,674	(2,730,097)	10,508,129	14,372,680
Gain (loss) on sale of real estate holdings	-	-	(73,500)	(141,000)
Distribution of endowment income to University and trust beneficiaries	-	-	(11,312,048)	(10,929,770)
Distribution to University and affiliates	-	-	(11,299,351)	(9,669,738)
Distribution of trust income to life income beneficiaries	-	-	-	-
Lease and rental income	-	-	104,123	113,020
Property management	-	-	(55,617)	(27,960)
Change to split interest trusts	-	-	-	-
Interest expense (net of capitalized interest of $642,213 and $275,666 for FY 2019 and FY 2018 respectively)	(7,252,574)	(7,676,265)		-
Other sources	1,009,670	1,067,262		-
Net nonoperating revenues	**187,527,398**	**178,460,391**	**(5,263,510)**	**(49,584)**
GAIN (LOSS) BEFORE OTHER REVENUES	**(24,839,734)**	**(25,910,455)**	**14,225,256**	**19,531,829**
OTHER REVENUES				
Capital grants and contracts	385,941	1,025,689	-	-
Projects with Idaho Department of Public Works	825,411	3,107,121	-	-
Capital gifts from Foundation	4,294,897	711,815	-	-
Total other revenues	**5,506,249**	**4,844,625**	**-**	**-**
INCREASE (DECREASE) IN NET POSTION	**(19,333,485)**	**(21,065,830)**	**14,225,256**	**19,531,829**
NET POSITION - Beginning of year (Previously reported)	295,718,402	351,523,782	314,401,995	294,870,166
Cumulative effect of implementation of GASB 75	-	(34,739,550)	-	-
NET POSITION - Beginning of year (Restated)	**295,718,402**	**316,784,232**	**314,401,995**	**294,870,166**
NET POSITION - End of year	**$ 276,384,917**	**$ 295,718,402**	**$ 328,627,251**	**$ 314,401,995**

See notes to financial statements

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	University of Idaho 2019	University of Idaho 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts and disbursements		
Tuition and fees	$ 97,865,909	$ 94,670,372
Grants and contracts	76,313,163	78,907,542
Sales of services - net	34,823,040	31,336,480
Payments to or for employees	(263,557,095)	(258,851,192)
Payments to suppliers	(108,676,604)	(109,088,351)
Scholarships disbursed	(27,289,088)	(25,404,355)
Funds held for others	(69,571)	76,081
Student loans collected	2,153,601	4,137,928
Student loans disbursed	(97,735)	(4,115,348)
Other receipts	4,604,663	7,206,892
Net cash used by operating activities	(183,929,717)	(181,123,951)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Appropriated general education revenues:		
State general account	137,236,164	134,373,900
Land grant endowment income	10,498,800	10,099,200
Federal appropriations	6,284,369	4,866,343
Federal grants and contracts	13,899,589	14,539,709
Gifts	20,067,352	21,151,842
Other receipts	1,009,670	1,192,529
Net cash provided by noncapital financing activities	188,995,944	186,223,523
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State appropriations, capital	825,411	3,107,121
Capital grants and gifts	5,603,574	11,737,504
Capital asset purchases	(26,957,367)	(20,814,486)
Proceeds from capital debt	-	34,914,814
Principal paid on capital debt - net	(6,017,955)	(40,075,019)
Interest paid on capital debt	(7,218,078)	(7,852,922)
Net cash used by capital & related financing activities	(33,764,415)	(18,982,988)

See notes to financial statements.

Continued

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

CASH FLOWS FROM INVESTING ACTIVITIES	**University of Idaho 2019**	**University of Idaho 2018**
Proceeds from sales and maturities of investments	72,767,216	932,718
Investment income	2,414,318	2,768,497
Purchase of investments	(37,867,845)	(2,990,957)
Net cash provided (used) by investing activities	37,313,689	710,258
NET CHANGE IN CASH	8,615,501	(13,173,158)
Cash - Beginning of year	25,576,603	38,749,761
Cash - End of year	$ 34,192,104	$ 25,576,603
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (212,367,132)	$ (204,370,846)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	24,080,561	23,600,840
Decrease (increase) in assets:		
Receivables, net	(771,951)	(1,263,506)
Inventories and prepaids	(196,364)	(702,811)
Net other post-employment benefits assets	-	2,677,000
Deferred contributions and changes of assumptions to pension	(197,587)	4,645,203
Deferred contributions and changes to OPEB	(4,500,718)	(615,000)
Increase (decrease) in liabilities:		
Accounts payable	1,563,594	(347,722)
Accrued payroll, benefits and compensated absences	5,817,498	2,105,386
Deposits and unearned revenues	(304,870)	(588,910)
Change in funds held for others	(69,571)	76,081
Net pension liability	(1,969,186)	(7,183,600)
Net OPEB liability	(2,444,585)	(1,403,719)
Deferred inflows of resources	6,515,719	2,063,660
Other liabilities	914,875	183,993
Net cash used by operating activities	$ (183,929,717)	$ (181,123,951)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Amortization of deferred amounts on refunding and bond premium	$ (794,179)	$ (794,179)
Donated assets	91,116	60,635
Change in fair value of investments	3,092,300	(2,680,942)

See notes to financial statements

STATEMENTS OF FIDUCIARY FUNDS NET POSITION
AS OF DECEMBER 31, 2018 AND 2017

	Retiree Benefits Trust 2018	Retiree Benefits Trust 2017	Health Benefits Trust 2018	Health Benefits Trust 2017
Assets				
Cash and short-term investments	$ 1,189,945	$ 1,037,703	$ 143,892	$ 1,956,044
Accounts receivable	-	-	-	-
Interest receivable	2,330	1,239	37,314	16,721
Investments, at fair value				
Fixed income securities	3,581,028	4,525,174	5,183,059	3,567,603
Equity securities	2,672,700	2,323,629	-	-
Pooled securities	26,313,477	27,096,626	-	-
Total assets	**$ 33,759,480**	**$ 34,984,371**	**$ 5,364,265**	**$ 5,540,368**
Liabilities				
Accounts payable	$ -	$ -	$ 595,611	$ 180,010
IBNR liability	-	-	2,443,300	2,301,400
Total liabilities	**-**	**-**	**3,038,911**	**2,481,410**
Net position held in trust for benefits	**$ 33,759,480**	**$ 34,984,371**	**$ 2,325,354**	**$ 3,058,958**

See notes to financial statements

STATEMENTS OF CHANGES IN FIDUCIARY FUNDS NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Retiree Benefits Trust 2018	Retiree Benefits Trust 2017	Health Benefits Trust 2018	Health Benefits Trust 2017
Additions				
Contributions				
Employer	$ 615,000	$ 210,000	$ 23,902,117	$ 22,572,080
Plan members	-	-	5,648,548	5,409,903
Total contributions	**615,000**	**210,000**	**29,550,665**	**27,981,983**
Net investment (loss) income	(1,734,110)	3,612,405	99,171	47,143
Total additions	**(1,119,110)**	**3,822,405**	**29,649,836**	**28,029,126**
Deductions				
Insurance claim benefits	-	-	25,908,915	22,127,933
Change in IBNR	-	-	141,900	173,910
Premiums	-	-	119,167	79,272
Administrative expenses	105,781	84,637	4,213,458	3,922,180
Total deductions	**105,781**	**84,637**	**30,383,440**	**26,303,295**
Net increase (decrease) in assets held in trust for benefits	**(1,224,891)**	**3,737,768**	**(733,604)**	**1,725,831**
Benefit plan net position, beginning of year	34,984,371	31,246,603	3,058,958	1,333,127
Benefit plan net position, end of year	**$ 33,759,480**	**$ 34,984,371**	**$ 2,325,354**	**$ 3,058,958**

See notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity — The University of Idaho ("University") is a publicly-supported comprehensive land grant institution created in 1889 by a statute of the 15th territorial legislature and is part of the public system of higher education in the State of Idaho. The system is considered part of the State of Idaho's financial reporting entity. The State Board of Education, appointed by the Governor and confirmed by the State Senate, directs the University. The significant accounting policies followed by the University are described below to enhance the usefulness of the financial statements to the reader.

The University is presenting its financial statements in accordance with the Governmental Accounting Standards Board ("GASB") Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, an amendment of GASB Statement No. 34*.

The University of Idaho Foundation, Inc. ("Foundation") is considered a component unit of the University as determined by GASB 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No.14, which requires reporting, as a component unit, an organization that holds economic resources raised for the direct benefit of a governmental unit. The Foundation was established in 1970 to solicit financial support for the University of Idaho and to manage and invest the resulting charitable gifts. The Foundation is a separate 501(c)(3) corporation comprised of 25 members who serve as a self-perpetuating Board of Directors.

The University of Idaho Health Benefits Trust ("HBT") was established in June 2007 in accordance with the State of Idaho Department of Insurance ("DOI") requirements. The HBT receives the employer, employee, and retiree contributions for the University's self-insured health plan, and pays the medical, dental, mental health and vision claims, and corresponding administrative processing fees, associated with the health plan. The University of Idaho Retiree Benefits Trust ("RBT") was established in April 2008 to fund the University's actuarially-determined projected liability for its self-insured retiree health plan. The University of Idaho Death Benefits Trust ("DBT") was established in January 2019 to self-fund the University's payment of sum-certain death benefit amounts to designated beneficiaries of a fixed and unchanging class of current and former employees pursuant to a 2010 settlement agreement. This benefit had previously been provided through premiums the University paid to a commercial insurer. The liability for this death benefit obligation is actuarially-determined and recorded as part of the University's aggregate post-employment benefits other than pensions ("OPEB") obligation.

The HBT, RBT and DBT all have December 31 fiscal year ends. Due to the establishment date of January 2, 2019 for the DBT, no amounts will be reported for that Trust until the University's fiscal year ending June 30, 2020.

Basis of Accounting — For financial statement 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 and Cash Equivalents — The University considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

Student Loans Receivable — Loans receivable from students bear interest at rates ranging from 3% to 7% and are generally repayable in installments to the University over a 5 to 10-year period commencing 6 or 9 months from the date of separation from the University.

Accounts Receivable — Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, including the University of Idaho Foundation, in connection with reimbursement of allowable expenditures made pursuant to the University's grants, contracts and gifts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories — All inventories are valued at the lower of first-in-first-out cost or market.

Investments — Investments are recorded at fair value. Unrealized gains or 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.

Restricted Cash and Cash Equivalents — Cash and cash equivalents that are restricted to make debt service payments and maintain sinking or reserve funds, except for currently due payments, and monies reserved for specific projects are classified as non-current assets in the statement of net position.

Capital Assets — Capital Assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at the date of gift. For equipment, the University's capitalization policy includes all tangible items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, and land improvements that significantly increase the value or extend the useful life of the structure, are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 40 years for buildings and building improvements, 20 years for improvements other than buildings, 10 years for library materials, and an average of 7 years for equipment. A full year of depreciation is recorded in the year an asset is placed into service. Depreciation is not computed on capitalized collections which include works of art, historical treasures, and various special collections comprising of anthropological, geological, entomological, musical, and wildlife subjects.

The University capitalizes intangible assets of $200,000 or greater in value that have an expected useful life of one year or longer. Depreciation on intangible assets is computed using the straight-line method over the estimated useful lives of the assets, primarily consisting of computer software and licenses that generally have a useful life of 5 years. A full year of depreciation is recorded in the year an asset is placed in service. The University adopted this policy in compliance with the State of Idaho guidelines.

Compensated Absences — Employee vacation and compensatory time earned is accrued at year-end for financial statement purposes. Compensated absence costs are included in benefits expense in the statement of revenues, expenses, and changes in net position.

Unearned Revenue — Unearned revenue includes 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 revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

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

Pensions — 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.

Deferred Outflows and Inflows of Resources — In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents consumptions 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 will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents acquisitions of net position that apply to a future period and so will not be recognized as an inflow of resources (revenue) until then.

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

Net Investment In Capital Assets: This represents the University's investment in capital assets, net of depreciation and 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 offset against their corresponding net debt amount when included as a component of net investment in capital assets.

Restricted—Nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted—Expendable: Restricted expendable net position includes resources for which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, investment income, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board for any lawful purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then toward unrestricted resources.

Income and Unrelated Business Income Taxes — The University is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, per letter dated November 7, 1945. The University is also considered a Section 501(c)(3) corporation via letter from the Internal Revenue Service dated August 29, 1961. The University is subject to unrelated business income tax.

Classification of Revenues and Expenses — The University has classified its revenues as either operating or non-operating according to the following criteria:

Operating Revenues and Expenses: Operating revenues and expenses include revenues and expenses from activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and their related expenses, (3) most federal, state and local grants and contracts revenues and expenditures (excluding federal Pell grant revenues which constitute nonoperating federal grants and contracts revenues), (4) interest on institutional student loans, and (5) administrative and other expenses associated with daily operations of the University, including its off-campus operations.

Nonoperating Revenues and Expenses: Nonoperating revenues and expenses include revenues and expenses from activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue and expense sources that are defined as non-operating 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 tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Federal, state and nongovernmental student aid grants are recorded as operating revenues in the University's financial statements, except for federal Pell grants which are recorded in nonoperating revenues. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net position and disclosures regarding contingent assets and liabilities. Actual results could differ from those estimates.

Service Concession Arrangements – In November 2010, the GASB issued Statement 60 *Accounting and Financial Reporting for Service Concession Arrangements* for reporting periods beginning after December 15, 2011. This standard addresses partnerships between public and private entities known as service concession arrangements ("SCAs"). Such partnerships involve agreements between a transferor (a governmental entity) and an operator (a governmental or non-governmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees it assesses third parties.

Statement 60 applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. A transferor reports the facility subject to an SCA as its capital asset, generally following existing measurement, recognition, and disclosure guidance for capital assets. New facilities constructed or acquired by the operator or improvements to existing facilities made by the operator are reported at fair value by the transferor. A liability is recognized for the present value of significant contractual obligations to sacrifice financial resources imposed on the transferor, along with a corresponding deferred inflow of resources. Revenue is recognized by the transferor in a systematic and rational manner over the term of the arrangement.

The University entered into an SCA with Sodexo America, LLC ("Sodexo") in 2015, with an addendum in 2017, to provide University-wide food services in University-owned properties. Beginning in 2015, Sodexo agreed to fund the commencement of three separate projects which included renovations to existing dining facilities in Wallace dormitory and the establishment/renovation of services in the Commons building. Sodexo committed $2.55 million for the funding of these projects, all of which were completed by the commencement of the University's 2018-2019 academic year. The University has ownership of these capital improvements and recorded them as assets during its 2019 fiscal year with corresponding revenue and deferred inflows of resources.

New Accounting Standards — In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations,* effective for reporting periods beginning after June 15, 2018. This standard addresses the accounting and financial reporting for certain asset retirement obligations, which are defined as legally enforceable liabilities associated with the retirement of tangible capital assets. Should the University determine the existence of such liabilities, it would be required to recognize and report such liabilities in such manner as proscribed in Statement 83. Management has concluded this has no impact to the University's current year financial statements.

In March 2018 the GASB issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* effective for reporting periods beginning after June 15, 2018. This Statement requires additional disclosure by the University of unused lines of credit, assets pledged as collateral for the debt, and terms specified in its debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The University reviewed the requirements of Statement 88 and updated its disclosures as needed to ensure its compliance with this standard.

Reclassifications — Certain items previously reported in the 2018 financial statements have been reclassified to conform to the current 2019 financial statement presentation. Such reclassifications had no effect on the previously reported change in net position.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are deposited with various financial institutions. Custodial credit risk on deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. At June 30, 2019, $21,646,551 of the University's bank balance of $34,192,106 was exposed to custodial credit risk because it was uninsured and uncollateralized. At June 30, 2018, $19,172,384 of the University's bank balance of $25,576,603 was exposed to custodial credit risk because it was uninsured and uncollateralized.

3. INVESTMENTS

The general investment policy of the University as adopted by the State Board of Education is that investments in securities are to be made with the objectives of maximizing long-term total return, ensuring safety of principal, and providing satisfactory current income. The University is restricted by the State of Idaho statutes and Idaho State Board of Education policy in the types of investments in which it may invest.

Investment of cash shall be restricted to:

- FDIC passbook savings accounts.
- Certificates of deposit.
- U.S. securities.
- Federal funds repurchase agreements.
- Reverse repurchase agreements.
- Federal agency securities.
- Large money market funds.
- Banker's acceptances.
- Corporate bonds of Aa grade or better.
- Mortgage backed securities of Aa grade or better.
- Commercial paper of prime or equivalent grade.

In accordance with established investment policy, the University may invest in various mortgage-backed securities, such as collateralized mortgage obligations. 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

Per GASB Statement No. 72, 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 tables on the following page classify the fair value of the University's investments at June 30, 2019 and June 30, 2018 respectively:

Investment Securities Measured at Fair Value at June 30, 2019

		Fair Value Measurements Using		
	6/30/2019	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				
Money market funds/cash sweeps	$ 778,794	$ 778,794	$ -	$ -
Debt securities				
U.S. Government and agency obligations	$ 4,648,233	$ -	$ 4,648,233	$ -
Corporate obligations	33,981,290	-	33,981,290	-
Mortgage-backed securities	6,343,235	-	6,343,235	-
Total debt securities	$ 44,972,758	$ -	$ 44,972,758	$ -
Total investments by fair value	$ 45,751,552	$ 778,794	$ 44,972,758	$ -

Investment Securities Measured at Fair Value at June 30, 2018

		Fair Value Measurements Using		
	6/30/2018	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				
Money market funds/cash sweeps	$ 3,287,085	$ 3,287,085	$ -	$ -
Debt securities				
U.S. Government and agency obligations	$ 7,284,714	$ -	$ 7,284,714	$ -
Corporate obligations	58,904,370	-	58,904,370	-
Mortgage-backed securities	8,007,082	-	8,007,082	-
Total debt securities	$ 74,196,166	$ -	$ 74,196,166	$ -
Total investments by fair value	$ 77,483,251	$ 3,287,085	$ 74,196,166	$ -

Money market securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. 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 3, significant unobservable inputs, for fair value measurement.

Interest Rate Risk

Interest rate risk is defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as the risk a government may face should interest rate variances affect the fair value of investments. The University does not presently have a formal policy that addresses interest rate risk; however, it does incorporate weighted average maturity methodology in selecting and reporting its investments. As of June 30, 2019 and June 30, 2018 respectively, the University had the following investments subject to interest rate risk:

Investment Securities Subject to Interest Rate Risk at June 30, 2019

		Investment Maturities in Years				
Investment Type	**Total Fair Value**	**<1**	**1-5**	**6-10**	**11-15**	**>15**
Corporate bonds	$ 33,981,290	$ -	$ 17,544,779	$ 16,436,511	$ -	$ -
U.S. government agency securities	4,648,233	-	1,334,262	3,313,971	-	-
Mortgage-backed securities	6,343,235	-	2,327,897	4,015,338	-	-
Money market mutual funds	778,794	778,794	-	-	-	-
U.S. government securities	-	-	-		-	-
Total	$ 45,751,552	$ 778,794	$ 21,206,938	$ 23,765,820	$ -	$ -

Investment Securities Subject to Interest Rate Risk at June 30, 2018

		Investment Maturities in Years				
Investment Type	**Total Fair Value**	**<1**	**1-5**	**6-10**	**11-15**	**>15**
Corporate bonds	$ 58,904,370	$ 745,061	$ 36,511,901	$ 21,647,408	$ -	$ -
U.S. government agency securities	6,885,660	-	1,454,178	5,431,482	-	-
Mortgage-backed securities	8,007,082	-	3,199,623	4,807,459	-	-
Money market mutual funds	3,287,085	3,287,085	-	-	-	-
U.S. government securities	399,054	-	399,054	-	-	-
Total	$ 77,483,251	$ 4,032,146	$ 41,564,756	$ 31,886,349	$ -	$ -

Interest rate risk disclosed for Mutual Funds - Government Securities is related to the mutual funds' underlying assets.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The University does not presently have a formal policy that addresses credit risk. (The credit risk ratings listed below are issued by standards set by Standard and Poor's.)

As of June 30, 2019 and June 30, 2018 respectively, the University had the following investment credit risk:

Investment Securities Subject to Credit Risk at June 30, 2019

Credit Rating	Corporate Bonds	U.S. Government Agency Securities	Mortgage-Backed Securities	Money Market Mutual Funds	U.S. Government Securities	Total Investments
AAA	$ 515,082	$ 4,648,233	$ 5,083,083	$ 506,530	$ -	$ 10,752,928
AA	11,421,314	-	-	-	-	11,421,314
A	20,510,761	-	1,260,152	-	-	21,770,913
BBB	1,534,133	-	-	-	-	1,534,133
Not rated	-	-	-	272,264	-	272,264
Total	$ 33,981,290	$ 4,648,233	$ 6,343,235	$ 778,794	$ -	$ 45,751,552

Investment Securities Subject to Credit Risk at June 30, 2018

Credit Rating	Corporate Bonds	U.S. Government Agency Securities	Mortgage-Backed Securities	Money Market Mutual Funds	U.S. Government Securities	Total Investments
AAA	$ 2,902,805	$ 6,885,660	$ 6,764,161	$ 2,287,365	$ 399,054	$ 19,239,045
AA	16,108,114	-	-	-	-	16,108,114
A	38,917,199	-	1,242,921	-	-	40,160,120
BBB	976,252	-	-	-	-	976,252
Not rated	-	-	-	999,720	-	999,720
Total	$ 58,904,370	$ 6,885,660	$ 8,007,082	$ 3,287,085	$ 399,054	$ 77,483,251

Concentration of Credit Risk

Per Statement No. 40, Concentration of Credit Risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. 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. The University does not presently have a formal policy that addresses concentration of risk. As of June 30, 2019 and June 30, 2018, the University has the following concentration of credit risk as shown on the following page:

Investment Securities Subject to Concentration of Credit Risk

	At June 30, 2019		At June 30, 2018	
	Total Fair Value	Percentage of Total Investments	Total Fair Value	Percentage of Total Investments
Federal National Mortgage Association (FNMA)	$ 2,546,436	5.57%	Less than 5% concentration	
Apple, Inc.	$ 2,306,178	5.04%	Less than 5% concentration	
BlackRock, Inc.	$ 2,693,016	5.89%	Less than 5% concentration	
Total	$ 7,545,630	16.50%	$ -	0.00%

Custodial Credit Risk

Custodial credit risk on investments is the risk that in the event of a failure of the counterparty, 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 presently have an investment policy that addresses custodial credit risk. At June 30, 2019 and June 30, 2018, all investments were held by the University or its counterparty in the University's name.

Risk and Uncertainties

Per Regents of University of Idaho policy, the University invests in various types of investment securities rated A grade or better. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, changes in the values of investment securities may occur in the near term and such changes could affect the amounts reported in the statements of financial position.

There is always risk and volatility in the domestic and international investment markets. Consequently, the fair value of the University's investments may be exposed to higher than typical price volatility which could result in a subsequent reduction in fair value of certain investments from the amounts reported as of June 30, 2019.

4. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Receivables and unbilled charges consisted of the following at June 30, 2019 and June 30, 2018 respectively:

	2019	2018
Student tuition and fees,		
including federal financial aid funds	$ 7,182,559	$ 5,911,968
Auxiliary enterprises	1,278,397	2,495,215
Educational activities	687,526	1,451,123
Federal appropriations	208,867	6,831
Grants and contracts	16,655,197	13,861,135
Due from Foundation	11,300,719	10,912,590
	$ 37,313,265	$ 34,638,862
Less allowance for doubtful accounts	(341,200)	(331,600)
Net accounts receivable and unbilled charges	$ 36,972,065	$ 34,307,262

5. STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program (the "Program") comprise substantially all of the loans receivable at June 30, 2019 and June 30, 2018. Under this Program, the Federal government provides approximately 67% of the funding for the Program, with the University providing the balance. The Program provides for the cancellation of a loan at rates of 12.5% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the University for amounts cancelled under these provisions.

The Program has been suspended by federal law, preventing universities from issuing any new loans after September 30, 2017. Final disbursements for existing loans as of that date were permitted through June 30, 2018. The University will continue to manage repayments of existing loans through its loan servicer.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The allowance for uncollectible loans was $2,040,259 for June 30, 2019 and $2,112,563 at June 30, 2018.

6. CAPITAL ASSETS

Capital assets at June 30, 2019 and 2018 consisted of the following:

Year ended June 30, 2019	Balance June 30, 2018	Additions	Transfers	Retirements	Balance June 30, 2019
Property, plant and equipment not being depreciated:					
Land	$ 27,714,070	$ 2,445,520	$ -	$ -	$ 30,159,590
Capitalized collections	2,408,265	11,716	-	-	2,419,981
Equipment construction in progress	448,240	366,446	(335,800)	(98,051)	380,835
Construction in progress	8,419,331	8,723,593	(7,045,903)	(63,144)	10,033,877
Total property, plant and equipment not being depreciated	$ 38,989,906	$ 11,547,275	$ (7,381,703)	$ (161,195)	$ 42,994,283
Other property, plant and equipment:					
Buildings	$ 600,781,025	$ 7,229,658	$ 6,714,489	$ (35,733)	$ 614,689,439
Other improvements	66,165,817	1,573,030	331,414	(411,506)	67,658,755
Furniture and equipment	109,060,281	6,126,973	335,800	(4,229,758)	111,293,296
Library materials	56,444,394	914,986	-	-	57,359,380
Total other property, plant and equipment	$ 832,451,517	$ 15,844,647	$ 7,381,703	$ (4,676,997)	$ 851,000,870
Less accumulated depreciation:					
Buildings	$ (259,299,005)	$ (15,201,872)	$ -	$ 14,238	$ (274,486,639)
Other improvements	(44,588,078)	(2,135,341)	-	411,506	(46,311,913)
Furniture and equipment	(89,289,290)	(6,184,392)	-	3,977,893	(91,495,789)
Library materials	(53,747,180)	(558,956)	-	-	(54,306,136)
Total accumulated depreciation	$ (446,923,553)	$ (24,080,561)	$ -	$ 4,403,637	$ (466,600,477)
Other property, plant and equipment—net	$ 385,527,964	$ (8,235,914)	$ 7,381,703	$ (273,360)	$ 384,400,393
Property, plant and equipment summary:					
Property, plant and equipment not being depreciated	$ 38,989,906	$ 11,547,275	$ (7,381,703)	$ (161,195)	$ 42,994,283
Other property, plant and equipment—at cost	832,451,517	15,844,647	7,381,703	(4,676,997)	851,000,870
Total cost of property, plant and equipment	$ 871,441,423	$ 27,391,922	$ -	$ (4,838,192)	$ 893,995,153
Less accumulated depreciation	(446,923,553)	(24,080,561)	-	4,403,637	(466,600,477)
Property, plant and equipment—net	$ 424,517,870	$ 3,311,361	$ -	$ (434,555)	$ 427,394,676

In addition to accounts payable for construction in progress, the estimated cost to complete property authorized or under construction at June 30, 2019 is approximately $54.6 million. These CIP costs will be borne by the University and supplemented with additional funds provided by state appropriations, gifts, grants and contracts, and/or long-term borrowings.

Year ended June 30, 2018

	Balance July 1, 2017 (Restated)	Additions	Transfers	Retirements	Balance June 30, 2018
Property, plant and equipment not being depreciated:					
Land	$ 27,714,070	$ -	$ -	$ -	$ 27,714,070
Capitalized collections	2,376,824	36,840	-	(5,399)	2,408,265
Equipment construction in progress	577,635	565,970	(688,103)	(7,262)	448,240
Construction in progress	1,061,245	9,439,717	(1,982,127)	(99,504)	8,419,331
Total property, plant and equipment not being depreciated	$ 31,729,774	$ 10,042,527	$ (2,670,230)	$ (112,165)	$ 38,989,906
Other property, plant and equipment:					
Buildings	$ 595,429,123	$ 3,657,125	$ 1,982,127	$ (287,350)	$ 600,781,025
Other improvements	65,761,948	403,869	-	-	66,165,817
Furniture and equipment	102,958,193	6,402,856	688,103	(988,871)	109,060,281
Library materials	56,761,384	610,020	-	(927,010)	56,444,394
Total other property, plant and equipment	$ 820,910,648	$ 11,073,870	$ 2,670,230	$ (2,203,231)	$ 832,451,517
Less accumulated depreciation:					
Buildings	$ (244,476,829)	$ (14,968,946)	$ -	$ 146,770	$ (259,299,005)
Other improvements	(42,534,136)	(2,053,942)	-	-	(44,588,078)
Furniture and equipment	(84,210,487)	(6,018,768)	-	939,965	(89,289,290)
Library materials	(54,115,006)	(559,184)	-	927,010	(53,747,180)
Total accumulated depreciation	$ (425,336,458)	$ (23,600,840)	$ -	$ 2,013,745	$ (446,923,553)
Other property, plant and equipment—net	$ 395,574,190	$ (12,526,970)	$ 2,670,230	$ (189,486)	$ 385,527,964
Property, plant and equipment summary:					
Property, plant and equipment not being depreciated	$ 31,729,774	$ 10,042,527	$ (2,670,230)	$ (112,165)	$ 38,989,906
Other property, plant and equipment—at cost	820,910,648	11,073,870	2,670,230	(2,203,231)	832,451,517
Total cost of property, plant and equipment	$ 852,640,422	$ 21,116,397	$ -	$ (2,315,396)	$ 871,441,423
Less accumulated depreciation	(425,336,458)	(23,600,840)	-	2,013,745	(446,923,553)
Property, plant and equipment—net	$ 427,303,964	$ (2,484,443)	$ -	$ (301,651)	$ 424,517,870

7. ACCOUNTS PAYABLE

Accounts payable consisted of the following at June 30, 2019 and 2018:

	2019	2018
Operating activities	$ 7,824,436	$ 6,258,879
Taxes payable	10,551	12,514
Total accounts payable	$ 7,834,987	$ 6,271,393

8. OPERATING LEASES

The University has entered into various noncancellable operating lease agreements covering certain assets. The lease terms range from one to five years. The expense for operating leases was $3,590,391 for the year ended June 30, 2019 and $3,590,529 for the year ended June 30, 2018.

Future minimum lease payments on noncancellable leases at June 30, 2019 are as follows:

FY2020	$ 3,520,181
FY2021	244,953
FY2022	201,487
FY2023	105,032
FY2024	1,500
Total future minimum obligation	$ 4,073,153

9. LONG-TERM LIABILITIES

Long-term liability activity for years ended June 30, 2019 and 2018 is as follows:

	Ending Balance June 30, 2018	Additions	Reductions	Ending Balance June 30, 2019	Amounts Due Within One Year
Bonds, Notes and Capital Lease Obligations:					
Bonds payable	$173,360,000	$ -	$ 5,320,000	$168,040,000	$ 4,835,000
Notes payable	-	-	-	-	-
Capital lease obligatons	264,938	-	62,204	202,734	64,816
	$173,624,938	$ -	$ 5,382,204	$168,242,734	$ 4,899,816
Premium on bonds	11,041,544	-	657,478	10,384,066	657,475
Totals	$184,666,482	$ -	$ 6,039,682	$178,626,800	$ 5,557,291

	Ending Balance June 30, 2017	Additions	Reductions	Ending Balance June 30, 2018	Amounts Due Within One Year
Bonds, Notes and Capital Lease Obligations:					
Bonds payable	$183,725,000	$ 29,145,000	$ 39,510,000	$173,360,000	$ 5,320,000
Notes payable	13,094	-	13,094	-	-
Capital lease obligatons	-	337,993	73,055	264,938	62,204
	$183,738,094	$ 29,482,993	$ 39,596,149	$173,624,938	$ 5,382,204
Premium on bonds	6,373,854	5,176,608	508,918	11,041,544	657,478
Totals	$190,111,948	$ 34,659,601	$ 40,105,067	$184,666,482	$ 6,039,682

10. NOTES AND BONDS PAYABLE

Notes and bonds payable consisted of the following at June 30, 2019 and 2018:

Description	Balance Outstanding 2019	Balance Outstanding 2018
General Revenue Refunding Bonds, Series 2010B, (original balance of $10,150,000), consisting of term bonds due beginning in 2024 and fluctuating periodically from $1,660,000 to a maximum of $2,430,000, plus interest from 4.50% to 5.00% through the year 2032, collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2010B bonds were issued to pay off an interim loan from Wells Fargo Bank, N.A. which funded improvements to the University's Kibbie Dome.	$ 10,150,000	$ 10,150,000
General Revenue Refunding Bonds, Series 2010C, (original balance of $13,145,000), consisting of term bonds due beginning in 2037 with two payments of $6,390,000 and $6,755,000, plus interest from 6.42% to 6.52% through the year 2041, collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2010C bonds were issued to finance and reimburse costs incurred by the University for certain capital improvements to the University's Kibbie Dome. The 2010C bonds are subject to interest subsidy payments thru the U.S. Federal Government's program called Build America Bonds (BAB). The University received BAB interest subsidy payments of $297,732 in FY19 and $297,732 in FY18.	13,145,000	13,145,000

Description	Balance Outstanding 2019	Balance Outstanding 2018
Adjustable Rate General Revenue Refunding Bonds, Series 2011, (original balance of $60,765,000), consisting of term bonds carrying interest at 5.25% through March 31st, 2021, at which time the bonds are subject to mandatory tender for purchase. The bonds may be converted to another term interest period through 2041. The bonds are collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2011 bonds were issued to refund the University's Series 2007A General Revenue Refunding Bonds and to pay the costs of issuance of the Series 2011 bonds.	52,145,000	53,425,000
General Revenue and Refunding Bonds, Series 2013A, (original balance of $8,745,000), consisting of serial bonds commencing in 2014, plus interest from 2.00% to 5.00% through 2028, and term bonds due 2033, plus interest at 3.375%. The bonds are collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2013A bonds were issued to provide funds to finance certain improvements at the Moscow Campus of the University, to refund all outstanding Series 2003 Student Fee Refunding and Revenue Bonds, to refund the University's 2010 Wells Fargo note payable issued to fund the University's prior track and field renovations, and to pay costs of issuance associated with the Series 2013A Bonds.	2,290,000	3,110,000
Taxable General Revenue Bonds, Series 2013B, (original balance of $6,325,000), consisting of serial bonds commencing in 2014, plus interest from 1.95% to 4.30% through 2030, and term bonds due 2033, plus interest at 4.30%. The bonds are collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2013B were issued to provide funds to finance and reimburse costs incurred by the University to acquire land for an outdoor science center in McCall, Idaho and to pay costs associated with the issuance of the Series 2013B Bonds.	4,745,000	5,015,000

Description	Balance Outstanding 2019	Balance Outstanding 2018
General Revenue Bonds, Series 2014, (original balance of $48,660,000) consisting of serial bonds commencing in 2017 maturing through 2033, plus interest from 2.00% to 5.00%, and term bonds due 2035, plus interst of 4.0%; 2039, plus interest of 5.25%; and 2045, plus interest of 4.00%. The bonds are collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2014 were issued to (i) provde funds to finance the construction and equipping of a research center to be referred to as the Integated Research and Innovation Center (the "IRIC"), (ii) finance the renovation of the College of Education Building and other improvements at the University; and (iii) to pay costs of issuance associated with the Series 2014 Bonds.	46,080,000	46,975,000
General Revenue Refunding Bonds, Series 2015A, (original balance of $16,280,000) consisting of serial bonds commencing in 2017 maturing through 2026, plus interest from 2.00% to 5.00%. The bonds are collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2015A bonds were issued to refund the Series 2005A General Revenue Refunding Bonds in the principal amount of $22,285,000 and to pay costs of issuance associated with the Series 2015A Bonds.	10,340,000	12,395,000
General Revenue Refunding Bonds, Series 2018A, (original balance of $29,145,000) consisting of serial bonds commencing in 2020 maturing through 2041, plus interest from 2.00% to 5.00%. The bonds are collateralized by a pledge of all revenues of the University with the exception of general account appropriated funds of the State of Idaho and restricted gift and grant revenues. The Series 2018A bonds were issued to refund the Series 2007B General Revenue Refunding Bonds in the principal amount of $34,235,000 and to pay costs of issuance associated with the Series 2018A Bonds.	29,145,000	29,145,000
Sub-total	$ 168,040,000	$ 173,360,000
Premium on Bonds	10,384,066	11,041,544
TOTAL BONDS & NOTES PAYABLE	**$ 178,424,066**	**$ 184,401,544**

Principal and interest maturities on bonds and notes payable, excluding amortization of bond premium and principal and interest on bonds subject to an in-substance debt defeasance, and capital leases are as follows for the years ending June 30:

	Bonds Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest
2020	$ 4,835,000	$ 8,081,650	$ 64,816	$ 8,240
2021	5,055,000	7,848,329	67,539	5,516
2022	4,825,000	7,608,505	70,379	2,676
2023	5,150,000	7,375,937	-	-
2024	5,380,000	7,083,462	-	-
2025-2029	30,380,000	31,276,855	-	-
2030-2034	36,905,000	23,271,416	-	-
2035-2039	43,720,000	13,879,128	-	-
2040-2044	28,860,000	3,372,920	-	-
2045-2049	2,930,000	117,200	-	-
	$ 168,040,000	$ 109,915,402	$ 202,734	$ 16,432

Pledged Revenues – As stated in the bond descriptions above, the University has pledged certain revenues as collateral for debt instruments comprised of all outstanding University bond issuances. The pledged revenue amounts for the year ended June 30, 2019 and 2018 are as follows:

	FY19	FY18
Source of Pledged Revenues		
Student Fees	$ 99,431,771	$ 95,794,002
Sales and Services Revenues	32,842,624	31,849,603
Other Operating Revenues	5,057,716	7,485,668
Investment Income	2,414,318	2,768,497
F&A Recovery Revenues	11,223,062	11,150,633
Direct Payments for Series 2010B Bonds	297,732	297,732
Total Pledged Revenues	$ 151,267,223	$ 149,346,135
Revenues Available for Debt Service	$ 151,267,223	$ 149,346,135
Debt Service on Bonds	13,810,343	13,948,727
Debt Service Coverage	11.0	10.7

Debt Defeased Through Advance Refunding – The University has legally defeased certain debt obligations through advanced and current refundings. The advance refundings are comprised of the University's 2010A, 2011, 2013A, and 2015A bond issuances.

The specific debt, principal payments, refunded amounts and remaining balances for the refunded bonds are as follows:

Refunded Issue	Original Issue Amount	Principal Payments	Refunded Amount	Balance 6/30/2019
Student Fee Refunding Revenue Bonds, Series 1996	$ 9,285,000	$ 6,160,000	$ 3,125,000	$ -
Student Fee Refunding Revenue Bonds, Series 1997B	12,380,000	5,090,000	7,290,000	-
Student Fee Revenue Bonds (Recreation Center Project) S	20,115,000	795,000	19,320,000	-
Student Fee Revenue Bonds, Series 1999A	1,470,000	295,000	1,175,000	-
Student Fee Revenue Bonds, Series 1999B	6,150,000	1,180,000	4,970,000	-
Student Fee Revenue Bonds, Series 1999C	6,305,000	2,240,000	4,065,000	-
Student Fee Revenue Bonds, Series 2001	40,930,000	2,895,000	38,035,000	-
Student Fee Refunding and Revenue Bonds, Series 2003	17,585,000	12,040,000	5,545,000	-
General Revenue Refunding Bonds, Series 2005A	30,740,000	8,455,000	22,285,000	-
General Revenue Refunding Bonds, Series 2007A	62,445,000	2,945,000	59,500,000	-
General Revenue Refunding Bonds, Series 2007B	35,035,000	800,000	34,235,000	-
Totals	$ 242,440,000	$ 42,895,000	$ 199,545,000	$ -

Events of Default – Certain conditions detailed in the University's bond agreements constitute events of default. Such conditions include failure to make punctual payment of principal and interest payments on its bonds, failure to perform or observe any of its covenants, agreements or conditions identified as the responsibility of the University in its bond resolutions, failure to pay any rendered judgement against the University within 120 days of the entry of such judgement, dissolution or liquidation of the University or any filing by the University of a voluntary petition in bankruptcy, or the failure within 90 days to vacate or discharge upon entry of any order or decree, with consent of the University, appointing a receiver or receivers of the project being financed by the bond issue. If an event of default is not remedied by the University, the outstanding bonds and accrued interest as of that date will become immediately due and payable.

Lines of Credit – The University currently maintains no used or unused lines of credit.

11. HEALTH INSURANCE PLAN AND HEALTH BENEFITS TRUST

The University of Idaho is self-insured for the health insurance benefits it provides to employees and retirees. In June 2007, the University established an affiliated but independent trust for the purpose of funding and paying its medical, mental health, dental and vision claims and their associated administrative costs under its health insurance plan for both active and retired employees. This trust, known as the University of Idaho Health Benefits Trust (“HBT”), was established as a tax-exempt entity under Section 115(1) of the Internal Revenue Code of 1986, as amended. The HBT is administered by a board of four trustees who are members of the University’s active staff and faculty. The HBT is maintained in an independent trust account established with U.S. Bank. This trust account is maintained under the sole control of the HBT board of trustees. The University as employer retains authority for establishing and amending benefits under this self-insured health plan.

The HBT receives its funding for the payment of University health plan claims through a combination of employer, employee, and retiree contributions. These contribution amounts are established by the University in advance of the health plan year based upon independent actuarial valuation, which takes into account health plan participant demographics, health plan design, expected health claim costs, and expected investment returns on HBT reserves. These contribution amounts are reviewed by the HBT prior to their effective date.

Employee contributions are made to the HBT on a bi-weekly basis corresponding to the University’s payroll schedule. Retiree contributions are billed, collected, and remitted to the University by a third-party administrator on a monthly basis and are submitted to the HBT when received. Employer contributions are made monthly in advance in an amount equal to 1/12th the projected employer cost for the plan year. Additional employer funding may be provided by the University to the HBT as necessary to ensure the solvency of the HBT. Deposits into the HBT are irrevocable and may only be utilized for the payment of participating employee and retiree health plan claims, the associated administrative costs of such claims, and other necessary incidental costs attributable to the administration of the HBT.

Payments under the HBT are initiated via electronic request by University personnel on a weekly basis based upon processed claim information provided to the University by its contracted health plan claim administrators. All retiree-related costs incurred on an annual basis within the HBT apply toward the calculation of the actuarially-determined contribution for each fiscal year, as determined under the requirements of GASB Statement 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans” and GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. Additional contributions required for the funding of the University’s OPEB obligation are deposited to the University of Idaho Retiree Benefits Trust (“RBT”) as disclosed in Footnote 13 of these financial statements. The RBT only reports University resources transferred to it and held to make future benefit payments of the University’s net OPEB liability.

Investments Measured at Fair Value

The fair value of the HBT investments as of December 31, 2018 and December 31, 2017 respectively was as follows:

Investments at Fair Value at December 31, 2018

Investment Type	12/31/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds/cash sweeps	$ 143,892	$ 143,892	$ -	$ -
Debt securities				
U.S. government agency securities	$ 1,754,374	$ -	$ 1,754,374	$ -
Corporate certificates of deposit	3,428,685	-	3,428,685	-
Total debt securities	$ 5,183,059	$ -	$ 5,183,059	$ -
Total investments by fair value	$ 5,326,951	$ 143,892	$ 5,183,059	$ -

Investments at Fair Value at December 31, 2017

Investment Type	12/31/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds/cash sweeps	$ 1,956,044	$ 1,956,044	$ -	$ -
Debt securities				
U.S. government agency securities	$ 945,027	$ -	$ 945,027	$ -
Corporate certificates of deposit	2,622,576	-	2,622,576	-
Total debt securities	$ 3,567,603	$ -	$ 3,567,603	$ -
Total investments by fair value	$ 5,523,647	$ 1,956,044	$ 3,567,603	$ -

Interest Rate Risk

Interest rate risk is defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as the risk a government may face should interest rate variances affect the fair value of investments. The HBT does not presently have a formal policy that addresses interest rate risk; however, it does incorporate weighted average maturity methodology in selecting and reporting its investments.

HBT Investments subject to interest rate risk were as follows at December 31, 2018 and 2017:

Investment Securities Subject to Interest Rate Risk at December 31, 2018

Investment Type	Total Fair Value	Investment Maturity in Years <1	1-5	6-10	11-15	>15
Money market funds/cash sweeps	$ 143,892	$ 143,892	$ -	$ -	$ -	$ -
U.S. government agency securitie	3,428,685	830,857	2,597,828	-	-	-
Corporate certificates of deposit	1,754,374	566,519	1,187,855	-	-	-
Total	$ 5,326,951	$ 1,541,268	$ 3,785,683	$ -	$ -	$ -

Investment Securities Subject to Interest Rate Risk at December 31, 2017

Investment Type	Total Fair Value	Investment Maturity in Years <1	1-5	6-10	11-15	>15
Money market funds/cash sweeps	$ 1,956,044	$ 1,956,044	$ -	$ -	$ -	$ -
U.S. government agency securitie	945,027	312,352	632,675	-	-	-
Corporate certificates of deposit	2,622,576	1,858,437	764,139	-	-	-
Total	$ 5,523,647	$ 4,126,833	$ 1,396,814	$ -	$ -	$ -

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The HBT does not presently have a formal policy that addresses credit risk. (The credit risk ratings listed below are issued by standards set by Standard and Poor's.)

HBT Investments subject to credit risk at December 31, 2018 and 2017 are as disclosed on the following page:

Investment Securities Subject to Credit Risk at December 31, 2018

Credit Rating	U.S. Government Agency Securities	Corporate Certificates of Deposit	Money Market Funds	Total Investments
AA+	3,428,685	-	-	3,428,685
Not Rated	-	1,754,374	143,892	1,898,266
	$ 3,428,685	$ 1,754,374	$ 143,892	$ 5,326,951

Investment Securities Subject to Credit Risk at December 31, 2017

Credit Rating	U.S. Government Agency Securities	Corporate Certificates of Deposit	Money Market Funds	Total Investments
AA+	945,027	-	-	945,027
Not Rated	-	2,622,576	1,956,044	4,578,620
	$ 945,027	$ 2,622,576	$ 1,956,044	$ 5,523,647

Concentration of Credit Risk

Per GASB 40, Concentration of Credit Risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Governmental Accounting Standards Board has adopted a principle that governments should provide disclosure when 5% of the investments are concentrated in any one issuer.

As of December 31, 2018 and 2017, the HBT had the following investments which exceeded 5% concentration in any one issuer:

	2018	2017
Federal Home Loan Banks	18%	13%
Federal Hom Loan Mortgage Corporation	19%	**
Federal National Mortgage Association	7%	9%
Federal Farm Credit Bank	21%	5%

** Investment balance less than 5% for the applicable year.

Custodial Credit Risk

Custodial credit risk on investments is the risk that in the event of a failure of the counterparty, the HBT will not be able to recover the value of its investments that are in the possession of an outside party. The HBT minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to HBT ownership and further to the extent possible, be held in the HBT's name. At December 31, 2018 and 2017, respectively, all HBT funds were insured or registered investments, or investments held by the HBT or their agent in the HBT's name.

The financial statements of the HBT are audited annually on a calendar-year basis and may be obtained by contacting the Vice President for Finance and Administration for the University of Idaho.

12. RETIREMENT PLANS

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. The authority to set or amend benefit provisions of the Base Plan is vested solely with the State of Idaho Legislature.

Employee membership data related to the PERSI Base Plan, as of June 30, 2018 and 2017 were as follows:

	2018	2017
Retirees and beneficiaries currently receiving benefits	46,907	45,468
Terminated employees entitled to but not yet receiving benefits	13,133	12,669
Active plan members	71,112	70,073
Total system members	131,152	128,210

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, 2019, it was 6.79% of their annual pay. The employer contribution rate is set by the Retirement Board and was 11.32% of covered compensation. The University's contributions were $7,185,973 and $6,696,913 for the years ended June 30, 2019 and 2018 respectively.

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

At June 30, 2019 and June 30, 2018, the University reported a liability of $27,122,978 and $29,092,164 respectively for its proportionate share of the net pension liability. The net pension liability for each year was measured as of July 1, 2018 and 2017 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability for each year 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 July 1, 2018 and 2017, the University's proportion was 1.84 and 1.85

percent, respectively. Since the prior measurement date the University's proportion of the collective net pension liability decreased by 0.01 points or 0.5%.

For the years ended June 30, 2019 and 2018 respectively, the University recognized pension expense of $5,479,547 and $4,779,370. At June 30, 2019 and 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,977,333	$ 2,048,441
Changes in assumptions or other inputs	1,764,885	-
Net difference between projected and actual earnings on pension plan investments	-	3,013,516
Change in proportion	602,227	367,351
University contributions subsequent to the measurement date, net	6,928,120	-
Total	$ 12,272,565	$ 5,429,308

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,030,183	$ 2,620,959
Changes in assumptions or other inputs	537,992	-
Net difference between projected and actual earnings on pension plan investments	-	1,743,032
Change in proportion	809,890	347,297
University contributions subsequent to the measurement date, net	6,696,913	-
Total	$ 12,074,978	$ 4,711,288

The June 30, 2019 amount of $6,928,120 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. $6,696,913 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date at June 30, 2018 were recognized as a reduction of the net pension liability in the year ending June 30, 2019.

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, 2017 the beginning of the measurement period ended June 30, 2018 is 4.8 years and 4.9 years for the measurement period June 30, 2017.

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

Year Ended June 30	Pension Expense (Revenue)
2020	$ 2,244,792
2021	338,104
2022	(2,074,735)
2023	(593,024)
2024	-
Thereafter*	-
	$ (84,863)

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

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 on an open basis.

The total pension liability in the July 1, 2018 actuarial valuation was determined using the actuarial assumptions on the following page, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases **	3.75%
Salary inflation	3.75%
Investment rate of return *	7.05%
Cost-of-living adjustments	1.00%

* net of pension plan investment expense

** there is an additional component of assumed salary growth (on top of the 3.75%) that varies for each individual member based on years of service

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
- Set forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries
- Set back one year for male disabled members
- Set forward one year for female disabled members

The last experience study was completed in 2018 for the period July 1, 2011 through June 30, 2017 and reviewed economic assumptions, mortality and all demographic assumptions. These assumptions will be studied in 2022 for the period from July 1, 2017 through June 30, 2021. Assumptions were adopted as noted. The Total Pension Liability as of June 30, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.
Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown in the following table. The formal asset allocation policy is somewhat more conservative than the current allocation of PERSI's assets. The best-estimate range for the long-term expected rate of return is determined by

adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Capital Market Assumptions

Asset Class	Expected Return*	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	8.30%	19.00%	55%	50% - 65%
International	8.45%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

Total Fund	Expected Return*	Expected Inflation	Expected Rea Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

Data provided by Callan Associates 2015

Actuarial Assumptions	
Assumed Inflation - Mean	2.25%
Assumed Inflation - Standard Deviation	1.50%
Portfolio Arithmetic Mean Return	6.75%
Portfolio Long-Term Expected Rate of Return	6.13%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	**5.73%**

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. 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 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 7.05 percent, as well as what the Employer's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate, as follows:

	1% Decrease 6.05	Current Discount Rate 7.05	1% Increase 8.05
Employer's proportionate share of the net pension liability (asset)	$ 67,894,951	$ 27,122,978	$ (6,637,887)

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, 2019 the University had no payables related to legally-required employer or employee contributions due the defined benefit pension plan for fiscal year 2019 and 2018 that had not been remitted to PERSI as of that date.

Other Retirement Plans

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

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

Participants are fully vested in the ORP immediately. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age. The contribution requirements (and amounts paid) for the three years ended June 30, 2019, 2018 and 2017 were as follows:

ORP Contributions

	2019	2018	2017
Employer	$ 10,136,083	$ 9,698,946	$ 9,324,242
Employee	7,620,682	7,292,007	7,010,699
Total Contributions	$ 17,756,765	$ 16,990,953	$ 16,334,941

For the ORP enrollees who opted to irrevocably migrate from PERSI to the ORP plan when the ORP was first implemented, although such enrollees in the ORP no longer belong to PERSI, the University is required by the State of Idaho to contribute supplemental payments to PERSI for these enrollees in the amount of 1.49% of the annual covered payroll. The University will be required to make these annual supplemental payments through July 1, 2025. These supplemental amounts are not included in the regular University PERSI contribution discussed previously. During the three years ended June 30, 2019, 2018 and 2017, these supplemental funding payments made to PERSI were as follows:

ORP Supplemental Contributions to PERSI

	2019	2018	2017
Employer	$ 1,627,778	$ 1,556,579	$ 1,496,586

In addition to the University's Optional Retirement Program, the University has a disability benefit for ORP participants and makes payments to Standard Insurance on behalf of these ORP participants. Should an employee become unable to work and transitioned into long-term disability (LTD), the insurance will continue to pay into their retirement account. The amounts paid for the three years ended June 30, 2019, 2018 and 2017 were as indicated on the following page:

ORP Disability Contributions

	2019	2018	2017
Employer	$ 87,462	$ 83,531	$ 81,255

The University also contributes to the federal Civil Service and Thrift Savings retirement programs on behalf of its federal employees. The contribution requirements (and amounts paid) for the three years ended June 30, 2019, 2018 and 2017 were as follows:

Federal Civil Service and Thrift Savings Contributions

	2019	2018	2017
Employer	$ 85,638	$ 82,171	$ 95,683
Employee	40,824	38,874	57,140
Total Contributions	$ 126,462	$ 121,045	$ 152,823

The University also sponsors 401(k), 403(b), and 457(b) supplemental retirement plans for its employees. Contributions to these plans are strictly voluntary for employees and such contributions are subject to the applicable plan limitations. The University does not provide any matching or discretionary contributions for these plans.

13. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS) AND RETIREE BENEFITS TRUST

Plan Description

Plan Administration:

The University administers the plan that is used to provide post-employment benefits other than pensions for permanent full-time general employees. Management of the OPEB plan is overseen by University of Idaho Administration.

Plan membership: At December 31, 2018, the University of Idaho plan membership consisted of the following:

	Medical	Dental	Life	Sick-Leave
Retired members or beneficiaries currently receiving benefits	814	202	638	62
Active members	769	50% assumption used	25	1,908
Total	1,583	202	663	1,970

Benefits provided:

The University of Idaho ("University") provides medical and dental benefits to eligible retirees, disabled employees, spouses, and survivors. The University also provides life insurance benefits to eligible retirees. Long-term disabled employees are treated as retirees and eligible for these same retiree benefits. The benefits represent a single-employer defined benefit plan administered by the University.

Under certain conditions the University pays a portion of the coverage for retirees and disabled employees and the retiree or disabled employee pays the remainder. Spouses and survivors are always required to pay 100% of the cost for these benefits. 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. Employees who were hired on or after January 1, 2002 are not eligible for this benefit. Employees hired after January 1, 2002 are eligible to participate in the University's health insurance plan upon retirement, but the University does not cover any portion of their premiums, deductibles, or coinsurance; those costs are the sole responsibility of the employee. However, these employees are eligible to convert 50% of unused accrued sick time, up to 600 hours, to pay for their medical premiums. All University post-employment benefits may be further established or amended by the University or the Idaho State Board of Education.

University of Idaho Contributions:

The University of Idaho contributes the Actuarial Determined Contribution ("ADC") (previously the Annual Required Contribution under GASB Statement No. 45) to fund the future payments required to provide post-employment benefits other than pension. At the end of each fiscal year, the University of Idaho deposits the excess of the ADC over the amount of actual benefit payments net of retiree contributions into the Retiree Benefits Trust. After the University has paid off the entire Net OPEB Liability under the 20-year closed level dollar amortization funding policy, contributions will be equal to the annual normal cost.

University of Idaho Retiree Benefits Trust:

The University of Idaho established the Retiree Benefits Trust ("RBT") in 2008 to fund the future payments required for its OPEB obligation. The RBT is an independent, irrevocable trust administered on behalf of the University by Wells Fargo Bank as trustee. Funding and payment of the annual, ongoing retiree medical, dental and pharmaceutical benefits through the University's Health Benefits Trust ("HBT") as described in note 11 of these financial statements apply toward the ongoing annual funding requirements of the RBT.

The RBT operates on a calendar-year basis and its financial statements are audited as an integral part of the University's annual audit as represented in these statements.

The investments held in the RBT are summarized in the *Retiree Benefits Basis of Accounting and Valuation of Trust Assets* section of this note.

Sensitivity

The following presents the net OPEB liability ("NOL") of the University as well as what the University's NOL would be if it were calculated using a discount rate that is 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage point lower or 1-percentage point higher that the current healthcare trend rates.

	1% Decrease in Discount Rate (5.00%)	Current Discount Rate (6.00%)	1% Increase in Discount Rate (7.00%)
Net OPEB Liability	$ 38,969,966	$ 30,891,246	$ 24,168,886

	1% Decrease in Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Net OPEB Liability	$ 24,653,360	$ 30,891,246	$ 38,392,017

Net OPEB Liability

Reporting date for Employer under GASB 75	June 30, 2019
Reporting date for Trust under GASB 74	December 31, 2018
Measurement date for Employer under GASB 74 & 75	December 31, 2018

The components of the NET OPEB Liability are as follows:

	December 31, 2018	December 31, 2017
Total OPEB Liability	$ 64,650,726	$ 68,320,202
Plan Fiduciary Net Position (Plan Assets)	33,759,480	34,984,371
Net OPEB Liability	$ 30,891,246	$ 33,335,831
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	52.22%	51.21%

The Net OPEB Liability was measured as of December 31, 2018 and 2017. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations using data as of December 31, 2018, and May 1, 2017 projected to December 31, 2017 using standard actuarial techniques, respectively.

Actuarial Assumptions

The total OPEB liability was measured by an actuarial valuation as of December 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	3.00%, including inflation
Discount rate	6.00%
Healthcare cost trend rates:	
Non-Medicare medical & prescription drug rates	7.25% graded to 4.50% over 11 years
Medicare medical	6.00% graded to 4.50% over 10 years
Medicare prescription drugs	8.00% graded to 4.50% over 12 years
Dental	4.00%
Mortality rates:	
Healthy	Approximate 2006 table based on Headcount-Weighted RP-2014 Combined Healthy Annuitant, projected generationally with Scale MP-2018 from 2006.
Disabled	Approximate 2006 table based on Headcount-Weighted RP-2014 Disabled Retiree, projected generationally with Scale MP-2018 from 2006.

Development of Long-Term Rate

The long-term expected rate of return on OPEB plan assets was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The current allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized on the following page:

Asset Class	Allocation at December 31, 2018	Long-Term Expected Real Rate of Return	Money Weighted Real Rate of Return
Domestic equity	40.47%	6.41%	2.59%
International equity, developed markets	10.91%	6.96%	0.76%
International equity, emerging markets	2.71%	9.86%	0.27%
Fixed income, core	42.38%	1.96%	0.83%
Short term governmental money market	3.53%	1.16%	0.04%
Total	100.00%		4.49%
Inflation			2.00%
Investment Rate of Return (Gross)			6.49%
Investment Expenses			-0.25%
Investment Rate of Return (Net)			6.24%
Long-Term Rate of Return Used in Valuation			6.00%

Discount Rate

The projection of cash flow used to determine the discount rate assumed that the University of Idaho's contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB Plan's Fiduciary 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 of 6.00% on plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

Retiree Benefits Trust Basis of Accounting and Valuation of Trust Assets

Basis of accounting – Financial statements of the RBT are prepared using the accrual basis of accounting. University contributions are recorded and recognized in the period in which they are paid into the RBT.

Valuation of investments – Investments are reported at fair value. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of the net change in fair value of investments in the RBT Statement of Changes in Fiduciary Funds Net Position.

Investments Measure at Fair Value

The fair value of the RBT investments as of December 31, 2018 and December 31, 2017 were as disclosed below:

Investments at Fair Value at December 31, 2018

	12/31/2018	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				
Money market funds/cash sweeps	$ 1,192,275	$ 1,192,275	$ -	$ -
Bond/fixed income mutual funds	$ 14,310,169	$ -	$ 14,310,169	$ -
Stock mutual funds	18,257,036	6,253,728	12,003,308	-
Combined mutual funds	$ 32,567,205	$ 6,253,728	$ 26,313,477	$ -
Total investments by fair value	$ 33,759,480	$ 7,446,003	$ 26,313,477	$ -

Investments at Fair Value at December 31, 2017

	12/31/2017	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				
Money market funds/cash sweeps	$ 1,197,733	$ 1,197,733	$ -	$ -
Bond/fixed income mutual funds	$ 18,125,576	$ 18,125,576	$ -	$ -
Stock mutual funds	15,661,062	15,661,062	-	-
Combined mutual funds	$ 33,786,638	$ 33,786,638	$ -	$ -
Total investments by fair value	$ 34,984,371	$ 34,984,371	$ -	$ -

Interest Rate Risk

Interest rate risk is defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as the risk a government may face should interest rate variances affect the fair value of investments. The RBT does not presently have a formal policy that addresses interest rate risk; however, it does incorporate weighted average maturity methodology in selecting and reporting its investments.

The investments of the RBT subject to interest rate risk as of December 31, 2018 and December 31, 2017 are seen on the following page:

Investment Securities Subject to Interest Rate Risk at December 31, 2018

Investment Type	Total Fair Value	<1	1 - 5	6 - 10	11 - 15	>15
Money market funds/cash sweeps	$ 1,192,275	$ -	$ -	$ -	$ -	$ 1,192,275
Bond mutual funds	14,310,169	205,145	2,524,446	3,176,543	1,089,843	7,314,192
Total	$ 15,502,444	$ 205,145	$ 2,524,446	$ 3,176,543	$ 1,089,843	$ 8,506,467

Investment Securities Subject to Interest Rate Risk at December 31, 2017

Investment Type	Total Fair Value	<1	1 - 5	6 - 10	11 - 15	>15
Money market funds/cash sweeps	$ 1,197,733	$ -	$ -	$ -	$ -	$ 1,197,733
Bond mutual funds	18,125,576	627,940	6,252,976	3,472,217	803,415	6,969,028
Total	$ 19,323,309	$ 627,940	$ 6,252,976	$ 3,472,217	$ 803,415	$ 8,166,761

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The RBT does not presently have a formal policy that addresses credit risk. (The credit risk ratings listed below are issued by standards set by Standard and Poor's.)

As of December 31, 2018 and December 31, 2017 respectively, the RBT had the following investment credit risk:

Investment Securities Subject to Credit Risk at December 31, 2018

Investment Type	Total Fair Value	AAA	AA	A	BBB	BB	B	Below B	Not Rated
Money market funds/cash sweeps	$ 1,192,275	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,192,275
Bond mutual funds	14,310,169	7,091,742	1,572,076	1,317,353	3,190,840	623,669	167,294	161,401	185,794
Total	$ 15,502,444	$ 7,091,742	$ 1,572,076	$ 1,317,353	$ 3,190,840	$ 623,669	$ 167,294	$ 161,401	$ 1,378,069

Investment Securities Subject to Credit Risk at December 31, 2017

Investment Type	Total Fair Value	AAA	AA	A	BBB	BB	B	Below B	Not Rated
Money market funds/cash sweeps	$ 1,197,733	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,197,733
Bond mutual funds	18,125,576	9,833,891	1,326,450	1,890,005	3,728,335	634,270	240,767	244,184	227,674
Total	$ 19,323,309	$ 9,833,891	$ 1,326,450	$ 1,890,005	$ 3,728,335	$ 634,270	$ 240,767	$ 244,184	$ 1,425,407

Custodial Credit Risk

Custodial credit risk on investments is the risk that in the event of a failure of the counterparty, the RBT will not be able to recover the value of its investments that are in the possession of an outside party. The RBT does not presently have an investment policy that addresses custodial credit risk. At December 31, 2018 and December 31, 2017, all investments were held by the RBT or its counterparty in the RBT's name.

OPEB Accounting and Reporting:

The University adopted GASB Statements 74 and 75 in fiscal year 2018. Statement 74 requires the University to disclose and report its net OPEB plan liability and associated components and assumptions in specific OPEB financial statements, footnotes (this footnote), and required supplementary information. With the additional adoption of GASB 75, the University is now required to report within its own financial statements the impact of the net OPEB liability as calculated under Standard 74.

University of Idaho

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

14. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION

The following table shows the University's operating expenses by natural classifications within their functional classifications for the years ending June 30, 2019 and 2018:

Expenses 2019	Salaries	Benefits	Services	Supplies	Ins, utilities & rent	Scholarships & Fellowships	Depreciation	Other	Totals
Instruction	$ 74,146,914	$ 30,925,978	$ 7,473,832	$ 5,350,950	$ 1,300,175	$ 6,215,093	$ -	$ 2,794,942	$ 128,207,884
Research	38,684,707	10,758,644	13,991,652	7,759,102	832,472	4,068,827	-	212,522	76,307,926
Public Service	19,286,653	6,057,092	6,437,775	1,426,368	548,370	1,088,665	-	3,749,658	38,594,581
Academic Support	11,644,816	4,035,111	2,708,408	1,348,260	199,304	214,132	-	421,681	20,571,712
Libraries	2,555,215	817,938	5,487,008	245,551	93,621	-	-	26,140	9,225,473
Student Services	7,753,035	2,776,381	3,004,630	724,587	297,684	109,355	-	456,194	15,121,866
Insititutional Support	19,366,140	7,273,397	8,651,479	259,110	1,046,894	97,543	-	1,548,908	38,243,471
Plant Operations	10,259,489	3,732,416	3,583,389	4,351,267	10,479,645	-	24,080,561	86,838	56,573,605
Scholarships & Fellowships	1,992,042	429,369	61,912	37,827	470	12,243,581	-	36,843	14,802,044
Auxiliary Enterprises	10,749,555	3,533,344	5,860,219	5,370,301	1,604,791	3,251,892	-	1,108,662	31,478,764
	$ 196,438,566	$ 70,339,670	$ 57,260,304	$ 26,873,323	$ 16,403,426	$ 27,289,088	$ 24,080,561	$ 10,442,388	$ 429,127,326

Expenses 2018	Salaries	Benefits	Services	Supplies	Ins, utilities & rent	Scholarships & Fellowships	Depreciation	Other	Totals
Instruction	$ 73,537,668	$ 32,865,557	$ 7,574,812	$ 5,940,681	$ 694,149	$ 5,749,777	$ -	$ 2,456,779	$ 128,819,423
Research	36,658,858	11,747,277	14,680,840	5,959,223	809,161	3,222,329	-	(632,957)	72,444,731
Public Service	18,508,433	5,297,752	6,014,379	1,308,953	482,223	663,656	-	3,277,378	35,552,774
Academic Support	8,875,577	2,691,243	1,710,656	968,173	190,938	83,681	-	394,753	14,915,021
Libraries	2,989,986	883,377	3,477,196	1,820,278	92,802	98,990	-	17,986	9,380,615
Student Services	8,066,132	2,694,109	2,076,425	824,278	363,664	97,681	-	444,489	14,566,778
Insititutional Support	18,535,150	8,322,749	6,614,166	609,369	790,957	(584,941)	-	1,540,311	35,827,761
Plant Operations	9,417,241	3,134,694	5,287,209	9,964,644	10,271,657	15,500	23,600,840	474,331	62,166,116
Scholarships & Fellowships	2,039,521	350,810	132,977	13,089	480	12,802,626	-	2,421	15,341,924
Auxiliary Enterprises	10,941,559	3,582,429	5,422,072	3,308,898	1,871,173	3,255,056	-	993,008	29,374,195
	$ 189,570,125	$ 71,569,997	$ 52,990,732	$ 30,717,586	$ 15,567,204	$ 25,404,355	$ 23,600,840	$ 8,968,499	$ 418,389,338

15. CONTINGENCIES AND LEGAL MATTERS

Revenue from federal research and service grants includes amounts for the recovery of overhead and other costs allocated to these projects. The University may be required to make refunds of amounts received for overhead and other costs reimbursed as a result of audits by agencies of the federal government. The University considers any such potential refunds likely to be immaterial.

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 legal matters will not materially affect the financial position of the University.

16. RISK MANAGEMENT

The University participates in the State of Idaho's risk and insurance program, which includes liability and property coverage. The State of Idaho's Retained Risk Fund has a $500,000 cap for tort claims. The University's premiums are based on the State's actuarial calculations and are weighted for losses sustained by the University. Deductibles for the programs include $2,000 for property losses, $1,000 for auto physical damage, $5,000 for boiler and machinery losses, $500 for fine art losses and $100 for inland marine losses. There are no casualty deductibles. During the past three fiscal years, no settled claims have exceeded insurance coverage levels, and there has been no significant reduction in coverage.

In July 2014, the University became self-insured for its Worker's Compensation coverage. The University utilizes a third-party administrator to adjudicate its claims and make payments under this coverage. The University maintains two separate bank accounts for its self-insured program, a $500,000 reserve account as well as a separate account for ongoing claims processing and payments. The University provides for estimated losses to be incurred for reported and unreported worker's compensation claims based on individual case estimates and historical data adjusted for current trends. Liability claims have not exceeded the maximum amount of self-insurance per claimant in the past year. Self-insured Worker's Compensation liability balances, which are included in accrued salaries and benefits payable on the Statement of Net Position, at year-end June 30, 2019 and 2018 are shown on the following page:

Self-Insured Outstanding Liability at June 20, 2019

Accident Year	Projected Ultimate Loss	Paid-to-Date at 5/31/19	Case Reserves at 5/31/19	IBNR[a] at 5/31/19	Unpaid at 5/31/19	Projected Paid 6/1/19 - 6/30/19	Outstanding Liability[b] at 6/30/2019	Discounted at 2% Liability at 6/30/19
7/1/2014	$ 552,303	$ 483,604	$ 27,177	$ 41,522	$ 68,699	$ 1,354	$ 67,345	$ 60,651
7/1/2015	715,199	478,576	124,346	112,277	236,623	6,159	230,464	208,286
7/1/2016	811,710	623,257	79,464	108,989	188,453	6,852	181,601	165,496
7/1/2017	730,260	514,775	60,639	154,846	215,485	13,075	202,410	186,942
7/1/2018	1,023,314	254,947	403,380	364,987	768,367	32,288	736,079	693,720
	$ 3,832,786	$ 2,355,159	$ 695,006	$ 782,621	$ 1,477,627	$ 59,728	$ 1,417,899	$ 1,315,095

a. For 7/1/2018 year includes accident period from 6/1/19 to 6/30/19.

b. Equals unpaid at 5/31/2019 minus projected paid from 6/1/2019 to 6/30/2019.

Self-Insured Outstanding Liability at June 20, 2018

Accident Year	Projected Ultimate Loss	Paid-to-Date at 6/30/2018	Case Reserves at 6/30/2018	IBNR at 6/30/2018	Outstanding Liability at 6/30/2018
7/1/2014	$ 570,923	$ 445,565	$ 43,456	$ 81,902	$ 125,358
7/1/2015	726,861	459,275	153,612	113,974	267,586
7/1/2016	787,001	554,413	74,174	158,414	232,588
7/1/2017	910,349	360,526	245,388	304,435	549,823
	$ 2,995,134	$ 1,819,779	$ 516,630	$ 658,725	$ 1,175,355

17. **COMPONENT UNIT**

The University of Idaho Foundation, Inc. (“Foundation”) is a legally separate 501(c)(3) component unit of the University of Idaho “(University”) which was established in 1970. The mission of the University of Idaho Foundation, Inc. is to inspire, manage, and distribute private support to enhance the excellence of the University of Idaho. A Board of Directors comprised of up to 25 members governs and conducts the business of the Foundation, meeting three to four times each fiscal year. The officers of the Foundation are Chairman, Vice-Chairman, Treasurer, Secretary, and Past Chairman. Committees include: the Executive Committee, Committee on Directors, Operations and Finance Committee, Investment Committee, Audit Committee, Gift Acceptance Committee, and other committees appointed by the Chairman as necessary to carry out the business of the Foundation. Foundation business is conducted via regular meetings of the Board of Directors and its Executive Committee as well as through ongoing communications with committees and staff. Members of the Foundation’s Board of Directors provide strong leadership and expertise in a variety of areas relative to its mission. In addition, directors also advise University leadership as requested, advocate for higher education, serve on various college advisory committees, and personally provide major private funding support for the University. Located in Moscow, the Foundation professional staff work collaboratively with the University development team, donors, and their advisors. The Foundation strategically partners with the leadership team at the University of Idaho including the President, Vice President of University Advancement, and the Vice President for Finance. Separate audited financial statements are prepared by the Foundation and may be obtained by contacting the University of Idaho Foundation.

The majority of the resources, or income earned from those resources, that the Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University and because these resources provide a significant amount of support to the University, the Foundation has been determined to be a component unit of the University and is discretely presented in the University’s financial statements. Significant accounting policies associated with the University, described in Note 1, apply to the Foundation, when applicable. Significant disclosures at June 30, 2019 and 2018 are as follows:

INVESTMENTS—Investments represent the largest asset of the Foundation making up 89% and 88% of the total assets at June 30, 2019 and 2018, respectively. Of those investments, 85% and 86%, respectively, are owned by the Consolidated Investment Trust (“CIT”) which was established by the Regents of the University of Idaho in 1959 to pool the endowment funds.

Certain assets and liabilities are reported at fair value in the Foundation 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 that can be accessed 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.

A significant portion of the Foundation's investment assets are classified within Level 1 because they are comprised of open-ended mutual funds and stocks with readily determinable fair values based on daily redemption values. The Foundation invests in debt securities and real assets, which are traded in the financial markets. The U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions. Real assets are based on marketable securities or other periodic appraisals of assets. Debt securities, U.S. Government obligations and real assets are classified within Level 2. There are no investments within Level 3.

The Foundation's commingled debt funds are held in an investment trust with the objective to outperform the Barclays U.S. Government/Credit Index. The trust may invest in out-of-benchmark securities in order to provide value and diversification. The CIT's commingled international equity funds are held in an investment trust which invests in global markets excluding the U.S. The trust is not index-oriented and is designed to protect in down markets. The fair values of these funds have been determined using the net asset value ("NAV") per share.

The Foundation's private equity limited partnerships are invested in real estate, venture funds, and international funds. The fair values have been determined using the NAV per share. The fair values of the private equity limited partnerships have no readily ascertainable market prices. Similar to real estate, costs closely approximate fair value of recent acquisitions. Therefore, the fair values of private equity limited partnership investments are based on the valuations as presented in the fund's December 31st audited financial statements and adjusted for any cash calls and distributions through June 30th. Generally, the companies within a fund are valued by the general partner, taking into account many factors such as the purchase price, estimated liquidation value, significant events like initial public offerings, bankruptcies, and additional rounds of financing, and other relevant factors. The fair value may differ significantly from the values that would have been used had a ready market for the investments existed. Although these differences could be material to the individual Foundation values, private equity only represents 7.99% of total investments.

Investments in certain entities that calculate NAV per share are as follows:

	Number of Investments	Principal Valuation Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
As of June 30, 2019					
Commingled funds					
Debt funds	1	$ 21,302,344	$ -	Daily	None
International equity	1	15,537,488	-	Monthly	15 days
Private equity	16	25,929,654	22,339,834	Illiquid	N/A
Total		$ 62,769,486	$ 22,339,834		

	Number of Investments	Principal Valuation Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
As of June 30, 2018					
Comingled funds					
Debt funds	1	$ 19,661,488	$ -	Daily	None
International equity	1	15,266,313	-	Monthly	15 days
Private equity	12	19,640,191	26,271,736	Illiquid	N/A
Total		$ 54,567,992	$ 26,271,736		

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At June 30, 2019, the fair value of restricted and unrestricted investments was $315,252,481 and $9,232,638, respectively. At June 30, 2018 the fair value of restricted and unrestricted investments was $297,046,572 and $9,701,003, respectively.

The following table represents the fair value of investments by type at June 30, 2019 and 2018 respectively on the following page:

Investment Type	2019	2018
U.S. government agency obligations	$ 3,541,873	$ 3,463,838
Corporate debt	24,367,370	21,807,179
U.S. treasuries	5,781,452	4,433,072
Common stock	62,972,009	60,226,698
Mutual funds		
U.S. equity	58,006,640	56,043,487
Debt	26,933,546	25,795,014
International/Emerging Markets	50,932,791	51,988,214
Inflation protected	14,720,309	14,464,013
U.S. treasury	14,527,492	13,863,947
Comingled funds	36,839,832	34,927,801
Private equity	25,929,654	19,640,191
Preferred stock	23,151	94,121
	$ 324,576,119	$ 306,747,575

The related fair values of these assets and liabilities are determined as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
As of June 30, 2019			
Equity Investments			
Common stock	$ 62,972,009	$ -	$ -
Preferred stock	23,151	-	-
Mutual funds	108,939,431	-	-
Fixed income investments			
Corporate bonds	-	24,367,370	-
U.S. government agency obligations	-	9,323,325	-
Mutual funds	56,181,347	-	-
	$ 228,115,938	$ 33,690,695	$ -

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
As of June 30, 2018			
Equity Investments	$ 60,226,698	$ -	$ -
Common stock	94,121	-	-
Preferred stock	108,031,701	-	-
Mutual funds			
Fixed income investments	-	21,807,179	-
Corporate bonds	-	7,896,910	-
U.S. government agency obligations	54,122,974	-	-
Mutual funds	$ 222,475,494	$ 29,704,089	$ -

Interest Rate Risk

Interest rate risk is defined by GASB Statement No. 40 as the risk a government may face should interest rate variances affect the fair value of investments. Investments in debt securities that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The Foundation does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2019, The Foundation had the following investments subject to interest rate risk:

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Corporate debt	$ 24,367,370	$ 9,344,094	$ 13,607,822	$ 449,275	$ 966,179
U.S. government agency obligations and treasuries	3,541,873	997,063	2,502,787	706	41,317
U.S. treasuries	5,781,452	4,014,402	1,767,050	-	-
	$ 33,690,695	$ 14,355,559	$ 17,877,659	$ 449,981	$ 1,007,496

As of June 30, 2018, The Foundation had the following investments subject to interest rate risk:

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Corporate debt	$ 21,807,179	$ 4,857,641	$ 15,429,646	$ 364,238	$ 1,155,654
U.S. government agency obligations and treasuries	3,463,838	498,885	2,915,550	780	48,623
U.S. treasuries	4,433,072	1,746,545	2,686,527	-	-
	$ 29,704,089	$ 7,103,071	$ 21,031,723	$ 365,018	$ 1,204,277

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB Statement No. 40 requires disclosure of credit quality ratings for investments in debt securities. The Foundation does not have a formal policy that limits its investment choices. (The credit risk ratings listed below are issued upon standards set by Standard and Poor's).

As of June 30, 2019 the Foundation had the following investment credit risk:

Credit Rating	Investment Type U.S. Government Agency Obligatons	Corporate Debt	Total
AAA	$ -	$ 1,989,170	$ 1,989,170
AA	3,541,873	5,772,673	9,314,546
A	-	10,372,591	10,372,591
BBB	-	5,500,857	5,500,857
BB	-	278,721	278,721
B	-	-	-
CCC	-	161,250	161,250
Not Rated	-	292,108	292,108
Total	$ 3,541,873	$ 24,367,370	$ 27,909,243

As of June 30, 2018 the Foundation had the following investment credit risk:

Credit Rating	Investment Type U.S. Government Agency Obligatons	Corporate Debt	Total
AAA	$ -	$ 965,165	$ 965,165
AA	3,463,838	5,176,690	8,640,528
A	-	10,349,840	10,349,840
BBB	-	4,580,362	4,580,362
BB	-	263,462	263,462
B	-	185,250	185,250
D	-	118	118
Not Rated	-	286,292	286,292
Total	$ 3,463,838	$ 21,807,179	$ 25,271,017

Concentration of Credit Risk

Per GASB Statement No. 40, Concentration of Credit Risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Foundation has a formal policy addressing concentration of credit risk. Investments shall be diversified with the intent to minimize the risk of large realized and unrealized losses to the invested assets. The total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holding in individual issues, corporations, or industries.

- Not more than 5% of the total equity portfolio valued at market may be invested in the common stock of any one corporation.
- Debt securities of any one issuer shall not exceed 5% of the market value of the total bond portfolio at the time of purchase (except U.S. Treasury or other federal agencies).
- With the exception of passively managed portfolios, not more than 20% of the total portfolio may be invested in any one investment manager, fund, or pool.
- With the exception of passively managed portfolios, not more than 30% of the total portfolio may be invested with any one investment manager regardless of the number of funds with that manager.

At the end of 2019 and 2018, the Foundation was in compliance with the policy addressing concentration of credit risk.

Custodial Credit Risk

The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Foundation will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Foundation minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to Foundation ownership and further to the extent possible, be held in the Foundation's name. At June 30, 2019 and 2018 all Foundation funds were held in the name of the counterparty for benefit of the Foundation.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Foundation investment policy limits the exposure to foreign investment holdings in the portfolio.

The Foundation is exposed to foreign currency risk in foreign stocks that it holds as follows:

Currency Type		June 30, 2019 Fair Value	June 30, 2018 Fair Value
AUD	Australia	$ 1,177,486	$ 956,183
CAD	Canada	438,834	401,914
CHF	Switzerland	2,064,092	1,737,171
DKK	Denmark	811,765	816,905
EUR	Euro	4,883,815	3,983,197
GBP	Great Britain	3,470,454	3,160,039
HKD	Hong Kong	2,056,737	2,733,941
JPY	Japan	660,929	785,235
SGD	Singapore	629,824	-
		$ 16,193,936	$ 14,574,585

DISTRIBUTIONS TO UNIVERSITY OF IDAHO AND AFFILIATES

During fiscal years 2019 and 2018, earnings from endowments invested in the CIT, direct gifts and other revenues to the Foundation were distributed as outlined on the following page:

	2019		2018	
	CIT Endowment Income	Gifts and Other Revenues	CIT Endowment Income	Gifts and Other Revenues
Scholarships	$ 6,796,415	$ 1,748,396	$ 6,589,073	$ 2,588,860
Student loans	189,151	-	186,916	-
Building funds				
University of Idaho College and				
Department Operating Accounts	-	4,221,615	-	795,692
Academic Excellence	720,549	2,943	700,577	5,720
Agricultural and Life Sciences	562,850	1,742,017	534,244	1,767,011
Art and Architecture	19,202	213,074	18,897	180,554
Athletics	62,895	294,776	61,487	339,356
Business and Economics	440,647	209,403	426,424	428,829
Education	53,055	93,903	50,970	52,377
Engineering	383,887	633,408	353,003	1,099,934
Law	239,554	196,521	234,526	167,960
Letters, Art and Social Science	780,974	235,780	709,865	521,941
Library	204,727	9,130	191,469	20,038
Natural Resources	406,699	348,857	395,739	343,850
Science	211,473	256,288	209,276	330,180
Other departments	227,201	1,037,000	249,715	997,263
Life beneficiaries	12,355	-	17,180	-
University of Idaho affiliates	414	56,240	409	30,173
Total Distributions	$ 11,312,048	$ 11,299,351	$ 10,929,770	$ 9,669,738

DONOR RESTRICTED ENDOWMENTS

The Foundation receives certain gift assets that are restricted for endowment purposes, and by definition the original gift amount is in perpetuity for the benefit of the University. Restriction requirements for principal preservation are addressed by Idaho statute, and are applicable lacking any further guidance from the individual gift agreement. During the fiscal years ended June 30, 2019 and 2018, $8,320,547 and $6,517,420 were contributed to endowments, respectively.

The Foundation Board of Directors establishes a spending rate annually for endowments. The approved fiscal year 2019 and 2018 spending rate was set at 4.4% of the three-year rolling average of the CIT's monthly fair market value.

During the fiscal years ended June 30, 2019 and 2018, the endowments held by the Foundation had net appreciation (depreciation) on endowments of $9,754,511 and $14,862,172, respectively. Unrealized appreciation (depreciation) is included with the "Restricted–Expendable" Net Position.

18. RELATED ORGANIZATIONS

The Idaho Research Foundation, Inc. ("Research Foundation") is a separate legal entity that until 2008 provided technology transfer services to the University. In 2008, an agreement was reached between the University and Research Foundation to integrate some of the services into the University. The new role of the Research Foundation is to hold equity from licensing transactions on behalf of the University. The Research Foundation is a legally separate organization that provides a valuable service to the University. It does not provide financial resources to the University and is not reported as a component unit.

The Vandal Boosters, Inc. ("Boosters") is a fund raising organization that provides financial assistance and services to the University of Idaho intercollegiate athletic department. Contributions received by the University from this organization are recorded as gifts. It does not provide significant financial resources to the University and is not reported as a component unit.

The University of Idaho Alumni Association ("Association") was established to develop and maintain a positive relationship with alumni, parents, and friends of the University. The Association is a legally separate organization that provides a valuable service to the University. It does not provide significant financial resources to the University and is not reported as a component unit.

19. CUMULATIVE EFFECT OF IMPLEMENTATION OF GASB STATEMENTS 74 & 75

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* is effective for fiscal years beginning after June 15, 2016, and the related GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* is effective for fiscal years beginning after June 15, 2017. Prior to the adoption of these standards, the University accounted and reported its Other Post-Employment Benefit Plan {"OPEB", see footnote 13, "Postemployment Benefits (Other Than Pensions) and Retiree Benefits Trust"} under previously-issued GASB Statement No. 45, adopted by the University during its fiscal year ending June 30, 2008. Under Statement 45, the University was allowed to utilize a rolling, 30-year amortization period to recognize its net OPEB liability. With the FY18 adoption of the new Statements 74 and 75, the University is now required to recognize its full net OPEB obligation in its financial accounting and reporting beginning in FY18. The University was not required to adopt these new standards until FY18 due to the fact that both its health plan and the University's Health Benefits Trust ("HBT", refer to footnote 11, "Health Insurance Plan and Health Benefits Trust") operate on a calendar year basis.

The financial statement effect of the adoption of Standards 74 and 75 as reflected in the University's FY18 financial statements are as follows:

STATEMENT OF NET POSITION	
DEFERRED OUTFLOW OF RESOURCES	
Deferred contributions and changes of assumptions to University's OPEB plan (increase)	$ 615,000
NONCURRENT LIABILITIES	
Net OPEB liability (increase)	33,335,831
DEFERRED INFLOWS OF RESOURCES	
Deferred actuarial/investment experience and changes of assumptions to University's OPEB plan (increase)	1,442,806
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	
OPERATING EXPENSES	
Benefits (increase)	$ 2,101,087
INCREASE (DECREASE) IN NET POSITION	
Cumulative effect of implementing GASB 75 (decrease)	34,739,550

It is not practical for the University to determine the amounts of deferred inflows of resources, deferred outflows of resources, and net OPEB liability for fiscal years prior to FY18. As a result, no prior years have been restated for the adoption of these new standards.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION – Pension Plan

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

	2019	2018	2017	2016	2015
University's portion of net pension liability	1.84%	1.85%	1.79%	1.81%	1.83%
University's proportionate share of the net pension liability	$27,122,978	$29,092,164	$36,275,764	$23,973,741	$13,469,341
University's covered payroll	59,160,024	57,486,009	52,317,861	50,667,755	49,029,216
University's proportional share of the net pension liability as a percentage of its covered payroll	45.85%	50.61%	69.34%	47.32%	27.47%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	90.68%	87.26%	91.38%	94.95%

Schedule of University Contributions
PERSI – Base Plan

	2019	2018	2017	2016	2015
Statutorialy-required contribution	$ 7,185,973	$ 6,696,913	$ 6,507,425	$ 5,917,860	$ 5,735,586
Contributions in relation to the statutorily-required contribution	7,185,973	6,696,913	6,507,425	5,917,860	5,735,586
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -
University's covered payroll	63,480,316	59,160,024	57,486,009	52,317,861	50,667,755
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%	11.32%

REQUIRED SUPPLEMENTARY INFORMATION – POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS) – ("OPEB")

Schedule of Changes in Net OPEB Liability - Last Two Fiscal Years[1]

Reporting date for Employer under GASB 75		June 30, 2019		June 30, 2018
Reporting date for Employer under GASB 74		December 31, 2018		December 31, 2017
Measurement Date		December 31, 2018		December 31, 2017
Total OPEB Liability				
Service cost	$	505,261	$	505,073
Interest		3,697,710		3,606,077
Change of benefit terms		-		-
Differences between expected and actual experience		3,653,835		-
Changes of assumptions		(8,337,551)		-
Benefit payments, including refunds of member contributions		(3,188,730)		(2,676,167)
Net change in Total OPEB Liability	$	(3,669,475)	$	1,434,983
Total OPEB Liability - beginning		68,320,201		66,885,217
Total OPEB Liability - ending	$	64,650,726	$	68,320,200
Plan Fiduciary Net Position				
Contributions - employer	$	3,895,180	$	2,961,065
Contributions - employee		-		-
Net investment income		(1,839,891)		3,527,768
Benefit payments, including refunds of member contributions		(3,188,730)		(2,676,167)
Administrative expense		(91,450)		(74,899)
Other		-		-
Net change in Plan Fiduciary Net Position	$	(1,224,891)	$	3,737,767
Plan Fiduciary Net Position - beginning		34,984,371		31,246,603
Plan Fiduciary Net Position - ending	$	33,759,480	$	34,984,370
Net OPEB Liability - ending	$	30,891,246	$	33,335,830
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability		52.22%		51.21%
Covered payroll	$	165,468,096	$	159,935,268
		18.67%		20.84%

1 *The above information is required beginning in 2017. A full 10-year trend will be compiled in future years.*

REQUIRED SUPPLEMENTARY INFORMATION – POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS) – ("OPEB")

Schedule of OPEB Contributions - Last Ten Fiscal Years[1]

Year Ended June 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions[2]	Contributions Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2011	$ 5,250,000	$ 5,618,000	$ (368,000)	$ 121,834,000	4.61%
2012	4,806,000	5,201,000	(395,000)	123,237,000	4.22%
2013	3,723,000	4,404,000	(681,000)	123,592,000	3.56%
2014	3,368,000	3,178,000	190,000	132,777,000	2.39%
2015	3,177,000	3,233,000	(56,000)	140,728,000	2.30%
2016	2,711,000	2,751,000	(40,000)	150,995,000	1.82%
2017	3,321,000	3,157,000	164,000	152,999,000	2.06%
2018	3,537,000	3,592,000	(55,000)	157,589,000	2.28%
2019	3,451,000	N/A	N/A	162,317,000	N/A
2020	3,285,000	N/A	N/A	172,970,000	N/A

See accompanying notes to this schedule

[1] All the numbers shown above are rounded to the nearest thousand.

[2] For the years ending June 30, 2010 through 2011, the amount of actual contributions in relation to the Actuarially Determined Contributions were estimated based on the "percentage contributed" as shown on page 49 of the University of Idaho Financial Statements for the years ended June 30, 2014 and 2013 and Report of Independent Auditors.

For years prior to the year ended June 30, 2017, the Actuarial Determined Contribution ("ADC") was assumed to be equal to the Annual Required Contribution ("ARC") as reported under GASB Statement No. 45 for each applicable year.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported
Measurement date	June 30, 2019
Actuarial cost method	Entry Age, Level Percentage of Payroll
Amortization method	Level Dollar, Closed
Remaining amortization period	19 years remaining for the year ending June 30, 2018
	18 years remaining for the year ending June 30, 2019
	17 years remaining for the year ending June 30, 2020
Asset valuation method	The market value of assets as of December 31, 2018