



FINANCIAL STATEMENTS FOR THE YEARS
ENDED JUNE 30, 2021 AND 2020 AND
REPORTS OF INDEPENDENT AUDITORS



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INDEPENDENT AUDITORS' REPORT

Idaho Office of the State Board of Education
University of Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Idaho (University) and the discretely presented component unit, as of and for the year ended June 30, 2021, and the aggregate remaining fund information of the University, a component unit of the State of Idaho, as of and for the year ended December 31, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University of Idaho Foundation, Inc, which represent 100% of the assets, net position, and revenues of the discretely presented component unit, or the University of Idaho Health Benefits Trust, which represent 12%, 7%, and 82% of the assets, net position, and additions of the aggregate remaining fund information, respectively, for December 31, 2020, and 10%, 4%, and 82% of the assets, net position, and additions of the aggregate remaining fund information, respectively, for December 31, 2019. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

Opinions

In our opinion, based on our audit 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, and its discretely presented component unit, as of June 30, 2021, and the aggregate remaining fund information of the University as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As more fully discussed in Note 1, during fiscal year ended June 30, 2021, the University of Idaho adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*. Our auditors' opinion was not modified with respect to the implementation.

Other Matters

The 2020 financial statements of the University of Idaho were audited by other auditors whose report dated September 25, 2020, expressed an unmodified opinion on those statements.

Required Supplementary Information

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

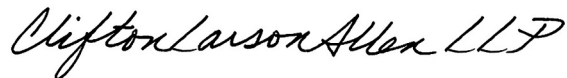
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Idaho's basic financial statements. The combining fiduciary fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 14, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 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.

Financial Highlights

On November 2, 2020, the University entered into a 50-year lease and concession agreement (the Utility Concession) with Sacyr Plenary Utility Partners Idaho LLC (Concessionaire) for the operation of its principal on-campus utility systems and received a \$225 million upfront payment upon financial close on December 30, 2020. After deducting issuance costs and the cost of defeasing bonds that financed portions of the utility system, the University deposited \$190 million into a newly formed Strategic Initiatives Fund (SIF). The University will request disbursements from the SIF to support the University's efforts at 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.

Disciplined adherence to COVID-19 protocols and regular mandated COVID testing for students living on campus and attending in-person classes allowed the University to remain open during the 2020-2021 academic year with a mix of online and in-person course delivery. While enrollment declines and lower housing occupancy did create some pressure on operating revenues, the University was able to mitigate losses with operating expense reductions and federal relief grants through the Higher Education Emergency Relief Fund (HEERF) to end the year with positive increases in net position and cash position.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Student fall enrollment history and annual graduation statistics for the University's fall semesters for 2018 through 2020 are presented in the following table:

Enrollment and Graduation Statistics Fall Semester			
	2020	2019	2018
<u>Enrollments</u>			
Total Headcount	10,791	11,926	11,841
Total Full-time Equivalents (FTE)	8,618	9,068	9,273
Undergraduate Headcount:			
Full-time	6,323	6,948	7,044
Part-time	2,130	2,762	2,646
Graduate Headcount:			
Full-time	1,567	1,498	1,465
Part-time	771	718	686
Resident Student Percentage	72 %	72 %	74 %
First-year Undergraduate Enrollment Statistics Including Transfers			
Applied	9,938	9,414	9,276
Admitted	7,398	7,220	7,069
Enrolled	1,425	2,011	1,972
SAT Combined Score Mean	1,106	1,117	1,114
Degrees Awarded			
Bachelors	1,631	1,761	1,702
Masters	464	551	490
Doctoral	88	63	65
Law	137	99	95
Specialist	10	13	22
Academic Certificates, Undergraduate/Graduate	128	125	100

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, 2021**

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)			
	2021	2020	2019
ASSETS			
Current assets	\$ 89,932	\$ 58,311	\$ 59,699
Capital assets - net	450,884	437,644	427,395
Other noncurrent assets	263,854	91,390	71,149
Total Assets	804,670	587,345	558,243
Deferred Outflows of Resources	18,158	13,715	18,923
Total Assets and Deferred Outflows of Resources	\$ 822,828	\$ 601,060	\$ 577,166
LIABILITIES			
Current liabilities	\$ 66,104	\$ 50,967	\$ 46,104
Noncurrent liabilities	426,614	239,643	231,084
Total Liabilities	492,718	290,610	277,188
Deferred Inflows of Resources	29,982	33,164	23,593
Total Liabilities and Deferred Inflows of Resources	522,700	323,774	300,781
NET POSITION			
Net investment in capital assets	281,876	258,246	251,956
Restricted expendable	20,191	28,753	38,281
Unrestricted	(1,939)	(9,713)	(13,852)
Total Net Position	300,128	277,286	276,385
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 822,828	\$ 601,060	\$ 577,166

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 SIF and net capital asset

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

additions of \$13.2 million. Changes in capital assets are explained in more detail under the section on capital assets and debt.

The University's total assets increased by \$29.1 million to \$587.3 million as of June 30, 2020 (FY20). This increase was primarily due to an \$18.8 million increase in restricted cash associated with unspent bond proceeds from the 2020A Series bond issuance, as well as net capital assets additions of \$10.3 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 \$4.4 million during FY21. This increase is primarily related to the net difference between projected and actual earnings on pension plan investments.

Total deferred outflows of resources decreased by \$5.2 million during FY20. This decrease is directly related to deferred contributions and changes of assumptions for the University's pension and other post-employment benefits (OPEB).

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.

The University's total liabilities increased during FY20 by \$13.4 million to \$291 million as of June 30, 2021. This increase is the result of an \$9.4 million increase in salaries and benefits payable of which \$6.7 million is attributable to payments owed to former employees electing to exit the University under the Voluntary Separation Incentive Program (VSIP) and the Optional Retirement Incentive Program (ORIP). The remaining \$2.5 million increase is due to payroll calendar timing of payroll accrual differences between fiscal years. An increase in notes and bonds payable of \$26.7 million is due to the issuance of the 2020A Series bonds net of principal payments. These increases were offset by a \$6.6 million decrease in net pension liability and \$14.4 million decrease in net OPEB 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.

Total deferred inflows of resources increased by \$9.6 million in FY20. This rise is the result of an increase in deferred pension plan inflows of \$4.6 million and deferred OPEB inflows of \$5.9 million associated with change in assumptions.

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

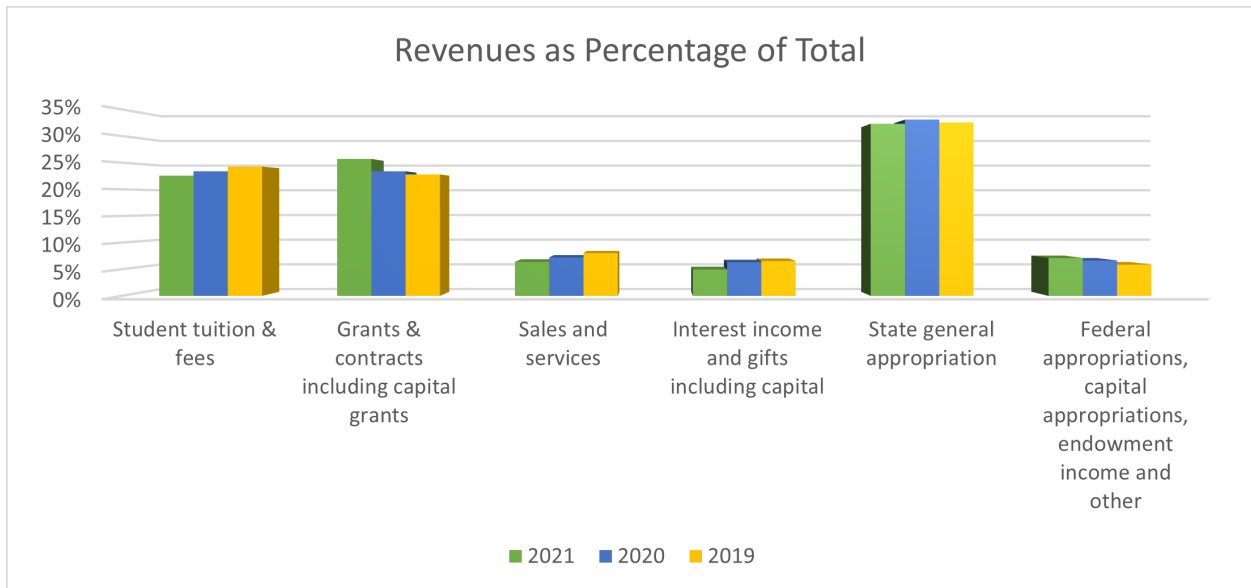
Changes in total net position as presented in the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present the revenues earned and expenses incurred during the year, classifying activities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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

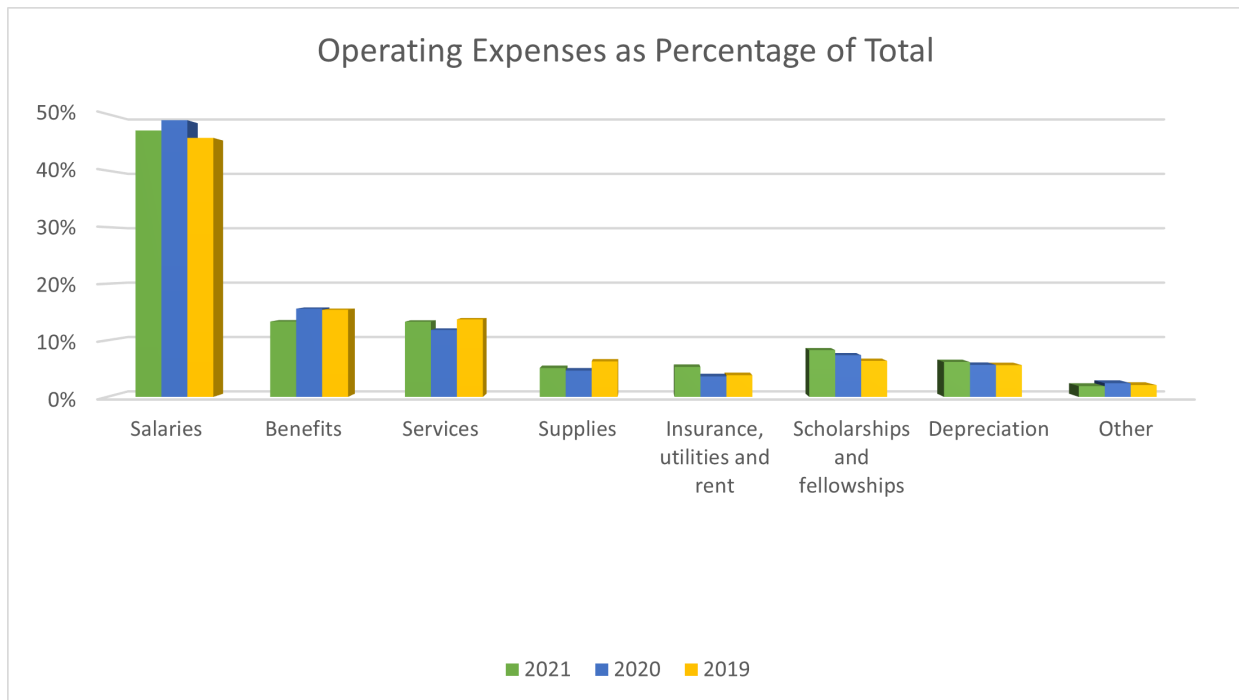
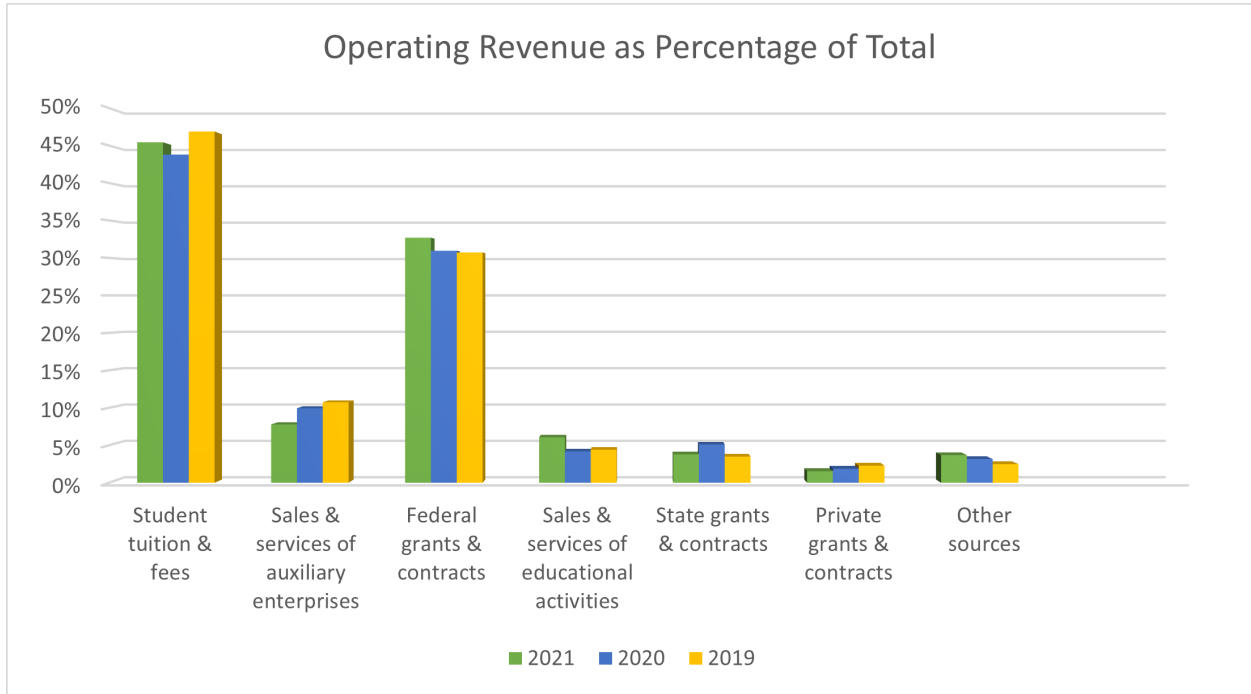
reporting model are derived from activities that are non-exchange transactions, such as gifts and contributions, investment income, state and federal appropriations. Without non-operating revenues, the University would not be able to cover its net cost of operations.

The Statement of Revenues, Expenses, and Changes in Net Position shows the activity that resulted in a \$22.8 million increase in net position for the year ended June 30, 2021.

The graphs on the following pages show the composition of total revenues, operating revenues and operating expenses for fiscal years 2021, 2020 and 2019.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Condensed Statement of Revenues, Expenses and Changes in Net Position			
Fiscal Years Ended June 30			
(Dollars in Thousands)			
	2021	2020	2019
Operating revenues	\$ 204,121	\$ 212,731	\$ 216,760
Operating expenses	388,200	415,810	429,127
Operating loss	(184,079)	(203,079)	(212,367)
Net nonoperating revenues	200,131	193,938	187,528
Gain (loss) before other revenues	16,052	(9,141)	(24,839)
Other revenues	6,790	10,042	5,506
Increase (Decrease) In Net Position	22,842	901	(19,333)
Net Position - Beginning of year	277,286	276,385	295,718
Net Position - End of year	\$ 300,128	\$ 277,286	\$ 276,385

The University ended FY21 with an aggregate change in net position of \$22.8 million and an ending net position of \$300.1 million. This compares to a increase in total net position of \$0.9 million in FY20 and a decrease of \$19.3 million in FY19. The University ended FY20 with an aggregate net position of \$277.2 million compared to an ending aggregate net position of \$276.4 million in FY19.

FY21 operating revenues of \$204.1 million were \$8.6 million lower than the prior year. 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.

FY20 operating revenues of \$213.7 million were \$4.0 million lower than FY19. This is due to a reduction of net student tuition and fees revenues by \$2.0 million to \$97.4 million as of June 30, 2021 in addition to a \$2.1 million decline in sales and services of auxiliary enterprises. This 1.9% decrease in operating revenues was attributable to a lower aggregate student full-time equivalents for the year of 2.2% and lost dining and other auxiliary sales during the campus closure in Spring 2020 in response to 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.

FY20 operating expenses totaling \$415.8 million decreased \$13.3 million as compared to FY19. Services and supplies expenses in FY20 reduced by \$9.7 million and \$7.5 million, respectively. These operating expenses were impacted by both intentional budget reductions and the campus closure from the COVID-19 pandemic. The largest impact was seen in library acquisitions, various categories of supplies, and travel expenses. These decreases were offset by higher salary expenses resulting entirely from the accrual of \$6.7 million in severance and retirement incentives scheduled to be paid to former employees through July 2022.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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.

FY20 net nonoperating revenues of \$193.9 million were \$6.4 million higher than FY19. This increase is attributable primarily to the University recognizing \$5.1 million in federal grants under HEERF and land sales of \$3.9 million offset by a decrease of \$2.4 million in investment returns.

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.

Other revenues of \$10.0 million increased \$4.5 million over FY19. This increase is driven by revenues recognized from projects funded by the Idaho Department of Public Works as follows: \$2.1 million related to entry and exterior renovations to Administration Building; \$0.6 million for replacement of environmental coolers in Gibb Hall Life Science South; and \$1.5 million for various other campus improvement projects.

Statement of Cash Flows

The Statement of Cash Flows presents cash inflows and outflows of the University during the year ended June 30, 2021. 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Condensed Statement of Cash Flows			
Fiscal Years Ended June 30			
(Dollars in Thousands)			
	2021	2020	2019
Cash provided (used) by:			
Operating activities	\$ 60,299	\$ (174,350)	\$ (183,931)
Noncapital financing activities	200,908	193,467	188,996
Capital and related financing activities	(69,262)	761	(33,764)
Investing activities	(188,285)	83	37,314
Net change in cash	3,660	19,961	8,615
Cash beginning of the year	54,153	34,192	25,577
Cash end of the year	<u>\$ 57,813</u>	<u>\$ 54,153</u>	<u>\$ 34,192</u>

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.

Cash increased by \$20.0 million during FY20 from the end of FY19. Cash used in operating activities decreased by \$9.6 million compared to the prior year as a result of increased grant revenues and lower payments for supplies and services. Net cash generated by noncapital financing activities increased by \$4.5 million due to increased federal nonoperating grants of \$5.1 million related to the HEERF federal grant. Net cash used in capital and related financing activities decreased by \$33.0 million primarily due to proceeds from capital debt of \$55.7 million offset by decreases in notes and bonds payable of \$30.5 million, all related to the issuance of the 2020A Bond Series. The 2020A series was issued to refund 2010B&C Series debt and provide \$32 million in working capital for the ICCU Arena project. Cash generated by investing activities decreased by \$37.2 million as no investments were liquidated for operational cash needs in FY20 as was done in FY19.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Capital Assets			
Fiscal Years Ended June 30			
(Dollars in Thousands)			
	2021	2020	2019
Capital Assets at Cost			
Buildings and improvements	\$ 697,077	\$ 685,781	\$ 682,348
Equipment	112,299	111,568	111,293
Construction in progress	53,168	33,326	10,415
Library materials	57,564	57,105	57,359
Capitalized collections	2,529	2,517	2,420
Land	32,216	32,254	30,160
Total Capital Assets at Cost	<u>\$ 954,853</u>	<u>\$ 922,551</u>	<u>\$ 893,995</u>
Accumulated Depreciation			
Buildings and improvements	\$ (354,030)	\$ (337,116)	\$ (320,798)
Equipment	(95,342)	(93,821)	(91,496)
Library materials	(54,598)	(53,970)	(54,306)
Total Accumulated Depreciation	<u>\$ (503,970)</u>	<u>\$ (484,907)</u>	<u>\$ (466,600)</u>
Total Capital Assets, Net	<u><u>\$ 450,883</u></u>	<u><u>\$ 437,644</u></u>	<u><u>\$ 427,395</u></u>

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 the year 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.

During FY20 net capital assets increased \$10.3 million from FY19. The increase was a result of \$28.6 million in asset acquisitions. The University acquired \$2.1 million in land and associated buildings. Property was purchased in Bellevue, Idaho (\$1.2 million) to provide agricultural research and education programs; and in Jerome, Idaho (\$0.9 million) for future development of the Idaho Center for Agriculture, Food, and the Environment (CAFE), a facility focused on dairy, crop production and food processing research.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Significant projects completed and capitalized during FY20 included renovations to E.J. Iddings Agricultural Science Lab, Morrill Hall, Sheep Center Residence, JW Martin Agricultural Engineering Building, Park Farm Seed House and Renfrew Hall (combined \$1.7 million). Costs for FY20 progress on the ICCU Arena construction were \$17.7 million and are reflected in capitalized construction-in-progress at year-end.

The additions in FY20 were offset by an increase of \$18.3 million in net accumulated depreciation. With the ending net capital asset balance for FY20 being \$437.6 million.

Bonds and Capital Leases			
Fiscal Years Ended June 30			
(Dollars in Thousands)			
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Bonds & Capital Leases	<u>\$ 173,037</u>	<u>\$ 205,232</u>	<u>\$ 178,627</u>

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.

Total debt in FY20 of \$205.2 million increased \$26.6 million from that of FY19 due to the issuance of the 2020A Bond Series, offset by refunded 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. In spite of the pandemic, the State of Idaho closed both the 2020 and 2021 fiscal years with record general fund revenues. While conservative fiscal policies remain in place in order to preserve reserves at the state level, further declines in University funding are not anticipated.

Tuition rates were held steady for the 2020-2021 academic year at the recommendation of the Presidents of all the public four-year higher education institutions in the state, and will remain flat for the 2021-2022 academic year. The University has experienced persistent FTE enrollment declines over the past four years. Undergraduate enrollment has declined while graduate and professional enrollments have increased. University leadership has invested in several recruitment and retention strategies and believes there is a strong basis for optimism. Fall 2021 enrollment has improved overall and with the largest incoming freshman class since 2017. Non-resident enrollment and enrollment from the Western Undergraduate Exchange program have also increased. U.S. News

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

and World Report ranks the University in the top 6% of all U.S. public colleges and universities, 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 two consecutive years of record fundraising: \$49.7 million in FY2020 was the highest in the University's history, and FY2021 surpassed that record for a total of \$54.1 million. The University expects sustained fundraising to continue in the range of \$50 - \$55 million annually. The endowment held by the University of Idaho Foundation grew to over \$300 million at the end of FY2021, 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 2021, which resulted in \$78 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, 2021 AND 2020**

	University of Idaho	University of Idaho	University of Idaho Foundation (note 17)	University of Idaho Foundation (note 17)
	2021	2020	2021	2020
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 44,608,334	\$ 16,858,366	\$ 20,476,374	\$ 4,859,170
Due from state agencies	229,821	440,311	—	—
Prepaid expenses	3,155,997	1,630,588	—	—
Investments	—	—	25,951,995	28,714,516
Interest and other receivables	921,390	855,146	441,867	310,131
Student loans receivable - net	1,972,857	2,053,110	—	—
Accounts receivable & unbilled charges - net	37,575,715	34,853,410	—	—
Inventories	1,259,365	1,393,482	—	—
Promises to give - net	—	—	2,878,677	1,732,393
Notes receivable	208,912	226,901	—	—
Total Current Assets	89,932,391	58,311,314	49,748,913	35,616,210
Noncurrent Assets				
Restricted cash and cash equivalents	13,204,761	37,295,185	36,976,504	13,625,510
Student loans receivable - net	3,717,700	5,254,364	—	—
Investments	242,986,678	48,839,954	363,529,092	301,684,058
Promises to give - net	—	—	5,641,903	5,812,426
Real estate holdings	—	—	4,959,630	5,166,957
Non-depreciable capital assets	87,913,672	68,097,399	—	—
Depreciable capital assets - net	362,969,994	369,546,461	—	—
Net OPEB asset	3,944,708	—	—	—
Other noncurrent assets	—	—	540,559	358,120
Total Noncurrent Assets	714,737,513	529,033,363	411,647,688	326,647,071
TOTAL ASSETS	804,669,904	587,344,677	461,396,601	362,263,281
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to refunding of debt	1,296,363	1,308,208	—	—
Deferred outflows related to pension	14,650,462	10,519,534	—	—
Deferred outflows related to OPEB	2,211,533	1,887,145	—	—
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,158,358	13,714,887	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 822,828,262	\$ 601,059,564	\$ 461,396,601	\$ 362,263,281

See notes to financial statements

Continued

**STATEMENT OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	University of Idaho	University of Idaho	University of Idaho Foundation (note 17)	University of Idaho Foundation (note 17)
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 8,278,358	\$ 6,168,587	\$ 211,747	\$ 537,973
Accrued salaries and benefits payable	17,990,516	17,917,560	—	—
Compensated absences payable	8,355,562	8,020,842	—	—
Endowment earnings payable to trust beneficiaries	—	—	12,494,821	11,751,176
Accrued interest payable	1,770,534	2,220,462	—	—
State teacher education loan advance	128,076	128,076	—	—
Deposits	755,753	696,121	—	—
Unearned revenue	16,225,849	7,349,160	—	1,000,000
Funds held in custody for others	1,197,891	1,419,367	—	—
Obligations under capital leases	210,992	67,539	—	—
Current portion long-term liabilities	6,027,948	6,476,639	—	—
Advance from concessionaire - current	4,500,000	—	—	—
Other funds due to University of Idaho	—	—	5,695,667	—
Other liabilities	662,463	502,404	—	—
Split interest agreements	—	—	860,055	866,083
Total Current Liabilities	<u>66,103,942</u>	<u>50,966,757</u>	<u>19,262,290</u>	<u>14,155,232</u>
Noncurrent Liabilities				
Accrued salary incentives	2,408,545	3,903,930	—	—
Obligations under capital leases	299,387	70,379	—	—
Bonds payable	167,009,548	198,617,601	—	—
Net pension liability	38,646,668	20,569,074	—	—
Net OPEB liability	—	16,481,684	—	—
Advance from concessionaire	218,250,000	—	—	—
Other funds due to University of Idaho	—	—	—	5,695,667
Split interest agreements	—	—	7,215,580	7,613,305
Total Noncurrent Liabilities	<u>426,614,148</u>	<u>239,642,668</u>	<u>7,215,580</u>	<u>13,308,972</u>
TOTAL LIABILITIES	<u>492,718,090</u>	<u>290,609,425</u>	<u>26,477,870</u>	<u>27,464,204</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	3,274,010	10,066,517	—	—
Deferred inflows related to naming rights agreement	10,000,000	10,000,000	—	—
Deferred inflows related to OPEB	16,707,788	13,097,582	—	—
Split interest trusts	—	—	5,629,838	3,857,664
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>29,981,798</u>	<u>33,164,099</u>	<u>5,629,838</u>	<u>3,857,664</u>
NET POSITION				
Net investment in capital assets	281,875,922	258,246,064	—	—
Restricted for:				
Nonexpendable	—	—	269,873,045	256,117,549
Expendable	20,191,474	28,752,979	150,517,165	67,708,084
Unrestricted	(1,939,022)	(9,713,003)	8,898,683	7,115,780
TOTAL NET POSITION	<u>300,128,374</u>	<u>277,286,040</u>	<u>429,288,893</u>	<u>330,941,413</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 822,828,262</u>	<u>\$ 601,059,564</u>	<u>\$ 461,396,601</u>	<u>\$ 362,263,281</u>

See notes to financial statements

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	University of Idaho	University of Idaho	University of Idaho Foundation (note 17)	University of Idaho Foundation (note 17)
	2021	2020	2021	2020
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of \$22,398,446 and \$23,948,567 for FY 2021 and FY 2020 respectively)	\$ 92,737,286	\$ 97,404,612	\$ —	\$ —
Federal grants and contracts	66,747,149	65,860,866	—	—
State and local grants and contracts	7,742,336	8,729,387	—	—
Private grants and contracts	3,141,221	3,954,408	—	—
Sales and services of educational activities	10,351,448	8,883,097	—	—
Sales and services of auxiliary enterprises	15,883,334	21,165,206	—	—
Interest on loans receivable	299,243	314,897	—	—
Other sources	7,218,914	6,418,510	418,555	295,486
Gifts	—	—	34,046,108	25,046,410
	204,120,931	212,730,983	34,464,663	25,341,896
	Total operating revenue			
OPERATING EXPENSES				
Salaries	182,783,742	203,337,891	—	—
Benefits	51,699,449	64,843,803	—	—
Services	51,567,108	49,116,930	—	—
Supplies	18,225,815	19,329,415	—	—
Insurance, utilities and rent	20,561,590	15,021,745	—	—
Scholarships and fellowships	32,066,983	30,593,625	—	—
Depreciation	23,915,944	23,491,853	—	—
Other	7,379,697	10,074,301	168,655	217,016
Administrative expense	—	—	2,948,283	2,552,649
	388,200,328	415,809,563	3,116,938	2,769,665
	Total operating expenses			
	(184,079,397)	(203,078,580)	31,347,725	22,572,231
	OPERATING (LOSS) INCOME			

See notes to financial statements

Continued

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	University of Idaho	University of Idaho	University of Idaho Foundation (note 17)	University of Idaho Foundation (note 17)
NONOPERATING REVENUES (EXPENSES)	2021	2020	2021	2020
State appropriations	132,788,600	137,839,878	—	—
Land grant endowment income	11,738,400	10,756,000	—	—
Federal appropriations	6,375,908	4,389,818	—	—
Federal grants and contracts	27,720,584	18,221,056	—	—
Gifts from Foundation	21,204,191	20,856,425	—	—
Private grants and contracts	—	86,405	—	—
Net investment income	1,987,244	1,402,000	5,874,350	6,474,054
Net increase (decrease) in fair value of investments	3,874,304	1,769,447	83,449,242	(3,882,972)
Gain (loss) on sale of real estate holdings	—	—	(17,000)	397,500
Distribution of endowment income to University and trust beneficiaries	—	—	(12,494,821)	(11,751,176)
Distribution to University and affiliates	—	—	(9,881,447)	(11,577,585)
Distribution of trust income to life income beneficiaries	—	—	—	—
Lease and rental income	—	—	127,175	101,266
Property management	—	—	(57,744)	(19,156)
Change to split interest trusts	—	—	—	—
Interest expense (net of capitalized interest of \$0 and \$1,032,160 for FY 2021 and FY 2020 respectively)	(6,774,413)	(6,506,297)	—	—
Other sources	1,216,726	5,122,590	—	—
Net nonoperating revenues	200,131,544	193,937,322	66,999,755	(20,258,069)
GAIN (LOSS) BEFORE OTHER REVENUES	16,052,147	(9,141,258)	98,347,480	2,314,162
OTHER REVENUES				
Capital grants and contracts	304,503	670,992	—	—
Projects with Idaho Department of Public Works	5,292,708	5,374,323	—	—
Capital gifts from Foundation	1,192,976	3,997,066	—	—
Total other revenues	6,790,187	10,042,381	—	—
INCREASE (DECREASE) IN NET POSITION	22,842,334	901,123	98,347,480	2,314,162
NET POSITION - Beginning of year	277,286,040	276,384,917	330,941,413	328,627,251
NET POSITION - End of year	\$ 300,128,374	\$ 277,286,040	\$ 429,288,893	\$ 330,941,413

See notes to financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	University of Idaho 2021	University of Idaho 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts and disbursements:		
Tuition and fees	\$ 100,260,571	\$ 97,746,096
Grants and contracts	76,994,552	81,037,859
Sales of services - net	26,441,128	29,145,376
Payments to or for employees	(245,557,315)	(264,176,828)
Payments to suppliers	(99,105,672)	(95,298,217)
Scholarships disbursed	(32,066,983)	(30,593,625)
Funds held for others	(221,476)	4,451
Student loans collected	1,895,557	2,021,772
Student loans disbursed	(45,641)	(58,700)
Receipt from Concessionaire	225,000,000	—
Other receipts	6,704,203	5,822,235
Net cash used by operating activities	<u>60,298,924</u>	<u>(174,349,581)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Appropriated general education revenues:		
State general account	132,652,329	138,031,460
Land grant endowment income	11,738,400	10,756,000
Federal appropriations	6,375,908	4,389,818
Federal grants and contracts	27,720,584	18,307,461
Gifts	21,204,191	20,856,425
Other receipts	1,216,726	1,126,251
Net cash provided by noncapital financing activities	<u>200,908,138</u>	<u>193,467,415</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State appropriations, capital	5,292,708	5,374,323
Sale of land	—	3,996,339
Capital grants and gifts	1,497,479	4,668,058
Capital asset purchases	(37,155,750)	(33,741,037)
Proceeds from capital debt	50,521,531	55,758,692
Principal paid on capital debt	(82,193,969)	(28,926,576)
Interest paid on capital debt	(7,224,341)	(6,369,233)
Net cash used by capital & related financing activities	<u>(69,262,342)</u>	<u>760,566</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	162,259,895	2,189,230
Investment income	1,987,244	1,402,000
Purchase of investments	(352,532,324)	(3,508,185)
Net cash provided (used) by investing activities	<u>(188,285,185)</u>	<u>83,045</u>

See notes to financial statements.

Continued

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	University of Idaho 2021	University of Idaho 2020
NET CHANGE IN CASH	3,659,535	19,961,445
Cash - Beginning of year	54,153,551	34,192,106
Cash - End of year	<u>\$ 57,813,086</u>	<u>\$ 54,153,551</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and cash equivalents - current assets (unrestricted)	\$ 44,608,334	\$ 20,812,558
Cash and cash equivalents - noncurrent assets (restricted)	13,204,761	33,340,993
Total cash and cash equivalents	<u>\$ 57,813,095</u>	<u>\$ 54,153,551</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$(184,079,397)	\$(203,078,580)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	23,915,944	23,491,853
Decrease (increase) in assets:		
Receivables, net	(806,882)	3,418,228
Inventories and prepaids	(1,391,292)	586,783
Net other post-employment benefits assets	(3,944,708)	—
Deferred contributions and changes of assumptions to pension	(4,130,928)	1,753,031
Deferred contributions and changes to OPEB	(324,388)	3,228,573
Increase (decrease) in liabilities:		
Accounts payable	2,109,771	(1,666,400)
Accrued payroll, benefits and compensated absences	(1,087,709)	9,492,442
Deposits and unearned revenues	8,936,321	488,163
Funds held in custody for others	(221,476)	4,451
Net pension liability	18,077,594	(6,553,904)
Net OPEB liability	(16,481,684)	(14,409,562)
Advance from concessionaire	222,750,000	—
Other liabilities	160,059	(676,209)
Deferred inflows of resources	(3,182,301)	9,571,550
Net cash used by operating activities	<u>\$ 60,298,924</u>	<u>\$(174,349,581)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Amortization of deferred amounts on refunding and bond premium	\$ 4,477,252	\$ (731,760)
Donated assets	160,599	100,000
Change in fair value of investments (unrealized gains/(losses))	3,988,516	1,785,707
Total non-cash activities	<u>\$ 8,626,367</u>	<u>\$ 1,153,947</u>

See notes to financial statements

**STATEMENTS OF FIDUCIARY FUNDS NET POSITION
AS OF DECEMBER 31, 2020**

	Pension and other Employee Benefits	
	December 31, 2020	December 31, 2019
Assets		
Cash and short-term investments	\$ 2,821,414	\$ 1,442,545
Accounts receivable	232,862	—
Interest receivable	15,514	26,366
Investments, at fair value		
Fixed income securities	7,632,804	8,112,182
Equity securities	4,593,408	3,594,359
Pooled securities	37,458,167	31,651,034
Total assets	52,754,169	44,826,486
Liabilities		
Accounts payable	547,427	567,386
IBNR liability	1,976,500	2,382,100
Total liabilities	2,523,927	2,949,486
Net position held in trust for benefits	\$ 50,230,242	\$ 41,877,000
	Pension and other Employee Benefits	
	December 31, 2020	December 31, 2019
Additions		
Contributions		
Employer	\$ 24,822,260	\$ 25,092,052
Plan members	6,261,092	5,666,085
Total contributions	31,083,352	30,758,137
Net investment (loss) income	6,704,998	6,739,428
Total additions	37,788,350	37,497,565
Deductions		
Insurance claim benefits	25,769,076	27,205,741
Change in IBNR	(405,600)	(61,200)
Premiums	136,653	149,648
Administrative expenses	3,934,978	4,411,211
Total deductions	29,435,107	31,705,400
Net increase (decrease) in assets held in trust	8,353,243	5,792,166
Benefit plan net position, beginning of year	41,876,999	36,084,834
Benefit plan net position, end of year	\$ 50,230,242	\$ 41,877,000

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2021 AND 2020****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 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, 2021 AND 2020

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 compliance with the State of Idaho guidelines.

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

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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 and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board for any lawful purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then toward unrestricted resources.

Income and Unrelated Business Income Taxes — The University is 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, 2021 AND 2020

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 — GASB Statement No. 84, *Fiduciary Activities*, was implemented in fiscal year 2021. Statement 84 establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria are required to present these activities in a statement of fiduciary net position and a statement of changes in fiduciary net position.

In June of 2017, the GASB issued Statement 87, *Leases*, which is now effective for reporting periods beginning after June 15, 2021 with the adoption of GASB 95 in FY20. 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

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2021 AND 2020****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

information about governments' leasing activities. The University will implement GASB 87 for the period ending June 30, 2022. Management is evaluating the impact this will have on the University's financial statements.

GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was implemented in fiscal year 2021. Statement 89 objectives are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Reclassifications — Certain items previously reported in the 2020 financial statements have been reclassified to conform to the current 2021 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, 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. At June 30, 2020, \$14,987,567 of the University's bank balance of \$54,153,551 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 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 will include 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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
3. INVESTMENTS (CONTINUED)

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, 2021 and June 30, 2020 respectively:

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

	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Money market funds/cash sweeps	\$169,025,723	\$ 164,680,897	\$ 4,344,826	\$ —
Debt securities:				
U.S. Government and agency obligations	22,137,575	16,934,001	5,203,574	—
Corporate obligations	47,500,572	—	47,500,572	—
Mortgage-backed securities	4,322,808	—	4,322,808	—
Total debt securities	73,960,955	16,934,001	57,026,954	—
Total investments by fair value	<u>\$242,986,678</u>	<u>\$ 181,614,898</u>	<u>\$ 61,371,780</u>	<u>\$ —</u>

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

	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Money market funds/cash sweeps	\$ 769,962	\$ 382,393	\$ 387,569	\$ —
Debt securities:				
U.S. Government and agency obligations	5,203,574	—	5,203,574	—
Corporate obligations	40,382,032	—	40,382,032	—
Mortgage-backed securities	2,908,844	—	2,908,844	—
Total debt securities	48,494,450	—	48,494,450	—
Total investments by fair value	<u>\$49,264,412</u>	<u>\$ 382,393</u>	<u>\$ 48,882,019</u>	<u>\$ —</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
3. INVESTMENTS (CONTINUED)
Strategic Initiative Funds Investment Securities Measured at Fair Value at June 30, 2021

	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Money market funds/cash sweeps	\$168,255,761	\$ 164,298,504	\$ 3,957,257	\$ —
Debt securities:				
U.S. Government and agency obligations	16,934,001	16,934,001	—	—
Corporate obligations	7,118,540	—	7,118,540	—
Mortgage-backed securities	1,413,964	—	1,413,964	—
Total debt securities	25,466,505	16,934,001	8,532,504	—
Total investments by fair value	<u>\$193,722,266</u>	<u>\$ 181,232,505</u>	<u>\$ 12,489,761</u>	<u>\$ —</u>

University Investment Securities Measured at Fair Value at June 30, 2020

	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Money market funds/cash sweeps	\$ 2,883,064	\$ 2,883,064	\$ —	\$ —
Debt securities:				
U.S. Government and agency obligations	4,012,781	—	4,012,781	—
Corporate obligations	35,523,804	—	35,523,804	—
Mortgage-backed securities	6,420,305	—	6,420,305	—
Total debt securities	45,956,890	—	45,956,890	—
Total investments by fair value	<u>\$48,839,954</u>	<u>\$ 2,883,064</u>	<u>\$ 45,956,890</u>	<u>\$ —</u>

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
3. INVESTMENTS (CONTINUED)
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, 2021 and June 30, 2020 respectively, the University had the following investments subject to interest rate risk:

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	\$ 47,500,571	\$ 6,328,134	\$ 31,377,710	\$ 8,273,306	\$ 1,521,421	\$ —
U.S. government agency securities	22,137,575	—	21,171,604	965,971	—	—
Mortgage-backed securities	4,322,808	—	2,908,844	453,814	482,817	477,333
Money market mutual funds	169,025,724	169,025,724	—	—	—	—
Total	<u>\$ 242,986,678</u>	<u>\$175,353,857</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	\$ 40,382,032	\$ 6,328,134	\$ 25,473,175	\$ 7,059,302	\$ 1,521,421	\$ —
U.S. government agency securities	5,203,574	—	5,203,574	—	—	—
Mortgage-backed securities	2,908,844	—	2,908,844	—	—	—
Money market mutual funds	769,962	769,962	—	—	—	—
Total	<u>\$ 49,264,412</u>	<u>\$ 7,098,096</u>	<u>\$ 33,585,594</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	168,255,761	168,255,761	—	—	—	—
Total	<u>\$ 193,722,266</u>	<u>\$168,255,761</u>	<u>\$21,872,566</u>	<u>\$ 2,633,789</u>	<u>\$ 482,817</u>	<u>\$ 477,333</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

3. INVESTMENTS (CONTINUED)

University Investment Securities Subject to Interest Rate Risk at June 30, 2020

Investment Type	Total Fair Value	Investment Maturities in Years				
		<1	1-5	6-10	11-15	>15
Corporate bonds	\$ 35,523,804	\$ —	\$ 28,348,656	\$ 7,175,148	\$ —	\$ —
U.S. government agency securities	4,012,781	—	2,516,004	1,496,777	—	—
Mortgage-backed securities	6,420,305	—	2,817,201	3,603,104	—	—
Money market mutual funds	2,883,064	2,883,064	—	—	—	—
Total	<u>\$ 48,839,954</u>	<u>\$ 2,883,064</u>	<u>\$ 33,681,861</u>	<u>\$ 12,275,029</u>	<u>\$ —</u>	<u>\$ —</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.)

As of June 30, 2021 and June 30, 2020 respectively, the University had the following investment credit risk:

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	\$ 883,819	\$ 5,203,574	\$ 3,213,306	\$ 387,578	\$ 9,688,277
AA	15,087,841	16,934,001	1,109,502	382,385	33,513,729
A	27,342,000	—	—	3,957,257	31,299,257
BBB	4,186,911	—	—	—	4,186,911
Not rated	—	—	—	164,298,504	164,298,504
Total	<u>\$ 47,500,571</u>	<u>\$ 22,137,575</u>	<u>\$ 4,322,808</u>	<u>\$ 169,025,724</u>	<u>\$ 242,986,678</u>

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	\$ 534,551	\$ 2,908,844	\$ 5,203,574	\$ 387,577	\$ 9,034,546
AA	14,092,172	—	—	382,385	14,474,557
A	23,183,088	—	—	—	23,183,088
BBB	2,572,221	—	—	—	2,572,221
Not rated	—	—	—	—	—
Total	<u>\$ 40,382,032</u>	<u>\$ 2,908,844</u>	<u>\$ 5,203,574</u>	<u>\$ 769,962</u>	<u>\$ 49,264,412</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
3. INVESTMENTS (CONTINUED)
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	\$ 349,269	\$ —	\$ 304,461	\$ —	\$ 653,730
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	—	—	—	164,298,504	164,298,504
Total	\$ 7,118,540	\$ 16,934,001	\$ 1,413,964	\$ 168,255,761	\$ 193,722,266

University Investment Securities Subject to Credit Risk at June 30, 2020

Credit Rating	Corporate Bonds	U.S. Government Agency Securities	Mortgage-Backed Securities	Money Market Mutual Funds	Total Investments
AAA	\$ —	\$ 4,012,781	\$ 5,229,536	\$ 1,937,879	\$ 11,180,196
AA	12,440,912	—	—	—	12,440,912
A	20,751,945	—	1,190,768	—	21,942,713
BBB	2,330,947	—	—	—	2,330,947
Not rated	—	—	—	945,185	945,185
Total	\$ 35,523,804	\$ 4,012,781	\$ 6,420,305	\$ 2,883,064	\$ 48,839,954

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, 2021 and June 30, 2020, the University has the following concentration of credit risk as shown as following:

Investment Securities Subject to Concentration of Credit Risk

	At At June 30, 2021		At At June 30, 2020	
	Total Fair Value	Percentage of Total Investments	Total Fair Value	Percentage of Total Investments
BlackRock, Inc.	\$ 2,676,853	1.10%	\$ 2,750,500	5.64%
PFM Multi-Mgr Domestic EQ Fund-Inst CL	64,559,271	26.57%		
PFM Multi-Mgr Fixed-Income Fund-Inst CL	48,239,083	19.85%		
PFM Multi-Mgr Intnatl EQ Fund-Inst CL	35,093,199	14.44%		
United States Treasury	16,934,001	6.97%		
JPMorgan Chase & Co.	2,921,220	1.20%	4,153,874	8.52%
Wells Fargo & Company	Less than 5% concentration		3,596,507	7.37%
Total	\$ 170,423,627	70.14 %	\$ 10,500,881	21.53 %

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

3. INVESTMENTS (CONTINUED)

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, 2021 and June 30, 2020, 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, 2021.

4. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES

Receivables and unbilled charges consisted of the following at June 30, 2021 and June 30, 2020 respectively:

	<u>2021</u>	<u>2020</u>
Student tuition and fees, including federal financial aid funds	\$ 8,790,874	\$ 7,291,438
Auxiliary enterprises	893,326	1,151,114
Educational activities	846,442	795,000
Federal appropriations	153,556	17,285
Grants and contracts	14,798,153	14,161,999
Due from Foundation	12,483,164	11,739,974
	<u>37,965,515</u>	<u>35,156,810</u>
Less allowance for doubtful accounts	(389,800)	(303,400)
Net accounts receivable and unbilled charges	<u>\$ 37,575,715</u>	<u>\$ 34,853,410</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, 2021 and June 30, 2020. Under the Program, the Federal government provides approximately 67% of the funding for the Program, with the University providing the balance. The Program provides for the cancellation of a loan at rates of 12.5% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the University for amounts cancelled under these provisions.

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2021 AND 2020****5. STUDENT LOANS RECEIVABLE (CONTINUED)**

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 \$1,903,131 at June 30, 2021 and \$1,945,850 at June 30, 2020.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2022
6. CAPITAL ASSETS

Capital assets at June 30, 2021 and 2020 consisted of the following:

	Year ended June 30, 2021				
	Balance June 30, 2020	Additions	Transfers	Retirements	Balance 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	<u>\$ 68,097,398</u>	<u>\$ 27,575,831</u>	<u>\$(7,722,094)</u>	<u>\$ (37,463)</u>	<u>\$ 87,913,672</u>
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	<u>854,453,790</u>	<u>18,463,916</u>	<u>—</u>	<u>(5,977,226)</u>	<u>866,940,480</u>
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	<u>(484,907,329)</u>	<u>(23,915,944)</u>	<u>—</u>	<u>4,852,787</u>	<u>(503,970,486)</u>
Other capital assets — net	<u>\$ 369,546,461</u>	<u>\$ (5,452,028)</u>	<u>\$ —</u>	<u>\$ (1,124,439)</u>	<u>\$ 362,969,994</u>
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	<u>\$ 437,643,859</u>	<u>\$ 22,123,803</u>	<u>\$(7,722,094)</u>	<u>\$ (1,161,902)</u>	<u>\$ 450,883,666</u>

In addition to accounts payable for construction in progress, the estimated cost to complete property authorized or under construction at June 30, 2021 is approximately \$18 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, 2021 AND 2022
6. CAPITAL ASSETS (CONTINUED)

	Year ended June 30, 2020				Balance June 30, 2020
	Balance June 30, 2019	Additions	Transfers	Retirements	
Capital assets not being depreciated:					
Land	\$ 30,159,590	\$ 2,167,890	\$ —	\$ (73,538)	\$ 32,253,942
Capitalized collections	2,419,981	100,000	—	(3,250)	2,516,731
Equipment construction in progress	380,835	274,066	(188,282)	(2,300)	464,319
Construction in progress	10,033,877	23,308,462	(426,303)	(53,629)	32,862,407
Total capital assets not being depreciated	<u>\$ 42,994,283</u>	<u>\$ 25,850,418</u>	<u>\$ (614,585)</u>	<u>\$ (132,717)</u>	<u>\$ 68,097,399</u>
Other capital assets:					
Buildings	\$ 614,689,439	\$ 4,026,387	\$ —	\$ (1,486,173)	\$ 617,229,653
Other improvements	67,658,755	892,601	—	—	68,551,356
Furniture and equipment	111,293,296	3,869,172	—	(3,594,532)	111,567,936
Library materials	57,359,380	672,475	(927,010)	—	57,104,845
Total other capital assets	<u>851,000,870</u>	<u>9,460,635</u>	<u>(927,010)</u>	<u>(5,080,705)</u>	<u>854,453,790</u>
Less accumulated depreciation:					
Buildings	(274,486,639)	(15,064,520)	—	906,948	(288,644,211)
Other improvements	(46,311,913)	(2,160,336)	—	—	(48,472,249)
Furniture and equipment	(91,495,789)	(5,676,282)	—	3,351,043	(93,821,028)
Library materials	(54,306,136)	(590,715)	927,010	—	(53,969,841)
Total accumulated depreciation	<u>(466,600,477)</u>	<u>(23,491,853)</u>	<u>927,010</u>	<u>4,257,991</u>	<u>(484,907,329)</u>
Other capital assets — net	<u>\$ 384,400,393</u>	<u>\$(14,031,218)</u>	<u>\$ —</u>	<u>\$ (822,714)</u>	<u>\$ 369,546,461</u>
Capital assets summary:					
Capital assets not being depreciated	\$ 42,994,283	\$ 25,850,418	\$ (614,585)	\$ (132,717)	\$ 68,097,399
Other capital assets - at cost	851,000,870	9,460,635	(927,010)	(5,080,705)	854,453,790
Total cost of capital assets	893,995,153	35,311,053	(1,541,595)	(5,213,422)	922,551,189
Less accumulated depreciation	<u>(466,600,477)</u>	<u>(23,491,853)</u>	<u>927,010</u>	<u>4,257,991</u>	<u>(484,907,329)</u>
Capital assets — net	<u>\$ 427,394,676</u>	<u>\$ 11,819,200</u>	<u>\$ (614,585)</u>	<u>\$ (955,431)</u>	<u>\$ 437,643,860</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
7. ACCOUNTS PAYABLE

Accounts payable consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Operating activities	\$ 8,258,573	\$ 6,179,667
Sales and use tax payable (receivable)	19,785	(11,080)
Total accounts payable	<u>\$ 8,278,358</u>	<u>\$ 6,168,587</u>

8. OPERATING LEASES

The University has entered into various noncancellable operating lease agreements covering certain assets. The lease terms range from one to five years. The expense for operating leases was \$3,697,458 for the year ended June 30, 2021 and \$3,728,657 for the year ended June 30, 2020.

Future minimum lease payments on noncancellable leases at June 30, 2021 are as follows:

FY2022	\$ 277,962
FY2023	174,430
FY2024	160,663
FY2025	—
FY2026	—
Total future minimum obligation	<u>\$ 613,055</u>

9. LONG-TERM LIABILITIES

Long-term liability activity for years ended June 30, 2021 and 2020 is as follows:

	<u>Ending Balance June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
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>63,739,932</u>	<u>47,758,815</u>	<u>243,790,136</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>\$ 75,232,285</u>	<u>\$52,247,911</u>	<u>\$ 271,962,633</u>	<u>\$13,147,485</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. LONG-TERM LIABILITIES (CONTINUED)

	Ending Balance June 30, 2019	Additions	Reductions	Ending Balance June 30, 2020	Amounts Due Within One Year
Accrued salary incentives	\$ —	\$ 6,695,343	\$ —	\$ 6,695,343	\$ 2,785,413
Net pension liability	27,122,978	—	6,553,904	20,569,074	—
Net OPEB liability	30,891,246	—	14,409,562	16,481,684	—
Bonds payable	168,040,000	44,015,000	28,130,000	183,925,000	5,445,000
Capital lease obligations	202,734	—	64,816	137,918	67,539
	<u>226,256,958</u>	<u>50,710,343</u>	<u>49,158,282</u>	<u>227,809,019</u>	<u>8,297,952</u>
Premium on bonds	10,384,066	11,743,693	958,519	21,169,240	1,031,639
Totals	<u>\$ 236,641,024</u>	<u>\$62,454,036</u>	<u>\$50,116,801</u>	<u>\$ 248,978,259</u>	<u>\$ 9,329,591</u>

As of June 30, 2021, the University accrued a total liability of \$4.8 million for incentive payments to former employees under a voluntary exit program and payments due for severance payments to employees that transitioned to the private operator resulting from concessionaire agreement: \$2.4 million is due to be paid after June 30, 2022 and, thus, is classified as non-current. Accrued salary incentives and severance due within one year are included in Accrued Salaries and Benefits on the Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
10. BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2021 and 2020:

Bonds Payable					
As of June 30, 2021					
Bond Issue	Original Face Value	Range of Semi-Annual Interest Percentages	Original Maturity Date	Outstanding Balance 2021	Outstanding Balance 2020
General Revenue Refunding Bonds, Series 2011, range of annual principal payments \$895,000 - 3,775,000	\$ 60,765,000	5%	2041	\$ —	\$ 50,795,000
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	1,225,000	1,770,000
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	4,470,000
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	45,165,000
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	6,985,000	8,700,000
General Revenue Refunding Bonds, Series 2018A, range of annual principal payments \$100,000 - 2,470,000	29,145,000	2.00% - 5.00%	2041	9,670,000	29,010,000
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	43,625,000	44,015,000
General Revenue and Refunding Bonds, Series 2021A, range of annual principal payments \$1,010,000 - 2,890,000	38,295,000	5%	2041	38,295,000	—
Bonds before premium				144,865,000	183,925,000
Premium on bonds				28,172,496	21,169,240
Total bonds outstanding				\$ 173,037,496	\$ 205,094,240

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
10. 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, and capital leases are as follows for the years ending June 30:

	Bonds Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest
2022	\$ 4,595,000	\$ 7,121,067	\$ 210,992	\$ 21,356
2023	4,935,000	6,704,543	146,582	12,710
2024	5,170,000	6,466,994	152,805	6,487
2025	5,395,000	6,217,288	0	0
2026	5,655,000	6,021,709	0	0
2027-2031	26,945,000	26,016,232	0	0
2032-2036	31,810,000	18,830,298	0	0
2037-2041	38,590,000	10,474,562	0	0
2042-2046	15,980,000	3,391,750	0	0
2047-2051	5,790,000	741,250	0	0
	<u>\$ 144,865,000</u>	<u>\$ 91,985,693</u>	<u>\$ 510,379</u>	<u>\$ 40,553</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, 2021 and 2020 are as follows:

	2021	2020
Source of Pledged Revenues		
Student Fees	\$ 92,737,286	\$ 97,404,612
Sales and Services Revenues	26,234,783	30,048,303
Other Operating Revenues	6,515,092	6,201,539
Investment Income	1,338,008	1,402,000
F&A Recovery Revenues	12,792,063	12,749,973
Total Pledged Revenues	<u>\$ 139,617,232</u>	<u>\$ 147,806,427</u>
Revenues Available for Debt Service	\$ 139,617,232	\$ 147,806,427
Debt Service on Bonds	\$ 14,387,494	\$ 12,935,905
Debt Service Coverage	9.70	11.40

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
10. BONDS PAYABLE (CONTINUED)

Debt Defeased Through Refunding – 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 Date	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.

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 19. 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.

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2021 AND 2020****10. BONDS PAYABLE (CONTINUED)**

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

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

11. HEALTH INSURANCE PLAN AND HEALTH BENEFITS TRUST

The University of Idaho (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 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
11. HEALTH INSURANCE PLAN AND HEALTH BENEFITS TRUST (CONTINUED)

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 13 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, 2020 and December 31, 2019 respectively were as outlined as following:

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	265,605	826,974	—
Corporate certificates of deposit	3,361,482	—	3,361,482	—
Total debt securities	<u>4,454,061</u>	<u>265,605</u>	<u>4,188,456</u>	<u>—</u>
Total investments by fair value	<u>\$ 5,930,699</u>	<u>\$ 1,742,243</u>	<u>\$ 4,188,456</u>	<u>\$ —</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
11. HEALTH INSURANCE PLAN AND HEALTH BENEFITS TRUST (CONTINUED)
Investments at Fair Value at December 31, 2019

Investment Type	12/31/2019	Quoted Prices	Significant Other	Significant
		in Active	Observable	Unobservable
		Markets for	Inputs	Inputs
		Identical Assets	(Level 2)	(Level 3)
		(Level 1)		
Money market funds/cash sweeps	\$ 185,723	\$ 185,723	\$ —	\$ —
Debt securities				
U.S. government agency securities	2,222,794	255,693	1,967,101	—
Corporate certificates of deposit	2,199,599	—	2,199,599	—
Total debt securities	4,422,393	255,693	4,166,700	—
Total investments by fair value	\$ 4,608,116	\$ 441,416	\$ 4,166,700	\$ —

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, 2020 and 2019:

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

Investment Type	Total Fair 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	\$ —

Investment Securities Subject to Interest Rate Risk at December 31, 2019

Investment Type	Total Fair Value	Investment Maturity in Years			
		<1	1-5	6-10	>10
Money market funds/cash sweeps	\$ 185,723	\$ 185,723	\$ —	\$ —	\$ —
U.S. government agency securities	2,222,794	211,012	2,011,782	—	—
Corporate certificates of deposit	2,199,599	200,010	1,999,589	—	—
Total	\$ 4,608,116	\$ 596,745	\$ 4,011,371	\$ —	\$ —

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
11. 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, 2020 and 2019:

Investment Securities Subject to Credit Risk at December 31, 2020

Credit Rating	U.S. Government Agency Securities	Corporate Certificates of Deposit	Money Market Funds	Total Investments
AA+	\$ 1,092,579	\$ —	\$ —	\$ 1,092,579
Not Rated	—	3,361,482	1,476,638	4,838,120
	<u>\$ 1,092,579</u>	<u>\$ 3,361,482</u>	<u>\$ 1,476,638</u>	<u>\$ 5,930,699</u>

Investment Securities Subject to Credit Risk at December 31, 2019

Credit Rating	U.S. Government Agency Securities	Corporate Certificates of Deposit	Money Market Funds	Total Investments
AA+	\$ 1,967,101	\$ —	\$ —	\$ 1,967,101
Not Rated	255,693	2,199,599	185,723	2,641,015
	<u>\$ 2,222,794</u>	<u>\$ 2,199,599</u>	<u>\$ 185,723</u>	<u>\$ 4,608,116</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, 2020 and 2019, 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, 2020 and 2019

	2020	2019
Federal Home Loan Banks	6%	7%
Federal Home Loan Mortgage Corporation	—	20%
Federal National Mortgage Association	—	—
Federal Farm Credit Bank	8%	28%
US Treasury Nt	10%	6%

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
11. 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, 2020 and 2019, 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.

12. RETIREMENT PLANS
Pension Plan
Plan Description

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

Responsibility for administration of the Base Plan is assigned to 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, 2020 and 2019 were:

	<u>2020</u>	<u>2019</u>
Retirees and beneficiaries currently receiving benefits	49,573	48,120
Terminated employees entitled to but not yet receiving benefits	13,788	13,536
Active plan members	73,657	72,502
Total system members	<u>137,018</u>	<u>134,158</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, 2021 AND 2020
12. 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, 2020, 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 \$6,360,836 and \$7,069,224 for the years ended June 30, 2021 and 2020 respectively.

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

At June 30, 2021 and June 30, 2020, the University reported a liability of \$38,646,668 and \$20,569,074 respectively for its proportionate share of the net pension liability. The net pension liability for each year was measured as of June 30, 2020 and 2019 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability for each year was based on the University's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2020 and 2019, the University's proportion was 1.70 and 1.80 percent, respectively.

For the years ended June 30, 2021 and 2020 respectively, the University recognized pension expense of \$13,542,256 and \$6,905,555. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	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>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

12. RETIREMENT PLANS (CONTINUED)

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,911,579	\$ 2,424,168
Changes in assumptions or other inputs	1,144,168	—
Net difference between projected and actual earnings on pension plan investments	—	7,007,287
Change in proportion	394,563	635,062
University contributions subsequent to the measurement date, net	7,069,224	—
Total	<u>\$ 10,519,534</u>	<u>\$ 10,066,517</u>

The June 30, 2021 amount of \$6,360,836 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, 2022. \$7,069,224 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date at June 30, 2020 were recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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, 2019 the beginning of the measurement period ended June 30, 2019 is 4.8 years and 4.7 years for the measurement period June 30, 2020.

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)
2022	\$ (280,049)
2023	1,044,013
2024	1,679,770
2025	2,571,885
2026	—
Thereafter*	—
	<u>\$ 5,015,618</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, 2021 AND 2020****12. 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, 2020 actuarial valuation was determined using the actuarial assumptions on the following page, applied to all periods included in the measurement:

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

*net of 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

The last experience study was performed for the period July 1, 2013 through June 30, 2017 and reviewed economic and demographic assumptions including mortality. 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, 2020 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 2020.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
12. RETIREMENT PLANS (CONTINUED)
Capital Market Assumptions from Callan 2020

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 %	2.80 %	0.55 %
Broad US Equities	55.00 %	8.55 %	6.30 %
Developed Foreign Equities	15.00 %	8.70 %	6.45 %
Assumed Inflation - Mean		2.25 %	2.25 %
Assumed Inflation - Standard Deviation		1.50 %	1.50 %
Portfolio Arithmetic Mean Return		6.85 %	4.60 %
Portfolio Standard Deviation		12.33 %	12.33 %
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25 %	3.89 %
Assumed Investment Expense		0.40 %	0.40 %
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expense		5.85 %	3.49 %

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	3.00 %
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	7.05 %

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
12. 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 7.05%, as well as what the Employer's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate, as follows:

	1% Decrease 6.05%	Current Discount Rate 7.05%	1% Increase 8.05%
Employer's proportionate share of the net pension liability (asset)	\$ 79,253,728	\$ 38,646,668	\$ 5,071,247

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, 2021 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, 2021, 20120 and 2019 were as follows:

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

12. RETIREMENT PLANS (CONTINUED)

ORP Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer	\$ 9,215,057	\$ 10,401,285	\$ 10,136,083
Employee	6,928,688	7,820,602	7,620,682
Total Contributions	<u>\$ 16,143,745</u>	<u>\$ 18,221,887</u>	<u>\$ 17,756,765</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, 2021, 2020 and 2019, these supplemental funding payments made to PERSI were as follows:

ORP Supplemental Contributions to PERSI

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer	\$ 1,481,169	\$ 1,671,834	\$ 1,627,778

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, 2021, 2020 and 2019 were as indicated on the following page:

ORP Disability Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer	\$ 79,670	\$ 89,835	\$ 87,462

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, 2021, 2020 and 2019 were as follows:

Federal Civil Service and Thrift Savings Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer	\$ 74,633	\$ 98,372	\$ 85,638
Employee	19,131	43,686	40,824
Total Contributions	<u>\$ 93,764</u>	<u>\$ 142,058</u>	<u>\$ 126,462</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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
12. RETIREMENT PLANS (CONTINUED)

applicable plan limitations. The University does not provide any matching or discretionary contributions for these plans.

13. 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, 2020, 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	833	588	68
Vested terminated members entitled to but not yet receiving benefits	N/A	N/A	N/A
Active members	567	14	1,777
Total	<u>1,400</u>	<u>602</u>	<u>1,845</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, 2021 AND 2020
13. 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, 2021 and 2020 respectively, the University recognized OPEB expense of -\$14,064,312 and -\$2,664,270. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	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>

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ —	\$ 11,134,183
Net difference between projected and actual earnings on OPEB plan investments	—	1,963,399
Difference between expected and actual experience in the Total OPEB Liability	1,887,145	—
Total	<u>\$ 1,887,145</u>	<u>\$ 13,097,582</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
13. 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:

Year Ended June 30	OPEB Expense (Revenue)
2022	\$ (2,984,904)
2023	(2,624,203)
2024	(3,380,392)
2025	(2,502,751)
2026	(1,465,177)
Therafter	(1,538,828)
	<u>\$ (14,496,255)</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 11 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.

Sensitivity

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

	1% Decrease in Discount Rate (5.00%)	Current Discount Rate (6.00%)	1% Increase in Discount Rate (7.00%)
Net OPEB Liability	\$ (52,828)	\$ (3,944,708)	\$ (7,316,420)

NOTES TO FINANCIAL STATEMENTS
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13. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS), RETIREE BENEFITS TRUST, AND DEATH BENEFITS TRUST (CONTINUED)

	1% Decrease in Healthcare Cost Trend Rates	Current Healthcare cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Net OPEB Liability	\$ (6,835,102)	\$ (3,944,708)	\$ (655,494)

Net OPEB Liability

Reporting date for Employer under GASB 75	June 30, 2021
Reporting date for Trust under GASB 74	December 31, 2020
Measurement date for Employer under GASB 74 & 75	December 31, 2020

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

	December 31, 2020	December 31, 2019
Total OPEB Liability	\$ 42,630,675	\$ 56,654,940
Plan Fiduciary Net Position (Plan Assets)	46,575,383	40,173,256
Net OPEB Liability (Asset)	<u>\$ (3,944,708)</u>	<u>\$ 16,481,684</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	109.25%	70.91%

The Net OPEB Liability was measured as of December 31, 2020 and 2019. 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, 2020 and December 31, 2019 using standard actuarial techniques, respectively.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
13. POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS), RETIREE BENEFITS TRUST, AND DEATH BENEFITS TRUST (CONTINUED)
Actuarial Assumptions

The Total OPEB Liability was measured by an actuarial valuation as of December 31, 2020 using the actuarial assumptions below, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions

Inflation	2.00%
Salary increases	3.00%, including inflation
Discount rate	6.00%
Healthcare cost trend rates:	
Non-Medicare medical & prescription drug rates	7.15% graded to 4.50% over 11 years
Medicare medical	5.00% graded to 4.50% over 10 years
Medicare prescription drugs	8.00% graded to 4.50% over 12 years
Mortality rates:	
Healthy	2006 table based on Headcount-Weighted RP-2014 Combined Healthy Annuitant, projected generationally with Scale MP-2020 from 2006
Disabled	2006 table based on Headcount-Weighted RP-2014 Disabled Retiree, projected generationally with Scale MP-2020 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, 2021 AND 2020
13. 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, 2020	Long-Term Expected Real Rate of Return	Money-Weighted Real Rate of Return
Domestic equity	45.15%	6.65%	3.00%
International equity, developed markets	12.17%	7.40%	0.90%
International equity, emerging markets	3.12%	9.30%	0.29%
Fixed income, core	36.67%	0.50%	0.18%
Short term governmental money market	2.89%	(0.10)%	—%
Total	100.00%		4.37%
Inflation			2.00%
Investment Rate of Return (Gross)			6.37%
Investment Expenses			(0.25)%
Investment Rate of Return (Net)			6.12%
Long-Term Rate of Return Used in Valuation			6.00%

Discount Rate:

The projection of cash flow used to determine the discount rate assumed that the University of Idaho's contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 6.00% on plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

Retiree Benefits Trust Basis of Accounting and Valuation of Trust Assets

Basis of accounting – Financial statements of the RBT 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, 2021.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
13. 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, 2020 and December 31, 2019 were as disclosed below:

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, 2021 AND 2020

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

Investments at Fair Value at December 31, 2019

Investment Type	12/31/2019	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	\$ 1,238,075	\$ 1,238,075	\$ —	\$ —
Bond/fixed income mutual funds	14,772,017	—	14,772,017	—
Stock mutual funds	24,163,165	7,284,148	16,879,017	—
Combined mutual funds	38,935,182	7,284,148	31,651,034	—
Total investments by fair value	<u>\$40,173,257</u>	<u>\$ 8,522,223</u>	<u>\$ 31,651,034</u>	<u>\$ —</u>

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, 2020 and December 31, 2019 are as follows:

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	<u>\$ 18,389,709</u>	<u>\$ 1,762,790</u>	<u>\$ 9,001,905</u>	<u>\$ 3,332,611</u>	<u>\$ 922,828</u>	<u>\$ 3,369,575</u>

Investment Securities Subject to Interest Rate Risk at December 31, 2019

Investment Type	Total Fair Value	Investment Maturities in Years				
		<1	1-5	6-10	11-15	>15
Money market funds/cash sweeps	\$ 1,238,075	\$ —	\$ —	\$ —	\$ —	\$ 1,238,075
Bond mutual funds	14,772,017	399,005	4,386,026	3,723,737	413,263	5,849,986
Total	<u>\$ 16,010,092</u>	<u>\$ 399,005</u>	<u>\$ 4,386,026</u>	<u>\$ 3,723,737</u>	<u>\$ 413,263</u>	<u>\$ 7,088,061</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
13. 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, 2020 and December 31, 2019 respectively, the University had the following investment credit risk:

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	\$ 18,389,709	\$ 9,033,490	\$ 1,372,266	\$ 1,535,975	\$ 3,652,974	\$ 778,125	\$ 306,790	\$ 220,460	\$ 179,921	\$ 1,489,629

Investment Securities Subject to Credit Risk at December 31, 2019

Investment Type	Total Fair Value	Investment Maturity in Years								
		AAA	AA	A	BBB	BB	B	Below B	Not Rated	
Money market funds/cash sweeps	\$ 1,238,075	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,238,075
Bond mutual funds	14,772,017	8,982,287	444,379	1,193,662	3,137,128	444,905	219,094	173,888	176,674	
Total	\$ 16,010,092	\$ 8,982,287	\$ 444,379	\$ 1,193,662	\$ 3,137,128	\$ 444,905	\$ 219,094	\$ 173,888	\$ 176,674	\$ 1,414,749

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, 2020 and December 31, 2019, 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, 2021 AND 2020
14. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATION

The following table shows the University's operating expenses by natural classifications within their functional classifications for the years ending June 30, 2021 and 2020:

Expenses 2021	Salaries	Benefits	Services	Supplies	Ins, utilities & rent	Scholarships & Fellowships	Depreciation	Other	Totals
Instruction	\$ 62,535,918	\$10,911,907	\$ 5,360,476	\$ 3,986,730	\$ 925,400	\$ 8,230,150	\$ —	\$ 2,247,045	\$ 94,197,626
Research	37,312,732	10,864,342	14,776,441	5,813,247	812,697	3,783,614	—	901,543	74,264,616
Public Service	20,894,633	7,072,201	7,973,027	3,080,483	460,340	852,727	—	1,738,891	42,072,302
Academic Support	11,366,895	4,106,940	1,957,342	488,862	106,929	133,759	—	200,794	18,361,521
Libraries	2,490,685	824,567	3,493,414	245,995	91,508	—	—	250	7,146,419
Student Services	7,570,386	2,954,568	1,580,216	252,065	162,159	14,245	—	338,722	12,872,361
Institutional Support	19,942,271	7,738,181	8,151,771	3,792	755,128	48,679	—	886,048	37,525,870
Plant Operations	9,134,141	3,259,683	5,363,805	1,758,898	14,995,143	29,711	23,915,944	494,815	58,952,140
Scholarships & Fellowships	1,663,905	410,667	76,612	103,188	240	15,169,719	—	160,344	17,584,675
Auxiliary Enterprises	9,872,176	3,556,393	2,834,004	2,492,555	2,252,046	3,804,379	—	411,245	25,222,798
	<u>\$182,783,742</u>	<u>\$51,699,449</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>\$388,200,328</u>

Expenses 2020	Salaries	Benefits	Services	Supplies	Ins, utilities & rent	Scholarships & Fellowships	Depreciation	Other	Totals
Instruction	\$ 74,388,300	\$23,582,730	\$ 6,063,331	\$ 3,666,684	\$ 857,983	\$ 8,986,151	\$ —	\$ 3,036,826	\$120,582,005
Research	39,341,836	11,075,300	14,025,109	5,830,587	825,515	3,663,022	—	623,726	75,385,095
Public Service	20,614,603	6,580,911	6,129,376	827,455	495,117	1,011,314	—	1,158,528	36,817,304
Academic Support	12,736,863	4,268,226	2,079,080	603,514	154,527	124,853	—	232,061	20,199,124
Libraries	2,685,148	823,728	2,364,614	178,411	93,045	—	—	43,295	6,188,241
Student Services	8,635,956	3,118,173	2,317,889	291,038	116,619	83,214	—	384,072	14,946,961
Institutional Support	22,603,702	7,520,619	8,267,573	35,002	1,725,076	10,199	—	1,768,926	41,931,097
Plant Operations	9,747,355	3,757,562	3,081,591	3,963,549	9,194,092	1,748	23,491,853	535,117	53,772,867
Scholarships & Fellowships	1,910,973	429,832	32,204	20,875	494	13,074,272	—	60,015	15,528,665
Auxiliary Enterprises	10,673,155	3,686,722	4,756,163	3,912,301	1,559,277	3,638,852	—	2,231,735	30,458,205
	<u>\$203,337,891</u>	<u>\$64,843,803</u>	<u>\$49,116,930</u>	<u>\$19,329,416</u>	<u>\$15,021,745</u>	<u>\$30,593,625</u>	<u>\$23,491,853</u>	<u>\$10,074,301</u>	<u>\$415,809,564</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
15. CONTINGENCIES AND LEGAL MATTERS

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

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

16. RISK MANAGEMENT

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

In July 2014, the University became self-insured for its Worker's Compensation coverage. The University utilizes a third-party administrator to adjudicate its claims and make payments under this coverage. The University maintains two separate bank accounts for its self-insured program, a \$500,000 reserve account as well as a separate account for ongoing claims processing and payments. The University provides for estimated losses to be incurred for reported and unreported worker's compensation claims based on individual case estimates and historical data adjusted for current trends. Liability claims have not exceeded the maximum amount of self-insurance per claimant in the past year. Self-insured Worker's Compensation liability balances, which are included in accrued salaries and benefits payable on the Statement of Net Position, at year-end June 30, 2021 and 2020 were as seen on the following page:

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	0	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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
16. RISK MANAGEMENT (CONTINUED)
Self-Insured Outstanding Liability at June 30, 2020

Accident Year	Projected Ultimate Loss	Paid-to-Date at 5/31/2020	Case Reserves at 5/31/2020	IBNR at 5/31/2020	Unpaid at 5/31/2020	Projected Paid 6/1/20 - 6/30/20	Outstanding Liability at 6/30/2020	Discounted at .25% Liability at 6/30/2020
7/1/2014	\$ 610,848	\$ 522,269	\$ 42,451	\$ 46,128	\$ 88,579	\$ 1,385	\$ 87,194	\$ 85,937
7/1/2015	713,914	508,246	104,946	100,722	205,668	3,820	201,848	198,949
7/1/2016	637,386	576,418	13,843	47,125	60,968	1,242	59,726	58,891
7/1/2017	721,386	558,697	63,033	99,656	162,689	4,488	158,201	156,086
7/1/2018	919,941	561,270	171,347	187,324	358,671	20,610	338,061	333,960
7/1/2019	860,899	294,375	239,284	327,240	566,524	23,284	543,240	538,375
	<u>\$ 4,464,374</u>	<u>\$ 3,021,275</u>	<u>\$ 634,904</u>	<u>\$ 808,195</u>	<u>\$ 1,443,099</u>	<u>\$ 54,829</u>	<u>\$ 1,388,270</u>	<u>\$ 1,372,198</u>

- For 7/1/2019 year includes accident period from 6/1/2020 to 6/30/2020.
- Equals unpaid at 5/31/2020 minus projected paid from 6/1/2020 to 6/30/2020.

17. 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 85% and 91% of the total assets at June 30, 2021 and 2020, respectively. Of those investments, 84% and 83%, respectively, are

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2021 AND 2020****17. 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 and real assets, which are traded in the financial markets. The U.S. Government obligations are valued by the custodians of the securities using pricing models

based on credit quality, time to maturity, stated interest rates and market-rate assumptions. Real assets are based on marketable securities or other periodic appraisals of assets. Debt securities, U.S. Government obligations and real assets are classified within Level 2. There are no investments within Level 3.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
17. 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 December 31st audited financial statements and adjusted for any cash calls and distributions through June 30th. Generally, the companies within a fund are valued by the general partner, taking into account many factors such as the purchase price, estimated liquidation value, significant events like initial public offerings, bankruptcies, and additional rounds of financing, and other relevant factors. The fair value may differ significantly from the values that would have been used had a ready market for the investments existed. Although these differences could be material to the individual Foundation values, private equity only represents 10.05% of total investments as of June 30, 2021 and 2020, 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, 2021</u>					
Commingled funds					
Debt funds	1	\$ 25,380,496	\$ —	Daily	None
International equity	1	18,175,863	—	Monthly	15 days
Private equity	20	48,617,710	28,312,988	Illiquid	N/A
Total		<u>\$ 92,174,069</u>	<u>\$ 28,312,988</u>		

	Number of Investments	Principal Valuation Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>As of As of June 30, 2020</u>					
Commingled funds					
Debt funds	1	\$ 23,490,153	\$ —	Daily	None
International equity	1	13,486,721	—	Monthly	15 days
Private equity	19	33,192,672	32,051,211	Illiquid	N/A
Total		<u>\$ 70,169,546</u>	<u>\$ 32,051,211</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, 2021, the fair value of restricted and unrestricted investments was \$379,554,441 and \$9,926,644, respectively. At June 30, 2020 the fair value of restricted and unrestricted investments was \$320,350,485 and \$10,048,089, respectively.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
17. COMPONENT UNITS (CONTINUED)

The following table represents the fair value of investments by type at June 30, 2021 and 2020 respectively on the following page:

<u>Investment Type</u>	<u>2021</u>	<u>2020</u>
U.S. government agency obligations	\$ 7,712,005	\$ 4,166,115
Corporate debt	22,521,923	32,261,896
Foreign governments	253,992	—
U.S. treasuries	5,064,845	7,651,528
Common stock	78,552,968	57,002,739
Mutual funds		
U.S. equity	54,795,990	55,846,092
Debt	35,655,228	25,778,476
International/Emerging markets	61,710,530	46,352,820
Inflation protected	15,981,770	15,593,162
U.S. treasury	15,042,848	15,558,220
Comingled funds	43,556,359	36,976,874
Private equity	48,617,710	33,192,672
Preferred stock	14,917	17,980
	<u>\$ 389,481,085</u>	<u>\$ 330,398,574</u>

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

	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
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	—	22,521,923	—
Foreign governments	—	253,992	—
U.S. government agency obligations	—	12,776,850	—
Mutual funds	66,679,846	—	—
	<u>\$ 261,754,251</u>	<u>\$ 35,552,765</u>	<u>\$ —</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

17. COMPONENT UNITS (CONTINUED)

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
As of June 30, 2020			
Equity Investments			
Common stock	\$ 57,002,739	\$ —	\$ —
Preferred stock	17,980	—	—
Mutual funds	102,198,912	—	—
Fixed income investments			
Corporate bonds	—	32,261,896	—
U.S. government agency obligations	—	11,817,643	—
Mutual funds	56,929,858	—	—
	\$ 216,149,489	\$ 44,079,539	\$ —

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, 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	253,992.00	253,992	—	—	—
	\$ 35,552,765	\$ 10,178,511	\$ 25,247,215	\$ —	\$ 127,039

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
17. COMPONENT UNITS (CONTINUED)

As of June 30, 2020, 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	\$ 32,261,896	\$ 13,967,582	\$ 17,190,134	\$ 258,234	\$ 845,946
U.S. government agency obligations	4,166,115	803,898	3,335,762	488	25,967
U.S. treasuries	7,651,528	4,001,980	3,649,548	—	—
	<u>\$ 44,079,539</u>	<u>\$ 18,773,460</u>	<u>\$ 24,175,444</u>	<u>\$ 258,722</u>	<u>\$ 871,913</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	\$ 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
BB	—	—	—	—
B	—	—	20,211	20,211
CCC	—	—	5,493	5,493
Not Rated	—	—	2,963	2,963
Total	<u>\$ 253,993</u>	<u>\$ 7,712,005</u>	<u>\$ 22,521,923</u>	<u>\$ 30,487,921</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

17. COMPONENT UNITS (CONTINUED)

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

Credit Rating	Investment Type		Total
	U.S. Government Agency Obligations	Corporate Debt	
AAA	\$ —	\$ 2,018,560	\$ 2,018,560
AA	4,166,115	2,882,790	7,048,905
A	—	18,882,131	18,882,131
BBB	—	7,744,774	7,744,774
BB	—	503,617	503,617
B	—	—	—
D	—	—	—
Not Rated	—	230,024	230,024
Total	\$ 4,166,115	\$ 32,261,896	\$ 36,428,011

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 2021 and 2020, 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, 2021 and 2020 all Foundation funds were held in the name of the counterparty for benefit of the Foundation.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
17. 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, 2021 Fair Value	June 30, 2020 Fair Value
AUD	Australia	\$ 1,012,419	\$ 1,288,270
CAD	Canada	793,638	286,841
CHF	Switzerland	2,799,515	1,995,853
DKK	Denmark	1,654,061	962,994
EUR	Euro	5,913,909	5,694,987
GBP	Great Britain	2,948,398	3,143,298
HKD	Hong Kong	1,042,349	1,889,290
JPY	Japan	3,282,007	333,247
SGD	Singapore	361,938	719,061
		\$ 19,808,234	\$ 16,313,841

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
17. COMPONENT UNITS (CONTINUED)
DISTRIBUTIONS TO UNIVERSITY OF IDAHO AND AFFILIATES

During fiscal years 2021 and 2020, earnings from endowments invested in the CIT, direct gifts and other revenues to the Foundation were distributed as follows:

	2021		2020	
	CIT Endowment Income	Gifts and Other Revenues	CIT Endowment Income	Gifts and Other Revenues
Scholarships	\$ 7,546,526	\$ 2,110,999	\$ 7,096,291	\$ 2,074,517
Student loans	191,757	—	189,947	—
Building funds	—	1,032,377	—	4,040,610
University of Idaho College and Department Operating Accounts				
Academic Excellence	676,802	—	547,852	—
Agricultural and Life Sciences	755,170	1,408,160	671,823	1,587,656
Art and Architecture	19,624	123,392	19,359	197,381
Athletics	79,583	216,384	75,446	185,771
Business and Economics	450,475	358,484	445,251	149,103
Education	54,473	104,090	53,905	135,365
Engineering	384,991	576,619	334,486	509,623
Law	246,202	186,750	241,138	162,144
Letters, Art and Social Science	813,722	177,796	771,515	406,640
Library	221,972	3,027	213,372	2,042
Natural Resources	419,075	359,169	416,482	371,050
Science	215,529	370,854	211,440	356,945
Other departments	407,264	2,832,691	452,591	1,374,722
Life beneficiaries	11,656	—	12,863	—
University of Idaho affiliates	—	20,655	415	24,016
Total Distributions	<u>\$ 12,494,821</u>	<u>\$ 9,881,447</u>	<u>\$ 11,754,176</u>	<u>\$ 11,577,585</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, 2021 and 2020, \$13,244,362 and \$9,188,789 were contributed to endowments, respectively.

The Foundation Board of Directors establishes a spending rate annually for endowments. The approved fiscal year 2021 and 2020 spending rate was set at 4.3% of the 36-months rolling average of the CIT's monthly fair market value.

During the fiscal years ended June 30, 2021 and 2020, the endowments held by the Foundation had net appreciation (depreciation) on endowments of \$81,651,872 and (\$4,477,214), respectively. Unrealized appreciation (depreciation) is included with the "Restricted-Expendable" Net Position.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
17. 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, 2021 are presented below:

CONDENSED STATEMENT OF NET POSITION

	<u>2021</u>
Assets	
Cash and other assets	\$ 195,244,079
Accounts receivable	76,364
Total Assets	<u>\$ 195,320,443</u>
Liabilities	
Accounts payable and other current liabilities	\$ 190,000,000
Total Liabilities	<u>190,000,000</u>
Net Position	
Unrestricted	5,320,443
Total Net Position	<u>5,320,443</u>
Total Liabilities and Net Position	<u>\$ 195,320,443</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2021</u>
Program Expenses	
General expense	\$ 51,700
Total Program Expenses	<u>51,700</u>
Program Revenues	
Realized gain/loss	14,054
Change in unrealized gain/loss	4,705,056
Investment interest	653,033
Total Program Revenues	<u>5,372,143</u>
Change in net position	5,320,443
Net Position, beginning of year	—
Net Position, end of year	<u>\$ 5,320,443</u>

NOTES TO FINANCIAL STATEMENTS**JUNE 30, 2021 AND 2020****18. RELATED ORGANIZATIONS**

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

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

The University of Idaho Alumni Association (Association) was established to develop and maintain a positive relationship with alumni, parents, and friends of the University. The Association is a legally separate organization 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.

19. 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 \$5,350,996 for the year ended June 30, 2021.

SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION – Pension Plan

Schedule of University’s Proportionate Share of Net Pension Liability

PERSI – Base Plan

	2021	2020	2019	2018	2017
University's portion of net pension liability	1.70%	1.80%	1.84%	1.85%	1.79%
University's proportionate share of the net pension liability	\$38,646,668	\$20,569,074	\$27,122,978	\$29,092,164	\$36,275,764
University's covered payroll	\$59,445,025	\$63,480,316	\$59,160,024	\$57,486,009	\$52,317,861
University's proportional share of the net pension liability as a percentage of its covered payroll	65.01%	32.40%	45.85%	50.61%	69.34%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	93.79%	91.69%	90.68%	87.26%

Schedule of University Contributions

PERSI – Base Plan

	2021	2020	2019	2018	2017
Statutorily-required contribution	\$6,360,836	\$7,069,224	\$7,185,973	\$6,696,913	\$6,507,425
Contributions in relation to the statutorily-required contribution	6,360,836	7,069,224	7,185,973	6,696,913	6,507,425
Contribution (deficiency) excess	\$ —	\$ —	\$ —	\$ —	\$ —
University's covered payroll	\$53,160,460	\$59,445,025	\$63,480,316	\$59,160,024	\$57,486,009
Contributions as a percentage of covered payroll	11.94%	11.89%	11.32%	11.32%	11.32%

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

Schedule of Changes in Net OPEB Liability - Last Three Fiscal Years

	June 30, 2021	June 30, 2020	June 30, 2019
Reporting date for Employer under GASB 75	June 30, 2021	June 30, 2020	June 30, 2019
Reporting date for Employer under GASB 74	December 31, 2020	December 31, 2019	December 31, 2018
Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability			
Service cost	\$ 569,060	\$ 578,929	\$ 505,261
Interest	3,347,242	3,837,295	3,697,710
Change of benefit terms	(12,709,415)	(3,256,044)	—
Differences between expected and actual experience	(833,697)	(917,763)	3,653,835
Changes of assumptions	(1,481,712)	(5,688,728)	(8,337,551)
Benefit payments, including refunds of member contributions	(2,915,743)	(2,549,475)	(3,188,730)
Net change in Total OPEB Liability	(14,024,265)	(7,995,786)	(3,669,475)
Total OPEB Liability - beginning	56,654,940	64,650,726	68,320,201
Total OPEB Liability - ending	42,630,675	56,654,940	64,650,726
Plan Fiduciary Net Position			
Contributions - employer	3,040,902	2,659,639	3,895,180
Contributions - employee	—	—	—
Net investment income	6,366,769	6,413,776	(1,839,891)
Benefit payments, including refunds of member contributions	(2,915,743)	(2,549,475)	(3,188,730)
Administrative expense	(125,159)	(110,164)	(91,450)
Other ¹	35,358	\$ —	\$ —
Net change in Plan Fiduciary Net Position	6,402,127	6,413,776	(1,224,891)
Plan Fiduciary Net Position - beginning	40,173,256	33,759,480	34,984,371
Plan Fiduciary Net Position - ending	46,575,383	40,173,256	33,759,480
Net OPEB Liability - ending	\$ (3,944,708)	\$ 16,481,684	\$ 30,891,246
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	109.25%	70.91%	52.22%
Covered payroll	\$ 153,290,912	\$ 170,117,886	\$ 165,468,096
University's net OPEB liability as a percentage of covered payroll	(2.57%)	9.69%	18.67%

¹ 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
2013	\$ 3,723,000	\$ 4,404,000	\$ (681,000)	\$123,592,000	3.56 %
2014	3,368,000	3,178,000	190,000	132,777,000	2.39 %
2015	3,177,000	3,233,000	(56,000)	140,728,000	2.30 %
2016	2,711,000	2,751,000	(40,000)	150,995,000	1.82 %
2017	3,321,000	3,157,000	164,000	152,999,000	2.06 %
2018	3,537,000	3,592,000	(55,000)	157,589,000	2.28 %
2019	3,451,000	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	N/A	N/A	155,573,000	N/A
2022	(442,000)	N/A	N/A	160,241,000	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
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, 2020**

	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	3,361,482	—	7,632,804
Equity securities	3,500,829	1,092,579	—	4,593,408
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 SUPPLEMENTARY INFORMATION – STATEMENTS OF OTHER
EMPLOYEE BENEFITS TRUST FUNDS**

**STATEMENTS OF OTHER EMPLOYEE BENEFITS TRUST FUNDS NET POSITION
AS OF DECEMBER 31, 2019 (unaudited)**

	Retiree Benefits Trust 2019	Health Benefits Trust 2019	Death Benefits Trust 2019	Total
Assets				
Cash and short-term investments	\$ 1,236,146	\$ 185,723	\$ 20,676	\$ 1,442,545
Accounts receivable	—	—	—	—
Interest receivable	1,929	24,410	27	26,366
Investments, at fair value				
Fixed income securities	3,689,789	4,422,393	—	8,112,182
Equity securities	3,594,359	—	—	3,594,359
Pooled securities	31,651,034	—	—	31,651,034
Total assets	40,173,257	4,632,526	20,703	44,826,486
Liabilities				
Accounts payable	—	567,386	—	567,386
IBNR liability	—	2,382,100	—	2,382,100
Total liabilities	—	2,949,486	—	2,949,486
Net position held in trust for benefits	\$ 40,173,257	\$ 1,683,040	\$ 20,703	\$ 41,877,000
	Retiree Benefits Trust 2019	Health Benefits Trust 2019	Death Benefits Trust 2019	Total
Additions				
Contributions				
Employer	\$ —	\$ 24,932,052	\$ 160,000	\$ 25,092,052
Plan members	—	5,666,085	—	5,666,085
Total contributions	—	30,598,137	160,000	30,758,137
Net investment (loss) income	6,522,912	215,730	786	6,739,428
Total additions	6,522,912	30,813,867	160,786	37,497,565
Deductions				
Insurance claim benefits	—	27,065,741	140,000	27,205,741
Change in IBNR	—	(61,200)	—	(61,200)
Premiums	—	149,648	—	149,648
Administrative expenses	109,135	4,301,993	83	4,411,211
Total deductions	109,135	31,456,182	140,083	31,705,400
Net increase (decrease) in assets held in trust for benefits	6,413,777	(642,314)	20,703	5,792,166
Benefit plan net position, beginning of year	33,759,480	2,325,354	—	36,084,834
Benefit plan net position, end of year	\$ 40,173,257	\$ 1,683,040	\$ 20,703	\$ 41,877,000