



**BOISE STATE UNIVERSITY**



# **BOISE STATE UNIVERSITY**

## **Financial Statements**

**Fiscal Year 2020**

Reports of independent auditors and financial statements for the year ended June 30, 2020 and 2019 including single audit reports for the year ended June 30, 2020





# Table of Contents

<b>1</b>	<b>Report of Independent Auditors</b>
<b>3</b>	<b>Management's Discussion and Analysis</b>
	<b>Financial Statements</b>
20	Statements of Net Position
22	Component Unit Statements of Financial Position
24	Statements of Revenues, Expenses and Changes in Net Position
26	Component Unit Statements of Activities
28	Statements of Cash Flows
<b>30</b>	<b>Notes to Financial Statements</b>
<b>102</b>	<b>Required Supplementary Information</b>
<b>107</b>	<b>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 <i>Government Auditing Standards</i></b>
<b>109</b>	<b>Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance</b>
<b>112</b>	<b>Schedule of Findings and Questioned Costs</b>
	Section I - Summary of Auditor's Results
	Section II – Financial Statement Findings
	Section III – Summary Schedule of Prior Year Findings
<b>115</b>	<b>Schedule of Expenditures of Federal Awards - Year Ended June 30, 2020</b>
<b>122</b>	<b>Notes to Schedule of Expenditures of Federal Awards</b>



## **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 (University) and its discretely presented component unit, Boise State University Foundation, Inc. (Foundation), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the 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 opinion.

### ***Opinions***

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Boise State University and its discretely presented component unit, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain information related to pensions and other postemployment benefits on pages 3 through 19 and 102 through 106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020, 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, 2020



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

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 Boise State University Foundation (the 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, 2020, the University employed 4,619 faculty and staff (including 1,220 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 offers approximately 200 programs of study, including 14 doctoral programs. These degree programs foster student success, lifelong learning, community engagement, innovation and creativity. This academic year, 4,762 students graduated from Boise State University, including 53 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 Bio molecular Research Center, the Raptor Research Center and the Center for Multicultural and 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, transmitting from 18 locations



### ***Overview of the Financial Statements and Financial Analysis***

The financial statements for fiscal years ended June 30, 2020 and June 30, 2019 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, 2020 and 2019. 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.

### ***Impact of COVID-19 on Fiscal Year Results***

The University declared a state of emergency on March 13, 2020 related to the global pandemic COVID-19. After the declaration, classes were moved to remote delivery, residence halls were closed, food service was ceased, faculty and staff began working remotely and events on campus were canceled. On March 27, 2020 the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided funding to relieve a portion of the financial impact of the virus. The result of these actions is reflected throughout the financial statements. Material impacts include a decline of sales and services revenue of \$8 million and an increase in student grants of \$3 million recorded as scholarships expense offset by the accrual of CARES Act funding of \$7 million in non-operating revenue.





**Student Body**

The University has the largest student enrollment of any public university in Idaho with a fall semester 2019 enrollment of 26,272 students (based on headcount with full-time equivalent enrollment of 17,679) and a fall semester 2018 enrollment of 25,540 students (based on headcount with full-time equivalent enrollment of 16,967) as of the October 15<sup>th</sup> census dates. This reflects an increase of 732 students based on headcount and 712 students based on full-time equivalent enrollment. Enrollment at the University during this academic year remained strong. In addition to having students attending from every county in Idaho, the University hosts students from all 50 states and over 90 countries. The University enrolls large numbers of both traditional age students and working adults.

<b>Enrollment and Graduation Statistics</b>				
<b>Fall Semester</b>				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Enrollment</b>				
Headcount	23,886	24,154	25,540	26,272
Full time equivalents	15,973	16,317	16,967	17,679
<b>Undergraduate students</b>				
Full time	12,375	12,477	12,787	13,104
Part time	7,834	8,290	9,277	9,835
<b>Graduate students</b>				
Full time	936	1,068	1,108	1,185
Part time	2,741	2,319	2,368	2,148
<b>Students from Idaho</b>	76%	74%	73%	71%
<b>First year undergraduates/transfers</b>				
Applied	11,193	11,651	13,737	17,914
Admitted	9,141	9,781	11,113	13,991
Enrolled	3,941	4,106	4,188	4,315
ACT mean score	23	24	23	23
	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>
<b>Degrees Conferred</b>				
Associate	116	119	133	109
Bachelor	3,317	3,373	3,472	3,526
Master	776	919	861	954
Doctorate	36	32	45	53
Certificate*	420	496	581	621

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



### ***State Appropriations***

Legislatively-approved State appropriations represent approximately 24% of the University's total annual revenues for fiscal year 2020. Such revenues are not included as pledged revenues, which are pledged as collateral under certain borrowing agreements. 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.

The Governor issued a 1% holdback of the fiscal year 2020 general fund appropriation and in addition, the Legislature reduced the fiscal year 2020 general fund appropriation by an additional 1%. The total general fund reduction for the year was \$2.1 million.

### ***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.



<b>Summary Statements of Net Position</b>			
<b>As of June 30,</b>			
<b>(Dollars in Thousands)</b>			
	<b>2020</b>	<b>2019</b>	<b>2018-Restated</b>
<b>ASSETS:</b>			
Current assets	\$ 179,265	\$ 173,456	\$ 148,303
Capital assets, net	598,074	566,737	543,382
Other assets	114,283	122,911	132,458
Total assets	<u>891,622</u>	<u>863,104</u>	<u>824,143</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>16,687</u>	<u>13,573</u>	<u>13,699</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 908,309</u>	<u>\$ 876,677</u>	<u>\$ 837,842</u>
<b>LIABILITIES:</b>			
Current liabilities	\$ 76,569	\$ 88,957	\$ 72,449
Non-current liabilities	285,314	275,368	285,930
Total liabilities	<u>361,883</u>	<u>364,325</u>	<u>358,379</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>50,454</u>	<u>48,956</u>	<u>44,995</u>
<b>NET POSITION:</b>			
Net investment in capital assets	320,457	313,744	304,127
Restricted, expendable	28,351	23,493	28,375
Unrestricted	147,164	126,159	101,966
Total net position	<u>495,972</u>	<u>463,396</u>	<u>434,468</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 908,309</u>	<u>\$ 876,677</u>	<u>\$ 837,842</u>

The University's total assets and deferred outflows of resources increased during fiscal year 2020 by \$31 million from \$877 million as of June 30, 2019 to \$908 million as of June 30, 2020. Capital assets, net increased \$31 million, which includes the opening of the Center for the Visual Arts, the acquisition of University Plaza and construction costs for the Micron Center for Materials Research. Agency receivables increased \$10 million primarily from the Department of Education for the Higher Education Emergency Relief Fund (HEERF) and financial aid. These increases were offset by decreases in cash and investments used in construction projects and disbursing of student financial aid. Deferred outflows of resources related to other post-employment benefits (OPEB) increased \$3 million while the other categories of deferred outflows of resources remained relatively unchanged.



The University's total liabilities decreased during fiscal year 2020 by \$2 million from \$364 million as of June 30, 2019 to \$362 million as of June 30, 2020. Operational decreases include \$13 million of accounts payable, accrued liabilities and due to state agencies for construction projects as compared to the prior fiscal year, \$3 million of unearned revenue related to canceled events and campus closure, and \$3 million of net pension liability offset by an increase in bonds payable of \$11 million due to the issuance of series 2020 revenue bonds net of principle payments, \$4 million in OPEB obligation which is directly related to Public Employee Retirement System of Idaho (PERSI) base plan investment performance and \$3 million in salary, benefit and accrued leave.

Total deferred inflows of resources increased \$1 million during fiscal year 2020 from \$49 million to \$50 million as of June 30, 2020. The increase can be attributed to deferred inflows related to pensions.

Total net position during fiscal year 2020 increased by \$33 million from \$463 million as of June 30, 2019 to \$496 million as of June 30, 2020. Net investment in capital assets increased by \$7 million driven by repayment of debt. Restricted, expendable net position increased by \$5 million due to \$4 million in CARES Act HEERF institutional aid and a \$2 million increase in Net OPEB asset associated with the Sick Leave Insurance Reserve Fund (SLIRF) offset by a decrease in assets associated with the Federal Perkins Loan Program. Unrestricted net position increased by \$21 million primarily related to an increase in student fees and reductions in unrestricted liabilities and unearned revenue offset by changes in receivables, pension and OPEB obligations.

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 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.

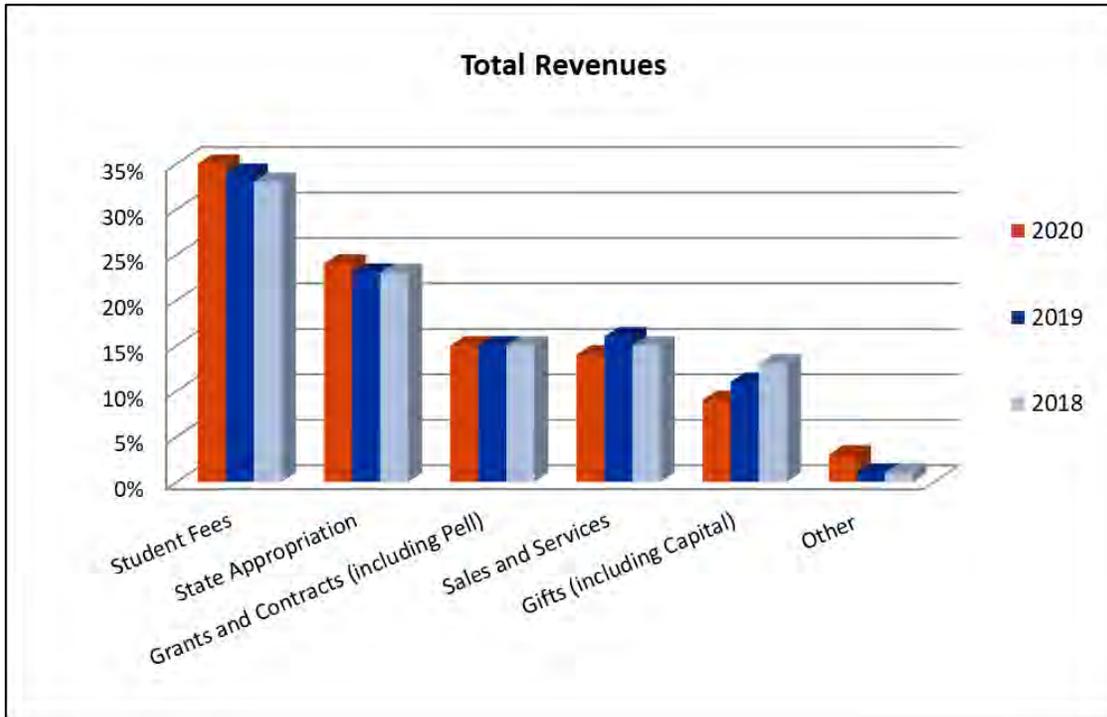
Total deferred inflows of resources increased \$4 million during fiscal year 2019 from \$45 million to \$49 million as of June 30, 2019. The increase can be attributed to deferred inflows related to OPEB.



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 a \$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.

***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.



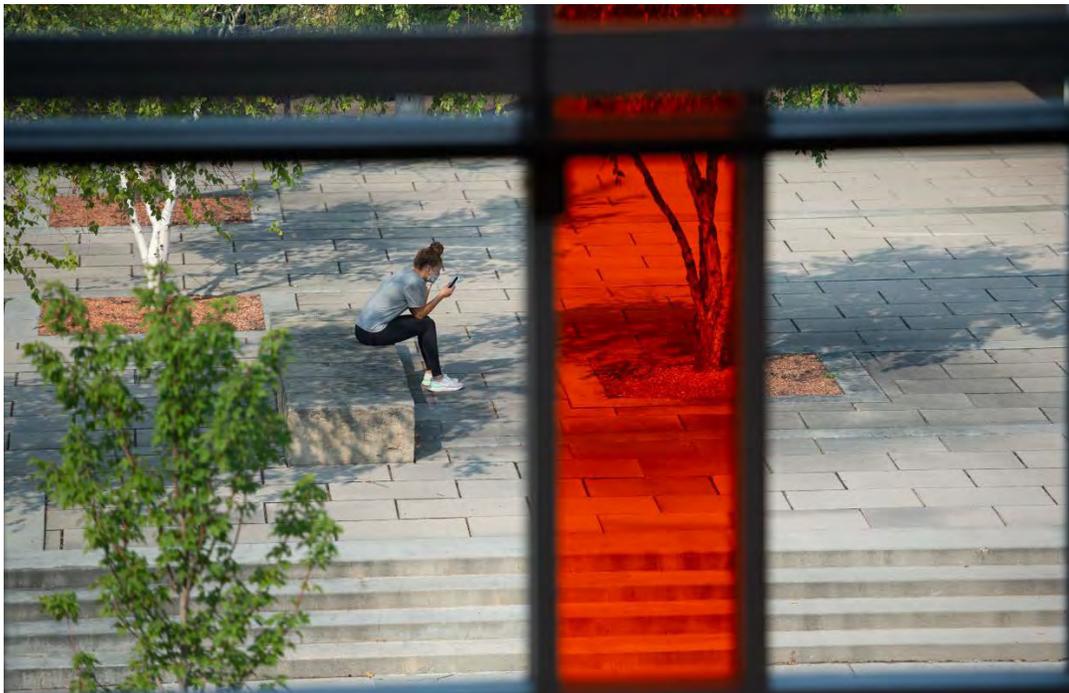
Total revenues are comprised of student fees, state appropriations, sales and services of educational and auxiliary operations, grants and contracts, gifts, and other revenues. For the year ended June 30, 2020, Student fees, net, are \$170 million and represent 35% of total revenue, followed by State appropriations of \$114 million or 24% of total revenue. As a percentage of total revenue, grants and contracts contribute 15%, sales and services contribute 14%, while gifts contribute 9% of total revenue. Other revenue includes \$7 million in CARES Act HEERF aid partially offsetting the decline in sales and services revenue primarily related to dining and housing refunds to students.

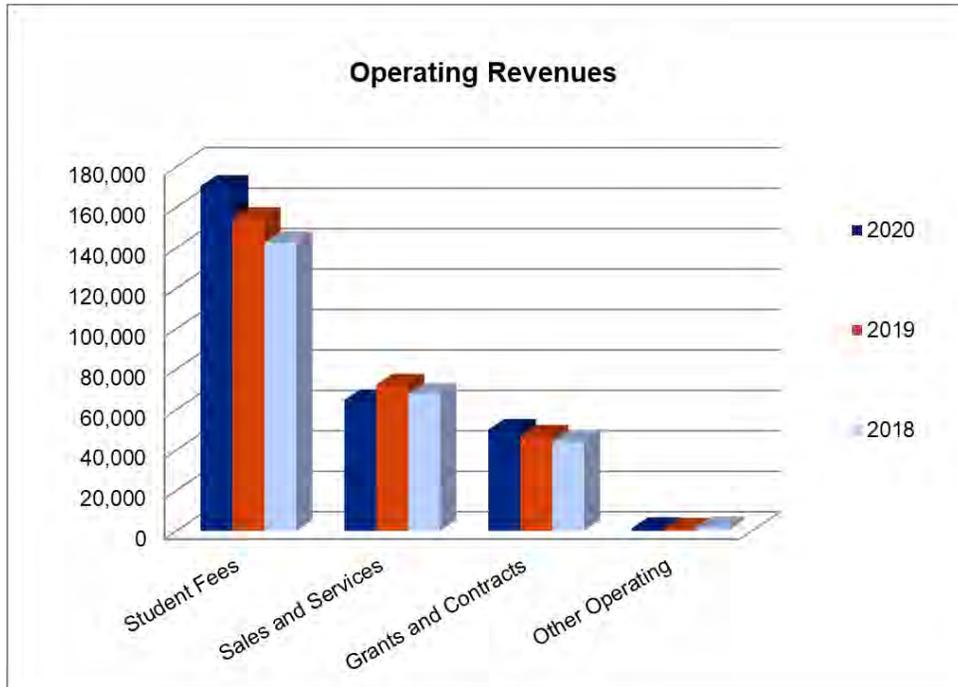


Summary Statements of Revenues, Expenses, and Changes in Net Position  
Fiscal Years Ended June 30,  
(Dollars in Thousands)

	2020	2019	2018-Restated
Operating revenues	\$ 286,497	\$ 275,041	\$ 256,356
Operating expenses	437,570	410,107	395,990
Operating loss	(151,073)	(135,066)	(139,634)
Non-operating revenues and expenses	170,591	147,501	147,049
Income before capital revenues	19,518	12,435	7,415
Capital revenues	13,059	16,492	29,134
<b>Increase in net position</b>	<b>\$ 32,577</b>	<b>\$ 28,927</b>	<b>\$ 36,549</b>
<b>Net position—Beginning of year</b>	<b>\$ 463,395</b>	<b>\$ 434,468</b>	<b>\$ 397,362</b>
<b>Cumulative Effect of Implementing GASB 75</b>	<b>-</b>	<b>-</b>	<b>557</b>
<b>Net position—Beginning of year (as restated)</b>	<b>463,395</b>	<b>434,468</b>	<b>397,919</b>
<b>Increase in net position</b>	<b>32,577</b>	<b>28,927</b>	<b>36,549</b>
<b>Net position—End of year</b>	<b>\$ 495,972</b>	<b>\$ 463,395</b>	<b>\$ 434,468</b>

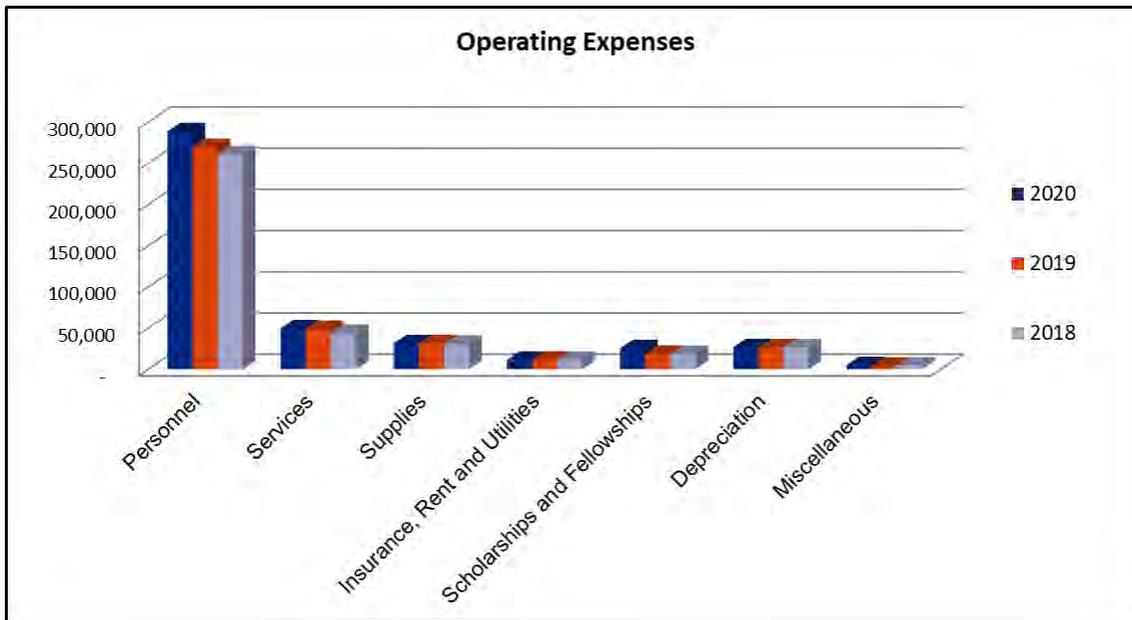
The statements of revenues, expenses and changes in net position reflect an overall increase in net position of \$33 million, \$29 million and \$37 million during fiscal years 2020, 2019 and 2018, respectively. Increases in operating and non-operating revenues were offset by an increase in operating 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 Micron Center for Materials Research opening fall semester of 2020.





Operating revenues increased by \$11 million from \$275 million in fiscal year 2019 to \$286 million in fiscal year 2020. Student fees, net, increased \$16 million, or 10%, due to a 5% increase in tuition and fees combined with an approximately 3% increase in enrollment. Grant and contract revenues increased \$3 million or 6% primarily in federal funding. Sales and services revenues decreased \$8 million or 11% resulting from campus closure and canceled events requiring refunds offset by increases in sponsorship and counseling revenues, while other operating revenues increased \$297 thousand.

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 expenses increased by \$28 million from \$410 million in 2019 to \$438 million in fiscal year 2020. Personnel expenses increased \$19 million, or 7%. Salary expense increased \$15 million due to the 3% statewide change in employee compensation, summer salaries related to expanding summer session course offerings, salary for new positions and market adjustments for existing positions offset by mandatory employee furloughs. Employer taxes and benefit costs increased \$4 million with increases in health insurance premiums, retirement contributions and employer taxes. Expenses for services increased \$802 thousand including increases in building maintenance, academic computer services and professional services related to grants and contracts offset by decreases related to travel expense due to travel restrictions, canceled conferences, reductions in recruiting and spring sports. Supplies decreased by \$158 thousand driven by campus closure and canceled events. Scholarships and fellowships increased \$7 million including \$3 million from the CARES Act HEERF student aid and increases in Idaho state funded scholarships. The net result is a \$16 million increase in operating loss. Increased non-operating revenues and expenses of \$23 million contributed to an increase in income before capital revenues of \$7 million.

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.

**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.

<b>Summary Statements of Cash Flows</b>			
<b>Fiscal Years Ended June 30,</b>			
<b>(Dollars in Thousands)</b>			
	<b>2020</b>	<b>2019</b>	<b>2018-Restated</b>
<b>Cash provided (used) by:</b>			
Operating activities	\$ (139,922)	\$ (100,835)	\$ (104,602)
Non-capital financing activities	173,117	149,313	149,401
Capital and related financing activities	(47,539)	(50,115)	(23,188)
Investing activities	25,106	9,545	(26,264)
<b>Net change in cash and cash equivalents</b>			
<b>and cash with Treasurer</b>	10,762	7,908	(4,653)
<b>Cash—Beginning of year</b>	62,052	54,144	58,797
<b>Cash—End of year</b>	<u>\$ 72,814</u>	<u>\$ 62,052</u>	<u>\$ 54,144</u>

Cash increased by \$11 million during fiscal year 2020 compared to a cash increase of \$8 million during fiscal year 2019. Cash used in operating activities increased by \$39 million in fiscal year 2020. An increase in student fees of \$16 million was offset by decreases in sales and services receipts of \$20 million, and grants and contracts of \$3 million. Payments to employees increased \$14 million, services and supplies increased \$10 million and scholarships increased \$7 million. Net cash provided by non-capital financing activities increased \$24 million primarily related to an increase in gifts of \$17 million, state appropriations of \$5 million and CARES Act HEERF student aid of \$3 million. Net cash used in capital and related financing activities increased \$3 million primarily related to capital asset purchases, decreased capital grant and gift revenue offset by bond proceeds. Net cash provided by investing activities increased \$16 million as compared to fiscal year 2019.



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.

### ***Capital Asset and Debt Administration***

The University's capital assets (prior to depreciation) increased by \$54 million from \$909 million in 2019 to \$963 million in 2020. The University continued to improve infrastructure and acquire property consistent with the Campus Master Plan. These improvements included \$45 million of additions to buildings/construction in progress and land purchases of \$5 million. The Center for the Visual Arts opened in the fall of 2019 and 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 opened 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, 2020 is 4.8%, representing a decrease from the June 30, 2019 ratio of 5.1%. 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 2020 Idaho General Fund Revenue Report published by the Division of Financial Management (DFM), the State of Idaho finished fiscal year 2020 with \$4.03 billion in general fund receipts, exceeding four billion dollars for the first time. Receipts were 1.8% higher than forecasted and 8% higher than fiscal year 2019. Individual income taxes exceeded expectations while corporate and sales tax revenues experienced a shortfall.

The Idaho State Board of Education appointed Dr. Marlene Tromp as the seventh President of Boise State University beginning July 1, 2019. Dr. Tromp came 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 the 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 students and the world.

Midway through her first year as president, Dr. Tromp faced an unexpected and unprecedented challenge. On March 11, 2020, the World Health Organization declared SARS-CoV-2 (COVID-19) a global pandemic. A proclamation declaring a national emergency in the United States was issued on March 13, 2020 and Governor Brad Little of Idaho signed an emergency declaration for Idaho on that same day. The economic impact of COVID-19 has been significant to economies worldwide and continued uncertainty makes the future impact difficult to predict.

DFM's July Idaho Economic Forecast, which details expectations through the fourth quarter of 2023, projects Idaho's construction and employment recovery to outpace that of the nation. By the end of the calendar year, wage payments are predicted to be at 98-100% of the levels at the start of 2020. CNN, in partnership with Moody's Analytics, has published the Back-to-Normal index. As of Friday, September 4, 2020, this index showed the US economy operating at 79% of where it was in early March 2020 while Idaho's economy was at 87%. While these statistics are positive, the University is not taking the impact of COVID-19 on financial models lightly.

The University is located in Ada County, which is the epicenter of COVID-19 in Idaho. According to Census.gov, on July 1, 2019, Ada County represented 27% of the state's population. As of September 7, 2020, Ada County had 10,821 cases resulting in 130 deaths representing 30.2% and 33.6% of the state totals, respectively.

The City of Boise and the County have taken steps to minimize spread of the virus. As of September 7, 2020, social gatherings are limited to 10 or fewer people. Face coverings are required in public places when others are present and physical distancing of six feet cannot be maintained. Bars are closed, restaurants are operating at reduced capacity and events have been canceled or postponed. Public schools are operating on-line or using hybrid models and many employees are working remotely.



The University has taken COVID-19 very seriously. In February, the Emergency Operations Committee along with executive leadership began daily formal monitoring. On March 13, 2020, the University announced that the remaining portion of spring semester would be delivered online. Employees were encouraged to work remotely and students began to move home. At that point, focus was moved to fall semester as summer classes were already planned as online offerings. A team representing facilities, technology and academia began reviewing space and determining options for delivery of fall semester courses. The primary focus was the delivery of quality education while maximizing the safety of our students, faculty, staff and community.

- 21 new classrooms were created by leveraging larger spaces such as art galleries, conference rooms, ballrooms, ExtraMile Arena and the Morrison Center
- 21 classrooms became interactive, collaborative spaces where remote students can interact with nearly the same experience as a student in the room
- 222 classrooms received technology upgrades
- 74 cameras were added to work with a wireless label microphone to automatically track and focus on the presenter
- 1.7 miles of network cable were installed
- Faculty were provided resources to revise courses to take advantage of online and hybrid tools
- ExtraMile Arena was converted to allow for two classrooms running concurrently with up to 250 students each





Course offerings were evaluated to determine which could be fully online, which could be hybrid and which should be in person. Consideration was given to the type of class and also the type of student enrolled. Zoom town halls were held throughout the summer where Dr. Tromp and her executive team spoke directly to students and parents to answer questions about plans for fall semester.

In addition to evaluating academic space and individual courses, the University also created a Public Health Office (PHO). The PHO in connection with the Campus Operations division has overseen detailed reintegration plans submitted by each individual campus department. Departments have considered physical distancing, cleaning protocols, rotating staff, and daily symptom checking. Masks are required on campus and meetings are held electronically. If employees can work from home through the fall semester they are asked to do so in order to de-densify campus. The PHO has also created a [dashboard](https://boisestate.edu/coronavirus-response/dashboard/) (boisestate.edu/coronavirus-response/dashboard/) to ensure transparency and provided access to the LiveSafe Symptom Tracker App. The LiveSafe App is used by employees each day they are going into the office and by students who want to track any symptoms.

Finally, the University has collaborated with a local hospital and the Veteran's Administration to create a new testing facility that significantly increases the capacity for rapid result testing in the community. These tests are being used with students living on campus to reduce the risk of spread.

Of course, all units on campus are focused on this emergency situation. Fall sports have been canceled or postponed. Residence life programming has been re-imagined and over 100 beds have been set aside for isolation and quarantine as needed. The University is not hosting conferences, sponsoring travel or allowing any events throughout fall semester.

The fall semester calendar was also adjusted. In-person classes will conclude the Wednesday before Thanksgiving. Subsequent to the holiday break, classes and finals will be delivered remotely.

All of these actions, along with training focused on remote delivery and experience with spring semester are now the basis of risk mitigation planning. The PHO is monitoring all cases. Should a flare up of cases occur around a class, classroom, building or program, the University will move to remote delivery for that subsection of campus for two weeks.

Financial contingency planning is also a focus for Dr. Tromp. Funding from the federal government, primarily in CARES Act proceeds, allocated over \$13 million of support to students and the University which mitigated the impact of the spring semester closure. Management created multiple alternative fiscal year 2021 budget scenarios. Two key drivers of the immediate future are now known. Preliminary fall degree seeking enrollment was essentially equal to the prior year and athletics for fall have been canceled or postponed with a possibility of a spring season. Budgets are being adjusted accordingly.



Despite COVID-19, demand for the University's services continues to grow. Enrollment headcount and full-time equivalent grew by 19% and 14%, respectively, between 2015 and 2019. Preliminary degree seeking enrollment for fall 2020 includes an out of state degree seeking undergraduate increase of 7.5% with a nearly 500% increase in students taking a blend of in-person/hybrid, online and remote courses. Expenditures for grants and contracts increased 6% this year and have increased 29% over the last ten years.



In spite of the disruption due to COVID-19, Boise State University is positioned to continue to thrive and grow, in size and reputation. Idaho remains a popular state for relocation. The University is recognized by U.S. News and World report as the 42<sup>nd</sup> most innovative university 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, 2020 AND JUNE 30, 2019

	<u>University 2020</u>	<u>University 2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash with treasurer	\$ 58,233,104	\$ 52,445,562
Cash and cash equivalents	14,580,675	9,606,845
Student loans receivable, net	1,807,953	1,874,434
Accounts receivable and unbilled charges, net	32,520,577	21,487,560
Lease receivable	416,268	200,000
Prepaid expense	2,560,703	2,662,559
Inventories	2,345,129	1,796,155
Investments	59,542,866	71,126,914
Due from component units	7,005,154	11,940,744
Other current assets	252,534	315,690
<b>Total current assets</b>	<u>179,264,963</u>	<u>173,456,463</u>
<b>NON-CURRENT ASSETS</b>		
Student loans receivable, net	5,058,822	7,111,085
Lease receivable	9,233,333	9,433,333
Investments	80,317,107	89,134,839
Capital assets, net	598,073,688	566,736,528
Net other post-employment benefits (OPEB) asset	18,837,448	16,953,970
Other non-current assets	837,280	277,879
<b>Total non-current assets</b>	<u>712,357,678</u>	<u>689,647,634</u>
<b>Total assets</b>	<u>891,622,641</u>	<u>863,104,097</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to refunding of debt	6,506,719	5,717,098
Deferred outflows related to pensions	5,230,301	5,739,162
Deferred outflows related to OPEB	4,052,588	972,337
Deferred outflows related to OPEB-SLIRF	897,078	1,144,160
<b>Total deferred outflows of resources</b>	<u>16,686,686</u>	<u>13,572,757</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 908,309,327</u>	<u>\$ 876,676,854</u>

See notes to financial statements.

**BOISE STATE UNIVERSITY****BOISE STATE UNIVERSITY  
STATEMENTS OF NET POSITION (CONTINUED)  
JUNE 30, 2020 AND JUNE 30, 2019**

	<u>University 2020</u>	<u>University 2019</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 14,580,142	\$ 22,113,655
Due to state agencies	7,144,401	12,211,557
Accrued salaries and benefits payable	15,249,332	13,832,560
Compensated absences payable	10,893,947	9,115,195
Interest payable	2,444,862	2,497,103
Unearned revenue	13,621,877	16,923,852
Refundable federal student assistance liability	1,576,296	1,624,272
Bonds payable	10,970,000	10,605,000
Other current liabilities	88,805	34,213
<b>Total current liabilities</b>	<u>76,569,662</u>	<u>88,957,407</u>
<b>NON-CURRENT LIABILITIES</b>		
Unearned revenue	1,912,909	1,760,258
Refundable federal student assistance liability	5,152,092	6,585,191
Bonds payable	239,025,317	228,452,424
Total OPEB obligation	28,857,013	24,803,759
Net pension liability	10,044,590	13,351,559
Other non-current liabilities	321,772	415,267
<b>Total non-current liabilities</b>	<u>285,313,693</u>	<u>275,368,458</u>
<b>Total liabilities</b>	<u>361,883,355</u>	<u>364,325,865</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to grants received in advance	287,423	250,259
Deferred inflows related to pensions	5,366,191	3,156,054
Deferred inflows related to service concession arrangements	40,721,563	41,586,446
Deferred inflows related to OPEB	2,527,530	2,446,549
Deferred inflows related to OPEB-SLIRF	1,551,086	1,516,477
<b>Total deferred inflows of resources</b>	<u>50,453,793</u>	<u>48,955,785</u>
<b>NET POSITION</b>		
Net investment in capital assets	320,456,834	313,743,972
Restricted, expendable	28,351,400	23,492,709
Unrestricted	147,163,945	126,158,523
<b>Total net position</b>	<u>495,972,179</u>	<u>463,395,204</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 908,309,327</u>	<u>\$ 876,676,854</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, 2020 AND JUNE 30, 2019

	<u>Foundation 2020</u>	<u>Foundation 2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,706,351	\$ 3,844,541
Accrued interest and other receivables	423,575	516,857
Promises to give, net, non-endowment	697,135	634,927
Promises to give, endowment	188,116	214,878
<b>Total current assets</b>	<u>6,015,177</u>	<u>5,211,203</u>
<b>NON-CURRENT ASSETS</b>		
Restricted cash and cash equivalents	6,627,276	10,548,705
Promises to give, net, non-endowment	468,095	640,954
Promises to give, endowment	291,153	255,667
Investments	164,678,172	176,005,682
Interest in perpetual trusts	2,518,017	2,645,681
Investments in real estate	-	149,000
Other assets	831,518	820,114
<b>Total non-current assets</b>	<u>175,414,231</u>	<u>191,065,803</u>
<b>TOTAL ASSETS</b>	<u>\$ 181,429,408</u>	<u>\$ 196,277,006</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, 2020 AND JUNE 30, 2019**

	<u>Foundation 2020</u>	<u>Foundation 2019</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 5,470,815	\$ 10,626,063
Interest payable	10,000	10,000
Prepaid parking and suites	499,967	532,620
Liability under split interest trust agreements	139,179	136,696
Trust earnings payable to trust beneficiaries	20,364	20,364
<b>Total current liabilities</b>	<u>6,140,325</u>	<u>11,325,743</u>
<b>NON-CURRENT LIABILITIES</b>		
Other long-term debt	2,000,000	2,000,000
Deferred suites revenue	596,352	765,335
Liability under split interest trust agreements	1,739,195	1,636,327
Amounts held in custody for others	1,105,310	1,302,685
Trust earnings payable to trust beneficiaries	106,626	102,840
<b>Total non-current liabilities</b>	<u>5,547,483</u>	<u>5,807,187</u>
<b>Total liabilities</b>	<u>11,687,808</u>	<u>17,132,930</u>
<b>NET ASSETS</b>		
With Donor Restriction		
Perpetual in nature	106,680,258	101,150,336
Purpose restrictions	45,408,806	59,472,386
Time-Restricted for future periods	1,165,230	1,664,105
Underwater endowments	(931,617)	(71,674)
<b>Total with donor restriction net assets</b>	<u>152,322,677</u>	<u>162,215,153</u>
Without Donor Restriction		
Undesignated	13,848,941	13,102,666
Designated by Board for Endowment	3,569,982	3,826,257
<b>Total without donor restriction net assets</b>	<u>17,418,923</u>	<u>16,928,923</u>
<b>Total net assets</b>	<u>169,741,600</u>	<u>179,144,076</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 181,429,408</u>	<u>\$ 196,277,006</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, 2020 AND JUNE 30, 2019

	<u>University 2020</u>	<u>University 2019</u>
<b>OPERATING REVENUES</b>		
Student fees, pledged for bonds	\$ 198,262,256	\$ 182,232,202
Scholarship allowance	<u>(27,777,200)</u>	<u>(27,628,700)</u>
Student fees, net	170,485,056	154,603,502
Federal grants and contracts (including \$7,062,201 and \$6,238,520 of revenues pledged for bonds in 2020 and 2019, respectively)	40,464,905	37,525,093
State and local grants and contracts (including \$675,474 and \$725,680 of revenues pledged for bonds in 2020 and 2019, respectively)	6,512,805	6,929,166
Private grants and contracts (including \$370,075 and \$180,814 of revenues pledged for bonds in 2020 and 2019, respectively)	2,991,720	2,581,578
Sales and services of educational activities, pledged for bonds	7,778,456	8,264,779
Sales and services of auxiliary enterprises, pledged for bonds	56,868,054	64,037,202
Other operating revenues, pledged for bonds	<u>1,395,970</u>	<u>1,099,336</u>
<b>Total operating revenues</b>	<u>286,496,966</u>	<u>275,040,656</u>
<b>OPERATING EXPENSES</b>		
Personnel cost	288,610,851	269,317,214
Services	49,459,364	48,657,354
Supplies	31,408,312	31,566,707
Insurance, utilities and rent	11,181,812	11,518,778
Scholarships and fellowships	25,372,538	18,596,140
Depreciation	26,623,055	26,359,987
Miscellaneous operating expenses	<u>4,914,236</u>	<u>4,090,581</u>
<b>Total operating expenses</b>	<u>437,570,168</u>	<u>410,106,761</u>
<b>OPERATING LOSS</b>	<u>(151,073,202)</u>	<u>(135,066,105)</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, 2020 AND JUNE 30, 2019

	<u>University 2020</u>	<u>University 2019</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State appropriations	108,012,525	102,792,688
Pell grants	22,185,765	22,702,825
Gifts (includes gifts from component unit equal to \$18,265,945 and \$19,039,838 in 2020 and 2019, respectively)	35,465,134	32,141,995
Net investment income (including \$3,515,901 and \$4,144,202 of revenues pledged for bonds in 2020 and 2019, respectively)	3,521,477	4,148,780
Change in fair value of investments (including \$25,167 and \$8,251 of revenues pledged for bonds in 2020 and 2019, respectively)	1,182,328	884,188
Interest (net of capitalized interest by the University of \$889,635 and \$917,343 in 2020 and 2019, respectively)	(6,881,404)	(7,030,946)
Loss on retirement of capital assets	(305,978)	(258,821)
Loss on Perkins federal capital contribution	-	(8,209,463)
CARES Act revenue	7,344,256	-
Other non-operating revenue (expense)	66,653	330,110
<b>Net non-operating revenues</b>	<u>170,590,756</u>	<u>147,501,356</u>
<b>INCOME BEFORE CAPITAL REVENUES</b>	<u>19,517,554</u>	<u>12,435,251</u>
<b>CAPITAL REVENUES</b>		
Capital appropriations	5,707,955	666,061
Capital grants and gifts (includes gifts from component unit equal to \$6,708,003 and \$15,666,839 in 2020 and 2019, respectively)	7,351,466	15,825,339
<b>Total capital revenues</b>	<u>13,059,421</u>	<u>16,491,400</u>
<b>INCREASE IN NET POSITION</b>	<u>\$ 32,576,975</u>	<u>\$ 28,926,651</u>
<b>NET POSITION - Beginning of year</b>	\$ 463,395,204	\$ 434,468,553
<b>INCREASE IN NET POSITION</b>	<u>32,576,975</u>	<u>28,926,651</u>
<b>NET POSITION - End of year</b>	<u>\$ 495,972,179</u>	<u>\$ 463,395,204</u>

See notes to financial statements.



BOISE STATE UNIVERSITY

BOISE STATE UNIVERSITY COMPONENT UNIT  
BOISE STATE UNIVERSITY FOUNDATION, INC.  
STATEMENTS OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2020

	Without Donor Restriction	With Donor Restriction	Foundation 2020
<b>OPERATING REVENUES:</b>			
Gifts	\$ 464,976	\$ 11,540,230	\$ 12,005,206
Non-cash gifts	114,101	-	114,101
Other income	3,151,379	3,208,639	6,360,018
Net investment income	2,347,487	(754,340)	1,593,147
Change in split interest trusts	-	(193,052)	(193,052)
<b>Total revenues and gains</b>	<b>6,077,943</b>	<b>13,801,477</b>	<b>19,879,420</b>
Net assets released from restrictions through satisfaction of:			
Program and time restrictions	23,626,055	(23,626,055)	-
Write-off of promises to give	8,705	(8,705)	-
Board and donor designated transfers	6,193	(6,193)	-
<b>Total operating revenues</b>	<b>29,718,896</b>	<b>(9,839,476)</b>	<b>19,879,420</b>
<b>OPERATING EXPENSES:</b>			
Distribution of scholarships and general endowments	5,776,946	-	5,776,946
Distribution of funds for academic programs	8,740,782	-	8,740,782
Distribution of funds for athletic programs			
Program services	10,110,897	-	10,110,897
Fundraising expenses	808	-	808
Management and general	344,515	-	344,515
Uncollectible pledges to give	21,187	-	21,187
Administrative expense			
Program services	301,094	-	301,094
Fundraising expenses	2,201,806	-	2,201,806
Management and general	1,730,861	-	1,730,861
<b>Total operating expenses</b>	<b>29,228,896</b>	<b>-</b>	<b>29,228,896</b>
<b>OPERATING INCOME (EXPENSE)</b>	<b>490,000</b>	<b>(9,839,476)</b>	<b>(9,349,476)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Loss on sale of real property	-	(53,000)	(53,000)
<b>Total non-operating revenues</b>	<b>-</b>	<b>(53,000)</b>	<b>(53,000)</b>
<b>CHANGE IN NET ASSETS</b>	<b>490,000</b>	<b>(9,892,476)</b>	<b>(9,402,476)</b>
<b>NET ASSETS - Beginning of year</b>	<b>16,928,923</b>	<b>162,215,153</b>	<b>179,144,076</b>
<b>NET ASSETS - End of year</b>	<b>\$ 17,418,923</b>	<b>\$ 152,322,677</b>	<b>\$ 169,741,600</b>

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
<b>OPERATING REVENUES:</b>			
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)
<b>Total revenues and gains</b>	<b>6,939,639</b>	<b>24,734,720</b>	<b>31,674,359</b>
Net assets released from restrictions through satisfaction of:			
Program restrictions	33,328,221	(33,328,221)	-
Write-off of promises to give	187,894	(187,894)	-
<b>Total operating revenues</b>	<b>40,455,754</b>	<b>(8,781,395)</b>	<b>31,674,359</b>
<b>OPERATING EXPENSES:</b>			
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
<b>Total operating expenses</b>	<b>38,930,397</b>	<b>-</b>	<b>38,930,397</b>
<b>OPERATING INCOME (EXPENSE)</b>	<b>1,525,357</b>	<b>(8,781,395)</b>	<b>(7,256,038)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Loss on sale of real property	-	(193,488)	(193,488)
Impairment of property	-	(151,000)	(151,000)
<b>Total non-operating revenues</b>	<b>-</b>	<b>(344,488)</b>	<b>(344,488)</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,525,357</b>	<b>(9,125,883)</b>	<b>(7,600,526)</b>
<b>NET ASSETS - Beginning of year</b>	<b>15,403,566</b>	<b>171,341,036</b>	<b>186,744,602</b>
<b>NET ASSETS - End of year</b>	<b>\$ 16,928,923</b>	<b>\$ 162,215,153</b>	<b>\$ 179,144,076</b>

See notes to financial statements.



**BOISE STATE UNIVERSITY**

**BOISE STATE UNIVERSITY  
STATEMENTS OF CASH FLOWS  
FISCAL YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019**

	<u>University 2020</u>	<u>University 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student fees	\$ 170,321,373	\$ 154,782,768
Grants and contracts	45,276,718	47,835,742
Sales and services of educational activities	7,874,363	5,764,103
Sales and services of auxiliary enterprises	45,391,170	67,466,184
Other operating receipts	1,751,442	2,551,847
Payments to employees	(286,100,867)	(272,260,466)
Payments for services	(49,427,050)	(47,722,162)
Payments for supplies	(35,074,339)	(27,249,554)
Payments for insurance, utilities and rent	(11,315,003)	(10,907,981)
Payments for scholarships and fellowships	(25,357,196)	(18,535,281)
Loans issued to students	(23,225)	(25,373)
Collections of loans to students	1,720,825	1,686,903
Other payments	(4,959,866)	(4,221,478)
<b>Net cash used in operating activities</b>	<u>(139,921,655)</u>	<u>(100,834,748)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State appropriations	108,012,525	102,792,688
Pell grants	22,185,765	22,702,825
Gifts	40,400,724	23,487,477
Direct lending receipts	77,429,450	88,227,012
Direct lending payments	(77,429,450)	(88,227,012)
CARES Act HEERF - student aid	3,452,150	-
Other receipts (payments)	(934,163)	330,109
<b>Net cash provided by non-capital financing activities</b>	<u>173,117,001</u>	<u>149,313,099</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants and gifts	6,995,230	15,752,839
Capital appropriations	-	220,000
Purchases of capital assets	(56,963,181)	(46,267,701)
Proceeds from notes and bonds payable	24,163,963	-
Principal paid on notes and bonds payable and capital leases	(10,605,000)	(10,100,000)
Interest paid on notes and bonds payable and capital leases	(10,344,335)	(9,461,039)
Payments for bond issuance costs	(480,259)	-
Other payments	(305,978)	(258,821)
<b>Net cash used in capital and related financing activities</b>	<u>(47,539,560)</u>	<u>(50,114,722)</u>

See notes to financial statements.



**BOISE STATE UNIVERSITY**

**BOISE STATE UNIVERSITY  
STATEMENTS OF CASH FLOWS (CONTINUED)  
FISCAL YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019**

	<b>University 2020</b>	<b>University 2019</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(482,193,456)	(524,445,267)
Proceeds from sales and maturities of investments	503,774,095	529,931,659
Investment income	3,524,947	4,057,915
<b>Net cash provided by investing activities</b>	<b>25,105,586</b>	<b>9,544,307</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS AND CASH WITH TREASURER</b>	<b>10,761,372</b>	<b>7,907,936</b>
<b>CASH AND CASH EQUIVALENTS AND CASH WITH TREASURER—Beginning of year</b>	<b>62,052,407</b>	<b>54,144,471</b>
<b>CASH AND CASH EQUIVALENTS AND CASH WITH TREASURER—End of year</b>	<b>\$ 72,813,779</b>	<b>\$ 62,052,407</b>
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$ (151,073,202)	\$ (135,066,105)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	26,623,055	26,359,987
Changes in assets and liabilities:		
Accounts receivable and unbilled charges, net	(7,140,911)	(2,232,006)
Net other post-employment benefit asset	(1,883,478)	(3,294,819)
Student loans receivable, net	2,118,744	1,741,816
Inventories	(548,974)	14,780
Other assets	(394,389)	15,503
Deferred outflows	(2,324,310)	(253,839)
Deferred inflows	1,481,741	4,161,053
Accounts payable and accrued liabilities	(7,533,513)	8,982,438
Accrued salaries and benefits payable	1,416,772	(208,001)
Compensated absences payable	1,778,752	117,530
Unearned revenue	(3,149,325)	2,305,038
Net pension liability	(3,306,969)	(1,604,610)
Other post-employment benefits obligation	4,053,254	(1,696,408)
Other liabilities	(38,902)	(177,105)
<b>Net cash used in operating activities</b>	<b>\$ (139,921,655)</b>	<b>\$ (100,834,748)</b>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:</b>		
Assets donated to the University	\$ 13,059,420	\$ 16,491,400
Donated building maintenance	2,674,540	837,657
<b>Total non-cash transactions</b>	<b>\$ 15,733,960</b>	<b>\$ 17,329,057</b>

See notes to financial statements.



## 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](http://www.sco.idaho.gov)

The financial statements for fiscal years ended June 30, 2020 and June 30, 2019 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, 2020 and 2019. 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.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

**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 Treasurer.

**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.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

**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 payments are collected.

**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 are due to pay 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.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

**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.

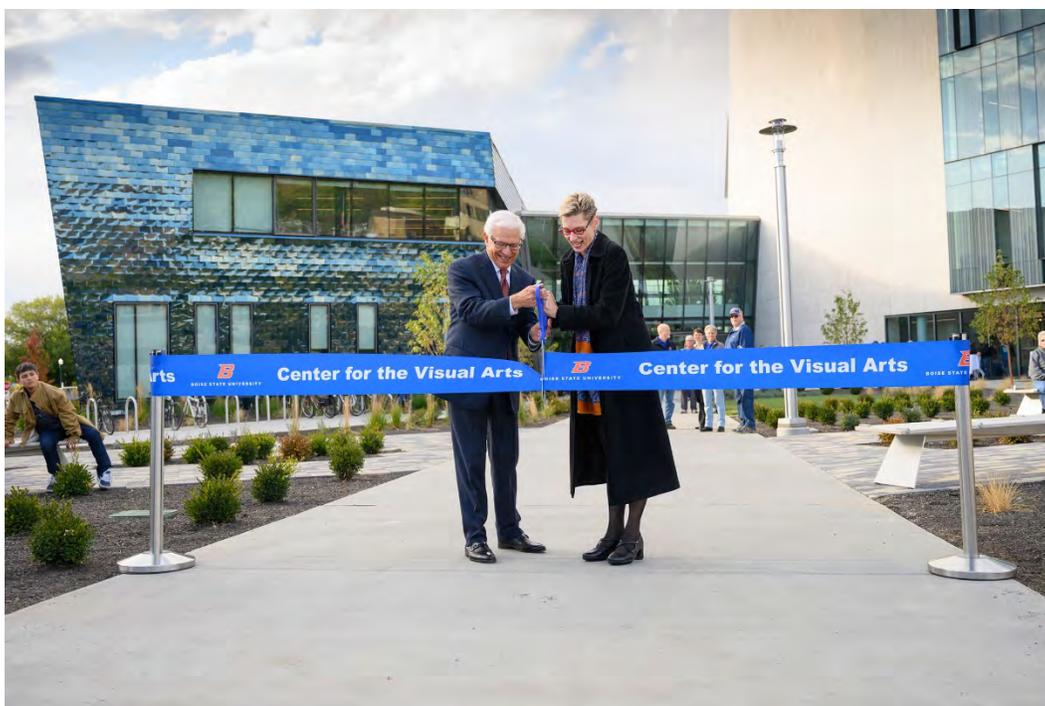
**Unrestricted** – Unrestricted net position represents equity in assets derived mainly from student tuition and fees, sales and services of educational departments, auxiliary enterprises and state appropriations. These resources are used for transactions related to the educational and general operations 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's unrelated business income tax was offset by a net operating loss carryforward resulting in no income tax liability as of June 30, 2020 and 2019.

**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 including (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state and local grants and contracts that are essentially contracts for services. 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**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 as 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.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

**Reclassifications** – Certain items reported in the 2019 financial statements have been reclassified to conform to the current 2020 financial statement presentation. Such reclassifications had no effect on the previously reported change in net position.

**New Accounting Standards** – In May 2020 GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments and for accounting and financial reporting of those activities. The guidance postpones the effective date of the pronouncement to reporting periods beginning after December 15, 2019. Management is evaluating the impact implementing this Statement will have on the University's future financial statements.

In June 2017, 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. The guidance postpones the effective date of the pronouncement to reporting periods beginning after June 15, 2021. Management is evaluating the impact implementing this Statement will have on the University's future financial statements.

In June 2018, 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 guidance postpones the effective date of the pronouncement to reporting periods beginning after December 15, 2020. Management is evaluating the impact implementing this Statement will have on the University's future financial statements.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

In August 2018, 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. The guidance postpones the effective date of the pronouncement to reporting periods beginning after December 15, 2019. Management is evaluating the impact implementing this Statement will have on the University's future financial statements.

In May 2019, 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. The guidance postpones the effective date of the pronouncement to reporting periods beginning after December 15, 2021. Management believes implementation will have no material impact on the University's financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including requirements related to leases (Statement 87), requirements related to intra-entity transfers (Statements 73 & 74), requirements related to postemployment benefit arrangements (Statement 84) and requirements related to measurement of liabilities and assets associated with Asset Retirement Obligations (ARO). The guidance postpones the effective date of the pronouncement to reporting periods beginning after June 15, 2021. Management is evaluating the impact implementing this Statement will have on the University's future financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR). The removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The guidance postpones all other requirements of this pronouncement to reporting periods beginning after June 15, 2021. Management believes implementation will have no material impact on the University's financial statements.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The guidance postpones the effective date of the pronouncement to reporting periods beginning after June 15, 2023. Management believes implementation will have no material impact on the University's financial statements.



In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end-users. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is evaluating the impact implementing this Statement will have on the University's future financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84 and a Supersession of GASB No. 32*. This Statement amends the criteria for reporting governmental fiduciary component units – separate legal entities included in a government's financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Management believes implementation will have no material impact on the University's 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)				
	2020		2019	
Cash on hand	\$	80	\$	84
Federally insured		500		250
Collateralized by securities held by the pledging financial institution		14,001		9,273
<b>Total cash and cash equivalents</b>	<b>\$</b>	<b>14,581</b>	<b>\$</b>	<b>9,607</b>

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 \$74,198,848 and \$68,575,489 invested in the State’s external pools as of June 30, 2020 and 2019, respectively.

Concentration of Credit Risk – The University’s investment policy addresses diversification of investments. As of June 30, 2020 and 2019, the University has no 5% issuer concentrations.



**BOISE STATE UNIVERSITY**

**2. CASH WITH TREASURER, CASH AND CASH EQUIVALENTS, INVESTMENTS AND RESTRICTED ASSETS (Cont.)**

**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, 2020 (Dollars in Thousands)										
Investment Type	Fair Value	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa2	Unrated
		P-1		P-2		NP				
LGIP	\$ 74,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,471
Certificate of deposit	495	-	-	248	247	-	-	-	-	-
Corporate bonds	24,017	-	2,127	1,062	2,536	6,044	7,820	3,919	509	-
Federal agency security	16,645	16,645	-	-	-	-	-	-	-	-
Money market fund	23,904	-	-	-	-	-	-	-	-	23,904
Currency	6	6	-	-	-	-	-	-	-	-
Investments measured at fair value	139,538	16,651	2,127	1,310	2,783	6,044	7,820	3,919	509	98,375
Investments held on behalf of employee benefit plans										
Bond/equity mutual funds	113	-	-	-	-	-	-	-	-	113
Equity mutual funds	179	-	-	-	-	-	-	-	-	179
Income mutual funds	30	-	-	-	-	-	-	-	-	30
Total investments held on behalf of employee benefit plans	322	-	-	-	-	-	-	-	-	322
<b>Total investments</b>	<b>\$ 139,860</b>	<b>\$ 16,651</b>	<b>\$ 2,127</b>	<b>\$ 1,310</b>	<b>\$ 2,783</b>	<b>\$ 6,044</b>	<b>\$ 7,820</b>	<b>\$ 3,919</b>	<b>\$ 509</b>	<b>\$ 98,697</b>
<b>% of Total</b>	100%	12%	2%	1%	2%	4%	6%	3%	0%	70%

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		NP				
LGIP	\$ 68,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,802
Certificate of deposit	493	245	-	-	248	-	-	-	-	-
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
<b>Total investments</b>	<b>\$ 160,262</b>	<b>\$ 22,013</b>	<b>\$ 2,414</b>	<b>\$ 1,774</b>	<b>\$ 5,258</b>	<b>\$ 7,226</b>	<b>\$ 7,030</b>	<b>\$ 4,010</b>	<b>\$ 999</b>	<b>\$ 109,538</b>
<b>% of Total</b>	100%	13%	2%	1%	3%	5%	4%	3%	1%	68%



## 2. CASH WITH TREASURER, CASH AND CASH EQUIVALENTS, INVESTMENTS AND RESTRICTED ASSETS (Cont.)

**Interest Rate Risk** – The University’s investment policy dictates that 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 21% of total investments are invested in securities with maturities longer than one year as of June 30, 2020.

Investment Maturities In Years As of June 30, 2020 (Dollars in Thousands)			
Investment Type	Fair Value	Less than 1	1 to 5
Certificate of deposit	\$ 495	\$ 495	\$ -
Corporate bonds	24,017	8,423	15,594
Federal agency security	16,645	3,481	13,164
Money market fund	23,904	23,904	-
Currency	6	6	-
Investments measured at fair value	65,067	36,309	28,758
LGIP	74,471	74,471	-
Investments held on behalf of employee benefit plans			
Bond/Equity mutual funds	113	-	113
Equity mutual funds	179	-	179
Income mutual funds	30	-	30
Total investments held on behalf of employee benefit plans	322	-	322
<b>Total investments</b>	<b>\$ 139,860</b>	<b>\$ 110,780</b>	<b>\$ 29,080</b>

Investment Maturities In Years As of June 30, 2019 (Dollars in Thousands)			
Investment Type	Fair Value	Less than 1	1 to 5
Certificate of deposit	\$ 493	\$ -	\$ 493
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	91,045	59,604	31,441
LGIP	68,802	68,802	-
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
<b>Total investments</b>	<b>\$ 160,262</b>	<b>\$ 128,406</b>	<b>\$ 31,856</b>



**2. CASH WITH TREASURER, CASH AND CASH EQUIVALENTS, INVESTMENTS AND RESTRICTED ASSETS (Cont.)**

**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, 2020 (Dollars in Thousands)				
Investment Type	Fair Value	Level 1	Level 2	Level 3
Certificate of deposit	\$ 495	\$ 247	\$ 248	\$ -
Corporate bonds	24,017	24,017	-	-
Federal agency security	16,645	16,645	-	-
Money market fund	23,904	-	23,904	-
Currency	6	6	-	-
Investments measured at fair value	65,067	40,915	24,152	-
Investments held on behalf of employee benefit plans				
Bond/Equity mutual funds	113	113	-	-
Equity mutual funds	179	179	-	-
Income mutual funds	30	30	-	-
Total investments held on behalf of employee benefit plans	322	322	-	-
<b>Total investments measured at fair value</b>	65,389	\$ 41,237	\$ 24,152	\$ -
LGIP	74,471			
<b>Total investments</b>	\$ 139,860			



2. CASH WITH TREASURER, CASH AND CASH EQUIVALENTS, INVESTMENTS AND RESTRICTED ASSETS (Cont.)

Fair Value Measurement As of June 30, 2019 (Dollars in Thousands)				
Investment Type	Fair Value	Level 1	Level 2	Level 3
Certificate of deposit	\$ 493	\$ 245	\$ 248	\$ -
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	91,045	50,476	40,569	-
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	-	-
<b>Total investments measured at fair value</b>	<b>91,460</b>	<b>\$ 50,891</b>	<b>\$ 40,569</b>	<b>\$ -</b>
LGIP	68,802			
<b>Total investments</b>	<b>\$ 160,262</b>			

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 LGIP balances as of June 30, 2020 and 2019 were \$74,470,961 and \$68,801,788 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, 2020 and 2019, 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.

<b>Accounts Receivable and Unbilled Charges</b>		
<b>As of June 30,</b>		
<b>(Dollars in Thousands)</b>		
	<b>2020</b>	<b>2019</b>
Student fees & third party receivables	\$ 11,233	\$ 10,988
Unbilled charges	6,564	7,419
Auxiliary enterprises and other operating activities	4,932	3,388
Federal, state, and private grants and contracts	12,404	2,745
<b>Accounts receivable and unbilled charges</b>	<b>35,133</b>	<b>24,540</b>
Less allowance for doubtful accounts	2,612	3,052
<b>Accounts receivable and unbilled charges, net</b>	<b>\$ 32,521</b>	<b>\$ 21,488</b>



#### 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, 2020 and 2019. 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 lack of renewal requires that as loans are repaid, the Federal Capital Contribution portion of the repayment must be returned to the federal government.

<b>Student Loans Receivable</b>		
<b>As of June 30,</b>		
<b>(Dollars in Thousands)</b>		
	<b>2020</b>	<b>2019</b>
Student loans receivable - current	\$ 1,808	\$ 1,874
Student loans receivable - non-current	5,778	7,686
<b>Student loans receivable</b>	<b>7,586</b>	<b>9,560</b>
Less allowance for doubtful accounts	719	575
<b>Student loans receivable, net</b>	<b>\$ 6,867</b>	<b>\$ 8,985</b>



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**5. CAPITAL ASSETS, NET**

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

<b>Changes in Capital Assets</b>					
<b>As of June 30, 2020</b>					
<i>(Dollars in Thousands)</i>					
	<b>Balance</b>				<b>Balance</b>
	<b>June 30, 2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	<b>June 30, 2020</b>
<b>Capital assets not being depreciated</b>					
Land	\$ 74,975	\$ 5,129	\$ -	\$ -	\$ 80,104
Construction in progress	62,650	28,340	(48,016)	-	42,974
<b>Total assets not being depreciated</b>	<b>\$ 137,625</b>	<b>\$ 33,469</b>	<b>\$ (48,016)</b>	<b>\$ -</b>	<b>\$ 123,078</b>
<b>Other capital assets</b>					
Buildings and improvements	\$ 651,249	\$ 17,744	\$ 47,260	\$ -	\$ 716,253
Furniture and equipment	77,389	5,068	756	(2,074)	81,139
Library materials	30,608	2,045	-	(2,469)	30,184
Intangibles	12,111	-	-	-	12,111
<b>Total other capital assets</b>	<b>771,357</b>	<b>24,857</b>	<b>48,016</b>	<b>(4,543)</b>	<b>839,687</b>
<b>Less accumulated depreciation</b>					
Buildings and improvements	(247,592)	(19,169)	-	-	(266,761)
Furniture and equipment	(60,792)	(4,850)	-	2,036	(63,606)
Library materials	(23,318)	(1,550)	-	2,141	(22,727)
Intangibles	(10,543)	(1,054)	-	-	(11,597)
<b>Total accumulated depreciation</b>	<b>(342,245)</b>	<b>(26,623)</b>	<b>-</b>	<b>4,177</b>	<b>(364,691)</b>
<b>Other capital assets, net</b>	<b>\$ 429,112</b>	<b>\$ (1,766)</b>	<b>\$ -</b>	<b>\$ (366)</b>	<b>\$ 474,996</b>
<b>Capital assets summary</b>					
Capital assets not being depreciated	\$ 137,625	\$ 33,469	\$ (48,016)	\$ -	\$ 123,078
Other capital assets at cost	771,357	24,857	48,016	(4,543)	839,687
<b>Total cost of capital assets</b>	<b>908,982</b>	<b>58,326</b>	<b>-</b>	<b>(4,543)</b>	<b>962,765</b>
<b>Less accumulated depreciation</b>	<b>(342,245)</b>	<b>(26,623)</b>	<b>-</b>	<b>4,177</b>	<b>(364,691)</b>
<b>Capital assets, net</b>	<b>\$ 566,737</b>	<b>\$ 31,703</b>	<b>\$ -</b>	<b>\$ (366)</b>	<b>\$ 598,074</b>

In addition to accounts payable for construction costs, the estimated cost to complete property authorized or under construction at June 30, 2020 is \$28,995,856. These costs will be funded by bond proceeds, private and state donations as well as available reserves.



## 5. CAPITAL ASSETS, NET (Cont.)

<b>Changes in Capital Assets</b>					
<b>As of June 30, 2019</b>					
<i>(Dollars in Thousands)</i>					
	<b>Balance</b>				<b>Balance</b>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	<b>June 30, 2019</b>
<b>Capital assets not being depreciated</b>					
Land	\$ 71,077	\$ 3,898	\$ -	\$ -	\$ 74,975
Construction in progress	24,846	41,189	(3,385)	-	62,650
<b>Total assets not being depreciated</b>	<b>\$ 95,923</b>	<b>\$ 45,087</b>	<b>\$ (3,385)</b>	<b>\$ -</b>	<b>\$ 137,625</b>
<b>Other capital assets</b>					
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
<b>Total other capital assets</b>	<b>768,193</b>	<b>4,986</b>	<b>3,385</b>	<b>(5,207)</b>	<b>771,357</b>
<b>Less accumulated depreciation</b>					
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)
<b>Total accumulated depreciation</b>	<b>(320,734)</b>	<b>(26,359)</b>	<b>-</b>	<b>4,848</b>	<b>(342,245)</b>
<b>Other capital assets, net</b>	<b>\$ 447,459</b>	<b>\$ (21,373)</b>	<b>\$ 3,385</b>	<b>\$ (359)</b>	<b>\$ 429,112</b>
<b>Capital assets summary</b>					
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
<b>Total cost of capital assets</b>	<b>864,116</b>	<b>50,073</b>	<b>-</b>	<b>(5,207)</b>	<b>908,982</b>
<b>Less accumulated depreciation</b>	<b>(320,734)</b>	<b>(26,359)</b>	<b>-</b>	<b>4,848</b>	<b>(342,245)</b>
<b>Capital assets, net</b>	<b>\$ 543,382</b>	<b>\$ 23,714</b>	<b>\$ -</b>	<b>\$ (359)</b>	<b>\$ 566,737</b>



## 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, 2020 and 2019.

Deferred Outflows of Resources As of June 30, 2020 (Dollars in Thousands)				
	Ending Balance			Ending Balance
Deferred outflows of resources	June 30, 2019	Additions	Reductions	June 30, 2020
Deferred outflows of resources related to refunding of debt:				
2004-2012A Bond Refunding	\$ 842	\$ -	\$ (61)	\$ 781
2005-2013A Bond Refunding	368	-	(27)	341
2005-2013B Bond Refunding	228	-	(60)	168
2007A-2015A Bond Refunding	540	-	(30)	510
2007A-2016A Bond Refunding	1,883	-	(107)	1,776
2009A-2016A Bond Refunding	1,856	-	(149)	1,707
2010B-2020A Bond Refunding	-	2	-	2
2012A-2020B Bond Refunding	-	553	(6)	547
2013A-2020B Bond Refunding	-	689	(14)	675
<b>Total deferred outflows of resources related to refunding of</b>	<b>5,717</b>	<b>1,244</b>	<b>(454)</b>	<b>6,507</b>
Deferred outflows of resources related to pensions	5,739	3,724	(4,233)	5,230
Deferred outflows of resources related to Idaho sick leave insurance reserve fund	1,144	878	(1,125)	897
Deferred outflows of resources related to other post-employment benefits	972	4,157	(1,076)	4,053
<b>Total deferred outflows of resources</b>	<b>\$ 13,572</b>	<b>\$ 10,003</b>	<b>\$ (6,888)</b>	<b>\$ 16,687</b>

Deferred Outflows of Resources As of June 30, 2019 (Dollars in Thousands)				
	Ending Balance			Ending Balance
Deferred outflows of resources	June 30, 2018	Additions	Reductions	June 30, 2019
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
<b>Total deferred outflows of resources related to refunding of debt</b>	<b>6,096</b>	<b>-</b>	<b>(379)</b>	<b>5,717</b>
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
<b>Total deferred outflows of resources</b>	<b>\$ 13,698</b>	<b>\$ 6,330</b>	<b>\$ (6,456)</b>	<b>\$ 13,572</b>

**6. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES (Cont.)**

**Deferred Inflows of Resources** – Following are changes in deferred inflows of resources which 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 for the years ended June 30, 2020 and 2019.

<b>Deferred Inflows of Resources As of June 30, 2020 (Dollars in Thousands)</b>				
	Ending Balance June 30, 2019	Additions	Reductions	Ending Balance June 30, 2020
<b>Deferred inflows of resources</b>				
Deferred inflows of resources related to grants	\$ 251	\$ 287	\$ (251)	\$ 287
Deferred inflows of resources related to pensions	3,156	2,412	(202)	5,366
Deferred inflows of resources related to service concession arrangements	41,586	-	(864)	40,722
Deferred inflows of resources related to Idaho sick leave insurance reserve fund	1,516	228	(193)	1,551
Deferred inflows of resources related to other post-employment benefits	2,447	321	(240)	2,528
<b>Total deferred inflows of resources</b>	<u>\$ 48,956</u>	<u>\$ 3,248</u>	<u>\$ (1,750)</u>	<u>\$ 50,454</u>

<b>Deferred Inflows of Resources As of June 30, 2019 (Dollars in Thousands)</b>				
	Ending Balance June 30, 2018	Additions	Reductions	Ending Balance June 30, 2019
<b>Deferred inflows of resources</b>				
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
<b>Total deferred inflows of resources</b>	<u>\$ 44,995</u>	<u>\$ 6,485</u>	<u>\$ (2,524)</u>	<u>\$ 48,956</u>



6. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES (Cont.)

Service Concession Arrangement – The University entered into a public/private partnership agreement with Greystar Real Estate Partners, LLC (formerly Education Realty Trust) in 2015 to develop and operate a residential Honors College and Sawtooth Hall a freshman housing facility. The \$37 million project was funded with developer equity and is on land owned by the University and leased to Greystar for a 50-year term. At the conclusion of the agreement, the building reverts to the University. Greystar pays fixed annual rent and a share of the project's gross rental revenue to the University. Greystar 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 tables below display the current capital asset, lease receivable and deferred inflow of resources for the years ended June 30, 2020 and 2019:

Value of Assets and Deferred Inflows related to the Honors College			
As of June 30, 2020			
(Dollars in Thousands)			
	Capital Asset	Lease Receivable	Deferred Inflow of Resources
Honors College & Sawtooth Hall, net of depreciation	\$ 34,187		
Receivable for ground lease		\$ 9,433	
Deferred inflows of resources			\$ 40,722

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 & Sawtooth Hall, net of depreciation	\$ 35,107		
Receivable for ground lease		\$ 9,633	
Deferred inflows of resources			\$ 41,586



**BOISE STATE  
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## 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, grants and contract revenue that have not yet been earned. 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.

Unearned Revenue As of June 30, (Dollars in Thousands)		
	2020	2019
Prepaid ticket sales and auxiliary enterprises	\$ 2,869	\$ 6,615
Student tuition and fees	7,798	7,277
Grants and contracts	2,500	2,322
Other unearned revenue	2,368	2,470
<b>Total unearned revenue</b>	<b>\$ 15,535</b>	<b>\$ 18,684</b>



**7. UNEARNED REVENUE AND LONG-TERM LIABILITIES (Cont.)**

**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, 2020 and 2019:

<b>Long-Term Liabilities As of June 30, 2020 (Dollars in Thousands)</b>					
	Ending Balance			Ending Balance	Amounts due within
	June 30, 2019	Additions	Reductions	June 30, 2020	one year
<b>Long-term debt</b>					
Bonds payable	\$ 221,180	\$ 54,490	\$ (44,895)	\$ 230,775	\$ 10,970
Premium on bonds	17,877	4,605	(3,262)	19,220	-
<b>Total long-term debt</b>	<b>239,057</b>	<b>59,095</b>	<b>(48,157)</b>	<b>249,995</b>	<b>10,970</b>
<b>Other liabilities</b>					
Refundable federal student assistance liability	8,209	-	(1,481)	6,728	1,576
Non-current unearned revenue	1,760	938	(785)	1,913	-
Other post-employment benefits	24,804	4,128	(75)	28,857	-
Net pension liability	13,352	-	(3,307)	10,045	-
Non-current other	415	6	(99)	322	-
<b>Total other liabilities</b>	<b>48,540</b>	<b>5,072</b>	<b>(5,747)</b>	<b>47,865</b>	<b>1,576</b>
<b>Total long-term liabilities</b>	<b>\$ 287,597</b>	<b>\$ 64,167</b>	<b>\$ (53,904)</b>	<b>\$ 297,860</b>	<b>\$ 12,546</b>

<b>Long-Term Liabilities As of June 30, 2019 (Dollars in Thousands)</b>					
	Ending Balance			Ending Balance	Amounts due within
	June 30, 2018	Additions	Reductions	June 30, 2019	one year
<b>Long-term debt</b>					
Bonds payable	\$ 231,280	\$ -	\$ (10,100)	\$ 221,180	\$ 10,605
Premium on bonds	20,599	-	(2,722)	17,877	-
<b>Total long-term debt</b>	<b>251,879</b>	<b>-</b>	<b>(12,822)</b>	<b>239,057</b>	<b>10,605</b>
<b>Other liabilities</b>					
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	-
<b>Total other liabilities</b>	<b>44,151</b>	<b>13,184</b>	<b>(8,795)</b>	<b>48,540</b>	<b>1,624</b>
<b>Total long-term liabilities</b>	<b>\$ 296,030</b>	<b>\$ 13,184</b>	<b>\$ (21,617)</b>	<b>\$ 287,597</b>	<b>\$ 12,229</b>



**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, 2020 and 2019. Management believes the University is in compliance with all bond covenants as of June 30, 2020 and 2019.

**Bonds Payable** – Bonds payable include the following:

Bonds Payable As of June 30, 2020 (Dollars in Thousands)						
Bond Issue	Original Face Value	Range of Annual Principal Amounts	Range of Semi-Annual Interest Percentages	Original Maturity Date	Outstanding Balance 2020	Outstanding Balance 2019
General Revenue Bonds, Series 2020A	\$ 9,940	\$330-\$665	3.00%-5.00%	2040	\$ 9,940	\$ -
General Revenue Bonds, Series 2020B	\$ 44,550	\$455-\$2,100	1.67%-5.00%	2050	44,550	-
General Revenue Bonds, Series 2018A	\$ 18,465	\$330-\$895	1.53%-3.78%	2048	17,115	17,800
General Revenue Bonds, Series 2017A	\$ 67,860	\$640-\$4,525	2.00%-5.00%	2047	63,630	65,965
General Revenue Bonds, Series 2016A	\$ 66,145	\$930-\$5,470	3.00%-5.00%	2039	61,260	64,245
General Revenue Bonds, Series 2015A	\$ 31,210	\$700-\$2,280	2.00%-5.00%	2037	27,195	27,950
General Revenue Bonds, Series 2013A	\$ 14,195	\$65-\$1,300	2.00%-5.00%	2033	1,725	10,410
General Revenue Bonds, Series 2013B	\$ 11,760	\$550-\$2,575	0.67%-2.84%	2023	400	2,275
General Revenue Bonds, Series 2012A	\$ 33,330	\$305-\$3,455	2.00%-5.00%	2042	4,960	21,000
General Revenue Bonds, Series 2010B	\$ 12,895	\$325-\$795	3.94%-6.31%	2040	-	11,535
Bonds before premium					230,775	221,180
Premium on bonds					19,220	17,877
<b>Total bonds outstanding</b>					<b>\$ 249,995</b>	<b>\$ 239,057</b>

**Bonds Payable** – Principal and interest maturities as of June 30, 2020 are as follows:

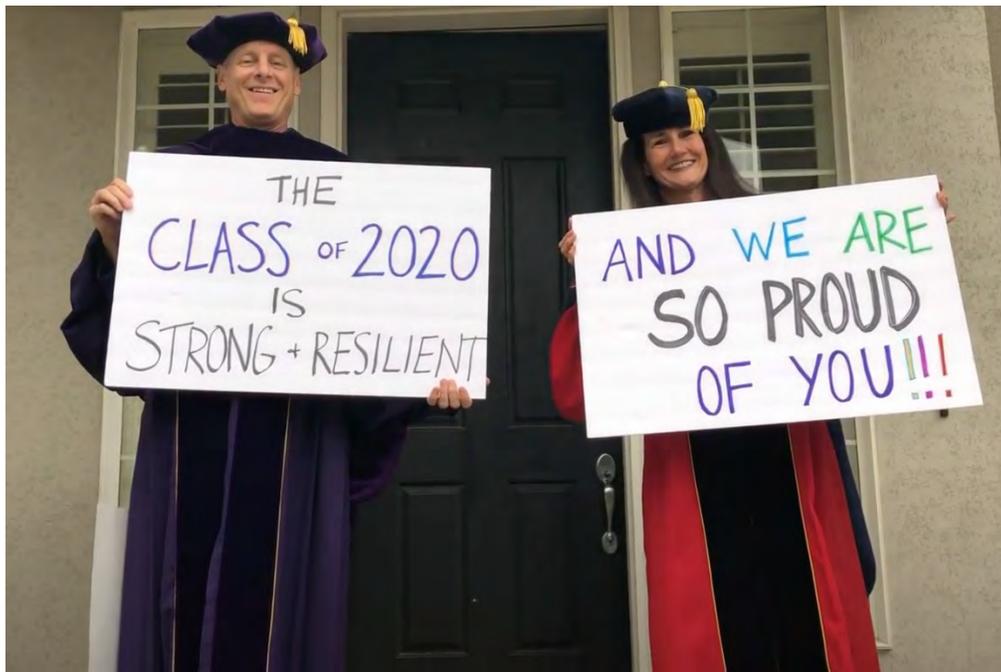
Bond Principal and Interest As of June 30, 2020 (Dollars in Thousands)			
	Principal	Interest	Total
2021	\$ 10,970	\$ 9,795	\$ 20,765
2022	11,145	9,298	20,443
2023	10,230	8,859	19,089
2024	8,645	8,381	17,026
2025	9,045	7,967	17,012
2026-2030	48,340	33,843	82,183
2031-2035	60,560	21,842	82,402
2036-2040	43,745	9,399	53,144
2041-2045	16,925	4,398	21,323
2046-2050	11,170	1,036	12,206
<b>Total</b>	<b>\$ 230,775</b>	<b>\$ 114,818</b>	<b>\$ 345,593</b>

**8. BONDS AND NOTES PAYABLE (Cont.)**

**Extinguished Debt** – On April 02, 2020, the University issued \$25.2 million in General Revenue Bonds with an average interest rate of 3.48 percent to advance refund \$14.2 million of outstanding 2012A Series bonds with an average interest rate of 3.54 percent and \$9.5 million of outstanding 2013A Series bonds with an average interest rate of 3.63 percent. The net proceeds of \$25 million (after underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2012A and 2013A Series bonds. As a result, portions of the 2012A and 2013A Series bonds are considered to be defeased and the associated liability for those partially defeased bonds has been removed from the University’s statement of net assets. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1.3 million. The University completed the advance refunding to reduce its total debt service payments over the next 22 years by \$8.7 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1.4 million.

As of June 30, 2020, total bond principal of \$23.1 million is considered extinguished through refunding of prior issues by a portion of the current issues. Escrowed funds are held in trust in the amount of \$25 million for the payment of maturities on these refunded bonds.

Neither the debt nor the escrowed assets are reflected in the University’s financial statements.





8. BONDS AND NOTES PAYABLE (Cont.)

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

<b>Pledged Revenues As of June 30, 2020 (Dollars in Thousands)</b>	
<b>Pledged revenues</b>	
Student fees	\$ 198,262
Rentals	11,341
Residence dining income	6,719
Other	1,396
Sales & service	46,587
F&A recovery	8,108
Investment income	<u>3,541</u>
<b>Total pledged revenue</b>	275,954
Less operations and maintenance	<u>(74,190)</u>
<b>Pledged revenues, net</b>	<u>\$ 201,764</u>
<b>Annual debt service</b>	<u>\$ 20,765</u>
<b>Debt service coverage</b>	972%
<b>Coverage requirement</b>	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 five years. The expense for operating leases was \$1.3 million for the year ended June 30, 2020 and \$1.2 million for the year ended June 30, 2019.

Future minimum lease payments on non-cancellable operating leases at June 30, 2020 are as follows:

<b>Future Minimum Operating Lease Obligations</b>		
<b>As of June 30,</b>		
<b>(Dollars in Thousands)</b>		
<b>Year</b>		
2021	\$	690
2022		430
2023		120
2024		20
2025		10
		<hr/>
Total future minimum operating lease obligations	\$	<u>1,270</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 2,201 employees contribute to this plan.

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

ORP Contributions (Dollars in Thousands)				
	2020		2019	
University contribution	\$	13,919	\$	12,938
Employee contribution		10,465		9,727
<b>Total contribution</b>	<b>\$</b>	<b>24,384</b>	<b>\$</b>	<b>22,665</b>
University contribution rate		9.27%		9.27%
Employee contribution rate		6.97%		6.97%

PERSI Base 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, 2020 and 2019 this supplemental funding payment to PERSI was \$2,233,874 and \$2,073,642 respectively.

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.



10. OPTIONAL RETIREMENT PLANS (Cont.)

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 163 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 113 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 330 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 122 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, 2020 and 2019 are as follows:

		Supplemental Contributions As of June 30, (Dollars in Thousands)				Supplemental Retirement 403(b)
Fiscal Year		401(k)-PCP	457(b)	403(b)	Roth 403(b)	
2020	Employee contribution	\$ 498	\$ 1,038	\$ 2,749	\$ 622	\$ 14
2019	Employee contribution	\$ 466	\$ 959	\$ 2,401	\$ 552	\$ 26
2020-2019	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](http://www.persi.idaho.gov).

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and 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, 2019 and June 30, 2018 were as follows:

<b>PERSI Base Plan Participants</b>	<b>2019</b>	<b>2018</b>
Active participants	72,502	71,112
Retirees and beneficiaries	48,120	46,907
Terminated and vested employees	13,536	13,133

**Pension Benefits** – The Base Plan provides retirement, disability and 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.



## 11. PENSION PLANS (Cont.)

**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, 2019 it was 6.79 % of their annual pay. The employer contribution rate is set by the Retirement Board and was 11.32% of covered compensation. The University contributions were \$3,724,444 and \$3,383,955 for the years ended June 30, 2020 and 2019, respectively.

**Pension Liabilities, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2020 and June 30, 2019, the University reported a liability of \$10,044,590 and \$13,351,559, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, 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, 2019 and 2018, the University proportion was 0.880% and 0.905%, respectively.



**11. PENSION PLANS (Cont.)**

For the years ended June 30, 2020 and 2019, respectively, the University recognized pension expense of \$3,135,753 and \$2,483,180. At June 30, 2020 and 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Sources of Deferrals As of June 30, 2020 (Dollars in Thousands)</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 933	\$ 1,184
Changes in assumptions or other inputs	559	-
Aggregated difference between projected and actual earnings on pension plan investments	-	3,422
Changes in the employer's proportion and the difference between the employer's contributions and the employer's proportionate contributions	14	760
	<u>1,506</u>	<u>5,366</u>
The University contributions subsequent to the measurement date	3,724	-
<b>Total</b>	<u>\$ 5,230</u>	<u>\$ 5,366</u>

<b>Sources of Deferrals As of June 30, 2019 (Dollars in Thousands)</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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	-
<b>Total</b>	<u>\$ 5,739</u>	<u>\$ 3,156</u>

The University reported \$3,724,444 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, 2021.



## 11. PENSION PLANS (Cont.)

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 for both Base Plan's fiscal years. 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 2019.

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, 2020 (Dollars in Thousands)	
2021	(624)
2022	(1,772)
2023	(954)
2024	(510)
<b>Total</b>	<b>\$ (3,860)</b>

**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.



**11. PENSION PLANS (Cont.)**

The total pension liability in the June 30, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Actuarial Assumptions Valuation</b>		
<b>As of June 30,</b>		
	<b>2019</b>	<b>2018</b>
Inflation	3.00%	3.00%
Salary increases including inflation	3.75%	3.75%
Investment rate of return, net of investment expenses	7.05%	7.05%
Cost-of-living (COLA) adjustments	1.00%	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.

**11. PENSION PLANS (Cont.)**

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.

<b>Assumptions and Policy for Asset Allocation - Base Plan Fiscal Years 2019 and 2018</b>			
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Nominal Rate of Return (Arithmetic)</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
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%
<b>Valuation Assumptions Chosen by PERSI Board</b>			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Expenses			7.05%

**Discount Rate** –The discount rate used to measure the total pension liability was 7.05%, which was the same as the 7.05% rate used as of June 30, 2019. 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.



11. PENSION PLANS (Cont.)

**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, 2020 (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)	\$ 30,339	\$ 10,045	\$ (6,738)

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)

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

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

**Payables to the Pension Plan** – At June 30, 2020, the University reported payables to the defined benefit pension plan of \$142,271 for legally required employer contributions and \$85,315 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

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.



12. POST EMPLOYMENT 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 2020. 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](http://www.sco.idaho.gov).

At June 30, 2020 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	-	-	5,713
Retiree and dependents	584	107	291	50	1,595
Terminated, vested employees	-	-	-	-	121
Number of participating employers	25	25	25	25	2



## 12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

### *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.



## 12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

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.





12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

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.

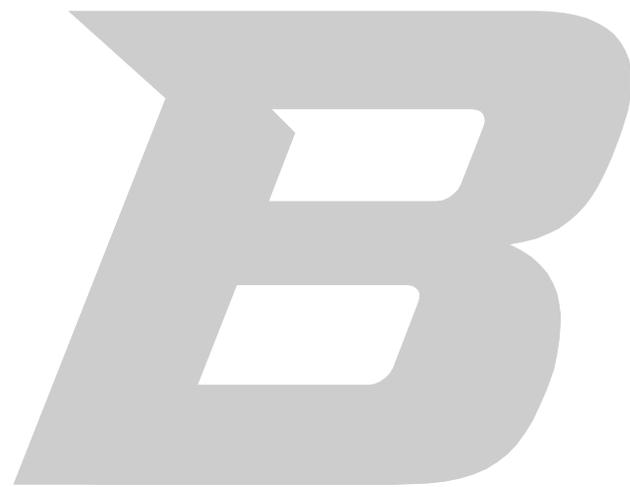
Employer payments required and paid as OPEB benefits came due for fiscal years ended June 30:

OPEB Benefit Payments As of June 30, 2020 (Dollars in Thousands)						
	Retiree Healthcare Plan		Long-Term Disability Plan		Retiree Life Insurance Plan	
	Healthcare	Life	Insurance	Income	Plan	Total
OPEB paid	\$ 346	\$ 135	\$ 61	\$ 43	\$ 468	\$ 1,053

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

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.



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**12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)**

The total OPEB liability for the Plan as of June 30, 2019, 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 2019					
	Retiree Healthcare	Long-Term Disability Plan			Retiree Life
	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	3.50%	3.50%	3.50%	3.50%	3.50%
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	70.5% of projected health insurance premiums for retirees	N/A	N/A	N/A	N/A



**12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)**

The total OPEB liability for the Plan 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 Healthcare	Long-Term Disability Plan			Retiree Life
	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



## 12. POST EMPLOYEMENT BENEFITS OTHER THAN PENSIONS (Cont.)

### ***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***

For the plan year ended June 30, 2019, the actuary used a discount rate of 3.50% to measure PERSI's total OPEB liability. The discount rate was based on a 20 year Bond Buyer Go Index.

For the plan year ended 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.

### ***Total OPEB Liability, OPEB Expense and Deferrals***

***Total OPEB Liability*** – At June 30, 2020 and June 30, 2019, the University reported a liability of \$29 million and \$25 million, respectively for its proportionate share of the total OPEB liability as of the measurement date of June 30, 2019 and 2018. At July 1, 2020 and 2019, the University's proportionate share of the liability of the collective total OPEB liability for the Retiree Healthcare and Long-Term Disability Plans was 14% and 12% respectively. At July 1, 2020 and 2019, the University's proportionate share of the liability is of the collective total OPEB liability for the Retiree Life Insurance Plan was 45% and 46% respectively.



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12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

**OPEB Expense** - The University recognized the following OPEB expense and deferrals for the years ended June 30, 2020 and June 30, 2019:

OPEB Expense As of June 30, 2020 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
OPEB expense	\$ 188	\$ 43	\$ 17	\$ 12	\$ 1,578	\$ 1,838

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

**Deferred Outflows / Inflows of Resources Related to OPEB** – 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, 2020 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
Difference in expected and actual experience	\$ -	\$ 88	\$ -	\$ -	\$ -	\$ 88
Changes in assumptions	1,155	2	-	-	1,433	2,590
Change in proportion	676	35	-	-	1	712
Payments subsequent to measurement date	300	14	49	36	264	663
<b>Total deferred outflows related to OPEB</b>	<b>\$ 2,131</b>	<b>\$ 139</b>	<b>\$ 49</b>	<b>\$ 36</b>	<b>\$ 1,698</b>	<b>\$ 4,053</b>

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		
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	251	762
<b>Total deferred outflows related to OPEB</b>	<b>\$ 421</b>	<b>\$ 197</b>	<b>\$ 61</b>	<b>\$ 41</b>	<b>\$ 252</b>	<b>\$ 972</b>



12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

Deferred Inflows As of June 30, 2020 (Dollars in Thousands)						
	Retiree	Long-Term Disability Plan			Retiree Life	Total
	Healthcare Plan	Healthcare	Life Insurance	Income	Insurance Plan	
Difference in expected and actual experience	\$ 15	\$ -	\$ -	\$ -	\$ 280	\$ 295
Changes in assumptions	1,103	45	-	-	765	1,913
Change in proportion	-	-	-	-	320	320
<b>Total deferred inflows related to OPEB</b>	<b>\$ 1,118</b>	<b>\$ 45</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,365</b>	<b>\$ 2,528</b>

Deferred Inflows As of June 30, 2019 (Dollars in Thousands)						
	Retiree	Long-Term Disability Plan			Retiree Life	Total
	Healthcare Plan	Healthcare	Life Insurance	Income	Insurance Plan	
Difference in expected and actual experience	\$ 16	\$ -	\$ -	\$ -	\$ 329	\$ 345
Changes in assumptions	1,160	44	-	-	898	2,102
<b>Total deferred inflows related to OPEB</b>	<b>\$ 1,176</b>	<b>\$ 44</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,227</b>	<b>\$ 2,447</b>

The \$663 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, 2021. 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.



12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

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 Healthcare Plan	Long-Term Disability Healthcare Plan	Retiree Life Insurance Plan	Total
2021	\$ 91	\$ 13	\$ (12)	\$ 92
2022	91	13	(12)	92
2023	91	13	(12)	92
2024	91	13	(12)	92
2025	316	13	(12)	317
Thereafter*	34	15	128	177
Total	\$ 714	\$ 80	\$ 68	\$ 862

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





12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

Discount Rate Sensitivity

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability calculated using the discount rate as well as what the total OPEB liability would be if it were calculated using a discount rate that is a percentage higher and lower than the current rate:

Changes in Discount Rates As of June 30, 2020 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	
		Healthcare	Life Insurance	Income		
1% Decrease 2.50%	\$ 4,673	\$ 175	\$ 299	\$ 226	\$ 29,109	
Discount Rate 3.50%	\$ 4,431	\$ 168	\$ 285	\$ 216	\$ 23,756	
1% Increase 4.50%	\$ 4,198	\$ 162	\$ 273	\$ 208	\$ 19,679	

Changes in Discount Rates As of June 30, 2019 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance 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	



12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

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

Changes in Healthcare Trend Rates As of June 30, 2020 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	
		Healthcare	Life Insurance	Income		
1% Decrease	\$ 4,046	\$ 147	\$ 285	\$ 216	\$ 23,756	
Current Trend Rate	\$ 4,431	\$ 168	\$ 285	\$ 216	\$ 23,756	
1% Increase	\$ 4,871	\$ 193	\$ 285	\$ 216	\$ 23,756	

Changes in Healthcare Trend Rates As of June 30, 2019 (Dollars in Thousands)						
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	
		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	



12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

*Sick Leave Insurance Reserve Trust Funds*

**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 postretirement 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](http://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 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:

<b>Employees and Participating Employers As of June 30,</b>		
	<b>2019</b>	<b>2018</b>
Active	16,932	21,995
Retirees and Beneficiaries	5,232	4,467
<b>Total</b>	<b>22,164</b>	<b>26,462</b>
Number of Participating Employers	14	13



12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

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% of covered salary at June 30, 2020 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 approximately \$694 thousand and \$1.1 million for the fiscal years ended June 30, 2020 and June 30, 2019, 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 estimate 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, 2019 and 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.02% and 8.51%, 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.



## 12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

**Net OPEB SLIRF Asset, OPEB Expense and Deferrals** - The net OPEB asset for the University was \$19 million and \$17 million as of June 30, 2020 and June 30, 2019, 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, 2018, rolled forward to July 1, 2019. 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.





**12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)**

The University recognized a \$908 thousand expense offset and the following deferrals for the fiscal year ended June 30, 2020:

Sources of Deferrals As of June 30, 2020 (Dollars in Thousands)		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 184	\$ 585
Changes in assumptions or other inputs	19	-
Aggregated difference between projected and actual earnings on plan investments	-	531
Changes in the employer's proportion and the difference between the employer's contributions and the employer's proportionate contributions	-	435
	<u>203</u>	<u>1,551</u>
The University contributions subsequent to the measurement date	694	-
<b>Total Deferrals</b>	<b>\$ 897</b>	<b>\$ 1,551</b>

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	-
<b>Total Deferrals</b>	<b>\$ 1,144</b>	<b>\$ 1,516</b>



12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

The \$694 thousand 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, 2021. 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, (Dollars in Thousands)		
2021	\$	358
2022		358
2023		358
2024		239
Thereafter		35
Total	\$	<u>1,348</u>

The Net OPEB SLIRF asset is calculated using a discount rate of 7.05%, 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% 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, 2020 (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	\$ 18,206	\$ 18,837	\$ 19,428	

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.

#### NOVEL CORONAVIRUS VIRUS (COVID-19):

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. As a result of government regulations on social behaviors including limitations on the size of public gatherings, enrollment at the University may be impacted and attendance at athletic and other commercial events on campus may be significantly reduced. In addition, operating costs at the University have increased in response to the coronavirus through enhanced cleaning protocols and less efficient use of space in response to social distancing requirements. We are unable to predict the duration and severity of these and other effects related to COVID-19. Accordingly we are unable to estimate the related effect on the University's results of operations.





#### 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 Foundation 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's 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.



#### 14. COMPONENT UNIT (Cont.)

***Change in Accounting Policy*** – As of June 1, 2019, the Foundation adopted the provisions of Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents, by including amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Retrospective application of the amendment is required. The Foundation has adopted this standard as management believes this presentation eliminates a diversity in practice in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows.

FASB has issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and refines existing guidance to help explain the scope of contributions and applies to both resource providers and resource recipients. ASU 2018-08 clarifies two revenue recognition issues. First, in the case of grants and similar contracts with government agencies, unless the resource provider receives commensurate value from the resource recipient, the transaction is most likely a contribution, not an exchange transaction. Second, relates to distinguishing between conditional and unconditional contributions. For a donor-imposed condition to exist, it must have both a measurable barrier that must be overcome and a right of return of the gift to the donor or a release from the donor's promise to give. The Foundation implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.



#### 14. COMPONENT UNIT (Cont.)

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, 2020 and 2019, 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.



**14. COMPONENT UNIT (Cont.)**

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

<b>Net Assets with Donor Restrictions</b>		
<b>As of June 30,</b>		
<b>(Dollars in Thousands)</b>		
<b>Subject to expenditure for specified purpose:</b>	<b>2020</b>	<b>2019</b>
Scholarships	\$ 11,437	\$ 16,448
Administrative	5,052	7,524
Athletic	3,957	5,168
Capital projects	17,067	24,211
Research - Faculty	342	398
Research - Student	420	429
Special Purpose	4,862	4,188
Student Assistantship	285	369
Underwater Endowments	932	72
<b>Total Subject to expenditure for specific purpose</b>	<b>44,354</b>	<b>58,807</b>
<b>Promises to give, the proceeds which have been restricted by donors for:</b>		
Scholarships	411	242
Administrative	46	31
Athletic	120	164
Capital projects	366	521
Special Purpose	152	236
<b>Total promises to give</b>	<b>1,095</b>	<b>1,194</b>
<b>Subject to the passage of time:</b>		
Assets held under split interest agreements	1,125	1,136
<b>Endowments:</b>		
<b>Subject to endowment spending and appropriation:</b>		
Academic Scholarship	58,860	54,900
Other Academic Endowment	30,542	29,368
Athletic Scholarship	16,710	16,324
Other Athletic Endowment	88	87
Unconditional promises to give	479	471
<b>Total endowments</b>	<b>106,679</b>	<b>101,150</b>
Underwater endowments	(932)	(72)
<b>Total endowments net of underwater</b>	<b>105,747</b>	<b>101,078</b>
<b>Total Net Assets with donor restrictions</b>	<b>\$ 152,321</b>	<b>\$ 162,215</b>

**14. COMPONENT UNIT (Cont.)**

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

<b>Net Assets with Donor Restrictions Released From Restrictions As of June 30, (Dollars in Thousands)</b>		
<b>Net Assets</b>	<b>2020</b>	<b>2019</b>
Scholarships & grants	\$ 5,777	\$ 5,834
Distribution of funds for academic programs	8,741	17,776
Distribution of funds for athletic programs		
Program services	7,163	7,456
Fundraising expenses	1	17
Management and general	72	113
Uncollectible pledge expense	9	188
Management and general	1,873	2,133
Board and donor designated transfers	6	-
<b>Total Net assets-released from donor restrictions</b>	<b>\$ 23,642</b>	<b>\$ 33,517</b>

**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.



14. COMPONENT UNIT (Cont.)

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:

<b>Investments As of June 30, (Dollars in Thousands)</b>				
<b>Investment Type</b>	<b>2020</b>	<b>2019</b>	<b>FY 2020 Percent of Total</b>	
US treasury bonds	\$ 12,724	\$ 17,295	7.7%	
Corporate bonds	35,665	40,719	21.7%	
Bond mutual funds	32,957	32,413	20.0%	
Domestic equity funds	37,193	38,440	22.6%	
International equity funds	39,452	37,523	24.0%	
Private equity investments	1,171	1,613	0.7%	
Real estate and specialty assets	5,063	7,479	3.0%	
Hedge funds	19	96	0.0%	
Insurance annuities	435	428	0.3%	
<b>Total investments</b>	<b>\$ 164,679</b>	<b>\$ 176,006</b>	<b>100%</b>	



#### 14. COMPONENT UNIT (Cont.)

***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 between market participants at the measurement date. 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.



#### 14. COMPONENT UNIT (Cont.)

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.

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.





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UNIVERSITY**

**14. COMPONENT UNIT (Cont.)**

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, 2020 and 2019:

Fair Value Measurements As of June 30, 2020 (Dollars in Thousands)					
	Total	Level 1	Level 2	Level 3	Investments Measured at NAV
<b>Assets</b>					
<b>Investments:</b>					
<b>Growth assets</b>					
US equities	\$ 37,193	\$ 37,193	\$ -	\$ -	\$ -
International equities	39,452	33,192	-	-	6,260
Private equity/special situations	1,171	-	-	-	1,171
Insurance annuities	435	-	435	-	-
<b>Risk reduction assets</b>					
Cash and cash equivalents	6,627	6,627	-	-	-
US/Global fixed income	81,346	61,890	-	-	19,456
Hedge funds	19	19	-	-	-
Real asset investments	5,063	2,262	-	-	2,801
<b>Total investments, at fair value</b>	<b>171,306</b>	<b>141,183</b>	<b>435</b>	<b>-</b>	<b>29,688</b>
<b>Investments in perpetual trusts:</b>					
<b>Growth assets</b>					
US equities	1,224	1,224	-	-	-
International equities	261	261	-	-	-
<b>Risk reduction assets</b>					
Cash and cash equivalents	117	117	-	-	-
US/Global fixed income	816	816	-	-	-
Hedge funds	8	8	-	-	-
Real asset investments	92	92	-	-	-
<b>Total investments in perpetual trusts, at fair value</b>	<b>2,518</b>	<b>2,518</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets, at fair value</b>	<b>\$ 173,824</b>	<b>\$ 143,701</b>	<b>\$ 435</b>	<b>\$ -</b>	<b>\$ 29,688</b>
<b>Liabilities</b>					
Liabilities under trust agreements	\$ 1,878	\$ -	\$ -	\$ 1,878	\$ -
Trust earnings payable to trust beneficiary	127	-	-	127	-
<b>Total liabilities, at fair value</b>	<b>\$ 2,005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,005</b>	<b>\$ -</b>



## 14. COMPONENT UNIT (Cont.)

Fair Value Measurements As of June 30, 2019 (Dollars in Thousands)					
	Total	Level 1	Level 2	Level 3	Investments Measured at NAV
<b>Assets</b>					
<b>Investments:</b>					
<b>Growth assets</b>					
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	-	-
<b>Risk reduction assets</b>					
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
<b>Total investments, at fair value</b>	<b>186,553</b>	<b>156,603</b>	<b>428</b>	<b>-</b>	<b>29,522</b>
<b>Investments in perpetual trusts:</b>					
<b>Growth investments</b>					
US equities	1,144	1,144	-	-	-
International equities	519	519	-	-	-
<b>Risk reduction assets</b>					
Cash and cash equivalents	71	71	-	-	-
US/Global fixed income	774	774	-	-	-
Hedge funds	37	37	-	-	-
Real asset investments	102	102	-	-	-
<b>Total investments in perpetual trusts, at fair value</b>	<b>2,647</b>	<b>2,647</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets, at fair value</b>	<b>\$ 189,200</b>	<b>\$ 159,250</b>	<b>\$ 428</b>	<b>\$ -</b>	<b>\$ 29,522</b>
<b>Liabilities</b>					
Liabilities under trust agreements	\$ 1,773	\$ -	\$ -	\$ 1,773	\$ -
Trust earnings payable to trust beneficiary	123	-	-	123	-
<b>Total liabilities, at fair value</b>	<b>\$ 1,896</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,896</b>	<b>\$ -</b>

**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, the NAV hedge fund was fully liquidated and one NAV private equity investment was fully liquidated. Those funds were reinvested in Level 1 investments. NAV private equity had both capital additions and distributions. Any other changes in the fair value are a reflection of market valuations.



#### 14. COMPONENT UNIT (Cont.)

***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.

***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, 2020 and 2019, deposits that were uninsured and uncollateralized totaled \$3,927,933 and \$3,065,603 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, 2020.

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.



## 14. COMPONENT UNIT (Cont.)

Credit Risk of Debt Securities				
As of June 30, 2020				
(Dollars in Thousands)				
Moody's Scale Rating	US Treasury Bonds	Corporate Bonds	Bond Mutual Funds	Total
Aaa	\$ 12,475	\$ 501	\$ 3,628	\$ 16,604
Aa1	-	1,124	-	1,124
Aa2	-	3,397	22,979	26,376
Aa3	-	2,350	-	2,350
A1	-	6,618	-	6,618
A2	-	9,727	216	9,943
A3	-	8,130	-	8,130
Baa1	-	2,271	-	2,271
Baa2	-	1,039	219	1,258
Ba2	-	-	5,809	5,809
B2	-	-	106	106
P-1	250	-	-	250
Unrated	-	507	-	507
<b>Total</b>	<b>\$ 12,725</b>	<b>\$ 35,664</b>	<b>\$ 32,957</b>	<b>\$ 81,346</b>

**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, 2020					
(Dollars in Thousands)					
Investment Type	Fair Value	< 1 yr	1-3 yr	3-10 yr	>10 yr
US treasury bonds	\$ 12,724	\$ 2,359	\$ 10,365	\$ -	\$ -
Corporate bonds	35,664	11,373	22,978	1,313	-
Bond mutual funds	32,957	-	164	32,499	294
<b>Total rated securities</b>	<b>\$ 81,345</b>	<b>\$ 13,732</b>	<b>\$ 33,507</b>	<b>\$ 33,812</b>	<b>\$ 294</b>



14. COMPONENT UNIT (Cont.)

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, (Dollars in Thousands)		
	2020	2019
Cash and cash equivalents	\$ 8	\$ 65
Interest receivable	289	325
Non-endowed investments	10,461	9,442
Endowment spending rate distributions and appropriations	149	159
Distributions from donor-designated endowment assets	119	115
<b>Total</b>	<b>\$ 11,026</b>	<b>\$ 10,106</b>

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.





14. COMPONENT UNIT (Cont.)

A board-designated endowment of \$3.57 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 Board 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, 2020 along with an allowance for uncollectible pledges based on past collection experience. Unconditional promises to give are estimated to be collected as follows at June 30, 2020 and 2019:

<b>Promises to Give</b>		
<b>As of June 30,</b>		
<b>(Dollars in Thousands)</b>		
	<b>2020</b>	<b>2019</b>
Receivable in less than one year	\$ 885	\$ 850
Receivable in one to five years	853	1,122
Receivable in more than five years	58	4
<b>Total promises to give</b>	<b>1,796</b>	<b>1,976</b>
Less allowance	(70)	(70)
Less discount	(82)	(159)
<b>Total promises to give, net</b>	<b>\$ 1,644</b>	<b>\$ 1,747</b>

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, 2020 and 2019, the allowance was \$70,000. During fiscal year 2020 and 2019, the Foundation had no conditional pledges.

**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 \$2,048 and \$280,350 in fiscal years 2020 and 2019, respectively. Interest related to assets held on behalf of BSPR aggregated to \$577 and \$738 in fiscal years 2020 and 2019, respectively. Included in amounts held in custody for others on behalf of BSPR are \$1,105,310 and \$1,302,685 in fiscal years 2020 and 2019, respectively.

#### 14. COMPONENT UNIT (Cont.)

***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 1.2% for 2020 and 2.8% for 2019 and the applicable mortality tables and is shown in the table below. Assets held in the charitable remainder trusts totaled \$2,261,394 and \$2,306,387 for June 30, 2020 and 2019, respectively and are included in the investments in the accompanying statements of financial position.





14. COMPONENT UNIT (Cont.)

The Foundation currently administers certain charitable gift annuities. The assets contributed under the charitable gift annuities are invested in equities and bonds which 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 1.2% for 2020 and 2.8% for 2019 and the applicable mortality tables and is shown in the table below. Assets held in the charitable gift annuities totaled \$1,001,072 and \$883,722 for June 30, 2020 and 2019, 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:

<b>Estimated Future Maturities of Annuity Obligations (Dollars in Thousands)</b>	
<b>Year Ended June 30,</b>	<b>Annuity Payments</b>
2021	\$ 139
2022	139
2023	302
2024	100
2025	100
Thereafter	2,339
<b>Total</b>	<b>3,119</b>
Less: Discount	1,241
<b>Total Split interest liability</b>	<b>\$ 1,878</b>



#### 14. COMPONENT UNIT (Cont.)

**Concentrations** – The Foundation received approximately 50% of total contributions from 223 donors during the year ended June 30, 2020 (1.1% from 1 board member and 48.9% from other donors) and approximately 53.8% of total contributions from 20 donors (1.8% from 1 board member and 52% from other donors) during the year ended June 30, 2019.

Gross unconditional promises to give included a total of approximately 70.7% from 24 donors (5.9% from 3 board members and 64.8% from other donors) at June 30, 2020. Gross unconditional promises included a total of approximately 64.3% from 10 donors (1.75% from 1 board member and 62.5% from other donors) at June 30, 2019.





## 15. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATIONS

Operating Expense by Functional Classification					
As of June 30, 2020					
(Dollars in Thousands)					
Functional Categories	Personnel Cost	Services,		Depreciation	Total
		Supplies and Other	Scholarships and Fellowships		
Instruction	\$ 123,393	\$ 12,012	\$ 3,903	\$ -	\$ 139,308
Research	25,098	10,134	2,072	-	37,304
Public service	13,489	6,923	622	-	21,034
Libraries	3,933	1,991	-	-	5,924
Student services	17,710	3,178	45	-	20,933
Plant operations	12,229	15,131	-	-	27,360
Institutional support	28,104	5,946	24	-	34,074
Academic support	28,152	3,997	286	-	32,435
Auxiliary enterprises	35,288	37,182	1,720	-	74,190
Scholarships	1,215	469	16,701	-	18,385
Depreciation	-	-	-	26,623	26,623
<b>Total operating expenses</b>	<b>\$ 288,611</b>	<b>\$ 96,963</b>	<b>\$ 25,373</b>	<b>\$ 26,623</b>	<b>\$ 437,570</b>

Operating Expense by Functional Classification					
As of June 30, 2019					
(Dollars in Thousands)					
Functional Categories	Personnel Cost	Services,		Depreciation	Total
		Supplies and Other	Scholarships and Fellowships		
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
<b>Total operating expenses</b>	<b>\$ 269,317</b>	<b>\$ 95,834</b>	<b>\$ 18,596</b>	<b>\$ 26,360</b>	<b>\$ 410,107</b>



## 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 management are of the opinion that these refunds, if any, will not have a material 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, 2020. Based on present knowledge, the University's management believes any ultimate liability in these matters will not have a material effect on 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	Fiscal Year 2020	
Beginning OPEB liability	\$ 4,075	\$ 4,023	\$ 2,677	
Changes for the year:				
Service cost	157	167	114	
Interest	145	148	120	
Effect of employer proportionate share changes	-	135	486	
Effect of economic/demographic gains or losses	-	(19)	-	
Effect of assumption changes or inputs	-	(1,387)	1,381	
Expected benefit payments	(354)	(390)	(347)	
Ending OPEB liability	<u>\$ 4,023</u>	<u>\$ 2,677</u>	<u>\$ 4,431</u>	
Annual covered payroll	\$ 178,494	\$ 191,278	\$ 202,330	
OPEB liability as a percentage of covered payroll	2.3%	1.4%	2.2%	
Proportion of Total OPEB liability	0.115127000	0.118985369	0.140577686	

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	Fiscal Year 2020	
Beginning OPEB liability	\$ 418	\$ 267	\$ 225	
Changes for the year:				
Service cost	25	26	26	
Interest	13	8	9	
Effect of employer proportionate share changes	-	9	41	
Effect of economic/demographic gains or losses	-	100	-	
Effect of assumption changes or inputs	-	(51)	2	
Expected benefit payments	(189)	(134)	(135)	
Ending OPEB liability	<u>\$ 267</u>	<u>\$ 225</u>	<u>\$ 168</u>	
Annual covered payroll	\$ 178,494	\$ 191,278	\$ 202,330	
OPEB liability as a percentage of covered payroll	0.1%	0.1%	0.1%	
Proportion of Total OPEB liability	0.115127006	0.118985639	0.140577686	



REQUIRED SUPPLEMENTARY INFORMATION (cont.)

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	Fiscal Year 2020
Beginning OPEB liability	\$ 380	\$ 322	\$ 278
Changes for the year:			
Service cost	-	-	-
Interest	12	11	12
Effect of employer proportionate share changes	-	11	50
Effect of economic/demographic gains or losses	-	-	-
Effect of assumption changes or inputs	-	(5)	6
Expected benefit payments	(70)	(61)	(61)
Ending OPEB liability	<u>\$ 322</u>	<u>\$ 278</u>	<u>\$ 285</u>
Annual covered payroll	\$ 178,494	\$ 191,278	\$ 202,330
OPEB liability as a percentage of covered payroll	0.2%	0.1%	0.1%
Proportion of Total OPEB liability	0.115127006	0.118985639	0.140577686

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	Fiscal Year 2020
Beginning OPEB liability	\$ 270	\$ 233	\$ 227
Changes for the year:			
Service cost	-	-	-
Interest	9	9	9
Effect of employer proportionate share changes	-	29	20
Effect of economic/demographic gains or losses	-	6	-
Effect of assumption changes or inputs	-	(3)	4
Expected benefit payments	(46)	(47)	(43)
Ending OPEB liability	<u>\$ 233</u>	<u>\$ 227</u>	<u>\$ 217</u>
Annual covered payroll	\$ 178,494	\$ 191,278	\$ 202,330
OPEB liability as a percentage of covered payroll	0.1%	0.1%	0.1%
Proportion of Total OPEB liability	0.115127006	0.129538785	0.140577686



REQUIRED SUPPLEMENTARY INFORMATION (cont.)

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	Fiscal Year 2020
Beginning OPEB liability	\$ 20,552	\$ 21,655	\$ 21,396
Changes for the year:			
Service cost	754	777	714
Interest	755	795	833
Effect of employer proportionate share changes	-	1	(343)
Effect of economic/demographic gains or losses	-	(372)	-
Effect of assumption changes or inputs	-	(1,018)	1,624
Expected benefit payments	(406)	(442)	(468)
Ending OPEB liability	<u>\$ 21,655</u>	<u>\$ 21,396</u>	<u>\$ 23,756</u>
Annual covered payroll	\$ 178,494	\$ 191,278	\$ 202,330
OPEB liability as a percentage of covered payroll	12.1%	11.2%	11.7%
Proportion of Total OPEB liability	0.459494310	0.459524097	0.452151543

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.



REQUIRED SUPPLEMENTARY INFORMATION (cont.)

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		
2020	0.149536654	\$ 18,837	\$ 172,460	10.92%	\$ 225,186	\$ 99,214	226.97%		
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

Schedule of Employer Contributions						
Sick Leave Insurance Reserve Fund						
Last 10 - Fiscal Years*						
(Dollars in Thousands)						
Employer’s Fiscal Year	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution (deficiency) excess	Employer’s Covered Payroll	Contributions as a Percentage of Covered Payroll	
2020	\$ 694	\$ 694	\$ -	\$ 106,717	0.65%	
2019	\$ 1,121	\$ 1,121	\$ -	\$ 172,460	0.65%	
2018	\$ 1,058	\$ 1,058	\$ -	\$ 162,749	0.65%	

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



REQUIRED SUPPLEMENTARY INFORMATION (cont.)

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
2020	0.008799680	\$ 10,047	\$ 29,894	33.61%	93.79%
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	
2020	\$ 3,724	\$ 3,724	\$ -	\$ 32,901	11.32%	
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.

## **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***

The 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 (University) and its discretely presented component unit, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 9, 2020. Our report includes a reference to other auditors who audited the financial statements of the Boise State University Foundation, Inc. (Foundation), a discretely presented component unit, as described in our report of the 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Moss Adams LLP*

Portland, Oregon

October 9, 2020

## **Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

The 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, 2020. 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, 2020.

## **Report on Internal Control Over Compliance**

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

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

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

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

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

We have audited the financial statements of the University and its discretely presented component unit, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated October 9, 2020, which contained an unmodified opinion on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the Boise State University Foundation, Inc (Foundation), a discretely presented component unit, as described in our report of the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Moss Adams LLP*

Yakima, Washington

April 9, 2021

**Boise State University**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2020**

**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	Research and Development Cluster	Unmodified
84.425E and 84.425F	COVID-19 Education Stabilization Fund	Unmodified

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

\$ 3,000,000

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, 2020**

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

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None reported.



**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2020**



**BOISE STATE UNIVERSITY**  
FINANCIAL AID AND SCHOLARSHIPS

**Summary Schedule of Prior Audit Findings (SSPAF)**

**Finding 2019-001 Enrollment Reporting**

**Contact person(s) responsible:** Mike Amai, Associate Director of Registrar Systems

**Corrective action taken**

**Status of audit finding:** fully corrected

**Finding 2019-002 Enrollment Reporting**

**Contact person(s) responsible:** Mike Amai, Associate Director of Registrar Systems;  
Kelley Christianson, Director of Financial Aid and Scholarships

**Corrective action taken**

**Status of audit finding:** fully corrected

- Self-service drop enhancements: in progress
- F-grade roster enhancements: completed 11/2020

**Finding 2019-003 Enrollment Reporting**

**Contact person(s) responsible:** Mike Amai, Associate Director of Registrar Systems;  
Kelley Christianson, Director of Financial Aid and Scholarships

**Corrective action taken**

**Status of audit finding:** fully corrected

**Prepared by:** Kelley Christianson, Director of Financial Aid and Scholarships



BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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 CARES ACT.

(Continued)



BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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 Agriculture Programs, US Department of Defense Programs, and US Department of the Interior Programs.

(Continued)



BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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 categories like US Department of the Interior Programs, US Department of Justice Programs, and US Department of Transportation Programs.

(Continued)



BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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 categories like Other Programs - Cluster, National Aeronautics & Space Administration Programs, National Foundation on the Arts and the Humanities Programs, and National Science Foundation Programs.

(Continued)



BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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 Environmental Protection Agency Programs, US Department of Energy Programs, and US Department of Health and Human Services Programs.

(Continued)



BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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 categories like Research and Development, Student Financial Assistance, and Homeland Security Programs.

(Continued)



BOISE STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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 Commerce Programs, US Department of Labor Programs, US Department of State Programs, US Small Business Administration Programs, and US Corporation for National and Community Service Programs.



**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

**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, 2020. 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, 2020 consists of:

CFDA Number	Program Name	Outstanding Balance at June 30, 2020
84.038	Federal Perkins Loans	7,399,570
93.364	Nursing Students Loans	5,039



**BOISE STATE UNIVERSITY**

**Office of the Vice President and Chief Financial  
Officer for Finance and Administration**

**[www.boisestate.edu](http://www.boisestate.edu)**

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