

NORTHWEST COLLEGE  
FINANCIAL AND COMPLIANCE REPORT  
JUNE 30, 2016

## CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 and 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	3 – 8
Financial Statements:	
Statements of Net Position – College	9
Statements of Financial Position – Foundation	10
Statements of Revenues, Expenses, and Changes in Net Position – College	11
Statements of Activities – Foundation	12 and 13
Statements of Cash Flows – College	14
Notes to Financial Statements	15 – 36
Required Supplementary Information:	
Schedule of the College's Proportionate Share of the Net Pension Liability	37
Schedule of the College's Contributions	38
Notes to Required Supplementary Information	39
Supplementary Information:	
Combining Schedule of Net Position	40
Combining Schedule of Revenues, Expenses, and Changes in Net Position	41
Schedule of Expenditures of Federal Awards	42 and 43
Notes to Schedule of Expenditures of Federal Awards	44
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	45 and 46
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	47 and 48
Schedule of Findings and Questioned Costs	49 and 50
Summary Schedule of Prior Year Federal Audit Findings	51



***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8, the Schedule of the College's Proportionate Share of the Net Pension Liability on page 37, the Schedule of the College's Contributions on page 38, and the Notes to Required Supplementary Information on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise

# 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, 2016, with selected comparative information for the year ended June 30, 2015. 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 conclusions 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:

- x The citizenry
- x The governing board, Wyoming Community College Commission,



Total net position decreased \$174,115 in fiscal year 2016 to a total of \$49,245,854 in fiscal year 2015; total net position decreased \$3,424,278 from fiscal year 2014 to a

Reported tuition and fee revenues are



The chart below reflects operating and non operating revenues for fiscal years 2016, 2015 and 2014.

### SOURCES OF REVENUE



NORTHWEST COLLEGE

STATEMENTS OF NET POSITION  
June 30 2016 and 2015

ASSETS	2016	2015
Current Assets		
Cash and cash equivalents(Note 2)	\$ 11,927,073	\$ 10,841,697
Cash and cash equivalents, restricted(Note 2)	3,629,279	3,068,415
Accounts receivable, net allowance of \$200,000	1,351,001	1,118,302
Property taxes receivable	3,345,190	4,445,144
Prepays	314,899	220,141
Total current assets	20,567,442	19,693,699
Noncurrent Assets		
Advance construction payments	99,031	99,031
Capital assets, net of accumulated depreciation(Note 3)	33,800,183	33,918,211
Investments held by others(Note 2)		

NORTHWEST COLLEGE

**COMPONENT UNIT - NORTHWEST COLLEGE FOUNDATION**

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

ASSETS	2015	2014
Cash and cash equivalents, including \$3,178 and \$28,684 respectively, held for Boys and Girls Club (Note 2)	\$ 343,196	\$ 381,785
Investments (Note 2)	1,012,446	1,282,369
Contributions receivable	274,412	352,132
Accounts receivable	299,215	4,963
Cash and cash equivalents restricted by donors for long-term purposes (Note 2)	1,625,205	1,110,304
Investments for long-term purposes, including \$1,006,101 and \$1,058,269, respectively, held for Boys and Girls Club (Note 2)	30,153,564	30,121,165
Beneficial interest in perpetual trust	856,931	945,555
Other assets	675,782	904,782
Total assets	<u>\$ 35,240,751</u>	<u>\$ 35,103,055</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 7,282	\$ 46,619
Investments held for others (Note 2)	12,919,099	12,496,881
Assets held in trust	986,915	1,058,796
Liabilities associated with charitable gift annuities	204,856	227,751
Total liabilities	<u>14,118,152</u>	<u>13,830,047</u>
Net Assets		
Unrestricted	2,158,821	2,118,325
Temporarily restricted	2,819,558	2,394,577
Permanently restricted	16,144,220	16,760,106
Total net assets	<u>21,122,599</u>	<u>21,273,008</u>
Total liabilities and net assets	<u>\$ 35,240,751</u>	<u>\$ 35,103,055</u>

See Notes to Financial Statements.

NORTHWEST COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Years Ended June 30 2016 and 2015

	2016	2015
Operating Revenues		

NORTHWEST COLLEGE

***COMPONENT UNIT - NORTHWEST COLLEGE FOUNDATION***

STATEMENTS OF ACTIVITIES

Years End.48 0 GE FOUNDATION

NORTHWEST COLLEGE

***COMPONENT UNIT - NORTHWEST COLLEGE FOUNDATION***

STATEMENTS OF ACTIVITIES (Continued)  
Years Ended December 31, 2015 and 2014

	2015	2014
Temporarily Restricted Net Assets		
Contributions	\$ 307,399	\$ 498,642

NORTHWEST COLLEGE  
STATEMENT OF CASH FLOWS



## NORTHWEST COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Northwest College (the "Colle



# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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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.

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 accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The College considers approximately 75% of this liability current and due within one year.

Bond issuance costs: Bond issuance costs are expensed when incurred.

Unavailable property taxes: Unavailable property taxes consist of property taxes assessed for the year which will be levied and recognized as revenue in the subsequent year.

Noncurrent liabilities: Noncurrent liabilities include estimated amounts for accrued compensated absences, voluntary terminations, net pension liability, and bonds and notes payable that will not be paid within the next fiscal year.

Net position: The College's net position is classified as follows:

*Net investment in capital assets* – This represents the College's total investment in capital assets, net of accumulated depreciation and debt related to the purchase or construction of those assets.

*Restricted net position – nonexpendable* – This includes amounts for the endowment challenge, of which the corpus is not to be spent, but earnings are used for scholarships. Accounts are held by the Foundation.

*Restricted net position – expendable* – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed.

*Restricted for capital projects* – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties for the purchase of capital assets.

*Unrestricted net position* – This includes resources derived from student tuition and fees, state and local appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose.

# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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Classification of revenues: The College classifies 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, (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. 34, *Reporting Cash Flows of Proprietary and*

# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### Recent pronouncements:

#### *Adopted:*

In March 2016, the GASB issued GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplemental information, (2) the selection of assumptions and the treatment of deviations from the guidance in actual Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement is effective for years beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier adoption is allowed. Management has elected to adopt this update for the fiscal year ended June 30, 2016. The impact of adopting th

# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### *Component Unit – Northwest College Foundation:*

Nature of activities: The Foundation is a non-profit corporation promoting, assisting, and extending financial support to the College located in Powell, Wyoming and its various educational programs and other services, and providing students with scholarships and other financial aid. The Foundation complies with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as required under Wyoming law effective July 1, 2009.

A summary of the Foundation's significant accounting policies follows:

Basis of accounting: The Foundation conforms to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities. Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Codification Topic 958-

## NORTHWEST COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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Contributions receivable: The Foundation receives pledges of support to the endowment fund and for other non-endowment purposes from various individuals and organizations. These pledges are recorded as revenue when the pledge is received. The Foundation has not experienced losses from uncollectible pledges and does not expect future losses.

Property and equipment: Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment is recorded at estimated fair market value at the date of donation or at cost if purchased. Depreciation is computed on the straight-line method and is based on expected useful lives of five years.

Contributions: The Foundation reports gifts of cash and other assets as restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in perpetuity and the Foundation does not have the right to invade the original principal, the assets are reported as permanently restricted. When a donor restriction expires (such as when a stipulated time restriction ends), temporarily restricted net assets are released to unrestricted net

## NORTHWEST COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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Split-interest agreements: The Foundation is the primary of trusts and annuities. The Foundation's



# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### *Northwest College Foundation:*

Investments in marketable securities, including agency investment held for Boys & Girls Clubs, consists of the following at December 31, 2015 and 2014:

	Cost	Fair Value
	<u>2015</u>	
U.S. Treasury securities	\$ 1,064,383	\$ 1,066,975
Other U.S. Government bonds	183,100	182,417
Corporate bonds	511,851	485,027
Mutual/index funds	3,467,272	3,635,774
Equity	19,498,270	22,885,860
Investment in hedge fund	3,131,211	2,909,957
	<u>\$ 27,856,087</u>	<u>\$ 31,166,010</u>

U.S. Treasury securities 1,519,071

NORTHWEST COLLEGE

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

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At June 30, 2016 and 2015, the following tables show fixed-income investments by type, amount and

# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets

A summary of changes in the capital assets for the years ended June 30, 2016 and 2015 is as follows:

	Balance June 30, 2015	Additions	Deletions	Transfers In (Out)	Balance June 30, 2016
Capital assets not being depreciated:					
Land	\$ 1,464,663	\$ -	\$ -	\$ -	\$ 1,464,663
Art, literature and artifacts	50,000	-	-	-	50,000
Construction in progress	286,203	1,292,733	-	(980,016)	598,920
Total capital assets not being depreciated	\$ 1,800,866	\$ 1,292,733	\$ -	\$ (980,016)	\$ 2,113,583
Other capital assets:					
Land improvements	\$ 906,480	\$ -	\$ -	\$ 570,221	\$ 1,476,701
Buildings	62,852,633	576,814	-	409,795	63,839,242
Machinery and equipment	6,454,783	479,019	(163,355)	-	6,770,447
Total other capital assets	70,213,896	1,055,833	(163,355)	980,016	72,086,390
Less accumulated depreciation for:					
Land improvements	177,976	77,625	-	-	255,601
Buildings	33,399,113	1,764,718	-	-	35,163,831
Machinery and equipment	4,519,462	609,053	(148,157)	-	4,980,358
Total accumulated depreciation	38,096,551	2,451,396	(148,157)	-	40,399,790
Other capital assets, net	\$ 32,117,345	\$ (1,395,563)	\$ (15,198)	\$ 980,016	\$ 31,686,600
Capital asset summary:					
Capital assets not being depreciated	\$ 1,800,866	1,292,733	\$ -	\$ (980,016)	\$ 2,113,583
Other capital assets, at cost	70,213,896	1,055,833	(163,355)	980,016	72,086,390
Total cost of capital assets	72,014,762	2,348,566	(163,355)	-	74,199,973
Less accumulated depreciation	38,096,551	2,451,396	(148,157)	-	40,399,790
Capital assets, net	\$ 33,918,211	\$ (102,830)	\$ (15,198)	\$ -	\$ 33,800,183

# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

	Balance June 30, 2014	Additions	Deletions	Transfers In (Out)	Balance June 30, 2015
<b>Capital assets not being depreciated:</b>					
Land	\$ 1,464,663	\$ -	\$ -	\$ -	\$ 1,464,663
Art, literature and artifacts	50,000	-	-	-	50,000
Construction in progress	10,951,156	286,204	-	(10,951,157)	286,203
Total capital assets not being depreciated	\$ 12,465,819	\$ 286,204	\$ -	\$ (10,951,157)	\$ 1,800,866
<b>Other capital assets:</b>					
Land improvements	\$ 869,609	\$ 36,871	\$ -	\$ -	\$ 906,480
Buildings	50,061,128	1,840,348	-	10,951,157	62,852,633
Machinery and equipment	6,285,582	352,419	(183,218)	-	6,454,783
Total other capital assets	57,216,319	2,229,638	(183,218)	10,951,157	70,213,896
<b>Less accumulated depreciation for:</b>					
Land improvements	127,273	50,703	-	-	177,976
Buildings	31,810,526	1,588,587	-	-	33,399,113
Machinery and equipment	4,086,140	615,394	(182,072)	-	4,519,462
Total accumulated depreciation	36,023,939	2,254,684	(182,072)	-	38,096,551
Other capital assets, net	\$ 21,192,380	\$ (25,046)	\$ (1,146)	\$ 10,951,157	\$ 32,117,345
<b>Capital asset summary:</b>					
Capital assets not being depreciated	\$ 12,465,819	\$ 286,204	\$ -	\$ (10,951,157)	\$ 1,800,866
Other capital assets, at cost	57,216,319	2,229,638	(183,218)	10,951,157	70,213,896
Total cost of capital assets	69,682,138	2,515,842	(183,218)	-	72,014,762
Less accumulated depreciation	36,023,939	2,254,684	(182,072)	-	38,096,551
Capital assets, net	\$ 33,658,199	\$ 261,158	\$ (1,146)	\$ -	\$ 33,918,211

### Note 4. Long-Term Liabilities

**Voluntary termination:** The College has established an arrangement for certain classes of employees. The plan is based on a predetermined formula computed with regard to length of service, attained age at termination, and salary schedule previous to the year of termination. Payments will usually be made over a period of five years from inception in equal, monthly installments for one class. Payments for the other class are made in a lump-sum payment. All voluntary termination contracts granted under the plan benefits must be reviewed and signed by the President with Board approval. During the years ended June 30, 2016 and 2015, the College had paid \$256,234 and \$91,198, respectively, under the plan. The accompanying financial statements reflect an obligation of June 30, 2016 and 2015 of \$183,768 and \$134,363, respectively, for voluntary termination benefits to former employees who elected to receive and who were approved to receive voluntary termination benefits.

# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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The following summarizes scheduled future liquidation of June 30 obligations:

Fiscal year ending June 30,	
2017	\$ 840,469
2018	340,728
2019	<u>2,571</u>
	<u>\$ 1,183,768</u>

The Authority issued \$6,000,000 of revenue bonds on 1/1/2008. The bonds were limited obligations of the Authority and did not constitute an obligation or guarantee of the College or of its agencies or political subdivisions. The bonds were secured by leased assets and repayments were to be made through lease payments by the College for the use of the assets.

Interest on the bonds ranged from 4.00% to 5.625% was payable semi-annually. The bonds required annual principal payments through June 1, 2033.

On May 27, 2015, proceeds from the note payable (Note 6) were used to defease the Series 2008 Revenue Bonds. Additional funds were provided by [(l)6u4Ed2243.1803 0 TD .0001 Tc .131668

# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

Aggregate principal including interest required on the note at June 30, 2016 is as follows:

	Principal	Interest
2017	\$ 204,067	\$ 109,626
2018	209,291	104,402
2019	214,648	99,044
2020	220,143	93,549
2021	225,779	87,913
2022 - 2026	1,218,612	349,852
2027 - 2031	1,382,787	185,676
2032 - 2033	606,943	23,413
	<u>\$ 4,282,270</u>	<u>\$ 1,053,475</u>

Long-term liability activity other than bonds payable and notes payable for the years ended June 30, 2016 and 2015 was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due within One Year
Other liabilities:					
Liability for voluntary termination	\$ 134,363	\$ 1,305,639	\$ (256,234)	\$ 1,183,768	\$ 840,469
Accrued compensated absences	484,547	656,800	(657,538)	483,809	362,857
Total other liabilities	<u>\$ 618,910</u>	<u>\$ 1,962,439</u>	<u>\$ (913,772)</u>	<u>\$ 1,667,577</u>	<u>\$ 1,203,326</u>

	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>

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

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Note 5. Retirement Commitment – Wyoming Retirement System

Fiscal year 2015 (post implementation of GASB Stat



# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2016 and 2015, the College reported a liability of \$7,625,467 and \$6,097,890, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. 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, 2015 to the contributions of participating employers for the same period. At December 31, 2015, the College's proportion was 0.3273648830%, which was a decrease from its December 31, 2014 proportion of 0.3455497830%.

For the years ended June 30, 2016 and 2015, the College recognized pension expense of \$1,122,653 and \$735,279, respectively. At June 30, 2016 and 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,61

# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

An amount of \$248,409 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 326,174
2018	326,174
2019	376,976
2020	378,029
	\$ 1,407,353

Actuarial assumptions: The total pension liability at the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25% – 6.0%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

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 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. The target allocation and best estimate arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	15.00%	0.87%
Equity	59.00%	5.13%
Marketable alternatives	15.50%	4.75%
Private markets	8.00%	5.84%
Cash	2.50%	0.25%
Total	100.00%	

Experience analysis: An experience study was conducted on behalf of all WRS's plans covering the five-year period ended December 31, 2011. The 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.

# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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Discount rate: The discount rate used to measure the pension liability was 7.75%. 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 these 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 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	\$ 10,947,472	\$ 7,625,467	\$ 4,817,004

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

Eligible College employees may elect to participate in the Teachers Insurance and Annuity Association (TIAA) instead of the Wyoming Retirement System. TIAA is a private defined contribution pension plan, which is portable to other institutions and states. For the years ended June 30, 2016, 2015, and

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

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# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2016 and 2015.

#### Student Activity Funds:

	2016	2015
Beginning of year	\$ 319,830	\$ 427,025
Additions:		
Student fees	187,647	178,770
Interest	25,684	24,736
Donations	43,118	45,703
Other	360,915	347,369
Scholarships and grants	1,236,801	1,164,041
Total additions	<u>1,854,165</u>	<u>1,760,619</u>
Deductions:		
Supplies	75,558	102,302
Printing	2,839	2,414
Contractual	10,054	41,604
Scholarships and grants	1,268,890	1,153,646
Various	474,950	567,848
Total deductions	<u>1,832,291</u>	<u>1,867,814</u>
End of Year	<u>\$ 341,704</u>	<u>\$ 319,830</u>

# NORTHWEST COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Natural Classifications with Functional Classifications

The College's operating expenses by natural classification are as follows for June 30, 2016 and 2015:

Functional Classification	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	Total
Instruction	\$ 10,239,819	\$ 825,627	\$ -	\$ -	\$ 11,065,446
Public service	20,571	84,991	-	-	105,562
Academic support	1,426,925	1,194,844			

## REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE



NORTHWEST COLLEGE

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS  
Public Employee Pension Plan  
Last 3 Fiscal Years

	Statutorily required contribution	Contribution in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a percentage of covered payroll
2014	\$ 440,321	\$ 440,321	\$ -	\$ 6,184,286	7.12%
2015	452,233	452,233	-	5,934,819	7.62%
2016	487,234	487,234	-	5,821,196	8.37%

See Notes to Required Supplementary Information.

## NORTHWEST COLLEGE

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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Changes in benefit terms: There were no changes in benefit terms between the December 31, 2014 measurement date and the December 31, 2015 measurement date.

Changes in assumptions: There were no changes in assumptions between the December 31, 2014 measurement date and the December 31, 2015 measurement date.

## SUPPLEMENTARY INFORMATION

NORTHWEST COLLEGE  
COMBINING SCHEDULE OF NET POSITION  
June 30 2016

Northwest

NORTHWEST COLLEGE

COMBINING SCHEDULE OF REVENUES , EXPENSES AND CHANGES IN NET POSITION  
 Year Ended June 30 2016

	Northwest College	Northwest College Building Authority	Eliminations	Total
Operating Revenues				
Tuition and fees	\$ 1,830,909	\$ -	\$ -	\$ 1,830,909
Federal grants and contacts	754,524	-	-	754,524
State and local grants and contracts	246,636	-	-	246,636
Auxiliary enterprise charges	2,902,332	-	-	2,902,332
Other operating revenues	831,539	-	-	831,539
Total operating revenues	6,565,940	-	-	6,565,940
Operating Expenses				
Instruction	11,065,446	-	-	11,065,446
Public service	105,562	5,446	-	111,008

NORTHWEST COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through	Catalog of Federal Domestic	Pass-Through Entity	Total Federal
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NORTHWEST COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
 For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Other Programs:</u>			
U.S. Department of Education:			
Trio - Student Support Services	84.042A	P042A050506	246,156
College Access Challenge Grant Program	84.378A	P378A130038	21,804
			267,960







## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from



## Report on Internal Control over Compliance

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016

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I.

NORTHWEST COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2016

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II. FINANCIAL STATEMENT FINDINGS

None.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

NORTHWEST COLLEGE

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

Finding	Status					
<p>2015-001 - Student Financial Aid Cluster</p> <table border="1" data-bbox="168 520 852 741"> <tr> <td>Catalog of Federal Assistance (CFDA) Number and Title: 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program</td> </tr> <tr> <td>Federal Agency Name: Department of Education</td> </tr> <tr> <td>Pass-Through Entity Name (if applicable): N/A</td> </tr> <tr> <td>Award Number/Name: N/A</td> </tr> <tr> <td>Award Year(s): July 1, 2014 – June 30, 2015</td> </tr> </table> <p>Campus Level Reporting:</p> <p>Of the nine withdrawn students tested for Campus Level Enrollment Reporting, we noted:</p> <p>One instance where the student's status change was inaccurately reported as less than half time instead of withdrawn.</p> <p>Two instances in which the student's withdrawn status change was not reported as of the correct effective date.</p> <p>Of the six graduate students tested for Campus Level Enrollment Reporting, we noted:</p> <p>Two instances in which the student's graduate status change was not reported.</p> <p>The error did not result in any questioned costs.</p> <p>Program Level Reporting:</p> <p>Of the nine withdrawn students tested for Program Level Enrollment Reporting, we noted:</p> <p>Three instances in which the student's withdrawn status change was not reported as of the correct effective date.</p> <p>Of the six graduate students tested for Program Level Enrollment Reporting, we noted:</p> <p>Two instances in which the student's graduate status change was not reported.</p> <p>One instance in which the student had no history of enrollment information.</p> <p>Three instances in which the student's graduate status change was not reported of the correct effective date.</p> <p>The errors did not result in any questioned costs.</p>	Catalog of Federal Assistance (CFDA) Number and Title: 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program	Federal Agency Name: Department of Education	Pass-Through Entity Name (if applicable): N/A	Award Number/Name: N/A	Award Year(s): July 1, 2014 – June 30, 2015	<p>During FY 2016, we reviewed the procedures that were currently in place. As part of this review, we implemented a new process where data submitted to the Clearinghouse was reviewed by the Registrar and Assistant Registrar. In addition, the Registrar's office modified its process related to reviewing a report prepared by the Student Financial Aid office to ensure all failed students were reported to the Clearinghouse and any errors noted were corrected. Finally, the Registrar's office went live with DegreeVerify to alleviate graduate reporting errors.</p> <p><i>Auditor's Comment</i> – During the course of our testing of this program in the current year, no similar findings were noted.</p>
Catalog of Federal Assistance (CFDA) Number and Title: 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program						
Federal Agency Name: Department of Education						
Pass-Through Entity Name (if applicable): N/A						
Award Number/Name: N/A						
Award Year(s): July 1, 2014 – June 30, 2015						