



Financial Statements
June 30, 2013 and 2012

College of Western Idaho

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Independent Auditor's Report

To the Board of Trustees
College of Western Idaho
Nampa, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of College of Western Idaho (the College), and the discretely presented component unit as of and for the year ended June 30, 2013 and 2012, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College'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 College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit, as of June 30, 2013 and 2012, and the respective changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 19 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 inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's financial statements. The President's letter and other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

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

The President's letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 08, 2013, on our consideration of College of Western Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 College of Western Idaho's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
November 08, 2013



Financial Report – Letter from the President

September 17, 2013



Dr. Bert Glandon
CWI President

On behalf of the College of Western Idaho (CWI), it is my pleasure to present CWI's Financial Report for Fiscal Year 2013.

Since its inception in 2008, CWI has been providing an affordable, open-access option for higher education in western Idaho. The College's overarching goal is to help students succeed in their pursuit of higher education, and this commitment is evident in every interaction at the College.

CWI currently delivers over 50 degree programs and hundreds of short-term training classes through traditional classroom delivery, online, and various combinations of the two. The College also strives to offer flexibility in scheduling and location to accommodate students balancing school, work, and life.

Last year nearly 23,000 students came to CWI to further their education. This includes degree seeking students, industry professionals, people seeking basic education, and community members looking to update specific skills. In addition to the strong course participation this last year, CWI awarded **777 students associate degrees** and **nearly 1,900 people completed their GED**.



As the College continues to grow, CWI remains focused on its students and the impact being made on them and the community. The common standard for achieving student success will remain CWI's Institutional Priorities:

- **Structure Student Success**
- **Develop Systems to Support Faculty and Staff**
- **Implement Practices for Fiscal Stability**
- **Connect the College to the Community**

STUDENT SUCCESS



As CWI continues to maintain growth in both enrollment and infrastructure, the number one priority has remained; supporting student success. One important component of this is independent accreditation, which CWI has continued moving toward. While delivering college credit instruction, certificates, and degrees through a partnership with College of Southern Idaho, CWI has made significant progress by achieving candidacy status for accreditation with the Northwest Commission on Colleges and Universities. The College's progress includes the ability for students to now complete all of the enrollment steps, including paying for classes, through CWI systems.

Independent of the College's accreditation, CWI is also celebrating the approval of initial accreditation for the Nursing program with the Accreditation Commission for Education in Nursing. This national accreditation will help ensure CWI continues to serve our community with affordable, quality educational offerings that support a strong workforce in the healthcare sector.



CWI is continuously adapting to maintain high academic standards through innovative delivery. Last year CWI saw a **23 percent increase in students taking online classes**, which means **29 percent of the credit student population is now taking at least one class online**. To help further accommodate the demand for online availability, CWI has been approved by the NWCCU to offer seven degree programs fully online. Beyond the increase in online student participation, CWI faculty have incorporated technology use in the classroom to add to the traditional class delivery.

Another shining example of students utilizing flexible learning opportunities at CWI is the drastic increase in the number of students completing college credits while in high school. Last year **1,253 high school students** came to CWI through our Dual Credit program; **an increase of 70 percent over the previous year**.



CWI's student success has also continued to carry over to national competitions as three student organizations – Speech and Debate, Business Professionals of America, and SkillsUSA – competed and achieved success once again at the national level. CWI Speech and Debate earned its **third-consecutive national community college championship**, while students in all three organizations received a number of individual awards. These competitions provide affirmation of the quality of education and skills our students are attaining and more importantly, these students are given an opportunity to share their passion and dedication.

One important facet of maintaining a strong foundation for student success is easing the financial burden for students at the College. This year CWI was able to keep the cost per credit at \$136 to help ensure an affordable education is available to the community. Meanwhile, CWI helped increase access to financial assistance, as more than 9,100 students received financial aid totaling more than **\$54.8 million in grants, scholarships, and student loans**, which is up 8.6 percent from the previous year.



In addition to financial needs, CWI is also actively working to provide incoming students college readiness skills for time management, accessing resources, and study habits. Some examples of preparation efforts CWI has already implemented are:

- **Open Community Learning Centers to support adult literacy guidance;**
- **Orientation, Advising, and Registration sessions for pre-enrollment support;**
- **Bridge programs that support students moving from one program to the next.**

The long-term goal for such initiatives is to help improve retention. Last year CWI's reporting indicated a **retention rate of 49 percent for full-time students and 37 percent for part-time students**. CWI's student services team and faculty are working diligently to implement several retention directed initiatives to increase these percentages.

One of the final, and most vital, areas of expansion need at CWI is new and renovated facilities to accommodate the needs of the student population. This last year CWI continued to expand with new facilities as the Nampa Campus Multipurpose Building came on-line, which is now the home to the expanded College Library and Early Childhood Education program. We are also pleased to have additional spaces for tutoring, art, and chemistry in the Nampa Campus Academic Building. CWI has continued to push for renovation of existing campus locations to increase access to student support services, including a new library space at our Ada County Center and the Canyon County Center.

FACULTY AND STAFF SUPPORT



To meet the growing student population over the last few years our College has revamped its organizational structure within Academic Affairs and Enrollment and Student Services to provide more support and dedicated resources. In Academic Affairs, structural changes have been made to redefine disciplines, departments, and areas of emphasis. In Student Services, changes have been made to further assist with pre-enrollment and first semester support for students who often require additional guidance. Dedicated staff members are also located throughout our campus locations and our community to provide more advising to incoming students.



To support our student success initiatives and our continued growth CWI also recognized the need for additional technology resources. This summer CWI engaged in a new partnership with Dynamic Campus, a technology service provider dedicated to higher education, to help CWI increase the efficiencies of our technology.

Embracing technology and incorporating it into our delivery of education is critical for students. From instructional delivery, to student enrollment processes, to college operations – we can use these tools more effectively and we are thrilled to have the support and guidance from the team at Dynamic Campus.



When we talk about employees of the College and the dedication they have to helping educate students, it is also important to note the support our faculty and staff provide the extended community we serve through volunteer service activities, fund raising efforts, and awareness initiatives. Hundreds of community service hours have been provided by employees and students through programs such as Rake up Boise and Nampa, food drives, book drives, and blood drives, and awareness campaigns for cancer, abuse, veteran support, and more. Many CWI faculty members have also collaborated with students to offer a variety of free services to our community – such as tax assistance, dental hygiene, and entrepreneurial support. This extended outreach into our communities allows our faculty and staff to form lasting relationships that will benefit everyone at CWI.

FISCAL STABILITY



As evidenced in the enclosed Financial Report, the College continues to keep its commitment to ensure the fiscal stability of the institution. The College’s Administration, the Board designated Finance Committee, and Board of Trustees rigorously reviews monthly financial/budget reports to validate intelligent investment of income from the students and the public. These funds encourage the development of a strong and skilled workforce in the region.

The College received an increase in state support during fiscal year 2013. In addition, the College of Western Idaho Foundation has continued to grow in its support of CWI students and programs.

The Foundation received **13 grants** last year, which **totaled more than \$194,000**. They **awarded 447 scholarships to students totaling \$293,626**. They also started the first-ever CWI alumni group that will be critical to keeping graduates engaged and connected to the College.

COMMUNITY CONNECTIONS



CWI is a resource for our community and we have a responsibility to support the citizens of the communities we serve with lifelong learning opportunities that in-turn supports the economic development throughout our state. We are stewards for building strong relationships with fellow educational providers in both K-12 and universities; government and non-profit support organizations throughout our region; and local business and industries who rely on us to provide a skilled workforce. CWI will continue to seek ways to share our expertise with the community, invite constituents to campus, partner on joint initiatives, and support others' goals for growth.

Students are benefiting from these community connections as the concepts, theories, and skills they learn are supplemented with mentoring opportunities and internships within the industry that will enhance their preparedness for life beyond CWI. Examples of community connections include: Technical Advisory Committees anchoring each program with input from business and industry experts; guest presentations from industry experts; and internships and service learning opportunities for students. Our faculty and staff have also established an expert exchange where they offer to share their insight for the benefit of educating and collaborating to bring new and innovative approaches to our area.



As CWI continues to grow and develop campus facilities, we are dedicated to providing opportunities for our community to use these centers for updating the skills of our existing workforce. The opening of the Nampa Campus Micron Center for Professional Technical Education is a prime example of the opportunities and support available to our local business and industry partners. In its first full summer of operation, the **Micron Center hosted 14 businesses that held over 50 days of training.** These partners include Commercial Tire, Bronco Motors, AC/Delco, Kenworth, O'Reilly Auto Parts, Carquest, AGCO, and others. We expect this sharing of industry center use will continue to grow and increase our connection with our communities.

This section of College of Western Idaho's annual financial report presents a discussion and analysis of the financial performance of College of Western Idaho (the College or CWI) for the fiscal years 2013 and 2012 which ended June 30, 2013 and 2012. This discussion has been prepared by management along with the financial statements and related footnote disclosures. It should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts. The financial statements, footnotes and this discussion are the responsibility of management.

Accreditation Agreement

On July 1, 2008, College of Western Idaho and College of Southern Idaho (CSI) entered into an Accreditation Agreement in which College of Southern Idaho agreed to serve as the partner institution to College of Western Idaho through the Northwest Commission on Colleges and Universities' accreditation process. This Agreement provides College of Western Idaho's students the ability to earn transferrable credits.

Financial Highlights

In fiscal year 2013, there was an overall increase of \$7.1 million to the current fund surplus. This increase was primarily due to a management decision to trim spending in the current fiscal year in order to fund new planned one-time expenditures with carry forward in fiscal year 2014 and an increase in facilities and strategic reserves.

During fiscal year 2013:

- Net Student Tuition and Fee Revenue decreased from \$25.9 million to \$20.2 million.
- Scholarship Allowance increased from \$1.3 million to \$8.4 million.
- Operating Expenses increased from \$39.6 million to \$58.9 million.
- State Appropriations increased from \$10.3 million to \$13.1 million.
- State and Federal Financial Aid increased from \$1.3 million to \$22.4 million.

During fiscal year 2012:

- Net Student Tuition and Fee Revenue increased from \$21.9 million to \$25.9 million.
- State, Federal, and Local Grant revenue increased from \$2.4 million to \$2.9 million.
- Operating Expenses increased from \$33.7 million to \$39.6 million.

Accounting Treatment of Financial Aid

Public institutions must report all tuition and fee revenues net of any scholarship discounts and allowances. A scholarship allowance is defined as the difference between the stated charge for goods and services provided by the institution and the amount that is paid by the student and/or third parties making payments on behalf of the student. In considering what is or is not revenue, the following rule applies: amounts received to satisfy student tuition and fees will be reported as revenue only once (e.g., tuition and fees, gifts, federal grants and contracts such as Pell Grants, etc.) and only amounts received from students and third-party payers to satisfy tuition and fees will be recognized as tuition and fee revenue.

Institutional resources provided to students as financial aid will be recorded as scholarship allowances in amounts up to and equal to amounts owed by the students to the institution. In some circumstances, the amount of institutional aid awarded may exceed the tuition and fees owed by the students to the institution, and is refunded to the students. In such circumstances, the excess of aid over tuition and fees should be treated as an institutional expense (e.g., student aid, scholarships, and fellowships, etc.).

Governmental grants and/or other programs intended to help students defray their educational expenses should be handled in accordance with guidance issued by GASB for public institutions. The amount of a Pell Grant used to satisfy a student's tuition and fees is a scholarship allowance; any excess aid disbursed to the student would be a student aid expense.

The College of Western Idaho delivers college credit instruction, certificates, and degrees through its memorandum of understanding (MOU) with the College of Southern Idaho (CSI). Included in the MOU was the agreement that CSI would administer federal financial aid for CWI students.

On January 11, 2012, the Northwest Commission on Colleges and Universities (NWCCU) granted CWI Candidacy for Accreditation status. Beginning on June 1, 2012, CWI began to record federal financial aid revenue and expense through its own financial systems. Prior to June 1, 2012, the revenues and expenses relating to federal student financial aid were not recorded on CWI's financial statements. As a result of recording federal financial aid in CWI's financial system during fiscal year 2013 under GASB guidance, some significant changes should be pointed out.

- Operating revenues, specifically Tuition Revenue, decreased as a result of the impact of recording scholarship discounts and allowances.
- Operating expenses, specifically Financial Aid Expense, increased as a result of recording the amount of excess aid over tuition and fees which was refunded to students.
- Nonoperating revenues, specifically State and Federal Financial Aid, increased as a result of receiving federal funds to administer Pell Grants.

Overview of the Financial Statements and Financial Analysis

The financial statements for fiscal years ended June 30, 2013 and 2012, are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. There are three financial statements presented: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements present financial information in a form similar to that used by most private-sector companies. These financial statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities and net position of the College as of the current fiscal year-end in comparative format with the prior fiscal year-end. The purpose of the Statement of Net Position is to present to the reader a point-in-time fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning assets (current and non-current), liabilities (current and non-current), and net position (assets minus liabilities).

Current assets consist of available cash and other assets that could be converted to cash within a year. Non-current assets are those assets and property which cannot easily be converted into cash. Current liabilities are business obligations that are due to be cleared within one year. Non-current liabilities are obligations that are not required to be satisfied within one year.

The Statement of Net Position is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and their availability for expenditure by the College. Over time, increases or decreases in net position are indications of either improvement or erosion of the College's financial well-being when considered along with non-financial factors such as enrollment levels, the College's property tax base, and the condition of the facilities.

Net position is divided into three major categories. The first category is Net Investment in Capital Assets, which provides the College's investment in capital assets. The second category is Unrestricted Net Position, which is net position available to the College for any lawful purpose of the institution. The third category, Restricted Net Position, must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.

Summary Statements of Net Position
Fiscal Years Ended June 30

	2013	2012	2011
Current and other assets	\$ 49,887,433	\$ 43,825,872	\$ 35,542,935
Capital assets	31,901,431	28,632,663	26,446,795
Total assets	\$ 81,788,864	\$ 72,458,535	\$ 61,989,730
Current liabilities	\$ 5,258,876	\$ 5,447,189	\$ 4,962,252
Noncurrent liabilities	4,503,979	2,121,700	436,023
Total liabilities	9,762,855	7,568,889	5,398,275
Net position			
Net investment in capital assets	27,750,053	26,928,042	26,446,795
Restricted - expendable	1,394,109	1,577,450	1,603,212
Unrestricted	42,881,847	36,384,154	28,541,448
Total net position	72,026,009	64,889,646	56,591,455
Total liabilities and net position	\$ 81,788,864	\$ 72,458,535	\$ 61,989,730

The College's total assets increased during fiscal year 2013 by \$9,330,329, from \$72,458,535 in 2012 to \$81,788,864 in 2013. Specifically contributing to the increase was a result of administration identifying new one-time needs for fiscal year 2014 and actively managing the 2013 budgets to identify areas to reduce in the current budget to set aside funds as carry forward sufficient for the additional one-time needs in the next fiscal year. Other contributors to the increase were facilities remodel projects funded in fiscal year 2013 but not completed and the increase in the strategic reserve fee revenue. Capital assets increased from the addition of a lease for the multipurpose building which houses the Library. The College's total liabilities increased during fiscal year 2013 by \$2,193,966 from \$7,568,889 in 2012 to \$9,762,855 in fiscal year 2013. Lease payables increased by \$2.6 million for the Nampa Campus Multipurpose Building.

The increase in assets is a result of senior management's continuing emphasis on sound fiscal management. This includes a "zero base budget" philosophy, where a new fiscal year budget begins at zero rather than using the past year budget and increasing by a percentage or additional amount. This requires managers and their staff to critically review their respective program areas and identify what is essential for operation. During the year, quarterly meetings are held between the President, Vice Presidents, and Deans/Directors, with the purpose of reviewing expenditures and projecting needs for the remainder of the fiscal year, while taking enrollment trends into account. Additionally, College senior management has focused on incurring ongoing expense only when necessary, and makes every effort to ensure that ongoing spending is well within actual revenue. This includes the need to create operating reserves for the College to be able to weather any future downturns in state funding. Because of this conservative fiscal approach, CWI has been able to establish cash reserves sufficient enough to facilitate disbursing financial aid for the Fall and Spring semesters of 2013.

The College's total assets increased during fiscal year 2012 by \$10,468,805, from \$61,989,730 in 2011 to \$72,458,535 in 2012. Specifically contributing to the increase was revenue over budget with no mid-year budget adjustment, plus unspent money remaining from the State one-time funds appropriated during fiscal year 2011. Capital assets continued to grow as the College added a classroom building and new equipment for the Micron Center for Professional Technical Education. The College's total liabilities increased during fiscal year 2012 by \$2,170,614 from \$5,398,275 in fiscal year 2011 to \$7,568,889 in 2012. Lease payables increased by \$1.7 million for the Nampa Campus Aspen Classroom Building.

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. All changes in net position are reported under the accrual basis of accounting, or as soon as the underlying event giving rise to the change occurs, regardless of the timing when cash is received or disbursed. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flow in future fiscal years. The purpose of the statement is to present the revenues earned and the expenses incurred during the year.

Activities are reported as either operating or nonoperating. *The College will always reflect a net operating loss in this format since state appropriations and gifts; the revenue streams that the College depends upon most significantly, are classified as nonoperating revenues.*

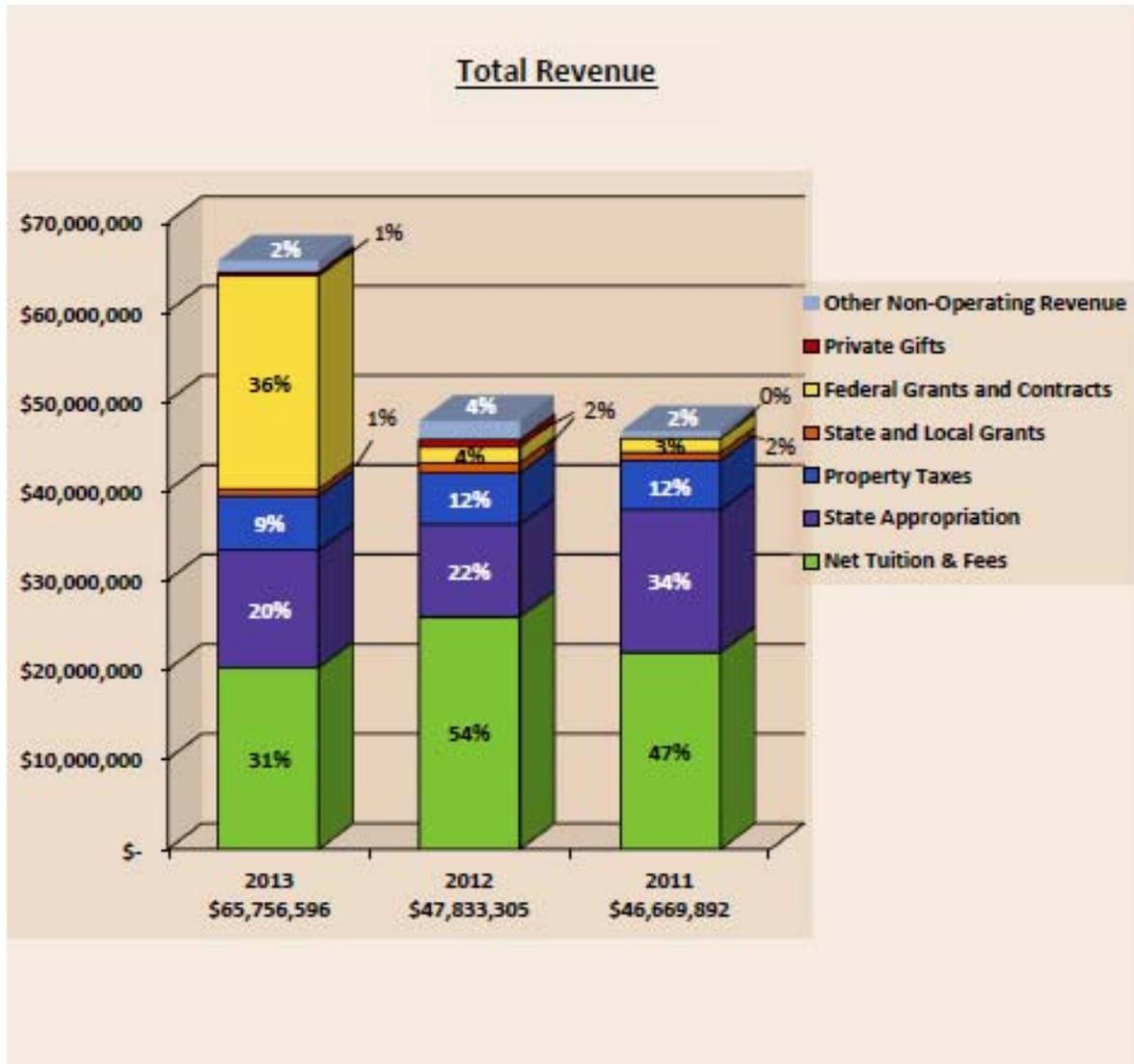
Generally, operating revenues are generated by providing services to various customers, students, and constituencies of the College, including but not limited to student tuition, fees, auxiliary enterprises, and federal and state grants. Operating expenses are those expenses paid to acquire or produce the services provided in return for operating revenues, and to carry out the functions of the College. Nonoperating revenues are revenues received for which services are not provided. Examples of nonoperating revenues include but are not limited to: state appropriations, property tax revenue, state and federal financial aid, investment income and other miscellaneous revenues.

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

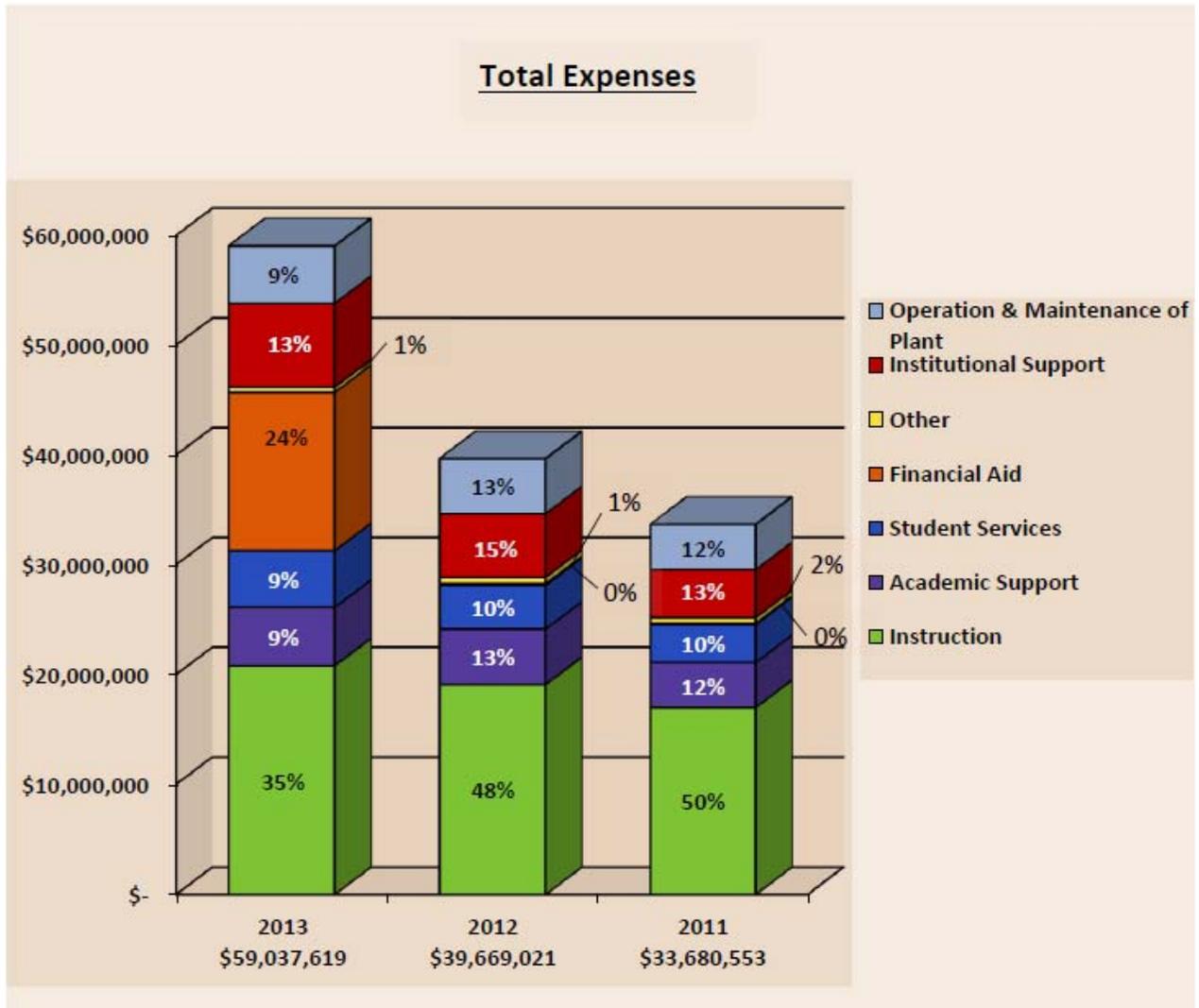
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenues	\$ 22,697,811	\$ 29,023,284	\$ 24,475,809
Operating expenses	<u>58,912,337</u>	<u>39,578,990</u>	<u>33,680,553</u>
Operating loss	<u>(36,214,526)</u>	<u>(10,555,706)</u>	<u>(9,204,744)</u>
Nonoperating revenues (expense)			
State appropriation	13,125,014	10,336,812	15,976,980
Private gifts	386,232	780,366	21,528
Local taxes	6,074,279	5,764,109	5,515,591
Other nonoperating revenue	23,598,542	1,928,734	679,984
Interest expense	<u>(125,282)</u>	<u>(90,031)</u>	<u>-</u>
Nonoperating revenues	43,058,785	18,719,990	22,194,083
Capital gifts	<u>292,104</u>	<u>133,907</u>	<u>11,096</u>
Increase in net position	7,136,363	8,298,191	13,000,435
Net position - beginning of year	<u>64,889,646</u>	<u>56,591,455</u>	<u>43,591,020</u>
Net position - end of year	<u>\$ 72,026,009</u>	<u>\$ 64,889,646</u>	<u>\$ 56,591,455</u>

The Statement of Revenues, Expenses, and Changes in Net Position reflects an overall increase in net position during fiscal year 2013. Operating revenues decreased by \$6,325,473 from \$29,023,284 in 2012 to \$22,697,811 in 2013. This decrease resulted from GASB reporting requirements for Scholarship Discounts and Allowances. Tuition must be reported net of Scholarship Discounts and Allowances, which is the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or other third parties making payments on the students' behalf. Fiscal year 2013 was the first full year in which CWI disbursed federal financial aid to its students. The amount of that federal aid disbursed to the student account to satisfy tuition and fee charges must be reported as a reduction of the tuition revenue. Operating expenses increased by \$19,333,347 from \$39,578,990 in 2012 to \$58,912,337 in 2013. The increase in operating expenses was also due to the GASB reporting requirements for Scholarship Discounts and Allowances. Please see further explanation on page 10 under the paragraph titled "Accounting Treatment of Financial Aid."

The Statement of Revenues, Expenses, and Changes in Net Position reflects an overall increase in net position during fiscal year 2012. Operating revenues increased by \$4,547,475 from \$24,475,809 in 2011 to \$29,023,284 in 2012. This increase resulted from collecting more student fees due to increased enrollment. Operating expenses increased by \$5,898,437 from \$33,680,553 in 2011 to \$39,578,990 in 2012. The increase in operating expenses was largely the result of one-time expenses incurred during 2012 relating to the improvements made to the Micron Center for Professional Technical Education, plus an increase of \$2.5 million in personnel costs relating to direct service to the students and necessary to accommodate the student growth, an increase of \$1 million from the J.A. and Kathryn Albertson Foundation for student scholarships disbursed to the students and \$883 thousand increase in expenses relating facilities operation and maintenance of plant including increased personnel, lease and utility costs.



Note: Net Tuition & Fees decreased from fiscal year 2012 to fiscal year 2013 due to the increase in the scholarship allowance from \$1,339,934 to \$8,447,198. This decrease is offset by the increase in Non-Operating Revenue which includes an increase in State and Federal Financial of \$21,089,412. Please see further explanation on page 10 under the paragraph titled “Accounting Treatment of Financial Aid.”



Note: The overall increase from fiscal year 2012 to fiscal year 2013 was an increase in salaries and benefits due to faculty achieving rank, a 2% wage increase and 47 additional new Trustee approved positions for fiscal year 2013. Additionally, CWI disbursed Federal Financial Aid during 2013 in the form of Pell Grants, which is reflected as an Operating Expense. Please see further explanation on page 10 under the paragraph titled "Accounting Treatment of Financial Aid."

Statement of Cash Flows

The final Statement presented by the College is the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during the year.

An important factor to consider when assessing financial viability is the College's ability to meet financial obligations as they mature. The Statement of Cash Flows presents information about the cash activity of the College during the year. The Statement is divided into five parts: The first section deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-capital financing activities. This section represents the cash received and spent for non-operating, non-investing and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used in operating activities to operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Summary Statements of Cash Flows Fiscal Years Ended June 30

	2013	2012	2011
Cash from (used for)			
Operating activities	\$ (34,879,324)	\$ (8,462,792)	\$ (6,839,783)
Noncapital financing activities	43,476,660	23,264,960	15,600,983
Capital and related financing activities	(2,475,149)	(1,999,144)	(1,490,097)
Investing activities	27,993	69,304	89,391
Net change in cash	6,150,180	12,872,328	7,360,494
Cash - beginning of year	35,660,106	22,787,778	15,427,284
Cash - end of year	\$ 41,810,286	\$ 35,660,106	\$ 22,787,778
Supplementary disclosure of non-cash activities			
Property acquired with accounts payable	\$ 197,624	\$ 37,214	\$ 328,785
Donation of capital assets	\$ 10,623	\$ 133,907	\$ 11,096
Fixed assets acquired from capital lease financing	\$ 2,622,514	\$ 1,808,075	\$ -

Cash increased \$6,150,180 during fiscal year 2013 compared to a cash increase of \$12,872,328 during fiscal year 2012. The major contributor to the increase in cash was a result of administration identifying new one-time needs for fiscal year 2014 and actively managing the 2013 budgets to identify areas to reduce in the current budget to set aside funds as carry forward sufficient for the additional one-time needs in the next fiscal year. Other contributors to the increase were facility remodel projects funded in fiscal year 2013 but not completed and the increase in the strategic reserve fee revenue.

Cash used in operating activities totaled \$34,879,324 in fiscal year 2013 compared to \$8,462,792 in fiscal year 2012. This is attributable to the amount of scholarship allowance calculated from federal financial aid that was reflected as a reduction in tuition and fees. Cash provided by noncapital financing activities increased to \$43,476,660 in fiscal year 2013 compared to \$23,264,960 in fiscal year 2012. This increase was also attributable to the financial aid that was awarded to students during the year. Cash used in capital and related financing activities increased to \$2,475,149 in fiscal year 2013 compared to \$1,999,144 in fiscal year 2012. The slight increase was due to an overall increase in fixed asset purchases during fiscal year 2013.

Cash increased \$12,872,328 during fiscal year 2012 compared to a cash increase of \$7,360,494 during fiscal year 2011. The major contributor to the increase is cash was a result of an unspent balance of the State one-time funds received July 2011. Cash used in operating activities totaled \$8,462,792 in fiscal year 2012 compared to \$6,839,783 in fiscal year 2011. Increases in student fees were offset by increased operating expenses driven by continued growth. Cash provided by noncapital financing activities increased to \$23,264,960 in fiscal year 2012, compared to \$15,600,983 in fiscal year 2011. The increase was related to State appropriations, and the increase in Pell grants received for the benefit of students. Cash used in capital and related financing activities increased to \$1,999,144 in fiscal year 2012 compared to \$1,490,097 in fiscal year 2011.

Capital Assets

The College's investment in Capital Assets as of June 30, 2013 equates to \$31,901,431 net of accumulated depreciation. Investment in Capital Assets normally includes land, buildings, improvements, machinery and equipment, library holdings, and infrastructure. The increase was due primarily to the addition of a capital lease for the Nampa Campus Multipurpose Building.

The College's investment in Capital Assets as of June 30, 2012 equated to \$28,632,663, net of accumulated depreciation. Investment in Capital Assets normally includes land, buildings, improvements, machinery and equipment, library holdings, and infrastructure. More detailed information on the College's capital assets is presented in Note 5 to the basic financial statements.

Debt Administration

College of Western Idaho had eleven operating lease obligations for instructional and administrative office space and office equipment at fiscal year end June 30, 2013. Included in this number is another capital lease for library, instruction and administrative space at fiscal year end June 30, 2013. The College is not financing any of its operations with debt as of fiscal year end June 30, 2013.

College of Western Idaho had ten operating lease obligations for instructional and administrative office space and office equipment at fiscal year end June 30, 2012. The College is not financing any of its operations with debt as of fiscal year end June 30, 2012. More detailed information on the College's lease obligations is presented in Note 7 to the basic financial statements.

Economic Outlook

Propelled by its recovering housing and job markets, Idaho's economy is on the rebound, though some caution is still necessary. Since the April 2013 Idaho Economic Forecast, the housing market outlook has improved and has been revised up slightly in each year of the forecast. Total nonfarm employment in Idaho is following suit, and it has also been revised upward in each year of the forecast. [Idaho Economic Forecast, July 2013. Idaho Division of Financial Management, Executive Office of the Governor, page 5.]

As the local economy has started improving, the College has experienced slightly lower enrollment growth. Fiscal year 2013 regular credit student enrollment was relatively flat while there was a fairly dramatic enrollment growth in dual credit students when compared to fiscal year 2013. There is normally an inverse relationship between post-secondary enrollment and the health of the local economy. Because of this relationship, CWI expects to see stable enrollment for fiscal year 2014 rather than the large increases experienced in previous years and has conservatively-budgeted student tuition and fee revenue.

For fiscal year 2014, CWI continued to receive substantial funding increases from the state Legislature. General Education funding increased from \$6.7 million to \$8.5 million, a 25% increase from FY 2013. State funding also included support for new positions to help address the needs of the increased student enrollment, and to bolster existing instructional programs.

The College added 12 additional academic faculty chairs, allowing for increased instructional program oversight (including part-time instructors) in all disciplines, and 9 additional full-time faculty, bringing the full-time faculty count to 75. New majors have been added in agriculture and music.

CWI begins its second year in the new Micron Center for Professional Technical Education. This \$18 million facility is home to the Transportation Division of Professional Technical Education, the College Bookstore, and Student One-Stop Services. During FY 2014, the College will open a satellite Library facility at the Ada County Campus in Boise. A new state-of-the-art Chemistry lab was brought online at the Nampa Campus Academic Building in August 2013. In the same building, a new Tutoring center was moved into the former library (which moved to the Multipurpose Building in the Nampa Campus complex), and an expanded Art facility was placed into service.

Fund balances are adequate for the College to meet known obligations, including federal financial aid to CWI students, and to fund new one-time costs. Additional reserves have been identified in the event of unforeseen major expenses and strategic reserves as the college expands. There is a continued need for expanded programs and facilities due to program growth and the need to meet business needs in the community. Management continues to actively plan for future funding needs.

Contacting the College's Financial Management

This financial report is designed to provide the College's citizens, taxpayers, customers, investors, and potential creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. Questions about this report, or the need for additional financial information should be directed to Cheryl Wright, Vice President of Finance and Administration, College of Western Idaho, MS 1000, P.O. Box 3010, Nampa, Idaho 83653.

College of Western Idaho

Statements of Net Position

June 30, 2013 and 2012

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 40,559,935	\$ 34,247,034
Short-term investments	750,000	750,000
Student fees receivable (net of allowance - FY13 - \$1,717,408, FY12 - \$771,408)	455,127	381,397
Accounts receivable	3,046,590	3,517,763
Property tax receivable	2,573,596	2,478,568
Prepaid expenses and other assets	858,390	692,993
Total current assets	<u>48,243,638</u>	<u>42,067,755</u>
Noncurrent Assets		
Long-term investments	274,454	266,055
Restricted cash	1,250,351	1,413,072
Deposits	118,990	78,990
Capital assets, not depreciated	14,558,159	13,748,080
Capital assets, net	17,343,272	14,884,583
Total noncurrent assets	<u>33,545,226</u>	<u>30,390,780</u>
	<u>\$ 81,788,864</u>	<u>\$ 72,458,535</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	\$ 401,786	\$ 1,053,717
Accrued payroll and related costs	2,285,092	1,949,367
Unbilled revenue	1,304,797	1,352,941
Capital lease obligation - current	307,763	127,842
Other liabilities	959,438	963,322
Total current liabilities	<u>5,258,876</u>	<u>5,447,189</u>
Noncurrent Liabilities		
Compensated absences	616,450	483,626
Capital lease obligation - noncurrent	3,843,615	1,576,779
Other liabilities- noncurrent	43,914	61,295
Total noncurrent liabilities	<u>4,503,979</u>	<u>2,121,700</u>
Total liabilities	<u>9,762,855</u>	<u>7,568,889</u>
Net Position		
Net investment in capital assets	27,750,053	26,928,042
Restricted - expendable		
Grants	1,394,109	1,577,450
Unrestricted	42,881,847	36,384,154
Total net position	<u>72,026,009</u>	<u>64,889,646</u>
	<u>\$ 81,788,864</u>	<u>\$ 72,458,535</u>

College of Western Idaho Foundation

Component Unit

Statements of Financial Position

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,916,386	\$ 1,621,255
Cash and cash equivalents- restricted	316,921	428,766
Investments	1,158,527	1,347,357
Contributions receivable - current, net	236,548	1,296,398
Other receivables	95,784	482,488
Total current assets	<u>3,724,166</u>	<u>5,176,264</u>
Noncurrent Assets		
Nondepreciable property	2,773,000	13,662,841
Depreciable property, net	12,823,247	1,116,915
Contributions receivable - noncurrent, net	183,717	329,092
Investments - noncurrent	1,117,130	1,057,593
Total noncurrent assets	<u>16,897,094</u>	<u>16,166,441</u>
	<u>\$ 20,621,260</u>	<u>\$ 21,342,705</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 48,511	\$ 310,772
Total current liabilities	<u>48,511</u>	<u>310,772</u>
Net Assets		
Unrestricted	15,892,383	14,959,654
Temporarily restricted	3,653,957	5,045,650
Permanently restricted	1,026,409	1,026,629
Total net assets	<u>20,572,749</u>	<u>21,031,933</u>
	<u>\$ 20,621,260</u>	<u>\$ 21,342,705</u>

College of Western Idaho
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2013 and 2012

	2013	2012
Operating Revenues		
Tuition and fees	\$ 28,683,824	\$ 27,230,651
Less: Scholarship allowance	(8,447,198)	(1,339,934)
Net tuition and fees	20,236,626	25,890,717
Federal grants and contracts	1,446,625	1,782,835
State and local grants	783,028	1,127,707
Sales and services of educational activities	172,103	163,096
Auxiliary sales and services	63,226	47,544
Other operating revenue (expense)	(3,797)	11,385
Total operating revenues	22,697,811	29,023,284
Expenses		
Operating Expenses		
Instruction	20,799,076	19,093,651
Academic support	5,320,531	5,045,222
Student services	5,163,835	3,984,204
Public service	379,211	320,902
Financial Aid	14,417,813	163,319
Auxiliary expenses	106,569	254,929
Institutional support	7,632,249	5,793,149
Operations and maintenance	5,093,053	4,923,614
Total operating expenses	58,912,337	39,578,990
Operating Loss	(36,214,526)	(10,555,706)
Nonoperating Revenues (Expenses)		
State appropriations	13,125,014	10,336,812
Private gifts	386,232	780,366
Local taxes	6,074,279	5,764,109
State and federal financial aid	22,398,562	1,309,150
Liquor tax revenue	200,000	200,000
Other revenue	999,980	419,584
Interest expense	(125,282)	(90,031)
Total nonoperating revenues	43,058,785	18,719,990
Income before capital contributions	6,844,259	8,164,284
Capital gifts	292,104	133,907
Change in Net Position	7,136,363	8,298,191
Net Position, Beginning of Year	64,889,646	56,591,455
Net Position, End of Year	\$ 72,026,009	\$ 64,889,646

College of Western Idaho Foundation

Component Unit

Statement of Activities

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Contributions and gifts	\$ 21,573	\$ 434,380	\$ 534	\$ 456,487
Contributed services	326,762	-	-	326,762
Interest and dividends	12,362	12,479	-	24,841
Net realized and unrealized gain on investments	66,617	64,382	-	130,999
Other revenue	223,797	-	-	223,797
Total revenues and gains	651,111	511,241	534	1,162,886
Net assets released from restriction	1,903,688	(1,902,934)	(754)	-
Total revenues	2,554,799	(1,391,693)	(220)	1,162,886
Expenses				
Program support to College of Western Idaho				
Scholarships	293,626	-	-	293,626
Department support	498,114	-	-	498,114
Support services				
General operations	552,694	-	-	552,694
Depreciation	277,636	-	-	277,636
Total expenses	1,622,070	-	-	1,622,070
Change in Net Assets	932,729	(1,391,693)	(220)	(459,184)
Net Assets, Beginning of Year	14,959,654	5,045,650	1,026,629	21,031,933
Net Assets, End of Year	\$ 15,892,383	\$ 3,653,957	\$ 1,026,409	\$ 20,572,749

College of Western Idaho Foundation

Component Unit

Statement of Activities

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Contributions and gifts	\$ 86,413	\$ 5,404,225	\$ 115,229	\$ 5,605,867
Contributed services	458,438	-	-	458,438
Interest and dividends	19,285	17,035	-	36,320
Net realized and unrealized loss on investments	(29,964)	(13,038)	-	(43,002)
Other revenue	14,342	-	-	14,342
Total revenues and gains	548,514	5,408,222	115,229	6,071,965
Net assets released from restriction	15,916,343	(15,905,090)	(11,253)	-
Total revenues	16,464,857	(10,496,868)	103,976	6,071,965
Expenses				
Program support to College of Western Idaho				
Scholarships	363,782	-	-	363,782
Department support	770,473	-	-	770,473
Support services				
General operations	494,624	-	-	494,624
Depreciation	2,332	-	-	2,332
Total expenses	1,631,211	-	-	1,631,211
Change in Net Assets	14,833,646	(10,496,868)	103,976	4,440,754
Net Assets, Beginning of Year	126,008	15,542,518	922,653	16,591,179
Net Assets, End of Year	\$ 14,959,654	\$ 5,045,650	\$ 1,026,629	\$ 21,031,933

College of Western Idaho
Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Operating Activities		
Tuition and fees	\$ 20,114,752	\$ 25,601,605
Grants and contracts	2,229,653	2,910,542
Payments to suppliers	(28,169,633)	(11,994,241)
Payments to employees	(29,285,628)	(25,202,723)
Sales and service education	172,103	163,096
Other revenue	59,429	58,929
	(34,879,324)	(8,462,792)
Net Cash used for Operating Activities		
Noncapital Financing Activities		
State appropriations	13,596,187	14,896,546
Gifts and grants for other than capital purposes	386,232	780,366
Local property tax	6,179,251	5,955,514
Other revenue/expense	23,314,990	1,632,534
	43,476,660	23,264,960
Net Cash from Noncapital Financing Activities		
Financing Activities		
Interest paid on capital lease	(125,282)	(90,031)
Payments on capital lease	(175,758)	(103,454)
Proceeds from sale of fixed assets	47,160	18,732
Purchases of capital assets	(2,221,269)	(1,824,391)
	(2,475,149)	(1,999,144)
Net Cash used for Financing Activities		
Investing Activities		
Purchase of investments	(55,559)	(26,896)
Interest on investments	83,552	96,200
	27,993	69,304
Net Cash from Investing Activities		
Net Change in Cash, Restricted Cash, and Cash Equivalents	6,150,180	12,872,328
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	35,660,106	22,787,778
Cash, Restricted Cash, and Cash Equivalents, End of Year	\$ 41,810,286	\$ 35,660,106

College of Western Idaho
Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (36,214,526)	\$ (10,555,706)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	1,813,762	1,572,463
Change in assets and liabilities		
Loss on disposal of asset	53,358	8,041
Accounts receivable, net	(73,730)	32,513
Prepays and other assets	(165,397)	22,992
Accounts payable	(651,931)	27,214
Deferred revenue	(48,144)	(321,625)
Other liabilities	(21,265)	448,818
Advances and deposits	(40,000)	(9,090)
Accrued payroll and payroll costs	335,725	215,985
Compensated absences	132,824	95,603
Net Cash used for Operating Activities	\$ (34,879,324)	\$ (8,462,792)
Supplemental Disclosure of Noncash Activity		
Donation of capital assets	\$ 10,623	\$ 133,907
Property acquired with accounts payable	\$ 197,624	\$ 37,214
Property acquired with capital lease	\$ 2,622,514	\$ 1,808,075
Reconciliation of Cash, Restricted Cash, and Cash Equivalents		
Cash and cash equivalents	\$ 40,559,935	\$ 34,247,034
Restricted cash - noncurrent portion	1,250,351	1,413,072
Total cash, restricted cash, and cash equivalents	\$ 41,810,286	\$ 35,660,106

College of Western Idaho Foundation

Component Unit

Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating Activities		
Change in net assets	\$ (459,184)	\$ 4,440,754
Adjustments to reconcile change in net assets to net cash from operating activities		
Non-cash contributions	(72,932)	(75,241)
Contributions restricted to endowment	(534)	(115,229)
Endowment net investment (return) loss	(76,057)	(2,894)
Net realized and unrealized (gains) loss on investments	(66,764)	30,284
Depreciation	277,636	2,332
Bad debt expense/loss on uncollectable contributions	(4,525)	10,025
Changes in operating assets and liabilities		
Contributions receivable	1,209,750	(1,633,401)
Other receivable	386,704	(482,488)
Accounts payable	(262,261)	178,673
Net Cash from Operating Activities	<u>931,833</u>	<u>2,352,815</u>
Investing Activities		
Payments on construction in progress	(1,094,126)	(8,685,425)
Purchase of investments	(573,782)	(791,811)
Withdrawal from endowment	(56,205)	(19,382)
Proceeds from sale of investments	975,032	930,824
Net Cash used for Investing Activities	<u>(749,081)</u>	<u>(8,565,794)</u>
Financing Activities		
Contributions restricted to endowments	534	115,229
Net Cash from Financing Activities	<u>534</u>	<u>115,229</u>
Net Change in Cash and Cash Equivalents	183,286	(6,097,750)
Cash and Cash Equivalents, Beginning of Year	<u>2,050,021</u>	<u>8,147,771</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,233,307</u>	<u>\$ 2,050,021</u>
Non-cash Investing Activities		
Addition of land and building transferred from pledges receivable to fixed assets	<u>\$ -</u>	<u>\$ 5,900,000</u>

Note 1 - Significant Accounting Policies**General Statement**

The College of Western Idaho (the College) was established after a supermajority of Ada and Canyon County voters passed a referendum in 2007 to establish a community college district. The College is governed by a separately elected Board of Trustees. College of Western Idaho is a public, open-access, and comprehensive community college committed to providing affordable access to quality teaching and learning opportunities to the residents of its service area in western Idaho. The College serves its students and communities through the use of a variety of innovative delivery systems and offers a dynamic array of programs, courses and services.

The College of Western Idaho delivers college credit instruction, certificates and degrees through its memorandum of understanding (MOU) with the College of Southern Idaho (CSI). CSI is accredited through The Northwest Commission on Colleges and Universities (NWCCU). The NWCCU is a regional postsecondary accrediting agency recognized by the U.S. Department of Education and the Council for Higher Education Accreditation (CHEA). Credits, certificates and degrees earned at the College appear on CSI transcripts and are transferable to four year institutions, subject to the specific policies of those institutions.

On January 11, 2012, the NWCCU granted the College Candidacy for Accreditation status at the associate degree level. Candidacy is not accreditation nor does it ensure eventual accreditation. Candidate for Accreditation is a status of affiliation with the Commission which indicates that the institution has achieved initial recognition and is progressing toward accreditation. Until separate accreditation is granted, the College will continue to deliver college credit instruction, certificates and degrees through its MOU with the CSI.

The College directly disbursed Federal Financial Aid to its students beginning with Summer semester 2012.

Reporting Entity

The College's financial statements for fiscal years ended June 30, 2013 and 2012, are prepared in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB) and in accordance with accounting principles generally accepted in the United States of America (GAAP).

As defined by GAAP established under GASB, the financial reporting entity consists of the primary government, as well as its component unit the College of Western Idaho Foundation.

The College of Western Idaho Foundation (the Foundation) was established in July 2010 to provide support for the private fundraising efforts of the College and to manage privately donated funds. The Foundation is a legally separate, not-for-profit organization incorporated in accordance with the laws of the State of Idaho and managed by a volunteer Board of Directors. Under the Idaho State Board of Education's administrative rules the Foundation must be independent of, and cannot be controlled by, the College. A memorandum of understanding between the Foundation and the College defines the relationship between the two entities in accordance with the State Board of Education's rules.

The Foundation financial statements for fiscal years ended June 30, 2013 and 2012, are discreetly presented because of the difference in its reporting model, as further described below.

The Foundation's financial statements are prepared in accordance with the pronouncements of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the College. No modifications have been made to the Foundation's financial information included in the College's financial report.

Questions about the financial statements of the Foundation should be directed to Craig Brown, Vice President, Resource Development, CWI Foundation, MS 1000, P.O. Box 3010, Nampa, Idaho 83653.

Basis of Accounting and Presentation

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements of the College have been presented using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Non-exchange transactions are those in which the College receives value without directly giving equal value in return. These include property taxes, federal, state and local grants, state appropriations, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenues from grants, state appropriations, and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

Impact of Recently Issued Accounting Principles

Recently Issued Accounting Pronouncements

Effective July 1, 2012, the College adopted Statement No. 62 of GASB, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB & AICPA Pronouncements* (Statement No. 62). Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and reporting literature issued by the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) on or before November 30, 1989, which is not in conflict with or contradicted by GASB pronouncements. This literature includes FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee. Upon implementation of Statement No. 62, the College follows guidance issued by GASB, unless a particular topic is not addressed by GASB. In that case, the College would follow other accounting literature from the FASB that is considered a lower tier of GAAP than standards promulgated by GASB. The more significant of the College's accounting policies are described below.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

Cash and Cash Equivalents

The College considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. Cash balances that are restricted and not expected to be expended within the subsequent year are classified as noncurrent assets. The College has some funds on deposit with the Idaho State Local Government Investment Pool (LGIP) and considers all such funds with the LGIP as cash and cash equivalents.

Investments

State statute authorizes the College to invest in obligations of the U.S. Treasury, the State of Idaho, or county, city or other taxing district of the State of Idaho, commercial paper, corporate bonds and repurchase agreements. The degree of risk depends upon the underlying portfolio. Please see Footnote #2 for further discussion.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students. Accounts receivable also includes amounts due from state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Property Tax Receivable

Property taxes that are levied for 2008 through 2012 and have not been collected as of June 30 are carried as receivables. Assessed values are established by the County Assessor in Ada and Canyon County (the District). Property tax payments are due in one-half installments in December and June. The District's property tax is levied each November on the assessed value listed as of the prior September for all property located in the District.

Prepaid Expenses

Prepaid items include payments made in the current fiscal year for expenditures attributable to future periods.

Restricted Cash

In accordance with a lease agreement with one of the facility leases, the College is obligated to separately hold cash amounts sufficient to satisfy the tenant improvements paid for by the lessor. These amounts are reduced by monthly payments on the lease.

Capital Assets

Capital assets are stated at cost when purchased, or if acquired by gift, at the estimated fair market value at the date of the gift. The College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations and improvements to buildings 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 10 years for library books, 3 to 10 years for equipment, and 20 to 40 years for buildings.

Unbilled Revenue

Unbilled revenue includes amounts received from student tuition and fees prior to the end of the fiscal year relating to Summer and Fall term. These revenues are earned in the subsequent year.

Noncurrent Liabilities

Noncurrent liabilities are other liabilities that will not be paid within the next fiscal year. These include long-term capital lease obligations, other post-employment benefit obligations, and compensated absences.

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted Net Position, Expendable – This includes resources which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted Net Position – Unrestricted net position represents resources derived from student fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any lawful purpose.

When both restricted and unrestricted resources are available for use, it is the College's practice to use restricted resources first, then unrestricted resources as they are needed.

Classification of Revenues and Expenses

The College has classified its revenues as either operating or nonoperating according to the following criteria:

Operating Revenues and Expenses include activities that have the characteristics of exchange transactions that generally result from providing services and delivering goods in connection with the College's principal ongoing operations. Operating revenues include student tuition and fees, net of scholarship discounts and allowances, sales and services of auxiliary enterprises, most federal, state, and local grants and contracts, and federal appropriations, and gain or loss on the disposal of capital assets.

Nonoperating Revenues and Expenses include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, Pell Grants, property taxes, investment income, 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 College, and the amount that is paid by students and/or other third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues. To the extent that revenues from such programs are used to satisfy student fees and related charges, the College has recorded a Scholarship Discount or Allowance.

Income Taxes

As a public institution of higher education, the income of the College is generally exempt from federal and state income taxes under Section 115 (a) of the Internal Revenue Code and a similar provision of state law. However, the College is subject to federal income tax on any unrelated business taxable income. Defined by the Internal Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance of the organization of its exempt purpose or function. The College does have unrelated business income tax to report during fiscal year ended June 30, 2013, but not during fiscal year ended June 30, 2012.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents

Operating cash is deposited locally and is carried at cost. Cash and cash equivalents are also held in the State managed Local Government Investment Pool (LGIP). Amounts reflected as Money Market activity are bank deposits secured by Federal Home Loan Bank letters of credit that pays interest based on money market rates. Cash that is restricted in purpose and is not expected to be utilized within the next fiscal year is reported on the financial statements as restricted cash and as a noncurrent asset. Investments are held in certificates of deposit at various local banks.

At June 30, 2013, the College's cash, cash equivalents, and investments consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and Cash Equivalents		
Bank deposit	\$ 5,331,565	\$ 4,118,142
Change funds	-	4,629
State Treasurer's Local Government Pool (LGIP)	9,482,765	9,482,765
Money market	26,954,399	26,954,399
Restricted Cash		
Bank Deposit	1,250,351	1,250,351
	<u>Fair Value</u>	<u>Percentage</u>
Investments		
Short-term certificate of deposit	\$ 250,000	24.40%
Short-term certificate of deposit	250,000	24.40%
Short-term certificate of deposit	250,000	24.40%
Long-term certificate of deposit	274,454	26.80%

At June 30, 2012, the College's cash, cash equivalents, and investments consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and Cash Equivalents		
Bank deposit	\$ 6,628,131	\$ 5,435,755
Change funds	-	4,526
State Treasurer's Local Government Pool (LGIP)	2,169,338	2,169,338
Money market	26,637,415	26,637,415
Restricted Cash		
Bank deposit	\$ 1,413,072	\$ 1,413,072
	<u>Fair Value</u>	<u>Percentage</u>
Investments		
Short-term certificate of deposit	\$ 250,000	24.60%
Short-term certificate of deposit	250,000	24.60%
Short-term certificate of deposit	250,000	24.60%
Long-term certificate of deposit	266,055	26.20%

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk. At June 30, 2013 and 2012, \$33,414 and \$357,802, respectively, of the College's deposits were uninsured and uncollateralized.

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

Credit Risk – Investments

Credit risk is the risk that the counterparty to an investment will not fulfill its obligation. It is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The College's policy and procedures follow the applicable State Codes.

Three short-term Certificates of Deposit with maturity of one year or less were established at separate financial institutions. Each certificate is covered by FDIC for \$250,000. One long-term Certificate of Deposit, with maturity of 5 years or less was established at an additional financial institution and is covered by the FDIC for \$250,000. The Certificates of Deposit are not rated by rating organizations.

Interest Rate Risk

Interest rate risk is the risk of loss in fair value should market interest rates change in the future. Investments with long-term, fixed interest rates are the most volatile. The funds within the Idaho State Treasurer's Local Government Investment Pool have an average maturity of one year or less, thereby minimizing interest rate risk. The College's policy and procedures follow the applicable State Codes.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when five percent of the total entity's investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. Government, mutual funds, and other pooled investments are exempt from disclosure.

The College's policy and procedures follow the applicable State Codes.

Note 3 - Accounts Receivable

Accounts receivable refer to the portion due to the College, as of June 30, by various customers and constituencies of the College as a result of providing services to said groups. Accounts receivable at June 30, 2013 and 2012 consisted of the following:

	2013	2012
Revenue receivable from CSI	\$ 40,971	\$ 11,618
Federal, state, and private grants	2,859,603	3,101,126
Other	146,016	405,019
Accounts receivable	\$ 3,046,590	\$ 3,517,763

Note 4 - Property Taxes

Idaho counties are responsible for collecting property taxes, assessing penalties and if necessary, sale of property. In addition, the counties maintain all the records and are responsible for remitting property tax amounts to the various taxing entities within their boundaries.

All real property is assigned a parcel number in accordance with State law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals.

The assessed valuation of the property and its improvements is being assessed at one percent of “taxable value” as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located.

Taxes on real property are a lien on the property and attach on January 1 of the year for which the taxes are levied.

Taxes on property are due on the 20th of December; however, they may be paid in two installments with the second installment due June 20th. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a three year waiting period, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated penalties, interest and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation. Canyon and Ada counties collect property taxes for the College.

Note 5 - Capital Assets

The following are the changes in capital assets for the years ended June 30, 2013 and 2012:

	Balance July 1, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Capital assets not being depreciated					
Land	\$ 13,720,000	\$ -	\$ -	\$ -	\$ 13,720,000
Construction in progress	28,080	838,159	-	(28,080)	838,159
Total capital assets not being depreciated	<u>13,748,080</u>	<u>838,159</u>	<u>-</u>	<u>(28,080)</u>	<u>14,558,159</u>
Other capital assets					
Land improvements	241,803	5,777	-	-	247,580
Buildings	11,335,662	-	-	-	11,335,662
Buildings - capital lease	1,808,075	2,622,514	-	-	4,430,589
Building improvements	106,509	-	-	-	106,509
Leasehold improvements	400,477	395,752	-	-	796,229
Equipment	2,760,641	494,439	(83,343)	-	3,171,737
Computer equipment	1,489,214	219,492	(54,980)	-	1,653,726
Books	245,582	208,618	-	-	454,200
Vehicles	508,650	235,994	-	-	744,644
Intangibles	1,662,312	115,143	-	28,080	1,805,535
Total other capital assets	<u>20,558,925</u>	<u>4,297,729</u>	<u>(138,323)</u>	<u>28,080</u>	<u>24,746,411</u>
Total capital assets	<u>34,307,005</u>	<u>5,135,888</u>	<u>(138,323)</u>	<u>-</u>	<u>39,304,570</u>
Less accumulated depreciation					
Land improvements	14,777	16,216	-	-	30,993
Buildings	1,691,851	570,999	-	-	2,262,850
Buildings - capital lease	180,807	268,225	-	-	449,032
Building improvements	8,534	5,956	-	-	14,490
Leasehold improvements	75,772	121,807	-	-	197,579
Equipment	1,006,368	379,040	(43,356)	-	1,342,052
Computer equipment	951,749	259,750	(41,609)	-	1,169,890
Books	18,887	26,297	-	-	45,184
Vehicles	203,007	75,012	-	-	278,019
Intangibles	1,522,590	90,460	-	-	1,613,050
Total accumulated depreciation	<u>5,674,342</u>	<u>1,813,762</u>	<u>(84,965)</u>	<u>-</u>	<u>7,403,139</u>
Capital assets, net	<u>\$ 28,632,663</u>	<u>\$ 3,322,126</u>	<u>\$ (53,358)</u>	<u>\$ -</u>	<u>\$ 31,901,431</u>

College of Western Idaho

Notes to Financial Statements

June 30, 2013 and 2012

	Balance July 1, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
Capital assets not being depreciated					
Land	\$ 13,720,000	\$ -	\$ -	\$ -	\$ 13,720,000
Construction in progress	106,993	28,080	-	(106,993)	28,080
Total capital assets not being depreciated	<u>13,826,993</u>	<u>28,080</u>	<u>-</u>	<u>(106,993)</u>	<u>13,748,080</u>
Other capital assets					
Land improvements	-	187,593	-	54,210	241,803
Buildings	11,160,662	175,000	-	-	11,335,662
Buildings - capital lease	-	1,808,075	-	-	1,808,075
Building improvements	98,285	8,224	-	-	106,509
Leasehold improvements	174,466	226,011	-	-	400,477
Equipment	2,262,011	545,345	(46,715)	-	2,760,641
Computer equipment	1,057,607	410,278	(21,614)	42,943	1,489,214
Books	76,422	169,160	-	-	245,582
Vehicles	392,488	116,162	-	-	508,650
Intangibles	1,560,028	92,444	-	9,840	1,662,312
Total other capital assets	<u>16,781,969</u>	<u>3,738,292</u>	<u>(68,329)</u>	<u>106,993</u>	<u>20,558,925</u>
Total capital assets	<u>30,608,962</u>	<u>3,766,372</u>	<u>(68,329)</u>	<u>-</u>	<u>34,307,005</u>
Less accumulated depreciation					
Land improvements	-	14,777	-	-	14,777
Buildings	1,124,498	567,353	-	-	1,691,851
Buildings - capital lease	-	180,807	-	-	180,807
Building improvements	2,749	5,785	-	-	8,534
Leasehold improvements	43,883	31,889	-	-	75,772
Equipment	717,894	327,748	(39,274)	-	1,006,368
Computer equipment	715,681	257,082	(21,014)	-	951,749
Books	9,835	9,052	-	-	18,887
Vehicles	135,898	67,109	-	-	203,007
Intangibles	1,411,729	110,861	-	-	1,522,590
Total accumulated depreciation	<u>4,162,167</u>	<u>1,572,463</u>	<u>(60,288)</u>	<u>-</u>	<u>5,674,342</u>
Capital assets, net	<u>\$ 26,446,795</u>	<u>\$ 2,193,909</u>	<u>\$ (8,041)</u>	<u>\$ -</u>	<u>\$ 28,632,663</u>

Note 6 - Unbilled Revenue

Unbilled revenue includes amounts recorded for student tuition and fees, and other amounts received prior to the end of the fiscal year but relate to the following accounting period. Student fees represent 50% of summer semester revenues and 100% of fall semester revenues to be recognized in the subsequent fiscal year. Unbilled revenue consists of the following at June 30:

	<u>2013</u>	<u>2012</u>
Student fees	\$ 1,304,797	\$ 1,351,691
Other unbilled revenue	-	1,250
	<u>\$ 1,304,797</u>	<u>\$ 1,352,941</u>

Note 7 - Lease Obligations**Operating Lease Obligations**

The College is committed under various operating leases, primarily for buildings and maintenance agreements. The lease terms range from one to six years. The expense for operating leases was \$1,804,901 and \$2,250,081 for fiscal years 2013 and 2012, respectively. Lease amounts for fiscal year 2013 decreased due to a significant number of programs moving from the Boise State University campus to the new Micron PTE facility in Nampa. As of June 30, 2013, future minimum operating lease commitments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 1,815,327
2015	1,460,384
2016	1,489,251
2017	1,308,883
2018	<u>1,342,457</u>
Totals	<u>\$ 7,416,302</u>

Capital Lease Obligations

The College entered into a capital lease agreement for the Aspen Classroom Building July 1, 2011, and the Aspen Multipurpose Building March 15, 2013. The College pays a monthly payment of \$17,638 for the Aspen Classroom Building and \$25,191 for the Aspen Multipurpose Building, both of which increase every year by 3% until June 2021 and 2023, respectively. At June 30, 2013, the assets under the capital lease equaled \$4,430,589 with accumulated depreciation of \$449,032. At June 30, 2012, the assets under the capital lease equaled \$1,808,075 with accumulated depreciation of \$180,807. Amortization of assets under capital lease is included in depreciation expense. As of June 30, 2013, future minimum capital lease commitments are as follows:

Fiscal Year	Amount
2014	\$ 523,258
2015	538,879
2016	555,124
2017	571,826
2018	588,995
2019-2023	2,536,064
Total minimum obligation	5,314,146
Less interest	(1,162,768)
Totals	\$ 4,151,378

Note 8 - Long-term Liabilities

Changes in long-term liabilities for the years ended June 30, 2013 and 2012, were:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
Capital lease obligation	\$ 1,704,621	\$ 2,622,515	\$ (175,758)	\$ 4,151,378	\$ 307,763
Compensated absences	543,400	916,316	(774,772)	684,944	68,494
	\$ 2,248,021	\$ 3,538,831	\$ (950,530)	\$ 4,836,322	\$ 376,257
	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within one year
Capital lease obligation	\$ -	\$ 1,808,075	\$ (103,454)	\$ 1,704,621	\$ 127,842
Compensated absences	456,498	675,118	(588,216)	543,400	59,774
	\$ 456,498	\$ 2,483,193	\$ (691,670)	\$ 2,248,021	\$ 187,616

Note 9 - Retirement

Public Employee Retirement System of Idaho

The Public Employee Retirement System of Idaho (PERSI), a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the members and the employer contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, the benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of the College of Western Idaho and its employees are established and may be amended by the PERSI Board of Trustees.

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

PERSI	2013	2012	2011
College required contribution rate	10.39%	10.39%	10.39%
Percentage of covered payroll for employees	6.23%	6.23%	6.23%
College contributions required and paid	\$ 393,157	\$ 347,078	\$ 290,154

Optional Retirement Plan

Effective July 1, 1997, the Idaho State Legislature authorized the Idaho State Board of Education to establish an Optional Retirement Plan (ORP), a defined contribution plan, for faculty and 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.

New faculty and exempt employees automatically enroll in the ORP and select their vendor option. Vendor options include Teachers Insurance and Annuity Associations – College Retirement Equities Fund (TIAA-CREF) and Variable Annuity Life Insurance Company (VALIC).

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 62 years of age.

Contributions for the two years ended June 30, were as follows:

	2013	2012
ORP		
College contribution rate	10.31%	10.31%
Employee contribution rate	6.97%	6.97%
College contribution	\$ 1,331,319	\$ 1,104,079

Termination Benefits

Employees who qualify for retirement under PERSI or ORP are eligible to use 50% of the cash value (maximum 600 hours) of their unused sick leave to continue their medical insurance coverage through the College. The College partially funds these obligations by depositing .65% of the employees' gross payroll with PERSI who administers the plan as a cost sharing, multiple-employer plan. The total contributions for the years ended June 30, 2013 and 2012, were \$108,572 and \$91,602, respectively.

PERSI issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee Retirement System of Idaho, P.O. Box 83720, Boise, Idaho 83720-0078.

Note 10 - Postemployment Benefits other than Pensions

Summary of Plans

The College participates in other postemployment benefit plans relating to health and disability administered by the State of Idaho as agent multiple-employer defined benefit plans. The Life Insurance benefit is a single-employer defined benefit plan. Idaho Code, Sections 67-5760 to 67-5767 and 72-1335, establishes the benefits and contribution obligations. Each of these benefits is provided by the College to eligible retired or disabled employees. The most recent actuarial valuation is as of July 30, 2012. The College has not set aside any assets to pay future benefits; the College funds these benefits on a pay-as-you-go basis. Details of the plans can be found in the Comprehensive Annual Report of the State of Idaho, which may be obtained as follows:

Office of the Idaho State Controller
700 W State Street, 4th Floor
Boise, ID 83702
P.O. Box 83720
Boise, ID 83720-0011
www.sco.idaho.gov

Plan Descriptions and Funding Policy

Retiree Healthcare Plan

A retired employee of the College who is eligible to retire under PERSI may elect to purchase retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date of their retirement. Additionally, the unreduced PERSI monthly benefit at the time of retirement must meet or exceed the monthly cost of single retiree health insurance coverage, or employees must have 10 or more years (20,800 or more hours) of credited state administered service. An employee must have been an active employee on or before June 30, 2009, and retire directly from state administered service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is \$1,860 per retiree per year. The College contributed \$18.84 and \$8 per active employee per month towards the retiree premium cost during 2013 and 2012, respectively.

Long-Term Disability Plan

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

For up to 30 months following the date of disability, an employee may continue healthcare coverage under the State plan. The College pays 100 percent of the College's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. The College was charged \$8 and \$0 per active employee per month in fiscal year 2013 and 2012, respectively.

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

Employees disabled on or after July 1, 2003, are insured by Principal Life Insurance Company and the obligation for the payment of benefits has been effectively transferred. The College pays 100 percent of the cost of the premiums. The College's contribution rate for the periods were 0.264 and 0.318 percent of payroll in fiscal year 2013 and 2012, respectively. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

This plan also provides basic life insurance and dependent life coverage to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than \$20,000. In addition, a \$2,000 life insurance benefit is provided for spouses, and a \$1,000 life insurance benefit is provided for dependent children. These benefits do not increase with inflation. The College pays 100 percent of the cost of premiums; the contribution is actuarially determined based on actual claims experience.

Annual OPEB Cost

The Annual OPEB Cost (AOC) is actuarially determined based on the Annual Required Contribution (ARC) of the employer. The following table illustrates the annual OPEB cost, the amount of contributions made, the increase (decrease) in the net OPEB obligation (NOO), and the NOO (funding excess) for the current year.

2013 Annual OPEB Cost and Net OPEB Obligation

	<u>Long-term Disability Plan</u>		
	Retiree <u>Healthcare Plan</u>	<u>Healthcare</u>	<u>Life Insurance</u>
Annual OPEB Cost			
Annual required contribution	\$ 50,000	\$ 21,000	\$ 31,000
Interest on net OPEB obligation	22,000	1,000	-
Adjustment to annual required contribution	<u>(43,000)</u>	<u>(3,000)</u>	<u>1,000</u>
Total Annual OPEB cost	<u>29,000</u>	<u>19,000</u>	<u>32,000</u>
Contributions Made	<u>(40,000)</u>	<u>(26,000)</u>	<u>(33,000)</u>
Decrease in net OPEB obligation	(11,000)	(7,000)	(1,000)
Net OPEB obligation (funding excess) - beginning of year	<u>46,000</u>	<u>14,000</u>	<u>(8,000)</u>
Net OPEB obligation (funding excess) - end of year	<u>\$ 35,000</u>	<u>\$ 7,000</u>	<u>\$ (9,000)</u>
Percentage of AOC contributed	137.93%	136.84%	103.13%

2012 Annual OPEB Cost and Net OPEB Obligation

	<u>Long-term Disability Plan</u>		
	Retiree <u>Healthcare Plan</u>	<u>Healthcare</u>	<u>Life Insurance</u>
Annual OPEB Cost			
Annual required contribution	\$ 66,000	\$ 23,000	\$ 12,000
Interest on net OPEB obligation	20,000	1,000	-
Adjustment to annual required contribution	<u>(29,000)</u>	<u>(2,000)</u>	<u>-</u>
Total Annual OPEB cost	<u>57,000</u>	<u>22,000</u>	<u>12,000</u>
Contributions Made	<u>(54,000)</u>	<u>(20,000)</u>	<u>(14,000)</u>
Increase (decrease) in net OPEB obligation	3,000	2,000	(2,000)
Net OPEB obligation (funding excess) - beginning of year	<u>43,000</u>	<u>12,000</u>	<u>(7,000)</u>
Net OPEB obligation (funding excess) - end of year	<u>\$ 46,000</u>	<u>\$ 14,000</u>	<u>\$ (9,000)</u>
Percentage of AOC contributed	94.31%	91.20%	111.86%

Annual OPEB Cost Comparison

The following table compares the annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation (funding excess) for the current and two prior years.

Annual OPEB Cost and Net OPEB Obligation Comparison

		Long-term Disability Plan		
		Retiree Healthcare Plan	Healthcare	Life Insurance
Annual OPEB Cost	2013	\$ 29,000	\$ 19,000	\$ 32,000
	2012	57,000	22,000	12,000
	2011	55,000	21,000	12,000
Percentage of AOC contributed	2013	137.93%	136.84%	103.13%
	2012	94.31%	91.20%	111.86%
	2011	44.63%	85.11%	148.71%
Net OPEB Obligation (Funding Excess) - end of year	2013	\$ 35,000	\$ 7,000	\$ (9,000)
	2012	46,000	14,000	(9,000)
	2011	43,000	12,000	(7,000)

Funded Status and Funding Progress

The following table illustrates the funded status and the funding progress for the College:

Funded Status and Funding Progress

	Long-term Disability Plan		
	Retiree Healthcare Plan	Healthcare	Life Insurance
Actuarial Valuation Date	July 1, 2012	July 1, 2012	July 1, 2012
(1) Actuarial Value of Assets	\$ -	\$ -	\$ -
(2) Accrued Liability (AAL)	323,000	147,000	139,000
(3) Unfunded AAL (UAAL) (2)-(1)	323,000	147,000	139,000
(4) Funded Ratios (1) : (2)	0.00%	0.00%	0.00%
(5) Annual Covered Payroll	\$ 14,049	\$ 14,049	\$ 14,049
(6) UAAL as a Percentage of Covered Payroll (3) : (5)	2.30%	1.05%	99.00%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements contains multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits for financial reporting purposes does not incorporate the potential effects of legal funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following table presents the significant methods and assumptions for all plans:

	Significant Methods and Actuarial Assumptions		
		Long-term Disability Plan	
	Retiree Healthcare Plan	Healthcare	Life Insurance
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar Amount
Amortization Period	10 years, Closed	30 years, Open	5 years, Closed
Assumptions:			
Inflation rate	3.0%	3.0%	3.0%
Investment return	3.8%	3.8%	3.8%
OPEB increases	N/A	N/A	N/A
Projected salary increases	3.5%	3.5%	3.5%
Healthcare cost initial trend rate	4.9%	4.9%	N/A
Healthcare cost ultimate trend rate	5.0%	5.0%	N/A

Note 11 - Risk Management and Workers' Compensation

The College faces risks of loss from: (a) damage and loss to property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, and (d) environmental damage. The College participates in the Idaho Counties Risk Management Program (ICRMP). Payments are made to the risk management fund based on rates determined by factors including student population, payroll, and physical assets such as buildings and vehicles.

Commercial Insurance coverage is purchased for claims arising from worker's compensation due to employee injuries. Payments made to the State Insurance Fund are based on a quarterly gross payroll multiplied by the current rate. Premiums are billed quarterly throughout the fiscal year beginning July 1. Premiums are then adjusted as necessary within the first quarter of the subsequent fiscal year. The College billed premiums were \$125,725 and \$94,784 for fiscal years 2013 and 2012, respectively.

Note 12 - Related Party Transactions

The Foundation provides scholarships and various departmental and program support to the College based on the terms of the donations. For the year ended June 30, 2013, the Foundation provided scholarship support of \$293,626 and departmental and program support of \$498,114, of which \$48,492 was a receivable from the Foundation as of the end of the year. For the year ended June 30, 2012, the Foundation provided scholarship support of \$363,782 and departmental and program support of \$770,473.

For the year ended June 30, 2013 and 2012, the College provided professional services and materials to the Foundation which totaled \$326,762 and \$458,438, respectively.

The College entered a cancelable lease agreement with the Foundation for the Micron Center for Professional Technical Education commencing May 2012 with terms of one to five years. The lease is contingent upon approval of the annual budget allocation for the lease expense. Annual lease payments of \$1,600 are due July 1 each year. For the years ended June 30, 2013 and 2012, the Foundation reimbursed the College \$370,177 and \$671,711, respectively for non-construction related costs incurred by the College related to the Micron Center for Professional Technical Education, of which \$0 and \$266,692, respectively was payable to the College at year end. The College, as tenant, shall purchase, obtain and maintain during the term of this lease a policy of commercial general liability insurance of not less than \$500,000 per occurrence and \$1,000,000 in the aggregate. The College, as tenant, shall purchase and maintain during the term, property insurance on the premises not less than the value of the premises. The College, as tenant, agrees to pay all taxes lawfully levied or assessed against the property, of which \$95,784 was payable to the Foundation as of June 30, 2013.

Although the College has not yet met the requirement for independent accreditation, it has received Candidacy status. Thus, the College currently delivers college credit instruction, certificates and degrees through its memorandum of understanding with the College of Southern Idaho (CSI). CSI is accredited through Northwest Commission on Colleges and Universities. The Northwest Commission on Colleges and Universities is a regional postsecondary accrediting agency recognized by the U.S. Department of Education and the Council for Higher Education Accreditation. Credits, certificates and degrees earned at the College appear on CSI transcripts and are transferable to four year institutions, subject to the specific policies of those institutions. As of June 30, 2013 and 2012, the College had a receivable from CSI of \$40,971 and \$11,618, respectively, and a payable to CSI of \$1,508 and \$116,573, respectively.

The College acts as the fiscal agent for seven State Division of Professional Technical Education student organizations. The College holds operating funds on their behalf in the amount of \$229,856 and \$183,610 for 2013 and 2012, respectively. All expenses and revenues run through the College, and are reflected on the Statement of Net Position as Current Other Liabilities.

Note 13 - Contingencies and Legal Matters

In the normal course of business, the College has various commitments and contingent liabilities, which are not reflected in the accompanying financial statements. The College is not a defendant in litigation arising from the normal course of operations. Based on present knowledge, the College's management believes that any current commitments, contingent liabilities, or legal proceedings will not materially affect the financial position of the College.

Note 14 - Significant Commitments

At June 30, 2013, the College had several significant commitments that will be completed during fiscal year 2014. Significant commitments are listed below:

Capital Projects	
Micron Center Building Enhancements	\$ 53,095
Nampa Campus Remodels	483,274
Nampa Aspen Multipurpose Childcare addition	26,055
Student Union/Health Science Buildings Architecture	367,986
Capital Equipment	82,703
Non Capital Projects	
Canyon County Center Interior Refurnish	<u>40,733</u>
	<u>\$ 1,053,846</u>

Note 15 - Subsequent Events

The Foundation transferred ownership of the Micron Center for Professional Technical Education to the College as of September 25, 2013. A current appraisal of the land and building was obtained August 2013 and the transfer was recorded at the fair market value of \$17,500,000.

The College evaluated subsequent events through November 08, 2013, the date which the financial statements were available to be issued.

Note 16 - Component Unit**College of Western Idaho Foundation****Foundation Operations and Significant Accounting Policies***Foundation Operations*

The Foundation is discretely presented within the financial statements as a component unit. The Foundation was established in July 2010 to provide support for the private fundraising efforts of College of Western Idaho (the College) and to manage privately donated funds. The Foundation is a not-for-profit corporation incorporated in accordance with the laws of the State of Idaho and managed by a volunteer Board of Directors. Under the Idaho State Board of Education's administrative rules the Foundation must be independent of, and cannot be controlled by, the College. A memorandum of understanding between the Foundation and the College defines the relationship between the two entities in accordance to the State Board of Education's rules.

The Foundation's financial statements are prepared in accordance with standards set by the Financial Accounting Standards Board (FASB). FASB standards require three classes of net assets: unrestricted, temporarily restricted, and permanently restricted instead of reporting by fund as is done under GASB standards. Other differences include criteria for recognizing in-kind donations, and the presentation of information.

Investments

Investments at June 30, 2013 and 2012, consisted of the following:

	2013	2012
Investments securities		
Equities	\$ 1,365,607	\$ 1,182,556
Bond funds	648,775	693,546
Commodities	105,894	116,225
Real estate investment trusts	36,439	43,547
Index funds	118,942	119,076
Certificate of deposit	-	250,000
Total investments	\$ 2,275,657	\$ 2,404,950

Investments in marketable securities are recorded at fair value as determined by quoted market prices. Certificates of deposit are not included in the fair value footnote as they are recorded at cost plus accrued interest.

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2013:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investment securities				
Stocks				
Large cap	\$ 705,084	\$ -	\$ -	\$ 705,084
Mid cap	233,250	-	-	233,250
International developed	282,620	-	-	282,620
International emerging	144,653	-	-	144,653
Bond Funds				
Intermediate-term fund	331,217	-	-	331,217
Inflation-protected fund	317,558	-	-	317,558
Commodities	105,894	-	-	105,894
Real estate investment trusts	36,439	-	-	36,439
Index funds	118,942	-	-	118,942
	<u>\$ 2,275,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,275,657</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2012:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investment securities				
Stocks				
Large cap	\$ 602,780	\$ -	\$ -	\$ 602,780
Mid cap	180,106	-	-	180,106
International developed	259,158	-	-	259,158
International emerging	140,512	-	-	140,512
Bond Funds				
Intermediate-term fund	345,538	-	-	345,538
Inflation-protected fund	348,008	-	-	348,008
Commodities	116,225	-	-	116,225
Real estate investment trusts	43,547	-	-	43,547
Index funds	119,076	-	-	119,076
	<u>\$ 2,154,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,154,950</u>

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The significance of transfers between levels has been evaluated based upon the nature of the financial instruments and size of the transfer relative to the total net assets available for benefits. For the years ended June 30, 2013 and 2012, there were no significant transfers in or out of levels 1, 2, or 3.

Donated Materials and Services

The Foundation received donated professional services and materials as follows during the years ended June 30, 2013 and 2012:

	Management and General	Fundraising and Development	Total
June 30, 2013			
Salaries and benefits	\$ 137,979	\$ 145,337	\$ 283,316
Materials and supplies	26,166	-	26,166
Office space	17,280	-	17,280
	<u>\$ 181,425</u>	<u>\$ 145,337</u>	<u>\$ 326,762</u>
Total donated materials and services	<u>\$ 181,425</u>	<u>\$ 145,337</u>	<u>\$ 326,762</u>
	Management and General	Fundraising and Development	Total
June 30, 2012			
Salaries and benefits	\$ 181,938	\$ 182,112	\$ 364,050
Materials and supplies	73,269	-	73,269
Office space	17,280	-	17,280
Other miscellaneous expenses	3,839	-	3,839
	<u>\$ 276,326</u>	<u>\$ 182,112</u>	<u>\$ 458,438</u>
Total donated materials and services	<u>\$ 276,326</u>	<u>\$ 182,112</u>	<u>\$ 458,438</u>

All donated materials and services were provided by the College.

Contributions Receivables

Contributions receivable represent unconditional promises to give to the Foundation and are measured at the present value of estimated future cash flows using the discount rate ranging from .18% to 2.25%. An allowance for doubtful accounts for potentially uncollectible contributions of \$5,500 and \$10,025 was estimated and recorded as of June 30, 2013 and 2012, respectively.

Contributions receivable for the years ended June 30, 2013 and 2012 as follows:

	2013	2012
Contributions receivable		
Due in one year or less	\$ 242,048	\$ 1,306,423
Due in one to five years	177,777	338,105
Over five years	13,000	-
Total contributions receivable	432,825	1,644,528
Less allowance for doubtful accounts	(5,500)	(10,025)
Future value	427,325	1,634,503
Less discount to present value	(7,060)	(9,013)
Net contributions receivable	\$ 420,265	\$ 1,625,490

Property and Equipment

Property and equipment at June 30, 2013 and 2012, were as follows:

	2013	2012
Land	\$ 2,773,000	\$ 2,773,000
Construction in progress	-	10,889,841
Buildings	13,103,215	1,119,247
Total property and equipment	15,876,215	14,782,088
Less accumulated depreciation	(279,968)	(2,332)
Total property and equipment, net	\$ 15,596,247	\$ 14,779,756

Temporarily Restricted Net Assets

Temporarily restricted net assets arise from donor imposed restrictions limiting the use of funds for scholarships and program support.

Temporarily restricted net assets consist of the following as June 30, 2013 and 2012:

	2013	2012
Restricted for use		
Department support	\$ 2,860,008	\$ 4,169,955
Scholarships	773,874	826,468
Restricted for time		
Pledges	20,075	49,227
Total restricted net assets	\$ 3,653,957	\$ 5,045,650

Endowment Funds

The Foundation's endowment consists of approximately 25 individual funds established for a variety of purposes. The endowment consists of donor-restricted endowment funds. The Foundation held \$1,026,409 and \$1,026,629 in true endowment funds at June 30, 2013 and 2012, respectively. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions. The investment income earned on these permanently restricted net assets is generally restricted as to purpose and is recorded as temporarily restricted net assets.

The Board has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time that accumulation is added. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the Foundation in a manner that is consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund or endowment
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

The endowment fund net asset composition is as follows:

At June 30, 2013	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ 45,154	\$ 1,026,409	\$ 1,071,563
	<u>\$ 45,154</u>	<u>\$ 1,026,409</u>	<u>\$ 1,071,563</u>
At June 30, 2012	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ 25,302	\$ 1,026,629	\$ 1,051,931
	<u>\$ 25,302</u>	<u>\$ 1,026,629</u>	<u>\$ 1,051,931</u>

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to maintain as a fund of perpetual duration.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and scholarships supported by its endowment while seeking to maintain the fair value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide both a reasonably predicted income stream and principle appreciation that exceeds inflation. The Foundation expects its endowment funds, over time, to provide an average minimum rate of return equal to or greater than the Foundation's spending rate percentage and management fee.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within the prudent risk constraints.

The Foundation has a policy of appropriating for annual distribution 4.5% of its endowment fund's average fair value as determined on June 30 over each of the three preceding years. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with objectives to maintain the principal of the endowment assets in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment assets			
End of year June 30, 2012	\$ 25,302	\$ 1,026,629	\$ 1,051,931
Investment return			
Investment income	11,822	-	11,822
Net realized and unrealized appreciation	64,235	-	64,235
Change in donor restriction		(754)	(754)
Contributions		534	534
Appropriation of endowment assets for expenditures	(56,205)	-	(56,205)
Endowment assets			
End of year June 30, 2013	\$ 45,154	\$ 1,026,409	\$ 1,071,563
	Temporarily Restricted	Permanently Restricted	Total
Endowment assets			
End of year June 30, 2011	\$ 41,790	\$ 922,653	\$ 964,443
Investment return			
Investment income	15,612	-	15,612
Net realized and unrealized appreciation	(12,718)	-	(12,718)
Change in donor restriction	-	(11,253)	(11,253)
Contributions	-	115,229	115,229
Appropriation of endowment assets for expenditures	(19,382)	-	(19,382)
Endowment assets			
End of year June 30, 2012	\$ 25,302	\$ 1,026,629	\$ 1,051,931

The components of endowment funds classified as temporarily restricted net assets and permanently restricted net assets as of June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Temporarily restricted net assets		
The portion of perpetual endowment funds subject to a time restriction under SPMIFA		
With purpose restrictions	<u>\$ 45,154</u>	<u>\$ 25,302</u>
Permanently restricted net assets		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA	<u>\$ 1,026,409</u>	<u>\$ 1,026,629</u>

Related Party Transactions

During 2012, the Foundation conducted business with a national bank and its Divisional President was a member of the Board of Directors. The Divisional President abstains from voting on financing matters that could be considered a conflict of interest. The banking relationship included general banking services.

Several members of the Foundation Board of Directors pledged a donation to the Foundation. For the years ended June 30, 2013 and 2012, the Foundation received \$28,750 and \$90,124, respectively, in contribution revenue from board members. As of June 30, 2013 and 2012, the total amount of contributions receivable outstanding from board members was \$66,075 and \$54,525, respectively.



Required Supplementary Information
June 30, 2013

College of Western Idaho

Funded Status and Funding Progress

OPEB Plan	(1)	(2)	(3)	(4)	(5)	(6)	
Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL) (2) : (1)	Funded Ratios (1) : (2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll (3) : (5)	
Retiree Healthcare	7/1/2012	\$ -	\$ 323,000	\$ 323,000	0.0%	\$ 14,049,000	2.30%
	7/1/2010	\$ -	\$ 382,000	\$ 382,000	0.0%	\$ 10,818,000	3.53%
	7/1/2008	\$ -	\$ 47,000	\$ 47,000	0.0%	\$ 2,188,000	2.15%
Long-Term Disability							
Life Insurance	7/1/2012	\$ -	\$ 139,000	\$ 139,000	0.0%	\$ 14,049,000	0.99%
	7/1/2010	\$ -	\$ 154,000	\$ 154,000	0.0%	\$ 10,818,000	1.42%
	7/1/2008	\$ -	\$ 18,000	\$ 18,000	0.0%	\$ 2,188,000	0.82%
Healthcare	7/1/2012	\$ -	\$ 147,000	\$ 147,000	0.0%	\$ 14,049,000	1.05%
	7/1/2010	\$ -	\$ 138,000	\$ 138,000	0.0%	\$ 10,818,000	1.28%
	7/1/2008	\$ -	\$ 22,000	\$ 22,000	0.0%	\$ 2,188,000	1.01%

Effective July 1, 2009, legislative changes to the Retiree Healthcare Plan regarding eligibility stipulate that an officer or employee must be an active employee on or before June 30, 2009, and retire directly from State administered service; the maximum benefit is \$1,860 per retiree per year. Additionally, any retiree will remain eligible until they are eligible for Medicare. Beginning January 1, 2010, coverage was not available to Medicare-eligible retirees or their Medicare-eligible dependents.



Other Information
June 30, 2013 and 2012

College of Western Idaho

College of Western Idaho
 Schedule of Operating Expenses
 Year Ended June 30, 2013

	Instruction	Academic Support	Student Services	Public Service	Scholarships	Auxiliary Expenses	Institutional Support	Operations and Maintenance	Total
Operating Expenses									
Wages and salaries	\$ 13,000,909	\$ 3,227,479	\$ 2,775,471	\$ 187,580	\$ 22,013	\$ 22,852	\$ 2,559,607	\$ 692,021	\$ 22,487,932
Taxes and benefits	3,301,533	1,253,968	1,227,188	82,055	684	8,465	1,012,539	379,813	7,266,245
Supplies	1,614,318	454,373	235,570	17,924	-	50,722	646,272	169,284	3,188,463
Repairs and maintenance	186,817	668,387	39,101	-	-	-	167,321	356,457	1,418,083
Travel	139,313	80,642	130,385	4,843	-	521	98,581	1,631	455,916
Vehicles	132,884	815	405	-	-	-	6,421	8,708	149,233
Services	235,842	257,148	446,035	17,792	-	14,724	370,187	462,216	1,803,944
Miscellaneous	238,125	469,067	385,174	56,173	-	2,967	1,461,428	64,247	2,677,181
Insurance, rent, utilities	201,149	169,428	74,668	13,943	-	6,318	451,469	2,127,347	3,044,322
Financial aid	-	-	-	-	14,395,116	-	-	-	14,395,116
Non-capital equipment	198,558	12,033	1,549	-	-	-	-	-	212,140
Depreciation	361,991	227,328	12,538	-	-	-	380,576	831,329	1,813,762
Fund transfer	1,187,637	(1,500,137)	(164,249)	(1,099)	-	-	477,848	-	-
Total operating expenses	\$ 20,799,076	\$ 5,320,531	\$ 5,163,835	\$ 379,211	\$ 14,417,813	\$ 106,569	\$ 7,632,249	\$ 5,093,053	\$ 58,912,337

College of Western Idaho
 Schedule of Operating Expenses
 Year Ended June 30, 2012

	Instruction	Academic Support	Student Services	Public Service	Scholarships	Auxiliary Expenses	Institutional Support	Operations and Maintenance	Total
Operating Expenses									
Wages and salaries	\$ 12,359,396	\$ 2,224,057	\$ 2,189,535	\$ 172,522	\$ 86,090	\$ 135,660	\$ 2,108,970	\$ 498,995	\$ 19,775,225
Taxes and benefits	2,890,722	794,926	880,418	66,225	852	41,009	824,262	240,672	5,739,086
Supplies	1,876,278	385,691	264,341	12,833	-	64,463	129,356	395,793	3,128,755
Repairs and maintenance	294,756	679,409	63,970	-	-	5,472	47,985	285,283	1,376,875
Travel	116,340	79,227	79,216	2,269	-	270	85,830	2,113	365,265
Vehicles	135,451	927	78	-	-	-	5,217	8,228	149,901
Services	206,636	335,752	265,274	12,382	-	2,417	422,638	272,819	1,517,918
Miscellaneous	182,365	343,626	295,897	46,641	-	3,592	1,596,847	49,470	2,518,438
Insurance, rent, utilities	113,390	302,708	22,497	11,524	-	2,046	191,867	2,496,472	3,140,504
Financial aid	-	-	-	-	76,377	-	-	-	76,377
Non-capital equipment	211,174	3,132	3,877	-	-	-	-	-	218,183
Depreciation	385,730	223,854	13,531	-	-	-	275,579	673,769	1,572,463
Fund transfer	321,413	(328,087)	(94,430)	(3,494)	-	-	104,598	-	-
Total operating expenses	\$ 19,093,651	\$ 5,045,222	\$ 3,984,204	\$ 320,902	\$ 163,319	\$ 254,929	\$ 5,793,149	\$ 4,923,614	\$ 39,578,990



Single Audit Information
June 30, 2013

College of Western Idaho



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

To the Board of Trustees of
The College of Western Idaho
Nampa, Idaho

We have audited, 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, the financial statements of College of Western Idaho, (the College) as of June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated November 08, 2013. The financial statements of the College of Western Idaho Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the College of Western Idaho Foundation.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
November 08, 2013

Independent Auditor's Report on Compliance For each major program on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Trustees of
The College of Western Idaho
Nampa, Idaho

Report on Compliance for Each Major Federal Program

We have audited College of Western Idaho's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2013. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
November 08, 2013

College of Western Idaho
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-through Number	Expenditures
U.S. Department of Education			
Pass Through Payments from State Division of Professional Technical Education			
Adult Basic Education-Administered Basic Grant Program			
Federal Direct Services	84.002A	F ABE D01 13A 660	\$ 500,655
Federal Administration	84.002A	F ABE D02 13B 660	14,974
Federal Incarcerated	84.002A	F ABE D03 13C 660	8,103
EL Civics	84.002A	F ABE E01 13A 660	71,320
OVAE & Content Training	84.002A	F ABE L01 13A 660	35,015
Technology Integration	84.002A	F ABE L03 13B 660	4,140
AIDDE Plan Curriculum Development	84.002A	F ABE L07 13C 660	1,980
Bridge - Certified Nursing Assistant	84.002A	F ABE L10 13D 660	4,074
Total Adult Basic Education - Administered Basic Grant Program			<u>640,261</u>
Career Technical Education-Basic Grants to States			
PTSO Accounting Services	84.048A	F CPL MPTA AD 13A 660	53,285
Joint Student Leadership Training	84.048A	F CPL JSL AG 13A 660	12,000
Align Information Systems and Networking Support	84.048A	F SPP AISN CP 13B 660	6,000
Align Programming Development	84.048A	F SPP APDO CP 13A 660	4,000
National Consortium for Health Science Membership	84.048A	F SPP HHCM HP 13A 660	2,500
Perkins - Academic Skills Development	84.048A	PFF B01 13A 660	40,963
Perkins - Program Improvement	84.048A	PFF B06 13C 660	183,562
Perkins - Professional Development	84.048A	PFF B04 13B 660	43,269
Perkins - Advanced Learning Partnership	84.048A	RFF C16 13B 660	60,836
Perkins - Advanced Learning Partnership Guidance Activities	84.048A	RFF C08 13A 660	41,200
Perkins - Technical Skills Assessments	84.048A	PFF B07 13D 660	295
Perkins - PACE	84.048A	PFF B08 13E 660	27,656
Perkins - High School Tech Prep Student Recruitment	84.048A	PFF B08 13F 660	22,324
Nontraditional Training Programs	84.048A	F NTT MCND GU 13A 615	35,903
Total Career Technical Education- Basic Grant to States			<u>533,793</u>
IDOC Service Agreement	84.027A	PCA05188	36,311
IDOC Service Agreement	84.002A	PCA05088, PCA05108	75,229
Title II, Part B - Mathematics and Science Partnerships	84.366	5821-D	10,886
Total			<u>122,426</u>
Direct Programs			
Federal Pell Grant	84.063*		22,108,615
Federal Direct Subsidized Loans	84.268*		16,704,293
Federal Direct Unsubsidized Loans	84.268*		15,189,674
Federal Parent Plus Loan	84.268*		6,848
Total Student Financial Aid			<u>54,009,430</u>
Total U.S. Department of Education			<u>55,305,910</u>

College of Western Idaho
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2013

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Number</u>	<u>Expenditures</u>
Department of Labor			
Pass Through Payments			
Grow Green Agreement	17.275	CWIU U3U 203	8,200
Direct Programs:			
Trade Adjustment Assistance Community College	17.282		<u>141,945</u>
Total Department of Labor			<u>150,145</u>
Total Federal Expenditures			<u>\$ 55,456,055</u>

* Denotes a major program cluster

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal grant activity of the College under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operation of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on an accrual basis of accounting. The College of Western Idaho's summary of significant accounting policies is presented in Note 1 in the basic financial statements. Pass-through entity identifying numbers are presented where available.

SECTION I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
U.S. Department of Education Programs	
Pell Grant	84.063
Direct Loans	84.268

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
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Auditee qualified as low-risk auditee?	Yes
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SECTION II - Financial Statement Findings None

SECTION III - Federal Award Findings and Questioned Costs None