

BOISE STATE UNIVERSITY

FINANCIAL STATEMENTS

———— FISCAL YEAR 2019 ————



Reports of independent auditors and financial statements for the year ended June 30, 2019 and 2018 including single audit reports for the year ended June 30, 2019



BOISE STATE UNIVERSITY



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Report of Independent Auditors

Idaho State Board of Education
Boise State University

Report on the Financial Statements

We have audited the accompanying financial statements of Boise State University (the University) and its discretely presented component unit, Boise State University Foundation, Inc. (the Foundation) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Boise State University as of June 30, 2019 and 2018, 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 management's discussion and analysis and certain information related to pensions and other postemployment benefits on pages 4 through 18 and 98 through 102 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.

Supplementary Information

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

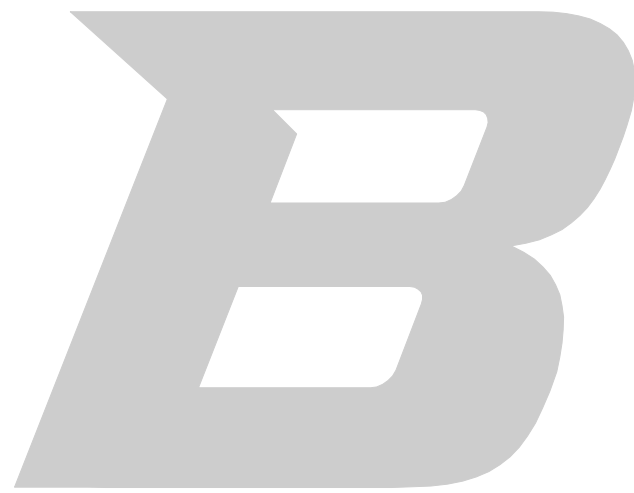
The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2019, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Moss Adams LLP

Portland, Oregon
October 9, 2019



**BOISE STATE
UNIVERSITY**



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

The following Management's Discussion and Analysis ("MD&A") provides an overview of Boise State University's ("the University") financial performance based on currently known facts, data and conditions, and is designed to assist readers in understanding the accompanying financial statements. The financial statements encompass the University and a discretely presented component unit; however, the MD&A focuses only on the University. Information relating to the Boise State University Foundation can be found in its separately issued financial statements. The University's financial report includes three basic financial statements: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows.

Boise State University is a publicly supported, multi-disciplinary doctoral institution of higher education recognized for outreach and community engagement. The main campus is located in Boise, Idaho with convenient access to governmental institutions and commercial and cultural amenities located in the capital city. The Boise City-Nampa metropolitan area contains the three largest cities in Idaho and has an estimated population of 730 thousand. As of June 30, 2019, the University employed 5,318 faculty and staff (including 1,622 student employees). The University administers baccalaureate, masters and doctoral programs through seven academic colleges: Arts and Sciences, Business and Economics, Education, Engineering, Graduate Studies, Health Sciences and Innovation and Design. Within its academic colleges and Honors College, Boise State has an array of degree programs that foster student success, lifelong learning, community engagement, innovation and creativity. This academic year, 4,393 students graduated from Boise State University, including 32 Doctoral candidates. The University is classified as a doctoral research institution with high research activity by the Carnegie Classification of Institutions of Higher Education. The University is home to 23 research centers and institutes, including the Center for Health Policy, the Public Policy Research Center, the Raptor Research Center and the Center for Multicultural Educational Opportunities. These centers are conducting and fostering research and initiatives within and across colleges and in partnership with the community and industry. Student athletes compete in National Collegiate Athletic Association intercollegiate athletics at the Division I-A level on 18 men's and women's teams in 13 sports. The University also hosts Boise State Public Radio (BSPR). BSPR is non-commercial, independent public media and features a news service and music service, with national programs from NPR and other public radio distributors. BSPR serves two-thirds of the population of Idaho, as well as parts of eastern Oregon and northern Nevada, through 18 transmitters and translators.

Overview of the Financial Statements and Financial Analysis

The financial statements for fiscal years ended June 30, 2019 and June 30, 2018 are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles. The Boise State University Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt entity and is discretely presented for the fiscal years ended June 30, 2019 and 2018. The Foundation reports financial information according to Financial Accounting Standards Board ("FASB") reporting standards.



The University presents component unit financial information on pages immediately following the statements of the University. Financial information of the component unit should not be combined with the financial information of the University. Financial statements of the Foundation may be obtained from the Office of the Vice President and Chief Financial Officer for the University.

Student Body

The University has the largest student enrollment of any public university in Idaho with a fall semester 2018 enrollment of 25,540 students (based on headcount with full-time equivalent enrollment of 16,967) and a fall semester 2017 enrollment of 24,154 students (based on headcount with full-time equivalent enrollment of 16,317) as of the October 15th census dates. This reflects an increase of 1,386 students based on headcount and 650 students based on full-time equivalent enrollment. Enrollment at the University is at an all-time high. In addition to having students attending from every Idaho county, students from all 50 states and over 74 countries attend the University. The University enrolls large numbers of both traditional age students and working adults.

Enrollment and Graduation Statistics Fall Semester				
	2015	2016	2017	2018
Enrollment				
Headcount	22,113	23,886	24,154	25,540
Full time equivalents	15,451	15,973	16,317	16,967
Undergraduate students				
Full time	12,034	12,375	12,477	12,787
Part time	7,088	7,834	8,290	9,277
Graduate students				
Full time	903	936	1,068	1,108
Part time	2,088	2,741	2,319	2,368
Students from Idaho	71%	76%	74%	73%
First year undergraduates/transfers				
Applied	10,838	11,193	11,651	13,737
Admitted	8,668	9,141	9,781	11,113
Enrolled	3,502	3,941	4,106	4,188
ACT mean score	23	23	24	23
	2014-2015	2015-2016	2016-2017	2017-2018
Degrees Conferred				
Associate	168	145	116	118
Bachelor	3,154	3,174	3,317	3,196
Master	703	670	776	917
Doctorate	14	18	36	32
Certificate*	301	305	420	489

*Includes undergraduate, graduate, and post-undergraduate certificates.



State Appropriations

Legislatively-approved State appropriations represent approximately 23% of the University’s total annual revenues for fiscal year 2019. Such revenues are not included as pledged revenues. The Legislature meets beginning in January of each calendar year and sets budgets and appropriations for all agencies and departments of state government for the fiscal year beginning the following July 1. The Legislature may also adjust budgets and appropriations for the fiscal year during which the Legislature is meeting.

If, in the course of a fiscal year, the Governor determines that the expenditures authorized by the Legislature for the current fiscal year exceed anticipated revenues expected to be available to meet those expenditures, the Governor, by executive order, may reduce (“holdback”) the spending authority on file in the office of the Division of Financial Management for any department, agency or institution of the State, or request a reversion (“reversion”) of appropriations back to the State to balance the State budget. There have been no holdbacks or reversions since fiscal year 2010 and the University does not anticipate a holdback or reversion during fiscal year 2020.

The table below sets forth the legislative appropriations from the State General Fund for all higher education institutions and for the University for the fiscal years shown.

State General Fund Appropriations (Dollars in Thousands)			
	2017	2018	2019
All Higher Education	\$ 279,547	\$ 287,053	\$ 295,763
Boise State University	\$ 92,968	\$ 96,212	\$ 99,812
Percentage increase over prior year for the University	8.60%	3.49%	3.74%

Statements of Net Position

The statements of net position include all assets, deferred outflows, liabilities and deferred inflows of the University. Assets, deferred outflows, liabilities and deferred inflows are reported on an accrual basis as of the statement date. This statement also identifies major categories of net position of the University as net investment in capital assets; restricted, expendable; and unrestricted. The first category, net investment in capital assets, reflects the University’s equity in capital assets. The second net position category, restricted, expendable, is available for expenditure by the University for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Finally, unrestricted net position provides the amount of equity in assets available to the University for any lawful purpose of the institution. Changes in net position over time are an indicator of whether the University's available resources are increasing or declining.



In fiscal year 2018, the University implemented the provisions of GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*” This Statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures relating to Other Post-Employment Benefits “OPEB”. During fiscal year 2019, the University became aware of and recorded a prior period adjustment to properly reflect its proportionate share of the State Sick Leave Insurance Reserve Fund (“SLIRF”) and OPEB expense. The 2018 statements presented herein reflect this adjustment. This reduced 2018 OPEB expense by \$1.3 million and increased the cumulative effect of implementing GASB 75 by \$13.3 million for an overall increase to the previously recorded fiscal year 2018 net position of \$14.7 million.





Summary Statements of Net Position			
As of June 30,			
(Dollars in Thousands)			
	2019	2018-Restated	2017
ASSETS:			
Current assets	\$ 173,456	\$ 148,303	\$ 135,172
Capital assets, net	566,737	543,382	478,403
Other assets	122,911	132,458	104,445
Total assets	<u>863,104</u>	<u>824,143</u>	<u>718,020</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>13,573</u>	<u>13,699</u>	<u>15,239</u>
Total assets and deferred outflows of resources	<u>\$ 876,677</u>	<u>\$ 837,842</u>	<u>\$ 733,259</u>
LIABILITIES:			
Current liabilities	\$ 88,957	\$ 72,449	\$ 60,902
Non-current liabilities	275,368	285,930	272,601
Total liabilities	<u>364,325</u>	<u>358,379</u>	<u>333,503</u>
DEFERRED INFLOWS OF RESOURCES	<u>48,956</u>	<u>44,995</u>	<u>2,394</u>
NET POSITION:			
Net investment in capital assets	313,744	304,127	269,288
Restricted, expendable	23,493	28,375	13,617
Unrestricted	126,159	101,966	114,457
Total net position	<u>463,396</u>	<u>434,468</u>	<u>397,362</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 876,677</u>	<u>\$ 837,842</u>	<u>\$ 733,259</u>

The University's total assets and deferred outflows of resources increased during fiscal year 2019 by \$39 million from \$838 million as of June 30, 2018 to \$877 million as of June 30, 2019. Capital assets represent \$23 million of the increase, which include the \$45 million of construction in progress and land additions and \$4 million in acquisition of depreciable assets net of \$26 million of additional depreciation. Due from component units increased by \$8.7 million related to pending reimbursements for capital projects and athletics from the Foundation. Cash with treasurer increased \$7.3 representing an increase in student fees which are deposited with the State until spent. Deferred outflows of resources remain relatively unchanged.

The University's total assets and deferred outflows of resources increased during fiscal year 2018 by \$105 million from \$733 million as of June 30, 2017 to \$838 million as of June 30, 2018. Capital assets represent \$65 million of the increase, which include the receipt of two buildings from the Foundation as



well as the recording of the new Honors College residence hall. The recording of the University's proportionate share of the SLIRF added \$15 million. The remaining increase is primarily due to increases in investments and lease receivable offset by decreases in cash and cash equivalents and accounts receivable and unbilled charges, net.

The University's total liabilities increased during fiscal year 2019 by \$6 million from \$358 million as of June 30, 2018 to \$364 million as of June 30, 2019. Liabilities increased primarily due to the reclassification of \$8.2 million of restricted net position as a refundable federal student assistance liability, due to the termination of the Federal Perkins Loan Program. Operational increases include \$9 million of accounts payable and accrued liabilities, and \$3 million due to state agencies for construction projects which were offset by \$12.8 million in reduction of current and non-current bonds payable from regular amortization.

The University's total liabilities increased during fiscal year 2018 by \$24 million from \$334 million as of June 30, 2017 to \$358 million as of June 30, 2018. The change is driven by an increase in amount due to state agencies of \$8.6 million related to construction in progress, an increase in bonds payable of \$9.2 million due to the issuance of series 2018A revenue bonds net of principle payments and an increase of \$14.6 million in other post-employment benefits obligation, offset by the payoff of obligations under capital lease-component unit and decreases in net pension liability which are directly related to Public Employee Retirement System of Idaho (PERSI) base plan investment performance.

Total deferred inflows of resources increased \$4 million during fiscal year 2019 from \$45 million to \$49 million as of June 30, 2019. The increase can be attributed to deferred inflows related to Other Post-Employment Benefits ("OPEB").

Deferred inflows of resources increased \$43 million during fiscal year 2018 from \$2 million as of June 20, 2017 to \$45 million as of June 30, 2018. The increase relates to the service concession arrangement associated with the Honor's College.

Total net position during fiscal year 2019 increased by \$29 million from \$434 million as of June 30, 2018 to \$463 million as of June 30, 2019. Net investment in capital assets increased by \$9.6 million driven by repayment of debt. Restricted expendable net position decreased by \$4.8 million due to the recording of \$8.2 of expense associated with the termination of the Federal Perkins Loan Program offset by \$3.3 million increase in OPEB assets associated with the SLIRF. Unrestricted net position increased by \$24 million primarily related to increases in receivables and investments offset by changes in liabilities, deferred inflows and unearned revenue.

Total net position during fiscal year 2018 increased by \$37 million from \$397 million as of June 30, 2017 to \$434 million as of June 30, 2018. Net investment in capital assets increased by \$35 million driven by \$65 million in asset additions offset by \$30 million of increase in deferred inflows of resources related to the recording a service concession arrangement associated with the Honors College building. Restricted



expendable net position increased by \$14.8 primarily due to the \$13.7 of OPEB assets associated with the SLIRF. Unrestricted net position decreased \$12.5 million related to recording other post-employment benefits obligations.

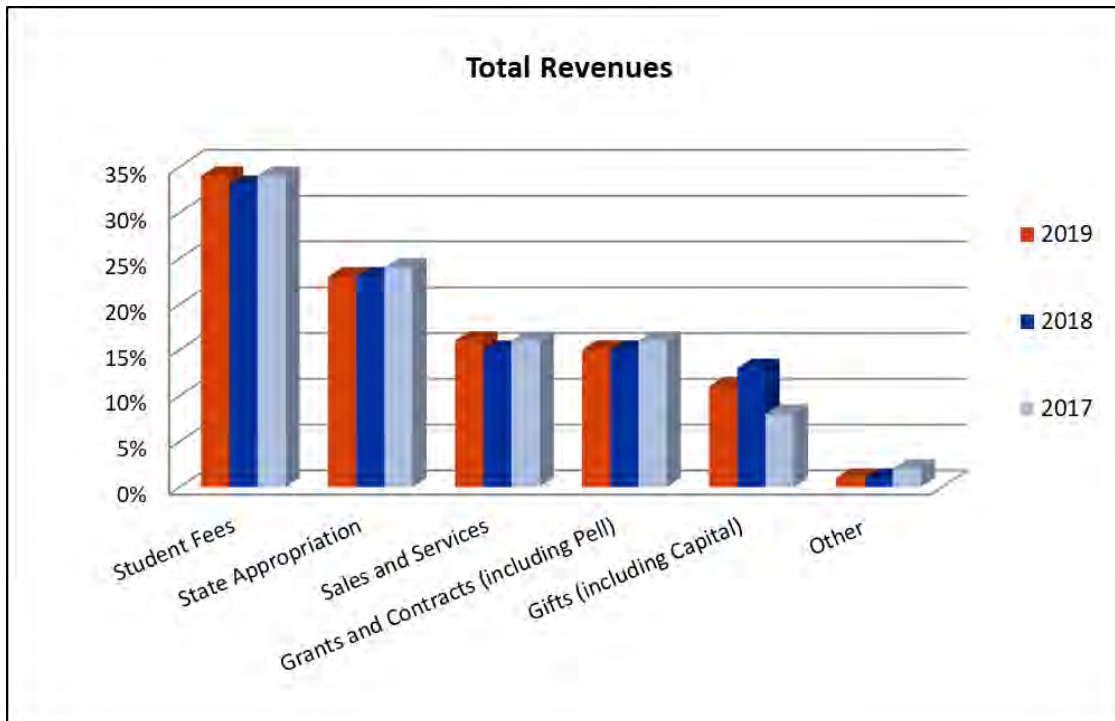




Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position, as presented on the statements of net position, are based on the activity presented in the statements of revenues, expenses and changes in net position. The purpose of the statement is to present the revenues (operating and non-operating) earned, the expenses (operating and non-operating) incurred and any other revenues, expenses, gains and losses recognized by the University. A publicly supported university will normally reflect a net operating loss because state general fund appropriations are not reported as operating revenues. Generally speaking, operating revenues are generated by providing services to students and the various customers and constituencies of the University. Operating expenses are those expenses incurred to acquire or produce the services provided in return for operating revenues and to carry out the functions of the University. Non-operating revenues are revenues for which services are not provided. For example, state general funds are non-operating because the Idaho State Legislative process provides them to the University without the Legislature directly receiving services in exchange for those revenues.

Total revenues are comprised of student fees, state appropriations, sales and services of educational and auxiliary operations, grants and contracts, gifts and other revenues. For the year ended June 30, 2019, Student fees, net, are \$155 million and represent 34% of total revenue, followed by state appropriations of \$103 million or 23% of total revenue. As a percentage of total revenue, Sales and services contribute 16%, grants and contracts contribute 15%, while gifts contribute 11% of total revenue.



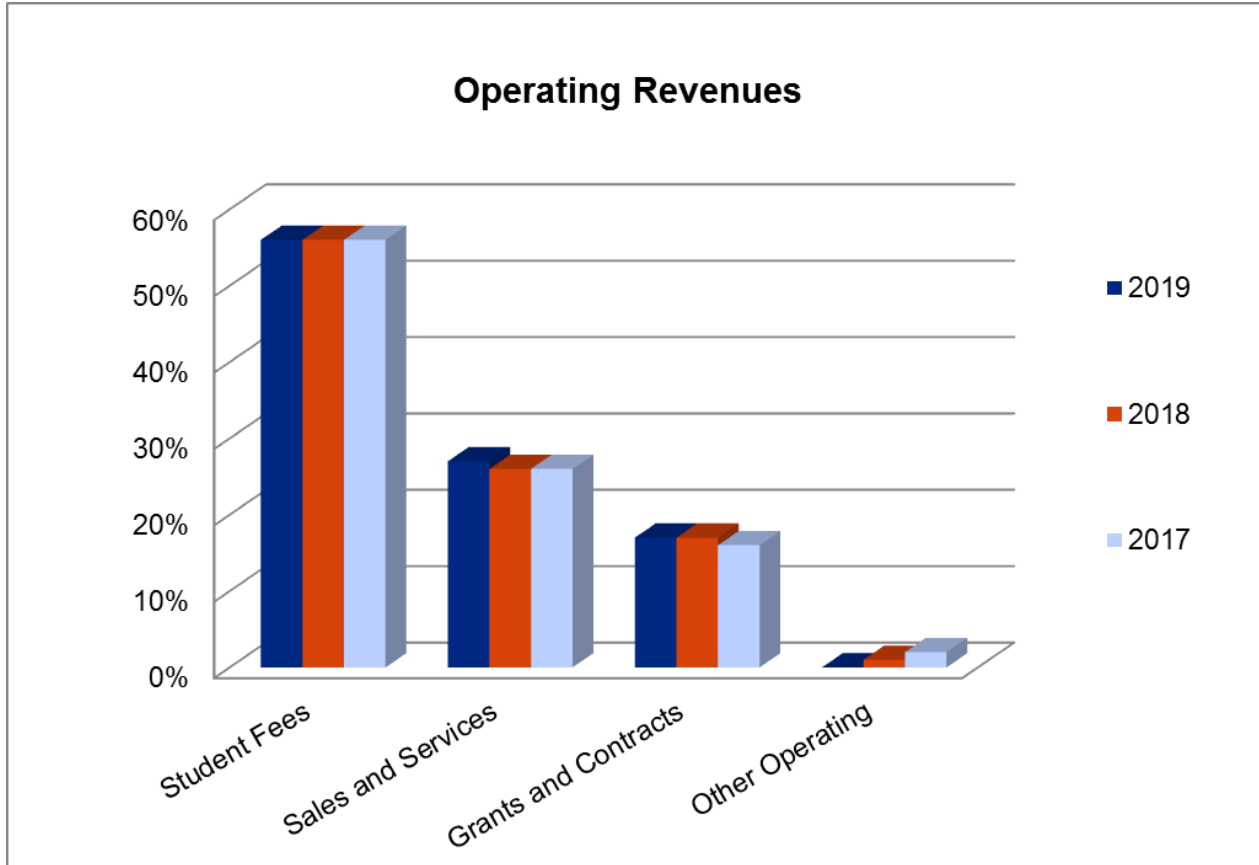


Summary Statements of Revenues, Expenses, and Changes in Net Position			
Fiscal Years Ended June 30,			
(Dollars in Thousands)			
	2019	2018-Restated	2017
Operating revenues	\$ 275,041	\$ 256,356	\$ 244,090
Operating expenses	410,107	395,990	377,968
Operating loss	(135,066)	(139,634)	(133,878)
Non-operating revenues and expenses	147,501	147,049	137,716
Income before capital revenues	12,435	7,415	3,838
Capital revenues	16,492	29,134	6,002
Increase in net position	\$ 28,927	\$ 36,549	\$ 9,840
Net position—Beginning of year	\$ 434,468	\$ 397,362	\$ 387,522
Cumulative Effect of Implementing GASB 75	-	557	-
Net position—Beginning of year (as restated)	434,468	397,919	387,522
Increase in net position	28,927	36,549	9,840
Net position—End of year	\$ 463,395	\$ 434,468	\$ 397,362

The statements of revenues, expenses and changes in net position reflect an overall increase in net position of \$29 million, \$37 million and \$10 million during fiscal years 2019, 2018 and 2017, respectively. Increases in operating and non-operating revenues were offset by an increase in operating expense. Capital revenues contain capital related gifts, grants and appropriations and vary based the timing of construction activity on campus. The University is currently constructing the Center for the Visual Arts and the Micron Center for Materials Research.

Operating revenues increased by \$19 million from \$256 million in fiscal year 2018 to \$275 million in fiscal year 2019. Student fees, net, increased \$12 million, or 8%, due to a 5% increase in tuition and fees combined with an approximately 2% increase in enrollment. Grant and contract revenues increased \$2.9, million or 6.5% split evenly between federal and state and local funding. Sales and services revenues increased \$4.5 million or 6.6%, while other operating revenues decreased \$607 thousand.

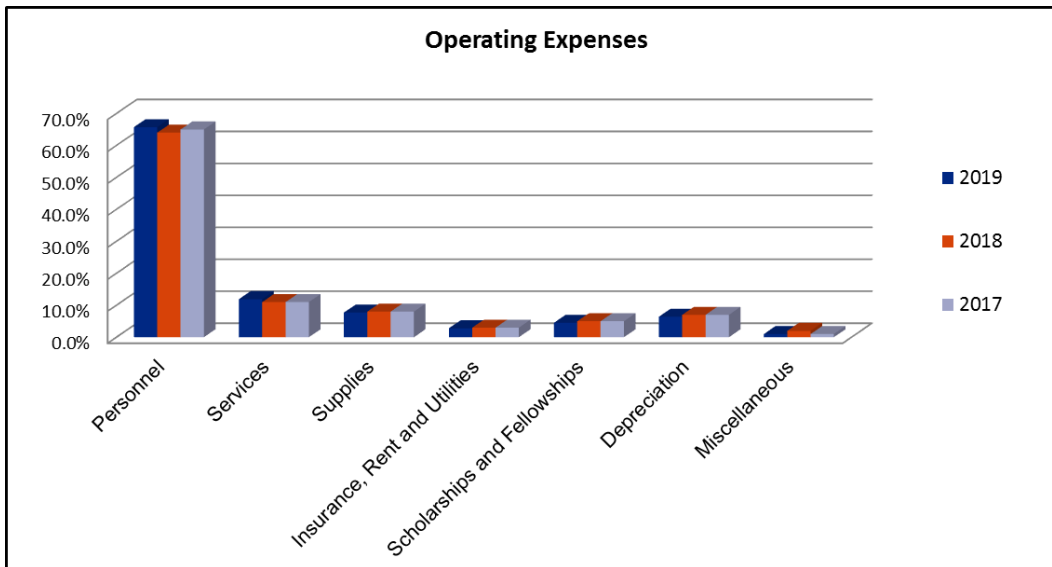
Operating revenues increased by \$12 million from \$244 million in fiscal year 2017 to \$256 million in fiscal year 2018. Student fees, net, increased \$7.1 million, or 5% due to a 3% increase in tuition and fees combined with an approximately 2% increase in enrollment. Grant and contract revenues increased \$4.9 million, or 12% primarily due to federal funding.



Operating expenses increased by \$14 million from \$396 million in 2018 to \$410 million in fiscal year 2019. Personnel expenses increased \$8.5 million, or 3%. Salary expense increased \$10.8 million due to the 3% statewide change in employee compensation, salary for new positions and market adjustments for existing positions. This was offset by a net decrease in employer taxes and benefit costs. Personnel costs benefitted from a two-month premium holiday for the states medical and dental plans. Reserve balances held by the state for their plans enabled the holiday. Expenses for services increased \$4.6 million due to continued growth at the University including \$1.5 million in costs to implement a new HR system. Supplies increased by \$915 thousand driven by food costs related to increased dining volume. The net result is a \$4.6 million decrease in operating loss. Increased non-operating revenues and expenses of \$452 thousand also contributed to income before capital revenues of \$12 million.



Operating expenses increased by \$18 million from \$378 million in 2017 to \$396 million in fiscal year 2018. Personnel expenses increased \$16 million, or 6.6%, which includes a \$12.8 million increase in salary related personnel costs. In addition to the 3% statewide change in employee compensation, salary for new positions and market adjustments for existing positions generated a \$4.5 million increase. The remaining increase is primarily related to \$4.6 million in higher employer costs associated with employee benefit plans. Services expense increased by \$1.6 million primarily due to \$1 million additional grant sub-recipient expense.



**Statements of Cash Flows**

The statements of cash flows present detailed information about the cash activity of the University during the year. The statements of cash flows are not presented for component units. The statement is divided into five sections. The first section addresses operating cash flows detailing the net cash received and used by the operating activities of the University. The second section reflects cash flows from non-capital financing activities and displays the cash received and spent for non-operating, non-investing and non-capital financing purposes. The third section presents cash flows from capital and related financing activities including the cash used for the acquisition and construction of capital and related items. The fourth section reflects cash flows from investing activities and displays the purchases, proceeds and interest received from investing activities. The fifth section reconciles the net cash used in operating activities to operating income or loss reflected on the statements of revenues, expenses and changes in net position.

Summary Statements of Cash Flows			
Fiscal Years Ended June 30,			
(Dollars in Thousands)			
	2019	2018-Restated	2017
Cash provided (used) by:			
Operating activities	\$ (100,835)	\$ (104,602)	\$ (108,598)
Non-capital financing activities	149,313	149,401	149,362
Capital and related financing activities	(50,115)	(23,188)	(1,151)
Investing activities	9,545	(26,264)	(28,494)
Net change in cash and cash equivalents and cash with Treasurer			
	7,908	(4,653)	11,119
Cash—Beginning of year	<u>54,144</u>	<u>58,797</u>	<u>47,678</u>
Cash—End of year	<u>\$ 62,052</u>	<u>\$ 54,144</u>	<u>\$ 58,797</u>

Cash increased by \$8 million during fiscal year 2019 compared to a cash decrease of \$5 million during fiscal year 2018. Cash used in operating activities decreased by \$3.8 million in fiscal year 2019 compared to fiscal year 2018. Increases in student fees of \$9.4 million and sales and services receipts of \$3.7 million were offset by \$10.5 million of additional payments to employees. Net cash used in capital and related financing activities increased \$27 million primarily related to an increase in capital asset purchases of \$21 million and a decrease in proceeds from bonds payable of \$20 million offset by increased capital grants and gifts of \$10 million. The University continues to invest in facilities utilizing unrestricted reserves, donations and invested assets.



Cash decreased by \$5 million during fiscal year 2018 compared to a cash increase of \$11 million during fiscal year 2017. Cash used in operating activities decreased by \$4 million in fiscal year 2018 compared to fiscal year 2017. All categories of operating receipts increased by a total of \$30 million. Increases in payments to employees, supplies and other operating payments are offset by decreases in services, loans issued to students and insurance, utilities and rent. Net cash used in capital and related financing activities increased \$22 million primarily related to the purchases of capital assets and debt service offset by \$20 million in net proceeds from the issuance of bonds.



Capital Asset and Debt Administration

The University's capital assets (prior to depreciation) increased by \$45 million from \$864 million in 2018 to \$909 million in 2019. The University continued to improve infrastructure and acquire property consistent with the Campus Master Plan. These improvements included \$41 million of additions to construction in progress and land purchases of \$4 million. The Center for the Visual Arts, which opens in the fall of 2019, represents 105,000 gross square feet that bring together the history of art and visual culture, art metals, art education, ceramics, drawing and painting, graphic design, illustration, photography, printmaking and sculpture under one roof. The Micron Center for Materials Research which will open in the fall of 2020 will provide approximately 97,000 gross square feet to accommodate world class research laboratory and computational spaces in areas such as DNA/bio nano, thin films, applied electrochemistry, computational and materials chemistry research. The building will also house teaching labs and support spaces.



Limited state funding exists for University buildings. Therefore, the University continues to leverage student facility fees, donations and grant funding with taxable and tax-exempt bonds to improve and add academic and auxiliary facilities.

The University's debt burden ratio as of June 30, 2019 is 5.1%, representing an increase from the June 30, 2018 ratio of 4.65%. Management's policy, in accordance with the State Board of Education policy, is to maintain this ratio below 8%.

Economic Outlook

According to the July 2019 Idaho General Fund Revenue Report, the State of Idaho finished fiscal year 2019 with \$3.73 billion in general fund receipts, which was \$15.7 million lower than the forecasted amount but was an .1% increase from fiscal year 2018. Corporate and sales tax revenues outperformed expectations while individual income tax experienced a shortfall. Within Idaho, economic indicators including the housing sector, unemployment, retail and trade jobs, and personal income are favorable.

The Idaho State Board of Education appointed Dr. Marlene Tromp as the seventh President of Boise State University beginning July 1, 2019. Dr. Tromp comes to Boise State from the University of California at Santa Cruz where she was the campus Provost and Executive Vice Chancellor. Prior to joining the University of California system, she was Dean of Arizona State University's New Interdisciplinary College of Arts and Sciences. Dr. Tromp is a first generation college graduate from Wyoming committed to supporting students and faculty, serving and advancing the state of Idaho, and helping the university foster research excellence to increase discovery for its student and the world.

In Idaho, Boise State University continues to lead the state in pursuit of the goal that 60 percent of Idahoans between 25 and 34 have a college degree or certificate, exceeding the benchmark set by the Board. The University's fee structure remains competitive and retention rates, four-year graduation rates and six-year graduation rates continue to climb.



The Northwest Commission on Colleges and Universities, based on a full review, reaffirmed Boise State's accreditation in June 2019. The Commission commended the University for:

- Significant progress in improving student retention rates and graduation rates, expanding research and graduate programs and enhancing community engagement to increased access to programs.
- Initiatives around early academic success and opportunities for students to apply learning.
- The Division of Student Affairs focus on recruiting, retention and employability.
- Responsible funding and expanding of physical infrastructure.
- Collaborative leadership, support and implementation of open educational resources to reduce the cost to students.
- Efforts to develop interdisciplinary graduate programs and infrastructure to support research and development.

Demand for the University's services continues to grow. Enrollment headcount and full-time equivalent grew by 15% and 8%, respectively, between 2014 and 2018. Degree seeking enrollment for fall 2019, is expected to increase approximately 2.5% over fall 2018. Expenditures for grants and contracts increased 7% this year and have increased 34% over the last ten years.

Boise State University is well positioned to continue to thrive and grow, in size and reputation. The University is recognized by U.S. News and World report as innovative, ranking 42nd in the nation. Under the leadership of Dr. Marlene Tromp, the University is focused on expanding national influence to deliver value to the city, state, region and country.

**BOISE STATE UNIVERSITY****BOISE STATE UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND JUNE 30, 2018**

	<u>University 2019</u>	<u>University 2018-Restated</u>
ASSETS		
CURRENT ASSETS		
Cash with treasurer	\$ 52,445,562	\$ 45,103,304
Cash and cash equivalents	9,606,845	9,041,167
Student loans receivable, net	1,874,434	1,987,655
Accounts receivable and unbilled charges, net	21,487,560	19,255,556
Lease receivable	200,000	200,000
Prepaid expense	2,662,559	2,666,813
Inventories	1,796,155	1,810,935
Investments	71,126,914	64,502,081
Due from component units	11,940,744	3,286,226
Other current assets	315,690	449,704
Total current assets	<u>173,456,463</u>	<u>148,303,441</u>
NON-CURRENT ASSETS		
Student loans receivable, net	7,111,085	8,739,680
Lease receivable	9,433,333	9,633,333
Investments	89,134,839	100,271,011
Capital assets, net	566,736,528	543,381,620
Net other post-employment benefits (OPEB) asset	16,953,970	13,659,151
Other non-current assets	277,879	155,111
Total non-current assets	<u>689,647,634</u>	<u>675,839,906</u>
Total assets	<u>863,104,097</u>	<u>824,143,347</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to refunding of debt	5,717,098	6,096,483
Deferred outflows related to pensions	5,739,162	5,675,357
Deferred outflows related to OPEB	2,116,497	1,926,463
Total deferred outflows of resources	<u>13,572,757</u>	<u>13,698,303</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 876,676,854</u>	<u>\$ 837,841,650</u>

See notes to financial statements.



BOISE STATE UNIVERSITY

BOISE STATE UNIVERSITY
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2019 AND JUNE 30, 2018

	<u>University 2019</u>	<u>University 2018-Restated</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 22,113,655	\$ 13,131,217
Due to state agencies	12,211,557	9,282,924
Accrued salaries and benefits payable	13,832,560	14,040,561
Compensated absences payable	9,115,195	8,997,665
Interest payable	2,497,103	2,585,246
Unearned revenue	16,923,852	14,280,543
Refundable federal student assistance liability	1,624,272	-
Bonds payable	10,605,000	10,100,000
Other current liabilities	34,213	30,663
Total current liabilities	<u>88,957,407</u>	<u>72,448,819</u>
NON-CURRENT LIABILITIES		
Unearned revenue	1,760,258	2,098,530
Refundable federal student assistance liability	6,585,191	-
Bonds payable	228,452,424	241,778,759
Total OPEB obligation	24,803,759	26,500,167
Net pension liability	13,351,559	14,956,169
Other non-current liabilities	415,267	595,921
Total non-current liabilities	<u>275,368,458</u>	<u>285,929,546</u>
Total liabilities	<u>364,325,865</u>	<u>358,378,365</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to grants received in advance	250,259	157,179
Deferred inflows related to pensions	3,156,054	2,386,225
Deferred inflows related to service concession arrangements	41,586,446	42,451,328
Deferred inflows related to OPEB	3,963,026	-
Total deferred inflows of resources	<u>48,955,785</u>	<u>44,994,732</u>
NET POSITION		
Net investment in capital assets	313,743,972	304,127,522
Restricted, expendable	23,492,709	28,375,238
Unrestricted	126,158,523	101,965,793
Total net position	<u>463,395,204</u>	<u>434,468,553</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 876,676,854</u>	<u>\$ 837,841,650</u>

See notes to financial statements.



BOISE STATE UNIVERSITY

BOISE STATE UNIVERSITY COMPONENT UNIT
BOISE STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND JUNE 30, 2018

	<u>Foundation 2019</u>	<u>Foundation 2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,844,541	\$ 3,013,780
Accrued interest and other receivables	516,857	436,421
Promises to give, net, non-endowment	634,927	6,292,648
Promises to give, endowment	<u>214,878</u>	<u>303,572</u>
Total current assets	<u>5,211,203</u>	<u>10,046,421</u>
NON-CURRENT ASSETS		
Restricted cash and cash equivalents	10,548,705	14,211,538
Promises to give, net, non-endowment	640,954	976,079
Promises to give, endowment	255,667	438,650
Investments	176,005,682	165,109,675
Interest in perpetual trusts	2,645,681	2,686,823
Investments in real estate	149,000	659,000
Other assets	<u>820,114</u>	<u>811,604</u>
Total non-current assets	<u>191,065,803</u>	<u>184,893,369</u>
TOTAL ASSETS	<u>\$ 196,277,006</u>	<u>\$ 194,939,790</u>

See notes to financial statements.



BOISE STATE UNIVERSITY

BOISE STATE UNIVERSITY COMPONENT UNIT
BOISE STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2019 AND JUNE 30, 2018

	<u>Foundation 2019</u>	<u>Foundation 2018</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 10,626,063	\$ 2,162,846
Interest payable	10,000	10,000
Prepaid parking and suites	532,620	492,086
Liability under split interest trust agreements	136,696	144,375
Trust earnings payable to trust beneficiaries	20,364	20,364
Total current liabilities	<u>11,325,743</u>	<u>2,829,671</u>
NON-CURRENT LIABILITIES		
Other long-term debt	2,000,000	2,000,000
Deferred suites revenue	765,335	526,837
Liability under split interest trust agreements	1,636,327	1,646,281
Amounts held in custody for others	1,302,685	1,086,775
Trust earnings payable to trust beneficiaries	102,840	105,624
Total non-current liabilities	<u>5,807,187</u>	<u>5,365,517</u>
Total liabilities	<u>17,132,930</u>	<u>8,195,188</u>
NET ASSETS		
With Donor Restriction		
Perpetual in nature	101,150,336	93,675,338
Purpose restrictions	59,472,386	69,841,659
Time-Restricted for future periods	1,664,105	7,903,216
Underwater endowments	(71,674)	(79,177)
Total with donor restriction net assets	<u>162,215,153</u>	<u>171,341,036</u>
Without Donor Restriction		
Undesignated	13,102,666	11,539,813
Designated by Board for Endowment	3,826,257	3,863,753
Total without donor restriction net assets	<u>16,928,923</u>	<u>15,403,566</u>
Total net assets	<u>179,144,076</u>	<u>186,744,602</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 196,277,006</u>	<u>\$ 194,939,790</u>

See notes to financial statements.



BOISE STATE UNIVERSITY

BOISE STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018

	<u>University 2019</u>	<u>University 2018-Restated</u>
OPERATING REVENUES		
Student fees, pledged for bonds	\$ 182,232,202	\$ 168,637,987
Scholarship allowance	<u>(27,628,700)</u>	<u>(25,946,000)</u>
Student fees, net	154,603,502	142,691,987
Federal grants and contracts (including \$6,238,520 and \$5,296,357 of revenues pledged for bonds in 2019 and 2018, respectively)	37,525,093	36,120,893
State and local grants and contracts (including \$725,680 and \$535,983 of revenues pledged for bonds in 2019 and 2018, respectively)	6,929,166	5,515,960
Private grants and contracts (including \$180,814 and \$231,894 of revenues pledged for bonds in 2019 and 2018, respectively)	2,581,578	2,527,409
Sales and services of educational activities, pledged for bonds	8,264,779	7,917,684
Sales and services of auxiliary enterprises, pledged for bonds	64,037,202	59,876,126
Other operating revenues, pledged for bonds	<u>1,099,336</u>	<u>1,705,898</u>
Total operating revenues	<u>275,040,656</u>	<u>256,355,957</u>
OPERATING EXPENSES		
Personnel cost	269,317,214	260,828,281
Services	48,657,354	44,025,257
Supplies	31,566,707	30,651,435
Insurance, utilities and rent	11,518,778	11,091,728
Scholarships and fellowships	18,596,140	18,384,657
Depreciation	26,359,987	26,468,896
Miscellaneous operating expenses	<u>4,090,581</u>	<u>4,539,354</u>
Total operating expenses	<u>410,106,761</u>	<u>395,989,608</u>
OPERATING LOSS	<u>(135,066,105)</u>	<u>(139,633,651)</u>

See notes to financial statements.



BOISE STATE UNIVERSITY

**BOISE STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)
FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018**

	<u>University 2019</u>	<u>University 2018-Restated</u>
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	102,792,688	100,461,708
Pell grants	22,702,825	23,600,874
Gifts (includes gifts from component unit equal to \$19,039,838 and \$22,383,936 in 2019 and 2018, respectively)	32,141,995	28,482,810
Net investment income (including \$4,144,202 and \$2,586,004 of revenues pledged for bonds in 2019 and 2018, respectively)	4,148,780	2,595,265
Change in fair value of investments (including \$8,251 and \$0 of revenues pledged for bonds in 2019 and 2018, respectively)	884,188	(336,336)
Interest (net of capitalized interest by the University of \$917,343 and \$105,757 in 2019 and 2018, respectively)	(7,030,946)	(7,571,626)
Loss on retirement of capital assets	(258,821)	(344,022)
Loss on Perkins federal capital contribution	(8,209,463)	-
Other non-operating revenue (expense)	330,110	160,272
Net non-operating revenues	<u>147,501,356</u>	<u>147,048,945</u>
INCOME BEFORE CAPITAL REVENUES	<u>12,435,251</u>	<u>7,415,294</u>
CAPITAL REVENUES		
Capital appropriations	666,061	1,858,258
Capital grants and gifts (includes gifts from component unit equal to \$15,666,839 and \$16,826,753 in 2019 and 2018, respectively)	15,825,339	27,275,727
Total capital revenues	<u>16,491,400</u>	<u>29,133,985</u>
INCREASE IN NET POSITION	<u>\$ 28,926,651</u>	<u>\$ 36,549,279</u>
NET POSITION—Beginning of year (previously reported)	\$ 434,468,553	\$ 397,362,179
CUMULATIVE EFFECT OF IMPLEMENTING GASB 75	-	557,095
NET POSITION—Beginning of year (as restated)	434,468,553	397,919,274
INCREASE IN NET POSITION	<u>28,926,651</u>	<u>36,549,279</u>
NET POSITION—End of year	<u>\$ 463,395,204</u>	<u>\$ 434,468,553</u>

See notes to financial statements.



BOISE STATE UNIVERSITY

BOISE STATE UNIVERSITY COMPONENT UNIT
BOISE STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

	Without Donor Restriction	With Donor Restriction	Foundation 2019
OPERATING REVENUES:			
Gifts	\$ 543,085	\$ 14,200,621	\$ 14,743,706
Non-cash gifts	111,447	300,000	411,447
Other income	3,555,174	5,144,135	8,699,309
Net investment income	2,729,933	5,135,634	7,865,567
Change in split interest trusts	-	(45,670)	(45,670)
Total revenues and gains	6,939,639	24,734,720	31,674,359
Net assets released from restrictions through satisfaction of:			
Program and time restrictions	33,328,221	(33,328,221)	-
Write-off of promises to give	187,894	(187,894)	-
Total operating revenues	40,455,754	(8,781,395)	31,674,359
OPERATING EXPENSES:			
Distribution of scholarships and general endowments	5,833,572	-	5,833,572
Distribution of funds for academic programs	17,776,043	-	17,776,043
Distribution of funds for athletic programs			
Program services	10,585,155	-	10,585,155
Fundraising expenses	16,799	-	16,799
Management and general	495,108	-	495,108
Uncollectible pledges to give	198,275	-	198,275
Administrative expense			
Program services	369,125	-	369,125
Fundraising expenses	2,036,185	-	2,036,185
Management and general	1,620,135	-	1,620,135
Total operating expenses	38,930,397	-	38,930,397
OPERATING INCOME (EXPENSE)	1,525,357	(8,781,395)	(7,256,038)
NON-OPERATING REVENUES (EXPENSES):			
Loss on sale of real property	-	(193,488)	(193,488)
Impairment of property	-	(151,000)	(151,000)
Total non-operating revenues	-	(344,488)	(344,488)
CHANGE IN NET ASSETS	1,525,357	(9,125,883)	(7,600,526)
NET ASSETS - Beginning of year	15,403,566	171,341,036	186,744,602
NET ASSETS - End of year	\$ 16,928,923	\$162,215,153	\$ 179,144,076

See notes to financial statements.



BOISE STATE UNIVERSITY

**BOISE STATE UNIVERSITY COMPONENT UNIT
BOISE STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2018**

	Without Donor Restriction	With Donor Restriction	Foundation 2018
OPERATING REVENUES:			
Gifts	\$ 1,150,969	\$ 17,127,501	\$ 18,278,470
Non-cash gifts	27,862	637,207	665,069
Other income	4,460,053	1,846,483	6,306,536
Net investment income	526,177	6,767,168	7,293,345
Change in split interest trusts	-	(26,096)	(26,096)
Total revenues and gains	6,165,061	26,352,263	32,517,324
Net assets released from restrictions through satisfaction of:			
Program and time restrictions	37,272,964	(37,272,964)	-
Write-off of promises to give	(222,017)	222,017	-
Board and donor designated transfers	138,747	(138,747)	-
Total operating revenues	43,354,755	(10,837,431)	32,517,324
OPERATING EXPENSES:			
Distribution of scholarships and general endowments	5,272,071	-	5,272,071
Distribution of funds for academic programs	7,115,807	-	7,115,807
Distribution of buildings and land to Boise State University	16,826,753	-	16,826,753
Distribution of funds for athletic programs			
Program services	9,531,909	-	9,531,909
Fundraising expenses	10,803	-	10,803
Management and general	453,346	-	453,346
Uncollectible pledge expense	(228,657)	-	(228,657)
Administrative expense:			
Program services	380,492	-	380,492
Fundraising expenses	2,007,310	-	2,007,310
Management and general	1,371,793	-	1,371,793
Total operating expenses	42,741,627	-	42,741,627
OPERATING INCOME (LOSS)	613,128	(10,837,431)	(10,224,303)
NON-OPERATING REVENUES (EXPENSES):			
Gain on sale of real property	-	15,331,028	15,331,028
Impairment of property	-	(211,000)	(211,000)
Amortization of deferred income	-	10,133	10,133
Gain on sale of land	943,041	-	943,041
Interest on capital asset-related debt	(219,396)	-	(219,396)
Depreciation and amortization expense	(268,895)	-	(268,895)
Total non-operating revenues	454,750	15,130,161	15,584,911
CHANGE IN NET ASSETS	1,067,878	4,292,730	5,360,608
NET ASSETS - Beginning of year	14,335,688	167,048,307	181,383,995
NET ASSETS - End of year	\$ 15,403,566	\$171,341,037	\$ 186,744,603

See notes to financial statements.



BOISE STATE UNIVERSITY

**BOISE STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018**

	University 2019	University 2018-Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Student fees	\$ 154,782,768	\$ 145,349,986
Grants and contracts	47,835,742	47,714,180
Sales and services of educational activities	5,764,103	4,736,697
Sales and services of auxiliary enterprises	67,466,184	64,821,491
Other operating receipts	2,551,847	4,384,967
Payments to employees	(272,295,438)	(261,758,417)
Payments for services	(48,042,938)	(44,632,299)
Payments for supplies	(28,283,699)	(30,652,450)
Payments for insurance, utilities and rent	(10,970,581)	(11,509,175)
Payments for scholarships and fellowships	(18,537,161)	(18,513,973)
Loans issued to students	(25,373)	(1,583,092)
Collections of loans to students	1,686,903	1,472,747
Other payments	(2,767,105)	(4,433,075)
Net cash used in operating activities	(100,834,748)	(104,602,413)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	102,792,688	100,461,708
Pell grants	22,702,825	23,600,874
Gifts	23,487,477	25,218,279
Direct lending receipts	88,227,012	85,535,227
Direct lending payments	(88,227,012)	(85,535,227)
Other payments	330,109	120,257
Net cash provided by non-capital financing activities	149,313,099	149,401,118
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants and gifts	15,752,839	5,136,204
Capital appropriations	220,000	-
Purchases of capital assets	(46,267,701)	(25,509,871)
Proceeds from notes and bonds payable	-	20,428,003
Principal paid on notes and bonds payable and capital leases	(10,100,000)	(12,587,880)
Interest paid on notes and bonds payable and capital leases	(9,461,039)	(10,350,166)
Payments for bond issuance costs	-	(213,437)
Other payments	(258,821)	(90,571)
Net cash used in capital and related financing activities	(50,114,722)	(23,187,718)

See notes to financial statements.

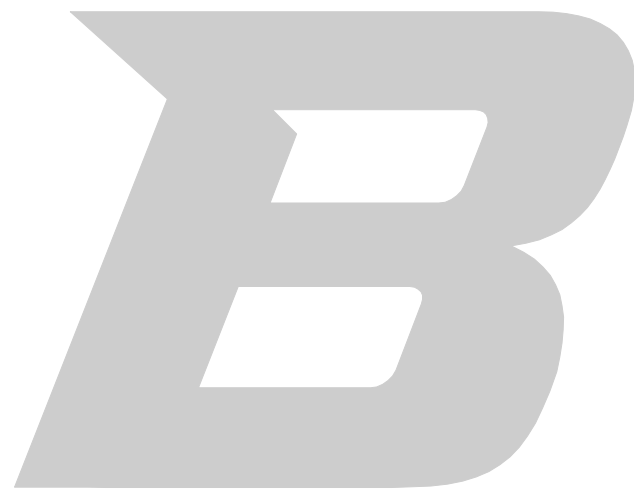


BOISE STATE UNIVERSITY

BOISE STATE UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018

	University 2019	University 2018-Restated
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(524,445,267)	(372,277,862)
Proceeds from sales and maturities of investments	529,931,659	343,363,401
Investment income	4,057,915	2,650,814
Net cash provided by (used in) investing activities	9,544,307	(26,263,647)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND CASH WITH TREASURER	7,907,936	(4,652,660)
CASH AND CASH EQUIVALENTS AND CASH WITH TREASURER—Beginning of year	54,144,471	58,797,131
CASH AND CASH EQUIVALENTS AND CASH WITH TREASURER—End of year	\$ 62,052,407	\$ 54,144,471
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES		
Operating loss	\$ (135,066,105)	\$ (139,633,651)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	26,359,987	26,468,896
Changes in assets and liabilities:		
Accounts receivable and unbilled charges, net	(2,232,006)	6,695,074
Net other post-employment benefit asset	(3,294,819)	(13,659,151)
Student loans receivable, net	1,741,816	441,186
Inventories	14,780	402,011
Other assets	15,503	(477,119)
Deferred outflows	(253,839)	1,161,900
Deferred inflows	4,161,053	(604,221)
Accounts payable and accrued liabilities	8,982,438	3,702,391
Accrued salaries and benefits payable	(208,001)	271,162
Compensated absences payable	117,530	443,163
Unearned revenue	2,305,038	137,257
Net pension liability	(1,604,610)	(4,289,522)
Other post-employment benefits obligation	(1,696,408)	15,148,262
Other liabilities	(177,105)	(810,051)
Net cash used in operating activities	\$ (100,834,748)	\$ (104,602,413)
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Assets donated to the University	\$ 16,491,400	\$ 29,133,985
Donated building maintenance	837,657	1,686,375
Honors College-Service concession arrangement asset	-	34,306,415
Total non-cash transactions	\$ 17,329,057	\$ 65,126,775

See notes to financial statements.



**BOISE STATE
UNIVERSITY**



NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Boise State University (the “University”) is part of the public system of higher education in the State of Idaho. The system is considered part of the State of Idaho reporting entity and is directed by the State Board of Education (“SBOE” or “Board”), a body of eight members. Seven members are appointed by the Governor and confirmed by the legislature. The elected State Superintendent of Public Instruction serves ex-officio as the eighth member of the Board. The University is part of the primary government of the State of Idaho and is included in the state’s Comprehensive Annual Financial Report (“CAFR”) within the Business-Type Activities/Enterprise Funds. The CAFR may be obtained from the State Controller located at:

Office of the Idaho State Controller
700 W State Street, 4th Floor
P.O. Box 83702
Boise, Idaho 83702-0011
www.sco.idaho.gov

The financial statements for fiscal years ended June 30, 2019 and June 30, 2018 are prepared in accordance with Governmental Accounting Standards Board (“GASB”) principles, which constitute Generally Accepted Accounting Principles (“GAAP”) for governmental entities. The University considers component units with net position greater than 5% of the University’s net position to be significant. As such, the Boise State University Foundation, Inc. (the “Foundation”) is discretely presented for the fiscal years ended June 30, 2019 and 2018. The Foundation was established for the purpose of soliciting donations for the exclusive benefit of the University. Financial statements of the Foundation may be obtained from the Office of the Vice President and Chief Financial Officer for the University. The Foundation’s financial statements are prepared in accordance with Financial Accounting Standards Board (“FASB”) pronouncements.

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

The Foundation is a legally separate, private non-profit organization, whose basis of accounting is FASB standards. As such, certain accounting and presentations differ from those following GASB standards. Accordingly, the Foundation’s financial statements have been reported on separate pages following the



respective financial statements of the University. Financial information of the Foundation should not be combined with that of the University.

Cash with Treasurer – Balances classified as Cash with Treasurer are amounts that have been remitted to the State of Idaho as a result of the student tuition collection process and, once remitted, are under the control of the State Treasurer. Such funds are released to the University as reimbursement for expenditures incurred.

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

Inventories – Inventories, consisting primarily of bookstore inventories, are valued at the lower of first-in, first-out (“FIFO”) cost or market.

Investments – The University accounts for its investments at fair value. Unrealized gains or losses on the carrying value of investments are reported as a component of change in fair value of investments in the statement of revenues, expenses, and changes in net position. Investments externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other non-current assets as well as investment amounts of maturities that exceed one year, are classified as non-current assets in the statement of net position. The University deposits certain funds for investment with the Idaho State Treasury.

Capital Assets, Net – Capital assets are stated at cost when purchased or constructed, or if acquired by gift, at the fair value at the date of the gift. The University’s capitalization policy includes all tangible items with a unit cost greater than \$5,000 and an estimated useful life of greater than one year. Intangible assets with a unit cost greater than \$200,000 and an estimated useful life of greater than one year are recorded as capital assets. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings, 20 to 25 years for land improvements, 10 years for library books, and 5 to 13 years for equipment. The University has certain collections that are not capitalized, including the Nell Shipman Film Collection and Albertson’s Library Special Collections. These collections adhere to the University’s policy to (a) maintain them for public exhibition, education or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items.

Restricted Assets – Assets are reported as restricted when constraints on asset use are imposed by constitutional provisions, enabling legislation or external parties; and the constraints change the nature or normal understanding of the asset.



Deferred Outflows of Resources – Deferred outflows of resources are a consumption of net position by the University that is applicable to future reporting periods. Similar to assets, they have a positive effect on the University’s net position. Deferred outflows will be recognized as an outflow (expensed) in a future period.

Refundable Federal Student Assistance Liability – The Federal Perkins Loan Program was a federal revolving loan program that provided long-term low-interest loans to students who demonstrated the need for financial aid to pursue their course of study. A revolving loan fund was established with an initial Federal Capital Contribution (FCC) and a matching Institutional Capital Contribution (ICC). The program has been discontinued and the FCC must be returned to the U.S. Department of Education annually, as collected, beginning in October 2019. On June 30, 2019, the University recorded a loss on the FCC of \$8,209,463 and established a current and non-current liability.

Non-current Liabilities – Non-current 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 the 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 Inflows of Resources – Deferred inflows of resources are an acquisition of net position that is applicable to future reporting periods. Similar to liabilities, they have a negative effect on net position. Deferred inflows will be recognized as an inflow of resources (revenue) in a future period.

Other Post-Employment Benefits (OPEB) – The financial statements of the OPEB plans are reported using the accrual basis of accounting. Contributions are recorded when earned and expenses, including benefits and refunds paid, are recorded when a liability is incurred, in accordance with the benefit terms. These benefits are funded on a pay-as-you-go basis.

Net Position – The University’s net position is classified as follows:

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



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 equity in assets derived mainly from student tuition and fees, sales and services of educational departments, auxiliary enterprises, and state appropriations. These resources are used for transactions related to the educational and general operations of the University, and may be used to meet current expenses for any lawful purpose and in accordance with SBOE policy. When an expense is incurred that can be paid using either restricted or unrestricted resources, the expense allocation is made on a case-by-case basis. Restricted resources remain classified as such until spent.

Income and Unrelated Business Income Taxes – The University is excluded from federal income taxes under Section 115 of the Internal Revenue Code, per determination letter dated April 21, 1989. The University is subject to tax on its unrelated business income. Defined by the Internal Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance by the organization of its exempt purpose or function. The University had no unrelated business income tax liability as of June 30, 2019 and 2018.

Classification of Revenues and Expenses – Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the University's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts that are essentially contracts for services, and (4) interest earned on institutional student loans. Non-operating revenues and expenses include activities that have characteristics of non-exchange transactions. Non-operating revenues and expenses include state appropriations, Pell grants, private gifts for other than capital purposes, investment income, net unrealized appreciation or depreciation in the fair value of investments, interest expense, and gain or loss on the disposal of capital assets and other non-exchange transactions.

Scholarship Discounts/Allowances – Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or other 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 non-operating revenues. To the extent that revenues from such programs are used to satisfy student fees and related charges, the University has recorded a scholarship discount or allowance.



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

Reclassifications – Certain items 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.



Prior Period Adjustment – GASB Statement No. 75, “Accounting and Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans (OPEB)”. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or “OPEB”). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The University adopted and recorded the changes relating to the OPEB obligation in its financial statements for the year ending June 30, 2018. The PERSI administers the Sick Leave Insurance Reserve Fund (SLIRF), a cost sharing, multiple-employer defined benefit OPEB plan that provides payments of eligible postretirement insurance premiums on behalf of retired state and public school district employees, based on accumulated unused sick leave at the time of retirement. See note 12. The University’s proportionate share of the SLIRF asset was excluded from the June 30, 2018 financial statements.



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The June 30, 2018 financial statements have been adjusted to properly reflect the University's proportionate share of the SLIRF asset and activity. The cumulative effect of prior year amounts has been reflected in the fiscal year 2018 Statement of Revenues, Expenses and Changes in Net Position.

Breakdown of the Cumulative Effect of Implementing GASB No. 75 (Dollars in Thousands)					
	June 30, 2017	Cumulative Effect of Implementing GASB 75 (Previously Recorded)	July 1, 2017 (Previously Recorded)	SLIRF Correction of Error (Part of GASB 75 Implementation)	July 1, 2017 (As Restated)
Deferred Outflows of Resources:					
Deferred outflows related to OPEB - liability	\$ -	\$ 1,064	\$ 1,064	\$ -	\$ 1,064
Deferred outflows related to OPEB - net asset (SLIRF)	-	-	-	1,025	1,025
Total Deferred outflows of resources:	<u>\$ -</u>	<u>\$ 1,064</u>	<u>\$ 1,064</u>	<u>\$ 1,025</u>	<u>\$ 2,089</u>
Net OPEB Asset					
Net OPEB Asset - liability	\$ 96	\$ (96)	\$ -	\$ -	\$ -
Net OPEB Asset - SLIRF	-	-	-	12,349	12,349
Total Net OPEB asset	<u>\$ 96</u>	<u>\$ (96)</u>	<u>\$ -</u>	<u>\$ 12,349</u>	<u>\$ 12,349</u>
Total OPEB Liability	<u>\$ 11,909</u>	<u>\$ 13,785</u>	<u>\$ 25,694</u>	<u>\$ -</u>	<u>\$ 25,694</u>
Net Position:					
Net investment in capital assets	\$ 269,288	\$ -	\$ 269,288	\$ -	\$ 269,288
Restricted, expendable	13,617	-	13,617	13,374	26,991
Unrestricted	114,457	(12,817)	101,640	-	101,640
Total Net position	<u>\$ 397,362</u>	<u>\$ (12,817)</u>	<u>\$ 384,545</u>	<u>\$ 13,374</u>	<u>\$ 397,919</u>

Breakdown of Other Post-Employment Benefit Activity Flowing Through Fiscal Year 2018 (Dollars in Thousands)					
	July 1, 2017	OPEB Activity (Previously Recorded) Fiscal Year 2018	June 30, 2018 (Previously Recorded)	SLIRF Activity Fiscal Year 2018	June 30, 2018 (As Restated)
Deferred Outflows of Resources:					
Deferred outflows related to OPEB - liability	\$ 1,064	\$ (195)	\$ 869	\$ -	\$ 869
Deferred outflows related to OPEB - net asset (SLIRF)	\$ 1,025	\$ -	\$ -	\$ 33	\$ 1,058
Total Deferred outflows of resources:	<u>\$ 2,089</u>	<u>\$ (195)</u>	<u>\$ 869</u>	<u>\$ 33</u>	<u>\$ 1,927</u>
Net OPEB Asset - SLIRF	<u>\$ 12,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,310</u>	<u>\$ 13,659</u>
Total OPEB Liability	<u>\$ 25,694</u>	<u>\$ 806</u>	<u>\$ 26,500</u>	<u>\$ -</u>	<u>\$ 26,500</u>
Total OPEB Expense (Revenue)	<u>\$ -</u>	<u>\$ 1,002</u>	<u>\$ 1,002</u>	<u>\$ (1,343)</u>	<u>\$ (341)</u>

Significant accounting and investment policies for the SLIRF are the same as detailed for the PERSI pension plans as described in Note 11. For purposes of measuring the SLIRF OPEB asset, and deferred outflows/inflows of resources related to OPEB and OPEB expense, information about the fiduciary total position of the OPEB and additions/deductions from the plan's fiduciary total position have been determined on the same basis as they are reported by PERSI.



New Accounting Standards – In January of 2017, the GASB issued Statement No. 84, “*Fiduciary Activities*.” The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Statement 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Management is evaluating the impact of implementing this Statement will have on the University’s future financial statements.

In June of 2017, the GASB issued Statement No. 87, “*Leases*.” The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financial obligations for the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the impact of implementing this Statement will have on the University’s future financial statements.

In March of 2018, the GASB issued Statement No. 88, “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.” The objectives of this Statement are to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt (1) defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings (for example, a government entering into a loan agreement with a lender) and direct placements (for example, a government issuing a debt security directly to an investor). Direct borrowings and direct placements have terms negotiated directly with the investor or lender and are not offered for public sale and (2) amends Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, paragraph 119; Statement No. 38, *Certain Financial Statement Note Disclosures*, paragraphs 10 and 12; Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, paragraph 11; NCGA Interpretation 6, *Notes to the Financial Statements Disclosure*, paragraphs 4 and 5; and Implementation Guide No. 2015-1, Question 7.85.7. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management believes implementation will have no material impact on the University’s financial statements.



In June of 2018, the GASB issued Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period.*” The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the impact of implementing this Statement will have on the University’s future financial statements.

In August of 2018, the GASB issued Statement No. 90, “*Majority Equity Interests.*” The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management believes implementation will have no material impact on the University’s future financial statements.

In May of 2019, the GASB issued Statement No. 91, “*Conduit Debt Obligations.*” The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the impact of implementing this Statement will have on the University’s future financial statements.



2. CASH WITH TREASURER, CASH AND CASH EQUIVALENTS, INVESTMENTS AND RESTRICTED ASSETS

Deposits – Cash with treasurer is under the control of the State Treasurer. Amounts deposited with the State Treasurer and federally chartered institutions are carried at cost. Custodial credit risk is the risk that in the event of a financial institution failure, the deposits may not be returned. The State’s policy for managing custodial credit risk can be found in Idaho Code, Section 67-2739. Cash that is restricted in purpose from an external source and is not expected to be utilized within the next fiscal year is reported on the financial statements as restricted cash and as a non-current asset.

Basis of Custodial Credit Risk			
As of June 30,			
(Dollars in Thousands)			
	2019		2018
Cash on hand	\$ 84	\$	88
Federally insured	250		250
Collateralized by securities held by the pledging financial institution	9,273		8,703
Total cash and cash equivalents	\$ 9,607	\$	9,041

Investments – Idaho Code, Section 67-1210 limits credit risk by restricting the investment activities of the Local Government Investment Pool (“LGIP”) and state agencies. Idaho Code also gives the State Board of Education the authority to establish investment policies for the University. The objectives of the established investment policy, in order of priority, are preservation of capital, maintenance of liquidity and achievement of a fair rate of return. The University invests in external investment pools managed by both State of Idaho and other fixed rate investment fund managers. The State’s investment pool is managed by the Idaho State Treasurer’s Office. The University had original cost of \$68,575,489 and \$82,010,912 invested in the State’s external pools as of June 30, 2019 and 2018, respectively.

Concentration of Credit Risk – The University’s investment policy addresses diversification of investments. GASB Statement No. 40 requires reporting entities to provide note disclosure when 5% of the total government investments are concentrated in any one issuer. Investments in obligations explicitly guaranteed by the U.S. Government, mutual funds and other pooled investments are exempt from disclosure. As of June 30, 2019 and 2018, the University has no 5% issuer concentrations.



Credit Risk of Debt Securities – The University’s investment policy addresses the credit quality of investments in debt securities. The risk that an issuer of debt securities or counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody’s or Standard and Poor’s. Ratings, as of June 30, are presented below using the Moody’s scale. Aaa ratings signify that the portfolio holdings are judged to be of the highest credit quality and subject to the lowest level of credit risk.

Credit Risk of Debt Securities As of June 30, 2019 (Dollars in Thousands)											
Investment Type	Fair Value	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Unrated	
		P-1					P-2				
Local Government Investment Pool	\$ 68,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,802	
Certificate of deposit	493	245	-	-	248	-	-	-	-	-	
Commercial paper	-	-	-	-	-	-	-	-	-	-	
Corporate bonds	28,974	511	2,414	1,774	5,010	7,226	7,030	4,010	999	-	
Federal agency security	20,251	20,251	-	-	-	-	-	-	-	-	
Money market fund	40,321	-	-	-	-	-	-	-	-	40,321	
Currency	1,006	1,006	-	-	-	-	-	-	-	-	
Investments measured at fair value	159,847	22,013	2,414	1,774	5,258	7,226	7,030	4,010	999	109,123	
Investments held on behalf of employee benefit plans											
Bond/equity mutual funds	166	-	-	-	-	-	-	-	-	166	
Equity mutual funds	213	-	-	-	-	-	-	-	-	213	
Income mutual funds	36	-	-	-	-	-	-	-	-	36	
Total investments held on behalf of employee benefit plans	415	-	-	-	-	-	-	-	-	415	
Total investments	\$ 160,262	\$ 22,013	\$ 2,414	\$ 1,774	\$ 5,258	\$ 7,226	\$ 7,030	\$ 4,010	\$ 999	\$109,538	
% of Total	100%	13%	2%	1%	3%	5%	4%	3%	1%	68%	

Credit Risk of Debt Securities As of June 30, 2018 (Dollars in Thousands)											
Investment Type	Fair Value	Aaa	Aa2	Aa3	A1	A2	A3	Baa1	Ba1	Unrated	
		P-1					P-2				NP
Local Government Investment Pool	\$ 82,282	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,282	
Certificate of deposit	2,198	974	-	246	-	-	245	-	244	489	
Commercial paper	499	499	-	-	-	-	-	-	-	-	
Corporate bonds	46,655	467	4,981	7,189	10,946	12,208	9,878	986	-	-	
Federal agency security	17,760	17,760	-	-	-	-	-	-	-	-	
Money market fund	12,049	-	-	-	-	-	-	-	-	12,049	
Currency	2,734	2,734	-	-	-	-	-	-	-	-	
Investments measured at fair value	164,177	22,434	4,981	7,435	10,946	12,208	10,123	986	244	94,820	
Investments held on behalf of employee benefit plans											
Bond/equity mutual funds	251	-	-	-	-	-	-	-	-	251	
Equity mutual funds	294	-	-	-	-	-	-	-	-	294	
Income mutual funds	51	-	-	-	-	-	-	-	-	51	
Total investments held on behalf of employee benefit plans	596	-	-	-	-	-	-	-	-	596	
Total investments	\$ 164,773	\$ 22,434	\$ 4,981	\$ 7,435	\$ 10,946	\$ 12,208	\$ 10,123	\$ 986	\$ 244	\$ 95,416	
% of Total	100%	13%	3%	5%	7%	7%	6%	1%	0%	58%	

Interest Rate Risk – The University’s investment policy provides the maximum maturity of any security purchased of five years and the average weighted maturity of any managed portfolio is not to exceed three years. Approximately 20% of total investments are invested in securities with maturities longer than one year as of June 30, 2019.



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Investment Maturities In Years			
As of June 30, 2019			
(Dollars in Thousands)			
Investment Type	Fair Value	Less than 1	1 to 5
Local Government Investment Pool	\$ 68,802	\$ 68,802	\$ -
Certificate of deposit	493	-	493
Commercial paper	-	-	-
Corporate bonds	28,974	9,091	19,883
Federal agency security	20,251	9,186	11,065
Money market fund	40,321	40,321	-
Currency	1,006	1,006	-
Investments measured at fair value	<u>159,847</u>	<u>128,406</u>	<u>31,441</u>
Investments held on behalf of employee benefit plans			
Bond/Equity mutual funds	166	-	166
Equity mutual funds	213	-	213
Income mutual funds	36	-	36
Total investments held on behalf of employee benefit plans	<u>415</u>	<u>-</u>	<u>415</u>
Total investments	<u>\$ 160,262</u>	<u>\$ 128,406</u>	<u>\$ 31,856</u>

Investment Maturities In Years			
As of June 30, 2018			
(Dollars in Thousands)			
Investment Type	Fair Value	Less than 1	1 to 5
Local Government Investment Pool	\$ 82,282	\$ 82,282	\$ -
Certificate of deposit	2,198	1,712	486
Commercial paper	499	499	-
Corporate bonds	46,655	26,700	19,955
Federal agency security	17,760	10,454	7,306
Money market fund	12,049	12,049	-
Currency	2,734	2,734	-
Investments measured at fair value	<u>164,177</u>	<u>136,430</u>	<u>27,747</u>
Investments held on behalf of employee benefit plans			
Bond/Equity mutual funds	251	-	251
Equity mutual funds	294	-	294
Income mutual funds	51	-	51
Total investments held on behalf of employee benefit plans	<u>596</u>	<u>-</u>	<u>596</u>
Total investments	<u>\$ 164,773</u>	<u>\$ 136,430</u>	<u>\$ 28,343</u>



Investment Custodial Credit Risk - The University’s investment securities are exposed to custodial credit risk if the securities are (i) uninsured, (ii) not registered in the name of the University or (iii) held by either the counterparty or the counterparty’s trust department or agent but not in the University’s name.

While none of the University’s investments are insured, the University’s investments are either held in the University’s name or the investments are not securities that exist in book entry or physical form.

Fair Value Measurement – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The University has the following recurring fair value measurements as of June 30:

Fair Value Measurement As of June 30, 2019 (Dollars in Thousands)				
Investment Type	Fair Value	Quoted (Level 1)	Significant (Level 2)	Significant (Level 3)
Certificate of deposit	\$ 493	\$ 245	\$ 248	\$ -
Commercial paper	-	-	-	-
Corporate bonds	28,974	28,974	-	-
Federal agency security	20,251	20,251	-	-
Money market fund	40,321	-	40,321	-
Currency	1,006	1,006	-	-
Investments measured at fair value	<u>91,045</u>	<u>50,476</u>	<u>40,569</u>	<u>-</u>
Investments held on behalf of employee benefit plans				
Bond/Equity mutual funds	166	166	-	-
Equity mutual funds	213	213	-	-
Income mutual funds	36	36	-	-
Total investments held on behalf of employee benefit plans	<u>415</u>	<u>415</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 91,460</u>	<u>\$ 50,891</u>	<u>\$ 40,569</u>	<u>\$ -</u>



Fair Value Measurement As of June 30, 2018 (Dollars in Thousands)				
Investment Type	Fair Value	Quoted (Level 1)	Significant (Level 2)	Significant (Level 3)
Certificate of deposit	\$ 2,198	\$ 1,703	\$ 495	\$ -
Commercial paper	499	-	499	-
Corporate bonds	46,655	46,655	-	-
Federal agency security	17,760	17,760	-	-
Money market fund	12,049	8,500	3,549	-
Currency	2,734	2,734	-	-
Investments measured at fair value	<u>81,895</u>	<u>77,352</u>	<u>4,543</u>	<u>-</u>
Investments held on behalf of employee benefit plans				
Bond/Equity mutual funds	251	251	-	-
Equity mutual funds	294	294	-	-
Income mutual funds	51	51	-	-
Total investments held on behalf of employee benefit plans	<u>596</u>	<u>596</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 82,491</u>	<u>\$ 77,948</u>	<u>\$ 4,543</u>	<u>\$ -</u>

The Idaho State Treasurer and State of Idaho deposits do not meet the criteria of GASB Statement No. 72 and are exempt from the level categories. The fair value of the Local Government Investment Pool balances as of June 30, 2019 and 2018 were \$68,801,788 and \$82,281,548 respectively.



3. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES, NET

Accounts receivable and unbilled charges refer to the portion due to the University, as of June 30, 2019 and 2018, by various customers, students and constituencies of the University as a result of providing services to said groups. Amounts due to the University are reviewed on a quarterly basis for collectability; the allowance for doubtful accounts is adjusted to reflect what management deems to be collectable.

Accounts Receivable and Unbilled Charges		
As of June 30,		
(Dollars in Thousands)		
	2019	2018
Student fees & third party receivables	\$ 10,988	\$ 9,901
Unbilled charges	7,419	8,592
Auxiliary enterprises and other operating activities	3,388	2,074
Federal, state, and private grants and contracts	2,745	1,863
Accounts receivable and unbilled charges	24,540	22,430
Less allowance for doubtful accounts	3,052	3,174
Accounts receivable and unbilled charges, net	\$ 21,488	\$ 19,256

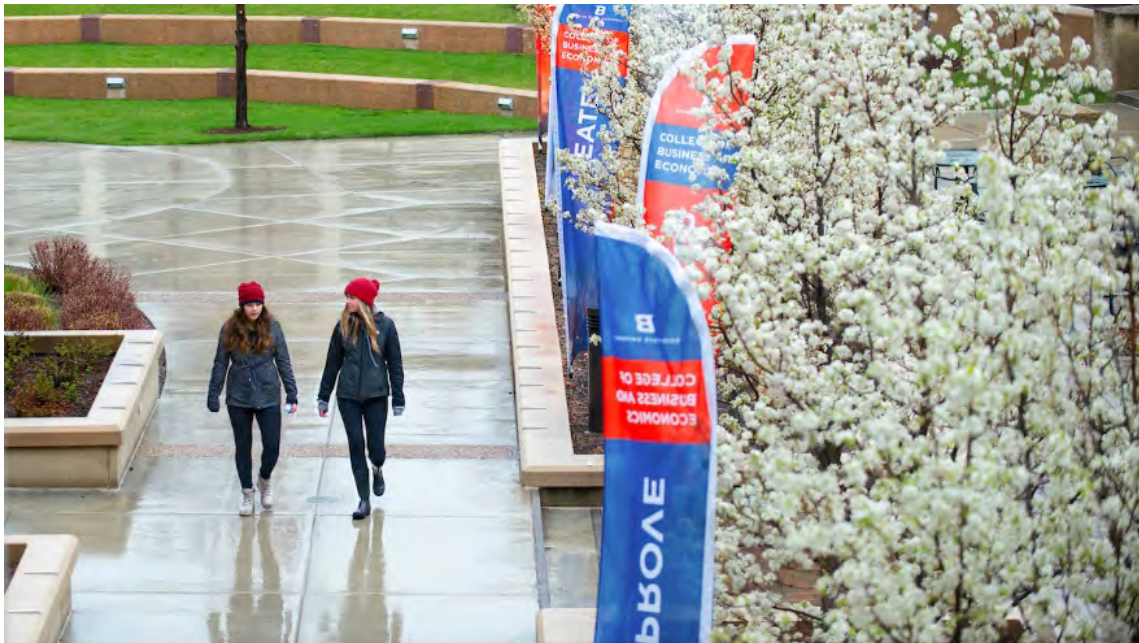




4. STUDENT LOANS RECEIVABLE

Student loans that were made through the Federal Perkins Loan Program (“the Program”) comprise substantially all of the loans receivable as of June 30, 2019 and 2018. The University outsources the loan servicing to a third-party vendor. An allowance has been established for the University’s portion of the loans that have been deemed uncollectible. Congress did not renew the Program after September 30, 2017 and no disbursements were permitted after June 30, 2018. The University has established a liability in the amount of \$8,209,463 representing the Federal Capital Contribution as of June 30, 2019. The lack of renewal requires that as loans are repaid, the Federal Capital Contribution portion of the repayment must be returned to the federal government.

Student Loans Receivable		
As of June 30,		
(Dollars in Thousands)		
	2019	2018
Student loans receivable - current	\$ 1,874	\$ 1,988
Student loans receivable - non-current	7,686	9,306
Student loans receivable	9,560	11,294
Less allowance for doubtful accounts	575	566
Student loans receivable, net	\$ 8,985	\$ 10,728



**5. CAPITAL ASSETS, NET**

Following are the changes in capital assets for the fiscal year ended June 30, 2019:

Changes in Capital Assets					
As of June 30, 2019					
<i>(Dollars in Thousands)</i>					
	Balance				Balance
	June 30, 2018	Additions	Transfers	Retirements	June 30, 2019
Capital assets not being depreciated					
Land	\$ 71,077	\$ 3,898	\$ -	\$ -	\$ 74,975
Construction in progress	24,846	41,189	(3,385)	-	62,650
Total assets not being depreciated	\$ 95,923	\$ 45,087	\$ (3,385)	\$ -	\$ 137,625
Other capital assets					
Buildings and improvements	\$ 649,299	\$ 80	\$ 3,222	\$ (1,352)	\$ 651,249
Furniture and equipment	75,530	3,152	163	(1,456)	77,389
Library materials	31,253	1,754	-	(2,399)	30,608
Intangibles	12,111	-	-	-	12,111
Total other capital assets	768,193	4,986	3,385	(5,207)	771,357
Less accumulated depreciation					
Buildings and improvements	(230,660)	(18,284)	-	1,352	(247,592)
Furniture and equipment	(57,301)	(4,921)	-	1,430	(60,792)
Library materials	(23,856)	(1,528)	-	2,066	(23,318)
Intangibles	(8,917)	(1,626)	-	-	(10,543)
Total accumulated depreciation	(320,734)	(26,359)	-	4,848	(342,245)
Other capital assets, net	\$ 447,459	\$ (21,373)	\$ 3,385	\$ (359)	\$ 429,112
Capital assets summary					
Capital assets not being depreciated	\$ 95,923	\$ 45,087	\$ (3,385)	\$ -	\$ 137,625
Other capital assets at cost	768,193	4,986	3,385	(5,207)	771,357
Total cost of capital assets	864,116	50,073	-	(5,207)	908,982
Less accumulated depreciation	(320,734)	(26,359)	-	4,848	(342,245)
Capital assets, net	\$ 543,382	\$ 23,714	\$ -	\$ (359)	\$ 566,737

In addition to accounts payable for construction costs, the estimated cost to complete property authorized or under construction at June 30, 2019 is \$44,246,216. These costs will be funded by 2017A and 2018A bond proceeds, private and state donations as well as available reserves.



Following are the changes in capital assets for the year ended June 30, 2018:

Changes in Capital Assets					
As of June 30, 2018					
<i>(Dollars in Thousands)</i>					
	Balance				Balance
	June 30, 2017	Additions	Transfers	Retirements	June 30, 2018
Capital assets not being depreciated					
Land	\$ 67,777	\$ 3,300	\$ -	\$ -	\$ 71,077
Construction in progress	4,656	25,417	(5,227)	-	24,846
Total assets not being depreciated	<u>\$ 72,433</u>	<u>\$ 28,717</u>	<u>\$ (5,227)</u>	<u>\$ -</u>	<u>\$ 95,923</u>
Other capital assets					
Buildings and improvements	\$ 593,357	\$ 65,357	\$ 4,470	\$ (13,885)	\$ 649,299
Furniture and equipment	72,550	4,353	757	(2,130)	75,530
Library materials	31,855	1,728	-	(2,330)	31,253
Intangibles	12,111	-	-	-	12,111
Total other capital assets	<u>709,873</u>	<u>71,438</u>	<u>5,227</u>	<u>(18,345)</u>	<u>768,193</u>
Less accumulated depreciation					
Buildings and improvements	(218,484)	(17,775)	-	5,599	(230,660)
Furniture and equipment	(54,059)	(5,290)	-	2,048	(57,301)
Library materials	(24,296)	(1,550)	-	1,990	(23,856)
Intangibles	(7,064)	(1,853)	-	-	(8,917)
Total accumulated depreciation	<u>(303,903)</u>	<u>(26,468)</u>	<u>-</u>	<u>9,637</u>	<u>(320,734)</u>
Other capital assets, net	<u>\$ 405,970</u>	<u>\$ 44,970</u>	<u>\$ 5,227</u>	<u>\$ (8,708)</u>	<u>\$ 447,459</u>
Capital assets summary					
Capital assets not being depreciated	\$ 72,433	\$ 28,717	\$ (5,227)	\$ -	\$ 95,923
Other capital assets at cost	709,873	71,438	5,227	(18,345)	768,193
Total cost of capital assets	782,306	100,155	-	(18,345)	864,116
Less accumulated depreciation	<u>(303,903)</u>	<u>(26,468)</u>	<u>-</u>	<u>9,637</u>	<u>(320,734)</u>
Capital assets, net	<u>\$ 478,403</u>	<u>\$ 73,687</u>	<u>\$ -</u>	<u>\$ (8,708)</u>	<u>\$ 543,382</u>



6. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Deferred Outflows of Resources - Following are the changes in deferred outflows related to refunding of debt (representing the difference between the reacquisition price and the net carrying amount of the original debt) as well as changes related to pensions, Idaho sick leave insurance fund (SLIRF) and other post-employment benefits for the years ended June 30, 2019 and 2018.

Deferred Outflows of Resources As of June 30, 2019 (Dollars in Thousands)				
	Ending Balance	Additions	Reductions	Ending Balance
	June 30, 2018			June 30, 2019
Deferred outflows of resources				
Deferred outflows of resources related to refunding of debt:				
2004-2012A Bond refunding	\$ 903	\$ -	\$ (61)	\$ 842
2005-2013A Bond refunding	394	-	(26)	368
2005-2013B Bond refunding	289	-	(61)	228
2007A-2015 Bond refunding	571	-	(31)	540
2007A-2016 Bond refunding	1,989	-	(106)	1,883
2009A-2016 Bond refunding	1,950	-	(94)	1,856
Total deferred outflows of resources related to refunding of debt	<u>6,096</u>	<u>-</u>	<u>(379)</u>	<u>5,717</u>
Deferred outflows of resources related to pensions	5,675	4,008	(3,944)	5,739
Deferred outflows of resources related to Idaho sick leave insurance reserve fund	1,058	1,144	(1,058)	1,144
Deferred outflows of resources related to other post-employment benefits	869	1,178	(1,075)	972
Total deferred outflows of resources	<u>\$ 13,698</u>	<u>\$ 6,330</u>	<u>\$ (6,456)</u>	<u>\$ 13,572</u>

Deferred Outflows of Resources As of June 30, 2018 (Dollars in Thousands)				
	Ending Balance	Additions	Reductions	Ending Balance
	June 30, 2017			June 30, 2018
Deferred outflows of resources				
Deferred outflows of resources related to refunding of debt:				
2004-2012A Bond refunding	\$ 964	\$ -	\$ (61)	\$ 903
2005-2013A Bond refunding	422	-	(28)	394
2005-2013B Bond refunding	350	-	(61)	289
2007A-2015 Bond refunding	601	-	(30)	571
2007A-2016 Bond refunding	2,095	-	(106)	1,989
2009A-2016 Bond refunding	2,044	-	(94)	1,950
Total deferred outflows of resources related to refunding of debt	<u>6,476</u>	<u>-</u>	<u>(380)</u>	<u>6,096</u>
Deferred outflows of resources related to pensions	8,764	5,405	(8,494)	5,675
Deferred outflows of resources related to Idaho sick leave insurance reserve fund	-	1,058	-	1,058
Deferred outflows of resources related to other post-employment benefits	-	869	-	869
Total deferred outflows of resources	<u>\$ 15,240</u>	<u>\$ 7,332</u>	<u>\$ (8,874)</u>	<u>\$ 13,698</u>



Deferred Inflows of Resources – Following are changes in deferred inflows of resources includes grant and contract revenue received for which all eligibility requirements have been met except for the passage of time, deferred inflows related to service concession arrangements as well as deferred inflows of resources related to pensions, SLIRF and other post-employment benefits.

Deferred Inflows of Resources As of June 30, 2019 (Dollars in Thousands)				
	Ending Balance			Ending Balance
	June 30, 2018	Additions	Reductions	June 30, 2019
Deferred inflows of resources				
Deferred inflows of resources related to grants	\$ 157	\$ 251	\$ (157)	\$ 251
Deferred inflows of resources related to pensions	2,386	2,207	(1,437)	3,156
Deferred inflows of resources related to service concession arrangements	42,452	-	(866)	41,586
Deferred inflows of resources related to Idaho sick leave insurance reserve fund	-	1,580	(64)	1,516
Deferred inflows of resources related to other post-employment benefits	-	2,447	-	2,447
Total deferred inflows of resources	<u>\$ 44,995</u>	<u>\$ 6,485</u>	<u>\$ (2,524)</u>	<u>\$ 48,956</u>

Deferred Inflows of Resources As of June 30, 2018 (Dollars in Thousands)				
	Ending Balance			Ending Balance
	June 30, 2017	Additions	Reductions	June 30, 2018
Deferred inflows of resources				
Deferred inflows of resources related to grants	\$ 283	\$ 157	\$ (283)	\$ 157
Deferred inflows of resources related to pensions	2,111	896	(621)	2,386
Deferred inflows of resources related to service concession arrangements	-	43,205	(753)	42,452
Total deferred inflows of resources	<u>\$ 2,394</u>	<u>\$ 44,258</u>	<u>\$ (1,657)</u>	<u>\$ 44,995</u>



Service Concession Arrangement – The University entered into a public/private partnership agreement with Education Realty Trust, Inc. (EdR) in 2015 to develop and operate a residential Honors College and additional freshman housing facility. The \$37 million project was funded with developer equity and is on land owned by the University and leased to EdR for a 50-year term. At the conclusion of the agreement, the building reverts to the University. EdR pays fixed annual rent and a share of the project’s gross rental revenue to the University. EdR is responsible for the daily operations and maintenance of the facility and the University is responsible for campus life programming. The 236,000 square foot facility is located in the center of campus across from the Student Union Building and includes 656 beds, Honors College offices and classrooms, student common areas, and an approximately 15,000 square foot food service facility. The table below displays the capital asset, lease receivable and deferred inflow of resources recorded at acquisition date. The University also invested net cash of \$3.6 million in the project.

Value of Assets and Deferred Inflows related to the Honors College			
As of June 30, 2019			
(Dollars in Thousands)			
	Capital Asset	Lease Receivable	Deferred Inflow of Resources
Honors College, net of depreciation	\$ 35,107		
Receivable for ground lease		\$ 9,633	
Deferred inflows of resources			\$ 41,586





7. UNEARNED REVENUE AND LONG-TERM LIABILITIES

Unearned Revenue - Unearned revenue includes amounts received for event ticket sales for which the event has not occurred as of the end of the fiscal year, auxiliary enterprise revenue, student tuition and fees, grant and contract revenue not meeting eligibility requirements and other amounts received prior to the end of the fiscal year that will be earned in subsequent years. Student tuition and fees represent the portion of summer school revenues related to the number of days of instruction in the subsequent fiscal year and prepaid future semester fees.

	2019	2018
Prepaid ticket sales and auxiliary enterprises	\$ 6,615	\$ 7,040
Student tuition and fees	7,277	5,889
Grants and contracts	2,322	1,899
Other unearned revenue	2,470	1,552
Total unearned revenue	\$ 18,684	\$ 16,380





BOISE STATE UNIVERSITY

Long Term Liabilities - Following are the changes to bonds and notes payable, capital leases, non-current unearned revenue, other post-employment benefit obligations, pensions and other liabilities for the fiscal years ended June 30, 2019 and 2018:

Long-Term Liabilities As of June 30, 2019 (Dollars in Thousands)					
	Ending Balance June 30, 2018	Additions	Reductions	Ending Balance June 30, 2019	Amounts due within one year
Long-term debt					
Bonds payable	\$ 231,280	\$ -	\$ (10,100)	\$ 221,180	\$ 10,605
Premium on bonds	20,599	-	(2,722)	17,877	-
Total long-term debt	<u>251,879</u>	<u>-</u>	<u>(12,822)</u>	<u>239,057</u>	<u>10,605</u>
Other liabilities					
Refundable federal student assistance liability	-	8,209	-	8,209	1,624
Non-current unearned revenue	2,099	450	(789)	1,760	-
Other post-employment benefits	26,500	-	(1,696)	24,804	-
Net pension liability	14,956	4,507	(6,111)	13,352	-
Non-current other	596	18	(199)	415	-
Total other liabilities	<u>44,151</u>	<u>13,184</u>	<u>(8,795)</u>	<u>48,540</u>	<u>1,624</u>
Total long-term liabilities	<u>\$ 296,030</u>	<u>\$ 13,184</u>	<u>\$ (21,617)</u>	<u>\$ 287,597</u>	<u>\$ 12,229</u>

Long-Term Liabilities As of June 30, 2018 (Dollars in Thousands)					
	Ending Balance June 30, 2017	Additions	Reductions	Ending Balance June 30, 2018	Amounts due within one year
Long-term debt					
Bonds payable	\$ 221,310	\$ 18,465	\$ (8,495)	\$ 231,280	\$ 10,100
Premium on bonds	21,347	1,963	(2,711)	20,599	-
Capital lease obligations - component unit	4,093	-	(4,093)	-	-
Total long-term debt	<u>246,750</u>	<u>20,428</u>	<u>(15,299)</u>	<u>251,879</u>	<u>10,100</u>
Other liabilities					
Non-current unearned revenue	2,877	-	(778)	2,099	-
Other post-employment benefits	11,909	14,591	-	26,500	-
Net pension liability	19,246	-	(4,290)	14,956	-
Non-current other	785	41	(230)	596	-
Total other liabilities	<u>34,817</u>	<u>14,632</u>	<u>(5,298)</u>	<u>44,151</u>	<u>-</u>
Total long-term liabilities	<u>\$ 281,567</u>	<u>\$ 35,060</u>	<u>\$ (20,597)</u>	<u>\$ 296,030</u>	<u>\$ 10,100</u>

**8. BONDS AND NOTES PAYABLE**

The University issues bonds to finance a portion of the construction of academic and auxiliary facilities. The University is required by bonding resolution to establish a rebate fund to be held and administered by the University, separate and apart from other funds and accounts of the University. The University shall make deposits into the rebate fund of all amounts necessary to make payments of arbitrage due to the United States. The University had no arbitrage liability as of June 30, 2019 and 2018. Management believes the University is in compliance with all bond covenants as of June 30, 2019 and 2018.

Bonds Payable – Bonds payable include the following:

Bonds Payable As of June 30, 2019 (Dollars in Thousands)							
Bond Issue	Original Face Value	Range of Annual Principal Amounts	Range of Semi- Annual Interest Percentages	Original Maturity Date	Outstanding Balance 2019	Outstanding Balance 2018	
General Revenue Bonds, Series 2018A	\$ 18,465	\$330 - \$895	1.53% - 3.78%	2048	\$ 17,800	\$ 18,465	
General Revenue Bonds, Series 2017A	\$ 67,860	\$640 - \$4,525	2.00% - 5.00%	2047	65,965	67,220	
General Revenue Bonds, Series 2016A	\$ 66,145	\$930 - \$5,470	3.00% - 5.00%	2039	64,245	65,215	
General Revenue Bonds, Series 2015A	\$ 31,210	\$700 - \$2,280	2.00% - 5.00%	2037	27,950	28,680	
General Revenue Bonds, Series 2013A	\$ 14,195	\$65 - \$1,300	2.00% - 5.00%	2033	10,410	11,060	
General Revenue Bonds, Series 2013B	\$ 11,760	\$550 - \$2,575	0.67% - 2.84%	2023	2,275	4,850	
General Revenue Bonds, Series 2012A	\$ 33,330	\$305 - \$3,455	2.00% - 5.00%	2042	21,000	23,100	
General Revenue Bonds, Series 2010B	\$ 12,895	\$325 - \$ 795	3.94% - 6.31%	2040	11,535	11,890	
General Revenue Bonds, Series 2009A	\$ 42,595	\$720 - \$2,870	3.25% - 5.00%	2039	-	800	
Bonds before premium					221,180	231,280	
Premium on bonds					17,877	20,599	
Total bonds outstanding					\$ 239,057	\$ 251,879	



Bonds Payable – Principal and interest maturities as of June 30, 2019 are as follows:

	Principal		Interest		Total
2020	\$	10,605	\$	9,988	\$ 20,593
2021		10,565		9,504	20,069
2022		10,720		9,014	19,734
2023		9,780		8,589	18,369
2024		8,175		8,125	16,300
2025-2029		44,635		34,360	78,995
2030-2034		55,205		23,106	78,311
2035-2039		49,500		10,287	59,787
2040-2044		13,745		3,769	17,514
2045-2048		8,250		926	9,176
Total	\$	221,180	\$	117,668	\$ 338,848





Extinguished Debt – As of June 30, 2019, the University no longer has debt amounts considered extinguished through advanced refunding of prior issuances.

Pledged Revenue – The University has pledged certain revenues as collateral for bonds payable. The pledged revenue amounts and coverage requirements are as follows:

Pledged Revenues As of June 30, 2019 (Dollars in Thousands)	
Pledged revenues	
Student fees	\$ 182,232
Rentals	14,213
Residence dining income	7,961
Other	1,099
Sales & service	50,128
F&A recovery	7,145
Investment income	4,152
Total pledged revenue	266,930
Less operations and maintenance	(75,270)
Pledged revenues, net	\$ 191,660
Annual debt service	\$ 20,593
Debt service coverage	931%
Coverage requirement	110%



9. LEASE OBLIGATIONS

Operating Lease Obligations - The University has entered into various non-cancellable operating lease agreements covering certain space and equipment. The lease terms range from one to six years. The expense for operating leases was \$1.2 million for the year ended June 30, 2019 and \$1.2 million for the year ended June 30, 2018.

Future minimum lease payments on non-cancellable operating leases at June 30, 2019 are as follows:

Future Minimum Operating Lease Obligations As of June 30, (Dollars in Thousands)	
Year	
2020	\$ 960
2021	742
2022	485
2023	338
2024	111
Total future minimum operating lease obligations	<u>\$ 2,636</u>





10. OPTIONAL RETIREMENT PLANS

Optional Retirement Plan (ORP) – Effective July 1, 1990, the Idaho State Legislature authorized the Idaho State Board of Education to establish an Optional Retirement Plan (ORP), a defined contribution plan for faculty and professional employees. The ORP is governed by Idaho Code, Sections 33-107A and 33-107B.

New faculty and professional employees hired on or after July 1, 1990 are automatically enrolled in the ORP. Vendor options include Teachers’ Insurance Annuity Association (TIAA) and AIG Retirement Services (formerly known as VALIC). Faculty and professional employees hired before July 1, 1990 had a one-time opportunity to enroll in the ORP. Participants are immediately vested in both their contributions as well as the University’s contributions to their account upon enrollment. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age.

The employee contribution requirement for the ORP is based on a percentage of total covered compensation. Employer contributions are determined by the State of Idaho. Approximately 2,129 employees contribute to this plan.

Although enrollees in the ORP no longer actively participate in PERSI, the University is required to contribute to the PERSI Base Plan through July 1, 2025. During the fiscal years ended June 30, 2019, 2018 and 2017, this supplemental funding payment to PERSI was \$2,073,642, \$1,944,563 and \$1,852,748, respectively.

Contributions for the three years ended June 30, are as follows:

ORP Contributions (Dollars in Thousands)			
	2019	2018	2017
University contribution	\$ 12,938	\$ 12,143	\$ 11,560
Employee contribution	9,727	9,128	8,691
Total contribution	\$ 22,665	\$ 21,271	\$ 20,251
University contribution rate	9.27%	9.27%	9.26%
Employee contribution rate	6.97%	6.97%	6.97%



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

401(k) - PERSI Choice Plan (PCP) – This is only available to active PERSI members that work 20 hours per week for five or more months. The Choice Plan contains employee gain sharing distributions, any voluntary employee contributions made, and the earnings on those funds. Approximately 172 employees contribute to this plan.

457(b) - Deferred Compensation Plan – The 457(b) is a voluntary retirement savings plan covered under Section 457(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan through a select group of vendors. The plan is funded exclusively through employee pre-tax contributions. Approximately 109 employees contribute to this plan.





403(b) Plan – The 403(b) plan is a voluntary tax-sheltered retirement plan covered under Section 403(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan through a select group of vendors. The plan is funded exclusively by employee pre-tax contributions. Approximately 314 employees contribute to this plan.

Roth 403(b) Plan – The Roth 403(b) is an after-tax saving option through payroll deduction with tax-free withdrawals of interest and earnings at retirement. All University employees are eligible to participate in this plan. Approximately 106 employees contribute to this plan.

Supplemental Retirement 403(b) Plan – The Supplemental 403(b) plan was established by the Idaho State Board of Education as of June 23, 2011, for the benefit of a limited group of participants with approval from the state’s higher education institutions only. The plan is funded by participant-specific contributions from the employees and the respective institutions.

Supplemental Retirement Plan Contributions, in thousands, for the years ended June 30, 2019 and 2018 are as follows:

		Supplemental Contributions As of June 30, (Dollars in Thousands)					Supplemental Retirement
Fiscal Year		401(k)-PCP	457(b)	403(b)	Roth 403(b)	403(b)	
2019	Employee contribution	\$ 466	\$ 959	\$ 2,401	\$ 552	\$ 26	
2018	Employee contribution	\$ 401	\$ 1,014	\$ 2,366	\$ 406	\$ 29	
2019-2018	University contribution	N/A	N/A	N/A	N/A	N/A	



11. PENSION PLANS

Public Employee Retirement System of Idaho – Boise State 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 that three members who are Idaho citizens not be members of the Base Plan except by reason of having served on the Board.

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

PERSI Base Plan Participants	2018	2017
Active participants	71,112	70,073
Retirees and beneficiaries	46,907	45,468
Terminated and vested employees	13,133	12,669

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 (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

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



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

The contribution rates for employees are set by state statute at 60% of the employer rate. As of June 30, 2018 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 contributions were \$3,383,955 and \$3,298,883 for the years ended June 30, 2019 and 2018, respectively.





Pension Liabilities, Pension Expense (Revenue), 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 \$13,351,559 and \$14,956,169, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University’s proportion of the net pension liability was based on the share of contributions by the University in the Base Plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2018 and 2017, the University proportion was 0.905% and 0.951%, respectively.

For the years ended June 30, 2019 and 2018, respectively, the University recognized pension expense of \$2,483,180 and \$2,372,563. 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:

Sources of Deferrals As of June 30, 2019 (Dollars in Thousands)		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,465	\$ 1,008
Changes in assumptions or other inputs	869	-
Aggregated difference between projected and actual earnings on pension plan investments	-	1,484
Changes in the employer’s proportion and the difference between the employer’s contributions and the employer’s proportionate contributions	21	664
	<u>2,355</u>	<u>3,156</u>
The University contributions subsequent to the measurement date	3,384	-
Total	<u>\$ 5,739</u>	<u>\$ 3,156</u>

Sources of Deferrals As of June 30, 2018 (Dollars in Thousands)		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,347
Changes in assumptions or other inputs	277	-
Aggregated difference between projected and actual earnings on pension plan investments	2,072	897
Changes in the employer’s proportion and the difference between the employer’s contributions and the employer’s proportionate contributions	27	142
	<u>2,376</u>	<u>2,386</u>
The University contributions subsequent to the measurement date	3,299	-
Total	<u>\$ 5,675</u>	<u>\$ 2,386</u>



The University reported \$3,383,955 as deferred outflows of resources related to pensions resulting from current year employer contributions recorded subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

The amortization period for actuarial changes is based on the remaining expected service lives of all employees that are provided with pensions through the System determined at the beginning of the measurement period. With the exception of the net difference between projected and actual investment earnings the amortization period was calculated at 4.8 years and 4.9 years for the Base Plan’s fiscal year 2018 and fiscal year 2017, respectively. The amortization of the net difference between projected and actual investment earnings is amortized over a closed 5-year period including the Base Plan’s fiscal year 2018.

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

Expense (Revenue) As of June 30, 2019 (Dollars in Thousands)		
2020	\$	890
2021		(56)
2022		(1,238)
2023		(397)
2024		-
Total	\$	(801)

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 payrolls. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code is 25 years.



The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions-June 30, 2018 Valuation	
Inflation	3.00%
Salary increases including inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living (COLA) adjustments	1.00%

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions-June 30, 2017 Valuation	
Inflation	3.25%
Salary increases	4.25% - 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living (COLA) adjustments	1.00%

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

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

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



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

Assumptions and Policy for Asset Allocation - Base Plan Fiscal Year 2018			
Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assume Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05%



Assumptions and Policy for Asset Allocation-Base Plan Fiscal Year 2017				
Asset Class	Expected Return*	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55%	50%-65%
International	9.25%	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 Real 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				3.25%
Assumed Inflation - Standard Deviation				2.00%
Portfolio Arithmetic Mean Return				8.08%
Portfolio Long-Term Expected Rate of Return				7.50%
Less: Assumed Investment Expenses				0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses				7.10%

Discount Rate – At June 30, 2019, the discount rate used to measure the total pension liability was 7.05% as compared to 7.10% as of June 30, 2018. 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 plan’s net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.



Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the employer's proportionate share of the net pension liability (asset) calculated using the applicable fiscal year discount rate, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Sensitivity Analysis As of June 30, 2019 (Dollars in Thousands)			
	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$ 33,422	\$ 13,352	\$ (3,268)

Sensitivity Analysis As of June 30, 2018 (Dollars in Thousands)			
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 34,761	\$ 14,956	\$ 1,502

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 reported payables to the defined benefit pension plan of \$132,752 for legally required employer contributions and \$79,641 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

At June 30, 2018, the University reported payables to the defined benefit pension plan of \$131,503 for legally required employer contributions and \$78,881 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.



12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Summary of State Plans

The Department of Administration administers postemployment benefits (OPEB) for healthcare, disability and life insurance for retired or disabled employees of state agencies, public health districts, community colleges and other political subdivisions that participate in the plans. The Retiree Healthcare and Long-Term Disability plans are reported as multiple-employer defined benefit plans. The Retiree Life Insurance plan is a single-employer defined benefit plan. Idaho Code Sections 67-5760 to 67-5768 and 72-1335 establish the benefits and contribution obligations. The plans do not issue publicly available financial reports. The most recent actuarial valuation is as of July 1, 2018. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis. The costs of administering the plans are financed by a surcharge to employers on all active employees of \$0.07 per person per month for fiscal year 2019. This rate is reviewed annually.

The Public Employee Retirement System of Idaho (PERSI) administers the Sick Leave Insurance Reserve Fund (SLIRF) which is subject to the guidance of GASB Statements No. 74, 75 and 85.

Details of the plans can be found in the Comprehensive Annual Report of the State of Idaho, which may be obtained from the Office of the Idaho State Controller, 700 West State Street, 4th Floor, P.O. Box 83720, Boise, ID 83720-0011, www.sco.idaho.gov.

At June 30, 2019 the number of participating employers and the classes of employees covered by the above state wide plans are as follows:

	Classes of Employees and Number of Participating Employers				
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan
		Healthcare	Life Insurance	Income	
Active employees	7,633	19,911	19,911	19,911	5,713
Retiree and dependents	732	107	715	50	1,595
Terminated, vested employees	-	-	-	-	121
Number of participating employers	25	25	25	24	1



Plan Descriptions and Funding Policy

Retiree Healthcare Plan - A retired officer or employee of the university who receives monthly retirement benefits from the Public Employee Retirement System of Idaho (PERSI) may elect to purchase retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date that the active employee policy ends. Additionally, the employee must be receiving monthly PERSI benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An officer or employee must have been an active employee on or before June 30, 2009 and must retire directly from state service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the employer and active employee plan. The benefit is at least \$1,860 per retiree per year. Employers were charged \$11.60 per active employee per month towards the retiree premium cost.

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

For up to 30 months following the date of disability an employee may continue healthcare coverage under this plan. Each employer pays 100% of the employer's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled.

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



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

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

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

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

Employer payments required and paid as OPEB benefits came due for fiscal year ended June 30, 2019:

OPEB Benefit Payments As of June 30, 2019 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance	Total
		Healthcare	Life Insurance	Income		
OPEB paid	\$ 390	\$ 135	\$ 61	\$ 47	\$ 442	\$ 1,075



Employer payments required and paid as OPEB benefits came due for fiscal year ended June 30, 2018:

OPEB Benefit Payments As of June 30, 2018 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance	Total
		Healthcare	Life Insurance	Income		
OPEB paid	\$ 354	\$ 189	\$ 70	\$ 46	\$ 406	\$ 1,065

Actuarial Assumptions

The last actuarial valuation was performed as of July 1, 2018 for the Retiree Healthcare, Long-Term Disability, and Retiree Life Insurance plans. There have been no significant changes between the valuation date and the fiscal year end.





The total OPEB liability as of June 30, 2018 - the measurement date - was based on the 2018 PERSI Experience study for demographic assumptions and the July 1, 2018 OPEB Valuation for the economic and OPEB specific assumptions. The entry age normal cost method and the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Assumptions For Plan Year 2018					
	Retiree	Long-Term Disability Plan			Retiree Life
	Healthcare Plan	Healthcare	Life Insurance	Income	Insurance Plan
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	3.25% general wage growth plus increases due to promotions and longevity	3.25% general wage growth plus increases due to promotions and longevity	3.25% general wage growth plus increases due to promotions and longevity	3.25% general wage growth plus increases due to promotions and longevity	3.25% general wage growth plus increases due to promotions and longevity
Discount Rate	3.87%	3.87%	3.87%	3.87%	3.87%
Healthcare Cost Trend Rates	7.2% claims and 6.5% premiums from year ending June 30, 2019 to year ending June 30, 2020, grading to an ultimate rate of 4.2% for 2074 and later years	7.2% claims and 6.5% premiums from year ending June 30, 2019 to year ending June 30, 2020, grading to an ultimate rate of 4.2% for 2074 and later years	N/A	N/A	N/A
Retirees' Share of Benefit-Related Costs	83.9% of projected health insurance premiums for retirees	N/A	N/A	N/A	N/A

The last actuarial valuation was performed as of July 1, 2016 and rolled forward to June 30, 2017 for the Retiree Healthcare, Long-Term Disability, and Retiree Life Insurance plans. There have been no significant changes between the valuation date and the fiscal year end.



The total OPEB liability as of June 30, 2017 - the measurement date - was based on the 2016 PERSI Experience study for demographic assumptions and the July 1, 2016 OPEB Valuation for the economic and OPEB specific assumptions. The entry age normal cost method and the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Assumptions For Plan Year 2017					
	Retiree	Long-Term Disability Plan			Retiree Life
	Healthcare Plan	Healthcare	Life Insurance	Income	Insurance Plan
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	3.00% general wage growth plus increases due to promotions and longevity	3.00% general wage growth plus increases due to promotions and longevity	3.00% general wage growth plus increases due to promotions and longevity	3.00% general wage growth plus increases due to promotions and longevity	3.00% general wage growth plus increases due to promotions and longevity
Discount Rate	3.58%	3.58%	3.58%	3.58%	3.58%
Healthcare Cost Trend Rates	9.9% claims and 3.8% premiums from year ending June 30, 2017 to year ending June 30, 2018, grading to an ultimate rate of 4.2% for 2096 and later years	9.9% claims and 3.8% premiums from year ending June 30, 2017 to year ending June 30, 2018, grading to an ultimate rate of 4.2% for 2096 and later years	N/A	N/A	N/A
Retirees' Share of Benefit-Related Costs	73.7% of projected health insurance premiums for retirees	N/A	N/A	N/A	N/A

Mortality Rates

Mortality rates for the Retiree Healthcare, the Long-Term Disability Healthcare and the Retiree Life Insurance plans were based on the RP 2000 Mortality for Employees, Healthy Annuitants and Disabled Annuitants with generational projection per Scale AA with adjustments. Mortality rates for the Long-term Disability Life Insurance plan was based on the 2005 Group Term Life Waiver Reserve table developed by the Society of Actuaries. Mortality rates for the Long-term Disability Income plan were based on the 2012 Group Long-Term Disability Valuation Table.



Discount Rate

At June 30, 2018, the actuary used a discount rate of 3.87% to measure PERSI’s total OPEB liability. The discount rate was based on a 20 year Bond Buyer Go Index.

At June 30, 2017, the actuary used a discount rate of 3.58% to measure PERSI’s total OPEB liability. The discount rate was based on a 20 year Bond Buyer Go Index.

Total OPEB Liability, OPEB Expense and Deferrals

Total OPEB Liability – At June 30, 2019 and June 30, 2018, the University reported a liability of \$24,803,759 and \$26,500,167, respectively for its proportionate share of the total OPEB liability as of the measurement date of June 30, 2018 and 2017. The University’s proportionate share of the liability is 12 percent of the collective total OPEB liability for the Retiree Healthcare and Long-Term Disability Plans for both years. The University’s proportionate share of the liability is 46 percent of the collective total OPEB liability for the Retiree Life Insurance Plan for both years.

OPEB Expense - The University recognized the following OPEB expense for the year ended June 30, 2019:

OPEB Expense As of June 30, 2019 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
OPEB expense	\$ 85	\$ 41	\$ 6	\$ 12	\$ 1,408	\$ 1,552



OPEB Deferrals - Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as OPEB expense as follows:

Deferred Outflows As of June 30, 2019 (Dollars in Thousands)							
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total	
		Healthcare	Life Insurance	Income			
Deferred Outflows Related to OPEB							
Difference in expected and actual experience	\$ -	\$ 88	\$ -	\$ -	\$ -	\$ 88	
Change in proportion	113	8	-	-	1	122	
Benefit payments subsequent to the measurement date	308	101	61	41	252	762	
Total deferred outflows related to OPEB	\$ 421	\$ 197	\$ 61	\$ 41	\$ 253	\$ 972	

Deferred Outflows As of June 30, 2018 (Dollars in Thousands)							
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance	Total	
		Healthcare	Life Insurance	Income			
Deferred Outflows Related to OPEB							
Benefit payments subsequent to the measurement date	\$ 129	\$ 166	\$ 290	\$ 41	\$ 243	\$ 869	
Total deferred outflows related to OPEB	\$ 129	\$ 166	\$ 290	\$ 41	\$ 243	\$ 869	

Deferred Inflows As of June 30, 2019 (Dollars in Thousands)							
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total	
		Healthcare	Life Insurance	Income			
Beginning balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Changes for the year							
Effect of economic/demographic gains (losses)	(19)	-	-	-	(373)	(392)	
Effect of assumptions changes	(1,387)	(51)	(5)	(3)	(1,018)	(2,464)	
Expected benefit payments	-	-	-	-	-	-	
Recognition of economic/demographic gains (losses)	3	-	-	-	44	47	
Recognition of assumptions changes	228	6	5	3	120	362	
Total deferred inflows related to OPEB	\$ (1,175)	\$ (45)	\$ -	\$ -	\$ (1,227)	\$ (2,447)	

The \$763 thousand reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as decrease of the total OPEB liability in the year ended June 30, 2020. Economic/demographic (gains)/losses and assumption changes or inputs are amortized and recognized as expense/revenue over the average remaining service life of the Plan members. Remaining service life ranges between one year and eight and one-half years depending on the Plan.



These amounts reported above as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB revenue/(expense) as follows:

Revenue(Expense) As of June 30 (Dollars in Thousands)					
Fiscal Year	Retiree		Long-Term Disability		Retiree Life Insurance Plan
	Healthcare Plan		Healthcare Plan		
2020	\$	(208)	\$	7	\$ (163)
2021		(208)		7	(163)
2022		(208)		7	(163)
2023		(208)		7	(163)
2024		(208)		7	(163)
Thereafter*		(23)		16	(410)
Total	\$	(1,063)	\$	51	\$ (1,225)

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

Discount Rate Sensitivity

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability as of June 30, 2019, calculated using the discount rate of 3.87%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current rate:

Changes in Discount Rates As of June 30, 2019 (Dollars in Thousands)										
	Retiree		Long-Term Disability Plan			Retiree Life Insurance				
	Healthcare Plan		Healthcare	Life Insurance	Income					
1% Decrease 2.87%	\$	2,824	\$	230	\$	292	\$	238	\$	26,081
Discount Rate 3.87%	\$	2,677	\$	225	\$	278	\$	228	\$	21,396
1% Increase 4.87%	\$	2,536	\$	219	\$	267	\$	219	\$	17,812



Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability as of June 30, 2018, calculated using the discount rate of 3.58%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.58%) or 1% higher (4.58%) than the current rate:

Changes in Discount Rates As of June 30, 2018 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance	
		Healthcare	Life Insurance	Income		
1% Decrease 2.58%	\$ 4,268	\$ 274	\$ 338	\$ 244	\$ 26,521	
Discount Rate 3.58%	\$ 4,023	\$ 267	\$ 322	\$ 233	\$ 21,655	
1% Increase 4.58%	\$ 3,790	\$ 259	\$ 308	\$ 223	\$ 17,940	

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability as of June 30, 2019, calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using trend rates that are 1% lower or 1% higher than the current trend rates:

Changes in Healthcare Trend Rates As of June 30, 2019 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance	
		Healthcare	Life Insurance	Income		
1% Decrease	\$ 2,473	\$ 209	\$ 278	\$ 228	\$ 21,396	
Current Trend Rate	\$ 2,677	\$ 225	\$ 278	\$ 228	\$ 21,396	
1% Increase	\$ 2,910	\$ 243	\$ 278	\$ 228	\$ 21,396	

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using trend rates that are 1% lower or 1% higher than the current trend rates:

Changes in Healthcare Trend Rates As of June 30, 2018 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance	
		Healthcare	Life Insurance	Income		
1% Decrease	\$ 3,658	\$ 246	\$ 322	\$ 233	\$ 21,655	
Current Trend Rate	\$ 4,023	\$ 267	\$ 322	\$ 233	\$ 21,655	
1% Increase	\$ 4,445	\$ 290	\$ 322	\$ 233	\$ 21,655	



Sick Leave Insurance Reserve Trust Fund

Plan Description - The PERSI administers the Sick Leave Insurance Reserve Fund (SLIRF), cost sharing, multiple-employer defined benefit OPEB plan that provides payments of eligible post-retirement insurance premiums on behalf of retired state and public school district employees, based on accumulated unused sick leave at the time of retirement. The SLIRF is classified as a trust fund. For state and school employers, unused sick leave benefits are subject to the guidance of Governmental Accounting Standard Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and GASB Statement 85, Omnibus 2017.

The PERSI issues a publicly available financial report that includes financial statements and required supplementary information, which can be found at www.persi.idaho.gov. The PERSI also provides a 'Schedule of Employer Allocations and Collective OPEB Amounts' for the SLIRF, which can be found at <https://www.persi.idaho.gov/Employers/gasb.cfm>.

The SLIRF trust for payment of state employee benefits is governed by Idaho Code Sections 67-5333 and 59-1365. The SLIRF is a fund that exists for the payment of unused sick leave benefits in the form of insurance premiums for state and school district employees who separate from service by reason of retirement. The assets of the two trusts are commingled for investment purposes.

All state government employers are statutorily required to contribute to a sick leave account administered by the PERSI. Employer's contributions are a percentage of payroll collected each pay cycle and are held in trust for future benefits. The state is responsible for any unfunded benefit obligations through contribution rate adjustments. The number of participating employers and membership in the state SLIRF as of June 30, is as follows:

Employees and Participating Employers		
As of June 30,		
	2018	2017
Active	21,995	22,269
Retirees and Beneficiaries	4,467	4,145
Total	26,462	26,414
Number of Participating Employers	13	13



University employees are limited to the number of allowable hours of sick leave they may use as part of the unused sick leave program as follows:

Credited Hours of Service	Maximum Allowable Sick Leave Hours
0-10,400 (0-5 years)	420
10,401-20,800 (5-10 years)	480
20,801-31,200 (10-15 years)	540
31,201+ (15 years or more)	600

Members may use one-half of sick leave hours accrued up to the allowable maximum multiplied by their rate of compensation at retirement. Contributions to the total OPEB liability (asset) are recognized on an accrual basis of accounting. The rate for University contributions was 0.65 percent of covered salary at June 30, 2018 and at June 30, 2019. Contribution percentages are based on the number of days of paid sick leave earned during the contract year. University contributions required and paid were \$1,120,993 and \$1,057,867 for the fiscal years ended June 30, 2019 and June 30, 2018, respectively.





Long-term Expected Rate of Return - The long-term expected rate of return on University OPEB Fund investments was determined using the building block approach and a forward-looking model in which best estimates ranges of expected future real rates of return (expected returns, net of OPEB 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. For the years ended June 30, 2018 and 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.51 percent and 12.38 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Even though history provides a valuable perspective for setting the investment return assumption, the PERSI relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the PERSI's formal policy for asset allocation are shown below. The formal asset allocation policy is more conservative than the current allocation of the 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.

Net OPEB SLIRF Asset, OPEB Expense, and Deferrals - The net OPEB asset for the University was \$17 million and \$14 million as of June 30, 2019 and June 30, 2018, respectively. The OPEB asset is calculated using a discount rate of 7.05% which is the expected rate of return on investments reduced by investment expenses. The net OPEB asset was determined by an actuarial valuation as of July 1, 2017, rolled forward to July 1, 2018. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net OPEB asset are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.





The University recognized a \$743 thousand expense offset and the following deferrals for the fiscal year ended June 30, 2019:

Sources of Deferrals As of June 30, 2019 (Dollars in Thousands)		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 715
Changes in assumptions or other inputs	23	-
Aggregated difference between projected and actual earnings on plan investments	-	471
Changes in the employer's proportion and the difference between the employer's contributions and the employer's proportionate contributions	-	330
	<u>23</u>	<u>1,516</u>
The University contributions subsequent to the measurement date	1,121	-
Total Deferrals	<u>\$ 1,144</u>	<u>\$ 1,516</u>

The University recognized a \$285 thousand expense offset and the following deferrals for the fiscal year ended June 30, 2018:

Sources of Deferrals As of June 30, 2018 (Dollars in Thousands)		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions or other inputs	-	-
Aggregated difference between projected and actual earnings on plan investments	-	-
Changes in the employer's proportion and the difference between the employer's contributions and the employer's proportionate contributions	-	-
	<u>-</u>	<u>-</u>
The University contributions subsequent to the measurement date	1,058	-
Total Deferrals	<u>\$ 1,058</u>	<u>\$ -</u>



The \$1.1million reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase of the Net OPEB SLIRF asset in the year ended June 30, 2020. Economic/demographic (gains)/losses and assumption changes or inputs are amortized and recognized as expense/revenue over the average remaining service life of the Plan members. These amounts reported above as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB revenue as follows:

Revenue As of June 30, 2019 (Dollars in Thousands)		
2020	\$	314
2021		314
2022		314
2023		314
Thereafter		237
Total	\$	<u>1,493</u>

The Net OPEB SLIRF asset is calculated using a discount rate of 7.05 percent, which is the expected rate of return on investments reduced by investment expenses.

Sensitivity of the Net OPEB SLIRF asset to changes in the discount rate - The following presents the University Net OPEB SLIRF asset proportionate share of the Fund's employers calculated using the discount rate of 7.05 percent as well as what the University's 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:

Sensitivity Analysis As of June 30, 2019 (Dollars in Thousands)			
	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net OPEB asset	\$ 16,380	\$ 16,954	\$ 17,499



13. RISK MANAGEMENT

The University obtains workers' compensation coverage from the Idaho State Insurance Fund. The University's workers' compensation premiums are based on its payroll, its own experience as well as that of the State of Idaho as a whole. The University carries commercial insurance through the State of Idaho Risk Management Office for other risks of loss, including but not limited to, employee bond and crime, out of state workers' compensation, business interruption, media liability and automobile physical damage insurance. The University carries cyber liability insurance to cover risks associated with data breaches, cyberattacks and other network or information breaches. There have been no significant reductions in coverage or claims in excess of coverage within the past three years.





14. COMPONENT UNIT

The Boise State University Foundation, Inc. (the “Foundation”) was established in 1964 to engage in activities to benefit and support Boise State University (the University), including receiving contributions and holding, protecting, managing and investing donated funds. The Foundation is a nonprofit corporation incorporated in accordance with the laws of the State of Idaho and managed by a volunteer Board of Directors. Under the Idaho State Board of Education’s administrative rules, the Foundation must be independent of, and cannot be controlled by, the University. A memorandum of understanding between the Foundation and the University defines the relationship between the two entities in accordance with the State Board of Education’s policies.

The Foundation’s financial statements are prepared in accordance with the standards set by the Financial Accounting Standards Board (FASB).

Net Assets – The Foundation classifies net assets, revenues, gains, and other support and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions — Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, with the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net Assets without Donor Restrictions — Net assets available for use in general operations and are not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board-designated endowment.



Change in Accounting Policy – As of June 30, 2019, the Foundation adopted the provisions of Accounting Standards Update (ASU) 2016-14, “*Presentation of Financial Statements for Not-For-Profit Entities*.” The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Foundation’s donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Foundation’s intermediate measure of operations as well as disclosures to improve a financial statement user’s ability to assess the Foundation’s liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses.

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. The Foundation has elected not to present comparative information for these amendments.

The Foundation has adopted this standard as management believes the standard improves the usefulness and understandability of the Foundation’s financial reporting.

Cash and Cash Equivalents – For purposes of cash flows, the Foundation considers all cash on deposit in demand savings and time deposits with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents held by investment managers are considered investments and are shown as restricted cash and cash equivalents as the funds have been designated by the Foundation for investment purposes. Cash deposits at times during the years ended June 30, 2019 and 2018 exceeded FDIC insured limits.

Investments in Real Estate – Investments in real estate are stated at cost when purchased or constructed, and at the estimated fair market value at the date of the gift if acquired through a donation. Cost includes expenditures for major improvements. Gains and losses from sales are included in income as they occur. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Real estate investments held by the Endowment are categorized as investments under noncurrent assets.



Net Assets with Donor Restrictions – Net Assets with donor restrictions assets are restricted for the following purposes or periods:

Net Assets with Donor Restrictions		
As of June 30,		
(Dollars in Thousands)		
Subject to expenditure for specified purpose:	2019	2018
Scholarships	\$ 16,448	\$ 16,096
Administrative	7,524	9,284
Athletic	5,168	4,296
Capital projects	24,211	33,813
Research - Faculty	398	396
Research - Student	429	271
Special Purpose	4,188	4,820
Student Assistantship	369	365
Underwater Endowments	72	79
Total Subject to expenditure for specific purpose	58,807	69,420
Promises to give, the proceeds which have been restricted by donors for:		
Scholarships	242	413
Administrative	31	32
Athletic	164	376
Capital projects	521	5,908
Special Purpose	236	503
Student Assistantship	-	37
Total promises to give	1,194	7,269
Subject to expenditure for specified purpose:		
Assets held under split interest agreements	1,136	1,058
Endowments:		
Subject to endowment spending and appropriation:		
Academic Scholarship	54,900	51,120
Other Academic Endowment	29,368	25,929
Athletic Scholarship	16,324	15,798
Other Athletic Endowment	87	87
Unconditional promises to give	471	742
Total endowments	101,150	93,676
Underwater endowments	(72)	(79)
Total endowments net of underwater	101,078	93,597
Total Net Assets with donor restrictions	\$ 162,215	\$ 171,344



Net assets with donor restrictions released from restrictions consisted of the following:

Net Assets with Donor Restrictions Released From Restrictions As of June 30, (Dollars in Thousands)		
Net Assets	2019	2018
Scholarships & grants	\$ 5,834	\$ 5,272
Donation to Boise State University	-	16,827
Distribution of funds for academic programs	17,776	7,116
Distribution of funds for athletic programs		
Program services	7,456	6,523
Fundraising expenses	17	11
Management and general	113	144
Uncollectible pledge expense	188	(251)
Management and general	2,133	1,225
Interest on capital assets - related debt	-	219
Depreciation	-	269
	<u>33,517</u>	<u>37,355</u>
Board and donor designated transfers	-	139
	<u>33,517</u>	<u>37,494</u>
Total Net assets-released from donor restrictions	<u>33,517</u>	<u>37,494</u>

Financial Instruments and Credit Risk— The Foundation manages deposit concentration risk by placing cash, money market accounts and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Investments are made by investment managers whose performance is monitored by its investment consultant, management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines assume a prudent level of risk consistent with the long-term welfare of the Foundation. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, individuals and other organizations supportive of the Foundation’s mission.

Investments – Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment gains and losses are reported in the statements of activities and consist of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.



Investments in equity and debt securities that have readily determinable fair values are recorded at quoted market prices. Investment securities without quoted market prices are valued at estimated fair value using appropriate valuation methods that consider the underlying assets and financial reports.

Investment securities are exposed to various risks, including interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

The following details each major category of investments and the related fair market values as of June 30:

Investments As of June 30, (Dollars in Thousands)				
Investment Type	2019	2018	FY 2019 Percent of Total	
US treasury bonds	\$ 17,295	\$ 14,938	9.8%	
Corporate bonds	40,719	39,931	23.1%	
Bond mutual funds	32,413	30,314	18.4%	
Equity funds	38,440	35,316	21.9%	
International equity funds	37,523	36,351	21.3%	
Private equity investments	1,613	2,279	0.9%	
Real estate and specialty assets	7,479	5,076	4.2%	
Hedge funds	96	493	0.1%	
Insurance annuities	428	412	0.3%	
Total investments	<u>\$ 176,006</u>	<u>\$ 165,110</u>	<u>100%</u>	

Fair Value Measurements and Disclosures— Certain assets and liabilities are reported at fair value in the 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 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 in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

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

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available given 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-end mutual funds, exchange traded funds, or U.S. Government and debt obligations with readily determinable fair values based on daily redemption values. These are valued consistently by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 1. Level 2 investments are comprised of insurance annuities which are tied either to the S&P 500 index or federal market interest rates of which there is a minimum payout of 5%. The fair values of beneficial interests in charitable and perpetual trusts are determined by management using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets, and are based on the fair values of trust investments as reported by the trustees. These are considered to be Level 3 measurements.



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The Foundation uses Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following tables present assets and liabilities measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2019 and 2018:

Fair Value Measurements As of June 30, 2019 (Dollars in Thousands)					
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Investments Measured at NAV
Assets					
Investments:					
Growth assets					
US equities	\$ 38,440	\$ 38,440	\$ -	\$ -	\$ -
International equities	37,523	30,405	-	-	7,118
Private equity/special situations	1,613	-	-	-	1,613
Insurance annuities	428	-	428	-	-
Risk reduction assets					
Cash and cash equivalents	10,549	10,549	-	-	-
US/Global fixed income	90,426	72,519	-	-	17,907
Hedge funds	96	90	-	-	6
Real asset investments	7,478	4,600	-	-	2,878
Total investments, at fair value	186,553	156,603	428	-	29,522
Investments in perpetual trusts:					
Growth assets					
US equities	1,144	1,144	-	-	-
International equities	519	519	-	-	-
Risk reduction assets					
Cash and cash equivalents	71	71	-	-	-
US/Global fixed income	774	774	-	-	-
Hedge funds	37	37	-	-	-
Real asset investments	102	102	-	-	-
Total investments in perpetual trusts, at fair value	2,647	2,647	-	-	-
Total assets, at fair value	\$ 189,200	\$ 159,250	\$ 428	\$ -	\$ 29,522
Liabilities					
Liabilities under trust agreements	\$ 1,773	\$ -	\$ -	\$ 1,773	\$ -
Trust earnings payable to trust beneficiary	123	-	-	123	-
Total liabilities, at fair value	\$ 1,896	\$ -	\$ -	\$ 1,896	\$ -



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Fair Value Measurements As of June 30, 2018 (Dollars in Thousands)					
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Investments Measured at NAV
Assets					
Investments:					
Growth assets					
US equities	\$ 35,573	\$ 35,316	\$ 257	\$ -	\$ -
International equities	36,351	28,967	-	-	7,384
Private equity/special situations	2,279	-	-	-	2,279
Risk reduction assets					
Cash and cash equivalents	14,212	14,212	-	-	-
US/Global fixed income	85,338	68,724	-	-	16,614
Hedge funds	493	107	-	-	386
Real asset investments	5,076	2,204	-	-	2,872
Total investments, at fair value	179,322	149,530	257	-	29,535
Investments in perpetual trusts:					
Growth investments					
US equities	1,324	1,324	-	-	-
International equities	331	331	-	-	-
Risk reduction assets					
Cash and cash equivalents	46	46	-	-	-
US/Global fixed income	665	665	-	-	-
Hedge funds	54	54	-	-	-
Real asset investments	267	267	-	-	-
Total investments in perpetual trusts, at fair value	2,687	2,687	-	-	-
Total assets, at fair value	\$ 182,009	\$ 152,217	\$ 257	\$ -	\$ 29,535
Liabilities					
Liabilities under trust agreements	\$ 1,791	\$ -	\$ -	\$ 1,791	\$ -
Trust earnings payable to trust beneficiary	126	-	-	126	-
Total liabilities, at fair value	\$ 1,917	\$ -	\$ -	\$ 1,917	\$ -

Changes in Fair Value Levels – The availability of observable market data is monitored annually to assess the appropriate classifications of financial instruments within the fair value hierarchy. Changes in economic conditions or other factors may require transfer of financial instruments from one fair value level to another. During the year ended June 30, 2019, one NAV hedge fund was partially liquidated and one NAV real estate investment was fully liquidated. Those funds were reinvested in Level 1 investments. NAV private equity had both capital additions and distributions. One Private equity fund was fully liquidated. Any other changes in the fair value are a reflection of market valuations.



Fair Value of Financial Instruments Not Required To Be Reported at Fair Value – The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other liabilities, deferred revenue and prepaid suites, approximate fair value due to the short-term nature of the items, and are considered to fall within Level 1 of the fair value hierarchy. The carrying amount of promises to give due in more than one year is based on the discounted net present value of the expected future cash receipts and approximates fair value. The carrying amount of liabilities under split-interest agreements is based on the discounted net present value of the expected future cash payments and approximates fair value. The certificates payable were fully paid in 2018.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Foundation may not be able to recover its deposits or may not be able to recover securities that are in possession of an outside party. 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 does not have a policy restricting the amount of deposits and investments subject to custodial credit risk. As of June 30, 2019 and 2018, deposits that were uninsured and uncollateralized totaled \$3,065,603 and \$2,245,322 respectively. Investments of the Foundation are uninsured and uncollateralized and held in the name of either the Foundation or the custodian.

Credit Risk – The risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's, and Fitch's. The ratings below use the Moody's scale for balances as of June 30, 2019.

Credit Risk of Debt Securities As of June 30, 2019 (Dollars in Thousands)				
Moody's Scale Rating	US Treasury Bonds	Corporate Bonds	Bond Mutual Funds	Total
Aaa	\$ 11,801	\$ 3,113	\$ 16,233	\$ 31,147
Aa1	-	2,515	-	2,515
Aa2	-	2,778	5,817	8,595
Aa3	-	5,113	-	5,113
A1	-	3,289	-	3,289
A2	-	8,074	2,371	10,445
A3	-	6,652	-	6,652
Baa1	-	4,392	-	4,392
Baa2	-	1,461	2,468	3,929
Ba2	-	753	-	753
B2	-	-	5,484	5,484
P-1	5,494	85	41	5,620
Unrated	-	2,493	-	2,493
Total	\$ 17,295	\$ 40,718	\$ 32,414	\$ 90,427



The Foundation has a legal agreement with its restricted investment fund manager which defines ratings acceptable to the Foundation and its policy defines benchmark indices by which to measure overall performance of these investments.

Interest Rate Risk – 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. While the Foundation does not have a policy regarding maturities of investments, it invests restricted funds in pools with differing maturities and its policy defines benchmark indices by which to measure overall performance of these investments.

Investment Maturities in Years					
As of June 30, 2019					
(Dollars in Thousands)					
Investment Type	Fair Value	< 1 yr	1-3 yr	3-10 yr	>10 yr
US treasury bonds	\$ 17,295	\$ 7,613	\$ 9,682	\$ -	\$ -
Corporate bonds	40,718	24,808	15,910	-	-
Bond mutual funds	32,414	-	96	31,971	347
Total rated securities	\$ 90,427	\$ 32,421	\$ 25,688	\$ 31,971	\$ 347

Liquidity and Availability – Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Liquidity and Availability	
As of June 30, 2019	
(Dollars in Thousands)	
Cash and cash equivalents	\$ 65
Interest receivable	325
Non-endowed investments	9,442
Endowment spending rate distributions and appropriations	159
Distributions from donor-designated endowment assets	115
Total	\$ 10,106

Foundation Endowment funds consist of donor-restricted endowment and funds designated by the board as endowments. Income from donor-restricted endowment is restricted for specific purposes, with the exception of the amounts available for general use. Donor restricted endowment funds are not available for general expenditure.



A board-designated endowment of \$3.83 million is subject to an annual spending rate of 4%. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Boards annual budget approval and appropriation), these amounts could be made available if necessary.

Promises to Give – Unconditional promises to give are reflected at the present value of estimated future cash flows using a discount rate based on Treasury bond rates at the date of the pledge ranging from 0.35% to 2.96% as of June 30, 2019 along with an allowance for uncollectible pledges based on past collection experience.

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At both June 30, 2019 and 2018, the allowance was \$70,000.

Unconditional promises to give are estimated to be collected as follows at June 30, 2019 and 2018:

Promises to Give As of June 30, (Dollars in Thousands)		
	2019	2018
Receivable in less than one year	\$ 850	\$ 6,596
Receivable in one to five years	1,122	1,648
Receivable in more than five years	4	15
Total promises to give	1,976	8,259
Less allowance	(70)	(70)
Less discount	(159)	(179)
Total promises to give, net	\$ 1,747	\$ 8,010

During fiscal year 2019 and 2018, the Foundation had no conditional pledges.



Investment in Real Estate – All activity for the year ended June 30, 2019 and 2018, was as follows:

Real Estate Activity As of June 30, (Dollars in Thousands)				
	2019		2018	
Donated property held for resale	\$	149	\$	659
Total real estate, not depreciated	\$	149	\$	659

The Foundation was gifted a residential property in Virginia in December 2016. This property was appraised at \$870,000 at the time of the gift but was written down due to impairment, to \$659,000. It was sold in April 2019.

The Foundation was gifted a residential lot property in Oregon in December 2018. This property was appraised at \$300,000 at the time of the gift but was written down due to impairment, to \$149,000 in June 2019 when it was listed for sale.

Amounts Held in Custody for Others– The Boise State Public Radio (BSPR), an operating division of the University, transferred assets to the Foundation for investment and management, which are included in amounts held in custody for others. Support raised on behalf of BSPR was \$280,350 and \$463,120 in fiscal years 2019 and 2018, respectively. Interest related to assets held on behalf of BSPR aggregated to \$738 and \$720 in fiscal years 2019 and 2018, respectively. Included in amounts held in custody for others on behalf of BSPR are \$1,302,685 and \$1,086,775 in fiscal years 2019 and 2018, respectively.

In-Kind Contributions – The Foundation records various types of in-kind support including equipment, contributed facilities, professional services, advertising and materials. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or additions to property and equipment.

Split Interest Agreement Obligations – The Foundation is currently the beneficiary of certain charitable remainder trusts. The charitable remainder trusts provide for the payment of distributions to the grantor or other designated beneficiaries over the trust’s term (usually the designated beneficiary’s lifetime). At the end of the trust’s term, the remaining assets are available for use by the Foundation as specified by the grantor. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as a temporarily restricted contribution in the period in which the trust is established. Investments held in the charitable remainder trusts are invested in equities and bonds and reported at fair value. The present value of the estimated annuity payments is calculated using discount rates of 2.8% for 2019 and 3.4% 2018. Assets held in the charitable remainder trusts totaled



\$2,306,387 and \$2,317,017 for June 30, 2019 and 2018, respectively and are included in the investments in the accompanying statements of financial position.

The Foundation currently administers certain charitable gift annuities. The assets contributed under the charitable gift annuities are invested in equities and bonds and are carried at fair value and land which is carried at cost. Contribution support is recognized at the date the annuities are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Adjustments to reflect the valuation of the present value of the estimated annuity payments and changes in actuarial assumptions are included as a component of net investment return in the statements of activities. The present value of the estimated annuity payments associated with the gift annuities is calculated using discount rates of 2.8% for 2019 and 3.4% for 2018 and the applicable mortality tables and is shown in the table below. Assets held in the charitable gift annuities totaled \$883,722 and \$789,654 for June 30, 2019 and 2018, respectively and are included in the investments and investments in real estate in the accompanying statements of financial position.

Estimated future maturities of annuity obligations for each of the next five years and in the aggregate are as follows:

Estimated Future Maturities of Annuity Obligations (Dollars in Thousands)	
Year Ended June 30,	Annuity Payments
2020	\$ 137
2021	137
2022	137
2023	117
2024	101
Thereafter	2,414
Total	3,043
	-
Less: Discount	1,270
Total Split interest liability	\$ 1,773

Concentrations – The Foundation received approximately 53.8% of total contributions from 20 donors during the year ended June 30, 2019 (1.8% from 1 board member and 52% from other donors) and approximately 71% of total contributions from 20 donors (2.1% from 2 board members and 47.9% from other donors) during the year ended June 30, 2018.



Gross unconditional promises to give included a total of approximately 64.3% from twenty-two donors (1.75% from 1 board member and 62.5% from other donors) at June 30, 2019. Gross unconditional promises included a total of approximately 81% from ten donors (2% from 1 board member and 79% from other donors) at June 30, 2018.

Adjustment Resulting from Change in Accounting Policy – As previously disclosed, the Foundation adopted the provisions of ASU 2016-14, “Presentation of Financial Statements for Not-For-Profit Entities” as of June 30, 2019. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. Following is a summary of the effects of the change in accounting policy in the Foundation’s June 30, 2018 net assets.

The effect on the Foundation’s statement of financial position and statement of activities as of June 30, 2018 is as follows:

Effect of Adopting Provisions of ASU 2016-14			
As of June 30, 2018			
(Dollars in Thousands)			
	As Previously Reported	Adoption of ASU 2016-14	As Adjusted
Statement of Financial Position - Net Assets, June 30, 2018			
Unrestricted	\$ 15,404	\$ (15,404)	\$ -
Temporarily restricted net assets	77,666	(77,666)	-
Permanently restricted net assets	93,675	(93,675)	-
Net assets without donor restrictions	-	15,404	15,404
Net assets with donor restrictions	-	171,341	171,341
Total Net assets	\$ 186,745	-	\$ 186,745



15. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATIONS

Operating Expense by Functional Classification As of June 30, 2019 (Dollars in Thousands)					
Functional Categories	Personnel Cost	Services, Supplies and Other	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 116,465	\$ 12,185	\$ 3,936	\$ -	\$ 132,586
Research	21,252	10,084	1,770	-	33,106
Public service	11,938	7,125	417	-	19,480
Libraries	3,895	2,002	-	-	5,897
Student services	16,889	3,241	69	-	20,199
Plant operations	11,050	10,591	-	-	21,641
Institutional support	26,308	6,091	14	-	32,413
Academic support	26,418	4,460	305	-	31,183
Auxiliary enterprises	33,954	40,013	1,303	-	75,270
Scholarships	1,148	42	10,782	-	11,972
Depreciation	-	-	-	26,360	26,360
Total operating expenses	\$ 269,317	\$ 95,834	\$ 18,596	\$ 26,360	\$ 410,107

Operating Expense by Functional Classification As of June 30, 2018-Restated (Dollars in Thousands)					
Functional Categories	Personnel Cost	Services, Supplies and Other	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 114,068	\$ 12,641	\$ 3,907	\$ -	\$ 130,616
Research	19,480	9,797	1,398	-	30,675
Public service	10,655	6,037	468	-	17,160
Libraries	3,950	2,054	-	-	6,004
Student services	16,443	3,366	44	-	19,853
Plant operations	11,400	10,116	-	-	21,516
Institutional support	25,973	4,949	37	-	30,959
Academic support	24,606	3,772	306	-	28,684
Auxiliary enterprises	33,274	37,068	915	-	71,257
Scholarships	979	508	11,310	-	12,797
Depreciation	-	-	-	26,469	26,469
Total operating expenses	\$ 260,828	\$ 90,308	\$ 18,385	\$ 26,469	\$ 395,990



16. CONTINGENCIES AND LEGAL MATTERS

Revenue from federal, state and local, and private grants and contracts, include 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. University officials are of the opinion that these refunds, if any, will not have a significant effect on financial position or the results of operations of the University.

The University has performed a review of potential pollution remediation obligations and found that there were no triggering events that would cause the University to record a pollution remediation liability as of June 30, 2019. Based on present knowledge, the University's management believes any ultimate liability in these matters will not materially affect the financial position or the results of operations of the University.





REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits

Schedule of Changes in Employer's Total OPEB Liability and Annual Covered Payroll

Other Post Employment Benefits Obligation Schedule of Funding Progress Retiree Healthcare Plan Last 10 - Fiscal Years* (Dollars in Thousands)		
	Fiscal Year 2018	Fiscal Year 2019
Beginning OPEB liability	\$ 4,075	\$ 4,023
Changes for the year:		
Service cost	157	167
Interest	145	148
Effect of employer proportionate share changes	-	135
Effect of economic/demographic gains or losses	-	(19)
Effect of assumption changes or inputs	-	(1,387)
Expected benefit payments	(354)	(390)
Ending OPEB liability	\$ 4,023	\$ 2,677
Annual covered payroll	\$ 178,494	\$ 191,278
OPEB liability as a percentage of covered payroll	2.3%	1.4%
Proportion of Total OPEB liability	0.115127006	0.118985639

Other Post Employment Benefits Obligation Schedule of Funding Progress Long Term Disability Healthcare Plan Last 10 - Fiscal Years* (Dollars in Thousands)		
	Fiscal Year 2018	Fiscal Year 2019
Beginning OPEB liability	\$ 418	\$ 267
Changes for the year:		
Service cost	25	26
Interest	13	8
Effect of employer proportionate share changes	-	9
Effect of economic/demographic gains or losses	-	100
Effect of assumption changes or inputs	-	(51)
Expected benefit payments	(189)	(134)
Ending OPEB liability	\$ 267	\$ 225
Annual covered payroll	\$ 178,494	\$ 191,278
OPEB liability as a percentage of covered payroll	0.1%	0.1%
Proportion of Total OPEB liability	0.115127006	0.118985639



BOISE STATE UNIVERSITY

**Other Post Employment Benefits Obligation
Schedule of Funding Progress
Long Term Disability Life Insurance Plan
Last 10 - Fiscal Years*
(Dollars in Thousands)**

	Fiscal Year 2018	Fiscal Year 2019
Beginning OPEB liability	\$ 380	\$ 322
Changes for the year:		
Service cost	-	-
Interest	12	11
Effect of employer proportionate share changes	-	11
Effect of economic/demographic gains or losses	-	-
Effect of assumption changes or inputs	-	(5)
Expected benefit payments	(70)	(61)
Ending OPEB liability	<u>\$ 322</u>	<u>\$ 278</u>
Annual covered payroll	\$ 178,494	\$ 191,278
OPEB liability as a percentage of covered payroll	0.2%	0.1%
Proportion of Total OPEB liability	0.115127006	0.118985639

**Other Post Employment Benefits Obligation
Schedule of Funding Progress
Long Term Disability Life Income Plan
Last 10 - Fiscal Years*
(Dollars in Thousands)**

	Fiscal Year 2018	Fiscal Year 2019
Beginning OPEB liability	\$ 270	\$ 233
Changes for the year:		
Service cost	-	-
Interest	9	9
Effect of employer proportionate share changes	-	29
Effect of economic/demographic gains or losses	-	6
Effect of assumption changes or inputs	-	(3)
Expected benefit payments	(46)	(47)
Ending OPEB liability	<u>\$ 233</u>	<u>\$ 227</u>
Annual covered payroll	\$ 178,494	\$ 191,278
OPEB liability as a percentage of covered payroll	0.1%	0.1%
Proportion of Total OPEB liability	0.115127006	0.129538785



Other Post Employment Benefits Obligation Schedule of Funding Progress Retiree Life Insurance Plan Last 10 - Fiscal Years* (Dollars in Thousands)		
	Fiscal Year 2018	Fiscal Year 2019
Beginning OPEB liability	\$ 20,552	\$ 21,655
Changes for the year:		
Service cost	754	777
Interest	755	795
Effect of employer proportionate share changes	-	1
Effect of economic/demographic gains or losses	-	(372)
Effect of assumption changes or inputs	-	(1,018)
Expected benefit payments	(406)	(442)
Ending OPEB liability	\$ 21,655	\$ 21,396
Annual covered payroll	\$ 178,494	\$ 191,278
OPEB liability as a percentage of covered payroll	12.1%	11.2%
Proportion of Total OPEB liability	0.45949431	0.459524097

For the above OPEB plans, no assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis.

*Schedules above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.





Other Postemployment Benefits – Sick Leave Insurance Reserve Fund OPEB Plan

Schedule of Employer’s Proportionate Share of Net OPEB Asset

Schedule of Employer's Proportionate Share of Net OPEB Asset Sick Leave Insurance Reserve Fund Last 10 - Fiscal Years* (Dollars in Thousands)								
Employer's Fiscal Year	Employer's Portion of Net OPEB Asset	Employer's Proportionate Share of Net OPEB Asset	Employer's Covered Payroll	Employer's Proportional Share of Net OPEB Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position	Plan Total OPEB Liability	Plan Fiduciary Net Position as a Percentage of Net OPEB Asset	
2019	0.147721192	\$ 16,954	\$ 162,749	10.42%	\$ 206,260	\$ 91,490	225.45%	
2018	0.143584619	\$ 13,659	\$ 157,649	8.66%	\$ 186,498	\$ 91,368	204.12%	

Schedule of Employer Contributions - Sick Leave Insurance Reserve Fund OPEB Plan

Sick Leave Insurance Reserve Fund Last 10 - Fiscal Years* (Dollars in Thousands)						
Employer's Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (deficiency) excess	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll	
2019	\$ 1,057	\$ 1,058	\$ 1	\$ 162,749	0.65%	
2018	\$ 1,016	\$ 1,025	\$ 9	\$ 157,649	0.65%	

*Schedules above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.



PERSI – Base Plan

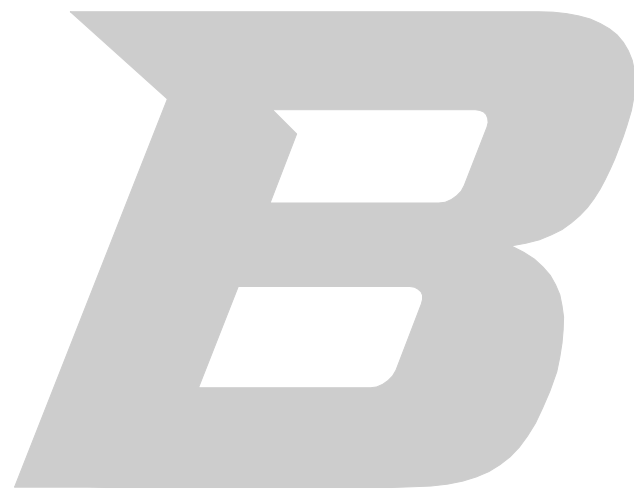
Schedule of Employer’s Proportionate Share of Net Pension Liability

Schedule of Employer's Proportionate Share of Net Pension Liability						
PERSI - Base Plan						
Last 10 - Fiscal Years*						
(Dollars in Thousands)						
Employer's Fiscal Year	Employer's portion of net the pension liability	Employer's proportionate share of the net pension liability	Employer's covered-payroll	Employer's proportional share of the net pension liability as a percentage of its covered-payroll	Plan fiduciary net position as a percentage of the total pension liability	
2019	0.009051797	\$ 13,352	\$ 29,142	45.82%	91.69%	
2018	0.009515142	\$ 14,956	\$ 29,554	50.61%	90.68%	
2017	0.009493948	\$ 19,246	\$ 27,727	69.41%	87.26%	
2016	0.009608384	\$ 12,653	\$ 26,908	47.02%	91.38%	

Schedule of Employer Contributions - PERSI Base Plan

Schedule of Employer Contributions					
PERSI - Base Plan					
Last 10 - Fiscal Years*					
(Dollars in Thousands)					
Employer's Fiscal Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution (deficiency) excess	Employer's covered-payroll	Contributions as a percentage of covered-payroll
2019	\$ 3,384	\$ 3,384	\$ -	\$ 29,894	11.32%
2018	\$ 3,299	\$ 3,299	\$ -	\$ 29,142	11.32%
2017	\$ 3,345	\$ 3,345	\$ -	\$ 29,554	11.32%
2016	\$ 3,139	\$ 3,139	\$ -	\$ 27,727	11.32%
2015	\$ 3,046	\$ 3,046	\$ -	\$ 26,908	11.32%

*Schedules above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.



**BOISE STATE
UNIVERSITY**

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

Idaho State Board of Education
Boise State University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boise State University (the University), and its discretely presented component unit, Boise State University Foundation, Inc. (the Foundation) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Boise State University's basic financial statements, and have issued our report thereon dated October 9, 2019. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on Boise State University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Moss Adams LLP

Portland, Oregon
October 9, 2019

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

Idaho State Board of Education
Boise State University

Report on Compliance for Each Major Federal Program

We have audited Boise State University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2019. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, and 2019-003 that we consider to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on their responses.

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

Moss Adams LLP

Portland, Oregon
October 9, 2019

Boise State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

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

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
Various	Student Financial Assistance Cluster	Unmodified
Various	TRIO Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$ 1,091,793

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None reported.

Boise State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-001 Enrollment Reporting

Significant Deficiency in Internal Control over Compliance

Student Financial Assistance Cluster

U.S. Department of Education

CFDA Number: 84.268

Federal Program Name: Federal Direct Student Loans

Award Year: 2018-19

CFDA Number: 84.038

Federal Program Name: Federal Perkins Loan Program

Award Year: 2018-19

Criteria:

The National Student Loan Data System (“NSLDS”) is the Department of Education’s (“ED”) centralized database for students’ enrollment information. It is the University’s responsibility to update this information timely and accurately.

The University determines how often it receives the Enrollment Reporting roster file with the default set at every 60 days. Under the loan programs, schools must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by ED via NSLDS.

Unless the school expects to complete its next roster within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (34 CFR section 685.309).

The University has engaged the National Student Clearinghouse's (NSC) services to assist with the reporting of student's status changes and degrees to the NSLDS.

Boise State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Condition and context:

A sample of students who were borrowers of Federal direct student loans or Federal Perkins loans and had graduated from the University during the 2018-19 fiscal year was selected. The enrollment information and graduation date per the University's records was compared to the information reported to the NSLDS. We noted that 1,622 graduates who were Federal borrowers were considered graduated by the University, however, their NSLDS *Enrollment Detail* report did not show the graduated status. These students had their degrees conferred by the University and were considered to be "G Not Applied" errors on the NSC's Degree Reporting page. After being corrected for the "G Not Applied" error, their degrees were verified/posted through the NSC. However, the University Registrar was not aware that there was an additional enrollment reporting field that needed to be reported to the NSC in order for these "G Not Applied" records to update the student's status to "Graduated" on the NSLDS. As such, this was discovered during the Single Audit and upon further investigation by the University, 1,317 students with "G Not Applied" errors from the 2017-18 award year were also affected.

Random, not statistical sampling was used.

Questioned costs:

None to be reported.

Effect:

This information is utilized by ED, the Federal Direct Student Loan program, lenders, and other institutions to determine in-school status. NSLDS also uses the newly submitted enrollment data to recalculate a student's 150% limit for direct subsidized loans to determine if loss or protection of the subsidy should occur. Therefore, errors in enrollment reporting could impact future subsidy loss or protection related to the 150% limit.

Cause:

This occurred because of lack of proper understanding of third-party servicer's parameters in reporting graduated students' enrollment statuses. There is also no control that monitors for compliance.

Repeat finding:

No.

Recommendation:

We recommend the University follow and enhance existing policies to ensure all student changes in status are identified timely and submitted accurately within the required time frame. Furthermore, we recommend the University educate and train staff involved in the process regarding the Enrollment Reporting compliance responsibilities and the consequences of inaccurate reporting to the NSLDS via the NSC. This policy should specifically address the personnel assigned to various tasks (data entry and review). Opportunities for additional NSC training in this area and others are available through the NSC's Clearinghouse Academy page. Lastly, we recommend the University establish an internal monitoring control whereby a designated individual with NSLDS access, on a sample basis, spot-checks the status updates on NSLDS so to internally audit the submissions.

Boise State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Views of responsible officials and planned corrective actions:

The Boise State University Registrar's Office, with the help of OIT Developers and the National Student Clearinghouse (NSC), have created a fix for our NSC reporting to capture the graduated statuses of students. Previously these statuses were not being applied correctly through the G Not Applied list.

We have created a new file submission type called the Graduate Only file, which will capture all students that graduated in the previous semester and report their campus and program levels as graduated. The Graduate Only file will not report any students continuing on to the next semester as they need to remain active on the campus level for reporting purposes. The continuing on population of students will now be captured on our enrollment reporting files.

Our enrollment report to the NSC used to just report all active students. We've made changes to the reporting file to capture returning graduates. If a student is continuing on with their enrollment after they graduated in the previous semester, they will now be captured on our regular enrollment file submissions to the NSC. The campus level will remain active, while the program level in which they graduated will receive a graduated status.

Boise State University will update the student status changes and degrees previously submitted by November 30, 2019.

The Registrar's Office will self-audit by spot-checking students in the NSC to make sure they accurately received a graduated status on their appropriate campus and program levels. The Registrar's Office Associate Director of Systems, Mike Amai, will conduct spot-checks each semester to ensure accuracy of the data we are transmitting to the NSC. The spot-checks will be recorded in a file with a date of when the check was conducted, who conducted the check, and will include a list of student IDs that went through the spot-check. All documents will be available to view upon an auditor's request.

FINDING 2019-002 Enrollment Reporting

Significant Deficiency in Internal Control over Compliance

Student Financial Assistance Cluster

U.S. Department of Education

CFDA Number: 84.268

Federal Program Name: Federal Direct Student Loans

Award Year: 2018-19

CFDA Number: 84.038

Federal Program Name: Federal Perkins Loan Program

Award Year: 2018-19

Criteria:

The National Student Loan Data System (“NSLDS”) is the Department of Education’s (“ED”) centralized database for students’ enrollment information. It is the University’s responsibility to update this information timely and accurately.

The University determines how often it receives the Enrollment Reporting roster file with the default set at every 60 days. Under the loan programs, schools must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by ED via NSLDS.

Unless the school expects to complete its next roster within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (34 CFR section 685.309).

The University has engaged the National Student Clearinghouse's (NSC) services to assist with the reporting of student's status changes and degrees to the NSLDS.

Condition and context:

In our audit sample, two of the 26 students who officially withdrew from a term in 2018-19 were reported to the NSLDS timely on the first-of-term batch as submitted via the NSC; however, when gathering the data for the samples for the Single Audit, it was discovered by the University that the separation/withdrawal date as showing within the NSLDS was not correct and was subsequently corrected via "NSLDS Web" certification method on 6/4/19, which is outside of the required timeframe for timely reporting. The effective date (withdrawal date) was misreported initially and as a result, for these two students, the status updates to NSLDS were inaccurate, and once corrected, were certified outside of the timeframe as stipulated by the Federal guidelines. Upon further investigation by the University, there were 61 students who officially withdrew from a term in 2018-19 whose effective dates were inaccurately reported in the initial first-of-term batch submission via the NSC and needed to be subsequently corrected.

Random, not statistical sampling was used.

Boise State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Questioned costs:

None to be reported.

Effect:

This information is utilized by ED, the Federal Direct Loan program, lenders, and other institutions to determine in-school status. NSLDS also uses the newly submitted enrollment data to recalculate a student's 150% limit for direct subsidized loans to determine if loss or protection of the subsidy should occur. Therefore, errors in enrollment reporting could result in incorrect future eligibility for undergraduate aid, as well as impact future subsidy loss or protection related to the 150% limit.

Cause:

This occurred because of lack of proper understanding of the date to report and also a miscommunication in the department as to whose responsibility it was to make the changes to the NSLDS. There is also no control that monitors for compliance.

Repeat finding:

No.

Recommendation:

We recommend the University follow and enhance existing policies to ensure all student changes in status are identified timely and submitted accurately within the required time frame. Furthermore, we recommend the University educate staff involved in the process regarding the Enrollment Reporting compliance responsibilities and the consequences of inaccurate reporting to the NSLDS via the NSC. This policy should specifically address the personnel assigned to various tasks (data entry and review). Opportunities for additional NSC training in this area and others are available through the NSC's Clearinghouse Academy page. Lastly, we recommend the University establish an internal monitoring control whereby a designated individual with NSLDS access, on a sample basis, spot-checks the status updates on NSLDS so to internally audit the submissions.

Views of responsible officials and planned corrective actions:

This finding is related to the students who add and then subsequently drop classes within the first and tenth day of classes or do not earn any credit at the end of the term as indicated by the receipt of all failing grades.

For the first group of students who began attendance, the financial aid office is required to conduct a Return of Title IV fund calculation to determine Pell eligibility for the brief period of attendance even though the student did not incur any tuition/fee liability.

Boise State University
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For the Year Ended June 30, 2019

In collaboration with the Registrar's Office, we have modified the student self-service drop process to allow the student to indicate whether or not they began attendance. The date of the self-service withdrawal for a student who indicates they began attendance will be communicated and recorded by the Registrar's office for accurate enrollment reporting. Students who are administratively withdrawn by faculty or staff or indicate in the self-service withdrawal process are determined to have not begun attendance and enrollment is batch reported accordingly. For the second group of students who received all failing grades at the end of the term, the Registrar's office is implementing an existing optional step as mandatory in the grade reporting process at the end of the Fall 2019 semester. When faculty report a failing grade, they will be required to indicate if the student attended the full semester and earned the failing grade OR if the student unofficially withdrew and report their last date of academic activity. If a last date of attendance is provided, it will be reported in batch to NSC as part of the regular enrollment reporting process.

The financial aid office will conduct a spot-check of reported last date of attendance for Return to Title IV purposes and the dates reported to NSLDS each semester. This will be documented in a spreadsheet with columns indicating who monitored the data, the status (correct/incorrect, etc.), the date the spot-check was completed, and if any additional action was taken to resolve any issues.

Boise State University
Schedule of Findings and Questioned Costs
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FINDING 2019-003 Enrollment Reporting

Significant Deficiency in Internal Control over Compliance

Student Financial Assistance Cluster

U.S. Department of Education

CFDA Number: 84.268

Federal Program Name: Federal Direct Student Loans

Award Year: 2018-19

CFDA Number: 84.038

Federal Program Name: Federal Perkins Loan Program

Award Year: 2018-19

Criteria:

The National Student Loan Data System ("NSLDS") is the Department of Education's ("ED") centralized database for students' enrollment information. It is the University's responsibility to update this information timely and accurately.

The University determines how often it receives the Enrollment Reporting roster file with the default set at every 60 days. Under the loan programs, schools must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by ED via NSLDS.

Unless the school expects to complete its next roster within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (34 CFR section 685.309).

The University has engaged the National Student Clearinghouse's (NSC) services to assist with the reporting of student's status changes and degrees to the NSLDS.

Condition and context:

For four of the 26 official withdrawal status change samples who were reported as "withdrawn" to the NSLDS, their status updates were made using the "NSLDS Web" certification method and were not reported timely to the NSLDS within 60 days of the date in which they were identified as a withdrawal. The days' difference between the four students' withdrawal dates and the dates they were reported per NSLDS ranged from 71 - 205 days.

Random, not statistical sampling was used.

Questioned costs:

None to be reported.

Boise State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Effect:

This information is utilized by ED, the Federal Direct Loan program, lenders, and other institutions to determine in-school status. NSLDS also uses the newly submitted enrollment data to recalculate a student's 150% limit for direct subsidized loans to determine if loss or protection of the subsidy should occur. Therefore, errors in enrollment reporting could result in incorrect future eligibility for undergraduate aid, as well as impact future subsidy loss or protection related to the 150% limit.

Cause:

This occurred because of miscommunication in the department as to whose responsibility it was to make the changes to the NSLDS. There is also no control that monitors for compliance.

Repeat finding:

No.

Recommendation:

We recommend the University follow and enhance existing policies to ensure all student changes in status are identified timely and submitted accurately within the required time frame. Furthermore, we recommend the University educate staff involved in the process regarding the Enrollment Reporting compliance responsibilities and the consequences of inaccurate reporting to the NSLDS via the NSC. This policy should specifically address the personnel assigned to various tasks (data entry and review). Opportunities for additional NSC training in this area and others are available through the NSC's Clearinghouse Academy page. Lastly, we recommend the University establish an internal monitoring control whereby a designated individual with NSLDS access, on a sample basis, spot-checks the status updates on NSLDS so to internally audit the submissions.

Views of responsible officials and planned corrective actions:

This finding involved students who attended courses offered in modules during the current semester, finished the module, but either did not return or did not complete the additional module offered during the same semester.

The financial aid office is responsible for reporting this updated data to NSLDS in a timely manner, which includes communicating to the Registrar's office regarding the updates that are also required to be made in NSC.

The financial aid office will conduct a spot-check of reported enrollment data and the dates reported to NSLDS each semester. This will be documented in a spreadsheet with columns indicating who monitored the data, the status (correct/incorrect, etc.), the date the spot-check was completed, and if any additional action was taken to resolve any issues.



BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Table with columns: Federal Grantor/Pass-Through Grantor/Program or Cluster Title, Federal CFDA Number, Pass-Through Entity Identifying Number, Provided Through to Subrecipients, Total Federal Expenditures. Rows include US Department of Education Programs (Student Financial Assistance, IDEA, Research and Development, TRIO, Other Programs) and US Department of Health and Human Services (Student Financial Assistance).

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BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Table with 5 columns: Federal Grantor/Pass-Through Grantor/Program or Cluster Title, Federal CFDA Number, Pass-Through Entity Identifying Number, Provided Through to Subrecipients, Total Federal Expenditures. Rows include Research and Development - Cluster, Other Programs - Cluster, US Department of Health and Human Services, and US Department of Agriculture Programs.

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BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Table with columns: Federal Grantor/Pass-Through Grantor/Program or Cluster Title, Federal CFDA Number, Pass-Through Entity Identifying Number, Provided Through to Subrecipients, Total Federal Expenditures. Rows include US Department of Commerce Programs, US Department of Defense Programs, and US Department of the Interior Programs.

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BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Table with 5 columns: Federal Grantor/Pass-Through Grantor/Program or Cluster Title, Federal CFDA Number, Pass-Through Entity Identifying Number, Provided Through to Subrecipients, and Total Federal Expenditures. Rows include Cooperative Ecosystem Studies Units, Earthquake Hazards Research and Monitoring Assistance, U.S. Geological Survey_ Research and Data Collection, Gap Analysis Program, National Climate Change and Wildlife Science Center, Cooperative Research and Training Programs Resources of the Department of the Interior, Interior Contracts, Total Research and Development - Cluster, Other Programs - Cluster, Total US Department of the Interior Programs, US Department of Justice Programs, Research and Development - Cluster, Total Research and Development - Cluster, Other Programs - Cluster, Total Other - Cluster, Total US Department of Justice Programs, US Department of Transportation Programs, Research and Development - Cluster, Highway Planning and Construction Cluster, Federal Transit Cluster, Other Programs - Cluster, Total Other - Cluster, Total US Department of Transportation Programs.

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BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Table with 5 columns: Federal Grantor/Pass-Through Grantor/Program or Cluster Title, Federal CFDA Number, Pass-Through Entity Identifying Number, Provided Through to Subrecipients, Total Federal Expenditures. Rows include National Aeronautics & Space Administration Programs, National Foundation on the Arts and the Humanities Programs, National Science Foundation Programs, and US Nuclear Regulatory Commission Programs.

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BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Table with 5 columns: Federal Grantor/Pass-Through Grantor/Program or Cluster Title, Federal CFDA Number, Pass-Through Entity Identifying Number, Provided Through to Subrecipients, Total Federal Expenditures. Rows include US Department of Energy Programs, US Small Business Administration Programs, and US Department of Homeland Security Programs.

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BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
US Department of Labor Programs				
Other Programs - Cluster				
Apprenticeship USA Grants	17.285	THP-AGE-7615	-	-
Consultation Agreements	17.504		-	484,400
Total Other - Cluster			-	484,400
Total US Department of Labor Programs			-	484,400
US Department of State Programs				
Other Programs - Cluster				
Academic Exchange Programs - Undergraduate Programs	19.009		-	40,691
Total Other - Cluster			-	40,691
Total US Department of State Programs			-	40,691
Environmental Protection Agency Programs				
Other Programs - Cluster				
Pollution Prevention Grants Program	66.708	S594	-	29,165
Total Other - Cluster			-	29,165
Total Environmental Protection Agency Programs			-	29,165
US Corporation for National and Community Service Programs				
Other Programs - Cluster				
Corporation for National and Community Service Contracts	94.XXX	18AFHID0010001	-	44,525
Total Other - Cluster			-	44,525
Total US Corporation for National and Community Service Programs			-	44,525
Total Expenditures			2,902,098	148,759,441



**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes federal award activity of the University under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. UNIVERSITY ADMINISTERED LOAN PROGRAMS

The federal student loan programs listed subsequently are administered directly by the University, and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2019 consists of:

CFDA Number	Program Name	Outstanding Balance at June 30, 2019
84.038	Federal Perkins Loans	9,353,140
93.364	Nursing Students Loans	5,039



**BOISE STATE
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BOISE STATE UNIVERSITY

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