

**PQTVJ Y GUV"EQNNG I G"**

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FINANCIAL STATEMENTS	
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Statements of Revenues, Expenses, and Changes in Net Position –	



***Emphasis of a Matter – Change in Accounting Principle***

As discussed in Notes 1 and 7 to the financial statements, in 2018 the College adopted new accounting

*As discussed in Notes 1 and 7 to the financial statements, in 2018 the College adopted new accounting*



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**PQTVJ Y GUV"EQNNG IG**

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<b>CUUGVU</b>	<b>423:</b>	2017 (Note 1)
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	&"#####";.8;2.234"	\$ 11,179,248
Cash and cash equivalents, restricted (Note 2)	#####6.;29.964"	3,832,351
Accounts receivable, net allowance of \$200,000 for 2018 and 2017	#####3.364.983"	1,240,743
Property taxes receivable	#####5.794.32;"	3,107,620
Prepays	#####369.238"	145,280
<b>Vqvcn"ewttgpn"cuugvu</b>	<b>#####3;.67;.862"</b>	<b>19,505,242</b>
<b>Noncurrent Assets</b>		
Capital assets, net of accumulated depreciation (Note 3)	#####53.:.3.:44"	32,267,115
Investments held by others (Note 2)	#####36.646.52:"	13,610,014
<b>Vqvcn"pqpewttgpn"cuugvu</b>	<b>#####68.528.352"</b>	<b>45,877,129</b>
<b>Vqvcn"cuugvu</b>	<b>#####87.987.992"</b>	<b>65,382,371</b>
<b>FGHGTTGF"QWVHNQ YU"QH"TGUQWTEGU</b>		
Pension-Related Deferred Outflows (Note 5)	#####3.:68.752"	1,664,769
OPEB-Related Deferred Outflows (Note 7)	#####7:5.732"	-
Debt Defeasance	#####353.:;2"	140,682
<b>Vqvcn"fghgttgf"qwhnq y u"qh"tguqwtegu</b>	<b>#####4.783.;52"</b>	<b>1,805,451</b>
<b>NKCDKNKVKIGU</b>		
<b>Current Liabilities</b>		
Accounts payable	#####3.75;.2;7"	685,793
Payroll and related liabilities	#####94;.:27"	760,963
Liability for voluntary termination (Note 4)	#####4.794"	340,728
Accrued compensated absences (Note 4)	#####547.976"	342,772
Accrued interest payable	#####.:.476"	8,700
Adm 6 760,009 ' h	5	7
8 145,422		
Nonct a M rent	3,1085,09	
	760,243 #	
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ntary termination (Note 4)/#####		

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	<b>423:</b>	2017 (Note 1)
<b>FGHGTTGF"KPHNQ Y U"QH"TGUQWTEGU</b>		
Pension-Related Deferred Inflows (Note 5)	&"3.:;7.;57"	\$ 371,525
OPEB-Related Deferred Inflows (Note 7)	"4.2;3.5;4"	-
Unavailable Property Taxes	"5.5;:.36;"	3,024,911
<b>Vqvcn" fghgttgf" kphnq y u" qh" tguqwtegu</b>	"9.5:7.698"	3,396,436
 <b>PGV"RQUKVKQP</b>		
Net Investment in Capital Assets	"49.:38.684"	28,329,594
Restricted for:		
Nonexpendable	"32.974.794"	10,726,922
Expendable:		
Scholarships	"5.957.623"	3,681,098
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**PQTVJ Y GUV"EQNNG I G**

**COMPONENT UNIT - NORTHWEST COLLEGE FOUNDATION**

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<b>CUUGVU</b>	<b>4239</b>	<b>2016</b>
Cash and cash equivalents, including \$15,728 and \$25,878, respectively, held for Boys and Girls Club (Note 2)	&"5;:334"	\$ 592,702
Certificates of deposit, including \$20,014 and \$0, respectively, held for Boys and Girls Club	"922.222"	-
Investments (Note 2)	"3.24:659"	1,090,856
Contributions receivable	"668.344"	353,290
Accounts receivable	"47.222"	-
Cash and cash equivalents restricted by donors for long-term purposes (Note 2)	"23.6:9"	1,316,157
Investments for long-term purposes, including \$1,115,607 and \$1,099,824, respectively, held for Boys and Girls Club (Note 2)	"5.:9:745"	33,952,431
Beneficial interest in perpetual trust	"32.494"	861,539
Other assets	"892.49;"	675,782
<b>Vqvcn"cuugvu</b>	<b>&amp;"66.27:454"</b>	<b>\$ 38,842,757</b>
<b>NKCDKNKVKGU"CPF"PGV"CUUGVU</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	&"34.5:9"	\$ 22,445
Investments held for others (Note 2)	"36.:67.725"	13,575,307
Assets held in trust	"3.328.427"	1,017,905
Liabilities associated with charitable gift annuities	"425.527"	228,034
<b>Vqvcn"nkcdknkvgu</b>	<b>"38.489.622"</b>	<b>14,843,691</b>
<b>Net Assets</b>		
Unrestricted	"4.665.476"	2,318,586
Temporarily restricted	"8.654.:32"	3,575,665
Permanently restricted	"3.:36.98:"	18,104,815
<b>Vqvcn"pgv"cuugvu</b>	<b>"49.9;2.:54"</b>	<b>23,999,066</b>
<b>Vqvcn"nkcdknkvgu"cpf"pgv"cuugvu</b>	<b>&amp;"66.27:454"</b>	<b>\$ 38,842,757</b>

See Notes to Financial Statements.

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	<b>423:</b>	2017 (Note 1)
<b>Operating Revenues</b>		
Tuition and fees, net of scholarship allowance of 2018 \$1,900,268; 2017 \$1,661,300	&"""""" <b>4.84; .386</b> ""	\$ 2,710,011
Federal grants and contracts	"""""" <b>:43.5; 9</b> ""	794,447
State and local grants and contracts	"""""" <b>524.643</b> ""	339,208
Auxiliary enterprise charges, net of scholarship allowance of 2018 \$1,023,222; 2017 \$894,546	"""""" <b>4.; ;9.999</b> ""	3,452,789
Other operating revenues	"""""" <b>9; 2.348</b> ""	736,487
<b>Vqvcn"qrgtcvki"tgxgpwgu</b>	"""""" <b>9.762.: :7</b> ""	8,032,942
<b>Operating Expenses (Note 12)</b>		
Instruction	"""""" <b>; .5: 3.9: 4</b> ""	9,244,808
Public service	"""""" <b>465.475</b> ""	226,023
Academic support	"""""" <b>3.844.: 57</b> ""	1,716,390
Student services	"""""" <b>5.666.586</b> ""	3,246,523
Institutional support	"""""" <b>7.653.737</b> ""	5,248,500
Operation and maintenance of plant	"""""" <b>4.74; .663</b> ""	2,588,579
Scholarships	"""""" <b>87: .256</b> ""	895,922
Auxiliary enterprises	"""""" <b>7.275.764</b> ""	4,720,659
Depreciation	"""""" <b>4.749.272</b> ""	2,481,537
<b>Vqvcn"qrgtcvki"gzrgpugu</b>	"""""" <b>52.: ;3.: 38</b> ""	30,368,941



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	423:	2017 (Note 1)
<b>Nonoperating Revenues (Expenses)</b>		
Non-exchange Federal and state grants	&"4.9;9.278"	\$ 2,578,828
State appropriations	"36.297.2;8"	14,414,865
Local appropriations	"5.7;7.:74"	4,008,807
Private gifts, grants, and contracts	"4.923"	90,810
Net investment gain	"3.37;.64;"	1,048,386
Interest expense	"325.;77+"	(109,191)
Gain/(loss) on sale of assets	"45.688"	(11,350)
<b>Vqvcn"pqpqrgtcvkpi"tgxgpwgu</b>	<b>"43.84;.867"</b>	<b>22,021,155</b>
<b>*Nquu+"dghqtg"qvjgt"tgxgpwg."gzrgpugu. i ckpu."qt"iquugu</b>	<b>"3.943.4;8+"</b>	<b>(314,844)</b>
<b>Other Revenue, Expenses, Gains, or Losses</b>		
State endowment appropriation	"47.872"	37,291
<b>Vqvcn"qvjgt"tgxgpwg."gzrgpugu."i ckpu."qt"iquugu</b>	<b>"47.872"</b>	<b>37,291</b>
<b>*Fgetgcug+"kp"pgv"rquvkqp</b>	<b>"3.8;7.858+"</b>	<b>(277,553)</b>
Net Position, beginning, as previously stated	"6.:;8.:523"	49,245,854
Restatement to prior period (Note 7)	"35.285.742+"	-
Net pension, beginning, as restated	"57.;26.9;3"	49,245,854
Net Position, ending	<b>&amp;"56.42;.367"</b>	<b>\$ 48,968,301</b>

See Notes to Financial Statements.



**PQTVJ Y GUV"EQNNG I G**

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

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**4239**

2016

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	423:	2017 (Note 1)
<b>Cash Flows from Operating Activities</b>		
Received from students and customers	&"9.734.438"	\$ 8,151,269
Payments to employees and benefits	"39.69:.789+"	(18,822,389)
Payments to vendors and suppliers	":.999.:74+"	(9,180,798)
Payments for scholarships	"87:.256+"	(895,922)
Other receipts	"422.9:2"	35,946
<b>Pgv"ecu j"*wugf"kp+"qrgtcvkpi"cevkxkvgu</b>	<b>"3;.423.679+"</b>	<b>(20,711,894)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Non-exchange Federal and state grants	"4.9;9.278"	2,578,828
State appropriations	"36.358.336"	14,355,512
Local appropriations	"5.726.823"	4,070,687
Gifts, endowments and grants for other than capital purchase	"4.923"	90,810
<b>Pgv"ecu j"rtqxfgf"d{"pqpccrkvci"hkpcpekpi"cevkxkvgu</b>	<b>"42.742.694"</b>	<b>21,095,837</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchases of capital assets	"3.:37.375+"	(966,924)
Proceeds from sale of capital assets	"47.422"	7,105
Interest paid on note	"326.623+"	(109,626)
Payment of note principal	"42;.4;3+"	(204,067)
State endowment invested in Foundation	"36.4;6+"	(740,861)
<b>Pgv"ecu j"*wugf"kp+ ecrkvcn"cpf"tgnvcgf"hkpcpekpi"cevkxkvgu</b>	<b>"4.;39.;5;+"</b>	<b>(2,014,373)</b>
<b>Cash Flows from Investing Activities</b>		
State endowment appropriation	"47.872"	37,291
Interest received on investment	"3.37;.64;"	1,048,386
<b>Pgv"ecu j"rtqxfgf"d{"kpxgvkpi"cevkxkvgu</b>	<b>"3.3:7.29;"</b>	<b>1,085,677</b>
<b>Pgv"*fgetgcug+"kp"ecu j"cpf"ecu j"gswkxcigpvu</b>	<b>"635.:67+"</b>	<b>(544,753)</b>
<b>Cash and Cash Equivalents</b>		
Beginning of year	"37.233.7; ;"	15,556,352
End of year	&"36.7;9.976"	\$ 15,011,599

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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 accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Nonexchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; most private gifts and 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. Revenue from grants, State appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

Jointly governed organizations (not included in the College reporting entity): Under provisions of Wyoming State Statutes Section 21-20-101 et seq., the College has joined with Park County School District No. 1 to form the Park County School District No. 1 Board of Cooperative Educational Services. The purpose of this board is to provide for the joint operation of the Park County School District No. 1 and the College.

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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 compliance 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, notes payable, and total OPEB obligations 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.

*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.

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.



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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

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Postemployment benefits other than pensions (OPEB): The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense associated with the State

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Investment pool: The Foundation maintains master investment accounts for its donor-restricted

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Pass-through contributions: Donor-restricted funds designated



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	2016	
	Cost	Fair Value
Level 1:		
Mutual/index funds	\$ 3,549,179	\$ 3,728,551
Equity	21,604,417	26,417,630
Total Level 1	<u>25,153,596</u>	<u>30,146,181</u>
Level 2:		
U.S. Treasury securities	1,470,264	1,447,672
Other U.S. Government bonds	154,303	153,184
Corporate bonds	436,429	441,470
Investment in hedge fund	3,191,799	2,854,780
Total Level 2	<u>5,252,795</u>	<u>4,897,106</u>
Total investments held by the Northwest College Foundation	<u>\$ 30,406,391</u>	<u>\$ 35,043,287</u>

Reported under the following captions:

	4239	2016
Investments	<u>&amp;"3.24;.659"</u>	\$ 1,090,856
Investments restricted by donors for long-term purposes and investments held for others	<u>"5.;9;.745"</u>	33,952,431
	<u>&amp;"62.228.;82"</u>	<u>\$ 35,043,287</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 service firms totaling \$650,142 and \$869,061 at December 31, 2017 and 2016, respectively, was fully insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000 per broker account.



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At June 30, 2018 and 2017, 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	Less than 1	1 to 5	More than 5
Investment Type:				
U.S. Treasury	\$ 48,222	\$ 76,222	\$ 45,222	\$ 7,222
Government obligations	\$ 4,458,222	\$ -	\$ -	\$ 4,458,222
	\$ 5,384,222	\$ 76,222	\$ 45,222	\$ 4,47,222

Investment Type:												
U.S. Treasury	\$	1,213,000	\$	-	\$	379,000	\$	834,000				
Government obligations		2,202,000	\$									
	\$	3,162	0	\$	-	\$	379	379,000	0	1	2,825,000	0



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A summary of changes in the capital assets for the years ended June 30, 2018 and 2017 is as follows:

	Balance June 30, 2017	Additions	Deletions	Transfers In (Out)	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 1,464,663	\$ -	\$ -	\$ -	\$ 1,464,663
Art, literature, and artifacts	50,000	-	-	-	50,000
Construction in progress	152,706	1,851,444	-	(508,983)	1,495,167
<b>Vqvcn"ecrkvcn"cuugvu"pqv" dgi"fgtgekvf</b>	<b>\$ 1,667,369</b>	<b>\$ 1,851,444</b>	<b>\$ -</b>	<b>\$ (508,983)</b>	<b>\$ 3,009,830</b>
Other capital assets:					
Land improvements	\$ 1,842,672	\$ -	\$ -	\$ -	\$ 1,842,672
Buildings	64,570,446	-	-	508,983	65,079,429
Machinery and equipment	6,709,123	292,047	(154,682)	-	6,846,488
<b>Vqvcn"qvjgt"ecrkvcn"cuugvu</b>	<b>73,122,241</b>	<b>292,047</b>	<b>(154,682)</b>	<b>508,983</b>	<b>73,768,589</b>
Less accumulated depreciation for:					
Land improvements	362,533	112,946	-	-	475,479
Buildings	36,995,023	1,8 2	\$ n de	,83	6 s Â

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	Balance June 30, 2016	Additions	Deletions	Transfers In (Out)	Balance June 30, 2017
Capital assets not being depreciated:					
Land	\$ 1,464,663	\$ -	\$ -	\$ -	\$ 1,464,663
Art, literature, and artifacts	50,000	-	-	-	50,000
Construction in progress	598,920	687,708	(17,946)	(1,115,976)	152,706
<b>Vqvcn"ecrkvcn"cuugvu"pqv" dglpi"fgtgekvf</b>	<b>\$ 2,113,583</b>	<b>\$ 687,708</b>	<b>\$ (17,946)</b>	<b>\$ (1,115,976)</b>	<b>\$ 1,667,369</b>
Other capital assets:					
Land improvements	\$ 1,476,701	\$ -	\$ -	\$ 365,971	\$ 1,842,672
Buildings	63,839,242	-	-	731,204	64,570,446
Machinery and equipment	6,770,447	279,216	(359,341)	18,801	6,709,123
<b>Vqvcn"qvjgt"ecrkvcn"cuugvu</b>	<b>72,086,390</b>	<b>279,216</b>	<b>(359,341)</b>	<b>1,115,976</b>	<b>73,122,241</b>
Less accumulated depreciation for:					
Land improvements	255,601	106,932	-	-	362,533
Buildings	35,163,831	1,831,192	-	-	36,995,023
Machinery and equipment	4,980,358	543,413	(358,832)	-	5,164,939
<b>Vqvcn"ceew o wncvfg"fgtgekvkqp"</b>	<b>40,399,790</b>	<b>2,481,537</b>	<b>(358,832)</b>	<b>-</b>	<b>42,522,495</b>
<b>Qvjgt"ecrkvcn"cuugvu."pgv</b>	<b>\$ 31,686,600</b>	<b>\$ (2,202,321)</b>	<b>\$ (509)</b>	<b>\$ 1,115,976</b>	<b>\$ 30,599,746</b>
Capital asset summary:					
Capital assets not being depreciated	\$ 2,113,583	\$ 687,708	\$ (17,946)	\$ (1,115,976)	\$ 1,667,369
Other capital assets, at cost	72,086,390	279,216	(359,341)	1,115,976	73,122,241
<b>Vqvcn"equv"qh"ecrkvcn"cuugvu</b>	<b>74,199,973</b>	<b>966,924</b>	<b>(377,287)</b>	<b>-</b>	<b>74,789,610</b>
Less accumulated depreciation	40,399,790	2,481,537	(358,832)	-	42,522,495
<b>Ecrkvcn"cuugvu."pgv</b>	<b>\$ 33,800,183</b>	<b>\$ (1,514,613)</b>	<b>\$ (18,455)</b>	<b>\$ -</b>	<b>\$ 32,267,115</b>

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Voluntary termination: The College has established an LLC an

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Interest on the note is 2.56% and is payable semi-annually. The note requires annual principal payments through June 1, 2033.

Aggregate principal including interest required on the note at June 30, 2018 is as follows:

	<u>Principal</u>	<u>Interest</u>
2019	\$ 214,648	\$ 99,044
2020	220,143	93,549
2021	225,779	87,913
2022	231,559	82,134
2023	237,487	76,206
2024-2028	1,281,803	286,660
2029-2033	1,457,493	113,941
	<u>\$ 3,868,912</u>	<u>\$ 839,447</u>

Long-term liability activity other than the note payable for the years ended June 30, 2018 and 2017 was as follows:

	Balance			Balance	Amounts
	June 30,	Additions	Deletions	June 30,	Due within
	2017			2018	One Year
Other liabilities:					

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Plan description: Substantially all employees of the College, excluding those participating in the TIAA 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/About/Reports?Label=Financial#categories>.

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

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Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2018 and 2017, the College reported a liability of

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An amount of \$224,576 reported as deferred outflows of resources related to pensions resulting from the

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On July 1, 2017, the College implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which recognizes a long-term obligation for OPEB benefits. The accounting change adopted to conform to the provisions of GASB Statement No. 75 has been applied retroactively by restating the beginning net position for the fiscal year ended June 30, 2018, which included recording a total OPEB obligation of \$13,063,520. As the data needed to implement this standard for all periods presented was not available for periods prior to July 1, 2017, the College has elected to not restate the information presented for the period ended June 30, 2017.





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*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	July 1, 2017 (based on July 1, 2017 census data).
Inflation	2.50%
Salary Increases	2.50% - 6.00%
Mortality Rates	Pre-Termination: RP-2006 Combined, 100% male, 88% female, generational projection using MP-2017. Post-Termination: RP-2006 Combined, 100% male, 88% female, generational projection using MP-2017. Disabled: RP-2006 Combined, 100% male, 100% female, generational projection using MP-2017.
Healthcare Cost Trend Rates	Non-Medicare: 4.50% - 7.60% Medicare: 4.50% - 8.10%
Participation Rate	65% will elect coverage and 30% will cover a spouse.
Spouse Age Differential	Males are assumed to be 3 years older than females.
Cost Method	Entry Age Normal. Under this method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working lifetime as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay over the year. The Normal Cost is equa

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Sensitivity of the College's proportionate share of the collective total OPEB liability to changes in the discount rate: The table below presents the College's proportionate share of the collective total OPEB liability calculated using the discount rate of 3.58%, as well as what the College'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 (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Proportionate share of the collective total OPEB liability	\$ 15,254,348	\$ 12,523,691	\$ 10,422,823

Sensitivity of the College's proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rates: The table below presents the College's proportionate share of the collective total OPEB liability, as well as what the College'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 cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Non-Medicare	6.60%	7.60%	8.60%
Medicare	7.10%	8.10%	9.10%
Proportionate share of the collective total OPEB liability	\$ 10,538,844	\$ 12,523,691	\$ 15,207,878

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Operating leases: The College has entered into several operating leases for office equipment. To comply with Wyoming State Statutes, all leases contain a nonappropriations clause which allows the College to cancel the lease in the event that resources are not available for future appropriation. Rent expense for these operating leases was \$19,310 and \$30,887 for the years ended June 30, 2018 and 2017, respectively. The College entered into a lease for space on a broadcast tower to house an antenna/broadcasting system. Rent expense for this lease was \$0 and \$16,800 for the years ended June 30, 2018 and 2017, respectively.

The College has entered into two leases for outreach locations.

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Future obligations consist of the following:

2019	\$ 123,562
2020	126,127
2021	72,070
2022	<u>1,393</u>
	<u><u>\$ 323,152</u></u>

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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, 2018, approximately 31 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, 2018 was approximately \$1,722,728.

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.

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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, 2018, 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.



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The College's operating expenses by natural classification were as follows for June 30, 2018 and 2017:

Functional Classification	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	Total
Instruction	\$ 8,543,510	\$ 838,272	\$ -	\$ -	\$ 9,381,782
Public service	72,065	171,188	-	-	243,253
Academic support	916,960	705,875	-	-	1,622,835
Student services	2,515,343	929,021	-	-	3,444,364
Institutional support	3,401,112	2,030,403	-	-	5,431,515
Operation of plant	1,323,355	1,206,086	-	-	2,529,441
Scholarships	-	-	-	658,034	658,034
Auxiliary enterm	esb ,022	M			

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	College's proportion of the net pension liability	College's proportionate share of the net pension liability	College's covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.355973138%	\$ 5,412,217	\$ 6,111,538	88.56%	81.10%
2015	0.345549783%	6,097,890	6,042,994	100.91%	79.08%
2016	0.327364883%	7,625,467	5,880,121	129.68%	73.40%
2017	0.327219500%	7,910,532	5,852,723	135.16%	73.42%
2018	0.303276300%	6,912,699	5,329,146	129.71%	76.35%

\* *The amounts pres*

See Notes to Required Supplementary Information.



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	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll pension liability
2014	\$ 440,321	\$ 440,321	\$ -	\$ 6,184,286	7.12%

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	College's proportion of the total OPEB liability	College's proportionate share of the total OPEB liability	College's covered payroll	College's proportionate share of the total OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	1.58329%	\$ 12,523,691	N/A	N/A	0.00%

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Changes in benefit terms: There were no changes in benefit terms between the December 31, 2016 measurement date and the December 31, 2017 measurement date.

Changes in assumptions: There were economic and demographic changes in assumptions between the December 31, 2016 measurement date and the December 31, 2017 measurement date which were approved by the Wyoming Retirement System Board effective August 23, 2017.

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Changes in benefit terms: There were no changes in benefit terms since the prior valuation.

Changes in assumptions: The valuation reflects the following assumption changes from the June 30, 2016 measurement date to the June 30, 2017 measurement date.

- Discount rate changed from 2.85% to 3.58%.
- Health care trend rates were changed.
- The following assumptions were updated based on the December 31, 2016 actuarial experience study for the Wyoming Retirement System:
  - Mortality rates
  - Retirement rates
  - Withdrawal rates
  - Disability rates
  - Salary increase rates

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<b>CUUGVU</b>	<b>Northwest College</b>	<b>Northwest College Building Authority</b>	<b>Eliminations</b>	<b>Total</b>
<b>Current Assets</b>				
Cash and cash equivalents	\$ 9,685,271	\$ 4,741	\$ -	\$ 9,690,012
Cash and cash equivalents, restricted	4,907,742	-	-	4,907,742
Accounts receivable, net	1,142,761	-	-	1,142,761
Current maturities of investment in direct financing lease	-	214,648	(214,648)	-
Interest receivable	-	84,176	(84,176)	-
Property taxes receivable	3,572,109	-	-	3,572,109
Prepays	147,016	-	-	147,016
<b>Vqvcn"ewttgpn"cuugvu</b>	<b>19,454,899</b>	<b>303,565</b>	<b>(298,824)</b>	<b>19,459,640</b>
<b>Noncurrent Assets</b>				
Investment in direct financing lease, less current maturities	-	3,654,264	(3,654,264)	-
Capital assets, net of accumulated depreciation	31,881,822	-	-	31,881,822
Investments held by others	14,424,308	-	-	14,424,308
<b>Vqvcn"ppewttgpn"cuugvu</b>	<b>46,306,130</b>	<b>3,654,264</b>	<b>(3,654,264)</b>	<b>46,306,130</b>
<b>Vqvcn"cuugvu</b>	<b>65,761,029</b>	<b>3,957,829</b>	<b>(3,953,088)</b>	<b>65,765,770</b>
<b>FGHGTTGF"QWVHNQ YU"QH"TGUQWTEGU</b>				
Pension-Related Deferred Outflows	1,846,530	-	-	1,846,530
OPEB-Related Deferred Outflows	583,510	-	-	583,510
<b>Total noncurrent assets</b>	<b>46,306,130</b>			

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	Northwest College	Northwest College Building Authority	Eliminations	Total
<b>Operating Revenues</b>				
Tuition and fees	\$ 2,629,164	\$ -	\$ -	\$ 2,629,164
Federal grants and contacts	821,397	-	-	821,397
State and local grants and contracts	302,421	-	-	302,421
Auxiliary enterprise charges	2,997,777	-	-	2,997,777
Other operating revenues	790,126	-	-	790,126
<b>Vqvcn"qrgtcvki"tgxgpwgu</b>	<b>7,540,885</b>	<b>-</b>	<b>-</b>	<b>7,540,885</b>
<b>Operating Expenses</b>				
Instruction	9,381,782	-	-	9,381,782
Public service	243,253	-	-	243,253
Academic support	1,622,835	-	-	1,622,835
Student services	3,444,364	-	-	3,444,364
Institutional support	5,431,515	-	-	5,431,515
Operation and maintenance of plant	2,518,648	10,793	-	2,529,441
Scholarships	658,034	-	-	658,034
Auxiliary enterprises	5,053,542	-	-	5,053,542
Depreciation	2,527,050	-	-	2,527,050
<b>Vqvcn"qrgtcvki"gzrgpugu</b>	<b>30,881,023</b>	<b>10,793</b>	<b>-</b>	<b>30,891,816</b>
<b>"Qrgtcvki"*nquu+</b>	<b>(23,340,138)</b>	<b>(10,793)</b>	<b>-</b>	<b>(23,350,931)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Non-exchange Federal and state grants	2,797,056	-	-	2,797,056
State appropriations	14,075,096	-	-	14,075,096
Local appropriations	3,595,852	-	-	3,595,852
Private gifts, grants and contracts	82,701	-	-	82,701
Net investment income	1,158,109	1,320	-	1,159,429
Direct financing income	-	116,707	(116,707)	-
Interest expense	(116,707)	(103,955)	116,707	(103,955)
Gain/(Loss) on sale of assets	23,466	-	-	23,466
<b>Vqvcn"pqpqrgtcvki"tgxgpwgu</b>	<b>21,615,573</b>	<b>14,072</b>	<b>-</b>	<b>21,629,645</b>
<b>kpeq o g"*nquu+"dghqtg"qvjgt"tgxgpwg."</b>	<b>338,929</b>	<b>45,688</b>	<b>4,923</b>	<b>389,540</b>

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Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
<b><u>Uvw fgpv"Hkpcpekcn"Ckf"Enwuvgt&lt;</u></b>			
<b>W0U0" Fgrctv o gpv"qh"Gfwecvkqp&lt;</b>			
Federal Direct Student Loans	N/A	84.268	\$ 1,657,317
Federal Pell Grant Program	N/A	84.063	1,930,150
Federal Work-Study Program	N/A	84.033	50,295
Federal Supplemental Educational Opportunity Grants	N/A	84.007	27,396
<b>Vqvcn"Uvw fgpv"Hkpcpekcn"Ckf"Enwuvgt"</b>			<b>3,665,158</b>
<b><u>VTKQ"Enwuvgt&lt;</u></b>			
<b>W0U0" Fgrctv o gpv"qh"Gfwecvkqp&lt;</b>			
TRIO Student Support Services	N/A	84.042A	252,776
<b>Vqvcn"VTKQ"Enwuvgt"</b>			<b>252,776</b>
<b><u>Qvigt"Rtqitcou&lt;</u></b>			
<b>W0U0" Fgrctv o gpv"qh"Gfwecvkqp&lt;</b>			
Passed through Wyoming Department of Education:			
Career and Technical Education - Basic Grants to States	111550PPS00	84.048A	162,741
Passed through Wyoming Community College Commission:			
Adult Education Basic Grants to States	ABE13R08	84.002A	51,96 £

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Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
<b>VCPH"Enwuvgt&lt;</b>			
<b>W0U0" Fgrctv o gpv"qh"Ncdqt&lt;</b>			
Passed through Wyoming Department of Family Services Temporary Assistance for Needy Families	N/A	93.558	\$ 21,682
Passed through Wyoming Department of Workforce Temporary Assistance for Needy Families	N/A	93.558	<u>9,213</u>
<b>Vqvcn"VCPH"Enwuvgt"cpf" Fgrctv o gpv"qh"Ncdqt</b>			<u>30,895</u>
<b>W0U0" Fgrctv o gpv"qh"Ci tkewnwtg&lt;</b>			
Passed through Wyoming Department of Education Child and Adult Care Food Program	N/A	10.558	16,793
Child Care Gardening Grant Program	N/A	10.170	<u>490</u>
<b>Vqvcn"W0U0" Fgrctv o gpv"qh"Ci tkewnwtg</b>			<u>20,064</u>
<b>W0U0"Hqtguv"Ugtxkeg&lt;</b>			
Shoshone National Forest Biology Interns	14-CS-11024400-018	Unknown	<u>1,310</u>
<b>Vqvcn"W0U0"Hqtguv"Ugtxkeg</b>			<u>1,310</u>
<b>Vqvcn"Gzrgpfkvtgu"qh"Hgfgtcn"Cyctfu</b>			<u>\$ 4,513,410</u>

See Notes to Schedule of Expenditures of Federal Awards.

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The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes Federal award activity of Northwest College (the "College") under programs of the Federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the College.

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Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College did not provide any amounts to subrecipients. The College has elected not to use the 10-percent de minimis



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QXGT" HKPCPEKCN" TGRQTVKPI" CPF" QP" EQORNKCPEG" CPF"  
QVJGT" OCVVGTU" DCUGF" QP" CP" CWFKV" QH" HKPCPEKCN"  
UVCVGOGPVU" RGTHTQTOGF" KP" CEEQTF CPEG" YKVJ"  
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Northwest College  
Powell, Wyoming

We have audited, in accordance with the 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 the business-type activities and the discretely presented component unit of Northwest College (the "College"), as of and for the year ended June 30, 2018; and the Northwest College Foundation (the "Foundation") as of and for the year ended December 31, 2017; and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 12, 2018. The financial statements of the College's discretely presented component unit, Northwest 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 the Northwest College Foundation.

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

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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*.

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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 black ink, appearing to read "M. A. ...", is written over a solid black rectangular redaction box.

Cheyenne, Wyoming  
November 12, 2018



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HQT" GCEJ" OCLQT" HGFgTCN" RTQ I TCO" CPF" TGRQTV"  
QP" KPVGTPCN" EQPVTQN" QXGT" EQORNKCPEG"  
TGSWKTGF" D [ "VJG" WPKHQTO" I WkFCPEG

To the Board of Trustees  
Northwest College  
Powell, Wyoming

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We have audited Northwest College's (the "College") compliance with the types of compliance requirements described in the OMB 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, 2018. 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 Federal statutes, regulations, and the terms and conditions of its Federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above tha

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did Ò

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Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  Yes  No

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Internal control over major Federal programs:

- Material weakness (es) identified?  Yes  No
- Significant deficiency (ies) identified?  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 2 CFR 200.516 (a)?  Yes  No

Identification of major Federal programs:

<u>CFDA Number(s)</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: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

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None.

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None.



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There were no audit findings for the year ended June 30, 2017.