



Financial Statements
June 30, 2023

Northern Wyoming Community College District

Page Intentionally Left Blank

Northern Wyoming Community College District

Table of Contents

June 30, 2023

Independent Auditor’s Report.....	1
Management's Discussion and Analysis	4
Financial Statements	
Statement of Net Position	12
Statement of Financial Position - Northern Wyoming Community College Foundation.....	14
Statement of Revenues, Expenses and Changes in Net Position.....	15
Statement of Activities – Northern Wyoming Community College Foundation	16
Statement of Cash Flows	17
Notes to Financial Statements	19
Required Supplementary Information	
Schedule of Employer’s Share of Net Pension Liability and Employer Contributions	50
Schedule of Employer’s Share of Net OPEB Liability and Employer Contributions	51
Other Information	
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 <i>Government Auditing Standards</i>	52
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	54
Schedule of Expenditures of Federal Awards	57
Notes to Schedule of Expenditures of Federal Awards	59
Schedule of Findings and Questioned Costs.....	60



Independent Auditor's Report

To the Board of Trustees
Northern Wyoming Community College District
Sheridan, Wyoming

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component unit of Northern Wyoming Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of employer's share of net pension liability and employer contributions, and the schedule of employer's share of net OPEB liability and employer contributions (RSI) as noted in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an

essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The accompanying schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

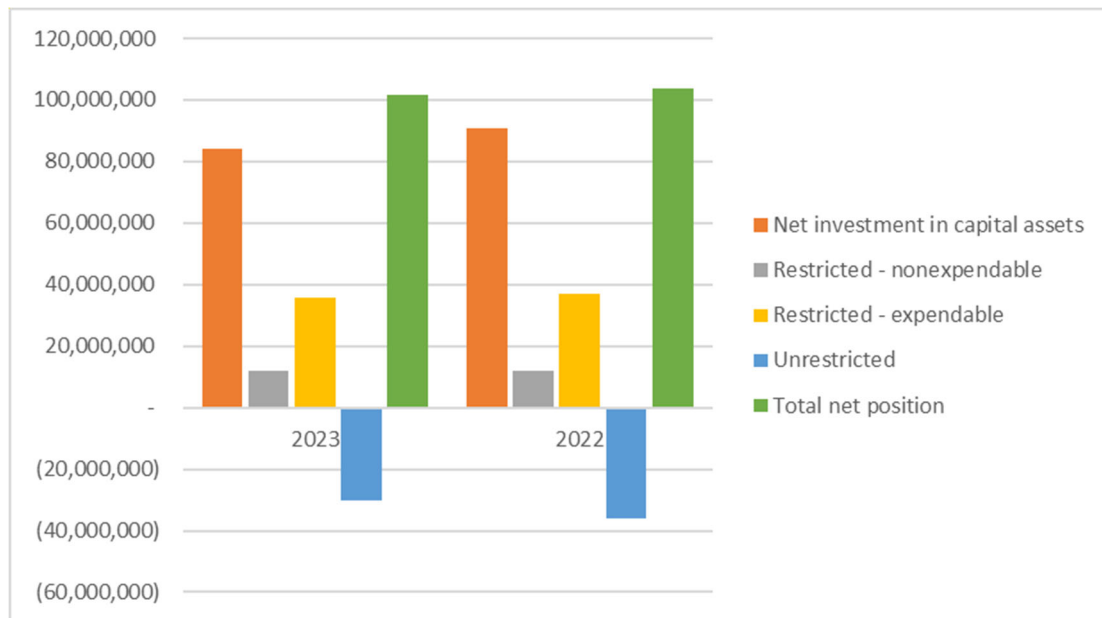
Eric Sully LLP

Boise, Idaho
December 13, 2023

The following discussion and analysis provides an overview of the financial position and activities of the Northern Wyoming Community College District (the District) for the fiscal year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying footnotes, which follow this section.

Financial Highlights

The District’s total net position by category for the fiscal years ended June 30, 2023 and 2022 is shown below:



The District’s overall financial position decreased by \$2.1 million or 2.0% during fiscal year 2023. The categories of net position changed with decreases in the District’s restricted expendable (2.8%), unrestricted (15.2%) and net investment in capital assets (7.2%). Net position equals total assets plus deferred outflows minus total liabilities plus deferred inflows. As of June 30, 2023, the District’s unrestricted net position was a negative \$30 million, primarily due to the share of the State’s retiree health insurance liability and net pension liability of \$12.1 million and \$15.5 million, respectively.

Using the Financial Statements

This report consists of three basic financial statements, presented for the District. The statements presented are:

- The Statements of Net Position: presents the financial position at the end of the fiscal year and includes all assets, deferred outflows, liabilities, and deferred inflows. The difference between total assets + deferred outflows and total liabilities + deferred inflows is net position, which is one indicator of the financial health of the District. This statement is akin to the Balance Sheet of a commercial business. In addition to assets and liabilities, the Statements of Net Position includes deferred outflows and deferred inflows of future resources. Deferred outflows represent a consumption of resources that apply to future periods (similar to a prepaid asset). Deferred inflows represent an acquisition of net position that will not be recognized as an inflow of resources until future periods (similar to advanced revenue).
- The Statements of Revenues, Expenses, and Changes in Net Position: presents the results of operations, revenue and expense, broken down between operating and non-operating sources. Revenues are presented by source, and expenses are presented by functional area. This statement is akin to the income statement of a commercial business.
- The Statements of Cash Flows: presents relevant information about the cash receipts and cash payments of the District during the fiscal year.

These statements are prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) pronouncements. The District, like other public colleges and universities, will continue to use a fund accounting system for daily and monthly tracking of assets, liabilities, funds balances, revenues, and expenses. The District's funds are comprised of the following:

- Operating
- Auxiliary
- One-Mill
- Grants, Gifts & Contracts
- BOCHES
- Endowment
- BOCHES
- Plant
- Endowment
- Plant

These funds are combined for year-end reporting purposes. Certain inter-fund eliminations, adjustments for capital items and depreciation, and the recognition of scholarship discounts against tuition and fee revenues are necessary to comply with GASB pronouncements. These adjustments convert the fund accounting records, which are on a modified accrual basis (current financial resources measurement focus, which only includes current financial resources) to combined financial statements, which are on a full accrual basis (economic resources measurement focus, which includes all economic resources, such as capital assets and long-term debt).

Component Unit

Financial statements for the District's component unit can be obtained by calling the Northern Wyoming Community College Foundation at 307-675-0700.

Condensed Financial Statement Information

A summarized comparison of the District's assets, deferred outflows, liabilities, deferred inflows and net position is presented below:

	<u>Net Position</u>		
	<u>2023</u>	<u>% Chg</u>	<u>2022</u>
Current assets	\$ 33,792,842	-18.0%	\$ 41,189,983
Noncurrent assets other than capital assets	27,736,015	48.5%	18,680,633
Capital assets (property, plant & equipment)	111,411,559	-9.1%	122,610,368
Total assets	172,940,416	-5.2%	182,480,984
Deferred outflow (net pension and OPEB)	6,398,115	-13.9%	7,431,570
Current liabilities	9,728,653	-18.0%	11,867,370
Noncurrent liabilities	52,620,033	-10.2%	58,619,769
Total liabilities	62,348,686	-11.5%	70,487,139
Deferred inflows (property taxes, net pension, and OPEB)	15,402,260	-2.0%	15,717,413
Net position			
Net investment in capital assets	84,240,185	-7.2%	90,779,767
Restricted - nonexpendable	11,894,737	0.0%	11,894,737
Restricted - expendable	35,818,954	-2.8%	36,863,298
Unrestricted	(30,366,291)	-15.2%	(35,829,800)
Total net position	\$ 101,587,585	-2.0%	\$ 103,708,002

The District's overall financial position decreased by \$2.1 million or 2.0% in fiscal year 2023. A closer look at the financials helps us to see what that decrease is derived from.

Total current and capital assets decreased 18.2% and 9.1%, respectively, and noncurrent assets increased by 49.0%. There is an overall decrease in total assets of 5.2% or \$9.5 million. The shift from current to noncurrent assets is almost entirely due to a strategic decision to place \$10 million of the District's cash, current asset, into an investment account, noncurrent asset. The decrease in capital assets is attributed to the transfer of \$11.7M, net book value, of capital assets located on the Gillette campus to GCCD.

Total liabilities decreased by \$8.1 million or 11.5%. Long-term debt related to capital projects decreased by \$4.2 million due to debt repayment. Advanced revenue decreased by \$2.9 million with the Perkins Health Science Center nearing completion and accounts payable increased by \$1.1 million due to an increase in outstanding invoices at year-end related to construction projects.

Deferred outflows related to the pension and retiree health plans decreased by 13.9% or \$1.0 million while deferred inflows decreased slightly by 2.0% or \$315 thousand.

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows as of June 30, 2023, by \$101.6 million. Capital assets of \$111.4 million consist of land, buildings, building improvements, and library books, and are stated at historical cost minus accumulated depreciation allowance. Net investment in capital assets of \$84.2 million are capital assets of \$111.4 million less \$27.2 million of debt owed to finance these assets.

Current assets consist of cash and cash equivalents, accounts receivable net of allowance for doubtful accounts, and property taxes receivable. Current assets decreased \$7.4 million primarily due to the shift from current to noncurrent assets caused by the strategic decision to move \$10 million into a government-backed investment account. Other changes to note are an increase in accounts receivable of \$538 thousand and an increase in property tax receivable of \$585 thousand.

Noncurrent assets include restricted cash and cash equivalents, endowment assets received from the State and invested by the foundation, and unrestricted investments held by the District. Noncurrent assets increased \$9.1 million, almost entirely due to the newly established investment account, in addition to the removal of the District's ownership in investments held by Campbell County and transferred over to Gillette Community College District in the current year.

Current liabilities consist primarily of accounts payable, accrued expenses and advanced revenue as well as the current portion due on bonds payable. Total current liabilities decreased by \$2.1 million.

Noncurrent liabilities consist primarily of bonds payable, net pension liability, net retiree health liability (OPEB – other post-employment benefits) and early retirement payable. The \$6.0 million decrease in noncurrent liabilities is attributable to net pension and OPEB liability as well as long-term debt reduction. The net pension liability and the GASB 75 net OPEB liability (other post-employment benefits – retiree health insurance plan) decreased by \$1.2 million and long-term debt decreased by \$4.2 million due to schedule repayments and additional payments toward principal.

The \$15.5 million net pension liability (an increase of \$5.9 million from the prior year) represents the District's proportionate share of the total net pension liability for our employees participating in the Wyoming Retirement System (WRS). This liability is determined by WRS's actuarial firm by projecting the cost of future benefits and the resulting payouts over the assumed lifespan of the participants. This amount is discounted back to present value and compared to the market value of the pension assets. If the discounted future payouts exceed the current market value of pension assets, there is a net pension liability. The purpose of GASB Statement Nos. 68 and 71 was to inform governing boards of the funding status of State pension systems due to the serious pension funding problems in some states. Thankfully the WRS has never failed to pay required contributions and has been willing to raise rates and modify benefits as prudent analysis indicated. Please see Note 9 for more detailed information.

The \$12.1 million net OPEB liability (a decrease of \$7.1 million from the prior year, primarily due to employee transfers to GCCD) represents the District's proportionate share of the total net OPEB liability for our employees participating or that will ultimately be eligible for the State's retiree health insurance plan. The State pays a portion of retiree and eligible dependents health insurance premium based on years of service. The plan is partially funded by a 0.6% payroll tax payable to the State. The calculation of the net OPEB liability is similar to the calculation of the net pension liability and is required to be recorded by GASB 75. The purpose of GASB 75 is to inform governing boards of the funding status of OPEB plans. Please see Note 10 for more detailed information.

A summarized comparison of the District's net income before other revenues and expenses is presented below:

	<u>Revenues and Expenses</u>		
	<u>2023</u>	<u>% Chg</u>	<u>2022</u>
Operating revenues	\$ 29,284,496	-18.2%	\$ 35,787,164
Operating expenses	<u>45,180,396</u>	-7.2%	<u>48,671,628</u>
Operating loss	(15,895,900)	23.4%	(12,884,464)
Nonoperating revenues	28,500,624	-0.7%	28,694,758
Nonoperating expenses	<u>(15,446,141)</u>	186.1%	<u>(5,399,757)</u>
Loss before other revenues & expenses	<u>\$ (2,841,417)</u>	-127.3%	<u>\$ 10,410,537</u>

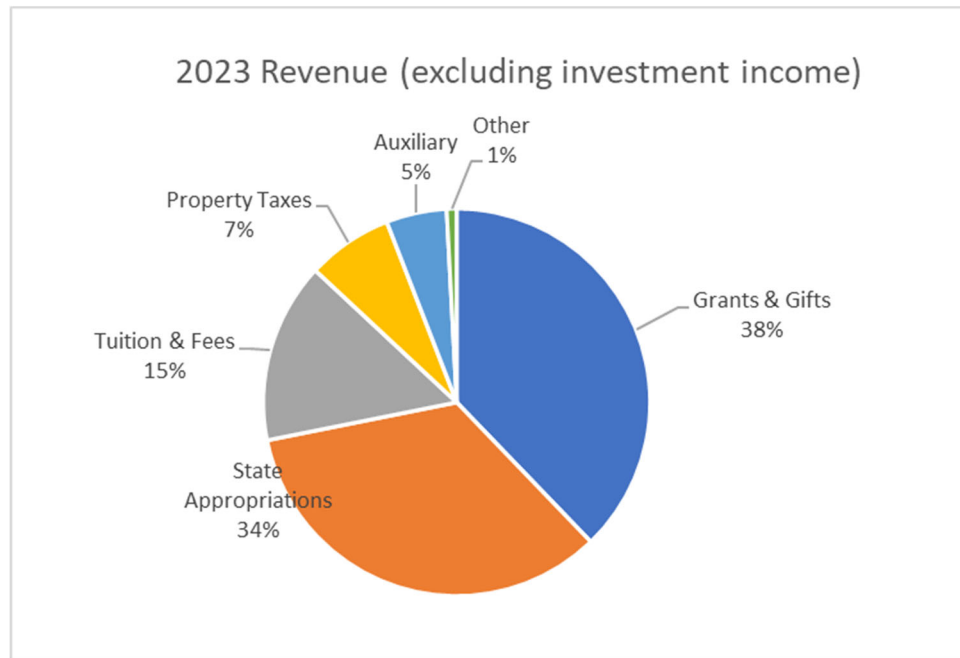
In fiscal year 2023, 49% of District revenues are considered non-operating revenues while 51% are considered operating in nature (fiscal year 2022 was 45% and 55%, respectively), while most of the District's expenses are considered operating expenses. The difference in the classification is an exchange or exchange-like transaction, where value is given for value received. The State appropriation and local taxes are non-exchange revenues, where the District receives value without directly giving equal value in exchange. In contrast, tuition and fees is an exchange transaction, where students pay the District and receive educational services in return. This required classification of revenues causes the District to show an operating loss.

Operating revenues include tuition and fees, auxiliary sales and services, some federal, state and private grants, investment income and other operating revenues. Overall operating revenue decreased by \$6.5 million (18.2%) between fiscal year 2022 and 2023. There was a slight increase in net tuition and fees of about \$276 thousand, an increase in auxiliary enterprises of \$343 thousand, but a sharp decrease (\$8.2 million) in federal and state grants and contracts due to the residual impact of COVID-19 funding.

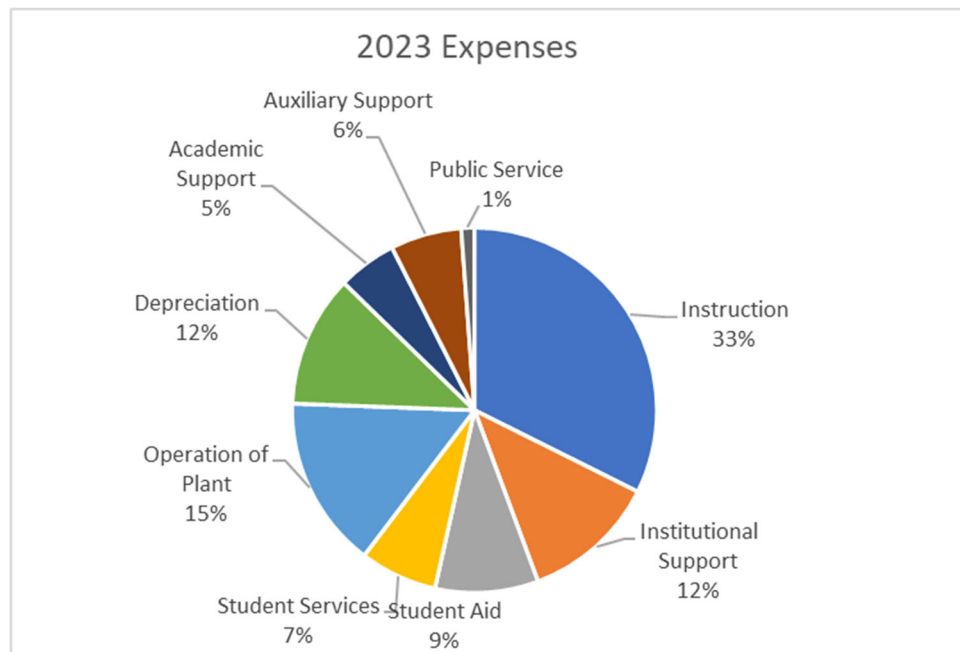
Non-operating revenues include general State appropriations, mill revenue (local taxes), student financial aid, and investment income. Non-operating revenues decreased slightly from 2022 to 2023. State appropriations decreased by \$862 thousand due to adjusted funding for health insurance and retirement related to the transfer of employees from the District to GCCD, with offsetting increases in property tax and federal grants.

All expenses of the District are considered operating expenses, with the exception of interest expense on debt, investment losses and transfer of funds and assets to GCCD, which are non-operating expenses. Operating expenses decreased by 7.2% or \$3.5 million, due almost entirely to a decrease in Scholarship awards as COVID-related student aid (\$2.0 million) has been depleted. There are also decreases in institutional support of \$933 thousand and student services of \$700 thousand. Net nonoperating expenses increased by over 186.5% due to \$14.8 million in transfer of cash and assets to GCCD.

District revenues for 2023 are presented in the charts below. The composition of revenues remained relatively stable between fiscal categories: tuition and fees increased by 4%, state appropriations increased by 2%, property taxes increased by 2%, auxiliary increased by 2% and grants & gifts decreased by 8%.



Operating expenses by function for 2023 are presented in the charts below. The composition of expenses remained relatively stable between functional categories with the largest shifts in Instruction (increased 4%) and Student Aid (decreased 3%).



Capital and Debt Analysis

During fiscal year 2023, total capital assets, net of depreciation, have decreased \$16.4 million. This is primarily due to the transfer of property and equipment ownership to GCCD. There was an increase of capital assets, not depreciated, of \$5.1 million, due to construction in progress of the Perkins Health Science Center, Center for Advanced Manufacturing and other incomplete facilities projects. Please see Note 4 for more information.

As of June 30, 2023, the District had bonds and notes payable outstanding related to construction in the amount of \$27.2 million compared to \$31.8 million as of June 30, 2022. The decrease is due to scheduled debt payments and additional principal payments. Please see Note 5 for more information.

A pledge from Whitney Benefits covers 100% of the debt service on the \$29.4 million of bonds issued in 2016. The Thorne Rider Campus Center bond was paid off on May 10, 2023. Fifty-eight percent (58%) of the annual payment toward the loan from the Wyoming State Lands and Investments Board on the Centennial Hall housing unit are covered by a pledge from Whitney Benefits while the remainder is generated by the housing auxiliary. The Series 2018 bond was paid in full on June 12, 2023.

Other Considerations

The economic position of the District is closely tied to that of the State and the assessed value in Sheridan County. The assessed value of Sheridan County declined substantially from 2010-2017, resulting in an annual loss of 4-mill revenue of \$1.5 million, which the District had successfully absorbed. Over the past six fiscal years, the assessed value in Sheridan County has been increasing with substantial increases in 2022 and 2023 and regained the prior losses by approximately \$835 thousand with increases in assessed valuations expected into fiscal year 2024.

The District received a total allocation of \$9.2 million in Higher Education Emergency Relief Funds (HEERF) from the U.S. Department of Education. Since then, nearly all the funding has been expended with \$1.9 million expended in fiscal year 2023. Final encumbrances totaling \$241 thousand are required to be liquidated by September 30, 2023.

In November 2020, the Wyoming Community College Commission (WCCC) voted affirmatively to allow Campbell County to create its own community college district. On August 17, 2021, Campbell County voters approved the formation of a new Gillette Community College District (GCCD). With that vote, GCCD became a recognized community college district in the State of Wyoming but is not yet an accredited college. The accreditation process could take 3 to 5 years. The separation of GCCD from the Northern Wyoming Community College District is currently estimated, by the WCCC, in a loss of approximately \$3 million annually in State funding due to the loss of Gillette's enrollment. The fiscal year 2023 financial statements begin to show significant activity related to the separation of the Gillette College Campus. Employees based on the Gillette Campus have been transferring to GCCD since June 29, 2022, with the final group transferring as of August 15, 2023. In addition, MOU Exhibit B, addressing management, responsibility and ownership of property and capital investments, was fully executed on August 17, 2022, and has been almost fully implemented. Ownership in properties where the District partnered with the City of Gillette are still being formalized as of June 30, 2023.

Northern Wyoming Community College District

Statement of Net Position

June 30, 2023

Assets

Current Assets

Cash and cash equivalents	\$ 23,184,373
Student accounts receivable (net of allowance)	752,955
Accounts receivable	5,517,308
Due from Gillette Community College District - current portion	227,500
Property tax receivable	3,943,706
Prepaid expenses	167,000

Total current assets	33,792,842
----------------------	------------

Noncurrent Assets

Restricted cash and cash equivalents	1,196,477
Investments - Endowment Challenge Program	13,692,678
Investments	12,339,105
Due from Gillette Community College District- net of current portion	507,755
Capital assets, not depreciated	15,319,289
Capital assets, net	96,092,270

Total noncurrent assets	139,147,574
-------------------------	-------------

Total assets	172,940,416
--------------	-------------

Deferred Outflows of Resources

Net pension obligation	2,772,619
OPEB liability	3,625,496

	6,398,115
--	-----------

	\$ 179,338,531
--	----------------

Northern Wyoming Community College District

Statement of Net Position

June 30, 2023

Liabilities and Net Position

Current Liabilities

Accounts payable	\$ 2,505,609
Accrued expenses	3,036,321
Deposits	145,302
Deposits held in custody for others	1,078,267
Advanced revenue	724,259
Bonds payable - current portion	1,717,500
Notes payable on residence halls - current portion	521,395
	<u>9,728,653</u>
Total current liabilities	<u>9,728,653</u>

Noncurrent Liabilities

Compensated absences- net of current portion	-
Early retirement payable - net of current portion	95,812
Net pension liability	15,458,667
OPEB liability	12,133,075
Bonds payable - net of current portion	16,860,000
Notes payable on residence halls- net of current portion	8,072,479
	<u>52,620,033</u>
Total noncurrent liabilities	<u>52,620,033</u>

Total liabilities	<u>62,348,686</u>
-------------------	-------------------

Deferred Inflows of Resources

Property taxes	3,943,706
Net pension obligation	1,778,576
OPEB liability	9,679,978
	<u>15,402,260</u>
Total deferred inflows of resources	<u>15,402,260</u>

Net Position

Net investment in capital assets	84,240,185
Restricted - expendable	35,818,954
Restricted - nonexpendable	11,894,737
Unrestricted	(30,366,291)
	<u>101,587,585</u>
Total net position	<u>101,587,585</u>

\$ 179,338,531

Northern Wyoming Community College Foundation

Component Unit

Statement of Financial Position

June 30, 2023

Assets	
Cash and cash equivalents	\$ 1,157,235
Promises to give, net	372,292
Prepaid expenses and other assets	46,374
Investments other than endowments	3,008,608
Property and equipment, net	3,925
Assets held in trust for others	10,178,967
Endowment	
Investments	18,219,384
Land	<u>1,440,000</u>
Total assets	<u><u>\$ 34,426,785</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	\$ 44,766
Support payable to NWCCD	856,438
Note payable	531,535
Assets held in trust for others	<u>10,178,967</u>
Total liabilities	<u>11,611,706</u>
Net Assets	
Without donor restrictions	
Undesignated	830,388
Board designated operating reserve	400,000
Board designated quasi-endowment	108,680
Board designated for institutional programs	44,605
Invested in property and equipment	<u>3,925</u>
	<u>1,387,598</u>
With donor restrictions	
Perpetual in nature	16,825,941
Purpose restrictions	4,709,129
Board designated quasi-endowment	61,774
Underwater endowments	<u>(169,363)</u>
	<u>21,427,481</u>
Total net assets	<u>22,815,079</u>
Total liabilities and net assets	<u><u>\$ 34,426,785</u></u>

Northern Wyoming Community College District
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

Operating Revenue	
Tuition and fees	\$ 9,668,677
Less, scholarship allowance	<u>(1,059,161)</u>
Net tuition and fees	8,609,516
Federal grants and contracts	2,998,272
State and local grants	4,822,140
Auxiliary enterprises, net of scholarship allowance	2,888,115
Private gifts, grants and contracts	9,490,769
Other operating revenue	<u>475,684</u>
Total operating revenue	<u>29,284,496</u>
Expenses	
Operating Expenses	
Instruction	14,611,584
Academic support	2,359,774
Student services	3,099,593
Public service	527,868
Scholarships	4,294,164
Auxiliary expenses	2,689,746
Institutional support	5,409,367
Operation and maintenance of plant	6,903,595
Depreciation	<u>5,284,705</u>
Total operating expenses	<u>45,180,396</u>
Operating Loss	
	<u>(15,895,900)</u>
Nonoperating Revenues (Expenses)	
State appropriations	19,446,425
Property tax	4,091,459
Federal grants and contracts	3,265,790
State grants and contracts	998,799
Transfer of funds and capital assets to Gillette Community College District	(14,805,822)
Investment gain	754,557
Gain/(Loss) on disposal of assets	(56,406)
Interest and financing expense	<u>(640,319)</u>
Total nonoperating revenue	<u>13,054,483</u>
Loss Before Other Revenues and Expenses	
	(2,841,417)
Capital contributions	<u>721,000</u>
Change in Net Position	
	(2,120,417)
Net Position, Beginning of Year	
	<u>103,708,002</u>
Net Position, End of Year	
	<u>\$ 101,587,585</u>

Northern Wyoming Community College Foundation

Component Unit

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue and Gains			
Contributions	\$ 85,467	\$ 965,395	\$ 1,050,862
Gift and investment management fees	346,698	-	346,698
Net investment return	338,275	2,102,548	2,440,823
Net assets released from restrictions	2,639,970	(2,639,970)	-
Total support, revenue and gains	3,410,410	427,973	3,838,383
Expenses			
Program services expense			
Scholarships and student assistance	1,456,946	-	1,456,946
Institutional support	1,056,646	-	1,056,646
Institutional support – Booster Club Center for a Vital Community	1,543	-	1,543
	167,769	-	167,769
Total program expenses	2,682,904	-	2,682,904
Supporting services expense			
Management and general	215,464	-	215,464
Fundraising and development	165,752	-	165,752
Total supporting services expenses	381,216	-	381,216
Total expenses	3,064,120	-	3,064,120
Change in Net Assets	346,290	427,973	774,263
Net Assets, Beginning of Year	1,041,308	20,999,508	22,040,816
Net Assets, End of Year	\$ 1,387,598	\$ 21,427,481	\$ 22,815,079

Northern Wyoming Community College District

Statement of Cash Flows
Year Ended June 30, 2023

Operating Activities	
Tuition and fees	\$ 8,612,502
Gifts, grants, and contracts	13,847,118
Auxiliary enterprises	
Cash received from customers	2,888,115
Cash paid to suppliers for resale material	(2,689,746)
Payments to suppliers	(13,808,704)
Payments to employees	(24,163,214)
Other revenue	475,684
	<hr/>
Net Cash used for Operating Activities	(14,838,245)
Noncapital Financing Activities	
State appropriations	19,446,425
Grants and contracts	4,264,589
Property tax	4,091,459
	<hr/>
Net Cash from Noncapital Financing Activities	27,802,473
Capital Related Financing Activities	
Principal payments on capital debt	(4,414,356)
Interest paid on capital debt	(342,974)
Proceeds from sale of capital assets	1,680,000
Purchase of capital assets	(7,862,743)
Transfer of funds to Gillette Community College District	(1,601,787)
	<hr/>
Net Cash used for Capital Related Financing Activities	(12,541,860)
Investing Activities	
Purchase of investments	(10,015,635)
Sale of investments	336,395
Interest income from investments, net of fees	958,452
	<hr/>
Net Cash used for Investing Activities	(8,720,788)
Net Change in Cash, Restricted Cash, and Cash Equivalents	(8,298,420)
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	32,679,270
	<hr/>
Cash, Restricted Cash, and Cash Equivalents, End of Year	\$ 24,380,850
	<hr/>

Northern Wyoming Community College District

Statement of Cash Flows

Year Ended June 30, 2023

Reconciliation of Operating Loss to Net Cash used for Operating Activities	
Operating loss	\$ (15,895,900)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	5,284,705
GASB 68 - pension expense/(expense offset)	(670,365)
GASB 75 - OPEB expense	(387,209)
Change in assets and liabilities	
Accounts receivable, net	(534,771)
Prepays and other assets	(49,000)
Accounts payable and accrued expenses	887,342
Advanced revenue	(2,926,306)
Accrued compensated absences	(52,423)
Early retirement payable	(517,552)
Deposits held in custody for others	49,750
Student deposits	<u>(26,516)</u>
Net Cash used for Operating Activities	<u>\$ (14,838,245)</u>
Reconciliation of Cash, Cash Equivalents, and Restricted Cash	
Cash and cash equivalents	\$ 23,184,373
Restricted cash	<u>1,196,477</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 24,380,850</u>
Supplemental Disclosure of Noncash Activity	
Reduction in Gillette Community College District's Receivable and Payable to City of Gillette due to payment of Gillette Community College District to City of Gillette	\$ 244,871
Transfer of capital assets to Gillette Community College District	\$ 13,204,035

Note 1 - Nature of Operations and Significant Accounting Policies

The significant accounting policies followed by the Northern Wyoming Community College District (the District), a public institution of higher learning created in 1946, are described below. The District's campus is located in Sheridan, Wyoming and it provides satellite courses in Buffalo, Wyoming. It is governed by a Board of Trustees (the Board) comprised of seven elected trustees and is subject to the laws of the State of Wyoming. As a public institution, the District receives funding from the State of Wyoming upon approval of the state legislature.

Effective August 17, 2021, Campbell County voters approved the formation of a new Gillette Community College District (GCCD). With that vote, GCCD became a recognized community college district in the State of Wyoming, but is not yet an accredited College. See Note 13 for discussion regarding the effects on the District of GCCD becoming's its own community college.

The Financial Reporting Entity**Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the Northern Wyoming Community College District and its component units, Northern Wyoming Community College Building Authority (the Authority) and Northern Wyoming Community College Foundation dba Sheridan College Foundation (the Foundation).

The District follows Governmental Accounting Standards Board (GASB) and provides additional guidance to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District.

Blended Component Unit

Northern Wyoming Community College Building Authority, (the Authority), was established as a separate not-for-profit entity to provide financing of the District's capital building needs. The Authority's sole purpose is to provide financing for the District and therefore has been included in the District's financial statements, as a blended component unit.

Discretely Presented Component Unit

The Foundation is a legally separate tax-exempt component unit of the District and is presented discretely within the financial statements of the District. The Foundation acts primarily as fund-raising organization to supplement the resources that are available to the District in support of its programs. The board of the Foundation is self-perpetuating. Although the Foundation holds and invests monies, these monies are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the District, the Foundation is considered a component unit of the District.

The Foundation's financial statements for fiscal year ended June 30, 2023, are discretely presented because of the differences in their reporting model, as further described on the following page.

The Foundation is a private, not-for-profit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the District. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been included in Note 14.

Financial statements for the Foundation can be obtained by calling the Northern Wyoming Community College Foundation at 307-675-0700.

Financial Statement Presentation

The District's financial statements are presented in accordance with the requirements of GASB. Under GASB, the District is required to present a statement of net position classified between current and non-current assets, deferred outflows, current and non-current liabilities and deferred inflows, a statement of activities, with separate presentation for operating and non-operating revenues and expenses, and a statement of cash flows using the direct method.

Basis of Accounting and Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements of the District 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 District receives value without directly giving equal value in return. These include property taxes, some 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Cash and Cash Equivalents

The District 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 for long-term purposes are classified as noncurrent assets.

Restricted Cash and Cash Equivalents

In accordance with various agreements with other entities, the District is obligated to separately hold cash and cash equivalents related to these agreements.

Investments

State statute authorizes the District to invest in obligations of the U.S. Treasury, the State of Wyoming, or county, city or other taxing district of the State of Wyoming, commercial paper, corporate bonds and repurchase agreements. The degree of risk depends upon the underlying portfolio. The District accounts for its investments at fair value, as determined by quoted market prices. Changes in unrealized gain (losses) on the carrying value of investments are reported as a component of investment income/(loss) in the statement of revenues, expenses and changes in net position.

Accounts Receivable

Accounts receivable balances consists of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable balances also includes amounts due from federal, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to grants and contracts and contributions that are verifiable, measurable, and expected to be collected and available for expenditures, where the resource provider's conditions have been satisfied.

Accounts receivable-tuition and fees balances are recorded net of estimated uncollectible amounts, and no collateral is required. The allowance for uncollectible accounts at June 30, 2023 was \$1,823,483.

Property Tax Receivable

Property taxes attach as an enforceable lien on property in May of each year. Taxes are levied on or about August 1 and are payable in two installments on September 1 and March 1, with delinquent dates of November 10 and May 10, respectively. If the first installment is not paid, the entire levy is delinquent on December 31. Sheridan County bills and collects property taxes for all municipalities and political subdivisions within the County, including the Northern Wyoming Community College District.

Prepaid Expenses

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

Capital Assets

Capital assets are stated at cost when purchased, or if acquired by gift, at the acquisition value at the date of the gift. The District's capitalization policy requires capitalization of all equipment with a unit cost or donated value of \$5,000 or more, \$25,000 for land/site improvements, \$50,000 for buildings and building improvements, and \$250,000 for infrastructure that have an expected useful life of more than one year.

Major renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

5 years -	Computer related equipment, except for servers
7 years -	Most equipment, including servers
20 years -	Building improvements
20 years -	Land/site improvements
30 years -	Infrastructure
40 years -	New or purchased buildings

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate selection for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. The District's deferred outflow of resources consists of the pension obligation and the OPEB obligation. See Notes 9 and 10 for more information.

In addition to liabilities, the Statements of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category: the pension obligation, the OPEB obligation, and property taxes. On the statement of net position, property taxes are restricted to future years. See Notes 9 and 10 for more information regarding the pension obligation and the OPEB obligation.

Compensated Absences

It is the District's policy to allow non-academic full-time and eligible part-time employees, medical leave, personal leave, and vacation. The faculty is allowed medical and personal leave. All employees are entitled to accrued vacation leave upon termination. The current portion of the obligation is included in accrued liabilities in the Statement of Net Position.

Advanced Revenue

Advanced revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for advanced revenue is removed from the statement of net position and the revenue is recognized.

Pensions

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

Net Position

The District's net position is classified as follows:

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

Restricted net position, expendable – This represents resources in which the District is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties. This balance also contains the amount of unspent funds from revenue bonds unspent at year end.

Restricted net position, nonexpendable – This represents funds received from the State Endowment Challenge Program, which cannot be spent. The earnings on investments will be available based on donor restrictions creating the match.

Unrestricted net position – This represents resources derived from student tuition and fees, state appropriations, general property taxes and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the District, 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 District's practice to use restricted resources first, then unrestricted resources as they are needed.

Classification of Revenues

The District 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 District'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 grants (including Federal Work Study Program, and Federal Supplemental Education Opportunity Grant), state, and local grants and contracts, and federal appropriations.

Nonoperating revenues and expenses-include activities that have the characteristics of non-exchange transactions, such as state aid appropriation, grants and contracts, property taxes, investment income, interest expense and gain or loss on the disposal of capital assets.

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 District, 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 scholarship allowance to the extent that revenues from such programs are used in to satisfy tuition and fees and other student charges.

Federal Student Loan Program

The District receives proceeds from the Federal Direct Student Loan Program. The District transmits these grantor supplied moneys without having administrative or direct financial involvement in the program. Federal student loans received by the District's students but not reported in operations for the year June 30, 2023, was \$2,485,317.

Income Taxes

As a public institution of higher education, the income of the District 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 District 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 or its exempt purpose or function. The District did not incur unrelated business income tax expense in the fiscal year ended June 30, 2023.

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.

Change in Accounting Principle

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* (GASB 96). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset -an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The implementation of GASB 96 did not have a material effect on the financial statements of the District.

Note 2 - Cash, Cash Equivalents and Investments

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy requires that deposits be insured or collateralized in accordance with W.S. 9-4-821.

At June 30, 2023, the District’s cash and cash equivalents consisted of the following:

	Bank Balance	Carrying Amount
Cash and Cash Equivalents		
Bank deposit	\$ 23,349,185	\$ 22,668,799
Money market	1,712,051	1,712,051
	<u>\$ 25,061,236</u>	<u>\$ 24,380,850</u>

At June 30, 2023, \$1,720,348 was uninsured or uncollateralized. The remaining unrestricted cash was collateralized or insured with securities held by the pledging financial institution in the District’s name.

At June 30, 2023, the District’s investments consisted of the following:

Investments	Ratings	Fair Value	Maturity			
			1-5 years	5-10 years	More than 10 years	
U.S. Government Obligations	AAA	\$ 12,339,105	\$ 9,758,599	\$ 2,580,506	\$ -	100%
		<u>\$ 12,339,105</u>	<u>\$ 9,758,599</u>	<u>\$ 2,580,506</u>	<u>\$ -</u>	<u>100%</u>

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2023

Investments' fair value measurements are as follows at June 30, 2023:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Government Obligations				
Fixed income securities	\$ 12,339,105	\$ -	\$ 12,339,105	\$ -
Investments - Endowment Challenge Program				
Money market funds	793,256	793,256	-	-
Common stock	4,598,852	4,598,852	-	-
Equity mutual funds	4,079,573	4,079,573	-	-
Fixed income mutual funds	3,946,836	3,946,836	-	-
Real estate funds	274,163	274,163	-	-
Total investments - Endowment Challenge Program	13,692,678	13,692,678	-	-
	26,031,783	\$ 13,692,678	\$ 12,339,105	\$ -
	<u>\$ 26,031,783</u>			

Mutual funds and stock are categorized as Level 1 are valued based on prices quoted in active markets for those securities. U.S. government obligations, Supra – National Agency Bonds, and Corporate Bonds are categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

Credit Risk – Investments

Credit risk is the risk 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 District follows the applicable State Codes.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District'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 District follows applicable State Codes.

Note 3 - Accounts Receivable

Accounts receivable refer to the portion due to the District, as of June 30, by various customers and constituencies of the District as a result of providing services to said groups. Accounts receivable as of June 30, 2023, consisted of the following:

Sheridan College Foundation	\$ 877,453
Gillette College Foundation	224,759
Federal, state, and private grants	<u>4,415,096</u>
	<u>\$ 5,517,308</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2023

Note 4 - Capital Assets

The following are the changes in capital assets as of June 30, 2023:

	Balance July 1, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Capital assets not being depreciated					
Land	\$ 3,092,863	\$ -	\$ (1,646,842)	\$ -	\$ 1,446,021
Construction in progress	7,119,615	7,105,930	(352,277)	-	13,873,268
Total capital assets not being depreciated	<u>10,212,478</u>	<u>7,105,930</u>	<u>(1,999,119)</u>	<u>-</u>	<u>15,319,289</u>
Other capital assets					
Land improvements	7,242,458	-	(55,163)	-	7,187,295
Building	146,076,965	-	(13,791,480)	-	132,285,485
Infrastructure improvements	3,249,668	-	-	-	3,249,668
Equipment	19,844,653	738,834	(8,366,870)	-	12,216,617
Library books	1,746,115	17,979	(346,744)	-	1,417,350
Other capital assets	<u>178,159,859</u>	<u>756,813</u>	<u>(22,560,257)</u>	<u>-</u>	<u>156,356,415</u>
Total capital assets	<u>188,372,337</u>	<u>7,862,743</u>	<u>(24,559,376)</u>	<u>-</u>	<u>171,675,704</u>
Less accumulated depreciation					
Land improvements	3,934,827	252,382	(26,446)	-	4,160,763
Building and infrastructure improvements	45,163,053	3,730,797	(3,633,090)	-	45,260,760
Equipment	15,017,707	1,273,033	(6,829,372)	-	9,461,368
Library books	1,646,382	29,993	(295,121)	-	1,381,254
Total accumulated depreciation	<u>65,761,969</u>	<u>5,286,205</u>	<u>(10,784,029)</u>	<u>-</u>	<u>60,264,145</u>
Capital assets, net	<u>\$ 122,610,368</u>	<u>\$ 2,576,538</u>	<u>\$ (13,775,347)</u>	<u>\$ -</u>	<u>\$ 111,411,559</u>

Note 5 - Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2023, were:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due within one year
Compensated absences	\$ 436,862	\$ 345,384	\$ 392,536	\$ 389,710	\$ 389,710
Early retirement	1,410,773	-	858,072	552,701	456,889
Bonds, net of premium	22,727,953	-	4,150,453	18,577,500	1,717,500
Note payable - residence halls	9,102,648	-	508,774	8,593,874	521,395
	<u>\$ 33,678,236</u>	<u>\$ 345,384</u>	<u>\$ 5,909,835</u>	<u>\$ 28,113,785</u>	<u>\$ 3,085,494</u>

Early Retirement Plan and Early Retirement Incentive Program

The District has a voluntary early retirement program (ERP) for employees meeting certain age and years of service requirements. This program allows the employee to elect, with board approval, to receive a severance payment which is based upon the salary for the last fiscal year and years of prior service. The payment is paid in five equal installments and, in the case of death; the remaining installments will be paid to a named beneficiary. The program is subject to yearly approval by the Board of Trustees and is only available to employees who were employed prior to July 1, 2007.

In 2014, a significant change was made to the early retirement program. Previously, eligible employees could apply to receive deferred compensation equal to 90% of annual salary at 15 years of service up to 180% of annual salary at 30 years of service. Effective July 1, 2014, the maximum amount of deferred compensation was changed to 100% of annual salary at 15 years of service. The benefit must be taken 3 years prior to full eligibility of social security. Employees that would have been eligible to apply for a deferred compensation amount in excess of 100% of annual salary had 1 year from July 1, 2014 to apply for the benefit otherwise eligibility will be reduced to 100% of annual salary.

In 2017, the board approved the early retirement incentive program (ERIP). Employees that have been employed by the District for 10 years as of June 30, 2017, and obtain board approval for participation are eligible to receive a cash incentive of 100% of the annual base wages of the employee at June 30, 2017 to be paid over 5 years upon separation from the District.

In 2020, the board approved a change to the early retirement program where the age restriction was removed from the plan as well as the changing the years of service from 15 to 8 years, to be completed before December 1, 2020. If approved, an applicant would be paid out on year of their salary over the course of three years. The applicant's retirement date must be on or before December 31, 2021, and they must apply prior to August 1, 2020. The plan was terminated at the end of the application period.

During the year ended June 30, 2022, the obligation is presented at the estimated present value using a discount rate of 4.87%. The current portion of the obligation is included in accrued expenses in the statement of net position.

Aggregate future minimum payments on the early retirement payable, are as follows:

	Present Value	Imputed Interest	Total
2024	\$ 456,889	\$ 22,251	\$ 479,140
2025	95,812	5,699	101,511
	<u>\$ 552,701</u>	<u>\$ 27,950</u>	<u>\$ 580,651</u>

Bonds Payable

The 2013A Capital Facilities Revenue Bonds were issued in the amount of \$4,290,000 with interest rates varying from 1% to 3.125% payable annually on June 15 and was used for capital expansion. The bonds maturing after June 15, 2022, are subject to redemption prior to their respective stated maturities, at the option of the District, in whole or in part on any date, on or after June 15, 2021, at 100% of the principal amount. The 2013A Capital Facilities Revenue Bonds are secured by the net revenues as defined in the bond document. As of June 30, 2023, the 2013A Capital Facilities Revenue Bonds were paid in full.

The Mars Agricultural and Science Center Project Revenue Bonds were issued in the amount of \$4,500,000 with an interest rate of 2.92% annually with interest payable semiannually on March and September 1 of each year commencing September 1, 2015. The principal is payable annually on September 1 of each year and are to be used in financing the construction of the Mars Agricultural and Science Center Project until the bonds maturity on September 1, 2029. The bonds are secured by a pledge of revenues as defined in the bond document. The bonds include certain restrictive covenants. As of June 30, 2023, the District was not in compliance with the fixed coverage ratio. A waiver was obtained.

The Technical Education Center Project Revenue Bonds were issued in the amount of \$10,650,000 with an interest rate of 2.75% due semiannually on March 1 and September 1 of each year commencing September 1, 2015. The principal is payable annually on September 1 of each year until its maturity on September 1, 2030. Proceeds are to be used in the construction, renovation and improvement of the Technical Education Center Project. The bonds are secured by a pledge of revenues as described in the bond document. The bonds include certain restrictive covenants. As of June 30, 2023, the District was not in compliance with the fixed coverage ratio. A waiver was obtained.

The 2015A and 2015C Whitney Center for the Arts Revenue Lease Bonds were issued in January 2015 in the amount of \$13,500,000 and \$500,000, respectively. The interest rate for the 2015A notes shall be 2.55% payable annually. Principal payments will commence September 1, 2016, until its maturity on September 1, 2029. The interest rate for the 2015C bonds vary from .8% to 3.6% payable annually. Principal payment of \$500,000 is due September 1, 2030. Interest payments are due semiannually for the 2015A and 2015C bonds on March 1 and September 1 until their respective maturities. The funds were issued for proceeds to be used in the construction of the Whitney Center for the Arts Project. The bonds are secured by a pledge of revenues as described in the bond document.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2023

On October 11, 2018, the Series 2018 Bond was issued in the amount of \$3,500,000 with a fixed interest rate of 3.372% due semiannually on April 11 and October 11 of each year commencing October 11, 2018. On April 21, 2021, the terms of the Series 2018 Bonds were modified and the interest rate was decreased from 3.37% to 2.15% and the maturity date was extended from October 10, 2029 to April 12, 2031. The principal is not due until the time of maturity on April 12, 2031. There is no penalty for the prepayment of principal. Proceeds are to be used in the construction, renovation and improvement of campus buildings. The bond is unsecured. The Series 2018 Bond was paid off as of June 30, 2023.

A summary of future minimum payments are as follows:

	Principal	Interest	Total
2024	\$ 1,717,500	\$ 492,334	\$ 2,209,834
2025	1,792,500	445,696	2,238,196
2026	1,857,500	397,333	2,254,833
2027	1,900,000	347,366	2,247,366
2028	1,940,000	296,087	2,236,087
2029-2033	9,370,000	497,614	9,867,614
	\$ 18,577,500	\$ 2,476,430	\$ 21,053,930

Bond funds held in trust to be spent on bond payments totaled approximately \$3,918,290 as of June 30, 2023.

The 2013A and 2013B Revenue bonds had \$494,945 in pledged revenues to cover the related debt service of \$494,945 for the year ended June 30, 2023. During the year ended June 30, 2023, the Mars Agricultural and Science Center Project Revenue Bonds, the Technical Education Center Project Revenue Bonds, had \$2,231,608 in pledged revenues to cover the related debt service of \$2,280,981 for the year ended June 30, 2023.

Notes Payable

In 2017, the District and the City of Gillette finalized an agreement regarding Phase I and Phase II of the Gillette College Student Housing. This agreement established the final ownership and the operation of Phase I and Phase II of the Gillette College Student Housing. As a result of this agreement, upon completion of the student Housing, the District would begin making contributions to the outstanding debt that the City of Gillette incurred related to the housing. The District is responsible for 17% of the total outstanding debt, which corresponds to the ownership that the District will have over Phase I and Phase II. The construction associated with the two phases was completed in 2017 and the District began payments at this time. Payments are to be paid annually on August 1st of each year and note payable is to be paid in full on August 1, 2025.

On December 3, 2021, a Memorandum of Understanding was signed between the District and the newly established Gillette Community College District (GCCD), wherein GCCD assumed responsibility for the debt service payments associated with Phase I and II of Gillette College Student Housing. The obligation remains in the name of the District, and as such a note receivable was recorded for the payments that were to be paid by GCCD to the City of Gillette for the remaining debt service payments.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2023

The following payment schedule was established by the Memorandums of Understanding (MOU):

2024	\$ 244,916
2025	244,822
2026	<u>245,517</u>
	<u>\$ 735,255</u>

In 2019, the District entered into a promissory note for the construction of a residence hall for \$9,000,000. Payments are to be made annually on November 1st in the amount of \$488,483, until twenty-nine payments have been made, with a final payment of \$423,482, unless the promissory note is matured sooner by additional payments on principal. The note payable is to mature on November 1, 2043. The note is secured by land and building of the District and bears a fixed interest rate of 2.5% annually.

A summary of future minimum payments are as follows:

	Residence Halls	
	Principal	Interest
2024	\$ 521,395	\$ 211,734
2025	534,191	199,114
2026	548,090	185,909
2027	316,122	172,361
2028	323,917	164,566
2029-2033	1,743,403	699,014
2034-2038	1,969,207	476,209
2039-2043	2,224,257	218,159
2044-2048	<u>413,292</u>	<u>10,191</u>
	<u>\$ 8,593,874</u>	<u>\$ 2,337,257</u>

Note 6 - Restricted Net Position – Expendable

The following is a summary of expendable restricted net position as of June 30, 2023:

B.O.C.H.E.S.	\$ 3,314,776
Capital financing funds	1,196,477
Endowment Challenge Program	1,797,941
Excellence in Higher Education	410,559
Instruction	26,152,188
Student Housing	<u>2,947,013</u>
	<u>\$ 35,818,954</u>

Note 7 - Related Entity

The Northern Wyoming Community College Foundation dba Sheridan College Foundation (Sheridan College Foundation) (a component unit) leases office space from the District for a cost of \$1 per year. The initial lease term was through March 2008, and included two five year renewal options. During the year ended June 30, 2017, the lease term was extended for an additional ten-year term through June 2027.

During the year ended June 30, 2023, Sheridan College Foundation paid \$1,456,946 to the District for scholarship support. During the year ended June 30, 2023, Sheridan College Foundation also provided various program and department support to the District of \$1,251,044. As of June 30, 2023, Sheridan College Foundation had \$803,113, due to the District related to various program and department support.

Sheridan College Foundation manages certain investments on behalf of the District in the amount of \$10,178,967 as of June 30, 2023.

The Sheridan College Foundation, included as a component unit, provides ongoing resources to the District as reflected in their separate financial statements.

Note 8 - Teachers Insurance and Annuity Association/College Retirement Equities Fund

All full-time District employees may enroll in an alternative retirement plan through the District administered by Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF), as allowed by Wyoming State Statutes. The Plan is a defined contribution plan and, accordingly, benefits depend solely on amounts contributed to the Plan, plus investment earning.

The District contributes 17.37% of the employee's gross salary to the Plan. The participants have personal contracts with TIAA-CREF and personally own the annuities. This full vesting allows participants to transfer to other employers which participate in TIAA-CREF and continue to accumulate retirement benefits. Contributions for the year ended June 30, 2023 was \$496,414, which is equal to the required contribution for each year.

Note 9 - Pension Plan**Plan Description**

Substantially all employees of the District, excluding employees participating in the TIAA-CREF defined contribution plan, are provided with pensions through the Public Employee Pension Plan - a statewide cost-sharing multiple-employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). The authority to establish and amend benefits and contributions rates rests with the Legislature of the State of Wyoming. WRS is granted the authority to administer the Plan by Wyoming State Statutes 9-3-401 through 432. WRS issues a publicly available financial report that can be obtained at <http://retirement.state.wy.us>.

Benefits Provided

The determination of retirement benefits is dependent upon the employee's initial employment date.

Service Retirement Tier 1: Full retirement at age 60 or qualifies for the Rule of 85. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60. Formula for retirement equals 2.125% times the number of years of service times 3 years highest average salary for the first fifteen years and 2.25% time the number of years of service times 3 year highest average over fifteen years.

Service Retirement Tier 2: Full retirement at age 65 or qualifies for the Rule of 85. Early retirement is permitted at age 55 or 25 years of service. Formula for retirement equals 2% times the number of years of service times the 5 year highest average salary.

Contributions

Per Title 9-3-412 and 413 of State Statutes, member contributions were required to be 9.25% of compensation and employer contributions were required to be 9.37% for the measurement period ended December 31, 2022. In accordance with Title 9-3-412 (c) (ii) of State Statutes, a total of 18.62% of compensation is required to be paid to the state pension fund. The District currently pays 17.37% and the employees pay 1.25%, increased from .75% employee share on July 1, 2021. Contributions to the pension plan from the District were \$1,906,809, for the year ended June 30, 2023.

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

The District reported a liability of \$15,458,667, for its proportionate share of the net pension liability as of June 30, 2023. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, rolled forward to the measurement dates of December 31, 2022. The District's proportion of the net pension liability was based on the relationship of the District's total contributions to the plan for the year ended December 31, 2022, to the contributions of all participating employers for the same period. At December 31, 2022, the District's proportion was 0.5656684% a decrease of .0620852% from 2021 proportionate share of .6277536%.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense/(offset) of (\$670,365). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 77,523	\$ 97,995
Changes in assumptions	414,873	-
Net difference between projected and actual earnings on pension proportionate share of plan investments	1,330,688	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions for fiscal year 2021, amortized over 3.8962 years	-	189,012
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions for fiscal year 2022, amortized over 3.4657 years	-	452,727
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions for fiscal year 2023, amortized over 3.339 years	-	1,038,842
Contributions subsequent to the measurement date	<u>949,535</u>	<u>-</u>
Total	<u>\$ 2,772,619</u>	<u>\$ 1,778,576</u>

\$949,535 at June 30, 2023, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as reduction in the net pension liability in the next fiscal year.

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

2024	\$ (1,353,992)
2025	(339,112)
2026	299,061
2027	1,438,551

Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method	Entry age normal
Amortization method	Level Percentage of Payroll, Closed
Remining Amortization Period	25 years
Asset Valuation method	5 year smoothed market
Inflation	2.25%
Salary increases	2.50% to 6.50%; including inflation
Payroll growth rate	2.50%
Cost of living increase	0.00%
Investment rate of return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2022 valuation pursuant to an experience study of the period 2016-2020.
Post-retirement mortality	Pub-2010 General Healthy Annuitant Mortality Table, amount weighted, fully generational, projected with the MP-2020 Ultimate Scale Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 103%
Pre-retirement mortality	Pub-2010 General Active Mortality Table, amount wieghted, fully generational, projected with the MP-2020 Ultimate Scale Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plans target asset allocation for the plan year ended December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
Cash	0.50%	0.30%	0.32%
Gold	1.50%	2.34%	0.72%
Fixed income	20.00%	3.59%	4.05%
Equity	51.50%	7.09%	9.00%
Marketable alternatives	16.00%	5.14%	6.02%
Private markets	10.50%	6.05%	7.67%
Total	<u>100.00%</u>	<u>5.86%</u>	<u>7.23%</u>

Experience Analysis

An experience study was conducted on behalf of all WRS' plans covering the five-year period ended December 31, 2020. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings.

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Proportionate share of the net pension liability	<u>\$ 22,826,901</u>	<u>\$ 15,458,667</u>	<u>\$ 9,352,400</u>

Note 10 - Other Post-Employment Benefits

Plan Description

Eligible employees of the District are provided with OPEB through the State of Wyoming Group Insurance Retiree Health Plan (the Plan) a cost-sharing multiple-employer defined benefit OPEB plan administered by the State of Wyoming Employee Group Insurance (EGI). Any employee of a participating agency is eligible for retiree coverage under the Plan at premium rates established by EGI, provided that 1) the employee had coverage in effect under the Plan for at least one year just prior to termination; 2) the employee is eligible to receive a retirement benefit under the Wyoming Retirement System and either a) has attained age 50 with at least four years of service credit as an employee of one of the employing entities participating in the Plan or b) has at least 20 years of service credit as an employee of one of the employing entities participating in the Plan. Retirement eligibility varies under each system within the Wyoming Retirement System. The State of Wyoming Legislature has the authority to establish and amend the benefit terms of the plan. The Plan does not issue a separate report; however, additional Plan information can be obtained from the State of Wyoming's Comprehensive Annual Financial Report.

Benefits Provided

The Plan provides medical and prescription drug benefits for retirees and their dependents through payment of insurance premiums for life. Surviving spouses are allowed to continue coverage after the retiree's death provided they were covered at the time of death.

Funding Policy

EGL finances this program on a pay-as-you-go basis and has no assets held in trust. The State of Wyoming Legislature has the authority for establishing and amending the funding policy.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District reported a liability of \$12,133,075, for its proportionate share of the collective total OPEB liability as of June 30, 2023. The collective total OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the collective total OPEB liability was based on a projection of the District's expected payments/contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The projection of the sharing of benefit-related costs is based on an established pattern of practice. For the valuation period ended June 30, 2023, the District's proportionate share of the total OPEB liability was 1.1560% a decrease of 0.17524% from the 2022 proportionate share of 1.45679%.

For the year ended June 30, 2023, the District recognized OPEB expense/(expense offset) of (\$387,209). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,192,450	\$ 1,225,713
Changes in assumptions	2,433,046	4,350,042
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions for fiscal year 2020, amortized over 9.1 years	-	924,042
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions for fiscal year 2022, amortized over 8.6 years	-	407,037
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions for fiscal year 2023, amortized over 7.23 years	-	2,773,144
Total	<u>\$ 3,625,496</u>	<u>\$ 9,679,978</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2023

\$0 at June 30, 2023, reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

<u>Years Ended June 30:</u>	
2024	\$ (1,009,537)
2025	(1,009,537)
2026	(1,009,537)
2027	(887,211)
2028	(1,081,771)
Thereafter	<u>(1,056,889)</u>
	<u>\$ (6,054,482)</u>

Actuarial Assumptions

The total OPEB liability was determined by actuarial valuation date as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2023 (based on July 1, 2021 census data)
Inflation	2.25%
Salary increases	2.50% to 8.50%, vary by service, including inflation
Actuarial cost method	Entry age normal.
Discount Rate	3.54% for year ended June 30, 2022
Healthcare trend rates	Non-Medicare: 7.25 % for year ending June 30, 2022 then graded to ultimate 4.50% over 12 years Medicare: 7.25% for the year ending June 30, 2022 then graded to ultimate 4.50% over 12 years.
Mortality rates	Pre Retirement: General: Headcount-Weighted Pub-2010 General Employee, projected generationally with two-dimensional scale MP-2020. Safety: Weighted Pub-2010 General Employee, projected generationally with two-dimensional scale MP-2020. Post Retirement: General: Headcount-Weighted Pub-2010 Non-Safety Healthy Retiree, projected generationally with two-dimensional scale MP-2020. Safety: Headcount-Weighted Pub-2010 Safety Healthy Retiree, projected generationally with two-dimensional scale MP-2020. Disabled: General: Headcount-Weighted Pub-2010 General Disabled, projected generationally with two-dimensional scale MP-2020. Safety: Headcount-Weighted Pub-2010 Safety Disabled, projected generationally with two-dimensional scale MP-2020.
Benefits Excluded	Benefits related to retiree dental and life insurance have been excluded from this valuation.

The health care trend rate assumption was based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data plan renewal data and vendor Rx report with adjustments based on the provisions of the benefits offered by EGI. For the excise tax, the overall value of the benefit was compared to the excise tax threshold. The values of the benefits were assumed to increase with the valuation trend and the excise tax thresholds were assumed to increase by 2.25% per year. On a blended basis, the excise tax threshold is estimated to hit in 2022.

Significant assumptions are based on an experience study that covered a five-year period ending December 31, 2020. Significant assumptions varied within the various retirement Plans within Wyoming Retirement Systems.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2023, was 3.54%. The discount rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Sensitivity of the District’s proportionate share of the collective total OPEB liability to changes in the discount rate

The following represents the District’s proportionate share of the collective total OPEB liability, as well as what the District’s proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Proportionate share of the net OPEB liability	<u>\$ 14,722,435</u>	<u>\$ 12,133,075</u>	<u>\$ 10,134,313</u>

Sensitivity of the District’s proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rates

The following represents the District’s proportionate share of the collective total OPEB liability, as well as what the District’s proportionate share of the collective total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates:

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB Liability	<u>\$ 10,251,934</u>	<u>\$ 12,133,075</u>	<u>\$ 14,625,758</u>

Note 11 - Risk Management

The District is exposed to risks of loss due to errors and omissions, liability claims arising from employment actions, automobile accidents, employee theft or forgery, breaches of information security and privacy theft, damage or destruction of property. The District purchases commercial insurance to mitigate any losses. Insurance policies include educator's management liability, professional liability, automobile liability, general liability, employee benefits liability, excess liability coverage, government crime liability, cyber-crime liability, peace officer liability, dental hygiene clinic liability, and property insurance including boiler and machinery coverage and business interruption coverage. Coverage limits and deductibles vary by policy. The District has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The District has had no significant reduction in insurance coverage from coverage in the prior year.

Note 12 - Contingencies and Legal Matters

Expenditures related to federal and state grants are subject to adjustment based upon review by the granting agencies. The District does not anticipate that adjustments, if any, arising from such reviews will have a material effect on the financial statements.

As of June 30, 2023, the District had construction commitments of \$595,792 associated with the B.F. and Rose H. Perkins Health Science Center and construction commitments associated with the Center for Advanced Manufacturing of \$3,300,000.

Note 13 - Establishment of the Gillette Community College District

On August 17, 2021, Campbell County voters approved the formation of a new Gillette Community College District (GCCD). With that vote, GCCD became a recognized community college district in the State of Wyoming, but is not yet an accredited college.

During the transition, the President of the newly formed GCCD and the President of the District signed various Memorandums of Understanding (MOUs) outlining the transfer of funds, tangible physical assets, personnel, management and responsibilities from the District to GCCD.

MOU Exhibit A, signed December 3, 2021, established the understanding and assumption of debt service payments for the residence hall located on Gillette's campus. The payments to be made to the District, by GCCD are outlined in Note 5. There is an offsetting receivable due from Gillette Community College District of \$735,255 as of June 30, 2023.

MOU Exhibit C, signed June 3, 2022, and amended June 13, 2022, established the timeline for transfer of Gillette Campus based personnel. Facilities staff, Information Technology staff, Area 59 staff, Rodeo coaches and Gillette College Foundation staff were terminated by the district on June 29, 2022, and hired by GCCD on June 30, 2022. Student employees hired after July 1, 2022, except those eligible to be funded by the Federal Work Study program, were hired by GCCD. MSHA grant funded employees were terminated by the District on September 29, 2022, and hired by GCCD on September 30, 2022. All remaining Administrative and Classified

staff were terminated by the District on December 30, 2022, and hired by GCCD on December 31, 2022, except Nursing administration and support. Full-time and adjunct faculty, as well as Nursing support staff were terminated on August 15, 2023, and hired by GCCD on August 17, 2023, with the stipulation that GCCD must assign a Director to the Nursing program to work directly with the Dean of Health Sciences as they carry out the program under the district's ACEN accreditation.

MOU Exhibit B was signed on August 17, 2022. The provisions of this MOU established the District to transfer ownership of specific buildings as identified in the MOU. As of June 30, 2023, the net book value of the capital assets transferred over to GCCD as a result of this MOU:

Buildings	\$ 9,120,845
Equipment	<u>2,655,812</u>
	<u>\$ 11,776,657</u>

During the year ended June 30, 2023, the District also transferred over \$218,118 of fiscal year 2022 fund balances from City of Gillette, Campbell County and Campbell County BOCHES accounts, and an additional \$1,601,787 in cash to cover costs associated with teaching students in Gillette. There were also investments of \$1,209,260 transferred over to GCCD associated with covering operation and maintenance costs of the Gillette Tech Center.

Additional agreements to transfer the Area 59 Auxiliary, a private grant to Area 59, and the MSHA reserve have also been signed and implemented.

Management of the District continues to evaluate the impact of tax revenues and other funding sources as a result of the division.

Note 14 - Component Unit-Northern Wyoming Community College Foundation dba Sheridan College

Foundation Operations and Significant Accounting Policies

The Foundation is a discretely presented within the financial statements as a component unit. The Foundation was established to provide support for the private fundraising efforts of Sheridan 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 Wyoming and managed by a volunteer Board of Directors.

The Foundation's financial statements are prepared in accordance with standards set by the Financial Accounting Standards Board (FASB). FASB standards require two classes of net assets: with donor restriction and without donor restriction 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.

Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restriction or other restrictions limiting their use, within one year of the statement of financial position date for the Sheridan College Foundation, comprise the following:

Cash and cash equivalents	\$ 1,157,235
Operating investments	3,008,608
Promises to give	90,500
Endowment spending-rate distributions and appropriations	<u>561,877</u>
	<u>\$ 4,818,220</u>

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

A board-designated endowment is subject to an annual spending rate of five percent. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Fair Value Measurements and Disclosures

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Foundation can access at the measurement date.

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

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

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

A significant portion of the Foundation's investment assets are classified within Level 1 because they are comprised of common stock, exchange traded funds, and open-end mutual funds with readily determinable fair values based on daily closing market prices or redemption values. The fair value of land held as an endowment investment is determined through comparison of the market prices of like properties, and is considered to be a Level 2 measurement.

The following table presents the Sheridan College Foundation's assets measured at fair value on a recurring basis at June 30, 2023:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity investments				
Common stock	\$ 8,536,050	\$ 8,536,050	\$ -	\$ -
Equity mutual funds	10,894,361	10,894,361	-	-
Fixed income investments				
Fixed income mutual funds	9,083,725	9,083,725	-	-
Real estate mutual funds	642,011	642,011	-	-
Money market mutual funds	2,250,812	2,250,812	-	-
	<u>\$ 31,406,959</u>	<u>\$ 31,406,959</u>	<u>\$ -</u>	<u>\$ -</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2023

Assets measured at fair value on a non-recurring basis at June 30, 2023 are as follows:

	Fair Value	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Land held in an endowment investment	\$ 1,440,000	\$ -	\$ 1,440,000	\$ -

Promises to Give

Promises to give represent unconditional promises to give to the Sheridan College Foundation at June 30, 2023.

Within one year	\$ 113,000
In one to five years	273,000
Over five years	-
	<u>386,000</u>
Less discount to net present value	(13,708)
	<u>\$ 372,292</u>

Net Assets with Donor Restrictions

Net Assets with Donor Restrictions arise from donor-imposed restrictions limiting the use of funds for scholarships and program support. Net Assets with Donor Restrictions of the Sheridan College Foundation consist of the following as of June 30, 2023.

Subject to Expenditure for Specific Purpose	
Scholarships and student assistance	\$ 367,445
Program activities	1,403,984
Capital improvements	15,349
	<u>1,786,778</u>
Subject to the Passage of Time	
Promise to give - lease agreement not restricted by donors, but which are unavailable for expenditure until due	90,000
	<u>90,000</u>

Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Scholarships and student assistance		1,671,235
Program activities		858,630
Capital improvements		159,199
Available for general use		143,287
Art programs designated by the board for quasi-endowment		61,774
Underwater endowments		(169,363)
		<u>2,724,762</u>
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Scholarships and student assistance		13,194,682
Program activities		3,631,259
		<u>16,825,941</u>
Total endowments		<u>19,550,703</u>
		<u>\$ 21,427,481</u>

Net assets released from restriction were as follows:

Scholarship and student assistance	\$ 1,456,946
Program activities	<u>1,183,024</u>
	<u>\$ 2,639,970</u>

Endowment Funds

The Sheridan College Foundation's endowments include numerous individual funds established to provide funding for specific activities and general operations. The Endowment also includes certain unrestricted and restricted net assets designated for quasi-endowment by the Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absences of donor-imposed restrictions.

The Board of Directors has interpreted the Wyoming Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2023, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for

doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of June 30, 2023, the Sheridan College Foundation had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment Donor-restricted endowment funds	\$ 108,680	\$ 61,774	\$ 170,454
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	16,825,941	16,825,941
Accumulated investment gains	-	2,662,989	2,662,989
	<u>\$ 108,680</u>	<u>\$ 19,550,704</u>	<u>\$ 19,659,384</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023, funds with original gift values of \$3,281,309, fair values of \$3,111,946, and deficiencies of \$169,363 were reported in net assets with donor restrictions.

Investment and Spending Policies

The Foundation has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5% on an annual basis. Actual returns in any given year may vary from this amount.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2023

To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

Spending decisions for the Foundation differ for the varying types of funds. Annual expenditures for *Endowed Funds*, which can and do include scholarship funds and program support are determined by the donor's intent, a percentage of the average of the 12-quarter total market value and whether or not the Foundation has obtained concurrence from the donor or the donor's representative to continue spending if the total market value is below the historical gift value, and any additions to the principal based on the donor's instructions.

Annual Endowed *Scholarship* expenditures for the ensuing year are based on the 12-quarter rolling average as of June 30th of the prior year. The Foundation Board reviews and approves the annual spending plan based on an employee-prepared budget and the Finance & Investment Committee's recommendation.

Annual Endowed Program Support expenditures are usually based on the 12-quarter rolling average as of June 30th of the prior year; however, they can and may be determined at the end of any quarter. Several expenditures may be made during a year, but the annual limit will be set at the time of the first expenditure within a 12-month timeframe. The Foundation selects a District point of contact for each program fund and provides financial information and allowable expenditures on a regular basis to that individual, his/her supervisor and the District's CFO. The District determines spending from these funds within the allowable amounts set by the Foundation.

Changes in Endowment net assets of the Sheridan College Foundation for the year ending June 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, Beginning of Year	\$ 96,305	\$ 18,653,310	\$ 18,749,615
Investment return, net	10,480	1,874,828	1,885,308
Contributions	-	45,885	45,885
Appropriation of endowment assets pursuant to spending policy	-	(1,023,320)	(1,023,320)
Other Changes			
Distribution from the board-designated endowment pursuant to distribution policy	1,895	-	1,895
	\$ 108,680	\$ 19,550,703	\$ 19,659,383
Endowment net assets, End of Year			

Note Payable

In June 2014, the Sheridan College Foundation entered into a promissory note for \$1,000,000, which was collateralized with the land held in the Endowment. During the year ended June 30, 2015, the Foundation drew down the note payable. Monthly payments of \$7,910 are due following the conversion date on the note. Any outstanding interest and principal on the promissory note is due on December 10, 2029. The interest rate associated with the debt is a fixed rate of 5%.

Future maturities of notes payable are as follows:

<u>Years Ending June 30,</u>	
2024	\$ 67,820
2025	71,290
2026	74,937
2027	78,771
2028	82,800
Thereafter	<u>155,917</u>
	<u>\$ 531,535</u>

Challenge Match Program

The District and the Foundation participate in a program under which the State of Wyoming matches endowment gifts reported by the Foundation. State match funds received by the District are held and invested by the Foundation on behalf of the District. The Foundation has received a total of \$8,809,816 in State matching funds which are a part of the total funds being invested on behalf of the District. There have been no new collections of state match funding as of June 30, 2023, with legislative allocation last occurring on June 30, 2015.



Required Supplementary Information
June 30, 2023

Northern Wyoming Community College District

Page Intentionally Left Blank

Northern Wyoming Community College District
Schedule of Employer's Share of Net Pension Liability and Employer Contributions
June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's portion of the net pension liability	0.6258299%	0.6223254%	0.6403046%	0.6790502%	0.6965199%	0.6995511%	0.6687066%	0.6277536%	0.5656684%
District's proportionate share of the net pension liability	\$ 11,043,971	\$ 14,496,123	\$ 15,479,365	\$ 15,477,866	\$ 21,211,057	\$ 16,438,935	\$ 14,533,400	\$ 9,571,494	\$ 15,458,667
District's covered payroll	10,739,735	11,047,219	11,172,542	11,926,289	12,114,499	12,435,254	12,919,398	11,562,329	10,887,377
District's proportional share of the net pension liability as a percentage of its covered payroll	102.83%	131.22%	138.55%	129.78%	175.09%	132.20%	112.49%	82.78%	141.99%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	73.40%	73.42%	76.35%	76.35%	80.01%	82.47%	86.03%	75.47%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

***The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.*

Schedule of the District's Contributions
Public Employee Pension Plan
For the years ended June 30*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 1,709,435	\$ 1,842,867	\$ 1,980,147	\$ 2,071,998	\$ 2,018,494	\$ 2,212,312	\$ 2,033,936	\$ 2,114,954	\$ 1,906,809
Contributions in relation to the contractually required contribution	1,709,435	1,842,867	1,980,147	2,071,998	2,018,494	2,212,312	2,033,936	2,114,954	1,906,809
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-
District's covered payroll	11,047,219	11,172,542	11,926,289	12,114,499	12,435,254	12,919,398	11,789,807	11,178,895	10,462,972
contributions as a percentage of covered payroll	15.47%	16.49%	16.60%	17.10%	16.23%	17.12%	17.25%	18.92%	18.22%

**The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.*

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Northern Wyoming Community College District
 Schedule of Employer's Share of Net OPEB Liability and Employer Contributions
 June 30, 2023

Schedule of Employer's Share of Net OPEB Liability
 Last 10 - Fiscal Years*
 Reported as of measurement date for the years ended June 30

	2018	2019	2020	2021	2022	2023
Employer's portion of net OPEB liability	1.612260%	1.611340%	1.436100%	1.4282%	1.4568%	1.1560%
Employer's proportionate share of net OPEB liability	\$ 12,752,841	\$ 16,426,734	\$ 13,585,598	\$ 18,661,686	\$ 19,211,114	\$ 12,133,075
Employer's covered employee payroll	\$ 11,926,289	\$ 12,114,499	\$ 12,435,254	\$ 12,919,398	\$ 11,789,807	\$ 10,887,377
Employer's proportional share of the net OPEB liability as a percentage of its covered-employee payroll	107%	136%	105%	144%	163%	111%
Plan Fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Schedule of Employer Contributions
 Last 10 - Fiscal Years
 Reported as of fiscal year date of June 30**

	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 98,570	\$ -	\$ -	\$ 96,323	\$ -	\$ -
Contributions in relation to the statutorily required contribution	98,570	-	-	96,323	-	-
Contribution (deficiency) excess	-	-	-	-	-	-
Employer's covered employee payroll	\$ 12,114,499	\$ 12,435,254	\$ 12,919,398	\$ 11,789,807	\$ 11,178,895	10,462,972
Contributions as a percentage of covered-employee payroll	0.81%	0.00%	0.00%	0.82%	0.00%	0.00%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Date reported is as of June 30th.



Other Information
June 30, 2023

Northern Wyoming Community College District

Page Intentionally Left Blank



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
Northern Wyoming Community College District
Sheridan, Wyoming

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 (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Northern Wyoming Community College District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 13, 2023. The audit of the financial statements of the Northern Wyoming Community College District Foundation dba Sheridan College Foundation was 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 Northern Wyoming Community College District Foundation dba Sheridan College Foundation.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, professional style.

Boise, Idaho
December 13, 2023



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees of
Northern Wyoming Community College District
Sheridan, Wyoming

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northern Wyoming Community College District’s (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Boise, Idaho
December 13, 2023

Northern Wyoming Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Federal Expenditures
Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program - Administrative Allowance	84.063	P063Q222456	\$ 2,667
Federal Pell Grant Program	84.063	P063P222456	3,094,667
Federal Supplemental Educational Opportunity Grant	84.007	P007A224575	67,802
Federal Work Study	84.033	P033A224575	64,053
Federal Direct Student Loans	84.268	P268K232456	2,485,317
Total Student Financial Assistance Cluster			<u>5,714,506</u>
TRIO Cluster			
TRIO - Student Support Services (SSS) Grant Year 2, 9/1/2021-8/31/22	84.042A	P042A200362	40,989
TRIO - Student Support Services (SSS) Grant Year 3, 9/1/2022-8/31/23	84.042A	P042A200362	213,963
			<u>254,952</u>
Education Stabilization Fund			
COVID - 19 - Higher Education Emergency Relief Funds (Institutional Portion) Passed through Wyoming Community College Commission	84.425F	P425F201540	1,911,421
COVID - 19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	Not Available	224
Total Education Stabilization Fund			<u>1,911,645</u>
Passed through State Wyoming Department of Education			
Perkins V Allocation for CTE Programs - FY23	84.048A	FAIN: V048A220050	264,339
Perkins V Allocation for Cutting Edge Grant - FY23	84.048A	FAIN: V048A220050	23,731
Perkins V Allocation for Professional Development - FY23	84.048A	FAIN: V048A220050	4,624
Total Perkins V Allocation			<u>292,694</u>
Passed through Wyoming Community College Commission			
Adult Education - Basic Grants to States - FY23	84.002A	AE22R06	164,332
Adult Education Special Projects Grant - FY23	84.002A	AE22SP06	4,034
			<u>168,366</u>
Passed through University of Wyoming			
Gaining Early Awareness and Readiness for Undergraduate Programs - Grant Year 9/26/2021 - 9/25/2022	84.334S	Subaward #: 10040981 FAIN:	75,582
Gaining Early Awareness and Readiness for Undergraduate Programs - Grant Year 9/26/2022 - 9/25/2023	84.334S	P334S170010-21 Subaward #: 1004098L FAIN: P334S170010- 22	204,851
Total for ALN 84.334S			<u>280,433</u>
Total Department of Education			<u>8,622,596</u>

Northern Wyoming Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Federal Expenditures
Department of Commerce			
Economic Development Cluster			
Sheridan College Health Science Renovation and Expansion	11.300	05-01-05950	<u>441,949</u>
Total U.S. Department of Commerce			<u>441,949</u>
National Endowment for the Humanities			
Creating Humanities Communities Along Wyoming's Hemmingway Highway	45.130	ZR-256714-18	<u>11,034</u>
Total National Endowments for the Humanities			<u>11,034</u>
Corporation for National and Community Service			
AmeriCorps	94.006	Not Applicable	<u>6,341</u>
Total Corporation for National and Community Service			<u>6,341</u>
Department of Health and Human Services			
Passed through Wyoming Department of Family Services			
COVID - 19: DFS Childcare Assistance Grant (ARPA)	93.575	Contract # 223088	<u>98,785</u>
Passed through University of Wyoming			
Biomedical Research and Research Training (INBRE FY23)	93.859	FAIN: P20GM103432 Subaward # 1005529C- NWCCD	26,224
Biomedical Research and Research Training (INBRE FY24)	93.859	FAIN: P20GM103432 Subaward # 23-1526- A0001-SUB06	129
Total Pass Through			<u>26,353</u>
Total Department of Health and Human Services			<u>125,138</u>
Total Federal Financial Assistance			<u>\$ 9,207,058</u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Northern Wyoming Community College District (the District), under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2 – Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal funds were passed through to subrecipients.

Note 3 – Indirect Cost Rate

The District has elected not to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

Note 4 – Federal Student Loan Programs

The District does not directly administer any of the Federal Direct Loans that the students utilize at the District. Therefore, only the value of the loans made during the year are represented on the schedule of expenditures of federal awards.

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 program:	
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 Uniform Guidance 2 CRF 200.516:	No
Identification of major programs:	

Name of Federal Program	Federal Financial Assistance Listing
Education Stabilization Fund	
COVID-19: Governor's Emergency Education Relief (GEER) Fund	84.425C
COVID-19: Higher Education Emergency Relief Funds (Institutional Portion)	84.425F
Student Financial Assistance Cluster	
Federal Pell Grant Program - Administrative Allowance	84.063
Federal Pell Grant Program	84.063
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work Study	84.033
Federal Direct Student Loans	84.268
Dollar threshold used to distinguish between type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

No findings noted in this area.

Section III – Federal Award Findings and Questioned Costs

No findings noted in this area.