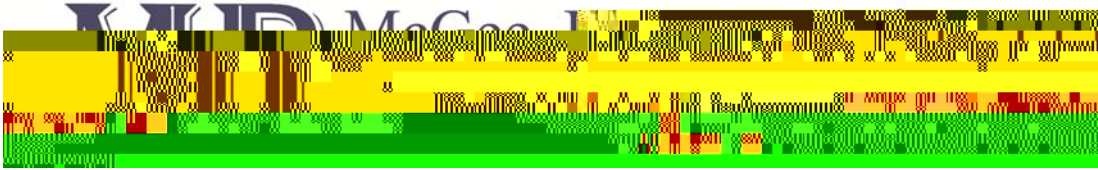


NORTHWEST COLLEGE
FINANCIAL AND COMPLIANCE REPORT

CONTENTS



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Northwest College
Powell, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Northwest College (the "College") as of and for the years ended June 30, 2015 and

NORTHWEST COLLEGE MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is designed to assist readers in understanding the accompanying financial statements and provide an overview of Northwest College's financial position and activities for the fiscal year ended June 30, 2015, with selected comparative information for the year ended June 30, 2014. It has been prepared by management to be read in conjunction with the financial statements and the notes thereto, which follow this section.

This financial report focuses on Northwest College as the primary entity but also includes the Northwest College Foundation financial information as a component unit. Analysis in this section will focus on the College financials without drawing any conclusion about the Foundation financials. It is important to note that the College operates on a July to June fiscal year while the Foundation uses the calendar year as its fiscal year.

Accountability is the primary objective of institutional financial reporting. It is the College's duty to be accountable to the public and to provide information that responds to the three primary groups of users of our financial reports:

The citizenry

The governing board, Wyoming Community College Commission, and oversight bodies

Investors and creditors

Financial reports and accompanying notes provide information useful

STATEMENTS

The College's annual financial report consists of three components: 1) This section – Management's Discussion

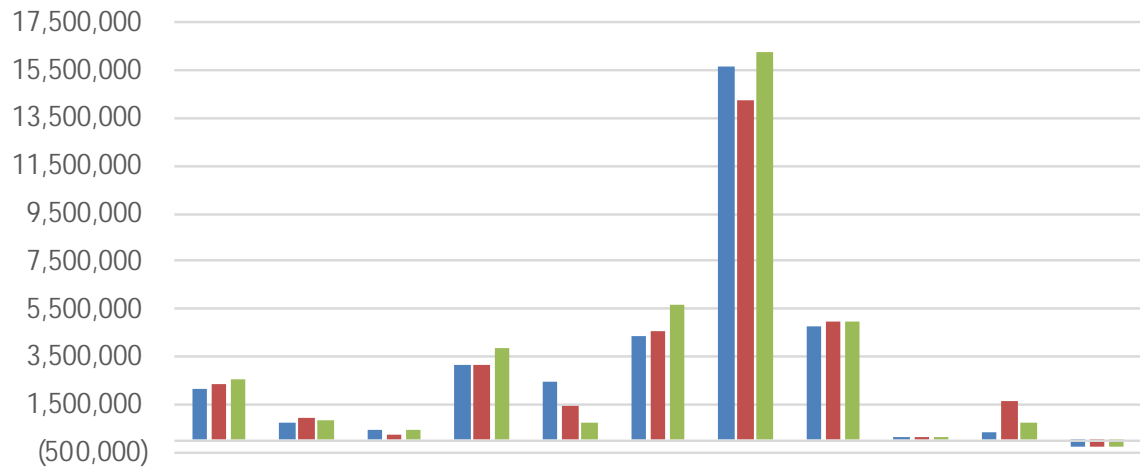
and Analysis (MD&A); 2) financial statements; and 3) notes to the financial statements. The College's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Certain inter fund eliminations, adjustments for capital items and depreciation, and the recognition of scholarship allowances (discounts) against tuition and fee revenues are necessary in the preparation of these entity wide financial statements.

Statement of Net Position

Auxiliary Enterprise revenues are also reported less scholarship allowances. Currently, the auxiliary allowance is calculated at 35% of the institutional, Foundation and Hathaway scholarships. In July of 2013, the College leased its bookstore operation to Follett Higher Education Group. In 2014, total auxiliary revenues were down \$636,500 from 2013, of which \$689,000 was the elimination of the bookstore and of

The chart below reflects operating and non operating revenues for fiscal years 2015, 2014 and 2013.

SOURCES OF REVENUE



STATEMENT OF

NORTHWEST COLLEGE

STATEMENTS OF NET POSITION

June 30, 2015 and 2014

ASSETS	2015	2014
Current Assets		
Cash and cash equivalents (Note 2)	\$ 8,506,457	\$ 6,842,376
Cash and cash equivalents, restricted (Note 2)	5,403,655	6,226,534
Accounts receivable, net allowance of \$200,000 for 2015 and 2014	1,118,302	1,187,606
Property taxes receivable	4,445,144	4,500,634
Prepays	220,141	210,097
Total current assets	19,693,699	18,967,247
Noncurrent Assets		
Restricted cash (Notes 2 and 8)	-	7,519
Restricted investments (Notes 2 and 8)	-	523,342
Advance construction payments	99,031	1,006,995
Capital assets, net of accumulated depreciation (Note 3)	33,918,211	33,658,199
Investments held by others (Note 2)	12,434,296	11,024,944
Total noncurrent assets	46,451,538	46,220,999
Total assets	66,145,237	65,188,246
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows (Note 5)	896,391	-
Debt Defeasance	158,267	-
Total deferred outflows of resources	1,054,658	-
LIABILITIES		
Current Liabilities		
Accounts payable	710,295	-

NORTHWEST COLLEGE

COMPONENT UNIT - NORTHWEST COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

ASSETS	2014	2013
Cash and cash equivalents, including \$28,684 and \$26,687 respectively, held for Boys and Girls Club (Note 2)	\$ 381,785	\$ 340,072
Investments (Note 2)	1,282,369	1,879,603
Contributions receivable	352,132	345,193
Accounts receivable	4,963	-
Cash and cash equivalents restricted by donors for long-term purposes (Note 2)	1,110,304	1,224,436
Investments for long-term purposes, including \$1,058,269 and \$1,114,140, respectively, held for Boys and Girls Club (Note 2)	30,121,165	26,788,052
Beneficial interest in perpetual trust	945,555	lents restric.001

NORTHWEST COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2015 and 2014

	2015	2014
Operating Revenues		
Tuition and fees, net of scholarship allowance of 2015 \$1,907,033; 2014 \$1,767,234	\$ 2,136,852	\$ 2,328,282
Federal grants and contacts	783,835	976,304
State and local grants and contracts	421,067	263,561
Auxiliary enterprise charges, net of scholarship allowance of 2015 \$1,026,864; 2014 \$951,587	3,204	

NORTHWEST COLLEGE

COMPONENT UNIT - NORTHWEST COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2014 and 2013

	2014	2013
Unrestricted Net Assets		
Revenue, gains and other support:		
Contributions	\$ 9,755	\$ 4,947
Investment income (loss), net	13,991	28,372
In-kind contributions	182,648	146,932

NORTHWEST COLLEGE

COMPONENT UNIT - NORTHWEST COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES (Continued)
Years Ended December 31, 2014 and 2013

	2014	2013
Temporarily Restricted Net Assets		
Contributions	\$ 498,642	\$ 386,033
Investment income, net	825,418	2,781,579
Change in liabilities associated with charitable gift annuities	11,235	(3,031)
Change in p		

NORTHWEST COLLEGE

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Received from students and customers	\$ 8,963,187	\$ 8,047,130
Payments to employees and benefits	(18,339,987)	(18,011,695)
Payments to vendors and suppliers	(9,595,654)	(8,140,227)
Payments for scholarships	(2,553,370)	(2,976,167)
Other receipts (payments)	(107,195)	(43,271)
Net cash (used in) operating activities	(21,633,019)	(21,124,230)
Cash Flows from Noncapital Financing Activities		
Non-exchange Federal and state grants	4,381,930	4,581,557
State appropriations	15,703,494	14,307,422
Local a		

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Northwest College (the “College”) is a public institution of higher education created in 1946. The College’s main campus is located in Powell, Wyoming with outreach centers in Cody and Worland, 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. The College is a municipal corporation formed under and subject to the requirements of the Wyoming State Statutes.

The Northwest College Foundation (the “Foundation”) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization and supplements the resources that are available to the College. The Board of the Foundation is self-perpetuating. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College. The Foundation’s year end is December 31. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

Financial statements for the Foundation can be obtained by calling the Foundation at (307) 754-6110.

The Northwest College Building Authority (the “Authority”) was created July 2, 2008 as a public benefit corporation for the purpose of financing construction, ownership and operation of real and personal property to be used by the College. The Authority is a separate legal entity from the College but is treated as a blended component unit of the College due to its financial dependence on the College and is reported in its financial statements.

Northwest College:

Basis of accounting: For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College’s financial statements have been presented using the economic resources measurement focus and the accrual basis of

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents: For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments: The College accounts for its investments at fair value, as determined by quoted market prices, in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under GASB 31, unrealized gains and losses on investments are included in the statement of revenues, expenses and changes in net position.

Accounts receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to contracts and grants. Accounts receivable are recorded net of estimated uncollectible amounts.

Capital assets: The College capitalizes assets that have a donated value or cost in excess of \$5,000 for equipment, \$50,000 for building improvements, \$25,000 for land and site improvements, and \$50,000 for buildings at the date of acquisition and an expected useful life of more than one year. Library books are generally not considered to have a useful life of more than one year, unless they are part of a collection and are expensed in the year of acquisition.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

The College does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to 14 years for equipment, 15-20 years for building improvements, 20 years for site improvements, and 40 years for buildings.

Impairments: The College evaluates prominent events or changes in circumstances that affect capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The College will consider an asset impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. The College will recognize an impairment loss when the College considers a capital asset impaired, and will recognize the capital asset at the lower of carrying value or fair value.

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Compensated absences: It is the College's policy to allow non-academic full-time and eligible part-time employees sick leave, personal leave, and vacation. Faculty are allowed sick leave and personal leave. Accrued sick leave is paid upon termination to benefited non-faculty employees. All employees are entitled to accrued vacation leave upon termination. All leave pay is accrued when incurred and a liability for these amounts is reported in compliance with GASB Statement No. 16,

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship discounts and allowances, (2) sale and services of auxiliary enterprises, and (3) Federal, state and local grants and contracts considered to be exchange activities.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, such as state and local appropriations, certain Federal and state programs, and investment income.

Property taxes: Property taxes attach as an enforceable lien on property as of January 1 of the preceding levy year. Taxes are levied on or about September 1 and payable in two installments on November 1 and May 1 or the tax may be paid in full by December 31. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County, including Northwest College. The College’s property tax revenues are recognized when levied. Property taxes receivable include property taxes assessed for the year that will be levied and billed in the subsequent year and delinquent property taxes.

Scholarship discounts and allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for the goods and services provided by the College, and the amount that is paid by students and/or third parties making payment on the students’ behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the College’s financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Accounting estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Student loan revenue recognition: Under the Federal Direct Loan Program, the College recognizes equal amounts of revenue and expenses. For the years ended June 30, 2015 and 2014, the College recognized revenue and expenses in the amount of \$1,791,599 and \$1,980,050, respectively.

Defined benefit pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System (WRS) and additions to/deductions from the WRS’s fiduciary net position have been determined on the same basis as they are reported by the WRS. 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.

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Recent pronouncements: In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*,

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Investments: The Foundation carries investments in marketable securities and investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change of net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Reported under the following captions:

	<u>2014</u>	<u>2013</u>
Investments	\$ 1,282,369	\$ 1,879,603
Investments restricted by donors for long-term purposes and investments held for others	<u>30,121,165</u>	26,788,052
	<u>\$ 31,403,534</u>	<u>\$ 28,667,655</u>

The Foundation maintains cash balances in one financial institution located in Powell, Wyoming and with several investment service firms. The carrying amount of cash with the investment firms totaling \$948,374 was fully insured by the Securities Investor Protection Corporation (SIPC).

The bank balances of cash with the financial institution were \$522,018 and \$885,091 at December 31, 2014 and 2013, respectively. At December 31, 2014, \$250,000 was insured by the Federal Deposit and Insurance Corporation (FDIC).

Concentration of credit risk: The Foundation's investment policy is as follows. The Foundation expects the investment managers to maintain diversified portfolios by using the following guidelines in accordance with investment policies.

Diversification: The portfolio should be diversified among cash and cash equivalents, high-quality equity, and fixed-income securities.

Equity investments: Equity investments may range from a minimum of 45% of the value of the fund to a maximum of 75% of the value of the fund.

At the time of purchase, small-cap equities shall not comprise more than 10% of fund assets.

Investments in international equities shall not represent more than 20% of the fund assets at the time of purchase.

Equity investments may include common stocks and mutual funds that invest in equity securities.

Benchmarks: The benchmark for measuring equity performance shall be the S&P 500 Index.

In the event that asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, the Investment Committee will instruct the Investment Manager(s) to bring the portfolio(s) into compliance with these guidelines as promptly and prudently as possible.

Interest rate risk: The Foundation is also exposed to investment fair value loss arising from increased

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Permissible fixed income investments include U.S. Government and agency bonds, investment-grade corporate bonds and fixed income securities of foreign governments and corporations.

Managers may also elect to use mutual funds that invest in these securities. However, mutual funds charge fees that add to the total cost of operating the fund. Therefore, if investment managers choose to utilize mutual funds, they should consider whether the additional cost is warranted in order to carry out their particular strategy.

The benchmark for measuring fixed-income performance shall be the Lehman Government/Credit Intermediate Index.

At June 30, 2015 and 2014, the following tables show the fixed-income investments by type, amount and maturity for the endowed scholarship fund that includes the endowment challenge funds:

	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 5	More than 5
2015				
Investment Type:				
U.S. Treasury	\$ 1,200,955	\$ 137,836	\$ 283,725	\$ 779,394
Government obligations	553,470	-	231,601	321,869
	\$ 1,754,425	\$ 137,836	\$ 515,326	\$ 1,101,263
2014				
Investment Type:				
U.S. Treasury	\$ 1,035,743	\$ -	\$ 507,575	\$ 528,168
Government obligations	814,948	308,052	132,285	374,611
	\$ 1,850,691	\$ 308,052	\$ 639,860	\$ 902,779

The quality rating of debt securities in the Foundation's investment portfolio at fair value as of June 30, 2015 is as follows:

U.S. Government investments (S&P rating AA+)	<u><u>\$ 1,754,425</u></u>
--	----------------------------

As of December 31, 2014 and 2013, the Foundation held \$12,496,881 and \$10,655,175, respectively, of investments for the College.

Investments held for others: The Foundation has received funds from the College to invest on its behalf pursuant to the requirements of the Wyoming Community College Endowment

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets

A summary of changes in the capita

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

	Balance June 30, 2013	Additions	Deletions	Transfers In (Out)	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 1,464,663	\$ -	\$ -	\$ -	\$ 1,464,663
Art, literature and artifacts	50,000	-	-	-	50,000
Construction in progress	1,695,825	11,100,630	(7,120)	(1,838,179)	10,951,156
Total capital assets not being depreciated	\$ 3,210,488	\$ 11,100,630	\$ (7,120)	\$ (1,838,179)	\$ 12,465,819
Other capital assets:					
Land improvements	\$ 652,645	\$ -	\$ -	\$ 216,964	\$ 869,609
Buildings	49,012,219	119,006	-	929,903	50,061,128
Machinery and equipment	5,267,805	378,047	(51,582)	691,312	6,285,582
Total other capital assets	54,932,669	497,053	(51,582)	1,838,179	57,216,319
Less accumulated depreciation for:					
Land improvements	90,683	36,590	-	-	127,273
Buildings	30,521,940	1,288,586	-	-	31,810,526
Machinery and equipment	3,539,937	597,510	(51,307)	-	4,086,140
Total accumulated depreciation	34,152,560	1,922,686	(51,307)	-	36,023,939
Other capital assets, ne					

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

The following summarizes scheduled future liquidation of June 30 obligations:

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Aggregate principal including interest required on the note at June 30, 2015 is as follows:

	Principal	Interest
2016	\$ 197,730	\$ 115,962
2017	204,067	109,626
2018	209,291	104,402
2019	214,648	99,044
2020	220,143	93,549
2021 - 2025	1,188,194	380,269
2026 - 2030	1,348,272	220,192
2031 - 2033	897,655	46,392
	<u>\$ 4,480,000</u>	<u>\$ 1,169,436</u>

Long-term liability activity other than bonds payable and notes payable for the years ended June 30, 2015 and 2014 was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due within One Year
Other liabilities:					
Liability for voluntary termination	\$ 130,669	\$ 94,892	\$ (91,198)	\$ 134,363	\$ 87,747
Accrued compensated absences	481,386	620,625	(617,464)	484,547	363,410
Total other liabilities	<u>\$ 612,055</u>	<u>\$ 715,517</u>	<u>\$ (708,662)</u>	<u>\$ 618,910</u>	<u>\$ 451,157</u>
	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due within One Year
Other liabilities:					
Liability for voluntary termination	\$ 185,228	\$ 46,479	\$ (101,038)	\$ 130,669	\$ 86,196
Accrued compensated absences	450,824	587,047	(556,485)	481,386	361,040
Total other liabilities	<u>\$ 636,052</u>	<u>\$ 633,526</u>	<u>\$ (657,523)</u>	<u>\$ 612,055</u>	<u>\$ 447,236</u>

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Commitment – Wyoming Retirement System

Fiscal year 2014 (pre-implementation of GASB Statement No. 68): Participants in the Wyoming Retirement System (WRS) who retire at age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and are allowed to select one of five optional methods for receiving benefits. Early retirement is

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Contributions: Per Title 9-3-412 and 413 of State Statutes, for the year ended June 30, 2015, member contributions were required to be 8.25% of compensation and employer contributions were required to be 7.62% of compensation. In accordance with Title 9-3-412 (c) (ii) of State Statutes, the College has elected to pay 6.19% of the members contribution in addition to the employers contribution. Effective July 1, 2015, the participant's contribution percentage increased to 8.37%. Total contributions to the pension plan from the College were \$884,811 for the year ended June 30, 2015.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2015, the College reported a liability of \$6,097,890 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The College's proportion of the net pension liability was based on the relationship of the College's total contributions to the plan for the year ended December 31, 2014 to the contributions of all participating employers for the same period. At December 31, 2014, the College's

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Actuarial assumptions: The total pension liability in the January 1, 2014 actuarial valuation was

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate: The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 9,529,152	\$ 6,097,890	\$ 3,216,421

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report available from the Wyoming Retirement System, 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or at <http://retirement.state.wy.us/home/index.html>.

Note 6. Retirement Commitments – TIAA/CREF

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Future obligations consist of the following:

2016	\$	76,694
2017		32,364
2018		19,394
2019		16,800
2020		2,800
		<hr/>
	\$	148,052
		<hr/>

Note 8. Commitments and Contingencies

Voluntary termination: As discussed in Note 4, the College offers voluntary termination benefits to employees of the College who meet certain employment, age and service requirements. As of June 30, 2015, approximately 36 employees have met the employment, age and term requirements of the plan, but have not applied for benefits under the plan nor has the Board considered approval of any payments to these individuals.

No liability for payment of incentive benefits to these employees has been recorded in the accompanying financial statements in as much as the Board has not approved payment and such approval is subject to various factors such as employment needs, available funding, and Board objectives. The estimated benefit payment requirement for these employees if they were approved for receiving payments as of June 30, 2015 was approximately \$1,120,951.

Amounts expended under the terms of certain grants are subject to audit and possible adjustment by governmental agencies. In the opinion of College management, adjustments, if any, will not have a material effect on the accompanying financial statements.

Bond reserve fund: The Indenture of Trust agreement with the bond trustee required the Authority to deposit \$528,125 into a separate account with the trustee. These funds may only be used to fund deficiencies in meeting bond debt service payments. Funds withdrawn from the reserve account are to be repaid in equal monthly payments over the next 12 months. All funds were withdrawn as of June 30, 2015 as part of the defeasance of the bonds.

Note 9. Risk Management

The College is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the year ended June 30, 2015, the College contracted with various insurance companies for property insurance (including machinery), general liability insurance, professional insurance, and vehicle insurance. The coverage under each type of insurance policy varies in amounts and deductibles. The College has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The College has had no significant reductions in insurance coverage from coverage in the prior year.

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 10. Custodial Deposits

The College holds in trust funds collected by various student groups. A liability for these funds is included in current liabilities in the accompanying financial statements. The following summarizes activity within the Student Activity Funds during the year ended June 30, 2015 and 2014.

Student Activity Funds:

	2015	2014
Beginning of year	\$ 427,025	\$ 470,296
Additions:		
Student fees	178,770	170,308
Interest	24,736	62,798
Donations	45,703	58,820
Other	347,369	391,998
Scholarships and grants	1,164,041	1,074,768
Total additions	1,760,619	1,758,692
Deductions:		
Supplies	102,302	86,611
Printing	2,414	1,477
Contractual	41,604	55,857
Scholarships and grants	1,153,646	1,056,869
Various	567,848	601,149
Total deductions	1,867,814	1,801,963
End of Yea		

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Functional Classification	Natural Classification				Total
	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	
	2014				
Instruction	\$ 8,912,406	\$ 800,320	\$ -	\$ -	\$ 9,712,726
Public service	35,992	135,556	-	-	171,548
Academic support	1,173,483	1,297,246	-	-	2,470,729
Student services	2,448,545	887,106	-	-	3,335,651
Institutional support	2,498,341	1,673,444	-	-	4,171,785
Operation of plant	1,497,897	1,294,525	-	-	2,792,422
Scholarships	-	-	-	2,976,167	2,976,167
Auxiliary enterprises	1,387,131	2,142,769	-	-	3,529,900
Depreciation	-	-	1,922,686	-	1,922,686
Total expenses	\$ 17,953,795	\$ 8,230,966	\$ 1,922,686	\$ 2,976,167	\$ 31,083,614

REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST COLLEGE

**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

NORTHWEST COLLEGE

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS

Public Employee Pension Plan

Years Ended June 30, 2015 and 2014

	2015	2014
Contractually required contribution	\$ 452,233	\$ 440,321
Contributions in relation to the contractually required contribution	452,233	440,321
<i>Contribution deficiency (excess)</i>	\$ -	\$ -
College's covered employee payroll	\$ 5,934,819	\$ 6,184,286
Contributions as a percentage of covered employee payroll	7.62%	7.12%

See Notes to Required Supplementary Information

NORTHWEST COLLEGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in benefit terms: There were no changes in benefit terms between the December 31, 2013 measurement date and the December 31, 2014 measurement date.

Changes in assumptions: There were no changes in assumptions between the December 31, 2013 measurement date and the December 31, 2014 measurement date.

SUPPLEMENTARY INFORMATION

NORTHWEST COLLEGE

COMBINING SCHEDULE OF NET POSITION

June 30, 2015

ASSETS	Northwest College	Northwest College Building Authority	Eliminations	Total
Current Assets				
Cash and cash equivalents	\$ 8,506,457	\$ -	\$ -	\$ 8,506,457
Cash and cash equivalents, restricted	5,403,655	-	-	5,403,655
Accounts receivable, net	1,118,302	-	-	1,118,302
Current maturities of lease	-	184,382	(184,382)	-
Interest receivable	-	96,983	(96,983)	-
Property taxes receivable	4,445,144	-	-	4,445,144
Prepays	220,141	-	-	220,141
Total current assets	19,693,699	281,365	(281,365)	19,693,699
Noncurrent Assets				
Restricted cash	-	-	-	-
Restricted investments	-	-	-	-
Long-term lease	-	4,131,358	(4,131,358)	-
Advance construction payments	99,031	-	-	99,031
Capital assets, net of accumulated depreciation	33,918,211	-	-	33,918,211
Investments held by others	12,434,296	-	-	12,434,296
Total noncurrent assets	46,451,538	4,131,358	(4,131,358)	46,451,538
Total assets	66,145,237	4,412,723	(4,412,723)	66,145,237
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Deferred Outflows	896,391	-	-	896,391
Debt Defeasance	-	158,267	-	158,267
Total deferred outflows of resources	896,391	158,267	-	1,054,658
LIABILITIES				
Current Liabilities				
Accounts payable	710,295	-	-	710,295
Payroll and related liabilities	864,038	-	-	864,038
Liability for voluntary termination	87,747	-	-	87,747
Accrued compensated absences	363,410	-	-	363,410
Accrued interest payable	96,983	21,490	(96,983)	21,490
Advance payments	200,271	-	-	200,271
Custodial deposits	319,830	-	-	319,830
Capital lease obligation	184,382	-	(184,382)	-
Current maturities of bonds payable	-	197,730	-	197,730
Total current liabilities	2,826,956	219,220	(281,365)	2,764,811
Noncurrent Liabilities				
Liability for voluntary termination	46,616	-	-	46,616
Accrued compensated absences	121,137	-	-	121,137
Capital lease obligation	4,131,358	-	(4,131,358)	-
Long-term bonds payable	-	4,282,270	-	4,282,270
Net pension liability	6,097,890	-	-	6,097,890
Total noncurrent liabilities	10,397,001	4,282,270	(4,131,358)	10,547,913
Total liabilities	13,223,957	4,501,490	(4,412,723)	13,312,724
DEFERRED INFLOWS OF RESOURCES				
Pension Related Deferred Inflows of Resources	118,995	-	-	118,995
Property Taxes	4,348,207	-	-	4,348,207
Total deferred inflows of resources	4,467,202	-	-	4,467,202
NET POSITION				
Net Investment in Capital Assets	29,602,471	(164,260)	-	29,438,211
Restricted for:				-
Nonexpendable	9,948,519	-	-	9,948,519
Expendable:				
Scholarships	3,319,177	-	-	3,319,177
Capital projects	5,510,020	-	-	5,510,020
Unrestricted	970,282	233,760	-	1,204,042
Total net position	\$ 49,350,469	\$ 69,500	\$ -	\$ 49,419,969

NORTHWEST COLLEGE

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2015**

	Northwest College	Northwest College Building Authority	Eliminations	Total
Operating Revenues				
Tuition and fees	\$ 2,136,852	\$ -	\$ -	\$ 2,136,852
Federal grants and contacts	783,835	-	-	783,835
State and local grants and contracts	421,067	-	-	421,067
Auxiliary enterprise charges	3,204,524	-	-	3,204,524
Other operating revenues	2,445,135	-	-	2,445,135
Total operating revenues	8,991,413	-	-	8,991,413
Operating Expenses				
Instruction	9,889,414	-	-	9,889,414
Public service	174,700	-	-	174,700
Academic support	2,564,893	-	-	2,564,893
Student services	3,510,301	-	-	3,510,301
Institutional support	4,291,474	-	-	4,291,474
Operation and maintenance of plant	4,498,591	37,991	-	4,536,582
Scholarships	2,553,370	-	-	2,553,370
Auxiliary enterprises	4,113,663	-	-	4,113,663
Depreciation	2,254,684	-	-	2,254,684
Total operating expenses	33,851,090	37,991	-	33,889,081
Operating (loss)	(24,859,677)	(37,991)	-	(24,897,668)
Nonoperating Revenues (Expenses)				
Non-exchange Federal and state grants	4,381,930	-	-	4,381,930

NORTHWEST COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Grantor's Number	Catalog of Federal Domestic Assistance Number	Federal Award Expenditures
<u>Student Financial Aid Cluster:</u>			
U.S. Department of Education:			
Federal Direct Student Loans		84.268	\$ 1,791,599
Federal Pell Grant Program	P063P112457	84.063	1,911,926
Federal Work-Study Program	P033A104574	84.033	49,188
Federal Supplemental Educational Opportunity Gr	P007A114574	84.007	28,440
<i>Total Student Financial Aid Cluster</i>			3,781,153
<u>Other Programs:</u>			
U.S. Department of Education:			
Trio - Student Support Services	P042A050506	84.042A	257,686

NORTHWEST COLLEGE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended June 30, 2015**

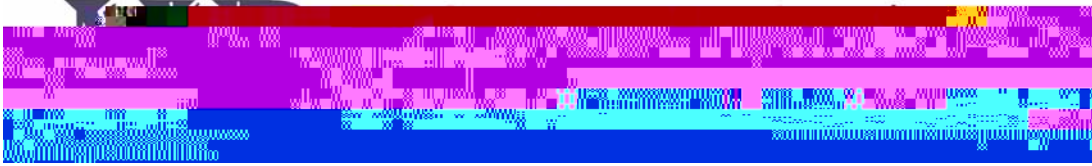
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Grantor's Number	Catalog of Federal Domestic Assistance Number	Federal Award Expenditures
National Park Service:			
Passed through University of Wyoming			
Big Horn Canyon - Recreation Area		None	\$ 10,300
Big Horn Canyon - Intern	1001628-NWC	None	6,688

NORTHWEST COLLEGE

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The purpose of the schedule of expenditures of Federal awards (the "Schedule") is to present a summary of the activities of the Northwest College (the "College") for the year ended June 30, 2015, which have been financed by the U.S. Government. The Schedule is presented on the accrual basis of accounting. The information in this Schedule is presented in

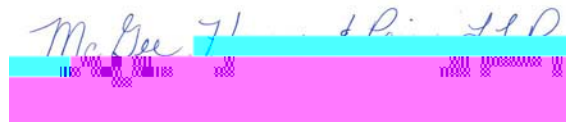


Compliance and Other Matters

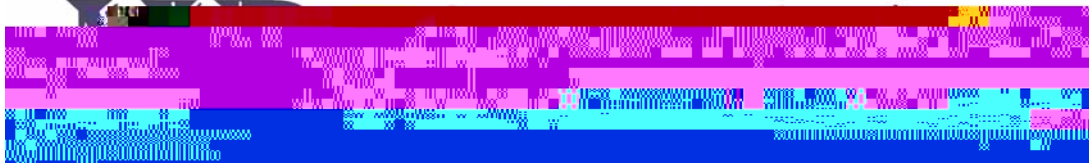
As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Mc Bee 71" followed by "J.P. L.P.", is written over a large rectangular area that has been redacted with a solid black box.

Cheyenne, Wyoming
December 2, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Trustees
Northwest College
Powell, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Northwest College's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major Federal programs for the year ended June 30, 2015. The College's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No
Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

B. Federal Awards

Internal control over major Federal programs:

Material weakness(es) identified? _____ Yes X No
Significant deficiency(ies) identified? X Yes _____ None Reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X Yes _____ No

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
Cluster	Student Financial Aid

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

NORTHWEST COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2015

Criteria – Per 2.3.1 of the National Student Loan Data System Enrollment Reporting Guide, “...schools are required to report all Title IV aid recipients’ enrollment at the program-level in addition to the campus-level.”

Per 2.4 of the National Student Loan Data System Enrollment Reporting Guide, “The accurate administration of the Title IV aid programs depends heavily on the accuracy of the enrollment information reported by schools. Schools must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting roster file...”

Per 4.4.2 of the National Student Loan Data System Enrollment Reporting Guide, “The implementation of the 150% subsidized loan li

NORTHWEST COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2015

Program Level Reporting:

The identified errors in withdrawn students were caused by the following:

In two instances, the students were originally reported to the National Student Loan Database System by Financial Aid and Scholarships as of the correct date; however, a subsequent enrollment submission by Records and Registration overrode the correct date with an incorrect date. In one instance, a student withdrew from the College in Fall 2014; however, subsequently enrolled at the College in Spring 2015 and, as such, Fall 2014 information was overwritten by Spring 2015 enrollment information.

The identified errors in graduate students was caused by lack of controls in place to ensure proper monitoring of both accurate status changes and information submitted by the College's third-party service provider utilized for reporting student status changes. As a result, Financial

NORTHWEST COLLEGE

SUMMARY SCHEDULE OF PRIOR YEAR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2015

Finding

Status

2014-001 - Student Financial Aid Cluster

Catalog of Federal Assistance (CFDA) Number and Title: Student Financial Aid Cluster
Federal Agency Name: Department of Education
Pass-Through Entity Name (if applicable):