



Financial Statements
June 30, 2020 and 2019

Northern Wyoming Community College District

Northern Wyoming Community College District

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June 30, 2020 and 2019

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Wyoming Community College District (the District) and its discretely presented component units as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Northern Wyoming Community College Foundation dba Sheridan College Foundation and the Gillette College Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District and its discretely presented component units, as of June 30, 2020 and 2019, and the respective changes in their financial position and their cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2020 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, 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.

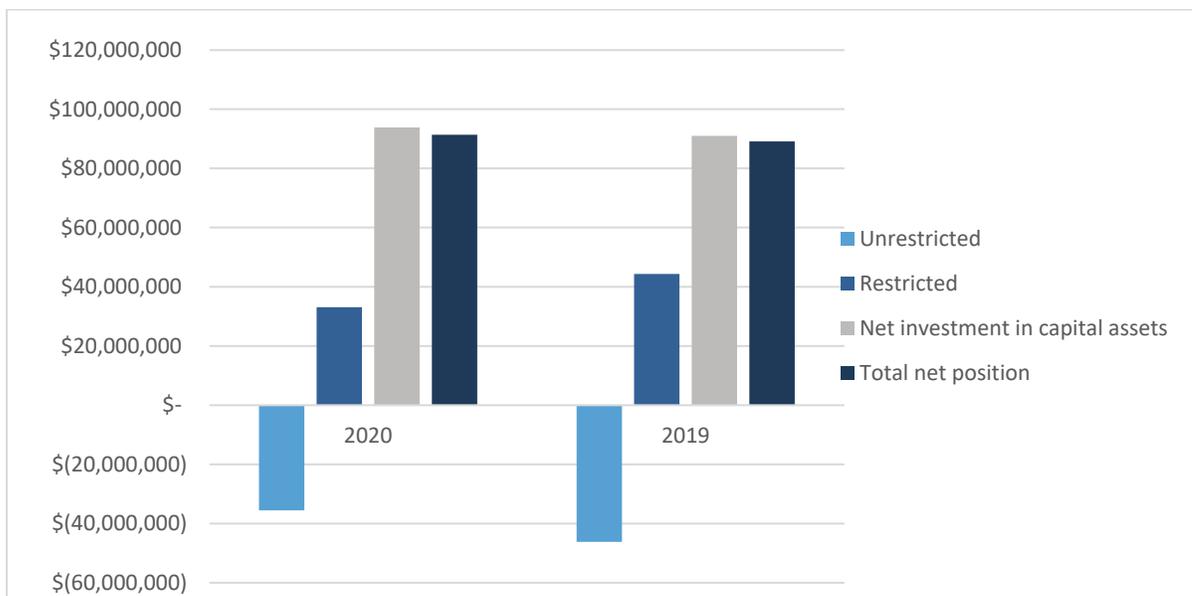


Boise, Idaho
December 9, 2020

The following discussion and analysis provides an overview of the financial position and activities of the Northern Wyoming Community College District (District) for the fiscal years ended June 30, 2020 and 2019. 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 (assets) by category for the fiscal years ended June 30, 2020 and 2019 is shown below:



The District's financial position, as a whole, increased slightly during fiscal year 2020. Net position increased by \$1.6 million or 1.7%, due to an increase in the District's unrestricted net assets and capital assets offset by a decrease in restricted expendable assets. Net position equals total assets plus deferred outflows minus total liabilities plus deferred inflows. As of June 30, 2020, the District's unrestricted net position was a negative \$36 million, primarily due to the share of the State's retiree health insurance liability and net pension liability of \$13.6 million and \$16.4 million, respectively. The District's financial position also increased between fiscal year 2018 and 2019. The increase in net position was \$6.4 million or 7.7%, primarily due to an increase in unrestricted net position. In 2019, the District's unrestricted net position was a negative \$46.2 million, primarily due to the District's share of the State's retiree health insurance liability of \$16.4 million and the District's share of the State's net pension liability which was \$21.2 million.

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 include 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
- Plant
- Endowment

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 fixed assets and long-term debt).

Component Units

Financial statements for the District's component units can be obtained by calling the Northern Wyoming Community College Foundation at 307-675-0700 and the Gillette College Foundation at 307-681-6400.

Condensed Financial Statement Information

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

	Net Position				
	2020	% Chg	2019	% Chg	2018
Current assets	\$19,553,198	36.6%	\$14,314,879	43.4%	\$9,983,609
Noncurrent assets other than capital assets	18,975,432	-25.0%	25,292,115	32.1%	19,144,182
Capital assets (property, plant & equipment, net)	132,815,546	-0.2%	133,043,876	5.5%	126,157,477
Total assets	171,344,176	-0.8%	172,650,870	11.2%	155,285,268
Deferred outflow (net pension and OPEB)	4,852,929	-48.8%	9,473,623	135.2%	4,028,564
Current liabilities	8,399,734	-17.2%	10,146,008	-9.5%	11,214,170
Noncurrent liabilities	66,804,483	-14.1%	77,758,663	30.1%	59,761,225
Total liabilities	75,204,217	-14.4%	87,904,671	23.9%	70,975,395
Deferred inflows (property taxes, net pension, and OPEB)	10,314,029	102.5%	5,094,095	-8.4%	5,562,997
Net position					
Net investment in capital assets	93,845,286	3.2%	90,970,681	-2.8%	93,618,022
Restricted - nonexpendable	11,894,737	-0.8%	11,990,833	3.1%	11,634,409
Restricted - expendable	20,926,949	-35.3%	32,346,385	71.0%	18,920,782
Unrestricted	(35,988,113)	22.1%	(46,182,172)	-11.6%	(41,397,773)
Total net position	\$90,678,859	1.7%	\$89,125,727	7.7%	\$82,775,440

The District's financial position increased in fiscal year 2020. Net position (assets) increased by \$1.6 million or 1.7%. There are several reasons for this net increase. While total assets decreased slightly, deferred outflows related to the pension and retiree health plans decreased by 49% or \$4.6 million, while deferred inflows increased by 103% or \$5.2 million. The most significant change in net position is due to a 14.4% or \$12.7 million decrease in total liabilities. There was a decrease in both current and noncurrent liabilities between fiscal year 2019 and 2020.

While total assets and net capital assets were flat, there was a 37% increase (\$5.2 million) increase in current assets and a 25% decrease (\$6.3 million) in noncurrent assets. The increase in current assets is primarily due to an increase of \$4.5 million in unrestricted cash due to an increase in reserves (both tuition/fees and state appropriation exceeded the budget and there was a reduction in expenditures related to COVID-19 change in operations). The decrease in noncurrent assets is primarily due to an 86% decrease in restricted cash (\$5.5 million) due to expending cash proceeds from the SLIB loan to complete Whitney Centennial Hall.

Total liabilities decreased by \$12.7 million or 14.4%. The primary reasons for this decrease was a change in the net pension and retiree health liabilities. Together these decreased by \$7.6 million. Long-term debt related to capital projects decreased by \$3.1 million due to debt repayment. Accounts payable decreased by \$1.3 million due to a reduction in outstanding invoices at year-end related to construction projects.

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows as of June 30, 2020, by \$90.7 million. Capital assets of \$132.8 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 \$93.8 million are capital assets of \$132.8 million less \$39 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 increased \$5.2 million primarily due to a \$4.4 million increase in unrestricted cash.

Noncurrent assets include endowment assets received from the State and invested by the foundations and unexpended bond proceeds. Noncurrent assets decreased by \$6.5 million primarily due to a \$5.5 million decrease in restricted cash related to Whitney Centennial Hall bond proceeds being spent on construction. Deferred outflows related to the pension and retiree health plans decreased by \$4.6 million.

Current liabilities consist primarily of accounts payable and accrued expenses, and the current portion due on bonds payable. Total current liabilities decreased by \$1.7 million primarily due to a reduction in accounts payable related to construction of Whitney Centennial Hall.

Noncurrent liabilities consist primarily of bonds payable, net pension liability, net retiree health liability (OPEB – other post-employment benefits) and early retirement payable. The \$11 million decrease in noncurrent liabilities is primarily due to a change in the net pension and retiree health liabilities and debt repayments. The net pension liability and the GASB 75 net OPEB liability (other post-employment benefits – retiree health insurance plan) decreased by \$7.6 million and long-term debt decreased by \$2.9 million due to schedule repayments.

The \$16.4 million net pension liability (decrease of \$4.8 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 \$13.6 million net OPEB liability (a decrease of \$2.8 million from the prior year) 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.

The District's financial position also increased between fiscal year 2018 and 2019. Net position (assets) increased by \$6.4 million or 7.7%. There were several reasons for this increase. Total assets and deferred outflows increased by \$22.8 million, with increases in all categories. Current assets increased due to a \$4.3 million increase in unrestricted cash offset by a \$1.6 million decrease in accounts receivable. Noncurrent assets increased by \$6.1 million due to a \$5.4 million increase in restricted cash related to Whitney Centennial Hall (SLIB loan proceeds). Net capital assets increased by \$6.9 million and deferred outflows related to the net pension and retiree health plan increased by \$5.4 million.

Total liabilities increased from 2018 to 2019 by \$16.9 million or 23.9%. Bonds and notes payable increased by \$9.2 million due to the new SLIB loan for Whitney Centennial Hall (\$9.0 million) and Series 2018 (\$3.5 million) offset by \$3.0 million in repayments. The net pension liability and the retiree health liability increased by \$9.4 million. The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2019, by \$89.1 million. Capital assets of \$133 million consist of land, buildings, building improvements, equity and library books, and are stated at historical cost minus accumulated depreciation allowance. Net investment in capital assets of \$90.9 million are capital assets of \$133 million less \$42.1 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 increased from 2018 to 2019 due to a \$4.3 million increase in unrestricted cash offset by a \$1.6 million decrease in accounts receivable.

Noncurrent assets include endowment assets received from the State and invested by the foundations and unexpended bond proceeds. From 2018 to 2019, noncurrent assets increased by \$6.1 million due to a \$5.4 million increase in restricted cash related to Whitney Centennial Hall. Net capital assets increased by \$6.9 million and deferred outflows related to the net pension and OPEB increase by \$5.4 million.

Current liabilities consist primarily of accounts payable and accrued expenses, and the current portion due on bonds payable. Total current liabilities decreased by 8.0% (\$1.1 million) primarily due to the payoff of \$1.4 million line of credit in 2019.

Noncurrent liabilities for 2019 consist primarily of bonds payable, net pension liability, net OPEB liability and early retirement payable. The 30.1% increase (\$18.0 million) in noncurrent liabilities is primarily due to a \$9.2 million net increase in bonds and notes payable due to the new SLIB loan for Whitney Centennial Hall (\$9.0 million) and Series 2018 (\$3.5 million) offset by \$4.4 in repayments. The net pension liability and the GASB 75 net OPEB liability (other post-employment benefits – retiree health insurance plan) increased by \$9.4 million and the early retirement payable decreased by \$0.745 million.

The \$21.2 million net pension liability (increase of \$5.7 million from 2018 to 2019) 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 \$16.4 million net OPEB (other post-employment benefits) liability (an increase from 2018 of \$3.7 million from the prior year) 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:

Revenues and Expenses

	2020	% Chg	2019	% Chg	2018
Operating revenues	\$27,958,702	-15.3%	\$33,026,151	13.7%	\$29,034,248
Operating expenses	54,144,440	-1.7%	55,057,254	5.6%	52,136,677
Operating Loss	(26,185,738)	18.9%	(22,031,103)	-4.6%	(23,102,429)
Nonoperating revenues	28,816,532	-0.7%	29,015,230	18.3%	24,526,270
Nonoperating expense	(1,077,662)	19.2%	(904,309)	20.8%	(748,528)
Income before other revenues & expenses	\$1,553,132	74.5%	\$6,079,818	-800.3%	\$675,313

Operating revenues include tuition and fees, auxiliary sales and services, some federal, state and private grants, investment income and other operating revenues such as gate receipts. Operating revenue decreased by \$5.1 million (15.3%) between fiscal year 2019 and 2020, due to several factors: a \$1.4 million increase in tuition and fees (primarily due to a 5.3% tuition/fee increase), a \$7.1 million decrease in state and local grants (primarily due to donated property and State matching funds for the Sheridan Tech Center received in 2019), and a \$1.6 million increase in private gifts (primarily due to Whitney Benefits).

Non-operating revenues include general State appropriations, mill revenue (local taxes), student financial aid, and investment income. Non-operating revenues were essentially flat between 2019 and 2020, although the components did change. State appropriations increased by \$.9 million due to performance funding while investment income decreased by \$1.4 million due to investment performance.

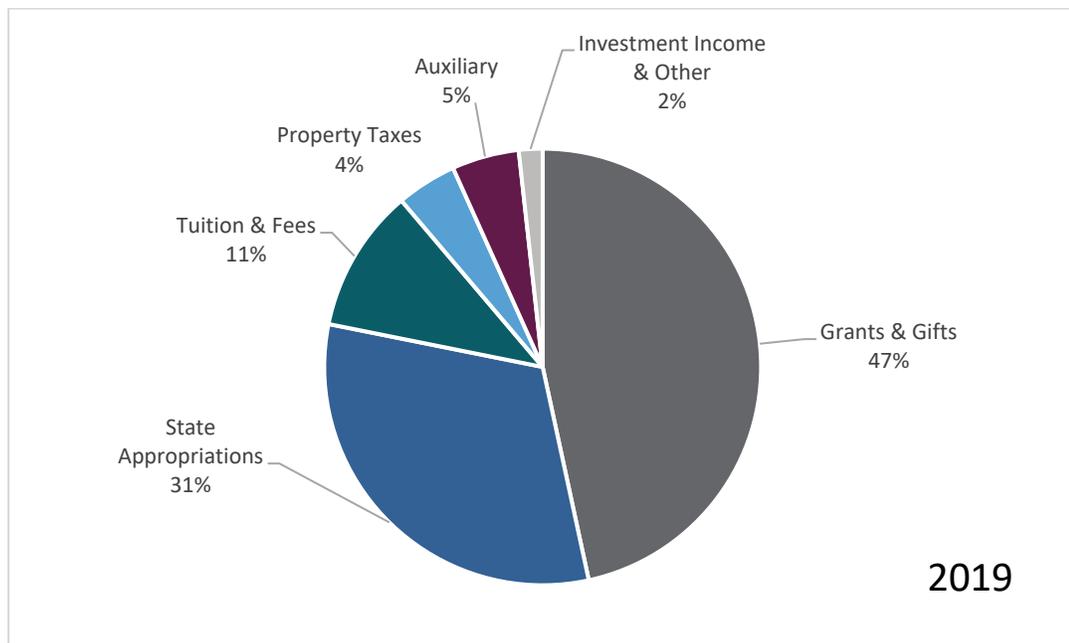
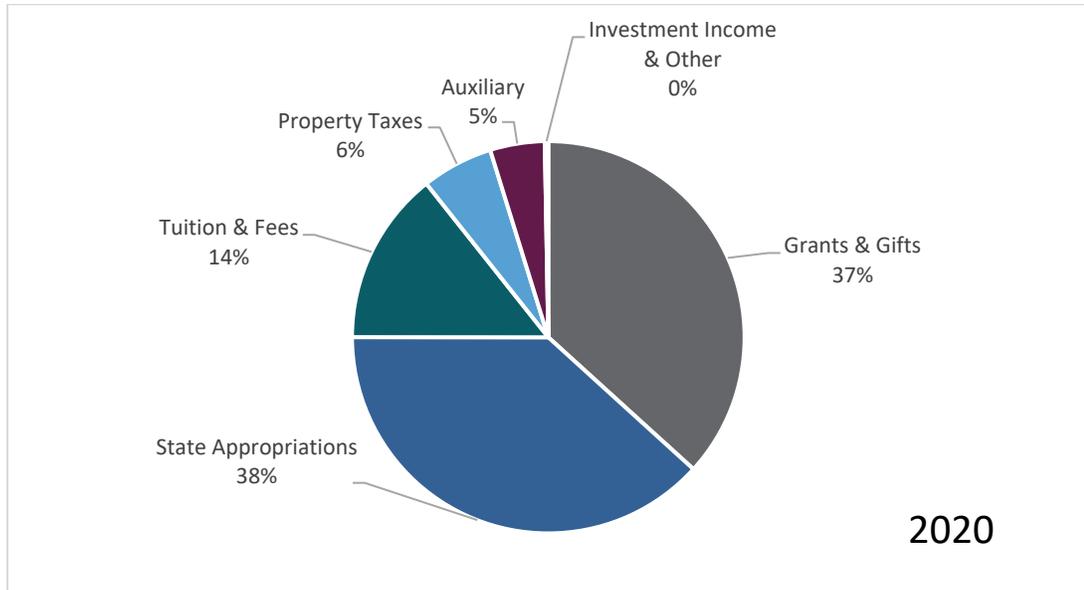
In fiscal year 2020, 50% of District revenues are considered non-operating revenues while 50% are considered operating in nature, while most of the District's expenses are considered operating expenses. The difference in the classification is an exchange or exchange-like transaction, where value is given 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 a significant operating loss, which can be misinterpreted.

All expenses of the District are considered operating expenses, with the exception of interest expense on debt and investment losses, which are non-operating expenses. Operating expenses decreased minimally, less than 2%, primarily due to decreases in auxiliary expenses. Net nonoperating expense increased by over 19% primarily due to less interest expense incurred during the year.

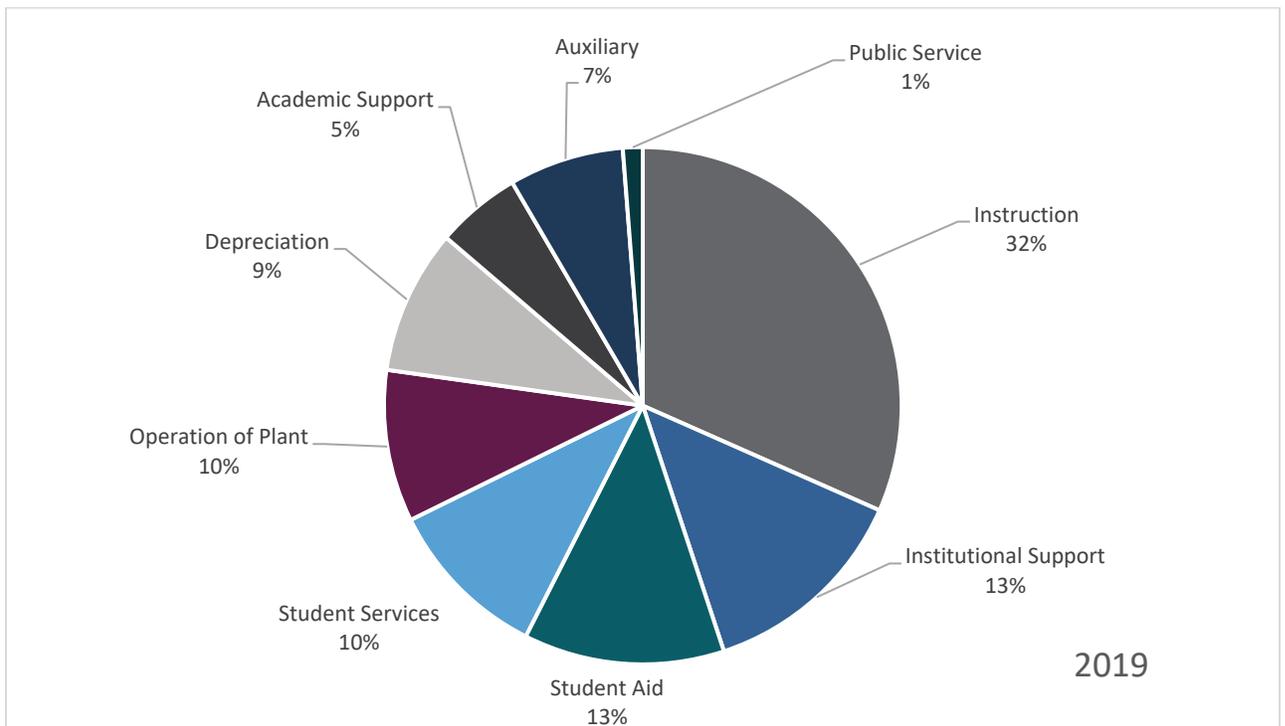
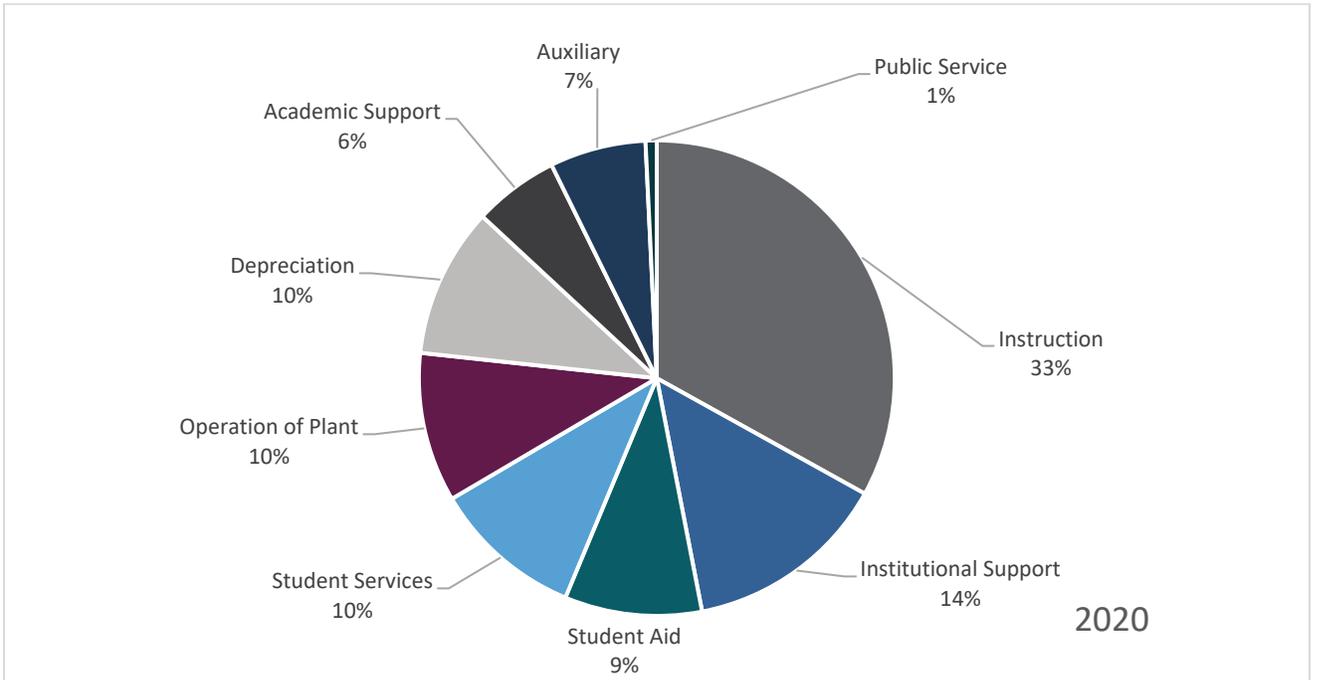
Operating revenue increased by \$4.0 million (13.7%) between fiscal year 2019 and 2018, due to several factors: a \$3.6 million increase in state and local grants, a \$1.4 million increase in federal grant and contracts offset by a \$0.7 decrease in private gifts and a \$0.3 million decrease in net tuition and fees. Non-operating revenues increased 11.1% or \$3.2 million, primarily due to a \$2.5 million increase in State aid due to the timing of enrollment growth and performance funding, and a \$0.7 million increase in investment income.

In fiscal year 2019, 51% of District revenues were considered non-operating revenues while 49% were considered operating in nature, while most of the District's expenses are considered operating expenses. In fiscal year 2018, 50% of District revenues were non-operating and 50% were operating in nature. Operating expenses increased minimally from 2018 to 2019, less than 6%, primarily due to increases in salaries and benefits. Net nonoperating expense decreased by over 45% primarily due to investment income and gain on disposal of assets in 2019.

District revenues for 2020 and 2019 are presented in the charts below. The composition of revenues has changed somewhat between fiscal years: tuition and fees piece of the pie increased by 3%, state appropriations increased by 7%, property taxes increased by 2%, offset by grants & gifts decreasing by 10%. The shifts in revenue components were caused by a decrease in state grant revenue.



Operating expenses by function for 2020 and 2019 are presented in the charts below. Student aid had the largest shift.



Northern Wyoming Community College District
Management's Discussion and Analysis
June 30, 2020 and 2019

Cash Flow					
	2020	% Chg	2019	% Chg	2018
Cash Provided (Used) by:					
Operating Activities	\$ (20,765,246)	65.0%	\$ (12,582,701)	-29.4%	\$ (17,825,980)
Noncapital Financing Activities	29,129,208	4.0%	27,998,603	10.9%	25,239,246
Capital and Related Financing Activities	(9,725,782)	141.1%	(4,033,084)	-69.0%	(13,011,044)
Investing Activities	269,638	-249.1%	(180,879)	123.6%	(80,899)
Net Increase (Decrease) in Cash	\$ (1,092,182)		\$ 11,201,939		\$ (5,678,677)

The District's overall liquidity decreased significantly in 2020. Net cash used (cash outflow) for operating activities increased by \$8.2 million, due to a reduction in State and local grant revenue received (primarily due to donated property and State matching funds for the Sheridan Tech Center received in 2019) and an increase in payments to employees (primarily due to increase in benefit costs). Cash provided by noncapital financing activities increased due to the State appropriation (performance funding received). Net cash used (cash outflow) for capital and related financing activities increased due to cash proceeds being received in 2019 for debt issuance while no proceeds were received in 2020.

The District's overall liquidity increased significantly during fiscal year 2019 compared to 2018. Net cash used (cash outflow) for operating activities decreased due to the receipt of grant and contract funds. Cash provided by noncapital financial activities increased due to the State appropriation. Cash used by capital and related financing activities decreased due the issuance of \$12.5 million in debt in 2019.

Capital and Debt Analysis

During fiscal year 2020, total capital assets, net of depreciation, remained relatively unchanged. While there were additions of \$6.3 million, primarily due to construction in progress of Whitney Centennial Hall, there were offsetting decreases primarily due to depreciation of \$5.5 million. Please see Note 4 for more information.

As of June 30, 2020, the District had bonds and notes payable outstanding related to construction in the amount of \$38.9 million compared to \$42.0 million as of June 30, 2019. The decrease is due to scheduled debt 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 District receives an annual donation of \$135,000 from the Griffith Memorial Foundation to cover the bond payment for the Griffith Memorial Building. Pledge payments related to the Thorne-Rider Campus Center cover approximately 50% of the debt service on the related bonds. 80% of the SLIB loan payments are covered by a pledge from Whitney Benefits.

As of June 30, 2019, the District had bonds and notes payable outstanding related to construction in the amount of \$42.0 million compared to \$32.5 million as of June 30, 2018. The net increase is due to the issuance of \$12.5 million of debt during fiscal year 2019 (\$9.0 SLIB loan for Whitney Centennial Hall and \$3.5 million in Series 2018) less scheduled debt payments. Please see Note 5 for more information.

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 has declined 44% since 2010, resulting in an annual loss of 4-million revenue of \$1.5 million, which the District has successfully absorbed. Over the past three fiscal years, the assessed value in Sheridan County has increased slightly.

In the spring semester, the District was made aware that there would be a State budget cut of 10% for fiscal year 2021. On July 1, 2020 the board approved a reduction in force of 16 positions, which included the elimination of Division I NJCAA athletics. In August 2020, the board approved an early retirement incentive for 22 positions. All of the reduction in force positions and most of the early retirement positions will not be replaced. In November, the Governor's budget recommended an additional 5% cut in State funds for community colleges. This additional reduction could be changed during the 2021 legislative session.

District operations were significantly impacted in fiscal year 2020 by COVID-19. However, the District successfully pivoted in March 2020, moving all courses online, and teaching the remaining spring 2020 face to face classes in the summer and early fall. The District chose to end face to face instruction in fall 2020 prior to Thanksgiving and finish the remaining two weeks of the semester online. We plan to begin the spring 2021 semester face to face on January 18.

The District received \$1.2 million of HEERF (Higher Education Emergency Relief Funds) Federal funds in June; half were distributed to students in the form of grants and half were used by the institution for COVID-19 related expenditures. In fiscal year 2021, the District will receive significant CARES (Coronavirus Aid, Relief, and Economic Security) and GEER (Governor's Emergency Education Relief Fund) Federal funds through the State for COVID-19 related expenditures.

In November, the Wyoming Community College Commission (WCCC) voted affirmatively to allow Campbell County to create its own community college district. The new district may be considered by the State legislature in 2021, and if approved, the accreditation process could take 5 to 7 years. If Gillette splits from the Northern Wyoming Community College District, current estimates by the WCCC is Sheridan College would lose approximately \$3 million annually in State funding due to the loss of Gillette's enrollment. Currently, Sheridan College bears shared overhead costs for the entire District in approximately the same amount.

The current financial condition of the District is solid; however, it is essential that we focus on enrollment and grow our reserves to the maximum allowable by State Statute.

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Northern Wyoming Community College District
 Statements of Net Position
 June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 10,760,536	\$ 6,323,295
Student accounts receivable (net of allowance)	1,122,425	747,735
Accounts receivable	5,007,124	4,765,579
Property tax receivable	2,593,246	2,472,270
Prepaid expenses	69,867	6,000
Total current assets	19,553,198	14,314,879
Noncurrent Assets		
Restricted cash and cash equivalents	912,070	6,441,493
Restricted investments	1,359,158	1,329,604
Investments - Endowment Challenge Program	13,317,497	14,496,496
Investments	3,386,707	3,024,522
Capital assets, not depreciated	14,034,648	9,605,154
Capital assets, net	118,780,898	123,438,722
Total noncurrent assets	151,790,978	158,335,991
Total assets	171,344,176	172,650,870
Deferred Outflows of Resources		
Net pension obligation	2,134,659	6,118,341
OPEB liability	2,718,270	3,355,282
Total deferred outflows of resources	4,852,929	9,473,623
	\$ 176,197,105	\$ 182,124,493

Northern Wyoming Community College District

Statements of Net Position

June 30, 2020 and 2019

	2020	2019
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 1,821,224	\$ 3,081,737
Accrued expenses	2,592,456	2,844,467
Deposits	81,120	118,635
Deposits held in custody for others	931,762	1,006,356
Bonds payable - current portion	2,454,435	2,585,132
Notes payable on residence halls - current portion	484,038	472,840
Note payable on piano - current portion	25,344	24,621
Capital leases - current portion	9,355	12,220
	<u>8,399,734</u>	<u>10,146,008</u>
Noncurrent Liabilities		
Compensated absences	150,536	91,930
Early retirement payable	632,326	1,050,560
Net pension liability	16,438,935	21,211,057
OPEB liability	13,585,598	16,426,734
Bonds payable	26,343,601	28,805,776
Notes payable on residence halls	9,598,972	10,083,010
Note payable on piano	39,418	64,755
Capital leases	15,097	24,841
	<u>66,804,483</u>	<u>77,758,663</u>
	<u>75,204,217</u>	<u>87,904,671</u>
Deferred Inflow of Resources		
Property taxes	2,593,246	2,472,270
Net pension obligation	2,777,026	532,686
OPEB liability	4,943,757	2,089,139
	<u>10,314,029</u>	<u>5,094,095</u>
Net Position		
Net investment in capital assets	93,845,286	90,970,681
Restricted - expendable	20,926,949	32,346,385
Restricted - nonexpendable	11,894,737	11,990,833
Unrestricted	(35,988,113)	(46,182,172)
	<u>90,678,859</u>	<u>89,125,727</u>
	<u>\$ 176,197,105</u>	<u>\$ 182,124,493</u>

Northern Wyoming Community College Foundation

Component Unit

Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 289,216	\$ 432,982
Promises to give, net	1,696,801	2,355,736
Prepaid expenses and other assets	46,103	45,513
Investments other than endowments	2,964,936	3,370,788
Property and equipment, net	4,516	4,908
Assets held in trust for others	10,232,576	11,158,011
Endowment		
Investments	17,129,372	18,293,604
Promises to give, net	100	68,364
Land	1,440,000	1,440,000
	\$ 33,803,620	\$ 37,169,906
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 10,363	\$ 27,009
Support payable to NWCCD	701,394	911,121
Note payable	720,302	777,023
Assets held in trust for others	10,232,576	11,158,011
	11,664,635	12,873,164
Net Assets		
Without donor restrictions		
Undesignated	102,424	106,598
Board designated operating reserve	400,000	400,000
Board designated quasi-endowment	94,033	102,623
Board designated for institutional programs	42,901	45,936
Invested in property and equipment	4,516	4,908
	643,874	660,065
With donor restrictions		
Perpetual in nature	16,286,823	15,956,629
Purpose restrictions	5,245,817	7,603,696
Board designated quasi-endowment	72,562	76,352
Underwater endowments	(110,091)	-
	21,495,111	23,636,677
	22,138,985	24,296,742
	\$ 33,803,620	\$ 37,169,906

Gillette College Foundation
Component Unit
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 1,148,045	\$ 887,557
Promises to give	296,720	374,300
Prepaid expenses	-	633
Investments	211,505	289,031
Land held for investment	132,000	132,000
Land held for sale	45,000	45,000
Property and equipment, net	3,159,885	3,236,948
Assets held in trust for others	3,090,366	3,338,485
Endowment		
Promises to give	346,350	367,550
Investments	4,015,970	4,199,131
	\$ 12,445,841	\$ 12,870,635
Liabilities		
Accounts payable	\$ 145,552	\$ -
Support payable	52,390	4,372
Deferred revenue	46,102	5,150
Paycheck Protection Program Loan	20,832	-
Assets held in trust for others	3,090,366	3,338,485
	3,355,242	3,348,007
Net Assets		
Without donor restriction	2,066,628	2,202,222
With donor restriction	7,023,971	7,320,406
	9,090,599	9,522,628
	\$ 12,445,841	\$ 12,870,635

Northern Wyoming Community College District
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues		
Tuition and fees	\$ 9,660,499	8,130,490
Less, Scholarship allowance	(1,417,307)	(1,252,355)
Net tuition and fees	8,243,192	6,878,135
Federal grants and contracts	4,294,763	4,700,653
State and local grants	3,250,305	10,341,900
Auxiliary enterprises, net of scholarship allowances	2,587,540	3,212,773
Private gifts, grants and contracts	9,170,500	7,619,747
Other operating revenue	412,402	272,943
Total operating revenues	27,958,702	33,026,151
Expenses		
Operating Expenses		
Instruction	17,910,485	18,350,157
Academic support	3,142,800	3,086,790
Student services	5,545,033	5,947,238
Public service	412,083	718,135
Scholarships	5,054,613	4,315,259
Auxiliary expenses	3,538,154	4,165,657
Institutional support	7,509,171	7,716,378
Operation and maintenance of plant	5,508,609	5,510,130
Depreciation	5,523,492	5,247,510
Total operating expenses	54,144,440	55,057,254
Operating Loss	(26,185,738)	(22,031,103)
Nonoperating Revenues (Expenses)		
State appropriations	21,318,640	20,376,272
Property tax	3,386,006	2,880,748
Federal grants and contracts	3,286,979	3,344,649
State grants and contracts	1,137,583	1,126,465
Investment income (loss)	(574,695)	864,083
Gain on disposal of assets	262,019	423,013
Interest and financing expense	(1,077,662)	(904,309)
Total nonoperating revenue	27,738,870	28,110,921
Income Before Other Revenues and Expenses	1,553,132	6,079,818
Endowment Challenge Program	-	270,469
Change in Net Position	1,553,132	6,350,287
Net Position, Beginning of Year	89,125,727	82,775,440
Net Position, End of Year	\$ 90,678,859	\$ 89,125,727

Northern Wyoming Community College Foundation
Component Unit
Statement of Activities
Year Ended June 30, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue and Gains			
Contributions	\$ 123,860	\$ 954,608	\$ 1,078,468
Gift and investment management fees	347,740	-	347,740
Net investment return	(74,806)	(266,426)	(341,232)
Net assets released from restrictions	2,829,748	(2,829,748)	-
	<u>3,226,542</u>	<u>(2,141,566)</u>	<u>1,084,976</u>
Expenses and Losses			
Program services expense			
Scholarships and student assistance	1,091,225	-	1,091,225
Institutional support	1,548,463	-	1,548,463
Institutional support – Booster Club	40,931	-	40,931
Center for a Vital Community	149,312	-	149,312
	<u>2,829,931</u>	<u>-</u>	<u>2,829,931</u>
Supporting services expense			
Management and general	212,637	-	212,637
Fundraising and development	200,165	-	200,165
	<u>412,802</u>	<u>-</u>	<u>412,802</u>
	<u>3,242,733</u>	<u>-</u>	<u>3,242,733</u>
Change in Net Assets	(16,191)	(2,141,566)	(2,157,757)
Net Assets, Beginning of Year	660,065	23,636,677	24,296,742
Net Assets, End of Year	<u>\$ 643,874</u>	<u>\$ 21,495,111</u>	<u>\$ 22,138,985</u>

Northern Wyoming Community College Foundation
Component Unit
Statement of Activities
Year Ended June 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue and Gains			
Contributions	\$ 103,639	\$ 1,192,488	\$ 1,296,127
Gift and investment management fees	339,085	-	339,085
Net investment return	205,442	1,556,414	1,761,856
Net assets released from restrictions	2,658,525	(2,658,525)	-
Total support, revenue and gains	<u>3,306,691</u>	<u>90,377</u>	<u>3,397,068</u>
Expenses and Losses			
Program services expense			
Scholarships and student assistance	1,016,635	-	1,016,635
Institutional support	1,464,267	-	1,464,267
Institutional support – Booster Club Center for a Vital Community	82,610	-	82,610
	172,718	-	172,718
Total program expenses	<u>2,736,230</u>	<u>-</u>	<u>2,736,230</u>
Supporting services expense			
Management and general	206,874	-	206,874
Fundraising and development	255,726	-	255,726
Total supporting services expenses	<u>462,600</u>	<u>-</u>	<u>462,600</u>
Total expenses and losses	<u>3,198,830</u>	<u>-</u>	<u>3,198,830</u>
Change in Net Assets	107,861	90,377	198,238
Net Assets, Beginning of Year	<u>552,204</u>	<u>23,546,300</u>	<u>24,098,504</u>
Net Assets, End of Year	<u>\$ 660,065</u>	<u>\$ 23,636,677</u>	<u>\$ 24,296,742</u>

Gillette College Foundation
Component Unit
Statement of Activities
Year Ended June 30, 2020

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Revenue, Support, and Gains			
Contributions	\$ 214,200	\$ 881,317	\$ 1,095,517
Fundraising income	43,755	-	43,755
Administrative fee income	115,267	-	115,267
Net investment return	-	(105,312)	(105,312)
	<u>373,222</u>	<u>776,005</u>	<u>1,149,227</u>
Net assets released from restrictions	<u>1,072,440</u>	<u>(1,072,440)</u>	<u>-</u>
Total support, revenue, and gains	<u>1,445,662</u>	<u>(296,435)</u>	<u>1,149,227</u>
Expenses and Losses			
Program services	1,181,940	-	1,181,940
Management and general administration	194,600	-	194,600
Fundraising and development	204,716	-	204,716
Total expenses and losses	<u>1,581,256</u>	<u>-</u>	<u>1,581,256</u>
Change in Net Assets	(135,594)	(296,435)	(432,029)
Net Assets, Beginning of Year	<u>2,202,222</u>	<u>7,320,406</u>	<u>9,522,628</u>
Net Assets, End of Year	<u>\$ 2,066,628</u>	<u>\$ 7,023,971</u>	<u>\$ 9,090,599</u>

Gillette College Foundation
Component Unit
Statement of Activities
Year Ended June 30, 2019

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Revenue, Support, and Gains			
Contributions	\$ 410,012	\$ 615,424	\$ 1,025,436
Fundraising income	114,162	-	114,162
Administrative fee income	146,486	-	146,486
Net investment return	-	341,654	341,654
	<u>670,660</u>	<u>957,078</u>	<u>1,627,738</u>
Net assets released from restrictions	<u>584,782</u>	<u>(584,782)</u>	<u>-</u>
Total support, revenue, and gains	<u>1,255,442</u>	<u>372,296</u>	<u>1,627,738</u>
Expenses and Losses			
Program services	768,641	-	768,641
Management and general administration	232,603	-	232,603
Fundraising and development	204,745	-	204,745
Loss on disposal of land and property held for sale	58,681	-	58,681
Total expenses and losses	<u>1,264,670</u>	<u>-</u>	<u>1,264,670</u>
Change in Net Assets	(9,228)	372,296	363,068
Net Assets, Beginning of Year	<u>2,211,450</u>	<u>6,948,110</u>	<u>9,159,560</u>
Net Assets, End of Year	<u>\$ 2,202,222</u>	<u>\$ 7,320,406</u>	<u>\$ 9,522,628</u>

Northern Wyoming Community College District

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Tuition and fees	\$ 7,868,502	\$ 6,805,168
Grants and contracts	16,474,023	24,255,271
Auxiliary enterprises		
Cash received from customers	2,587,540	3,212,773
Cash paid to suppliers for resale materials	(3,538,154)	(4,165,657)
Payments to suppliers	(17,046,016)	(17,761,990)
Payments to employees	(27,523,543)	(25,201,209)
Other revenue	412,402	272,943
	<u>(20,765,246)</u>	<u>(12,582,701)</u>
Net Cash used for Operating Activities		
Noncapital Financing Activities		
State appropriations	21,318,640	20,376,272
Endowment Challenge Program	-	270,469
Grants and contracts	4,424,562	4,471,114
Property tax	3,386,006	2,880,748
	<u>29,129,208</u>	<u>27,998,603</u>
Net Cash from Noncapital Financing Activities		
Capital Related Financing Activities		
Proceeds from issuance of debt	-	12,500,000
Principal paid on capital debt	(3,090,326)	(2,953,643)
Payments on capital lease	(12,609)	(12,617)
Payments on line of credit	-	(1,418,515)
Interest paid on capital debt	(1,084,049)	(1,051,524)
Proceeds from sale of capital assets	745,625	336,355
Purchases of capital assets	(6,284,423)	(11,433,140)
	<u>(9,725,782)</u>	<u>(4,033,084)</u>
Net Cash used for Capital Related Financing Activities		
Investing Activities		
Amounts invested with Sheridan College Foundation for Endowment Challenge Program	-	(270,469)
(Additions)/Withdraws (to)/from investments	169,277	(129,944)
Net investment gain (loss)	100,361	219,534
	<u>269,638</u>	<u>(180,879)</u>
Net Cash from (used for) Investing Activities		
Net Change in Cash, Restricted Cash, and Cash Equivalents	(1,092,182)	11,201,939
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	<u>12,764,788</u>	<u>1,562,849</u>
Cash, Restricted Cash, and Cash Equivalents, End of Year	<u>\$ 11,672,606</u>	<u>\$ 12,764,788</u>

Northern Wyoming Community College District

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Loss to Net Cash used for Operating Activities		
Operating loss	\$ (26,185,738)	\$ (22,031,103)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	5,523,492	5,247,510
Loss due to discontinuation of construction project	454,968	-
GASB 68 - pension expense	1,455,901	2,364,912
GASB 75 - OPEB expense	650,494	970,848
Change in assets and liabilities		
Accounts receivable, net	(616,235)	1,520,004
Prepays and other assets	(63,867)	114,763
Accounts payable and accrued expenses	(1,512,524)	(325,439)
Accrued compensated absences	58,606	91,930
Early retirement payable	(418,234)	(745,835)
Deposits held in custody for others	(74,594)	194,804
Student deposits	(37,515)	14,905
Net Cash used for Operating Activities	<u>\$ (20,765,246)</u>	<u>\$ (12,582,701)</u>
Reconciliation of Cash, Restricted Cash, and Cash Equivalents		
Cash and cash equivalents	\$ 10,760,536	\$ 6,323,295
Restricted cash - noncurrent portion	<u>912,070</u>	<u>6,441,493</u>
Total cash, restricted cash, and cash equivalents	<u>\$ 11,672,606</u>	<u>\$ 12,764,788</u>
Supplemental Disclosure of Noncash Activity		
Contribution of capital assets	\$ -	\$ 125,607
Property acquired with accounts payable	\$ 16,958	\$ 621,491

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 has campuses located in Sheridan, Wyoming and Gillette, Wyoming and 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.

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), Northern Wyoming Community College Foundation dba Sheridan College Foundation and the Gillette College Foundation (the Foundations).

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 Units

The Foundations are legally separate tax-exempt component units of the District and are presented discretely within the financial statements of the District. The Foundations act primarily as fund-raising organizations to supplement the resources that are available to the District in support of its programs. The boards of the Foundations are self-perpetuating. Although the Foundations hold and invest monies, these monies are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundations can only be used by, or for the benefit of the District, the Foundations are considered component units of the District.

The Foundations' financial statements for fiscal years ended June 30, 2020 and 2019 are discretely presented because of the differences in their reporting model, as further described below.

The Foundations are private, not-for-profit organizations that report 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 Foundations' financial information in the District's financial reporting entity for these differences; however, significant note disclosures to the Foundations' financial statements have been included in Note 14.

Financial statements for the Foundations can be obtained by calling the Northern Wyoming Community College Foundation at 307-675-0700 and the Gillette College Foundation at 307-681-6400.

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, 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

In accordance with various agreements with other entities, the District is obligated to separately hold cash 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 in the statements of activities.

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, 2020 and 2019 was \$1,402,769 and \$1,410,064, respectively.

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, and \$50,000 for buildings and building improvements 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, generally 10 to 50 years for buildings, 10 to 75 years for infrastructure and land improvements and 2 to 25 year for equipment.

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. The pension obligation results from the difference between the projected and actual investment earnings, change in the District's proportionate share of the District's net pension liability, and the contributions subsequent to the measurement date of the District's net pension liability. The OPEB obligation results from the difference between actual and expected experience and changes in assumptions.

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. The pension obligation results from differences between expected and actual experience and from the difference between projected and actual earnings on investments. The OPEB obligation results from difference between the expected and actual experience and the net difference between projected and actual earnings on plan investments and other inputs derived from the actuarial calculation of the College's net pension and OPEB liability. On the statements of net position, property taxes are restricted to future years.

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 Statements of Net Position.

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 the Federal Pell Grant, 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, gifts and contributions, 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 statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the 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 years ended June 30, 2020 and 2019 was \$2,930,448 and \$2,967,885, respectively.

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 years ended June 30, 2020 and 2019.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on the change in net position or ending net position amounts.

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, 2020 and 2019, the District’s cash and cash equivalents consisted of the following:

	2020	
	Bank Balance	Carrying Amount
Cash and Cash Equivalents		
Bank deposit	\$ 10,866,245	\$ 10,782,738
Money market	889,868	889,868
	<u>\$ 11,756,113</u>	<u>\$ 11,672,606</u>

	2019	
	Bank Balance	Carrying Amount
Cash and Cash Equivalents		
Bank deposit	\$ 11,974,643	\$ 12,020,238
Money market	744,550	744,550
	<u>\$ 12,719,193</u>	<u>\$ 12,764,788</u>

At June 30, 2020 and 2019, \$800,814 and \$613,131, respectively, 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, 2020, the District’s investments consisted of the following:

Investments	Rating	Fair Value	Maturity			
			1-5 years	5-10 years	More than 10 years	
U.S. Government Obligations	AA+ - AAA	\$ 4,242,877	\$ 854,541	\$ -	\$ 3,388,336	90%
Supra National Agency Bonds	AAA	103,739	103,739	-	-	2%
Corporate bonds	AAA	392,376	392,376	-	-	8%
		<u>\$ 4,738,992</u>	<u>\$ 1,350,656</u>	<u>\$ -</u>	<u>\$ 3,388,336</u>	<u>100%</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

At June 30, 2019, the District's investments consisted of the following:

Investments	Rating	Fair Value	Maturity			
			1-5 years	5-10 years	More than 10 years	
Mutual Funds	AAA	\$ 31,530	\$ -	\$ -	\$ -	1%
U.S. Government Obligations	AA+ - AAA	3,811,695	818,701	-	2,992,994	88%
Supra National Agency Bonds	AAA	125,173	125,173	-	-	3%
Corporate bonds	AAA	363,998	363,998	-	-	8%
		<u>\$ 4,332,396</u>	<u>\$ 1,307,872</u>	<u>\$ -</u>	<u>\$ 2,992,994</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, 2020 and 2019

Investments' fair value measurements are as follows at June 30, 2020:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Government Obligations				
Fixed income securities	\$ 4,242,877	\$ -	\$ 4,242,877	\$ -
Supra - National Agency Bonds	103,739	-	103,739	-
Corporate Bonds	392,376	-	392,376	-
Mutual Funds				
Equity securities	-	-	-	-
Fixed income securities	-	-	-	-
Investments - Endowment Challenge Program				
Money market funds	370,450	370,450	-	-
Common stock	5,448,020	5,448,020	-	-
Preferred stock	8,509	8,509	-	-
Equity mutual funds	1,866,559	1,866,559	-	-
Government obligations	-	-	-	-
Fixed income mutual funds	4,979,561	4,979,561	-	-
Corporate fixed income	202,680	-	202,680	-
Marketable securities	53,478	-	53,478	-
Real estate funds	388,240	388,240	-	-
Total Investments - Endowment Challenge Program	13,317,497	13,061,339	256,158	-
	18,056,489	\$ 13,061,339	\$ 4,995,150	\$ -
	<u>\$ 18,056,489</u>			

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

Investments' fair value measurements are as follows at June 30, 2019:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Government Obligations				
Fixed income securities	\$ 3,811,695	\$ -	\$ 3,811,695	\$ -
Supra - National Agency Bonds	125,173	-	125,173	-
Corporate Bonds	363,998	-	363,998	-
Mutual Funds				
Equity securities	9,048	9,048	-	-
Fixed income securities	22,482	22,482	-	-
Investments - Endowment Challenge Program				
Money market funds	235,227	235,227	-	-
Common stock	4,456,414	4,456,414	-	-
Preferred stock	25,855	25,855	-	-
Equity mutual funds	4,729,381	4,729,381	-	-
Government obligations	308,650	-	308,650	-
Fixed income mutual funds	3,708,826	3,708,826	-	-
Corporate fixed income	357,843	-	357,843	-
Marketable securities	96,767	-	96,767	-
Real estate funds	577,533	577,533	-	-
Total Investments - Endowment Challenge Program	<u>14,496,496</u>	<u>13,733,236</u>	<u>763,260</u>	<u>-</u>
	<u>18,828,892</u>	<u>\$ 13,764,766</u>	<u>\$ 5,064,126</u>	<u>\$ -</u>
Money market funds	<u>21,730</u>			
	<u>\$ 18,850,622</u>			

Mutual funds and stock are categorized as Level 1 are valued based on prices quoted in active markets for those securities. U.S. obligations 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 at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Sheridan College Foundation	\$ 738,697	\$ 856,349
Gillette College Foundation	228,093	212,302
Outstanding construction reimbursements	-	145,529
Federal, state, and private grants	4,040,334	3,551,399
Accounts receivable	\$ 5,007,124	\$ 4,765,579

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

Note 4 - Capital Assets

The following are the changes in capital assets as of June 30, 2020 and 2019:

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Capital assets not being depreciated					
Land	\$ 3,476,160	\$ -	\$ -	\$ -	\$ 3,476,160
Construction in progress	6,128,994	4,884,462	(454,968)	-	10,558,488
Total capital assets not being depreciated	<u>9,605,154</u>	<u>4,884,462</u>	<u>(454,968)</u>	<u>-</u>	<u>14,034,648</u>
Other capital assets					
Land improvements	7,012,022	-	-	-	7,012,022
Building	149,083,594	-	(650,000)	-	148,433,594
Infrastructure improvements	3,280,793	-	(31,125)	-	3,249,668
Equipment	16,601,466	1,380,555	(156,430)	-	17,825,591
Library books	1,678,493	19,406	-	-	1,697,899
Total other capital assets	<u>177,656,368</u>	<u>1,399,961</u>	<u>(837,555)</u>	<u>-</u>	<u>178,218,774</u>
Total capital assets	<u>187,261,522</u>	<u>6,284,423</u>	<u>(1,292,523)</u>	<u>-</u>	<u>192,253,422</u>
Less accumulated depreciation					
Land improvements	3,167,882	-	-	-	3,167,882
Building and infrastructure improvements	37,769,241	4,162,122	(173,992)	-	41,757,371
Equipment	11,726,219	1,328,592	(129,270)	-	12,925,541
Library books	1,554,304	32,778	-	-	1,587,082
Total accumulated depreciation	<u>54,217,646</u>	<u>5,523,492</u>	<u>(303,262)</u>	<u>-</u>	<u>59,437,876</u>
Capital assets, net	<u>\$ 133,043,876</u>	<u>\$ 760,931</u>	<u>\$ (989,261)</u>	<u>\$ -</u>	<u>\$ 132,815,546</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

	Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Capital assets not being depreciated					
Land	\$ 1,580,981	\$ 1,910,000	\$ (14,821)	\$ -	\$ 3,476,160
Construction in progress	11,729,376	5,874,461	(18,500)	(11,456,343)	6,128,994
Total capital assets not being depreciated	<u>13,310,357</u>	<u>7,784,461</u>	<u>(33,321)</u>	<u>(11,456,343)</u>	<u>9,605,154</u>
Other capital assets					
Land improvements	7,012,022	-	-	-	7,012,022
Building	134,669,730	3,263,471	(305,950)	11,456,343	149,083,594
Infrastructure improvements	3,280,793	-	-	-	3,280,793
Equipment	15,264,683	1,400,760	(63,977)	-	16,601,466
Library books	1,650,997	27,496	-	-	1,678,493
Total other capital assets	<u>161,878,225</u>	<u>4,691,727</u>	<u>(369,927)</u>	<u>11,456,343</u>	<u>177,656,368</u>
Total capital assets	<u>175,188,582</u>	<u>12,476,188</u>	<u>(403,248)</u>	<u>-</u>	<u>187,261,522</u>
Less accumulated depreciation					
Land improvements	2,906,774	261,108	-	-	3,167,882
Building and infrastructure improvements	34,055,508	3,713,733	-	-	37,769,241
Equipment	10,550,991	1,236,197	(60,969)	-	11,726,219
Library books	1,517,832	36,472	-	-	1,554,304
Total accumulated depreciation	<u>49,031,105</u>	<u>5,247,510</u>	<u>(60,969)</u>	<u>-</u>	<u>54,217,646</u>
Capital assets, net	<u>\$ 126,157,477</u>	<u>\$ 7,228,678</u>	<u>\$ (342,279)</u>	<u>\$ -</u>	<u>\$ 133,043,876</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

Note 5 - Long-term Liabilities

Changes in long-term liabilities for the years ended June 30, 2020 and 2019 were:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within one year
Compensated absences	\$ 679,848	\$ 455,784	\$ 492,548	\$ 643,084	\$ 492,548
Early retirement	1,772,301	-	649,324	1,122,977	490,651
Bonds, net of premium	31,390,908	-	2,592,872	28,798,036	2,454,435
Note payable - residence halls	10,555,850	-	472,840	10,083,010	484,038
Note payable - piano	89,376	-	24,614	64,762	25,344
Capital leases	37,061	-	12,609	24,452	9,355
	<u>\$ 44,525,344</u>	<u>\$ 455,784</u>	<u>\$ 4,244,807</u>	<u>\$ 40,736,321</u>	<u>\$ 3,956,371</u>

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within one year
Compensated absences	\$ 655,153	\$ 24,695	\$ -	\$ 679,848	\$ 587,918
Early retirement	2,588,087	61,044	876,830	1,772,301	692,574
Bonds, net of premium	30,414,550	3,500,000	2,523,642	31,390,908	2,585,132
Note payable - residence halls	1,961,933	9,000,000	406,083	10,555,850	472,840
Note payable - piano	113,294	-	23,918	89,376	24,621
Capital leases	49,678	-	12,617	37,061	12,220
	<u>\$ 35,782,695</u>	<u>\$ 12,585,739</u>	<u>\$ 3,843,090</u>	<u>\$ 44,525,344</u>	<u>\$ 4,375,305</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.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

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.

During the years ended June 30, 2020 and 2019, the obligations are presented at the estimated present value using a discount rate of 0.29% and 1.76%, respectively. The current portion of the obligation is included in accrued expenses in the statements of net position.

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

	Present Value	Imputed Interest	Total
2021	\$ 490,651	\$ 1,423	\$ 492,074
2022	330,665	959	331,624
2023	243,899	707	244,606
2024	57,762	102	57,864
	\$ 1,122,977	\$ 3,191	\$ 1,126,168

Subsequent to year end, the District's Board of Trustees approved the early retirement applications for 26 employees. These employees will be retiring between August 11, 2020 and December 31, 2021. Upon approval of these applicants, the Early Retirement and Incentive Program ceased. The present value of the future payments is estimated at approximately \$1.7 million.

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.

The 2013B Capital Facilities Revenue Bonds were issued in the amount of \$4,000,000 with an interest rate of 1.77% payable on the 1st of each month and used for capital expansion. Beginning November 2013, interest only payments were due and beginning March 2014, principal and interest payments were due in the amount of \$50,665 until the bonds maturity on February 1, 2021. The 2013B Capital Facilities Revenue Bonds are secured by the net revenues as defined in the bond document.

The 2014 Lease Refunding Bonds were issued in the amount of \$5,455,000 with interest rates varying from .45% to 1.30% payable semiannually on June 1 and December 1 each year and was used to refund the Series 2008A and Series 2009A Series Bonds. The proceeds from the refunding bonds were deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2008A and 2009A Series Bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds have been removed from the District's basic financial statements. The loss on refunding was recognized as of June 30, 2014 in the amount of \$17,855. The refunding reduces the District's total debt service payments of the remaining life by \$316,691. The 2014 Lease Refunding bonds are secured by a pledge of the revenues derived from the Facilities Lease, which are subject to annual appropriation by the District. The Bonds will be further secured by leasehold mortgages on the property.

The Mars Agricultural and Science Center Project Revenue Bonds were issued in the amount of \$4,500,000 with an interest rate of 3% 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 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 2015A, 2015B and 2015C Whitney Center for the Arts Revenue Lease Bonds were issued in January 2015 in the amount of \$13,500,000, \$250,000 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 2015B rates vary from .8% to 2.15% payable annually. Principal payment of \$250,000 is due September 1, 2021. 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, 2015B 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.

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. The principal is not due until the time of maturity on October 18, 2028. 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.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

A summary of future minimum payments are as follows:

	Principal	Interest	Total
2021	\$ 2,454,435	\$ 786,359	\$ 3,240,794
2022	2,110,000	724,530	2,834,530
2023	2,150,000	670,361	2,820,361
2024	1,717,500	610,354	2,327,854
2025	1,792,500	667,522	2,460,022
2026-2030	15,117,500	1,796,055	16,913,555
2031-2035	3,456,101	171,000	3,627,101
	\$ 28,798,036	\$ 5,426,181	\$ 34,224,217

Bond funds held in trust to be spent on bond payments totaled approximately \$4,481,419 and \$4,455,628 as of June 30, 2020 and 2019, respectively.

The 2013A and 2013B Revenue bonds had \$1,156,021 and \$1,141,331 in pledged revenues to cover the related debt service of \$1,103,930 and \$1,103,930 for the years ended June 30, 2020 and 2019, respectively. During the years ended June 30, 2020 and 2019, the Mars Agricultural and Science Center Project Revenue Bonds, the Technical Education Center Project Revenue Bonds, and the 2015A, 2015B and 2015C Whitney Center for the Arts Revenue Lease Bonds had pledged revenue of \$2,130,173 and \$2,281,039 to cover the related debt service of \$2,203,394 and \$2,189,208 for the years ended June 30, 2020 and 2019, respectively.

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.

In 2018, the District entered into a promissory note for the purchase of a concert piano for \$125,000. Payments are to be made monthly in the amount of \$2,241 and the note payable is to be paid in full on December 5, 2022. The note is unsecured and bears a fixed interest rate of 2.9% annually.

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.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

A summary of future minimum payments are as follows:

	Residence Halls		Piano		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 484,038	\$ 248,814	\$ 25,344	\$ 1,543	\$ 509,382	\$ 250,357
2022	496,323	236,849	26,089	798	522,412	237,647
2023	508,774	224,580	13,329	113	522,103	224,693
2024	521,393	212,004	-	-	521,393	212,004
2025	534,191	199,114	-	-	534,191	199,114
2026-2030	1,860,121	827,810	-	-	1,860,121	827,810
2031-2035	1,830,439	611,978	-	-	1,830,439	611,978
2036-2040	2,067,516	374,899	-	-	2,067,516	374,899
2041-2045	1,780,215	108,720	-	-	1,780,215	108,720
	<u>\$ 10,083,010</u>	<u>\$ 3,044,768</u>	<u>\$ 64,762</u>	<u>\$ 2,454</u>	<u>\$ 10,147,772</u>	<u>\$ 3,047,222</u>

Line of Credit

In 2018, the District entered into a revolving line of credit with First Interstate Bank that provides for available borrowings of \$3,000,000. The agreement matures on February 1, 2021 and, as such, all outstanding borrowings on the line as of June 30, 2020 and 2019 have been shown as current. Borrowings under the line bear interest at the Wall Street Journal Index Rate (the Index) less 0.25%. The Index rate was 3.0% and 5.00% as of June 30, 2020 and 2019, respectively. All borrowings are collateralized by the District's assets as indicated in the agreement. The amount outstanding on the line totaled \$0 as of June 30, 2020 and 2019, respectively. Borrowings under the line of credit are subject to certain financial covenants and ratios.

Leases Payable

The District has entered various capital leases related to copiers used by the District. The capital lease agreements range from 3 to 5 years and are due in monthly installments which includes interest imputed at rates ranging from 3% to 8%.

The leased assets of the District have an original cost of \$151,001 as of June 30, 2020 and 2019. The District had recognized depreciation related to those assets as of June 30, 2020 and 2019 of \$130,629 and \$110,045, respectively.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

The following is a summary of the aggregate future maturities on the leases as of June 30, 2020:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 9,355	\$ 1,107	\$ 10,462
2022	9,862	601	10,463
2023	<u>5,235</u>	<u>106</u>	<u>5,341</u>
Totals	<u>\$ 24,452</u>	<u>\$ 1,814</u>	<u>\$ 26,266</u>

Note 6 - Restricted Net Asset – Expendable

The following is a summary of expendable restricted net position as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
B.O.C.H.E.S.	\$ 1,855,756	\$ 1,965,749
Capital financing funds	4,141,023	9,466,015
Operation and maintenance Gillette Tech Center	1,359,158	1,329,604
Construction and maintenance Centennial Hall	157,754	5,832,152
Endowment Challenge Program	1,422,760	2,505,663
Excellence in Higher Education	329,344	400,907
Instruction	9,427,071	8,762,891
Student Housing	<u>2,234,083</u>	<u>2,083,404</u>
Total restricted net position - expendable	<u>\$ 20,926,949</u>	<u>\$ 32,346,385</u>

Note 7 - Related Entities

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 years ended June 30, 2020 and 2019, Sheridan College Foundation paid \$1,091,225 and \$1,016,635, respectively, to the District for scholarship support. During the years ended June 30, 2020 and 2019, Sheridan College Foundation also provided various program and department support to the District of \$1,843,095 and \$1,840,767, respectively. As of June 30, 2020 and 2019, Sheridan College Foundation had \$738,697 and \$911,121, respectively, 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 \$10,232,576 and \$11,158,011 as of June 30, 2020 and 2019, respectively.

The District provides office space to the Gillette College Foundation at no cost.

The total support provided by Gillette College Foundation was \$640,870 and \$565,007 for the years June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, the amount due to the District was \$228,093 and \$0, respectively, for the general and program support.

Gillette College Foundation manages certain investments on behalf of the District in the amount of \$3,084,921 and \$3,338,485 as of June 30, 2020 and 2019, respectively.

Both Foundations, included as component units, provide 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 14.12% 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 years ended June 30, 2020 and 2019 were \$724,431 and \$715,000, respectively, 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 8.50% of compensation and employer contributions were required to be 8.62% for the measurement periods ended December 31, 2018 and 2019. In accordance with Title 9-3-412 (c) (ii) of State Statutes, the District has elected to pay 100% of the members contribution in addition to the employers contribution. Contributions to the pension plan from the District were \$2,212,312 and \$2,018,494, respectively, for the years ended June 30, 2020 and 2019.

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

The District reported a liability of \$16,438,935 and \$21,211,057, respectively, for its proportionate share of the net pension liability as of June 30, 2020 and 2019. The net pension liability was measured as of December 31, 2019 and 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 and 2018 rolled forward to the measurement dates of December 31, 2019 and 2018. 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 years ended December 31, 2019 and 2018 to the contributions of all participating employers for the same period. At December 31, 2019 the District's proportion was 0.69955110%, an increase of 0.0030312% from 2018 proportionate share of 0.69651990%, an increase from 2017 of 0.0174697%.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

For the years ended June 30, 2020 and 2019 the District recognized pension expense of \$2,162,711 and \$3,056,722, respectively. At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2020	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 324,169
Changes in assumptions	579,394	-
Net difference between projected and actual earnings on pension proportionate share of plan investments	-	2,452,857
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions for fiscal year 2018, amortized over 4.1947 years	224,579	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions for fiscal year 2019, amortized over 4.0527 years	222,006	-
Contributions subsequent to the measurement date	<u>1,108,680</u>	<u>-</u>
Total	<u>\$ 2,134,659</u>	<u>\$ 2,777,026</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

June 30, 2019	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 532,686
Changes in assumptions	1,059,753	-
Net difference between projected and actual earnings on pension proportionate share of plan investments	3,185,297	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions for fiscal year 2017, amortized over 3.8583 years	72,320	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions for fiscal year 2018, amortized over 4.1947 years	412,557	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions for fiscal year 2019, amortized over 4.0527 years	330,159	-
Contributions subsequent to the measurement date	<u>1,058,255</u>	<u>-</u>
Total	<u>\$ 6,118,341</u>	<u>\$ 532,686</u>

\$1,108,680 and \$1,058,255, respectively, at June 30, 2020 and 2019 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 as follows:

Years ended June 30:

2021	\$ (46,816)
2022	(562,311)
2023	(45,889)
2024	(1,096,031)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 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	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2012-2016.
Post-retirement mortality	RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 88%
Pre-retirement mortality	RP-2014 Employee Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Inflation	2.25%
Salary increases	4.75% to 8.75%; including inflation
Payroll growth rate	2.50%
Cost of living increase	0.00%
Investment rate of return	7.00%, net of pension plan investment expense
Post-retirement mortality	RP-2014 combined mortality table, generational projected with Scale MP- Males: set back 1 year with a 100% multiplier Females: no set back with a 88% multiplier
Pre-retirement mortality	RP-2014 combined mortality table, generational projected with Scale MP- Males: no set back with a multiplier of 100% Females: no set back with a 100% multiplier

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 as of January 1, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
Cash	2.00%	-0.20%
Fixed income	21.00%	1.67%
Equity	48.50%	7.42%
Marketable alternatives	19.00%	4.33%
Private markets	9.50%	5.58%
Total	<u>100.00%</u>	

For each major asset class that is included in the pension plans target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
Cash	0.00%	0.30%
Fixed income	20.00%	2.00%
Equity	49.00%	7.40%
Marketable alternatives	19.00%	3.50%
Private markets	12.00%	7.00%
Total	<u>100.00%</u>	

Experience Analysis

An experience study was conducted on behalf of all WRS' plans covering the five-year period ended December 31, 2016. 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 7%. 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 7%, 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 (6%) or 1-percentage-point higher (8%) than the current rate:

June 30, 2020	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Proportionate share of the net pension liability	<u>\$ 24,836,458</u>	<u>\$ 16,438,935</u>	<u>\$ 9,430,430</u>
June 30, 2019	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Proportionate share of the net pension liability	<u>\$ 29,416,877</u>	<u>\$ 21,211,057</u>	<u>\$ 14,363,377</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 \$13,585,598 and \$16,426,734, respectively, for its proportionate share of the collective total OPEB liability as of June 30, 2020 and 2019. The collective total OPEB liability was measured as of June 30, 2019 and 2018, and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of June 30, 2020 and 2019. 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, 2020, the District's proportionate share of the total OPEB liability was 1.43610%, an decrease of 0.17524% from the 2019 proportionate share of 1.61134%, an increase from 2018 of 0.00092%.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

For the years ended June 30, 2020 and 2019, the District recognized OPEB expense of \$650,494 and \$970,848, respectively. At June 30, 2020 and 2019, 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
June 30, 2020		
Differences between expected and actual experience	\$ 2,613,131	\$ 1,873,008
Changes in assumptions	105,139	1,603,155
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	-	1,467,594
Total	<u>\$ 2,718,270</u>	<u>\$ 4,943,757</u>
June 30, 2019		
Differences between expected and actual experience	\$ 3,355,282	\$ -
Changes in assumptions	-	2,089,139
Total	<u>\$ 3,355,282</u>	<u>\$ 2,089,139</u>

\$0 and \$0, respectively, at June 30, 2020 and 2019 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.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

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:

Years ended June 30:	
2021	\$ (280,971)
2022	(280,971)
2023	(280,971)
2024	(280,971)
2025	(280,971)
Thereafter	<u>(820,632)</u>
	<u>\$ (2,225,487)</u>

Actuarial Assumptions

The total OPEB liability was determined by actuarial valuation dates as of June 30, 2020 and 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation assumptions as of June 30, 2020:

Measurement Date	July 1, 2019 (based on July 1, 2019 census data)
Inflation	2.50%
Salary Increases	2.50% - 8.50%
Actuarial cost method	Entry age normal.
Discount rate	3.51% for year ended June 30, 2019 3.87% for year ended June 30, 2018
Healthcare cost trend rates	Non-Medicare: 7.2% for year ending June 30, 2019 and 6.8% for year ending June 30, 2020 downward grading to an ultimate rate of 4.5% for 2028 and later years Medicare: 7.6% for year ending June 30, 2019 and 7.2% for year ending June 30, 2020 downward grading to an ultimate rate of 4.5% for 2028 and later years
Mortality rates	Pre Termination: RP-2014 Combined, 100% male, 88% female, generational projection using MP-2017 Post Termination: RP-2014 Combined, 100% male, 88% female, generational projection using MP-2017 Disabled: RP-2014 Disabled, 100% male, 100% female, generational projection using MP-2017
Benefits Excluded	Benefits related to retiree dental and life insurance have been excluded from this valuation.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

Actuarial valuation assumptions as of June 30, 2019:

Measurement Date	July 1, 2018 (based on July 1, 2017 census data)
Inflation	2.50%
Salary Increases	2.50% - 8.50%
Actuarial cost method	Entry age normal.
Discount rate	3.87% for year ended June 30, 2018 2.58% for year ended June 30, 2017
Healthcare cost trend rates	Non-Medicare: 6.5% for year ending June 30, 2017 and 7.6% for year ending June 30, 2018 downward grading to an ultimate rate of 4.5% for 2026 and later years Medicare: 7.5% for year ending June 30, 2017 and 8.1% for year ending June 30, 2018 downward grading to an ultimate rate of 4.5% for 2026 and later years
Mortality rates	Pre Termination: RP-2014 Combined, 100% male, 88% female, generational projection using MP-2017 Post Termination: RP-2014 Combined, 100% male, 88% female, generational projection using MP-2017 Disabled: RP-2014 Disabled, 100% male, 100% female, generational projection using MP-2017
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, 2016. 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, 2020 and 2019 was 3.51% and 3.87%, respectively. 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:

June 30, 2020	1% Decrease (4.51%)	Current Discount Rate (3.51%)	1% Increase (2.51%)
Proportionate share of the net OPEB liability	<u>\$ 11,404,430</u>	<u>\$ 13,585,598</u>	<u>\$ 16,522,659</u>
June 30, 2019	1% Decrease (4.87%)	Current Discount Rate (3.87%)	1% Increase (2.87%)
Proportionate share of the net OPEB liability	<u>\$ 13,587,443</u>	<u>\$ 16,426,734</u>	<u>\$ 20,280,805</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:

June 30, 2020	1% Increase	Current Discount Rate	1% Decrease
Total OPEB Liability	<u>\$ 16,539,206</u>	<u>\$ 13,585,598</u>	<u>\$ 11,309,508</u>
June 30, 2019	1% Decrease	Current Discount Rate	1% Increase
Proportionate share of the net OPEB liability	<u>\$ 13,625,896</u>	<u>\$ 16,426,734</u>	<u>\$ 20,073,822</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 - Operating Leases

The District leases various real estate/properties under operating leases. Total rent expense on all operating leases was \$100,139 and \$100,139 for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020, future minimum operating lease commitments are as follows:

<u>Fiscal Years</u>	<u>Amount</u>
2021	\$ 1,686
2022	1,546
Totals	<u>\$ 3,232</u>

The District also has various sublease agreements which produces annual rental income.

Note 13 - 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.

Note 14 - Component Units-Northern Wyoming Community College Foundation dba Sheridan College Foundation and Gillette College Foundation

Foundation Operations and Significant Accounting Policies

The Foundations are discretely presented within the financial statements as component units. The Foundations were established to provide support for the private fundraising efforts of Sheridan and Gillette College and to manage privately donated funds. The Foundations are not-for-profit corporations incorporated in accordance with the laws of the State of Wyoming and managed by a volunteer Board of Directors.

The Foundations' 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:

	2020	2019
Cash and cash equivalents	\$ 289,216	\$ 432,982
Operating investments	2,964,936	3,370,788
Promises to give	405,758	491,990
Endowment spending-rate distributions and appropriations	482,994	454,073
	<u>\$ 4,142,904</u>	<u>\$ 4,749,833</u>

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 Gillette College Foundation, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 1,027,781	\$ 887,557
Investments available for general operations	84,647	62,173
Promises to give	40,960	233,600
Endowment earnings available for use	407,450	500,000
	<u>\$ 1,560,838</u>	<u>\$ 1,683,330</u>

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments are restricted for specific purposes. Donor-restricted endowment funds are available for the expenditure of scholarships and program activities.

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 and open-end mutual funds with readily determinable fair values based on daily closing market prices or redemption values. Corporate fixed income obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2. 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.

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

The following table presents the Sheridan College Foundation's assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2020 and 2019:

June 30, 2020	<u>Total</u>	<u>Active Markets for Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equity investments				
Common stock	\$ 11,978,119	\$ 11,978,119	\$ -	\$ -
Preferred stock	25,220	25,220	-	-
Equity mutual funds	4,812,217	4,812,217	-	-
Fixed income investments				
Corporate fixed income	155,017	-	155,017	-
Fixed income mutual funds	11,703,636	11,703,636	-	-
Real estate mutual funds	886,469	886,469	-	-
Money market mutual funds	766,206	766,206	-	-
	<u>\$ 30,326,884</u>	<u>\$ 30,171,867</u>	<u>\$ 155,017</u>	<u>\$ -</u>
<u>Fair Value Measurements at Report Date Using</u>				
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
June 30, 2019	<u>Total</u>			
Equity investments				
Common stock	\$ 8,270,101	\$ 8,270,101	\$ -	\$ -
Preferred stock	76,043	76,043	-	-
Equity mutual funds	13,339,567	13,339,567	-	-
Fixed income investments				
Corporate fixed income	227,021	-	227,021	-
Fixed income mutual funds	9,160,420	9,160,420	-	-
Real estate mutual funds	1,412,961	1,412,961	-	-
Money market mutual funds	336,290	336,290	-	-
	<u>\$ 32,822,403</u>	<u>\$ 32,595,382</u>	<u>\$ 227,021</u>	<u>\$ -</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

Assets measured at fair value on a non-recurring basis at June 30, 2020 and 2019 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)
June 30, 2020				
Land held in an endowment investment	<u>\$ 1,440,000</u>	<u>\$ -</u>	<u>\$ 1,440,000</u>	<u>\$ -</u>

	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)
June 30, 2019				
Land held in an endowment investment	<u>\$ 1,440,000</u>	<u>\$ -</u>	<u>\$ 1,440,000</u>	<u>\$ -</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

The following table presents the Gillette College Foundation's assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2020 and 2019:

Fair Value Measurements 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)
June 30, 2020	Total			
Equity investments				
Common stock	\$ 3,336,378	\$ 3,336,378	\$ -	\$ -
Equity mutual funds	576,125	576,125	-	-
Fixed income investments				
Corporate fixed income	356,712	-	356,712	-
Fixed income mutual funds	2,444,824	2,444,824	-	-
Real estate mutual funds	211,444	211,444	-	-
Marketable securities	126,858	-	126,858	-
Money market mutual funds	265,500	265,500	-	-
	<u>\$ 7,317,841</u>	<u>\$ 6,834,271</u>	<u>\$ 483,570</u>	<u>\$ -</u>

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)
June 30, 2019	Total			
Equity investments				
Common stock	\$ 3,859,271	\$ 3,859,271	\$ -	\$ -
Equity mutual funds	454,640	454,640	-	-
Fixed income investments				
Corporate fixed income	657,961	-	657,961	-
Fixed income mutual funds	1,393,219	1,393,219	-	-
Government obligations	723,591	-	723,591	-
Real estate mutual funds	227,700	227,700	-	-
Marketable securities	226,858	-	226,858	-
Money market mutual funds	283,407	283,407	-	-
	<u>\$ 7,826,647</u>	<u>\$ 6,218,237</u>	<u>\$ 1,608,410</u>	<u>\$ -</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

Assets measured at fair value on a non-recurring basis at June 30, 2020 and 2019 are as follows:

	Fair Value Measurements at Report Date Using				Total Losses
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
June 30, 2020					
Land held for investment	\$ 132,000	\$ -	\$ 132,000	\$ -	\$ -
Land held for sale	45,000	-	45,000	-	20,000
	<u>\$ 177,000</u>	<u>\$ -</u>	<u>\$ 177,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>
	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses
June 30, 2019					
Land held for investment	\$ 132,000	\$ -	\$ 132,000	\$ -	\$ -
Land held for sale	45,000	-	45,000	-	20,000
	<u>\$ 177,000</u>	<u>\$ -</u>	<u>\$ 177,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>

Promises to Give

Promises to give represent unconditional promises to give to the Sheridan College Foundation at June 30, 2020 and 2019.

	2020	2019
Within one year	\$ 428,258	\$ 514,490
In one to five years	1,074,696	1,660,146
Over five years	205,000	380,273
	1,707,954	2,554,909
Less discount to net present value	(11,053)	(130,809)
	<u>\$ 1,696,901</u>	<u>\$ 2,424,100</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

Unconditional promises to give are classified in the statement of financial position as follows:

	<u>2020</u>	<u>2019</u>
Promises to give - net	\$ 1,696,801	\$ 2,355,736
Endowment promises to give - net	<u>100</u>	<u>68,364</u>
	<u>\$ 1,696,901</u>	<u>\$ 2,424,100</u>

Promises to give receivable represent unconditional promises to give to the Gillette College Foundation at June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Within one year	\$ 258,470	\$ 263,200
In one to five years	<u>384,600</u>	<u>478,650</u>
	<u>\$ 643,070</u>	<u>\$ 741,850</u>

Unconditional promises to give are classified in the statement of financial position as follows:

	<u>2020</u>	<u>2019</u>
Promises to give	\$ 296,720	\$ 374,300
Endowment promises to give	<u>346,350</u>	<u>367,550</u>
	<u>\$ 643,070</u>	<u>\$ 741,850</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, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specific Purpose		
Scholarships and student assistance	\$ 254,076	\$ 230,318
Program activities	983,809	1,171,474
Capital improvements	84,986	179,804
	<u>1,322,871</u>	<u>1,581,596</u>
Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	1,539,301	2,175,736
Promise to give - lease agreement not restricted by donors, but which are unavailable for expenditure until due	157,500	180,000
	<u>1,696,801</u>	<u>2,355,736</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Scholarships and student assistance	1,398,895	2,618,723
Program activities	627,510	811,734
Capital improvements	96,036	117,001
Available for general use	103,704	127,000
Art programs designated by the board for quasi-endowment	72,562	76,352
Underwater endowments	(110,091)	(8,094)
	<u>2,188,616</u>	<u>3,742,716</u>
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Scholarships and student assistance	11,251,204	10,926,115
Program activities	5,035,619	5,030,514
	<u>16,286,823</u>	<u>15,956,629</u>
Total endowments	<u>18,475,439</u>	<u>19,699,345</u>
	<u>\$ 21,495,111</u>	<u>\$ 23,636,677</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

Net assets released from restriction were as follows:

	<u>2020</u>	<u>2019</u>
Scholarship and student assistance	\$ 1,089,825	\$ 1,015,235
Program activities	1,739,923	1,632,538
Capital improvements	-	10,752
	<u>\$ 2,829,748</u>	<u>\$ 2,658,525</u>

Net Assets with Donor Restrictions of the Gillette College Foundation consist of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose		
Program activities	\$ 36,925	\$ -
Education and Activities Center	2,328,005	2,379,425
Promises to give, the proceeds from which have been restricted by donors for scholarships or program activities	<u>255,760</u>	<u>140,700</u>
	<u>2,620,690</u>	<u>2,520,125</u>
Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>40,960</u>	<u>233,600</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Scholarships	258,985	294,455
Program Activities	32,525	279,600
Capital Projects	<u>7,017</u>	<u>8,104</u>
	<u>298,527</u>	<u>582,159</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

Perpetual in nature, earnings from which are subject to
endowment spending policy appropriation

Scholarships	1,490,485	1,289,580
Program activities	2,290,585	2,327,392
Unconditional promises to give permanently restricted to general endowment	346,350	367,550
Underwater endowments	<u>(63,626)</u>	<u>-</u>
	<u>4,063,794</u>	<u>3,984,522</u>
Total endowments	<u>4,362,321</u>	<u>4,566,681</u>
	<u>\$ 7,023,971</u>	<u>\$ 7,320,406</u>

Net assets released from restriction were as follows:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 140,883	\$ 106,749
Program Activities	<u>931,557</u>	<u>478,033</u>
	<u>\$ 1,072,440</u>	<u>\$ 584,782</u>

Endowment Funds

The Sheridan College Foundation and Gillette College Foundations' endowments include numerous individual funds established to provide funding for specific activities and general operations. The Endowment also includes certain unrestricted and temporarily 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 of the Foundations have 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 gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Foundations have classified as permanently restricted net assets (a) the original value of gifts donated to the Endowments, (b) the original value of subsequent gifts donated to the Endowments (including promises to give net of discount and allowance for doubtful accounts) and (c) accumulations to the endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowments is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundations in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundations considers the following factors 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, 2020 and 2019, the Sheridan College Foundation had the following endowment net asset composition by type of fund:

June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment Donor-restricted endowment funds	\$ 94,033	\$ 72,562	\$ 166,595
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	16,286,823	16,286,823
Accumulated investment gains	-	2,116,054	2,116,054
	<u>\$ 94,033</u>	<u>\$ 18,475,439</u>	<u>\$ 18,569,472</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment	\$ 102,623	\$ 76,352	\$ 178,975
Donor-restricted for permanent endowment			
Original donor-restricted gift amount			
and amounts required to be maintained			
in perpetuity by donor	-	15,956,629	15,956,629
Accumulated investment gains	-	3,666,364	3,666,364
	<u>\$ 102,623</u>	<u>\$ 19,699,345</u>	<u>\$ 19,801,968</u>

At June 30, 2020 and 2019, certain donor-restricted endowment funds had fair values less than the amount of the original gifts (the permanently restricted portion of the funds). Deficiencies of \$110,091 and \$8,094 are reported in net assets with donor restrictions as of June 30, 2020 and 2019, respectively.

As of June 30, 2020 and 2019, the Gillette College Foundation had the following endowment net asset composition by type of fund:

June 30, 2020	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount			
and amounts required to be maintained			
in perpetuity by donor	\$ -	\$ 4,063,794	\$ 4,063,794
Accumulated investment gains	-	298,526	298,526
	<u>\$ -</u>	<u>\$ 4,362,320</u>	<u>\$ 4,362,320</u>
June 30, 2019	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment			
Original donor-restricted gift amount			
and amounts required to be maintained			
in perpetuity by donor	\$ -	\$ 3,984,522	\$ 3,984,522
Accumulated investment gains	-	582,159	582,159
	<u>\$ -</u>	<u>\$ 4,566,681</u>	<u>\$ 4,566,681</u>

Investment and Spending Policies

The Foundations have 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

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

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.

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 Foundations 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 Foundations have 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 Committee and 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.

Funds allocated for disbursement for the Sheridan College Foundation and Gillette College Foundation are determined by the Board.

Changes in Endowment net assets of the Sheridan College Foundation for the years ending June 30, 2020 and 2019 are as follows:

June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 102,623	\$ 19,699,345	\$ 19,801,968
Investment return, net	(2,892)	(542,721)	(545,613)
Contributions	-	208,073	208,073
Appropriation of endowment assets pursuant to spending policy	-	(889,258)	(889,258)
Other Changes			
Distribution from the board-designated endowment pursuant to distribution policy	(5,698)	-	(5,698)
Endowment net assets, end of year	<u>\$ 94,033</u>	<u>\$ 18,475,439</u>	<u>\$ 18,569,472</u>

Northern Wyoming Community College District

Notes to Financial Statements

June 30, 2020 and 2019

June 30, 2019	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 100,459	\$ 19,101,742	\$ 19,202,201
Investment return, net	7,862	1,425,281	1,433,143
Contributions	-	119,673	119,673
Appropriation of endowment assets pursuant to spending policy	-	(947,351)	(947,351)
Other Changes			
Distribution from the board-designated endowment pursuant to distribution policy	(5,698)	-	(5,698)
Endowment net assets, end of year	<u>\$ 102,623</u>	<u>\$ 19,699,345</u>	<u>\$ 19,801,968</u>

Changes in Endowment net assets of the Gillette College Foundation for the years ending June 30, 2020 and 2019 are as follows:

June 30, 2020	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 4,566,681	\$ 4,566,681
Investment return, net	-	(218,999)	(218,999)
Contributions	-	246,274	246,274
Appropriation of endowment assets pursuant to spending-rate policy	-	(231,636)	(231,636)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 4,362,320</u>	<u>\$ 4,362,320</u>

June 30, 2019	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 4,482,671	\$ 4,482,671
Investment return, net	-	193,146	193,146
Contributions	-	58,560	58,560
Appropriation of endowment assets pursuant to spending-rate policy	-	(167,696)	(167,696)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 4,566,681</u>	<u>\$ 4,566,681</u>

Promissory 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, 2016, the Foundation drew down the note payable. Monthly payments of \$7,735 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>	
2021	\$ 58,391
2022	61,379
2023	64,519
2024	67,820
2025	71,290
Thereafter	<u>396,903</u>
	<u><u>\$ 720,302</u></u>

Challenge Match Program

The District and the Foundations 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. As of June 30, 2020 and 2019 the Foundations have received a total of \$0 and \$11,990,833, respectively, in State matching funds which are a part of the total funds being invested on behalf of the District.



Required Supplementary Information
June 30, 2020

Northern Wyoming Community College District

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Northern Wyoming Community College District
Schedule of Employer's Share of Net Pension Liability and Employer Contributions
June 30, 2020

Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Pension Plan
For the years ended June 30*

	2015	2016	2017	2018	2019	2020
District's portion of the net pension liability	0.6258299%	0.6223254%	0.6403046%	0.6790502%	0.6965199%	0.6995511%
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
District's covered payroll	10,739,735	11,047,219	11,172,542	11,926,289	12,114,499	12,435,254
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%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	73.40%	73.42%	76.35%	76.35%	80.01%

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

* 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
Contractually required contribution	\$ 1,709,435	\$ 1,842,867	\$ 1,980,147	\$ 2,071,998	\$ 2,018,494	\$ 2,212,312
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
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
Contributions as a percentage of covered payroll	15.47%	16.49%	16.60%	17.10%	16.23%	17.12%

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

Northern Wyoming Community College District
 Schedule of Employer's Share of Net OPEB Liability and Employer Contributions
 June 30, 2020

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
Employer's portion of net OPEB liability	1.612260%	1.611340%	1.436100%
Employer's proportionate share of net OPEB liability	\$ 12,752,841	\$ 16,426,734	\$ 13,585,598
Employer's covered employee payroll	\$ 11,926,289	\$ 12,114,499	\$ 12,435,254
Employer's proportional share of the net OPEB liability as a percentage of its covered-employee payroll	107%	136%	105%
Plan Fiduciary net position as a percentage of the total OPEB liability	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.

Date reported is measured as of June 30, 2019 (measurement date) and rolled forward to June 30, 2020.

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

	2018	2019	2020
Statutorily required contribution	\$ 98,570	\$ -	\$ -
Contributions in relation to the statutorily required contribution	98,570	-	-
Contribution (deficiency) excess	-	-	-
Employer's covered employee payroll	\$ 12,114,499	\$ 12,435,254	\$ 12,919,398
Contributions as a percentage of covered-employee payroll	0.81%	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.



Other Information
June 30, 2020

Northern Wyoming Community College District



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

To the Board of Trustees of
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, the financial statements of Northern Wyoming Community College District (the District), as of and for the year ended June 30, 2020, 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 9, 2020. The audits of the financial statements of the Northern Wyoming Community College District Foundation dba Sheridan College Foundation and Gillette College Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Northern Wyoming Community College District Foundation dba Sheridan College Foundation and Gillette College Foundation.

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 may exist that have not been identified.

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.

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

Boise, Idaho
December 9, 2020

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