



FINANCIAL STATEMENTS FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021 AND
REPORTS OF INDEPENDENT AUDITORS



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INDEPENDENT AUDITORS' REPORT

Idaho Office of the State Board of Education
University of Idaho
Moscow, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the University of Idaho and the discretely presented component unit, as of and for the years ended June 30, 2022 and 2021, and the aggregate remaining fund information of the University, a component unit of the State of Idaho, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Idaho and its discretely presented component unit, as of June 30, 2022 and 2021, and the aggregate remaining fund information of the University as of December 31, 2021 and 2020, 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.

We did not audit the financial statements of the University of Idaho Foundation, Inc., which represents 100% of the assets, net position, and revenues of the discretely presented component unit, or the University of Idaho Health Benefits Trust, which represents 15%, 11% and 86% of the assets, net position, and additions of the aggregate remaining fund information, respectively, for December 31, 2021 and 12%, 7%, and 82% of the assets, net position, and additions of the aggregate remaining fund information, respective for December 31, 2020. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Foundation and the University of Idaho Health Benefits Trust, are based solely on the reports of other auditors.

Basis for Opinions

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

Emphasis of a Matter

As disclosed in Note 1, the University implemented the provisions of Governmental Accounting Standards Board Statement No. 87 – *Leases*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University of Idaho's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of University of Idaho's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Idaho's basic financial statements. The combining statements of net position and changes in net position – fiduciary funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the financial assets and liquidity resources schedule but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022, on our consideration of the University of Idaho'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 of Idaho'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 University of Idaho's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 20, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

Introduction

The University of Idaho (University), a comprehensive land-grant, doctoral research-intensive institution founded in 1889, is the State of Idaho's oldest institution of higher learning. The University serves state, national and international communities by providing academic instruction and conducting research that advances fundamental knowledge. In addition to its main campus in Moscow, the University has instructional centers in Coeur d'Alene, Boise, and Idaho Falls as well as nine Research and Extension centers and Extension offices in 42 Idaho counties.

The following Management's Discussion and Analysis (MD&A) is designed to provide an overview of the University's financial performance based on facts, decisions and conditions known at the date of the auditor's reports, June 30, 2022 and assist readers in understanding the accompanying financial statements and footnote disclosures.

About The Financial Statements

The University's financial statements are prepared using the accrual basis of accounting in accordance with principles and guidance from the Governmental Accounting Standards Board (GASB). The GASB develops and issues pronouncements setting the standards for external reporting for governmental entities, including public colleges and universities. The financial statements include those of the University as well as those of its discretely presented component unit, the University of Idaho Foundation, Inc (Foundation). The MD&A focuses only on the University of Idaho, information relating to the Foundation can be found in its separately issued financial statements.

The University's financial statements includes the Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows. Immediately following the financial statements the University has included fiduciary financial statements for the Health Benefits Trust (HBT), Retirement Benefits Trust (RBT) and Death Benefits Trust (DBT). The trusts were created to manage the University's self funded health plan for employees and retirees. Separate audited financial statements are prepared for the HBT and may be obtained by contacting the Vice President for Finance and Administration for the University of Idaho. The RBT and DBT do not produce annual financial statements other than in summary form as part of the University's statements.

The University's financial statements include the Strategic Initiatives Fund (SIF) as a blended component unit. The SIF was formed in December 2020 to manage the proceeds from the \$225 million advance payment received at the close of the Utility Concession Agreement with Sacyr Plenary Utility Partners Idaho LLC (Concessionaire). After deducting issuance costs and the cost of defeasing bonds associated with the utility system, \$190 million was transferred to the SIF. The University requests annual distributions from the SIF to support its key strategic initiatives and to contribute to paying utility system costs. Under the Utility Concession, the University aims also to improve energy and operational efficiency and establish a disciplined reinvestment plan to address deferred maintenance of the utility system assets.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Student fall enrollment history and annual graduation statistics for the University's fall semesters for 2019 through 2021 are presented in the following table:

Enrollment and Graduation Statistics Fall Semester			
	2021	2020	2019
<u>Enrollments</u>			
Total Headcount	11,303	10,791	11,926
Total Full-time Equivalents (FTE)	8,736	8,618	9,068
Undergraduate Headcount:			
Full-time	6,538	6,323	6,948
Part-time	2,304	2,130	2,762
Graduate Headcount:			
Full-time	1,624	1,567	1,498
Part-time	837	771	718
Resident Student Percentage	68 %	72 %	72 %
First-year Undergraduate Enrollment Statistics Including Transfers			
Applied	9,813	9,938	9,414
Admitted	7,987	7,398	7,220
Enrolled	1,656	1,425	2,011
SAT Combined Score Mean	1,096	1,106	1,117
Degrees Awarded			
Bachelors	1,579	1,631	1,761
Masters	531	464	551
Doctoral	93	88	63
Law	171	137	99
Specialist	9	10	13
Academic Certificates, Undergraduate/Graduate	142	128	125

Statement of Net Position

The Statement of Net Position outlines the University's financial condition at fiscal year-end providing a picture of the net position (assets plus deferred outflows minus liabilities plus deferred inflows) and its availability for expenditure by the University. Trends in net position are a useful indicator of whether the entity's financial condition is improving or declining.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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

1. Net Investment in Capital Assets - the University's investment in property, plant, and equipment - net of depreciation and outstanding debt obligations related to those capital assets.
2. Restricted Nonexpendable - the corpus of nonexpendable restricted resources is available only for investment purposes. These assets are held in perpetuity.
3. Restricted Expendable - subject to external donor or grantor stipulations regarding their use. The University may expend these assets for purposes as determined by donors and/or external entities.
4. Unrestricted - may be expended for any lawful purpose of the University.

Condensed Statement of Net Position			
As of June 30			
(Dollars in Thousands)			
	2022	2021	2020
ASSETS			
Current assets	\$ 74,782	\$ 89,932	\$ 58,311
Capital assets - net	465,785	450,884	437,664
Other noncurrent assets	266,614	263,854	91,390
Total Assets	807,181	804,670	587,345
Deferred Outflows of Resources	26,343	18,158	13,715
Total Assets and Deferred Outflows of Resources	\$ 833,524	\$ 822,828	\$ 601,060
LIABILITIES			
Current liabilities	\$ 62,847	\$ 66,104	\$ 50,967
Noncurrent liabilities	388,837	426,614	239,643
Total Liabilities	451,684	492,718	290,610
Deferred Inflows of Resources	74,759	29,982	33,164
Total Liabilities and Deferred Inflows of Resources	526,443	522,700	323,774
NET POSITION			
Net investment in capital assets	299,434	281,876	258,246
Restricted expendable	40,050	20,191	28,753
Unrestricted	(32,403)	(1,939)	(9,713)
Total Net Position	307,081	300,128	277,286
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 833,524	\$ 822,828	\$ 601,060

The University's total assets increased by \$2.5 million to \$807.2 million as of June 30, 2022 (FY22). This increase was primarily due to the net affect of the increase in capital assets due to capitalizing several major construction projects in FY22 against the significant decrease in the fair market value of investments.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

The University's total assets increased by \$217.3 million to \$804.7 million as of June 30, 2021 (FY21). This increase was primarily due to a \$193.7 million increase in investments associated with the upfront proceeds from the Utility Concession invested with the SIF and net capital asset additions of \$13.2 million. Changes in capital assets are explained in more detail under the section on capital assets and debt.

Total deferred outflows of resources increased by \$8.2 million during FY22 and increased by \$4.4 million during FY21. Deferred outflows related to pensions increased by \$6.3 million due to changes in assumptions or other inputs, such as a reduction in the long-term expected rate of return from 7.05% to 6.35%. Deferred outflows related to refunding of debt increased by \$2.3 million with the new 2022A refunding bonds.

The University's total liabilities decreased during FY22 by \$41.0 million to \$451.7 million as of June 30, 2022. This decrease is primarily the result of a \$38.6 million decrease from the FY 21 OPEB liability and a decrease in unearned revenue associated with recognizing the remaining Higher Education Emergency Relief Funds (HEERF) unearned in FY 21 in FY 22.

The University's total liabilities increased during FY21 by \$202.1 million to \$492.7 million as of June 30, 2021. This increase is the result of the \$222.8 million balance in Advance from Concessionaire related to the Utility Concession, an \$8.9 million increase in unearned revenue associated with the Higher Education Emergency Relief Funds (HEERF) received but not yet recognized as revenue, and an \$18.1 million increase in Net Pension Liability. These increases were offset by a \$31.6 million decrease in notes and bonds payable related to debt defeasance of a portion of the 2014 and 2018A bond issuances as well as annual principal payments, and a \$16.5 million decrease in net OPEB liability from benefit changes and growth of plan assets.

Total deferred inflows of resources increased by \$44.8 million in FY22. This is the result of an increase in deferred pension plan inflows of \$38 million and \$7 million related to leases as implemented under GASB 87. Pension plan deferred inflows were impacted by actual earnings on pension plan assets exceeding projections, as well as a decrease in the University's proportional share of the total plan liability.

Total deferred inflows of resources decreased by \$3.2 million in FY21. This reduction is the result of net differences between projected and actual earnings on pension plan and OPEB investments.

Overall net position increased by \$6.95 million as of June 30, 2022. Net investments in capital assets increased \$17.6 million due to additions to capital assets during the year. Restricted net position increased by \$19.9 million while unrestricted net position decreased by \$30.5 million.

Overall net position increased by \$22.8 million as of June 30, 2021. Net investments in capital assets increased \$23.6 million due to additions to capital assets during the year. Restricted net position decreased by \$8.6 million while unrestricted net position increased by \$7.8 million.

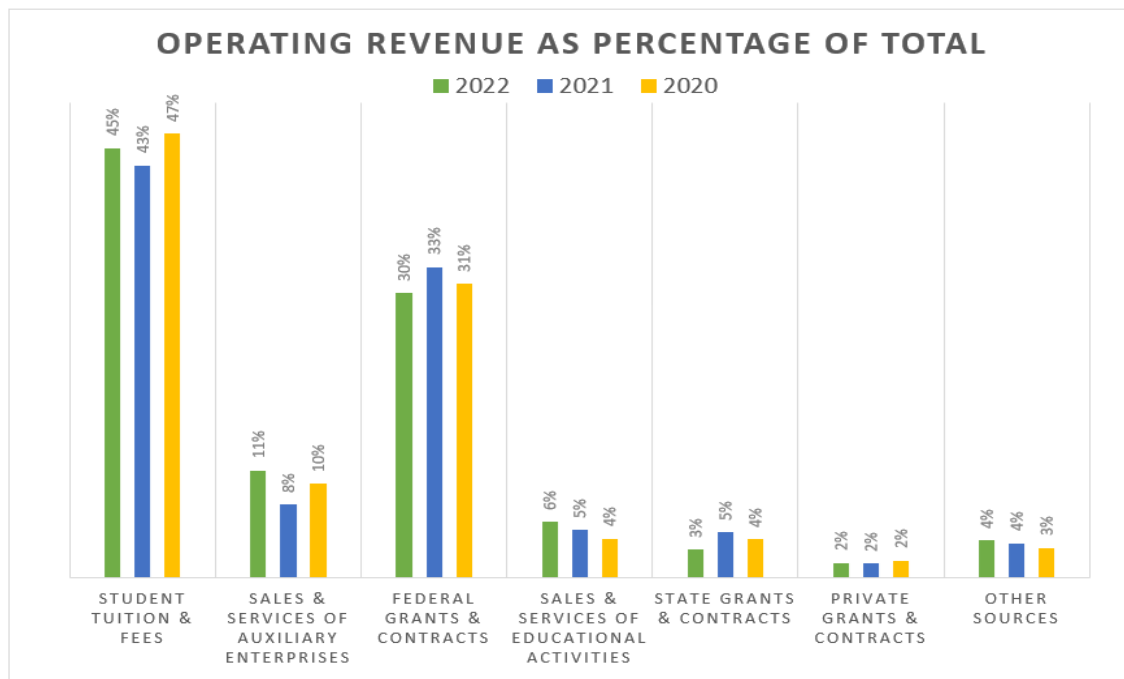
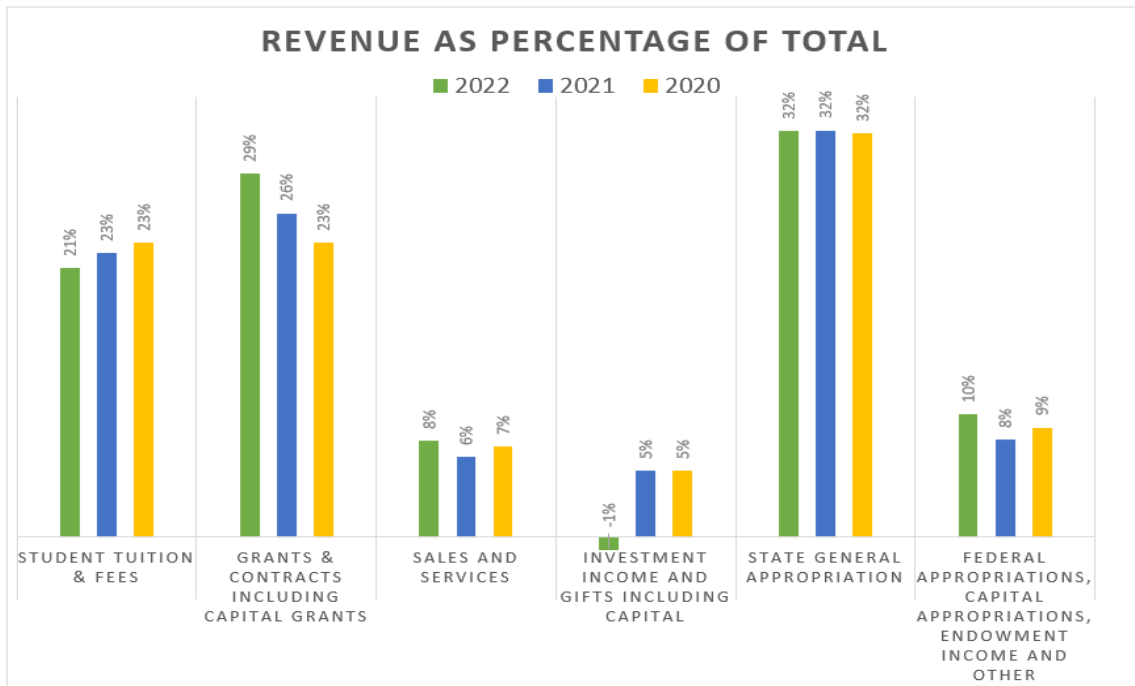
Statement Of Revenues, Expenses and Changes in Net Position

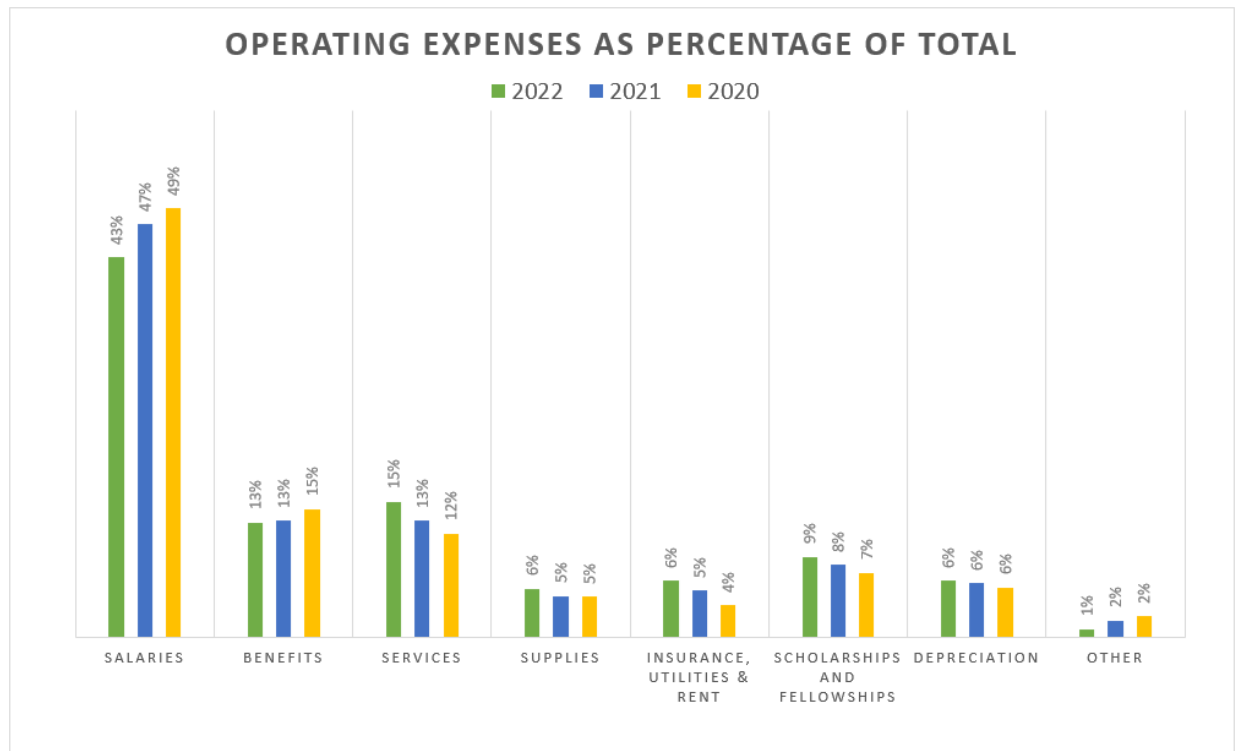
Changes in total net position as presented in the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present the revenues earned and expenses incurred during the year, classifying activities as either operating or non-operating. Operating revenues are earned from exchange transaction activities associated with providing goods and services for instruction, research, public service or related support to entities separate from the University. Examples include student tuition and fees, sales and services, grants and contracts. Operating expenses are those expenses paid to acquire or produce the goods and services to carry out the functions of the University. Examples include salaries, benefits, scholarships, and purchases of supplies. Non-operating revenues as defined by the GASB 34 reporting model are derived from activities that are non-exchange transactions, such as gifts and contributions, investment income, state and federal appropriations. Without non-operating revenues, the University would not be able to cover its net cost of operations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

The Statement of Revenues, Expenses, and Changes in Net Position shows the activity that resulted in a \$6.95 million increase in net position for the year ended June 30, 2022.

The graphs on the following pages show the composition of total revenues, operating revenues and operating expenses for fiscal years 2022, 2021 and 2020.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**


Condensed Statement of Revenues, Expenses and Changes in Net Position			
Fiscal Years Ended June 30			
(Dollars in Thousands)			
	2022	2021	2020
Operating revenues	\$ 207,606	\$ 204,121	\$ 212,731
Operating expenses	431,788	388,200	415,810
Operating loss	(224,182)	(184,079)	(203,079)
Net nonoperating revenues	211,261	200,131	193,938
Gain (loss) before other revenues	(12,921)	16,052	(9,141)
Other revenues	19,874	6,790	10,042
Increase (Decrease) In Net Position	6,953	22,842	901
Net Position - Beginning of year	300,128	277,286	276,385
Net Position - End of year	\$ 307,081	\$ 300,128	\$ 277,286

The University ended FY22 with an aggregate change in net position of \$6.95 million and an ending net position of \$307.1 million. This compares to a increase in total net position of \$22.8 million in FY21 and an increase of \$0.9 million in FY20. The University ended FY21 with an aggregate net position of \$300.1 million compared to an ending aggregate net position of \$277.3 million in FY20.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

FY22 operating revenues of \$207.6 million were \$3.5 million higher than the prior year. This is due to an increase of net student tuition and fees revenues of \$1.2 million to \$93.9 million and a \$7.5 million increase in sales and services of auxiliary enterprises. Net tuition and fee revenue reflects an increase in gross tuition and fees of \$2.6 million from enrollment increases, offset by an increase in scholarship allowance of \$1.4 million. Auxiliary revenues improved as on-campus housing, dining and events returned to near pre-pandemic levels. Although there was an increase sales and tuition, the University also had a decrease of approximately \$5 million in grants and contract revenue due to the sunseting of the Higher Education Emergency Relief Funds (HEERF).

FY21 operating revenues of \$204.1 million were \$8.6 million lower than FY20. This is due to a reduction of net student tuition and fees revenues of \$4.7 million to \$92.7 million and a \$5.3 million decline in sales and services of auxiliary enterprises. This 4.0% decrease in operating revenues was attributable to a 5.0% lower aggregate student full-time equivalents, holding tuition flat for FY21, decreased room and board revenues and other auxiliary sales primarily due to the disruption caused by the COVID-19 pandemic, decreased textbook sales due to outsourcing of book sales, decreased game guarantees and event ticket sales due to suspension of these activities during the pandemic.

FY22 operating expenses totaling \$431.8 million increased \$43.6 million as compared to FY21. Due to the increase of students on campus post-pandemic, the University is experiencing an increase in associated expenditures. Year over year, salaries and benefits have increased approximately 3%, which is equivalent to the overall change in compensation approved by the state.. In addition, supplies and services expenses increased byf approximately \$18 million as operations, capital projects, and travel rebound back from the impacts of the COVID-19 pandemic.

FY21 operating expenses totaling \$388.2 million decreased \$27.6 million as compared to FY20. Salaries and benefits expenses in FY21 declined by \$20.5 million and \$13.1 million, respectively. These decreases are largely the result of employee reductions to meet base budget reduction targets, which resulted in a \$37.3 million decrease to salary and benefit expenses.

FY22 net nonoperating revenues of \$211.3 million were \$11.1 million higher than FY21. The University received an increase in state appropriations over the prior year, as the state restored the FY21 holdbacks and also funded a 3% change in employee compensation. In addition to the increase in appropriations, the University was able to absorb the significant loss in fair value of investments this fiscal year due to an increase in federal grants and contract revenue.

FY21 net nonoperating revenues of \$200.1 million were \$6.2 million higher than the prior year. This increase is attributable primarily to the University recognizing \$16.1 million in federal grants under HEERF, \$2.0 million increase in federal appropriations offset by \$4.9 million decrease in state appropriations resulting from holdbacks at the state level, a \$2.6 million decrease in fair value of investments and a \$3.9 million decrease in other sources associated with loss on debt defeased with the P3 proceeds.

Other revenues of \$19.9 million increased \$13.1 million over FY21. This increase is driven by an increase in revenues recognized from projects funded by the Idaho Department of Public Works as follows: \$5.7 million related to the Seed Potato Germplasm facility; \$1.7 million for envelope repairs to the Pitman Center exterior; and \$1.7 million in improvements to Campus Drive & Pedestrian Mall. In addition, the university received an increase of \$6.1 million in capital gifts from the Foundation.

Other revenues of \$6.8 million decreased \$3.3 million over FY20. This decrease is driven primarily by decreased draws from the Foundation of capital gifts associated with the ICCU Arena. The University utilized available bond funds for construction costs during most of FY21.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Statement of Cash Flows

The Statement of Cash Flows presents cash inflows and outflows of the University during the year ended June 30, 2022. The various sources of cash, along with their application and use, provides an analytical perspective that is useful in assessing the ability of the University to satisfy its financial obligations as they come due and to reconcile to the operating income or loss as reflected in the Statement of Revenues, Expenses and Changes in Net Position. The statement classifies the flow of cash in the following four categories.

Operating activities – Displays the net cash flow used to conduct the day-to day operating activities of the University.

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

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

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

Condensed Statement of Cash Flows			
Fiscal Years Ended June 30			
(Dollars in Thousands)			
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash provided (used) by:			
Operating activities	\$ (208,726)	\$ 60,299	\$ (174,350)
Noncapital financing activities	228,833	200,908	193,467
Capital and related financing activities	(37,377)	(69,262)	761
Investing activities	(15,562)	(188,285)	83
Net change in cash	(32,832)	3,660	19,961
Cash beginning of the year	57,813	54,153	34,192
Cash end of the year	<u>\$ 24,981</u>	<u>\$ 57,813</u>	<u>\$ 54,153</u>

Cash decreased by \$32.8 million during FY22 compared to that of FY21. Cash used in operating activities decreased by \$269 million compared to the prior year due to the University receiving a one-time upfront utility concession payment of \$225 million in FY21 and increased operating expenses in FY22 as the University returns to full on-campus operations post-pandemic. Net cash generated by noncapital financing activities increased by \$27.9 million compared to FY21 due to increase of \$9 million from state appropriations and \$18.4 million from federal grants and contracts. Net cash used in capital and related financing activities increased by \$31.9 million over prior year. This is a result of proceeds from capital debt of \$45.7 million offset by decreases in bonds payable of \$55.1 million related to the issuance of the 2022A Bond Series as well as refunding of debt associated with the 2014 Bond Series (\$39.9 million) and the 2013B Bond Series (\$3.9 million). Cash generated by investing activities increased by \$172.7 million due primarily to the prior year's one-time investments purchased by the SIF from the balance of the utility concession proceeds.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Cash increased by \$3.7 million during FY21 compared to that of FY20. Cash used in operating activities increased by \$234.6 million compared to the prior year as a result of the upfront utility concession payment and improved operating performance. Net cash generated by noncapital financing activities increased by \$7.4 million due to increased federal nonoperating grants of \$9.4 million from the HEERF federal grant. Net cash used in capital and related financing activities decreased by \$68.5 million. This is a result of proceeds from capital debt of \$50.5 million offset by decreases in bonds payable of \$82.1 million related to the issuance of the 2021A Bond Series as well as defeasance of debt associated with the 2014 Bond Series (\$3.3 million) and the 2018A Bond Series (\$19.2 million). The 2021A Series was issued to refund 2011 Series debt and debt defeased was related to the 2014 and 2018A Bond Series, \$3.3 million and \$19.2 million respectively. Cash generated by investing activities decreased by \$188.2 million due primarily to the investments purchased by the SIF from the balance of the utility concession proceeds.

Capital Assets			
Fiscal Years Ended June 30			
(Dollars in Thousands)			
	2022	2021	2020
Capital Assets at Cost			
Buildings and improvements	\$ 769,274	\$ 697,077	\$ 685,781
Equipment	117,426	112,299	111,568
Construction in progress	7,972	53,168	33,326
Library materials	64,894	57,564	57,105
Capitalized collections	2,607	2,529	2,517
Land	32,216	32,217	32,254
Total Capital Assets at Cost	<u>\$ 994,389</u>	<u>\$ 954,854</u>	<u>\$ 922,551</u>
Accumulated Depreciation			
Buildings and improvements	\$ (373,385)	\$ (354,030)	\$ (337,116)
Equipment	(99,305)	(95,342)	(93,821)
Library materials	(55,914)	(54,598)	(53,970)
Total Accumulated Depreciation	<u>\$ (528,604)</u>	<u>\$ (503,970)</u>	<u>\$ (484,907)</u>
Total Capital Assets, Net	<u><u>\$ 465,785</u></u>	<u><u>\$ 450,884</u></u>	<u><u>\$ 437,644</u></u>

The University's net capital assets of \$465.8 million increased \$14.9 million during FY22. This increase was the result of \$39.5 million in asset acquisitions, less disposals and transfers, during the year, offset by an increase of \$24.6 million in accumulated depreciation.

The University's net capital assets of \$450.9 million increased \$13.2 million during FY21. This increase was the result of \$32.3 million in asset acquisitions, less disposals and transfers, during the year, offset by an increase of \$19.1 million in accumulated depreciation.

Significant projects completed and capitalized during FY22 included Idaho Central Credit Union (ICCU) Arena (\$49 million), West Campus Utilities Expansion & improvement project (\$3.8 million), Seed Potato Storage Building (\$2.2 million). The remaining additions consisted of a significant number of other smaller scale projects on the Moscow campus and other University locations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

During FY20 net capital assets of \$450.9 million increased \$13.2 million during FY21. This increase was the result of \$32.3 million in asset acquisitions, less disposals and transfers, during the year, offset by an increase of \$19.1 million in accumulated depreciation.

Significant projects completed and capitalized during FY21 included WWAMI Medical Education Building (\$5.1 million), North Idaho Education Facility (\$2.0 million), Nancy M. Cummings Research, Extension and Education Center Classroom & Office Building (\$2.2 million), College of Natural Resources Equipment Storage Building (\$0.2 million), renovations to Idaho Water Center, Niccolls Building, Caldwell Research & Extension Center, and South Campus Chiller Plant System (combined \$0.8 million). In June 2019, the University broke ground for the construction of the Idaho Central Credit Union (ICCU) Arena, a modern sports and events venue to be opened in October 2021. Costs for FY21 progress on the ICCU Arena construction were \$20.6 million and were reflected in capitalized construction in progress at year-end. Construction in progress increased \$19.8 million during FY21 with the ICCU Arena being the largest contributor, \$1.0 million for the Energy Plant Steam Turbine Power, \$0.7 million for the Student Activity Fields Infilled Turf System, \$0.5 million for the West Campus Utilities Expansion & Improvement Project and \$0.5 million for the Nuclear Seed Potato & Germplasm Storage Building. The remaining additions consisted of a significant number of other smaller scale projects on the Moscow campus and other University locations.

Bonds Payable			
Fiscal Years Ended June 30			
(Dollars in Thousands)			
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Bonds Payable	<u>\$ 166,430</u>	<u>\$ 173,037</u>	<u>\$ 205,232</u>

The University issued the 2022A Bond Series in FY22. This issuance refunded the 2013B Series in the amount of \$3.9 million and the remaining portion of the 2014 Series Bonds in the amount of \$39.9 million. Total debt of \$166.4 million, a decrease of \$6.6 million from prior year, reflects this issuance, the refunded debt and scheduled principal payments.

The University issued the 2021A Bond Series in FY21. This issuance refunded the 2011 Series in the amount of \$49.4 million. In addition, a portion of the 2014 Series Bonds and a portion of 2018A Series Bonds were defeased, \$3.3 million and \$19.2 million, respectively, in conjunction with the Utility Concession agreement. Total debt of \$173.0 million, a decrease of \$32.2 million from prior year, reflects this issuance, the refunded debt, defeased debt and scheduled principal payments.

ECONOMIC OUTLOOK

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

State of Idaho support for the University has increased steadily over the past several years, in whole dollars and as a percentage of revenues. Although funding holdbacks occurred in fiscal year 2021 due to uncertainties of the impact of the coronavirus pandemic on state revenues, fiscal year 2022 funding for the University increased to levels that surpassed pre-2021 amounts. In spite of the pandemic, the State of Idaho closed the last three fiscal

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

years, 2020 through 2022, with record general fund revenues. The 2022 fiscal year ended \$1.0 billion above both the forecast and the prior year revenues. While conservative fiscal policies remain in place in order to build reserves at the state level, further declines in University funding are not anticipated.

Tuition rates were held steady for the 2021-2022 academic year at the recommendation of the Presidents of all the public four-year higher education institutions in the state, and will remain flat again for the 2022-2023 academic year. After several years of persistent declines, student enrollment increased in fiscal year 2022. University leadership has invested in recruitment and retention strategies that are resulting in increased enrollment. Fall 2022 enrollment improved overall for the second year in a row and saw the largest incoming freshman class since 2017. Non-resident enrollment and enrollment from the Western Undergraduate Exchange program have also increased. The University is ranked as the #1 best value public university in the West by U.S. News and World Report, in the top 8% of all colleges and universities in the Nation, and the campus is regularly recognized as among the safest in the country for college students.

Donor support for the University is the strongest it has ever been, with three consecutive years of record fundraising: \$49.7 million in FY2020, \$54.5 million in FY2021, and \$64.6 million in FY22. In October 2021, the University launched the public phase of its comprehensive fundraising campaign, "Brave. Bold. A Promise to Idaho's Students", which emphasized the need for increased private financial support for students. The endowment held by the University of Idaho Foundation is valued at over \$350 million at the end of FY22, and the use of both endowed gifts and annual giving continues a strong focus on student scholarships in support of one of the University's key strategic initiatives.

The University continues to excel as a national leader in high-quality academic research. Classified by the Carnegie Foundation as a high research activity institution, the University was actively engaged in sponsored programs, grant and contract activities during fiscal year 2022, which resulted in \$72 million of grant revenue. Enhancing research activity and developing into a Carnegie R1 Institution is one of the primary strategic objectives of President C. Scott Green, who assumed leadership over the University in July 2019. President Green also seeks to enhance the regional and national profile of the University and improve on student success through access to online courses for remote students, scholarships and on-campus mental health services. The proceeds from the Utility Concession Agreement will provide a revenue stream for the University to invest in these and other strategic initiatives over a long time horizon and provide returns of increased enrollment, research growth and improved student success outcomes.

**STATEMENT OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	University of Idaho	University of Idaho	University of Idaho Foundation (note 18)	University of Idaho Foundation (note 18)
	2022	2021	2022	2021
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 20,004,976	\$ 44,608,334	\$ 18,654,269	\$ 20,476,374
Due from state agencies	—	229,821	—	—
Prepaid expenses	2,457,424	3,155,997	—	—
Investments	—	—	10,849,682	25,951,995
Interest and other receivables	775,308	921,390	678,469	441,867
Student loans receivable - net	1,069,686	1,972,857	—	—
Accounts receivable & unbilled charges - net	41,699,324	37,575,715	—	—
Lease receivable	7,349,117	—	—	—
Inventories	1,226,354	1,259,365	—	—
Promises to give - net	—	—	2,661,929	2,878,677
Notes receivable	199,579	208,912	—	—
Total Current Assets	74,781,768	89,932,391	32,844,349	49,748,913
Noncurrent Assets				
Restricted cash and cash equivalents	4,975,872	13,204,761	14,327,131	36,976,504
Student loans receivable - net	2,957,932	3,717,700	—	—
Investments	231,741,270	242,986,678	380,089,811	363,529,092
Promises to give - net	—	—	6,724,318	5,641,903
Real estate holdings	—	—	4,846,850	4,959,630
Non-depreciable capital assets	42,796,655	87,913,672	—	—
Depreciable capital assets - net	422,988,336	362,969,994	—	—
Intangible right of use assets - net	15,137,838	—	—	—
Net pension asset	1,127,431	—	—	—
Net OPEB asset	10,673,946	3,944,708	—	—
Other noncurrent assets	—	—	492,733	540,559
Total Noncurrent Assets	732,399,280	714,737,513	406,480,843	411,647,688
TOTAL ASSETS	807,181,048	804,669,904	439,325,192	461,396,601
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to refunding of debt	3,586,619	1,296,363	—	—
Deferred outflows related to pension	21,025,806	14,650,462	—	—
Deferred outflows related to OPEB	1,730,765	2,211,533	—	—
TOTAL DEFERRED OUTFLOWS OF RESOURCES	26,343,190	18,158,358	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 833,524,238	\$ 822,828,262	\$ 439,325,192	\$ 461,396,601

See notes to financial statements

Continued

**STATEMENT OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	University of Idaho	University of Idaho	University of Idaho Foundation (note 18)	University of Idaho Foundation (note 18)
	2022	2021	2022	2021
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 9,526,038	\$ 8,278,358	\$ 228,741	\$ 211,747
Accrued salaries and benefits payable	19,999,010	17,990,516	—	—
Compensated absences payable	8,279,931	8,355,562	—	—
Endowment earnings payable to trust beneficiaries	—	—	13,334,866	12,494,821
Accrued interest payable	1,643,430	1,770,534	—	—
State teacher education loan advance	128,076	128,076	—	—
Deposits	766,768	755,753	—	—
Unearned revenue	9,215,430	16,225,849	—	—
Funds held in custody for others	840,208	1,197,891	—	—
Obligations under capital leases	—	210,992	—	—
Bonds Payable	6,230,921	6,027,948	—	—
Advance from concessionaire	4,500,000	4,500,000	—	—
Concession CapEx payable	20,207	—	—	—
Other funds due to University of Idaho	—	—	483,107	5,695,667
Other liabilities	855,959	662,463	—	—
Lease liability	840,930	—	—	—
Split interest agreements	—	—	803,919	860,055
Total Current Liabilities	62,846,908	66,103,942	14,850,632	19,262,290
Noncurrent Liabilities				
Accrued salary incentives	—	2,408,545	—	—
Obligations under capital leases	—	299,387	—	—
Bonds payable	160,199,051	167,009,548	—	—
Net pension liability	—	38,646,668	—	—
Net OPEB liability	—	—	—	—
Advance from concessionaire	213,750,000	218,250,000	—	—
Concession CapEx payable	373,498	—	—	—
Lease liability	14,514,318	—	—	—
Split interest agreements	—	—	6,985,724	7,215,580
Total Noncurrent Liabilities	388,836,867	426,614,148	6,985,724	7,215,580
TOTAL LIABILITIES	451,683,775	492,718,090	21,836,356	26,477,870
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	41,028,326	3,274,010	—	—
Deferred inflows related to naming rights agreement	9,714,286	10,000,000	—	—
Deferred inflows related to OPEB	16,716,641	16,707,788	—	—
Deferred inflows related to leases	7,299,857	—	—	—
Split interest trusts	—	—	2,659,413	5,629,838
TOTAL DEFERRED INFLOWS OF RESOURCES	74,759,110	29,981,798	2,659,413	5,629,838
NET POSITION				
Net investment in capital assets	299,433,674	281,875,922	—	—
Restricted for:				
Nonexpendable	—	—	291,156,929	269,873,045
Expendable	40,050,480	20,191,474	117,428,476	150,517,165
Unrestricted	(32,402,801)	(1,939,022)	6,244,018	8,898,683
TOTAL NET POSITION	307,081,353	300,128,374	414,829,423	429,288,893
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 833,524,238	\$ 822,828,262	\$ 439,325,192	\$ 461,396,601

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	University of Idaho	University of Idaho	University of Idaho Foundation (note 18)	University of Idaho Foundation (note 18)
	2022	2021	2022	2021
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of \$23,868,976 and \$22,398,446 for FY 2022 and FY 2021 respectively)	\$ 93,901,390	\$ 92,737,286	\$ —	\$ —
Federal grants and contracts	62,207,715	66,747,149	—	—
State and local grants and contracts	6,172,809	7,742,336	—	—
Private grants and contracts	3,370,957	3,141,221	—	—
Sales and services of educational activities	10,180,527	10,351,448	—	—
Sales and services of auxiliary enterprises	23,517,262	15,883,334	—	—
Interest on loans receivable	532,869	299,243	—	—
Other sources	7,722,738	7,218,914	535,911	418,555
Gifts	—	—	47,443,089	34,046,108
Total operating revenue	207,606,267	204,120,931	47,979,000	34,464,663
OPERATING EXPENSES				
Salaries	187,164,342	182,783,742	—	—
Benefits	56,363,065	51,699,449	—	—
Services	66,604,136	51,567,108	—	—
Supplies	22,194,972	18,225,815	—	—
Insurance, utilities and rent	27,875,437	20,561,590	—	—
Scholarships and fellowships	39,604,998	32,066,983	—	—
Depreciation	26,696,213	23,915,944	—	—
Amortization	1,211,082	—	—	—
Other	4,073,880	7,379,697	214,980	168,655
Administrative expense	—	—	3,168,728	2,948,283
Total operating expenses	431,788,125	388,200,328	3,383,708	3,116,938
OPERATING (LOSS) INCOME	(224,181,858)	(184,079,397)	44,595,292	31,347,725

See notes to financial statements

Continued

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	University of Idaho	University of Idaho	University of Idaho Foundation (note 18)	University of Idaho Foundation (note 18)
NONOPERATING REVENUES (EXPENSES)	2022	2021	2022	2021
State appropriations	141,626,500	132,788,600	—	—
Land grant endowment income	12,497,500	11,738,400	—	—
Federal appropriations	6,226,054	6,375,908	—	—
Federal grants and contracts	53,148,971	27,720,584	—	—
Gifts from Foundation	24,218,386	21,204,191	—	—
Private grants and contracts	—	—	—	—
Net investment income	15,136,784	1,987,244	7,134,729	5,874,350
Net increase (decrease) in fair value of investments	(41,944,289)	3,874,304	(32,743,553)	83,449,242
Gain (loss) on sale of real estate holdings	—	—	—	(17,000)
Distribution of endowment income to University and trust beneficiaries	—	—	(13,334,866)	(12,494,821)
Distribution to University and affiliates	—	—	(20,218,071)	(9,881,447)
Distribution of trust income to life income beneficiaries	—	—	—	—
Lease and rental income	—	—	106,999	127,175
Property management	—	—	—	(57,744)
Change to split interest trusts	—	—	—	—
Interest expense	(5,124,671)	(6,774,413)	—	—
Other sources	5,475,227	1,216,726	—	—
Net nonoperating revenues	211,260,462	200,131,544	(59,054,762)	66,999,755
GAIN (LOSS) BEFORE OTHER REVENUES	(12,921,396)	16,052,147	(14,459,470)	98,347,480
OTHER REVENUES				
Capital grants and contracts	1,788,277	304,503	—	—
Projects with Idaho Department of Public Works	10,826,202	5,292,708	—	—
Capital gifts from Foundation	7,259,896	1,192,976	—	—
Total other revenues	19,874,375	6,790,187	—	—
INCREASE (DECREASE) IN NET POSITION	6,952,979	22,842,334	(14,459,470)	98,347,480
NET POSITION - Beginning of year	300,128,374	277,286,040	429,288,893	330,941,413
NET POSITION - End of year	\$ 307,081,353	\$ 300,128,374	\$ 414,829,423	\$ 429,288,893

See notes to financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	University of Idaho 2022	University of Idaho 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts and disbursements:		
Tuition and fees	\$ 94,200,938	\$ 100,260,576
Grants and contracts	68,812,700	76,994,552
Sales of services - net	32,805,651	26,441,128
Payments to or for employees	(258,637,833)	(245,557,315)
Payments to suppliers	(111,275,808)	(99,105,672)
Scholarships disbursed	(39,604,998)	(32,066,983)
Funds held for others	(357,683)	(221,476)
Student loans collected	2,348,990	1,895,557
Student loans disbursed	(7,100)	(45,641)
Receipt from Concessionaire	—	225,000,000
Other receipts	2,988,660	6,704,203
Net cash used by operating activities	<u>(208,726,483)</u>	<u>60,298,929</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Appropriated general education revenues:		
State general account	141,626,500	132,652,329
Land grant endowment income	12,497,500	11,738,400
Federal appropriations	6,226,054	6,375,908
Federal grants and contracts	46,138,552	27,720,584
Gifts	24,218,386	21,204,191
Other receipts	(1,873,890)	1,216,726
Net cash provided by noncapital financing activities	<u>228,833,102</u>	<u>200,908,138</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State appropriations, capital	10,826,202	5,292,708
Capital grants and gifts	9,048,173	1,497,479
Capital asset purchases	(42,591,210)	(37,155,750)
Proceeds from capital debt	45,696,278	50,521,531
Principal paid on capital debt	(55,104,437)	(82,193,969)
Interest paid on capital debt	(5,251,775)	(7,224,341)
Net cash used by capital & related financing activities	<u>(37,376,769)</u>	<u>(69,262,342)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	9,135,127	162,259,899
Investment income	15,136,784	1,987,244
Purchase of investments	(39,834,008)	(352,532,324)
Net cash provided (used) by investing activities	<u>(15,562,097)</u>	<u>(188,285,181)</u>

See notes to financial statements.

Continued

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	University of Idaho 2022	University of Idaho 2021
NET CHANGE IN CASH	(32,832,247)	3,659,544
Cash - Beginning of year	57,813,095	54,153,551
Cash - End of year	<u>\$ 24,980,848</u>	<u>\$ 57,813,095</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and cash equivalents - current assets (unrestricted)	\$ 20,004,976	\$ 44,608,334
Cash and cash equivalents - noncurrent assets (restricted)	4,975,872	13,204,761
Total cash and cash equivalents	<u>\$ 24,980,848</u>	<u>\$ 57,813,095</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$(224,181,858)	\$(184,079,397)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	26,696,213	23,915,944
Amortization expense	1,211,082	—
Decrease (increase) in assets:		
Receivables, net	(2,075,434)	(806,882)
Inventories and prepaids	731,584	(1,391,292)
Net pension asset	(1,127,431)	—
Net other post-employment benefits assets	(6,729,238)	(3,944,708)
Deferred contributions and changes of assumptions to pension	(6,375,344)	(4,130,928)
Deferred contributions and changes to OPEB	480,768	(324,388)
Increase (decrease) in liabilities:		
Accounts payable	1,247,680	2,109,771
Accrued payroll, benefits and compensated absences	(475,682)	(1,087,709)
Deposits and unearned revenues	11,015	8,936,321
Funds held in custody for others	(357,683)	(221,476)
Net pension liability	(38,646,668)	18,077,594
Net OPEB liability	—	(16,481,684)
Advance from concessionaire	(4,106,295)	222,750,000
Other liabilities	193,496	160,059
Deferred inflows of resources	44,777,312	(3,182,301)
Net cash used by operating activities	<u>\$(208,726,483)</u>	<u>\$ 60,298,924</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Amortization of deferred amounts on refunding and bond premium	\$ 6,052,932	\$ 4,477,252
Donated assets	7,064,010	160,599
Change in fair value of investments (unrealized gains/(losses))	(41,944,289)	3,988,516
Total non-cash activities	<u>\$ (28,827,347)</u>	<u>\$ 8,626,367</u>

See notes to financial statements

**STATEMENTS OF FIDUCIARY FUNDS NET POSITION
AS OF DECEMBER 31, 2021**

	Pension and other Employee Benefits	
	December 31, 2021	December 31, 2020
Assets		
Cash and short-term investments	\$ 3,267,811	\$ 2,821,414
Prepaid expenses	305,015	—
Accounts receivable	240,345	232,862
Interest receivable	25,487	15,514
Investments, at fair value		
Fixed income securities	11,685,574	8,725,383
Equity securities	4,428,808	3,500,829
Pooled securities	40,869,182	37,458,167
Total assets	60,822,222	52,754,169
Liabilities		
Accounts payable	495,695	547,427
IBNR liability	2,184,000	1,976,500
Total liabilities	2,679,695	2,523,927
Net position held in trust for benefits	\$ 58,142,527	\$ 50,230,242
	Pension and other Employee Benefits	
	December 31, 2021	December 31, 2020
Additions		
Contributions		
Employer	\$ 25,696,839	\$ 24,822,260
Plan members	6,962,652	6,261,092
Total contributions	32,659,491	31,083,352
Net investment (loss) income	5,077,766	6,704,998
Total additions	37,737,257	37,788,350
Deductions		
Insurance claim benefits	25,619,903	25,769,076
Change in IBNR	207,500	(405,600)
Premiums	123,609	136,653
Administrative expenses	3,873,959	3,934,978
Total deductions	29,824,971	29,435,107
Net increase (decrease) in assets held in trust	7,912,286	8,353,243
Benefit plan net position, beginning of year	50,230,242	41,876,999
Benefit plan net position, end of year	\$ 58,142,527	\$ 50,230,242

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2022 AND 2021****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The University is presenting its financial statements in accordance with the Governmental Accounting Standards Board (GASB) financial reporting standards. GASB statements are recognized as the authoritative standard for state and local governments. The University considers the University of Idaho Foundation, Inc (Foundation) as a material component unit and accordingly is discretely presented with the University's financial statements for all years presented. The Foundation was established in 1970 to solicit financial support for the University and to manage and invest the resulting charitable gifts. The Foundation is a separate 501(c)(3) corporation comprised of up to 25 members who serve as a self-perpetuating Board of Directors.

The University of Idaho Strategic Initiatives Fund (SIF) was established on December 18, 2020 as an Idaho non-profit corporation and is operated exclusively for charitable, educational and scientific purposes under Section 501(c)(3) of the Internal Revenue Code. The general purpose of the corporation is to hold and manage the up-front proceeds under the Long Term Lease and Concession Agreement for the University of Idaho Utility Systems executed in December 2020. The SIF is controlled by a Board of Directors appointed by the University, and the University serves as the sole member of the corporation. The SIF is reported as a blended component unit and included in the University's financial reporting entity.

The University of Idaho Health Benefits Trust (HBT) was established in June 2007 in accordance with the State of Idaho Department of Insurance (DOI) requirements. The HBT receives the employer, employee, and retiree contributions for the University's self-insured health plan, and pays the medical, dental, mental health and vision claims, and corresponding administrative processing fees, associated with the health plan. The University of Idaho Retiree Benefits Trust (RBT) was established in April 2008 to fund the University's actuarially-determined projected liability for its self-insured retiree health plan. The University of Idaho Death Benefits Trust (DBT) was established in January 2019 to self-insure the University's payment of sum-certain death benefits to designated beneficiaries of a fixed and unchanging class of current and future retirees pursuant to a 2010 settlement agreement. The liability for this death benefit obligation is actuarially-determined and recorded as part of the University's aggregate post-employment benefits other than pensions (OPEB) obligation. The HBT, RBT, and DBT all have December 31 fiscal year ends.

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

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Investments — Investments are recorded at fair value. Unrealized gains or losses on the carrying value of investments are reported as a component of net investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows and Inflows of Resources — In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represents consumption of net position that apply to a future period and will be recognized as an outflow (expense) at that time.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represents acquisitions of net position that apply to a future period and will be recognized as an inflow (revenue) when received.

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

Net Investment In Capital Assets: This represents the University's investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are offset against their corresponding net debt amount when included as a component of net investment in capital assets.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Nonoperating Revenues and Expenses: Nonoperating revenues and expenses include revenues and expenses from activities that have the characteristics of non-exchange transactions, such as private gifts, state appropriations, Pell and certain other federal grants, investment income, unrealized gains or losses in fair market value of investments and interest expense.

Scholarship Discounts and Allowances — Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Federal, state and nongovernmental student aid grants are recorded as operating revenues in the University's financial statements, except for federal Pell grants which are recorded in nonoperating revenues. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

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

New Accounting Standards — Effective for the fiscal year end June 30, 2022, the University adopted GASB Statement No. 87, Leases, ("GASB 87"). This statement supersedes GASB No. 62 and establishes new requirements for calculating and reporting the University's lease activities. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financial obligations for the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The University has implemented GASB 87 for the period ending June 30, 2022. Changes adopted conform to the provisions of this Statement and are effective from July 1, 2021 forward. A restatement of the financial statements for all prior periods presented was not practicable and the cumulative effect of applying this Statement retroactively was not calculable to warrant a restatement of beginning net position.

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2022 AND 2021****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Reclassifications — Certain items previously reported in the 2021 financial statements have been reclassified to conform to the current 2022 financial statement presentation. Such reclassifications had no effect on the previously reported change in net position.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are deposited with various financial institutions. Custodial credit risk on deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. At June 30, 2022, \$20,595,284 of the University's bank balance of \$24,980,856 was exposed to custodial credit risk because it was uninsured and uncollateralized. At June 30, 2021, \$42,699,238 of the University's bank balance of \$57,813,094 was exposed to custodial credit risk because it was uninsured and uncollateralized.

3. INVESTMENTS

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

In accordance with established investment policy, the University may invest in various mortgage-backed securities, such as collateralized mortgage obligations. These securities are recorded at fair value in the Statement of Net Position. Investment income, including change in fair value of investments, is recognized as nonoperating revenue in the Statement of Revenues, Expenses and Changes in Net Position.

The Strategic Initiatives Fund (SIF) investment policy is established by the SIF Board of Directors (Board) in order to guide the investment management of the assets toward the desired results. The investment philosophy of the Board is to create a management process with sufficient flexibility to capture investment opportunities yet maintain reasonable parameters to ensure prudence and care in the execution of the investment program. The purpose of the Fund is to provide financial support for University strategic initiatives over a 50-year horizon. The Board seeks a return on investment that is aligned with these spending objectives. No additional contributions to the Fund are expected, and the Fund holds four portfolios with different risk and return objectives.

INVESTMENTS MEASURED AT FAIR VALUE

Per GASB Statement No. 72, fair value is described as an exit price. Fair value measurements assume a transaction takes place in a government's principal market or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value does not take into consideration transaction costs.

The tables on the following page classify the fair value of the University's investments at June 30, 2022 and June 30, 2021 respectively:

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
3. INVESTMENTS (CONTINUED)
Combined Investment Securities Measured at Fair Value at June 30, 2022

Investments by fair value level	Fair Value Measurements Using			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fixed Income:				
Corporate obligations	\$ —	\$ 61,405,408	\$ —	\$ 61,405,408
U.S. Government and agency obligations	12,943,669	267,271	—	13,210,940
Mortgage/asset backed securities	—	17,195,786	—	17,195,786
Mutual funds	45,650,528	—	—	45,650,528
Total fixed income	58,594,197	78,868,465	—	137,462,662
Equity and Other:				
Mutual funds	79,439,707	—	—	79,439,707
Private equity	—	—	1,353,081	1,353,081
Commingled funds	—	—	1,853,375	1,853,375
Total equity and other	79,439,707	—	3,206,456	82,646,163
Money market funds/cash sweeps	11,632,445	—	—	11,632,445
Total investments by fair value	\$ 149,666,349	\$ 78,868,465	\$ 3,206,456	\$ 231,741,270

University Investment Securities Measured at Fair Value at June 30, 2022

Investments by fair value level	Fair Value Measurements Using			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fixed Income:				
Corporate obligations	\$ —	\$ 52,890,990	\$ —	\$ 52,890,990
U.S. Government and agency obligations	—	267,271	—	267,271
Mortgage/asset backed securities	—	14,946,051	—	14,946,051
Mutual funds	—	—	—	—
Total fixed income	—	15,213,322	—	68,104,312
Money market funds/cash sweeps	871,795	—	—	871,795
Total investments by fair value	\$ 871,795	\$ 68,104,312	\$ —	\$ 68,976,107

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
3. INVESTMENTS (CONTINUED)
Strategic Initiative Funds Investment Securities Measured at Fair Value at June 30, 2022

Investments by fair value level	Fair Value Measurements Using			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fixed Income:				
Corporate obligations	\$ —	\$ 8,514,418	\$ —	\$ 8,514,418
U.S. Government and agency obligations	12,943,669	—	—	12,943,669
Mortgage/asset backed securities	—	2,249,735	—	2,249,735
Mutual funds	45,650,528	—	—	45,650,528
Total fixed income	58,594,197	10,764,153	—	69,358,350
Equity and Other:				
Mutual funds	79,439,707	—	—	79,439,707
Private equity	—	—	1,353,081	1,353,081
Commingled funds	—	—	1,853,375	1,853,375
Total equity and other	79,439,707	—	3,206,456	82,646,163
Money market funds/cash sweeps	10,760,650	—	—	10,760,650
Total investments by fair value	\$ 148,794,554	\$ 10,764,153	\$ 3,206,456	\$ 162,765,163

Combined Investment Securities Measured at Fair Value at June 30, 2021

Investments by fair value level	Fair Value Measurements Using			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fixed Income:				
Corporate obligations	\$ —	\$ 47,500,765	\$ —	\$ 47,500,765
U.S. Government and agency obligations	16,934,001	—	—	16,934,001
Mortgage/asset backed securities	—	9,526,382	—	9,526,382
Mutual funds	48,239,083	—	—	48,239,083
Total fixed income	65,173,084	57,027,147	—	122,200,231
Equity and Other:				
Mutual funds	110,893,814	—	—	110,893,814
Total equity and other	110,893,814	—	—	110,893,814
Money market funds/cash sweeps	5,547,806	4,344,826	—	9,892,632
Total investments by fair value	\$ 9,892,632	\$ 61,371,973	\$ —	\$ 242,986,677

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
3. INVESTMENTS (CONTINUED)
University Investment Securities Measured at Fair Value at June 30, 2021

Investments by fair value level	Fair Value Measurements Using			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fixed Income:				
Corporate obligations	\$ —	\$ 40,382,225	\$ —	\$ 40,382,225
U.S. Government and agency obligations	—	—	—	—
Mortgage/asset backed securities	—	8,112,418	—	8,112,418
Mutual funds	—	—	—	—
Total fixed income	—	48,494,643	—	48,494,643
Money market funds/cash sweeps	382,393	387,569	—	769,962
Total investments by fair value	\$ 382,393	\$ 48,882,212	\$ —	\$ 49,264,605

Strategic Initiative Funds Investment Securities Measured at Fair Value at June 30, 2021

Investments by fair value level	Fair Value Measurements Using			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fixed Income:				
Corporate obligations	\$ —	\$ 7,118,540	\$ —	\$ —
U.S. Government and agency obligations	16,934,001	—	—	16,934,001
Mortgage/asset backed securities	—	1,413,964	—	1,413,964
Mutual funds	48,239,083	—	—	48,239,083
Total fixed income	65,173,084	8,532,504	—	73,705,588
Equity and Other:				
Mutual funds	110,893,814	—	—	110,893,814
Total equity and other	110,893,814	—	—	110,893,814
Money market funds/cash sweeps	5,165,413	3,957,257	—	9,122,670
Total investments by fair value	\$ 181,232,311	\$ 12,489,761	\$ —	\$ 193,722,072

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
3. INVESTMENTS (CONTINUED)

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

Interest Rate Risk

Interest rate risk is defined as the risk a government may face should interest rate variances affect the fair value of investments. The University does not presently have a formal policy that addresses interest rate risk; however, it does incorporate weighted average maturity methodology in selecting and reporting its investments. As of June 30, 2022 and June 30, 2021 respectively, the University had the following investments subject to interest rate risk:

Combined Investment Securities Subject to Interest Rate Risk at June 30, 2022

Investment Type	Total Fair Value	Investment Maturities in Years				
		<1	1-5	6-10	11-15	>15
Corporate bonds	\$ 61,405,408	\$ 8,282,325	\$ 32,126,202	\$ 20,306,182	\$ 690,699	\$ —
U.S. government agency securities	13,210,940	—	12,091,261	1,119,679	—	—
Mortgage-backed securities	17,195,786	1,245,949	11,133,838	3,263,724	520,726	1,031,549
Money market mutual funds	11,632,445	11,632,445	—	—	—	—
Total	<u>\$ 103,444,579</u>	<u>\$ 21,160,719</u>	<u>\$ 55,351,301</u>	<u>\$ 24,689,585</u>	<u>\$ 1,211,425</u>	<u>\$ 1,031,549</u>

University Investment Securities Subject to Interest Rate Risk at June 30, 2022

Investment Type	Total Fair Value	Investment Maturities in Years				
		<1	1-5	6-10	11-15	>15
Corporate bonds	\$ 52,890,990	\$ 7,473,843	\$ 25,599,584	\$ 19,126,864	\$ 690,699	\$ —
U.S. government agency securities	267,271	—	267,271	—	—	—
Mortgage-backed securities	14,946,051	1,245,949	10,825,844	2,874,258	—	—
Money market mutual funds	871,795	871,795	—	—	—	—
Total	<u>\$ 68,976,107</u>	<u>\$ 9,591,587</u>	<u>\$ 36,692,699</u>	<u>\$ 22,001,122</u>	<u>\$ 690,699</u>	<u>\$ —</u>

Strategic Initiative Funds Investment Securities Subject to Interest Rate Risk at June 30, 2022

Investment Type	Total Fair Value	Investment Maturities in Years				
		<1	1-5	6-10	11-15	>15
Corporate bonds	\$ 8,514,418	\$ 808,482	\$ 6,526,618	\$ 1,179,318	\$ —	\$ —
U.S. government agency securities	12,943,669	—	11,823,990	1,119,679	—	—
Mortgage-backed securities	2,249,735	—	307,994	389,466	520,726	1,031,549
Money market mutual funds	10,760,650	10,760,650	—	—	—	—
Total	<u>\$ 34,468,472</u>	<u>\$ 11,569,132</u>	<u>\$ 18,658,602</u>	<u>\$ 2,688,463</u>	<u>\$ 520,726</u>	<u>\$ 1,031,549</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

3. INVESTMENTS (CONTINUED)

Combined Investment Securities Subject to Interest Rate Risk at June 30, 2021

Investment Type	Total Fair Value	Investment Maturities in Years				
		<1	1-5	6-10	11-15	>15
Corporate bonds	\$ 47,500,765	\$ 6,328,327	\$ 31,377,711	\$ 8,273,306	\$ 1,521,421	\$ —
U.S. government agency securities	16,934,001	—	15,968,030	965,971	—	—
Mortgage-backed securities	9,526,382	—	8,112,418	453,814	482,817	477,333
Money market mutual funds	9,892,632	9,892,632	—	—	—	—
Total	<u>\$ 83,853,780</u>	<u>\$ 16,220,959</u>	<u>\$ 55,458,159</u>	<u>\$ 9,693,091</u>	<u>\$ 2,004,238</u>	<u>\$ 477,333</u>

University Investment Securities Subject to Interest Rate Risk at June 30, 2021

Investment Type	Total Fair Value	Investment Maturities in Years				
		<1	1-5	6-10	11-15	>15
Corporate bonds	\$ 40,382,225	\$ 6,328,327	\$ 25,473,175	\$ 7,059,302	\$ 1,521,421	\$ —
U.S. government agency securities	—	—	—	—	—	—
Mortgage-backed securities	8,112,418	—	8,112,418	—	—	—
Money market mutual funds	769,962	769,962	—	—	—	—
Total	<u>\$ 49,264,605</u>	<u>\$ 7,098,289</u>	<u>\$ 33,585,593</u>	<u>\$ 7,059,302</u>	<u>\$ 1,521,421</u>	<u>\$ —</u>

Strategic Initiative Funds Investment Securities Subject to Interest Rate Risk at June 30, 2021

Investment Type	Total Fair Value	Investment Maturities in Years				
		<1	1-5	6-10	11-15	>15
Corporate bonds	\$ 7,118,540	\$ —	\$ 5,904,536	\$ 1,214,004	\$ —	\$ —
U.S. government agency securities	16,934,001	—	15,968,030	965,971	—	—
Mortgage-backed securities	1,413,964	—	—	453,814	482,817	477,333
Money market mutual funds	9,122,670	9,122,670	—	—	—	—
Total	<u>\$ 34,589,175</u>	<u>\$ 9,122,670</u>	<u>\$ 21,872,566</u>	<u>\$ 2,633,789</u>	<u>\$ 482,817</u>	<u>\$ 477,333</u>

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

Credit Risk

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

3. INVESTMENTS (CONTINUED)

As of June 30, 2022 and June 30, 2021 respectively, the University had the following investment credit risk:

Combined Investment Securities Subject to Credit Risk at June 30, 2022

Credit Rating	Corporate Bonds	U.S. Government Agency Securities	Mortgage-Backed Securities	Money Market Mutual Funds	Total Investments
AAA	\$ 4,050,073	\$ 267,271	\$ 15,414,939	\$ 752,382	\$ 20,484,665
AA	11,801,179	12,943,669	1,780,845	119,413	26,645,106
A	42,686,204	—	—	—	42,686,204
BBB	2,867,953	—	—	—	2,867,953
Not rated	—	—	—	10,760,647	10,760,647
Total	\$ 61,405,409	\$ 13,210,940	\$ 17,195,784	\$ 11,632,442	\$ 103,444,575

University Investment Securities Subject to Credit Risk at June 30, 2022

Credit Rating	Corporate Bonds	U.S. Government Agency Securities	Mortgage-Backed Securities	Money Market Mutual Funds	Total Investments
AAA	\$ 2,451,516	\$ 267,271	\$ 14,946,049	\$ 752,382	\$ 18,417,218
AA	10,619,678	—	—	119,413	10,739,091
A	38,266,269	—	—	—	38,266,269
BBB	1,553,527	—	—	—	1,553,527
Not rated	—	—	—	—	—
Total	\$ 52,890,990	\$ 267,271	\$ 14,946,049	\$ 871,795	\$ 68,976,105

Strategic Initiatives Funds Investment Securities Subject to Credit Risk at June 30, 2022

Credit Rating	Corporate Bonds	U.S. Government Agency Securities	Mortgage-Backed Securities	Money Market Mutual Funds	Total Investments
AAA	\$ 1,598,556	\$ —	\$ 468,890	\$ —	\$ 2,067,446
AA	1,181,501	12,943,669	1,780,845	—	15,906,015
A	4,419,936	—	—	—	4,419,936
BBB	1,314,426	—	—	—	1,314,426
Not rated	—	—	—	10,760,647	10,760,647
Total	\$ 8,514,419	\$ 12,943,669	\$ 2,249,735	\$ 10,760,647	\$ 34,468,470

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
3. INVESTMENTS (CONTINUED)
Combined Investment Securities Subject to Credit Risk at June 30, 2021

Credit Rating	Corporate Bonds	U.S. Government Agency Securities	Mortgage-Backed Securities	Money Market Mutual Funds	Total Investments
AAA	\$ 883,817	\$ —	\$ 8,416,880	\$ 387,578	\$ 9,688,275
AA	15,087,841	16,934,001	1,109,503	382,385	33,513,730
A	27,342,002	—	—	3,957,257	31,299,259
BBB	4,186,912	—	—	—	4,186,912
Not rated	—	—	—	5,165,413	5,165,413
Total	\$ 47,500,572	\$ 16,934,001	\$ 9,526,383	\$ 9,892,633	\$ 83,853,589

University Investment Securities Subject to Credit Risk at June 30, 2021

Credit Rating	Corporate Bonds	U.S. Government Agency Securities	Mortgage-Backed Securities	Money Market Mutual Funds	Total Investments
AAA	\$ 534,550	\$ —	\$ 8,112,418	\$ 387,578	\$ 9,034,546
AA	14,092,172	—	—	382,385	14,474,557
A	23,183,089	—	—	—	23,183,089
BBB	2,572,221	—	—	—	2,572,221
Not rated	—	—	—	—	—
Total	\$ 40,382,032	\$ —	\$ 8,112,418	\$ 769,963	\$ 49,264,413

Strategic Initiatives Funds Investment Securities Subject to Credit Risk at June 30, 2021

Credit Rating	Corporate Bonds	U.S. Government Agency Securities	Mortgage-Backed Securities	Money Market Mutual Funds	Total Investments
AAA	\$ 349,267	\$ —	\$ 304,462	\$ —	\$ 653,729
AA	995,669	16,934,001	1,109,503	—	19,039,173
A	4,158,912	—	—	3,957,257	8,116,169
BBB	1,614,690	—	—	—	1,614,690
Not rated	—	—	—	5,165,413	5,165,413
Total	\$ 7,118,538	\$ 16,934,001	\$ 1,413,965	\$ 9,122,670	\$ 34,589,174

Concentration of Credit Risk

Concentration of Credit Risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when 5 percent of investments are concentrated in any one issuer. The University does not have a formal policy that addresses concentration of risk for University holdings. The SIF investment policy does address concentration risk. As of June 30, 2022 and June 30, 2021, the University has the following concentration of credit risk as shown as following:

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

3. INVESTMENTS (CONTINUED)

Investment Securities Subject to Concentration of Credit Risk

	As of June 30, 2022		As of June 30, 2021	
	Total Fair Value	Percentage of Total Investments	Total Fair Value	Percentage of Total Investments
JPMorgan Chase & Co.	\$ 4,391,573	6.37%	\$ 2,921,220	5.93%
Deutsche Bank Aktiengesellschaft	4,406,516	6.39%	1,655,093	3.36 %
PFM Multi-Mgr Domestic EQ Fund-Inst CL	46,204,593	28.61%	64,559,271	33.31 %
PFM Multi-Mgr Fixed-Income Fund-Inst CL	42,896,763	26.63%	48,239,083	24.94 %
PFM Multi-Mgr Intnatl EQ Fund-Inst CL	20,365,880	12.61%	35,093,199	18.11 %
United States Treasury	12,943,669	8.01%	16,934,001	8.74%
BlackRock, Inc.	833,250	1.21 %	2,676,853	5.43%
Total	<u>\$ 132,042,244</u>	<u>89.83 %</u>	<u>\$ 172,078,720</u>	<u>99.82 %</u>

Custodial Credit Risk

Custodial credit risk on investments is the risk that in the event of a failure of the counterparty, the University will not be able to recover the value of its investments that are in the possession of an outside party. The University investment policies do not address custodial credit risk. The University minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to University ownership and, further to the extent possible, be held in the University's name. At June 30, 2022 and June 30, 2021, all investments were held by the University or its counterparty in the University's name.

Risk and Uncertainties

The University invests in various types of investment securities rated A grade or better, although ratings of individual securities may change during the holding period, which is allowed under the policies. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, changes in the values of investment securities may occur in the near term and such changes could affect the amounts reported in the statements of financial position.

There is always risk and volatility in the domestic and international investment markets. Consequently, the fair value of the University's investments may be exposed to higher than typical price volatility which could result in a subsequent reduction in fair value of certain investments from the amounts reported as of June 30, 2022.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
4. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Receivables and unbilled charges consisted of the following at June 30, 2022 and June 30, 2021 respectively:

	<u>2022</u>	<u>2021</u>
Student tuition and fees, including federal financial aid funds	\$ 8,502,341	\$ 8,790,874
Auxiliary enterprises	1,528,260	893,326
Educational activities	817,932	846,442
Federal appropriations	—	153,556
Grants and contracts	17,890,490	14,798,153
Due from Foundation	13,325,401	12,483,164
	<u>42,064,424</u>	<u>37,965,515</u>
Less allowance for doubtful accounts	<u>(365,100)</u>	<u>(389,800)</u>
Net accounts receivable and unbilled charges	<u>\$ 41,699,324</u>	<u>\$ 37,575,715</u>

5. STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program (Program) comprise a substantial portion of the loans receivable at June 30, 2022 and June 30, 2021. Under the Program, the Federal government provided approximately 67% of the funding for the Program, with the University providing the balance. The Program provides for the cancellation of a loan at rates of 12.5% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the University for amounts cancelled under these provisions.

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

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The allowance for uncollectible loans was \$1,069,779 at June 30, 2022 and \$1,903,131 at June 30, 2021.

6. LEASE RECEIVABLE & ARRANGEMENTS

The University's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under some lease agreement, the University may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for applicable lease. The deferred inflow of resources is recorded at the initiation of the leases in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the leases.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
6. LEASE RECEIVABLE & ARRANGEMENTS (CONTINUED)

Future deferred inflows on noncancellable leases at June 30, 2022 are as follows:

Year Ending June 30	Principal Payments	Interest payments	Total
2023	1,004,065	235,787	1,239,852
2024	909,073	214,707	1,123,780
2025	728,681	195,462	924,143
2026	427,650	182,308	609,958
2027	352,649	172,087	524,736
2028-2032	1,732,557	679,659	2,412,216
2033-2037	1,658,543	310,871	1,969,414
2038-2042	74,221	147,392	221,613
2043-2047	74,221	142,644	216,865
2048-2052	73,317	132,769	206,086
2053-2057	69,705	117,252	186,957
2058-2062	69,705	93,587	163,292
2063-2067	69,705	58,994	128,699
2068-2072	55,765	13,021	68,786
	<u>\$ 7,299,857</u>	<u>\$ 2,530,938</u>	<u>\$ 9,996,397</u>

Lessor Arrangements:

The University leases space on buildings to cellular companies, in addition to, land and office space to external parties. In accordance with GASB 87, the University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease. Variable payments are excluded from the valuations unless they are fixed in substance. During the year ended June 30, 2022, the University recognized revenues related to these lease agreements totaling \$245,289, respectively. During the year ended June 30, 2021, the University does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The University leases real estate and land to external parties. The general terms of these lease agreements are as follows:

Lease Type	Number of Contracts	Lessor	Average Rate	Lease Terms	Average Annual Lessee Payment
Real Estate	20	University of Idaho	2.29%	07/25/2012 - 07/31/2051	\$ 35,017
Land	2	University of Idaho	3.07%	01/01/2015 - 12/31/2039	\$ 210,272

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
7. CAPITAL ASSETS & LEASED ASSETS

Capital assets at June 30, 2022 and 2021 consisted of the following:

Capital Assets: Year ended June 30, 2022					
	Balance				Balance
	June 30, 2021	Additions	Transfers	Retirements	June 30, 2022
Capital assets not being depreciated:					
Land	\$ 32,216,479	\$ —	\$ —	\$ —	\$ 32,216,479
Capitalized collections	2,528,631	109,555	—	(31,500)	2,606,686
Equipment construction in progress	1,404,782	1,116,806	(1,257,430)	(553,328)	710,830
Construction in progress	51,763,779	5,531,382	(49,950,894)	(81,607)	7,262,660
Total capital assets not being depreciated	<u>\$ 87,913,672</u>	<u>\$ 6,757,743</u>	<u>\$(51,208,324)</u>	<u>\$ (666,436)</u>	<u>\$ 42,796,655</u>
Other capital assets:					
Buildings	\$ 627,817,630	\$ 64,551,158	\$ —	\$ (191,971)	\$ 692,176,817
Other improvements	69,259,552	7,837,625	—	—	77,097,177
Furniture and equipment	112,299,143	7,103,442	—	(1,978,739)	117,423,846
Library materials	57,564,155	7,330,095	—	—	64,894,250
Total other capital assets	<u>866,940,480</u>	<u>86,822,320</u>	<u>—</u>	<u>(2,170,709)</u>	<u>951,592,091</u>
Less accumulated depreciation:					
Buildings	(303,417,083)	(17,219,912)	—	185,405	(320,451,590)
Other improvements	(50,613,296)	(2,319,729)	—	—	(52,933,025)
Furniture and equipment	(95,341,663)	(5,836,166)	—	1,872,378	(99,305,451)
Library materials	(54,598,444)	(1,315,246)	—	—	(55,913,690)
Total accumulated depreciation	<u>(503,970,486)</u>	<u>(26,691,053)</u>	<u>—</u>	<u>2,057,784</u>	<u>(528,603,755)</u>
Other capital assets — net	<u>\$ 362,969,994</u>	<u>\$ 60,131,267</u>	<u>\$ —</u>	<u>\$ (112,925)</u>	<u>\$ 422,988,336</u>
Capital assets summary:					
Capital assets not being depreciated	\$ 87,913,672	\$ 6,757,743	\$(51,208,324)	\$ (666,436)	\$ 42,796,655
Other capital assets - at cost	866,940,480	86,822,320	—	(2,170,709)	951,592,091
Total cost of capital assets	954,854,152	93,580,063	(51,208,324)	(2,837,145)	994,388,746
Less accumulated depreciation	(503,970,486)	(26,691,053)	—	2,057,784	(528,603,755)
Capital assets — net	<u>\$ 450,883,666</u>	<u>\$ 66,889,010</u>	<u>\$(51,208,324)</u>	<u>\$ (779,361)</u>	<u>\$ 465,784,991</u>

In addition to accounts payable for construction in progress, the estimated cost to complete property authorized or under construction at June 30, 2022 is approximately \$16 million. These CIP costs will be borne by the University and supplemented with additional funds provided by state appropriations, gifts, grants and contracts, and/or long-term borrowings.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
7. CAPITAL ASSETS & LEASED ASSETS (CONTINUED)

The amount of lease assets by major classes of underlying assets at June 30, 2022 and 2021, respectively, are as follows:

Leased Assets: Year ended June 30, 2022				
	Balance			Balance
	June 30, 2021	Additions	Deductions	June 30, 2022
Leased Assets Being Amortized				
Leased - Buildings	\$ —	\$ 15,422,226	\$ —	\$ 15,422,226
Leased - Land Expense	—	46,485	—	\$ 46,485
Leased -Office Equipment	—	880,209	—	\$ 880,209
Total Leased Assets Being Amortized	\$ —	\$ 16,348,920	\$ —	\$ 16,348,920
Less Accumulated Amortization:				
Leased - Buildings	—	(929,794)	—	(929,794)
Leased - Land Expense	—	(6,366)	—	(6,366)
Leased -Office Equipment	—	(274,922)	—	(274,922)
Total accumulated depreciation	—	(1,211,082)	—	(1,211,082)
Total cost of Leased Assets Being Amortized	—	16,348,920	—	16,348,920
Less Accumulated Amortization	—	(1,211,082)	—	(1,211,082)
Leased Assets — net	\$ —	\$ 15,137,838	\$ —	\$ 15,137,838

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
7. CAPITAL ASSETS & LEASED ASSETS (CONTINUED)

Capital Assets: Year ended June 30, 2021					
	Balance				Balance
	June 30, 2020	Additions	Transfers	Retirements	June 30, 2021
Capital assets not being depreciated:					
Land	\$ 32,253,942	\$ —	\$ —	\$ (37,463)	\$ 32,216,479
Capitalized collections	2,516,731	11,900	—	—	2,528,631
Equipment construction in progress	464,318	1,153,683	(213,219)	—	1,404,782
Construction in progress	32,862,407	26,410,248	(7,508,875)	—	51,763,780
Total capital assets not being depreciated	\$ 68,097,398	\$ 27,575,831	\$ (7,722,094)	\$ (37,463)	\$ 87,913,672
Other capital assets:					
Buildings	\$ 617,229,653	\$ 12,180,466	\$ —	\$ (1,592,489)	\$ 627,817,630
Other improvements	68,551,356	708,196	—	—	69,259,552
Furniture and equipment	111,567,936	5,115,944	—	(4,384,737)	112,299,143
Library materials	57,104,845	459,310	—	—	57,564,155
Total other capital assets	854,453,790	18,463,916	—	(5,977,226)	866,940,480
Less accumulated depreciation:					
Buildings	(288,644,211)	(15,418,559)	—	645,687	(303,417,083)
Other improvements	(48,472,249)	(2,141,047)	—	—	(50,613,296)
Furniture and equipment	(93,821,028)	(5,724,973)	—	4,204,338	(95,341,663)
Library materials	(53,969,841)	(631,365)	—	2,762	(54,598,444)
Total accumulated depreciation	(484,907,329)	(23,915,944)	—	4,852,787	(503,970,486)
Other capital assets — net	\$ 369,546,461	\$ (5,452,028)	\$ —	\$ (1,124,439)	\$ 362,969,994
Capital assets summary:					
Capital assets not being depreciated	\$ 68,097,398	\$ 27,575,831	\$ (7,722,094)	\$ (37,463)	\$ 87,913,672
Other capital assets - at cost	854,453,790	18,463,916	—	(5,977,226)	866,940,480
Total cost of capital assets	922,551,188	46,039,747	(7,722,094)	(6,014,689)	954,854,152
Less accumulated depreciation	(484,907,329)	(23,915,944)	—	4,852,787	(503,970,486)
Capital assets — net	\$ 437,643,859	\$ 22,123,803	\$ (7,722,094)	\$ (1,161,902)	\$ 450,883,666

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
8. ACCOUNTS PAYABLE

Accounts payable consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Operating activities	\$ 9,498,075	\$ 8,258,573
Sales and use tax payable (receivable)	27,963	19,785
Total accounts payable	<u>\$ 9,526,038</u>	<u>\$ 8,278,358</u>

9. LEASES LIABILITY & ARRANGEMENTS

Future minimum lease payments on noncancellable leases at June 30, 2022 are as follows:

Year Ending June 30	Principal Payments	Interest payments	Total
2023	840,930	544,869	1,385,799
2024	745,100	526,081	1,271,181
2025	399,045	511,017	910,062
2026	367,712	499,872	867,584
2027	432,131	487,645	919,776
2032	1,360,723	2,285,995	3,646,718
2037	1,684,621	2,017,493	3,702,114
2042	2,449,094	1,618,537	4,067,631
2047	3,421,201	1,051,625	4,472,826
2052	3,654,691	291,057	3,945,748
	<u>\$ 15,355,248</u>	<u>\$ 9,834,191</u>	<u>\$ 25,189,439</u>

Lessee Arrangements:

The University leases real estate, land and equipment from external parties. In accordance with GASB 87, the University records right-to-use assets and lease liabilities based on the present value of expected payments over the term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. The University does not have any leases subject to a residual value guarantee. The right-to-use assets are amortized over the shorter of the lease term or the underlying asset useful life. Right-to-use assets total \$16,348,920, respectively. Accumulated amortization totaled \$1,211,082, respectively. Refer to leased asset table within Footnote 7 for amount of leased assets by major classes of underlying assets at June 30, 2022.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
9. LEASES LIABILITY & ARRANGEMENTS (CONTINUED)

The University leases real estate, land and equipment from external parties. The general terms of these lease agreements are as follows:

Lease Type	Number of Contracts	Lessee	Average Rate	Lease Terms	Average Annual Lessee Payment
Real Estate	14	University of Idaho	2.23%	07/25/2012 - 07/31/2051	\$ 79,609
Land	3	University of Idaho	3.12%	01/01/2015 - 12/31/2039	\$ 2,304
Equipment	14	University of Idaho	1.75%	02/28/2017 - 08/04/2025	\$ 46,210

10. LONG-TERM LIABILITIES

Long-term liability activity for years ended June 30, 2022 and 2021 is as follows:

	Ending Balance June 30, 2021	Additions	Reductions	Ending Balance June 30, 2022	Amounts Due Within One Year
Accrued salary incentives	\$ 4,823,090	\$ —	\$ 2,408,545	\$ 2,414,545	\$ 2,414,545
Net pension liability	38,646,668	—	38,646,668	—	—
Bonds payable	144,865,000	38,075,000	48,435,000	134,505,000	4,520,000
Capital lease obligations	510,378	—	510,378	—	—
Advance from concessionaire	222,750,000	—	4,500,000	218,250,000	4,500,000
Concession CapEx Payable	—	393,705	—	393,705	20,207
	<u>411,595,136</u>	<u>38,468,705</u>	<u>94,500,591</u>	<u>355,563,250</u>	<u>11,454,752</u>
Premium on bonds	28,172,497	7,621,278	3,868,801	31,924,972	1,710,921
Totals	<u>\$ 439,767,633</u>	<u>\$ 46,089,983</u>	<u>\$ 98,369,392</u>	<u>\$ 387,488,222</u>	<u>\$ 13,165,673</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

10. LONG-TERM LIABILITIES (CONTINUED)

	Ending Balance June 30, 2020	Additions	Reductions	Ending Balance June 30, 2021	Amounts Due Within One Year
Accrued salary incentives	\$ 6,695,343	\$ 913,160	\$ 2,785,413	\$ 4,823,090	\$ 2,408,545
Net pension liability	20,569,074	18,077,594	—	38,646,668	—
Net OPEB liability	16,481,684	—	16,481,684	—	—
Bonds payable	183,925,000	38,295,000	77,355,000	144,865,000	4,595,000
Capital lease obligations	137,918	734,178	361,718	510,378	210,992
Advance from concessionaire	—	225,000,000	2,250,000	222,750,000	4,500,000
	<u>227,809,019</u>	<u>283,019,932</u>	<u>99,233,815</u>	<u>411,595,136</u>	<u>11,714,537</u>
Premium on bonds	21,169,240	11,492,353	4,489,096	28,172,497	1,432,948
Totals	<u>\$ 248,978,259</u>	<u>\$294,512,28</u>	<u>\$103,722,911</u>	<u>\$ 439,767,633</u>	<u>\$13,147,485</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
11. BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2022 and 2021:

Bonds Payable					
As of June 30, 2022					
Bond Issue	Original Face Value	Range of Semi-Annual Interest Percentages	Original Maturity Date	Outstanding Balance 2022	Outstanding Balance 2021
General Revenue and Refunding Bonds, Series 2013A, range of annual principal payments \$85,000 - 1,570,000	\$ 8,745,000	2.00% - 5.00%	2033	\$ 1,125,000	\$ 1,225,000
Taxable General Revenue Bonds, Series 2013B, range of annual principal payments \$260,000 - 425,000	6,325,000	1.95% - 4.30%	2033	—	4,185,000
General Revenue Bonds, Series 2014, range of annual principal payments \$830,000 - 2,930,000	48,660,000	2.00% - 5.00%	2045	—	40,880,000
General Revenue Refunding Bonds, Series 2015A, range of annual principal payments \$1,210,000 - 2,055,000	16,280,000	2.00% - 5.00%	2026	5,180,000	6,985,000
General Revenue Refunding Bonds, Series 2018A, range of annual principal payments \$100,000 - 2,470,000	29,145,000	2.00% - 5.00%	2041	9,625,000	9,670,000
General Revenue and Refunding Bonds, Series 2020A, range of annual principal payments \$390,000 - 2,395,000	44,015,000	4.00% - 5.00%	2050	43,215,000	43,625,000
General Revenue and Refunding Bonds, Series 2021A, range of annual principal payments \$1,010,000 - 2,890,000	38,295,000	5%	2041	37,285,000	38,295,000
General Revenue and Refunding Bonds, Series 2022A, range of annual principal payments \$865,000 - 1,990,000	38,075,000	4.00% - 5.00%	2042	38,075,000	—
Bonds before premium				134,505,000	144,865,000
Premium on bonds				31,924,972	28,172,496
Total bonds outstanding				\$ 166,429,972	\$ 173,037,496

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
11. BONDS PAYABLE (CONTINUED)

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

	Bonds Payable	
	Principal	Interest
2023	\$ 4,520,000	\$ 6,609,835
2024	5,140,000	6,210,493
2025	5,375,000	5,956,492
2026	5,635,000	5,756,558
2027	4,900,000	5,446,413
2028-2032	27,410,000	23,313,106
2033-2037	31,350,000	16,085,050
2038-2042	33,160,000	8,055,450
2043-2047	12,570,000	2,581,350
2048-2052	4,445,000	451,750
	<u>\$ 134,505,000</u>	<u>\$ 80,466,497</u>

Pledged Revenues – As stated in the bond descriptions above, the University has pledged certain revenues as collateral for debt instruments comprised of all outstanding University bond issuances. The pledged revenue amounts for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Source of Pledged Revenues		
Student Fees	\$ 93,901,390	\$ 92,737,286
Sales and Services Revenues	33,697,789	26,234,783
Other Operating Revenues	6,565,730	6,515,092
Investment Income	1,648,131	1,338,008
F&A Recovery Revenues	14,272,981	12,792,063
	<u>\$ 150,086,021</u>	<u>\$ 139,617,232</u>
Total Pledged Revenues		
Revenues Available for Debt Service	\$ 150,086,021	\$ 139,617,232
Debt Service on Bonds	\$ 11,867,051	\$ 14,387,494
Debt Service Coverage	12.60	9.70

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. BONDS PAYABLE (CONTINUED)

Debt Defeased Through Refunding – During the fiscal year ending June 30, 2022, the University legally defeased the 2013B & 2014 Series bonds through a current refunding. The 2022A Series refunding bonds achieved debt service savings of \$11.7 million over the next 20 years and obtained an economic gain of \$9.3 million (the net present value of the debt service savings). The specific debt, principal payments, refunded amounts and remaining balances for the refunded bonds are as follows:

Refunded Issue	Original Issue Amount	Principal Payments & Defeasance	Refunded Amount	Balance 6/30/2022
General Revenue Refunding Bonds, Series 2013B	\$ 6,325,000	\$ 2,430,000	\$ 3,895,000	—
General Revenue Refunding Bonds, Series 2014	\$ 48,660,000	\$ 8,715,000	\$39,945,000	—
Totals	<u>\$ 54,985,000</u>	<u>\$11,145,000</u>	<u>\$43,840,000</u>	<u>\$ —</u>

During the fiscal year ending June 30, 2021, the University legally defeased the 2011 Series bonds through a current refunding. The 2021A Series refunding bonds achieved debt service savings of \$19.1 million over the next 20 years and obtained an economic gain of \$16.8 million (the net present value of the debt service savings). The specific debt, principal payments, refunded amounts and remaining balances for the refunded bonds are as follows:

Refunded Issue	Original Issue Amount	Principal Payments	Refunded Amount	Balance 6/30/2021
General Revenue Refunding Bonds, Series 2011	\$ 60,765,000	\$ 1,420,000	\$49,375,000	—
Totals	<u>\$ 60,765,000</u>	<u>\$ 1,420,000</u>	<u>\$49,375,000</u>	<u>\$ —</u>

Debt Defeased - On December 30, 2020 The Regents of the University of Idaho defeased a portion of the Issuer's outstanding General Revenue Bonds, Series 2014 and a portion of the Issuer's outstanding General Revenue Refunding Bonds, Series 2018A, as described below:

Series Defeased	Original Issue Amount	Dated	Defeased Amount	Defeased Maturities	
Series 2014	\$ 48,660,000	7/10/2014	\$ 3,325,000	4/1/2021 through 4/1/2045	(*)
Series 2018A	\$ 29,145,000	2/13/2018	\$ 19,210,000	4/1/2021 through 4/1/2041	(**)

(*) The Defeased 2014 Bonds include portions of the term bonds maturing on April 1, 2035, April 1, 2039, and April 1, 2045 and the sinking fund installment payments occurring on April 1, 2034 through and including April 1, 2045. The Defeased 2014 Bonds maturing on April 1, 2021 and April 1, 2022 will be paid as scheduled at 100% of par and will not be redeemed prior to their stated maturity dates.

(**) The Defeased 2018A Bonds maturing on April 1, 2021 through and including April 1, 2028 will be paid as scheduled at 100% of par and will not be redeemed prior to their stated maturity dates.

The General Revenue Bonds, Series 2014 were issued for the purpose of providing funds to: 1) finance the construction and equipping of a research center to be referred to as the Integrated Research and Innovation Center; 2) finance the renovation of the College of Education Building and other improvements at the University; 3) finance improvements to portions of the University's utility system; and 4) pay the costs incurred in connection with the issuance and sale of the Series 2014 Bonds.

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2022 AND 2021****11. BONDS PAYABLE (CONTINUED)**

The General Revenue Bonds, Series 2018A were issued for the purpose of providing funds to: 1) defease and redeem certain of the University's outstanding bonds; 2) finance improvements to portions of the University's utility system; and 3) pay the costs incurred in connection with the issuance and sale of the Series 2018A Bonds.

The University has entered into a 50-year lease and concession agreement with Sacyr Plenary Utility Partners Idaho LLC for its steam plant and utility system, see Note 20. A portion of the upfront payment to the University was applied towards the defeasance and redemption of the defeased bonds.

UI deposited \$28,533,490 into irrevocable escrow funds, proceeds of which will be applied to pay the principal and interest on the defeased bonds through and including their respective redemption dates. The Issuer transferred the Defeasance Amount on December 30, 2020 to Wells Fargo Bank, N.A., the escrow agent.

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

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

12. HEALTH INSURANCE PLAN AND HEALTH BENEFITS TRUST

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

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

Employee contributions are made to the HBT on a bi-weekly basis corresponding to the University's payroll schedule. Retiree contributions are billed, collected, and remitted to the University by a third-party administrator on a monthly basis and are submitted to the HBT when received. Employer contributions are made monthly in advance in an amount equal to 1/12th the projected employer cost for the plan year. Additional employer funding may be provided by the University to the HBT as necessary to ensure the

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
12. HEALTH INSURANCE PLAN AND HEALTH BENEFITS TRUST (CONTINUED)

solvency of the HBT. Deposits into the HBT are irrevocable and may only be utilized for the payment of participating employee and retiree health plan claims, the associated administrative costs of such claims, and other necessary incidental costs attributable to the administration of the HBT.

Payments under the HBT are initiated via electronic request by University personnel on a weekly basis based upon processed claim information provided to the University by its contracted claim administrators. All retiree-related costs incurred on an annual basis within the HBT apply toward the calculation of the actuarially-determined contribution for each fiscal year, as determined under the requirements of Governmental Accounting Standards Board (GASB) Statement 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Additional contributions required for the funding of the University's OPEB obligation are deposited to the University of Idaho Retiree Benefits Trust (RBT) and Death Benefits Trust (DBT) as disclosed in Footnote 14 of these financial statements. The RBT and DBT only reports University resources transferred to it and held to make future benefit payments of the University's net OPEB liability.

Investments Measured at Fair Value

The fair value of the HBT investments as of December 31, 2021 and December 31, 2020 respectively were as outlined as following:

Investments at Fair Value at December 31, 2021

Investment Type	12/31/2021	Quoted Prices in	Significant	Significant
		Active Markets	Other	Unobservable
		for Identical	Observable	Inputs
		Assets	Inputs	
		(Level 1)	(Level 2)	(Level 3)
Money market funds/cash sweeps	\$ 1,611,572	\$ 1,611,572	\$ —	\$ —
Debt securities				
U.S. government agency securities	3,698,711	—	3,698,711	—
Corporate certificates of deposit	3,270,441	—	3,270,441	—
Total debt securities	6,969,152	—	6,969,152	—
Total investments by fair value	\$ 8,580,724	\$ 1,611,572	\$ 6,969,152	\$ —

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
12. HEALTH INSURANCE PLAN AND HEALTH BENEFITS TRUST (CONTINUED)
Investments at Fair Value at December 31, 2020

Investment Type	12/31/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds/cash sweeps	\$ 1,476,638	\$ 1,476,638	\$ —	\$ —
Debt securities				
U.S. government agency securities	1,092,579	—	1,092,579	—
Corporate certificates of deposit	3,361,482	—	3,361,482	—
Total debt securities	4,454,061	—	4,454,061	—
Total investments by fair value	\$ 5,930,699	\$ 1,476,638	\$ 4,454,061	\$ —

Interest Rate Risk

Interest rate risk is defined as the risk a government may face should interest rate variances affect the fair value of investments. The HBT does not presently have a formal policy that addresses interest rate risk; however, it does incorporate weighted average maturity methodology in selecting and reporting its investments.

HBT Investments subject to interest rate risk were as follows at December 31, 2021 and 2020:

Investment Securities Subject to Interest Rate Risk at December 31, 2021

Investment Type	Value	Investment Maturity in Years			
		<1	1-5	6-10	>10
Money market funds/cash sweeps	\$ 1,611,572	\$ 1,611,572	\$ —	\$ —	\$ —
U.S. government agency securities	3,698,711	—	2,834,197	864,514	—
Corporate certificates of deposit	3,270,441	—	3,270,441	—	—
Total	\$ 8,580,724	\$ 1,611,572	\$ 6,104,638	\$ 864,514	\$ —

Investment Securities Subject to Interest Rate Risk at December 31, 2020

Investment Type	Value	Investment Maturity in Years			
		<1	1-5	6-10	>10
Money market funds/cash sweeps	\$ 1,476,638	\$ 1,476,638	\$ —	\$ —	\$ —
U.S. government agency securities	1,092,579	—	992,723	99,856	—
Corporate certificates of deposit	3,361,482	—	2,358,105	1,003,377	—
Total	\$ 5,930,699	\$ 1,476,638	\$ 3,350,828	\$ 1,103,233	\$ —

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
12. HEALTH INSURANCE PLAN AND HEALTH BENEFITS TRUST (CONTINUED)
Credit Risk

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

HBT Investments subject to credit risk were as follows at December 31, 2021 and 2020:

Investment Securities Subject to Credit Risk at December 31, 2021

Credit Rating	U.S. Government Agency Securities	Corporate Certificates of Deposit	Total Investments
AA+	\$ 460,610	\$ —	\$ 460,610
Not Rated	3,238,101	3,270,441	6,508,542
	<u>\$ 3,698,711</u>	<u>\$ 3,270,441</u>	<u>\$ 6,969,152</u>

Investment Securities Subject to Credit Risk at December 31, 2020

Credit Rating	U.S. Government Agency Securities	Corporate Certificates of Deposit	Total Investments
AA+	\$ 1,092,579	\$ —	\$ 1,092,579
Not Rated	—	3,361,482	3,361,482
	<u>\$ 1,092,579</u>	<u>\$ 3,361,482</u>	<u>\$ 4,454,061</u>

Concentration of Credit Risk

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

As of December 31, 2021 and 2020, the HBT had the following investments which exceeded 5% concentration in any one issuer:

Investment Securities Subject to Concentration of Credit Risk at December 31, 2021 and 2020

	2021	2020
Federal Home Loan Banks	—	6%
Federal Farm Credit Bank	7%	8%
US Treasury Nt	46%	10%

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
12. HEALTH INSURANCE PLAN AND HEALTH BENEFITS TRUST (CONTINUED)
Custodial Credit Risk

Custodial credit risk on investments is the risk that in the event of a failure of the counterparty, the HBT will not be able to recover the value of its investments that are in the possession of an outside party. The HBT minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to HBT ownership and further to the extent possible, be held in the HBT's name. At December 31, 2021 and 2020, respectively, all HBT funds were insured or registered investments, or investments held by the HBT or their agent in the HBT's name.

The financial statements of the HBT are audited annually on a calendar-year basis and are publicly available via public records request through the Office of the General Counsel at the University of Idaho.

13. RETIREMENT PLANS
Pension Plan
Plan Description

The University contributes to the Base Plan, which is a cost-sharing multiple-employer defined benefit pension plan, administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

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

Responsibility for administration of the Base Plan is assigned to a Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board. The authority to set or amend benefit provisions of the Base Plan is vested solely with the State of Idaho Legislature.

Employee membership data related to the PERSI Base Plan, as of June 30, 2021 and 2020 were:

	2021	2020
Retirees and beneficiaries currently receiving benefits	50,891	49,573
Terminated employees entitled to but not yet receiving benefits	14,539	13,788
Active plan members	73,563	73,657
Total system members	<u>138,993</u>	<u>137,018</u>

Pension Benefits

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
13. RETIREMENT PLANS (CONTINUED)

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

Member and Employer Contributions

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

The contribution rates for employees are set by State statute at 60% of the employer rate. As of June 30, 2021, it was 7.16% of their annual pay. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% of covered compensation. The University's contributions were \$6,452,144 and \$6,360,836 for the years ended June 30, 2022 and 2021 respectively.

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

At June 30, 2022, the University reported an asset of \$1,127,431 for its proportional share of the net pension asset, reflecting that the liability was fully funded on the measurement date. At June 30, 2021, the University reported a liability of \$38,646,668 for its proportionate share of the net pension liability. The net pension asset or liability for each year was measured as of June 30, 2021 and 2020 respectively, and the total pension liability used to calculate the net pension asset or liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension asset or liability for each year was based on the University's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021 and 2020, the University's proportion was 1.43 and 1.70 percent, respectively.

For the years ended June 30, 2022 and 2021 respectively, the University recognized pension expense of -\$1,971,157 and \$13,542,256. At June 30, 2022 and 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,661,113	\$ 655,340
Changes in assumptions or other inputs	12,941,447	—
Net difference between projected and actual earnings on pension plan investments	—	35,411,724
Change in proportion	—	4,961,262
University contributions subsequent to the measurement date, net	6,423,246	—
Total	<u>\$ 21,025,806</u>	<u>\$ 41,028,326</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
13. RETIREMENT PLANS (CONTINUED)

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,019,491	\$ 1,261,900
Changes in assumptions or other inputs	653,585	—
Net difference between projected and actual earnings on pension plan investments	4,429,651	—
Change in proportion	186,899	2,012,110
University contributions subsequent to the measurement date, net	6,360,836	—
Total	<u>\$ 14,650,462</u>	<u>\$ 3,274,010</u>

The June 30, 2022 amount of \$6,423,246 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The \$6,360,836 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date at June 30, 2021 were recognized as a reduction of the net pension liability in the year ending June 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2020 the beginning of the measurement period ended June 30, 2020 is 4.7 years and 4.8 years for the measurement period June 30, 2021.

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

Year Ended June 30	Pension Expense (Revenue)
2023	\$ (6,616,695)
2024	(6,063,668)
2025	(5,266,725)
2026	(8,478,676)
2027	—
Thereafter*	—
	<u>\$ (26,425,765)</u>

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

Actuarial Assumptions

Valuations are based on actuarial assumptions, 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

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2022 AND 2021****13. RETIREMENT PLANS (CONTINUED)**

percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years on an open basis.

The total pension liability in the June 30, 2022 actuarial valuation was determined using the actuarial assumptions on the following page, applied to all periods included in the measurement:

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

*net of all expenses

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

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

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

Economic assumptions for the Base Plan were studied in the most recent actuarial experience study performed for the period 2015 through 2020. Demographic assumptions, including mortality, were studied for the period 2011 through 2017. These assumptions will be studied in 2022 for the period from July 1, 2017 through June 30, 2021. Assumptions were adopted as noted. The Total Pension Liability as of June 30, 2021 is based on the results of an actuarial valuation date of July 1, 2020.

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 System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
13. RETIREMENT PLANS (CONTINUED)
Capital Market Assumptions from Callan 2021

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00 %	1.80 %	(0.20)%
Broad US Equities	55.00 %	8.00 %	6.00 %
Developed Foreign Equities	15.00 %	8.25 %	6.25 %
Assumed Inflation - Mean		2.00 %	2.00 %
Assumed Inflation - Standard Deviation		1.50 %	1.50 %
Portfolio Arithmetic Mean Return		6.18 %	4.18 %
Portfolio Standard Deviation		12.29 %	12.29 %
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55 %	3.46 %
Assumed Investment Expense		0.40 %	0.40 %
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expense		5.15 %	3.06 %

Investment Policy Assumptions from PERSI Board November 2019

Portfolio Long-Term Expected Rate of Return, Net of Investment Expense	4.14 %
Portfolio Standard Deviation	14.16 %

Economic/Demographic Assumptions from Milliman 2018

Valuation Assumptions Chosen by PERSI Board	
Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05 %
Assumed Inflation	2.30 %
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	6.35 %

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
13. RETIREMENT PLANS (CONTINUED)

determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense, but without reduction for administrative expense.

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

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

	1% Decrease	Current	1% Increase
	5.35%	Discount Rate	7.35%
	5.35%	6.35%	7.35%
Employer's proportionate share of the net pension liability (asset)	\$ 39,191,885	\$ (1,127,431)	\$ (34,177,983)

Pension plan fiduciary net position

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

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

Payables to the pension plan

At June 30, 2022 the University had no payables related to legally-required employer or employee contributions due the defined benefit pension plan for fiscal year 2021 and 2020 that had not been remitted to PERSI as of that date.

Other Retirement Plans

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

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

Participants are fully vested in the ORP immediately. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age. The contribution requirements (and amounts paid) for the three years ended June 30, 2022, 2021 and 2020 were as follows:

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
13. RETIREMENT PLANS (CONTINUED)
ORP Contributions

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer	\$ 10,108,806	\$ 9,215,057	\$ 10,401,285
Employee	7,597,028	6,928,688	7,820,602
Total Contributions	<u>\$ 17,705,834</u>	<u>\$ 16,143,745</u>	<u>\$ 18,221,887</u>

For the ORP enrollees who opted to irrevocably migrate from PERSI to the ORP plan when the ORP was first implemented, although such enrollees in the ORP no longer belong to PERSI, the University is required by the State of Idaho to contribute supplemental payments to PERSI for these enrollees in the amount of 1.49% of the annual covered payroll. The University will be required to make these annual supplemental payments through July 1, 2025. These supplemental amounts are not included in the regular University PERSI contribution discussed previously. During the three years ended June 30, 2022, 2021 and 2020, these supplemental funding payments made to PERSI were as follows:

ORP Supplemental Contributions to PERSI

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer	\$ 1,624,127	\$ 1,481,169	\$ 1,671,834

In addition to the University's Optional Retirement Program, the University has a disability benefit for ORP participants and makes payments to Standard Insurance on behalf of these ORP participants. Should an employee become unable to work and is transitioned into long-term disability (LTD), the insurance will continue to pay into their retirement account. The amounts paid for the three years ended June 30, 2022, 2021 and 2020 were as follows:

ORP Disability Contributions

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer	\$ 80,013	\$ 79,670	\$ 89,835

The University also contributes to the federal Civil Service and Thrift Savings retirement programs on behalf of its federal employees. The contribution requirements (and amounts paid) for the three years ended June 30, 2022, 2021 and 2020 were as follows:

Federal Civil Service and Thrift Savings Contributions

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer	\$ 80,699	\$ 74,633	\$ 98,372
Employee	19,588	19,131	43,686
Total Contributions	<u>\$ 100,287</u>	<u>\$ 93,764</u>	<u>\$ 142,058</u>

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
14. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS), RETIREE BENEFITS TRUST, AND DEATH BENEFITS TRUST
Plan Description
Plan Administration:

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

Plan membership: At December 31, 2021, the University of Idaho plan membership consisted of the following:

	<u>Medical</u>	<u>Life</u>	<u>Sick-Leave</u>
Retired members or beneficiaries currently receiving benefits	807	564	64
Vested terminated members entitled to but not yet receiving benefits	N/A	N/A	N/A
Active members	535	13	1,463
Total	<u>1,342</u>	<u>577</u>	<u>1,527</u>

Benefits provided:

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

Under certain conditions the University pays a portion of the coverage for retirees and disabled employees and the retiree or disabled employee pays the remainder. Spouses and survivors are required to pay 100% of the cost for these benefits. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Employees who were hired on or after January 1, 2002 are not eligible for this benefit. Employees hired after January 1, 2002 are eligible to participate in the University's health insurance plan, but the University does not cover any portion of their premiums, deductibles, or coinsurance; those costs are the sole responsibility of the employee. However, these employees are eligible to convert 50% of unused accrued sick time, up to 600 hours, to pay for their medical premiums. Unless the employee was eligible to retire by January 1, 2021, then once the employee reaches Medicare age, the benefit phases out between 2021 and 2024. In addition, participation in the plan is closed to employees hired after June 30, 2020. All University post-employment benefits may be further established or amended by the University or the Idaho State Board of Education.

The University offers a death benefit only to retirees who qualify for and are enrolled in the Tier I retiree health plan, and were hired by the University on or prior to January 1, 2002. The death benefit plan pays a

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
14. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS), RETIREE BENEFITS TRUST, AND DEATH BENEFITS TRUST (CONTINUED)

benefit to a spouse or other designated beneficiary upon the death of a Tier I retiree. Retirees who are disabled, using sick leave conversion or are enrolled in the University's Retiree Health Plan on a self-pay basis or who retire under Tier II, III or IV eligibility criteria are not eligible for death benefits. Tier I Federal University retirees with Federal Employees Group Life Insurance are also not eligible for the death benefit.

University of Idaho Contributions:

The University makes an annual determination of funding needs for the OPEB liability. After the University has paid off the entire Net OPEB Liability contributions will be equal to the annual normal cost.

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

For the years ended June 30, 2022 and 2021 respectively, the University recognized OPEB expense of -\$3,683,057 and -\$14,064,312. At June 30, 2022 and 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ —	\$ 9,670,862
Net difference between projected and actual earnings on OPEB plan investments	—	5,136,722
Difference between expected and actual experience in the Total OPEB Liability	1,730,765	1,909,057
Total	<u>\$ 1,730,765</u>	<u>\$ 16,716,641</u>

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ —	\$ 10,638,594
Net difference between projected and actual earnings on OPEB plan investments	—	4,645,498
Difference between expected and actual experience in the Total OPEB Liability	2,211,533	1,423,696
Total	<u>\$ 2,211,533</u>	<u>\$ 16,707,788</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
14. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS), RETIREE BENEFITS TRUST, AND DEATH BENEFITS TRUST (CONTINUED)

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

<u>Year Ended June 30</u>	<u>OPEB Expense (Revenue)</u>
2023	\$ (3,304,486)
2024	(4,060,675)
2025	(3,183,034)
2026	(2,145,460)
2027	(1,334,583)
Thereafter	(957,638)
	<u>\$ (14,985,876)</u>

University of Idaho Retiree Benefits Trust and Death Benefits Trust:

The University established the Retiree Benefits Trust (RBT) in 2008 and the Death Benefits Trust (DBT) in 2019 to fund the future payments required for its OPEB obligation. The RBT and DBT are independent, irrevocable trusts administered on behalf of the University by Wells Fargo Bank as trustee. Funding and payment of the annual, ongoing retiree benefits through the HBT as described in note 12 of these financial statements apply toward the ongoing annual funding requirements of the RBT and DBT.

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

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

The University of Idaho OPEB liability has been calculated and reported combined for both RBT and DBT trusts.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

14. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS), RETIREE BENEFITS TRUST, AND DEATH BENEFITS TRUST (CONTINUED)

Sensitivity

The following presents the Net OPEB Liability (NOL) of the University as well as what the University's NOL would be if it were calculated using a discount rate that is 1-percentage point lower (4.75%) or 1-percentage point higher (6.75%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates.

	<u>1% Decrease in Discount Rate (4.75%)</u>	<u>Current Discount Rate (5.75%)</u>	<u>1% Increase in Discount Rate (6.75%)</u>
Net OPEB Liability	\$ (7,013,792)	\$(10,673,946)	\$(13,851,755)

	<u>1% Decrease in Healthcare Cost Trend Rates</u>	<u>Current Healthcare cost Trend Rates</u>	<u>1% Increase in Healthcare Cost Trend Rates</u>
Net OPEB Liability	\$ (13,378,584)	\$ (10,673,946)	\$ (7,606,163)

Net OPEB Liability

Reporting date for Employer under GASB 75	June 30, 2022
Reporting date for Trust under GASB 74	December 31, 2021
Measurement date for Employer under GASB 74 & 75	December 31, 2021

The components of the NET OPEB Liability (Asset) are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total OPEB Liability	\$ 40,875,556	\$ 42,630,675
Plan Fiduciary Net Position (Plan Assets)	51,549,502	46,575,383
Net OPEB Liability (Asset)	<u>\$(10,673,946)</u>	<u>\$(3,944,708)</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	126.11%	109.25%

The Net OPEB Liability (Asset) was measured as of December 31, 2021 and 2020. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations using data as of December 31, 2021 and December 31, 2020 using standard actuarial techniques, respectively.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
14. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS), RETIREE BENEFITS TRUST, AND DEATH BENEFITS TRUST (CONTINUED)
Actuarial Assumptions

The Total OPEB Liability (asset) was measured by an actuarial valuation as of December 31, 2021 using the actuarial assumptions below, applied to all periods included in the measurement, unless otherwise specified. The actuarial assumptions were based on the results of an actuarial experience study conducted with actual plan experience for the period March 1, 2019 through February 28, 2021.

Actuarial Assumptions

Inflation	2.00%
Salary increases	3.00%, including inflation
Discount rate (effective December 31, 2021)	5.75%
Healthcare cost trend rates:	
Non-Medicare medical & prescription drug rates	6.90% graded to 4.50% over 10 years
Medicare medical	4.95% graded to 4.50% over 9 years
Medicare prescription drugs	7.70% graded to 4.50% over 12 years
Mortality rates (effective December 31, 2021)::	
Healthy	2006 table based on Headcount-Weighted RP-2014 Combined Healthy Annuitant, projected generationally with Scale MP-2021 from 2006
Disabled	2006 table based on Headcount-Weighted RP-2014 Disabled Retiree, projected generationally with Scale MP-2021 from 2006

Development of Long-Term Rate:

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
14. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS), RETIREE BENEFITS TRUST, AND DEATH BENEFITS TRUST (CONTINUED)
Determination of Discount Rate and Investment Rates of Return

Asset Class	Allocation at December 31, 2021	Long-Term Expected Real Rate of Return	Money-Weighted Real Rate of Return
Domestic equity	41.25%	6.70%	2.76%
International equity, developed markets	11.00%	7.10%	0.78%
International equity, emerging markets	2.75%	8.80%	0.24%
Fixed income, core	42.00%	0.70%	0.29%
Short term governmental money market	3.00%	0.20%	0.01%
Total	100.00%		4.09%
Inflation			2.00%
Investment Rate of Return (Gross)			6.09%
Investment Expenses			(0.25)%
Investment Rate of Return (Net)			5.84%
Long-Term Rate of Return Used in Valuation			5.75%

Discount Rate:

The projection of cash flow used to determine the discount rate assumed that the University of Idaho's contributions would be made at rates equal to the actuarial determined contribution rates. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 5.75% on plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

Retiree Benefits Trust Basis of Accounting and Valuation of Trust Assets

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

Valuation of investments – Investments are reported at fair value. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of the net change in fair value of investments in the RBT Statement of Changes in Fiduciary Funds Net Position. Valuation of investments does not include DBT funds, as the balance consists of cash as of June 30, 2022.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
14. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS), RETIREE BENEFITS TRUST, AND DEATH BENEFITS TRUST (CONTINUED)
Investments Measure at Fair Value

The fair value of the RBT investments as of December 31, 2021 and December 31, 2020 were as disclosed below:

Investments at Fair Value at December 31, 2021

Investment Type	12/31/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds/cash sweeps	\$ 1,525,010	\$ —	\$ 1,525,010	\$ —
Bond/fixed income mutual funds	18,869,512	4,716,422	14,153,090	—
Stock mutual funds	31,144,900	4,428,808	26,716,092	—
Combined mutual funds	50,014,412	9,145,230	40,869,182	—
Total investments by fair value	<u>\$51,539,422</u>	<u>\$ 9,145,230</u>	<u>\$ 42,394,192</u>	<u>\$ —</u>

Investments at Fair Value at December 31, 2020

Investment Type	12/31/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds/cash sweeps	\$ 1,309,708	\$ —	\$ 1,309,708	\$ —
Bond/fixed income mutual funds	17,080,001	4,271,323	12,808,678	—
Stock mutual funds	28,150,316	3,500,828	24,649,488	—
Combined mutual funds	45,230,317	7,772,151	37,458,166	—
Total investments by fair value	<u>\$46,540,025</u>	<u>\$ 7,772,151</u>	<u>\$ 38,767,874</u>	<u>\$ —</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
14. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS), RETIREE BENEFITS TRUST, AND DEATH BENEFITS TRUST (CONTINUED)
Interest Rate Risk

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

The investments of the RBT subject to interest rate risk as of December 31, 2021 and December 31, 2020 are as follows:

Investment Securities Subject to Interest Rate Risk at December 31, 2021

Investment Type	Total Fair Value	Investment Maturities in Years				
		<1	1-5	6-10	11-15	>15
Money market funds/cash sweeps	\$ 1,525,010	\$ 1,525,010	\$ —	\$ —	\$ —	\$ —
Bond mutual funds	18,869,512	518,898	6,603,848	5,802,858	1,650,855	4,293,053
Total	\$ 20,394,522	\$ 2,043,908	\$ 6,603,848	\$ 5,802,858	\$ 1,650,855	\$ 4,293,053

Investment Securities Subject to Interest Rate Risk at December 31, 2020

Investment Type	Total Fair Value	Investment Maturities in Years				
		<1	1-5	6-10	11-15	>15
Money market funds/cash sweeps	\$ 1,309,708	\$ 1,309,708	\$ —	\$ —	\$ —	\$ —
Bond mutual funds	17,080,001	1,762,790	9,001,905	3,332,611	922,828	2,059,867
Total	\$ 18,389,709	\$ 3,072,498	\$ 9,001,905	\$ 3,332,611	\$ 922,828	\$ 2,059,867

Custodial Credit Risk

Custodial credit risk on investments is the risk that in the event of a failure of the counterparty, the RBT will not be able to recover the value of its investments that are in the possession of an outside party. The RBT does not presently have an investment policy that addresses custodial credit risk. At December 31, 2021 and December 31, 2020, all investments were held by the RBT or its counterparty in the RBT's name.

OPEB Accounting and Reporting

The University adopted GASB Statements 74 and 75 in fiscal year 2018. Statement 74 requires the University to disclose and report its net OPEB plan liability and associated components and assumptions in specific OPEB financial statements, footnotes, and required supplementary information. With the adoption of GASB 75, the University is now required to report within its own financial statements the impact of the net OPEB liability as calculated under Statement 74 along with deferred inflows and outflows relating to changes in the net OPEB liability.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
14. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS), RETIREE BENEFITS TRUST, AND DEATH BENEFITS TRUST (CONTINUED)
Credit Risk

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

As of December 31, 2021 and December 31, 2020 respectively, the University had the following investment credit risk:

Investment Securities Subject to Credit Risk at December 31, 2021

Investment Type	Total Fair Value	Investment Maturity in Years								
		AAA	AA	A	BBB	BB	B	Below B	Not Rated	
Money market funds/cash sweeps	\$ 1,525,010	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,525,010
Bond mutual funds	18,869,512	11,555,301	407,590	1,516,415	3,694,853	995,239	400,076	300,038	—	—
Total	<u>\$ 20,394,522</u>	<u>\$ 11,555,301</u>	<u>\$ 407,590</u>	<u>\$ 1,516,415</u>	<u>\$ 3,694,853</u>	<u>\$ 995,239</u>	<u>\$ 400,076</u>	<u>\$ 300,038</u>	<u>\$ —</u>	<u>\$ 1,525,010</u>

Investment Securities Subject to Credit Risk at December 31, 2020

Investment Type	Total Fair Value	Investment Maturity in Years								
		AAA	AA	A	BBB	BB	B	Below B	Not Rated	
Money market funds/cash sweeps	\$ 1,309,708	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,309,708
Bond mutual funds	17,080,001	9,033,490	1,372,266	1,535,975	3,652,974	778,125	306,790	220,460	179,921	—
Total	<u>\$ 18,389,709</u>	<u>\$ 9,033,490</u>	<u>\$ 1,372,266</u>	<u>\$ 1,535,975</u>	<u>\$ 3,652,974</u>	<u>\$ 778,125</u>	<u>\$ 306,790</u>	<u>\$ 220,460</u>	<u>\$ 179,921</u>	<u>\$ 1,489,629</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

15. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION

The following table shows the University's operating expenses by natural classifications within their functional classifications for the years ending June 30, 2022 and 2021:

Expenses 2022	Salaries	Benefits	Services	Supplies	Ins, utilities & rent	Scholarships & Fellowships	Depreciation	Other	Totals
Instruction	\$ 59,239,633	\$21,482,875	\$ 4,541,856	\$7,266,541	\$ 716,612	\$ 6,181,448	\$ —	\$ 2,086,878	\$101,515,843
Research	39,015,262	8,707,497	15,480,551	4,748,013	1,042,210	4,136,307	—	1,286,067	74,415,907
Public Service	22,234,269	5,869,899	14,608,776	2,664,147	599,353	1,246,237	—	664,244	47,886,925
Academic Support	12,086,768	3,599,800	2,500,666	370,790	73,209	178,755	—	420,565	19,230,553
Libraries	2,536,098	682,778	3,621,191	121,977	2,910	334,649	—	23,401	7,323,004
Student Services	7,762,054	2,495,094	2,006,396	229,162	217,194	135,017	—	598,198	13,443,115
Institutional Support	20,380,962	7,891,282	12,512,335	4,307,795	1,967,629	—	—	257,973	47,317,976
Plant Operations	7,156,215	2,231,111	2,717,322	1,614,162	20,622,004	—	27,907,295	(950,335)	61,297,774
Scholarships & Fellowships	5,681,458	207,418	1,840,829	25,223	—	23,413,477	—	(782,661)	30,385,744
Auxiliary Enterprises	11,071,623	3,195,310	6,774,214	847,162	2,634,316	3,979,108	—	469,550	28,971,283
	<u>\$187,164,342</u>	<u>\$56,363,065</u>	<u>\$66,604,136</u>	<u>\$22,194,972</u>	<u>\$27,875,437</u>	<u>\$39,604,998</u>	<u>\$27,907,295</u>	<u>\$4,073,880</u>	<u>\$431,788,125</u>

Expenses 2021	Salaries	Benefits	Services	Supplies	Ins, utilities & rent	Scholarships & Fellowships	Depreciation	Other	Totals
Instruction	\$ 62,535,918	\$26,439,119	\$ 5,360,476	\$3,986,730	\$ 925,400	\$ 8,230,150	\$ —	\$ 2,247,045	\$109,724,838
Research	37,312,732	6,594,890	14,776,441	5,813,247	812,697	3,783,614	—	901,543	69,995,164
Public Service	20,894,633	4,653,476	7,973,027	3,080,483	460,340	852,727	—	1,738,891	39,653,577
Academic Support	11,366,895	3,051,341	1,957,342	488,862	106,929	133,759	—	200,794	17,305,922
Libraries	2,490,685	413,721	3,493,414	245,995	91,508	—	—	250	6,735,573
Student Services	7,570,386	2,214,540	1,580,216	252,065	162,159	14,245	—	338,722	12,132,333
Institutional Support	19,942,271	5,580,829	8,151,771	3,792	755,128	48,679	—	886,048	35,368,518
Plant Operations	9,134,141	1,245,462	5,363,805	1,758,898	14,995,143	29,711	23,915,944	494,815	56,937,919
Scholarships & Fellowships	1,663,905	(600,271)	76,612	103,188	240	15,169,719	—	160,344	16,573,737
Auxiliary Enterprises	9,872,176	2,106,341	2,834,004	2,492,555	2,252,046	3,804,379	—	411,245	23,772,746
	<u>\$182,783,742</u>	<u>\$51,699,448</u>	<u>\$51,567,108</u>	<u>\$18,225,815</u>	<u>\$20,561,590</u>	<u>\$32,066,983</u>	<u>\$23,915,944</u>	<u>\$ 7,379,697</u>	<u>\$388,200,327</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
16. CONTINGENCIES AND LEGAL MATTERS

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

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

17. RISK MANAGEMENT

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

In July 2014, the University became self-insured for its Worker's Compensation coverage. The University utilizes a third-party administrator to adjudicate its claims and make payments under this coverage. The University maintains two separate bank accounts for its self-insured program, a \$500,000 reserve account as well as a separate account for ongoing claims processing and payments. The University provides for estimated losses to be incurred for reported and unreported worker's compensation claims based on individual case estimates and historical data adjusted for current trends. Liability claims have not exceeded the maximum amount of self-insurance per claimant in the past year. Self-insured Worker's Compensation liability balances, which are included in accrued salaries and benefits payable on the Statement of Net Position, at year-end June 30, 2022 and 2021 were as seen on the following page:

Self-Insured Outstanding Liability at June 30, 2022

Accident Year	Projected Ultimate Loss	Paid-to-Date at 5/31/2022	Case Reserves at 5/31/2022	IBNR at 5/31/2022	Unpaid at 5/31/2022	Projected Paid 6/1/22 - 6/30/22	Outstanding Liability at 6/30/2022	Discounted at .25% Liability at 6/30/2022
7/1/2014	\$ 659,758	\$ 639,526	\$ 8,691	\$ 11,541	\$ 20,232	\$ 176	\$ 20,056	\$ 16,866
7/1/2015	652,366	550,155	52,247	49,964	102,211	1,036	101,175	84,666
7/1/2016	603,262	582,866	0	20,396	20,396	213	20,183	16,834
7/1/2017	756,332	674,839	27,047	54,446	81,493	1,025	80,468	67,268
7/1/2018	966,942	826,800	48,272	91,870	140,142	2,061	138,081	116,260
7/1/2019	671,633	473,507	89,690	108,436	198,126	3,128	194,998	165,571
7/1/2020	654,085	287,966	221,175	144,944	366,119	7,257	358,862	309,390
7/1/2021	571,895	109,040	151,443	311,412	462,855	14,480	448,375	399,773
	<u>\$ 5,536,273</u>	<u>\$ 4,144,699</u>	<u>\$ 598,565</u>	<u>\$ 793,009</u>	<u>\$ 1,391,574</u>	<u>\$ 29,376</u>	<u>\$ 1,362,198</u>	<u>\$ 1,176,628</u>

a. For 7/1/2021 year includes accident period from 6/1/2022 to 6/30/2022.

b. Equals unpaid at 5/31/2022 minus projected paid from 6/1/2022 to 6/30/2022..

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
17. RISK MANAGEMENT (CONTINUED)
Self-Insured Outstanding Liability at June 30, 2021

Accident Year	Projected Ultimate Loss	Paid-to-Date at 5/31/2021	Case Reserves at 5/31/2021	IBNR at 5/31/2021	Unpaid at 5/31/2021	Projected Paid 6/1/21 - 6/30/21	Outstanding Liability at 6/30/2021	Discounted at .25% Liability at 6/30/2021
7/1/2014	\$ 673,544	\$ 638,066	\$ 10,152	\$ 25,326	\$ 35,478	\$ 349	\$ 35,129	\$ 33,220
7/1/2015	687,889	528,666	76,232	82,991	159,223	1,620	157,603	148,691
7/1/2016	613,799	580,681	—	33,118	33,118	383	32,735	30,853
7/1/2017	674,584	587,880	20,613	66,091	86,704	1,048	85,656	80,699
7/1/2018	972,736	742,232	101,153	129,351	230,504	3,138	227,366	214,376
7/1/2019	777,115	428,453	174,536	174,126	348,662	6,979	341,683	323,916
7/1/2020	529,782	128,273	159,502	242,007	401,509	12,375	389,134	373,211
	<u>\$ 4,929,449</u>	<u>\$ 3,634,251</u>	<u>\$ 542,188</u>	<u>\$ 753,010</u>	<u>\$ 1,295,198</u>	<u>\$ 25,892</u>	<u>\$ 1,269,306</u>	<u>\$ 1,204,966</u>

- For 7/1/2020 year includes accident period from 6/1/2021 to 6/30/2021.
- Equals unpaid at 5/31/2021 minus projected paid from 6/1/2021 to 6/30/2021.

18. COMPONENT UNITS
Discretely Presented Component Unit

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

The majority of the resources, or income earned from those resources, that the Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University and because these resources provide a significant amount of support to the University, the Foundation has been determined to be a component unit of the University and is discretely presented in the University's financial statements.

INVESTMENTS— Investments represent the largest asset of the Foundation making up 89% and 85% of the total assets at June 30, 2022 and 2021, respectively. Of those investments, 84% and 83%, respectively, are

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2022 AND 2021****18. COMPONENT UNITS (CONTINUED)**

endowed and therefore held by the Consolidated Investment Trust (CIT) which was established by the Regents of the University of Idaho in 1959 to pool the endowment funds.

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
18. COMPONENT UNITS (CONTINUED)

The Foundation's private equity limited partnerships are invested in real estate, venture funds and international funds. The fair values have been determined using the NAV per share. The fair values of the private equity limited partnerships have no readily ascertainable market prices. Similar to real estate, costs closely approximate fair value of recent acquisitions. Therefore, the fair values of private equity limited partnership investments are based on the valuations as presented in the fund's March 31st audited financial statements and adjusted for any cash calls and distributions through June 30th. Generally, the companies within a fund are valued by the general partner, taking into account many factors such as the purchase price, estimated liquidation value, significant events like initial public offerings, bankruptcies, and additional rounds of financing, and other relevant factors. The fair value may differ significantly from the values that would have been used had a ready market for the investments existed. Although these differences could be material to the individual Foundation values, private equity represents 16.34% and 12.48%, of total investments as of June 30, 2022 and 2021, respectively.

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

	Number of Investments	Principal Valuation Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>As of As of June 30, 2022</u>					
Commingled funds					
Debt funds	1	\$ 11,475,034	\$ —	Daily	None
International equity	2	11,651,071	—	Monthly	15 days
Private equity	23	63,881,266	31,271,525	Illiquid	N/A
Total		<u>\$ 87,007,370</u>	<u>\$ 31,271,525</u>		

	Number of Investments	Principal Valuation Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>As of As of June 30, 2021</u>					
Commingled funds					
Debt funds	1	\$ 25,380,496	\$ —	Daily	None
International equity	1	18,175,863	—	Monthly	15 days
Private equity	20	48,617,712	28,312,988	Illiquid	N/A
Total		<u>\$ 92,174,071</u>	<u>\$ 28,312,988</u>		

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

At June 30, 2022 the fair value of restricted and unrestricted investments was \$381,184,999 and \$9,754,494 respectively. At June 30, 2021, the fair value of restricted and unrestricted investments was \$379,954,443 and \$9,926,644, respectively.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
18. COMPONENT UNITS (CONTINUED)

The following table represents the fair value of investments by type at June 30, 2022 and 2021 respectively on the following page:

Investment Type	2022	2021
U.S. government agency obligations	\$ 8,350,116	\$ 7,712,005
Corporate debt	31,424,734	22,521,923
Foreign governments	—	253,993
U.S. treasuries	11,410,322	5,064,845
Common stock	67,071,420	78,552,968
Mutual funds		
U.S. equity	84,171,264	54,795,990
Debt	16,920,556	35,655,228
Real Estate	8,419,416	—
International/Emerging markets	49,968,509	61,710,530
Inflation protected	16,246,939	15,981,770
U.S. treasury	9,948,847	15,042,848
Comingled funds	23,126,104	43,556,359
Private equity	63,881,266	48,617,710
Preferred stock	—	14,916
	<u>\$ 390,939,493</u>	<u>\$ 389,481,087</u>

The related fair value of assets not valued at NAV are determined as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>As of June 30, 2022</u>			
Equity Investments			
Common stock	\$ 67,071,420	\$ —	\$ —
Preferred stock	—	—	—
Mutual funds	142,559,176	—	—
Fixed income investments			
Corporate bonds	—	31,424,734	—
Foreign governments	—	—	—
U.S. government agency obligations	—	19,760,439	—
Mutual funds	43,116,343	—	—
	<u>\$ 252,746,939</u>	<u>\$ 51,185,173</u>	<u>\$ —</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

18. COMPONENT UNITS (CONTINUED)

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
As of June 30, 2021			
Equity Investments			
Common stock	\$ 78,552,968	\$ —	\$ —
Preferred stock	14,917	—	—
Mutual funds	116,506,520	—	—
Fixed income investments			
Corporate bonds	—	253,992	—
U.S. government agency obligations	—	12,776,850	—
Mutual funds	66,679,846	—	—
	\$ 261,754,251	\$ 35,552,765	\$ —

Interest Rate Risk

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

As of June 30, 2022, The Foundation had the following investments subject to interest rate risk:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Corporate debt	\$ 31,424,734	\$ 7,831,931	\$ 22,465,690	\$ 565,861	\$ 561,252
U.S. government agency obligations	8,350,116	545,516	6,450,568	565,034	788,998
U.S. treasuries	11,410,322	2,392,476	9,017,846	—	—
Foreign Governments	—	—	—	—	—
	\$ 51,185,172	\$ 10,769,923	\$ 37,934,104	\$ 1,130,895	\$ 1,350,250

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
18. COMPONENT UNITS (CONTINUED)

As of June 30, 2021, The Foundation had the following investments subject to interest rate risk:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Corporate debt	\$ 22,521,923	\$ 7,661,064	\$ 14,733,820	\$ —	\$ 127,039
U.S. government agency obligations	7,712,005	757,530	6,954,475	—	—
U.S. treasuries	5,064,845	1,505,925	3,558,920	—	—
Foreign Governments	253,993	253,993	—	—	—
	<u>\$ 35,552,766</u>	<u>\$ 10,178,512</u>	<u>\$ 25,247,215</u>	<u>\$ —</u>	<u>\$ 127,039</u>

Credit Risk

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

At June 30, 2021, the Foundation had the investment credit risk as shown on the following page:

Credit Rating	Investment Type			Total
	Foreign Governments	U.S. Government Agency Obligations	Corporate Debt	
AAA	\$ —	\$ 945,020	\$ 1,136,122	\$ 2,081,142
AA	—	6,859,580	5,173,135	12,032,715
A	—	545,516	18,207,338	18,752,854
BBB	—	—	6,262,932	6,262,932
BB	—	—	448,958	448,958
CCC	—	—	14,643	14,643
Not Rated	—	—	181,606	181,606
Total	<u>\$ —</u>	<u>\$ 8,350,116</u>	<u>\$ 31,424,734</u>	<u>\$ 39,774,850</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
18. COMPONENT UNITS (CONTINUED)

At June 30, 2020, the Foundation had the following investment credit risk:

Credit Rating	Investment Type			Total
	Foreign Governments	U.S. Government Agency Obligations	Corporate Debt	
AAA	\$ 253,993	\$ —	\$ 655,599	\$ 909,592
AA	—	7,712,005	3,394,522	11,106,527
A	—	—	12,540,668	12,540,668
BBB	—	—	5,902,467	5,902,467
B	—	—	20,211	20,211
CCC	—	—	5,493	5,493
Not Rated	—	—	2,963	2,963
Total	\$ 253,993	\$ 7,712,005	\$ 22,521,923	\$ 30,487,921

Concentration of Credit Risk

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

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

At the end of 2022 and 2021, the Foundation was in compliance with the policy addressing concentration of credit risk.

Custodial Credit Risk

The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Foundation will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Foundation minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to Foundation ownership and further to the extent possible, be held in the Foundation's name. At June 30, 2022 and 2021 all Foundation funds were held in the name of the counterparty for benefit of the Foundation.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
18. COMPONENT UNITS (CONTINUED)
Foreign Currency Risk

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

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

Currency Type		June 30, 2022 Fair Value	June 30, 2021 Fair Value
AUD	Australia	\$ 601,309	\$ 1,012,419
CAD	Canada	638,712	793,638
CHF	Switzerland	1,812,732	2,799,515
DKK	Denmark	1,132,741	1,654,061
EUR	Euro	3,620,825	5,913,909
GBP	Great Britain	1,581,832	2,948,398
HKD	Hong Kong	582,069	1,042,349
JPY	Japan	2,050,814	3,282,007
SGD	Singapore	257,254	361,938
		\$ 12,278,288	\$ 19,808,234

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
18. COMPONENT UNITS (CONTINUED)
DISTRIBUTIONS TO UNIVERSITY OF IDAHO AND AFFILIATES

During fiscal years 2022 and 2021, earnings from endowments invested in the CIT, direct gifts and other revenues to the Foundation were distributed as follows:

	2022		2021	
	CIT Endowment Income	Gifts and Other Revenues	CIT Endowment Income	Gifts and Other Revenues
Scholarships	\$ 8,106,087	\$ 1,742,555	\$ 7,546,526	\$ 2,110,999
Student loans	195,417	—	191,757	—
Building funds	—	331,775	—	1,032,377
University of Idaho College and Department Operating Accounts				
Academic Excellence	708,960	—	676,802	—
Agricultural and Life Sciences	816,940	1,706,315	755,170	1,408,160
Art and Architecture	20,055	146,613	19,624	123,392
Athletics	82,401	1,518,264	79,583	216,384
Business and Economics	466,316	159,247	450,475	358,484
Education	55,551	172,633	54,473	104,090
Engineering	496,938	757,038	384,991	576,619
Law	251,469	9,936,610	246,202	186,750
Letters, Art and Social Science	854,461	354,317	813,722	177,796
Library	234,309	2,945	221,972	3,027
Natural Resources	449,878	781,435	419,075	359,169
Science	222,839	348,615	215,529	370,854
Other departments	361,329	2,239,350	407,264	2,832,691
Life beneficiaries	8,916	—	11,656	—
University of Idaho affiliates	—	20,359	—	20,655
Total Distributions	<u>\$ 13,331,866</u>	<u>\$ 20,218,071</u>	<u>\$ 12,494,821</u>	<u>\$ 9,881,447</u>

DONOR RESTRICTED ENDOWMENTS

The Foundation receives certain gift assets that are restricted for endowment purposes, and by definition the original gift amount is in perpetuity for the benefit of the University. Restriction requirements for principal preservation are addressed by Idaho statute, and are applicable lacking any further guidance from the individual gift agreement. During the fiscal years ended June 30, 2022 and 2021, \$23,152,009 and \$13,244,362 were contributed to endowments, respectively.

The Foundation Board of Directors establishes a spending rate annually for endowments. The approved fiscal year 2022 and 2021 spending rate was set at 4.3% of the 3 year rolling average of the CIT's monthly fair market value.

During the fiscal years ended June 30, 2022 and 2021, the endowments held by the Foundation had net appreciation (depreciation) on endowments of \$(17,219,812) and \$87,288,698, respectively. Unrealized appreciation (depreciation) is included with the "Restricted-expendable" Net Position.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021
18. COMPONENT UNITS (CONTINUED)
Blended component unit
University of Idaho Strategic Initiatives Fund

The University of Idaho Strategic Initiatives Fund is an Idaho non-profit corporation established on December 18, 2020 and operated exclusively for charitable, educational, and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code for the benefit of the University of Idaho (University). See Note 1 for additional information.

Significant financial data for University of Idaho Strategic Initiatives Fund for the year ended June 30, 2022 are presented below:

CONDENSED STATEMENT OF NET POSITION

	2022	2021
Assets		
Cash and other assets	163,308,798	\$ 195,244,079
Receivables	—	76,364
Total Assets	<u>163,308,798</u>	<u>\$ 195,320,443</u>
Liabilities		
Accounts payable and other current liabilities	179,866,138	\$ 190,000,000
Total Liabilities	<u>179,866,138</u>	<u>190,000,000</u>
Net Position		
Unrestricted	(16,557,340)	5,320,443
Total Net Position	<u>(16,557,340)</u>	<u>5,320,443</u>
Total Liabilities and Net Position	<u>163,308,798</u>	<u>\$ 195,320,443</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2022	2021
Program Expenses		
General expense	68,239	\$ 51,700
Total Program Expenses	<u>68,239</u>	<u>51,700</u>
Program Revenues		
Realized gain/loss	(2,380,709)	14,054
Change in unrealized gain/loss	(32,658,328)	4,705,056
Investment interest	13,229,493	653,033
Total Program Revenues	<u>(21,809,544)</u>	<u>5,372,143</u>
Change in net position	(21,877,783)	5,320,443
Net Position, beginning of year	5,320,443	—
Net Position, end of year	<u>(16,557,340)</u>	<u>\$ 5,320,443</u>

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2022 AND 2021****19. RELATED ORGANIZATIONS**

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

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

20. UTILITY SYSTEM LEASE AND CONCESSION AGREEMENT

On November 2, 2020, the University's Board of Regents approved the University entering into a 50-year agreement, a public-private partnership (P3), to lease the University's utility system to Sacyr Plenary Utility Partners Idaho LLC (SPUPI), and grant it the exclusive right to operate the utility system and provide utility services to the University of Idaho campus. On December 30, 2020, the University received an upfront payment of \$225,000,000. The upfront payment is reported as Advance from Concessionaire and is being amortized to lease income on a straight-line basis over the term of the agreement.

Under the agreement, SPUPI operates, maintains, and makes capital investments in the utility system and charges the University a Utility Fee, which includes fixed, variable, and operating and maintenance (O&M) components. SPUPI capital investments in the utility system are recognized as capital assets and a related long-term payable to the concessionaire. The fixed and O&M components of the Utility Fee are recognized as operating expense. The variable component of the Utility Fee will be recognized as a reduction in the long-term payable to the concessionaire and interest expense.

The University recognized fixed and O&M utility fee expenses totaling \$11,813,156 for the year ended June 30, 2022, and \$5,350,996 for the year ended June 30, 2021.

**SUPPLEMENTARY INFORMATION
AND
OTHER INFORMATION**

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

Year ended June 30,	University's portion of net pension liability	University's proportionate share of the net pension liability (asset)	University's covered payroll	University's proportional share of the net pension liability as a percentage of it's covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	1.83 %	\$ 13,469,341	\$ 50,667,755	26.58 %	94.95 %
2016	1.81 %	23,973,741	52,317,861	45.82 %	26.58 %
2017	1.79 %	36,275,764	57,486,009	63.10 %	87.26 %
2018	1.85 %	29,092,164	59,160,024	49.18 %	90.68 %
2019	1.84 %	27,122,978	63,480,316	42.73 %	91.69 %
2020	1.80 %	20,569,074	59,445,025	34.60 %	93.79 %
2021	1.70 %	38,646,668	53,160,460	72.70 %	88.22 %
2022	1.43 %	(1,127,431)	53,939,963	(2.09)%	100.36 %

Schedule of University Contributions
PERSI – Base Plan

Year ended June 30,	Statutorial- required contribution	Contributions in relation to the statutorily- required contribution	Contribution (deficiency) excess	University's covered payroll	Contributions as a percentage of covered payroll
2015	\$ 5,735,586	\$ 5,735,586	\$ —	\$ 50,667,755	11.32 %
2016	5,917,860	5,917,860	—	52,317,861	11.31 %
2017	6,507,425	6,507,425	—	57,486,009	11.32 %
2018	6,696,913	6,696,913	—	59,160,024	11.32 %
2019	7,185,973	7,185,973	—	63,480,316	11.32 %
2020	7,069,224	7,069,224	—	59,445,025	11.89 %
2021	6,360,836	6,360,836	—	53,160,460	11.94 %
2022	6,423,246	6,423,246	—	53,939,963	11.91 %

**REQUIRED SUPPLEMENTARY INFORMATION – Postemployment Benefits
(Other Than Pensions) – (OPEB)**

Schedule of Changes in Net OPEB Liability - Last Five Fiscal Years¹

Reporting date for Employer under GASB 75	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Reporting date for Employer under GASB 74	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Measurement Date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Total OPEB Liability					
Service cost	\$ 144,947	\$ 569,060	\$ 578,929	\$ 505,261	\$ 505,073
Interest	2,494,254	3,347,242	3,837,295	3,697,710	3,606,077
Change of benefit terms	—	(12,709,415)	(3,256,044)	—	—
Differences between expected and actual experience	(798,490)	(833,697)	(917,763)	3,653,835	—
Changes of assumptions	(1,150,768)	(1,481,712)	(5,688,728)	(8,337,551)	—
Benefit payments, including refunds of member contributions	(2,445,062)	(2,915,743)	(2,549,475)	(3,188,730)	(2,676,167)
Net change in Total OPEB Liability	(1,755,119)	(14,024,265)	(7,995,786)	(3,669,475)	1,434,983
Total OPEB Liability - beginning	42,630,675	56,654,940	64,650,726	68,320,201	66,885,217
Total OPEB Liability - ending	40,875,556	42,630,675	56,654,940	64,650,726	68,320,201
Plan Fiduciary Net Position					
Contributions - employer	2,556,560	3,040,902	2,659,639	3,895,180	2,961,065
Contributions - employee	—	—	—	—	—
Net investment income	4,999,319	6,366,769	6,413,776	(1,839,891)	3,527,768
Benefit payments, including refunds of member contributions	(2,445,062)	(2,915,743)	(2,549,475)	(3,188,730)	(2,676,167)
Administrative expense	(136,698)	(125,159)	(110,164)	(91,450)	(74,899)
Other ²	—	35,358	\$ —	\$ —	\$ —
Net change in Plan Fiduciary Net Position	4,974,119	6,402,127	6,413,776	(1,224,891)	3,737,767
Plan Fiduciary Net Position - beginning	46,575,383	40,173,256	33,759,480	34,984,371	31,246,603
Plan Fiduciary Net Position - ending	51,549,502	46,575,383	40,173,256	33,759,480	34,984,370
Net OPEB Liability - ending	(10,673,946)	(3,944,708)	16,481,684	30,891,246	33,335,830
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	126.11%	109.25%	70.91%	52.22%	51.21%
Covered payroll	\$ 137,069,380	\$ 153,290,912	\$ 170,117,886	\$ 165,468,096	\$ 159,935,268
University's net OPEB liability as a percentage of covered payroll	(7.79%)	(2.57%)	9.69%	18.67%	20.84%

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

² Includes Death Benefits

**REQUIRED SUPPLEMENTARY INFORMATION – Postemployment Benefits
(Other Than Pensions) – (OPEB)**

Schedule of OPEB Contributions - Last Ten Fiscal Years¹

Year Ended June 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contributions Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 3,368,000	\$ 3,178,000	\$ 190,000	\$132,777,000	2.39 %
2015	3,177,000	3,233,000	(56,000)	140,728,000	2.30 %
2016	2,711,000	2,751,000	(40,000)	150,995,000	1.82 %
2017	3,321,000	3,157,000	164,000	152,999,000	2.06 %
2018	3,537,000	3,592,000	(55,000)	157,589,000	2.28 %
2019	3,451,000	2,937,000	514,000	162,317,000	1.81 %
2020	3,285,000	3,048,000	237,000	172,651,000	1.77 %
2021	2,151,000	3,179,000	(1,028,000)	155,573,000	2.04 %
2022	(442,000)	N/A	N/A	139,110,000	N/A
2023	1,203,000	N/A	N/A	128,516,000	N/A

See accompanying notes to this schedule

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

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

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported
Measurement date	June 30, 2021
Actuarial cost method	Entry Age, Level Percentage of Payroll
Amortization method	Level Dollar, Closed
Remaining amortization period	19 years remaining for the year ending June 30, 2018 18 years remaining for the year ending June 30, 2019 17 years remaining for the year ending June 30, 2020 16 years remaining for the year ending June 30, 2021 15 years remaining for the year ending June 30, 2022
Asset valuation method	The market value of assets as of December 31, 2020 projected to the measurement date.

SUPPLEMENTARY INFORMATION – STATEMENTS OF OTHER EMPLOYEE BENEFITS TRUST FUNDS
**STATEMENTS OF OTHER EMPLOYEE BENEFITS TRUST FUNDS NET POSITION
AS OF DECEMBER 31, 2021 (unaudited)**

	Retiree Benefits Trust 2021	Health Benefits Trust 2021	Death Benefits Trust 2021	Total
Assets				
Cash and short-term investments	\$ 1,525,009	\$ 1,732,730	\$ 10,072	\$ 3,267,811
Prepaid Expenses		305,015		305,015
Accounts receivable		240,345	—	240,345
Interest receivable		25,479	8	25,487
Investments, at fair value				
Fixed income securities	4,716,422	6,969,152	—	11,685,574
Equity securities	4,428,808	—	—	4,428,808
Pooled securities	40,869,182	—	—	40,869,182
Total assets	51,539,421	9,272,721	10,080	60,822,222
Liabilities				
Accounts payable	—	495,695	—	495,695
IBNR liability	—	2,184,000	—	2,184,000
Total liabilities	—	2,679,695	—	2,679,695
Net position held in trust for benefits	\$ 51,539,421	\$ 6,593,026	\$ 10,080	\$ 58,142,527
	Retiree Benefits Trust 2021	Health Benefits Trust 2021	Death Benefits Trust 2021	Total
Additions				
Contributions				
Employer	\$ —	\$ 25,456,539	\$ 240,300	\$ 25,696,839
Plan members	—	6,962,652	—	6,962,652
Total contributions	—	32,419,191	240,300	32,659,491
Net investment (loss) income	5,143,221	(65,463)	8	5,077,766
Total additions	5,143,221	32,353,728	240,308	37,737,257
Deductions				
Insurance claim benefits		25,354,403	265,500	25,619,903
Change in IBNR		207,500	—	207,500
Premiums		123,609	—	123,609
Administrative expenses	143,825	3,730,049	86	3,873,959
Total deductions	143,825	29,415,561	265,586	29,824,971
Net increase (decrease) in assets held in trust for benefits	4,999,396	2,938,167	(25,278)	7,912,286
Benefit plan net position, beginning of year	46,540,025	3,654,860	35,357	50,230,242
Benefit plan net position, end of year	\$ 51,539,421	\$ 6,593,027	\$ 10,079	\$ 58,142,527

SUPPLEMENTARY INFORMATION – STATEMENTS OF OTHER EMPLOYEE BENEFITS TRUST FUNDS
**STATEMENTS OF OTHER EMPLOYEE BENEFITS TRUST FUNDS NET POSITION
AS OF DECEMBER 31, 2020 (unaudited)**

	Retiree Benefits Trust 2020	Health Benefits Trust 2020	Death Benefits Trust 2020	Total
Assets				
Cash and short-term investments	\$ 1,309,520	\$ 1,476,638	\$ 35,256	\$ 2,821,414
Accounts receivable	—	232,862	—	232,862
Interest receivable	187	15,226	101	15,514
Investments, at fair value				
Fixed income securities	4,271,322	4,454,061	—	8,725,383
Equity securities	3,500,829	—	—	3,500,829
Pooled securities	37,458,167	—	—	37,458,167
Total assets	46,540,025	6,178,787	35,357	52,754,169
Liabilities				
Accounts payable	—	547,427	—	547,427
IBNR liability	—	1,976,500	—	1,976,500
Total liabilities	—	2,523,927	—	2,523,927
Net position held in trust for benefits	\$ 46,540,025	\$ 3,654,860	\$ 35,357	\$ 50,230,242
	Retiree Benefits Trust 2020	Health Benefits Trust 2020	Death Benefits Trust 2020	Total
Additions				
Contributions				
Employer	\$ —	\$ 24,622,260	\$ 200,000	\$ 24,822,260
Plan members	—	6,261,092	—	6,261,092
Total contributions	—	30,883,352	200,000	31,083,352
Net investment (loss) income	6,484,962	219,935	101	6,704,998
Total additions	6,484,962	31,103,287	200,101	37,788,350
Deductions				
Insurance claim benefits	—	25,583,696	185,380	25,769,076
Change in IBNR	—	(405,600)	—	(405,600)
Premiums	—	136,653	—	136,653
Administrative expenses	118,193	3,816,718	67	3,934,978
Total deductions	118,193	29,131,467	185,447	29,435,107
Net increase (decrease) in assets held in trust for benefits	6,366,769	1,971,820	14,654	8,353,243
Benefit plan net position, beginning of year	40,173,256	1,683,040	20,703	41,876,999
Benefit plan net position, end of year	\$ 46,540,025	\$ 3,654,860	\$ 35,357	\$ 50,230,242

OTHER INFORMATION - FINANCIAL ASSETS AND LIQUIDITY RESOURCES (unaudited)

The following table reflects the University's financial assets, reduced by amounts not available for general expenditures within one year. Financial assets are unavailable when illiquid or not convertible to cash within one year, or when restricted for purposes such as bond funded projects, loan funds, or grants and contracts. The University considers all expenditures related to its operating activities that are incurred in the course of normal business operations to be general expenditures.

	Year Ended June 30,	
	2022	2021
Financial assets:		
Cash and short-term investments, unrestricted	\$ 20,004,976	\$ 44,608,334
Cash and short-term investments, restricted	4,975,872	13,204,761
Due from state agencies	—	229,821
Investments available for general purposes	231,741,270	242,986,678
Accounts receivable and unbilled charges, net	41,699,324	37,575,715
Student loans receivable	4,027,618	5,690,557
Interest and other receivables	974,887	1,130,302
Total financial assets	\$ 303,423,947	\$ 345,426,168
Financial assets unavailable for general expenditures within one year:		
Accounts receivable beyond one year	\$ —	\$ —
Student loans receivable beyond one year or restricted for Perkins	4,027,618	5,690,557
Accounts receivable restricted by grants and contracts or UI Foundation	31,215,891	27,281,317
Cash restricted for capital projects, Perkins, or grants and contracts	4,975,872	13,204,761
Investments not available within one year	162,765,163	193,722,072
Total financial assets unavailable for general expenditures within one year	\$ 202,984,544	\$ 239,898,707
Financial assets available to meet cash needs for general expenditure within one year	\$ 100,439,403	\$ 105,527,461

The University's practice is to structure its financial assets to be available as its general expenses, liabilities, and obligations come due. In addition to financial assets available to meet general expenditures over the next year, the University's goal is to operate with a balanced budget and anticipates collecting sufficient revenues to cover general expenditures. Refer to the statement of cash flows, which illustrates the sources and uses of the University's cash generated by operating activities and noncapital financing activities for the years ended June 30, 2022 and 2021. Noncapital financing activities include revenues classified under GASB 34 as non-operating revenue and include state and federal appropriations, federal grants and contracts, gift and other revenues, which are all considered ongoing revenues necessary to cover general expenditures.