NORTHWEST COLLEGE

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2021 AND 2020

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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, 2021 and 2020, and its discretely presented component unit, the Northwest College Foundation (the Foundation), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2021 and 2020, and December 31, 2020 and 2019, respectively, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 12, and certain pension plan information and certain OPEB plan information on pages 43 through 47 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 (GASB), 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The combining schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
December 13, 2021

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) 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, 2021, with selected comparative information for the year ended June 30, 2020. 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 (the College) as the primary entity, including the Northwest College Building Authority (the Authority) as a blended component unit, but also includes financial information for the Northwest College Foundation (the Foundation) as a discretely presented component unit. Analysis in this section will focus on the College's financials without drawing any conclusion about the Foundation's 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.

The College's financial statements consist of the following funds:

Unrestricted Funds
- Operating Fund
- One Mill Fund
- Auxiliary Fund
- Community Education Non-Credit Fund
- Continuing Education Contract Training Fund

Restricted Funds
- General Restricted Fund
- Federal Pell/Supplemental Educational Opportunity Grant/Workstudy Fund
- Federal Funds Fund
- Restricted Scholarships Fund
- Workforce Restricted Fund

Endowment Fund
- Northwest College Quasi Endowment Fund

Custodial Funds
- Custodial Fund
- Custodial-Foundation Pass-Through Fund

Plant Funds
- Plant Renewal and Replacement Fund
- Plant Construction Fund
- Fixed Assets Fund
- Retirement of Indebtedness Fund

It is the College's duty to be accountable to the public and provide information that responds to the three primary groups of users of its financial report:

- The citizenry
- The governing board, the Wyoming Community College Commission (the WCCC), and oversight bodies
- Investors and creditors

Financial reports and accompanying notes provide information useful for assessing financial condition and results of operations; assisting in determining compliance with finance-related laws, rules, and regulations; and evaluating the uses of monetary resources.

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL STATEMENTS
The College's annual financial report consists of three components, in accordance with required reporting standards: (1) this MD&A section; (2) the financial statements; and (3) the notes to the financial statements. The College's financial statements include 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 and adjustments are necessary for the preparation of these entity-wide financial statements when compared to internally generated financial statements by fund.

Statement of Net Position
The Statement of Net Position reflects the College's financial and capital resources. This statement presents the financial position of the College at the end of the fiscal year and includes all assets, deferred outflows, liabilities, and deferred inflows of the College. In addition, this statement segregates the assets and liabilities into current and noncurrent components. The difference between assets, deferred outflows, liabilities, and deferred inflows represents the College's net position. The net position is displayed in four components: net investment in capital assets, restricted nonexpendable, restricted expendable, and unrestricted.

- ***Net investment in capital assets:*** Net investment in capital assets represents the College's total investment at historical cost in capital assets, property, plant, equipment, and infrastructure, net of accumulated depreciation, and outstanding debt obligations related to those capital assets, including accounts payable related to the acquisition of capital assets. The College capitalizes assets that have a value above $5,000 for equipment, $25,000 for land and site improvements, and $50,000 for buildings and building improvements.
- ***Restricted net position (nonexpendable):*** Restricted net position (nonexpendable) consists of endowment and similar-type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be either expended or added to principal.
- ***Restricted net position (expendable):*** Restricted net position (expendable) includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external parties and/or donors.
- ***Unrestricted net position:*** Unrestricted net position represents all other funds available to the institution, which may be used for the operation of the College at the discretion of the Board of Trustees.

Net position is one indicator of the current financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or deteriorated during the year.

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Net Position includes all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account, regardless of when cash is actually received or paid. Assets and liabilities are generally measured using current values; one exception is capital assets, which are stated at historical cost less an allowance for depreciation.

Condensed Statements of Net Position at June 30 are presented below:

	2021	2020	2019
Assets			
Current assets	**$ 23,190,088**	$ 21,249,070	$ 17,490,835
Noncurrent assets	**47,063,749**	44,331,261	46,287,921
Total assets	**70,253,837**	65,580,331	63,778,756
Deferred Outflows of Resources			
Pension-related deferred outflows	**529,622**	738,429	2,493,357
Other postemployment benefits (OPEB)-related deferred outflows	**6,689,997**	2,803,617	3,739,510
Debt defeasance	**105,511**	114,305	123,097
Total deferred outflows of resources	**7,325,130**	3,656,351	6,355,964
Liabilities			
Current liabilities	**2,448,618**	2,717,990	2,794,631
Noncurrent liabilities	**28,889,381**	24,916,476	29,915,756
Total liabilities	**31,337,999**	27,634,466	32,710,387
Deferred Inflows of Resources			
Pension-related deferred inflows	**1,903,477**	1,416,678	543,532
OPEB-related deferred inflows	**3,972,743**	4,513,819	2,059,748
Unavailable property taxes	**3,131,473**	3,531,356	3,477,098
Total deferred inflows of resources	**9,007,693**	9,461,853	6,080,378
Net Position			
Net investment in capital assets	**27,185,659**	27,483,772	28,270,000
Restricted nonexpendable	**10,801,707**	10,801,707	10,791,422
Restricted expendable - scholarships	**3,492,027**	3,925,570	4,076,029
Restricted expendable - capital projects	**1,137,660**	1,193,338	970,971
Unrestricted	**(5,383,778)**	(11,264,024)	(12,764,467)
Total net position	**$ 37,233,275**	$ 32,140,363	$ 31,343,955

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total net position increased $5,092,912 in fiscal year 2021 to a total of $37,233,275. Total net position increased $796,408 in fiscal year 2020 to a total of $32,140,363. Unrestricted net position of ($5,383,778) in 2021, ($11,264,024) in 2020 and ($12,764,467) in 2019 was available for future operating and capital needs of the College.

Current assets include cash and cash equivalents, accounts and property tax receivables, and prepaid expenses. Unrestricted cash increased by $2,746,815 and $3,104,890 during 2021 and 2020, respectively, and decreased by $144,202 during 2019.

Park County property and mineral values decreased in 2021, resulting in a decrease to the property tax receivable from $3,755,363 in 2020 to $3,455,401 in 2021. Variations are also due to the timing of property tax payments from Park County property owners. See additional discussion of the increase in assessed property values under Statement of Revenues, Expenses, and Changes in Net Position below.

Noncurrent assets of $47,063,749 and $44,331,261 for the years ended June 30, 2021 and 2020, respectively, are made up of land, buildings, improvements, construction in progress, equipment, library books, and the endowment challenge. These values, except the endowment challenge, which is valued at fair value, are stated based on original amounts less depreciation. In 2021, $1,943,536 was spent on new or in-progress capital improvements, which included electrical upgrades, upgrading the CABRE Gym HVAC unit, and upgrades to the information technology system , among others. In 2020, $1,616,391 was spent on new or in-progress capital improvements, which included electrical upgrades, upgrading the Oliver heat unit, and the renovation and regrading of the childcare center, among others. See Note 3 in the accompanying financial statements. The College endowment held by the Foundation increased (decreased) by $3,437,668, ($1,003,374) and ($94,697) for the years ended June 30, 2021, 2020 and 2019, respectively.

Total liabilities as of June 30, 2021 were $31,337,999, compared to $27,634,466 as of June 30, 2020. The increase in total liabilities is due to an increase in total OPEB liability offset by a decrease in the net pension liability, as established by Governmental Accounting Standards Board (GASB) Statement Nos. 75 and 68, respectively. These GASB Statements are discussed below.

The long-term maturity of notes payable refers to the amount to be repaid in a time period longer than the next 12 months for a loan associated with Simpson Hall in the Authority. The balance will decrease over time as required debt payments are made. See Note 4 for the College's long-term liabilities.

Total current liabilities as of June 30, 2021 were $2,448,618, compared to $2,717,990 as of June 30, 2020. This slight decrease was primarily related to timing associated with accounts payable transactions at year-end.

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented in fiscal year 2015. GASB Statement No. 68 requires the College to recognize its proportionate share of the total net pension liability as calculated by the Wyoming Retirement System's actuarial firm. Based on the calculations performed by the actuarial firm, the College's 2021 portion of the pension-related outflows is $529,622, inflows are $1,903,477, and net pension liability is $6,565,844; these amounts were recorded on the Statement of Net Position. This is in comparison to fiscal year 2020, with pension-related outflows of $738,429, inflows of $1,416,678, and net pension liability of $7,555,257; these amounts were recorded on the Statement of Net Position. See Note 5 in the accompanying financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented in fiscal year 2018. GASB Statement No. 75 requires the College to recognize its proportionate share of the total OPEB liability as calculated by the State of Wyoming's (the State) actuarial firm. Based on the calculation performed by the actuarial firm, the College's 2021 portion of the OPEB-related outflows is $6,689,997, inflows are $3,972,743, and total OPEB liability is $19,210,344; these amounts were recorded on the Statement of Net Position. This is in comparison to fiscal year 2020, with OPEB-related outflows of $2,803,617, inflows of $4,513,819, and total OPEB liability of $14,012,152; these amounts were recorded on the Statement of Net Position. See Note 7 in the accompanying financial statements.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the College's results of operations and supports the total change in net position for the year. Revenues and expenses are classified as operating or nonoperating. "Operating" is defined by the GASB as resulting from transactions involving exchanges of goods or services for payment. The College receives revenue from several sources; operating revenues are directly related to the operation of the College and include tuition and fees, Federal grants, State and local grants and contracts, and auxiliary enterprises.

"Nonoperating" is defined by the GASB as resulting from transactions not involving the exchange of goods or services for payment. Nonoperating revenues are not directly related to or derived from a College operation and include State and local appropriations and endowments from the State. The College shows a substantial "operating loss" in the Statement of Revenues, Expenses, and Changes in Net Position primarily because the GASB requires that State appropriation and district levy revenues be reported as "nonoperating."

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following shows the change in net position from revenues and expenses for the years ended June 30:

	2021	2020	2019
Operating Revenues			
Tuition and fees (net allowances)	**$ 2,755,687**	$ 2,979,534	$ 2,266,062
Federal grants and contracts	**841,340**	900,405	830,064
State and local grants and contracts	**953,324**	1,198,100	436,059
Auxiliary enterprise charges (net allowances)	**1,683,352**	2,410,623	2,913,236
Other operating revenues	**832,814**	574,732	763,894
Total operating revenues	**7,066,517**	8,063,394	7,209,315
Operating Expenses			
Instruction	**8,399,579**	8,640,290	9,449,014
Public service	**116,222**	131,348	219,805
Academic support	**6,760,186**	2,381,342	1,993,329
Student services	**3,151,342**	3,319,699	3,659,524
Institutional support	**4,592,251**	4,846,259	4,964,220
Operation and maintenance of plant	**2,306,969**	2,296,372	2,652,794
Scholarships	**1,358,585**	417,178	488,641
Auxiliary enterprises	**2,992,729**	3,654,700	5,075,137
Depreciation	**2,632,825**	2,566,483	3,011,379
Total operating expenses	**32,310,688**	28,253,671	31,513,843
Operating (loss)	**(25,244,171)**	(20,190,277)	(24,304,528)
Nonoperating Revenues	**30,337,083**	20,976,400	21,400,488
State Endowment Appropriation	**-**	10,285	38,850
Increase (decrease) in net position	**$ 5,092,912**	$ 796,408	$ (2,865,190)

The WCCC is responsible for setting the tuition rates for all Wyoming colleges, and those rates are set based on a June 30 fiscal year. The WCCC set the in-state tuition rates at $99, $99 and $94 per credit hour for 2021, 2020 and 2019, respectively. The College is responsible for setting fixed-fee and course fee rates. The Board of Trustees approves the College's fixed-fee rates annually. These rates were set at $41, $39 and $35 per credit hour for 2021, 2020 and 2019, respectively. These increases in tuition and fixed-fee rates have been offset by fluctuations in enrollment. The College's enrollment headcount was as follows:

Year Ended	Fall Semester	Spring Semester	Combined
June 30, 2021	**1,443**	**1,443**	**2,886**
June 30, 2020	1,461	1,523	2,984
June 30, 2019	1,524	1,470	2,994

Based on the above enrollment history, the 2021 $237,817 decrease in tuition and fees before the scholarship allowance was due to a decrease in enrollment while the tuition and fee rates remained steady. The 2020 $496,147 increase in tuition and fees before the scholarship allowance was due to an increase in the tuition and fee rates while overall enrollment remained steady. The 2019 $537,846 decrease in tuition and fees before the scholarship allowance was due to a decrease in enrollment. Reported tuition and fee revenues are offset by the amount of the scholarship allowance, which represents the discount that the College awards and must be netted against the tuition charged to the students. The scholarship allowance offsetting tuition and fee revenues was $1,494,229, $1,508,199 and $1,725,264 in 2021, 2020 and 2019, respectively.

State appropriations normally make up the bulk of the College's total revenues and represent approximately 34%, 51% and 50% of total revenue in 2021, 2020 and 2019, respectively. The decrease in the fiscal year 2021 percentage is related to an increase in non-exchange Federal and State grants due to the global pandemic relief funds provided to the College both from the State of Wyoming and Federal government. During 2021, total State appropriations also decreased by $1,990,881 compared to 2020. The decrease in State appropriation was due to an approximate 20% decrease in State of Wyoming general fund revenue, which was passed through to the Wyoming community colleges through the State's budget process. During 2020, total State appropriations increased by $96,051 compared to 2019. The increase in State appropriation was primarily due to increased major maintenance funds.

Local appropriations are included in nonoperating revenues. Local appropriations include both mill-levy revenue based on Park County property tax valuation and motor vehicle registration fees. As the majority of local appropriations is property tax valuation, the following table represents the Park County assessed value for the previous five years and the current fiscal year:

Fiscal Year	County Valuation	% Change
June 30, 2021	**$626,294,645**	**(11.32%)**
June 30, 2020	706,271,171	3.92%
June 30, 2019	679,629,861	12.34%
June 30, 2018	604,982,133	(5.49%)
June 30, 2017	640,120,277	(26.39%)
June 30, 2016	869,641,470	(0.24%)

Local appropriations revenue increased $99,768 from 2020 to 2021 and $120,130 from 2019 to 2020, and represents approximately 11% of total revenue in 2021 and 14% of total revenue in 2020 and 2019.

Auxiliary services consist primarily of housing and dining services. Income in these areas varies annually based on enrollment and rates charged by these auxiliary services. Occupancy in the residence halls and meal plans sold have declined the last couple of years. Auxiliary enterprise revenues are also reported net of the scholarship allowance. Currently, the auxiliary allowance is calculated at 35% of the institutional, Foundation, and Hathaway scholarships; 2021 auxiliary revenue decreased by $734,794 before the scholarship allowance, while expenses decreased by $661,971. Revenue decreased due to a reduction in the number of meal plans sold in addition to a decline in occupancy within College-owned housing. Expenses decreased significantly due to a change in the residence life staffing model along with a reduction in sick and vacation leave liability and GASB pension liability allocated to the auxiliary enterprises. In 2020, auxiliary enterprise revenue decreased by $619,634 before the scholarship allowance, while expenditures decreased by $1,420,437. Revenue decreased due to a reduction in the number of meal plans sold in addition to a decline in occupancy within College-owned housing. Expenses decreased significantly due to a decrease in dining services costs along with reduced remodeling costs due to completed projects associated with Trapper West and Trapper Main Apartments.

In 2021, the Wyoming Challenge Match Endowment cost basis did not increase, compared to a $10,285 increase in 2020. The College's portion of the Wyoming Challenge Match Endowment held by the Foundation had a book value of $11,297,619 and market value of $16,763,905 as of June 30, 2021.

Statement of Cash Flows

Information from the Statement of Cash Flows reflects the College's operating cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during the fiscal year. Below is a summary of the Statements of Cash Flows for the years ended June 30, found on pages 19 and 20:

	2021	2020	2019
Cash (Used in) Provided by:			
Operating activities	**$ (22,304,913)**	$ (16,467,957)	$ (20,009,213)
Noncapital financing activities	**26,547,917**	21,076,168	21,126,833
Capital and related financing activities	**(5,830,278)**	(863,086)	(3,489,226)
Investing activities	**3,840,259**	(638,389)	313,347
Net increase (decrease) in cash and cash equivalents	**2,252,985**	3,106,736	(2,058,259)
Cash and Cash Equivalents, beginning of year	**15,646,231**	12,539,495	14,597,754
Cash and Cash Equivalents, end of year	**$ 17,899,216**	$ 15,646,231	$ 12,539,495

In summary, the 2021 cash provided by noncapital financing and investing activities was more than the cash used in operating and capital activities by $2,252,985. In 2020, the cash provided by noncapital financing activities was more than the cash used in operating, capital, and investing activities by $3,106,736. In 2019, the cash provided by noncapital financing activities was less than the cash used in operating, capital, and investing activities by $2,058,259.

OTHER CONSIDERATIONS

The College is accredited by the Higher Learning Commission. The Higher Learning Commission completed an on-site comprehensive evaluation in September 2017 in which the College was affirmed and accredited in the Open and Standard Pathways. In addition, three College departments hold national accreditations through the following subject matter accrediting bodies: National Association of Schools of Art & Design, National Association of Schools of Music, and Accreditation Commission for Education in Nursing.

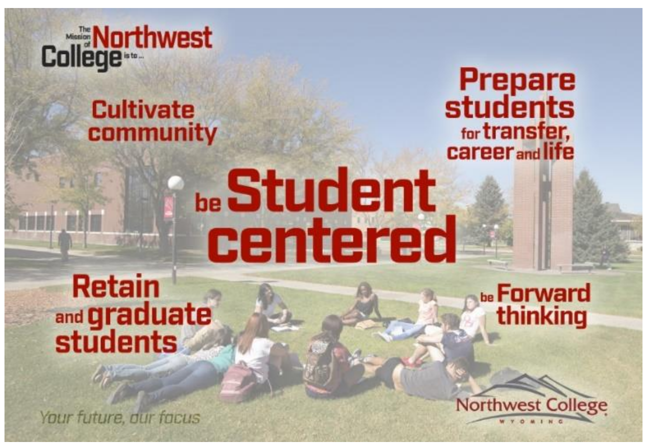
The College is required by Wyoming State Statutes to update its facility master plan every five years. In the master plan that was updated in March 2014, the Nelson Performing Arts Center and the DeWitt Student Center were identified as top priorities for capital improvements. The Wyoming Legislature appropriated $1,000,000 for Level 3 construction plans for a new student center during the Spring 2021 legislative session to be matched by the College. Once Level 3 construction plans are complete, the State Building Commission will request funds for construction. The legislature has yet to appropriate funds for a performing arts center; however, the State Building Commission still supports this facility and will continue to request funding during future legislative sessions.

Funding received from State and local appropriations significantly decreased for fiscal years 2017 and 2018. Appropriations were steady for fiscal years 2019 and 2020. Funding decreased 13% for 2021 and an additional 10% for 2022. Decreased revenue from mineral and extraction taxes, coupled with a lack of economic diversification, could result in less revenue and could have long-term negative effects for the State of Wyoming, Park County, and ultimately the College itself. As part of reviewing all revenue sources for the Wyoming community colleges, the WCCC voted to increase in-state tuition by $6 per credit hour for fiscal year 2022 along with removing the tuition cap. Both measures were designed to help protect the Wyoming community colleges from significant swings in State and local appropriations, but declining enrollments have not provided the tuition income that was originally projected. Finally, the community colleges are now included under the Joint Education Interim Committee for the Wyoming Legislature, thus allowing an additional forum for the community colleges to educate and request funding from the Wyoming State Legislature.

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

In March 2020, the College began monitoring the coronavirus global pandemic daily and taking many preemptive measures to ensure the safety and health of its students, employees, and community members. The College has been working closely with the State of Wyoming during the pandemic, including following public health orders and applying for coronavirus relief funding through grants. The overall impact of the pandemic remains unknown, and as such, the College remains conservative in its spending while also monitoring student enrollment. At this time, it is unknown if or how long adverse global and economic conditions may last and if there will be any adverse financial impact to the College. Continued assessment of local and regional economic conditions, along with robust enrollment management efforts, must be ongoing and diligent. The College is proud of the academic program development that is happening to meet the needs of its students and its communities. The College's student completion and retention rates far exceed national rates and reflect the College's commitment to its Mission Statement: "Your future, our focus." The College must remain focused on efficient resource allocation, and fiscal year 2021 marked the beginning of a new strategic vision cycle for operational mission alignment.



NORTHWEST COLLEGE

STATEMENTS OF NET POSITION
June 30, 2021 and 2020

		2021		2020
ASSETS				
Current Assets				
Cash and cash equivalents (Notes 2 and 11)	**$**	**15,397,515**	$	12,650,700
Cash and cash equivalents, restricted (Note 2)		**2,501,701**		2,995,531
Accounts receivable, net of allowance of $200,000 for 2021 and 2020		**1,659,043**		1,700,023
Property taxes receivable		**3,455,401**		3,755,363
Prepaids		**176,428**		147,453
Total current assets		**23,190,088**		21,249,070
Noncurrent Assets				
Capital assets, net of accumulated depreciation (Note 3)		**30,299,844**		31,005,024
Investments held by others (Note 2)		**16,763,905**		13,326,237
Total noncurrent assets		**47,063,749**		44,331,261
Total assets		**70,253,837**		65,580,331
DEFERRED OUTFLOWS OF RESOURCES				
Pension-Related Deferred Outflows (Note 5)		**529,622**		738,429
OPEB-Related Deferred Outflows (Note 7)		**6,689,997**		2,803,617
Debt Defeasance		**105,511**		114,305
Total deferred outflows of resources		**7,325,130**		3,656,351

Continued

NORTHWEST COLLEGE

STATEMENTS OF NET POSITION, *Continued*
June 30, 2021 and 2020

	2021	2020
LIABILITIES		
Current Liabilities		
Accounts payable	**$ 691,983**	$ 961,796
Payroll and related liabilities	**663,388**	699,887
Accrued compensated absences (Note 4)	**409,232**	422,177
Accrued interest payable	**6,843**	7,326
Advance payments	**182,556**	196,660
Custodial deposits (Note 11)	**263,057**	204,365
Current maturities of note payable (Note 4)	**231,559**	225,779
Total current liabilities	**2,448,618**	2,717,990
Noncurrent Liabilities		
Accrued compensated absences (Note 4)	**136,411**	140,726
Note payable, less current maturities (Note 4)	**2,976,782**	3,208,341
Net pension liability (Note 5)	**6,565,844**	7,555,257
Total OPEB liability (Note 7)	**19,210,344**	14,012,152
Total noncurrent liabilities	**28,889,381**	24,916,476
Total liabilities	**31,337,999**	27,634,466
DEFERRED INFLOWS OF RESOURCES		
Pension-Related Deferred Inflows (Note 5)	**1,903,477**	1,416,678
OPEB-Related Deferred Inflows (Note 7)	**3,972,743**	4,513,819
Unavailable Property Taxes	**3,131,473**	3,531,356
Total deferred inflows of resources	**9,007,693**	9,461,853
NET POSITION		
Net Investment in Capital Assets	**27,185,659**	27,483,772
Restricted For:		
Nonexpendable	**10,801,707**	10,801,707
Expendable:		
Scholarships	**3,492,027**	3,925,570
Capital projects	**1,137,660**	1,193,338
Unrestricted	**(5,383,778)**	(11,264,024)
Total net position	**$ 37,233,275**	$ 32,140,363

See Notes to Financial Statements.

NORTHWEST COLLEGE
COMPONENT UNIT – NORTHWEST COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents, including $33,697 and $24,266, respectively, held for Youth Clubs of Park County (Note 2)	**$ 328,192**	$ 196,092
Investments (Note 2)	**1,555,313**	1,352,999
Contributions Receivable	**618,405**	614,795
Accounts Receivable	**-**	2,000
Cash and Cash Equivalents Restricted by Donors for Long-Term Purposes (Note 2)	**1,118,862**	961,138
Investments for Long-Term Purposes, including $1,676,776 and $1,374,956, respectively, held for Youth Clubs of Park County (Note 2)	**43,471,739**	42,061,261
Beneficial Interest in Perpetual Trust	**953,122**	892,424
Other Assets	**670,279**	670,279
Total assets	**$ 48,715,912**	$ 46,750,988
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	**$ 3,440**	$ 23,362
Investments held for others (Note 2)	**15,578,317**	15,547,099
Assets held in trust	**1,513,016**	1,446,546
Liabilities associated with charitable gift annuities	**174,575**	183,774
Total liabilities	**17,269,348**	17,200,781
Net Assets		
Without donor restrictions:		
Designated	**1,274,314**	1,000,000
Undesignated	**1,692,691**	1,658,549
With donor restrictions	**28,479,559**	26,891,658
Total net assets	**31,446,564**	29,550,207
Total liabilities and net assets	**$ 48,715,912**	$ 46,750,988

See Notes to Financial Statements.

NORTHWEST COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues		
Tuition and fees, net of scholarship allowance of 2021 $1,494,229; 2020 $1,508,199	**$ 2,755,687**	$ 2,979,534
Federal grants and contracts	**841,340**	900,405
State and local grants and contracts	**953,324**	1,198,100
Auxiliary enterprise charges, net of scholarship allowance of 2021 $804,584; 2020 $812,107	**1,683,352**	2,410,623
Other operating revenues	**832,814**	574,732
Total operating revenues	**7,066,517**	8,063,394
Operating Expenses (Note 12)		
Instruction	**8,399,579**	8,640,290
Public service	**116,222**	131,348
Academic support	**6,760,186**	2,381,342
Student services	**3,151,342**	3,319,699
Institutional support	**4,592,251**	4,846,259
Operation and maintenance of plant	**2,306,969**	2,296,372
Scholarships	**1,358,585**	417,178
Auxiliary enterprises	**2,992,729**	3,654,700
Depreciation	**2,632,825**	2,566,483
Total operating expenses	**32,310,688**	28,253,671
Operating (loss)	**(25,244,171)**	(20,190,277)
Nonoperating Revenues (Expenses)		
Non-exchange Federal and state grants	**9,365,254**	2,694,300
State appropriations	**12,784,305**	14,775,186
Local appropriations	**4,267,667**	4,167,899
Private gifts, grants, and contracts	**128,220**	64,632
Net investment income (loss)	**3,840,259**	(648,674)
Interest expense	**(87,432)**	(93,080)
Gain on sale of assets	**38,810**	16,137
Total nonoperating revenues	**30,337,083**	20,976,400
Income before other revenues, expenses, gains, or losses	**5,092,912**	786,123

Continued

NORTHWEST COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, *Continued*
Years Ended June 30, 2021 and 2020

	2021	2020
Other Revenues, Expenses, Gains, or Losses		
State endowment appropriation	**$ -**	$ 10,285
Total other revenues, expenses, gains, or losses	**-**	10,285
Increase in net position	**5,092,912**	796,408
Net Position, beginning	**32,140,363**	31,343,955
Net Position, ending	**$ 37,233,275**	$ 32,140,363

See Notes to Financial Statements.

NORTHWEST COLLEGE
COMPONENT UNIT – NORTHWEST COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	2020	2019
Changes in Net Assets Without Donor Restrictions		
Revenues, gains, and other support:		
Contributions	**$ 15,775**	$ 19,955
Investment income, net	**101,394**	234,022
In-kind contributions	**211,600**	203,743
Administrative fees	**402,143**	393,859
Miscellaneous	**108,846**	81,265
Net assets released from restrictions	**1,532,941**	1,575,502
Total revenues, gains, and other support	**2,372,699**	2,508,346
Expenses:		
Program services:		
College support	**1,604,856**	1,745,745
Management	**192,820**	206,355
Fundraising	**291,991**	321,405
Total expenses	**2,089,667**	2,273,505
Increase in net assets without donor restrictions	**283,032**	234,841
Changes in Net Assets With Donor Restrictions		
Contributions	**664,726**	1,137,444
Investment income, net	**2,407,402**	5,061,192
Royalty	**3,698**	64,568
Changes in liabilities associated with charitable gift annuities	**9,199**	9,472
Changes in present value of beneficial interest and perpetual trusts	**60,699**	97,360
Miscellaneous income	**542**	5,505
Net assets released from restrictions	**(1,532,941)**	(1,575,502)
Increase in net assets with donor restrictions	**1,613,325**	4,800,039
Change in net assets	**1,896,357**	5,034,880
Net Assets, beginning of year	**29,550,207**	24,515,327
Net Assets, end of year	**$ 31,446,564**	$ 29,550,207

See Notes to Financial Statements.

NORTHWEST COLLEGE

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Received from students and customers	**$ 6,991,001**	$ 8,190,146
Payments to employees and benefits	**(16,268,471)**	(15,326,845)
Payments to vendors and suppliers	**(11,727,550)**	(8,855,128)
Payments for scholarships	**(1,358,585)**	(417,178)
Other receipts	**58,692**	(58,952)
Net cash (used in) operating activities	**(22,304,913)**	(16,467,957)
Cash Flows from Noncapital Financing Activities		
Non-exchange Federal and state grants	**9,365,254**	2,694,300
State appropriations	**12,886,697**	14,190,789
Local appropriations	**4,167,746**	4,126,447
Gifts, endowments, and grants for other than capital purchase	**128,220**	64,632
Net cash provided by noncapital financing activities	**26,547,917**	21,076,168
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	**(2,133,618)**	(1,572,097)
Proceeds from sale of capital assets	**54,701**	19,330
Interest paid on note	**(87,914)**	(93,550)
Payment of note principal	**(225,779)**	(220,143)
State endowment invested in the Foundation	**(3,437,668)**	1,003,374
Net cash (used in) capital and related financing activities	**(5,830,278)**	(863,086)
Cash Flows from Investing Activities		
State endowment appropriation	**-**	10,285
Interest received on investment	**3,840,259**	(648,674)
Net cash provided by (used in) investing activities	**3,840,259**	(638,389)
Net increase in cash and cash equivalents	**2,252,985**	3,106,736
Cash and Cash Equivalents		
Beginning of year	**15,646,231**	12,539,495
End of year	**$ 17,899,216**	$ 15,646,231

Continued

NORTHWEST COLLEGE

STATEMENTS OF CASH FLOWS, *Continued*
Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities		
Operating (loss)	**$ (25,244,171)**	$ (20,190,277)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	**2,632,825**	2,566,483
Debt defeasance amortization	**8,794**	8,792
Changes in assets and liabilities:		
Receivables, net	**(61,412)**	73,682
Prepaids	**(28,976)**	(45,074)
Accounts payable and related liabilities	**(57,538)**	(218,560)
Advance payments	**(14,104)**	53,070
Accrued compensated absences	**(17,260)**	52,519
Net pension liability	**(989,413)**	(2,145,221)
Deferred outflows - pension	**208,807**	1,754,928
Deferred inflows - pension	**486,799**	873,146
Total OPEB liability	**5,198,192**	(2,641,409)
Deferred outflows - OPEB	**(3,886,380)**	935,893
Deferred inflows - OPEB	**(541,076)**	2,454,071
Total adjustments	**2,939,258**	3,722,320
Net cash (used in) operating activities	**$ (22,304,913)**	$ (16,467,957)
Supplemental Disclosures of Cash Flow Information		
Capital assets included in accounts payable	**$ 11,355**	$ 201,437

See 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) comprising 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 Wyoming State Statutes.

Reporting entity: The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), consists of the College as the primary government, organizations for which the College is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

The College is governed by a seven-member board elected by those voters within the College's district.

Component units: The financial reporting entity consists of the primary government, as well as its discretely presented component unit, the Northwest College Foundation (the Foundation), and its blended component unit, the Northwest College Building Authority (the Authority). The Foundation is a legally separate, tax-exempt organization supporting the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The 28-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. 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, are 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 and is discretely presented in the College's financial statements.

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 Foundation is a private not-for-profit organization that has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, as the basis of presentation of its financial statements. As such, certain presentation features are different from GASB presentation features. No modifications have been made to the Foundation's financial statements, which have been presented separately within the College's financial statements. In addition, significant note disclosures to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

The Authority was created on July 2, 2008 as a public benefit corporation for the purpose of financing the 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.

Note 1. Nature of Activities and Significant Accounting Policies, *Continued*

Northwest College:

Basis of accounting: For financial reporting purposes, the College is considered a special-purpose government entity 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.

Non-exchange 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 adult, community, and continuing education. The transactions of this board are not included in these financial statements.

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

Restricted cash: Restricted cash includes amounts for which the use is constrained through external restrictions or imposition by law. Restricted purposes include gifts and endowments, debt- or state-funded construction projects, and debt service reserves.

Investments and investment income: The College accounts for its investments at fair value, as determined by quoted market prices, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of net investment income in the Statements of Revenues, Expenses, and Changes in Net Position.

Accounts receivable: Accounts receivable consist 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 the reimbursement of allowable expenditures made pursuant to contracts and grants. Accounts receivable are recorded net of estimated uncollectible amounts.

Property tax receivable: Property tax receivable includes delinquent property tax receivable and property taxes assessed during the year that will be levied and billed in the subsequent year.

Note 1. Nature of Activities and Significant Accounting Policies, *Continued*

Fair value measurements: The College categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America (U.S. GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30, 2021 and 2020:

- Investments held by the Foundation of $16,763,905 and $13,326,237, respectively, are valued using significant other observable inputs (Level 2 inputs).

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 acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred. 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 to 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 the carrying value or fair value.

Compensated absences: It is the College's policy to allow full-time and eligible part-time staff sick leave, personal leave, and vacation. Accrued sick leave is paid upon termination to benefited staff. Staff 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.

Note 1. Nature of Activities and Significant Accounting Policies, *Continued*

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

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

Noncurrent liabilities: Noncurrent liabilities include estimated amounts for accrued compensated absences, net pension liability, notes payable, and total obligations for postemployment benefits other than pensions (OPEB) that will not be paid within the next fiscal year.

Deferred outflows of resources and deferred inflows of resources: The College reports the consumption of net position that is applicable to a future period as deferred outflows of resources. Deferred outflows of resources as of June 30, 2021 and 2020 consist of deferred losses on previous debt defeasance and items related to the College's pension and OPEB retirement benefit plans.

The College reports an acquisition of net position that is applicable to a future period as deferred inflows of resources. Deferred inflows of resources as of June 30, 2021 and 2020 consist of unavailable property taxes and items related to the College's pension and OPEB retirement benefit plans.

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, including accounts payable and retentions payable.

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, and then unrestricted resources when they are needed.

Note 1. Nature of Activities and Significant Accounting Policies, *Continued*

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, net of scholarship allowances; 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 non-exchange 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. Park County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within Park County, including the 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 Statements 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 payments 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.

Federal direct loans: For the years ended June 30, 2021 and 2020, the College received and disbursed funds under the Federal Direct Loan Program in the amount of $1,014,505 and $1,333,184, respectively. The College does not recognize these transactions as revenue or expenses based on the nature of the transactions.

Note 1. Nature of Activities and Significant Accounting Policies, *Continued*

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.

Postemployment benefits other than pensions: The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense associated with the State of Wyoming Employee Group Insurance Retiree Health Plan have been determined on the same basis as they are reported by the State of Wyoming. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Note 2. Deposits with Financial Institutions and Investments

Northwest College: Wyoming State Statutes authorize agencies of the State of Wyoming to deposit public funds in financial institutions authorized to do business in the State of Wyoming. These deposits must be fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets, including any bonds, debentures, and other securities in which the State Treasurer may by law invest or a depository may pledge conventional real estate mortgages and notes connected with mortgages at a ratio of 1.5:1 of the value of public funds secured by the securities. The College has restricted deposits for the agency funds, Federal funds received to be expended, departmental donations with donor restrictions, and funds restricted for the purchase of capital assets, totaling $2,501,701 and $2,995,531 as of June 30, 2021 and 2020, respectively.

Custodial credit risk: Custodial credit risk for deposits of the College is the risk that in the event of a bank failure, the College's deposits may not be returned to them. At June 30, 2021 and 2020, the carrying amount of the College's deposits was $17,773,229 and $15,643,145, respectively, and the bank balance was $18,543,844 and $16,305,090, respectively, of which all was insured or secured by pledged assets.

Northwest College Foundation:

Fair value measurements: ASC Topic 820-10, *Fair Value Measurements*, establishes a framework for fair value measurement and disclosure. It requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

<u>Level 1:</u> Quoted market prices in active markets for identical assets or liabilities.

<u>Level 2:</u> Observable market-based inputs or unobservable inputs that are corroborated by market data.

<u>Level 3:</u> Unobservable inputs that are not corroborated by market data.

Note 2. Deposits with Financial Institutions and Investments, *Continued*

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Level 2 valuations are based on quoted market prices for identical assets in less than active markets.

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

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Level 1:				
Mutual/index funds, including REITs	$ 2,943,699	$ 3,124,040	$ 4,659,507	$ 5,207,057
Equity	23,463,870	34,289,169	22,144,496	31,245,631
Total Level 1	26,407,569	37,413,209	26,804,003	36,452,688
Level 2:				
U.S. Treasury securities	1,330,093	1,458,706	2,298,957	2,398,090
Other U.S. government bonds	919,563	935,473	125,308	128,016
Corporate bonds	683,577	759,891	515,296	549,399
Investment in hedge fund	3,534,301	3,159,258	3,459,791	3,385,763
Brokered certificate of deposit	1,300,000	1,300,515	500,000	500,304
Total Level 2	7,767,534	7,613,843	6,899,352	6,961,572
Total investments held by the Northwest College Foundation	$ 34,175,103	$ 45,027,052	$ 33,703,355	$ 43,414,260

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 $949,354 and $781,330 at December 31, 2020 and 2019, respectively, is insured by the Securities Investor Protection Corporation up to $250,000 per broker account.

The bank balance of cash with the financial institution was $472,651 and $379,798 at December 31, 2020 and 2019, respectively. At December 31, 2020, $250,000 was insured by the 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:

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

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

At the time of purchase, small-cap equities shall not represent 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.

Note 2. Deposits with Financial Institutions and Investments, *Continued*

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

Benchmarks: The benchmark for measuring equity performance shall be the Standard & Poor's (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 interest rates. The Foundation's policy for fixed-income portfolios is as follows:

Fixed-income investments may represent a minimum of 33% and a maximum of 43% of fund assets. Fixed-income obligations other than cash equivalents and high-yield securities shall have an average quality rating of "A" or better by Moody's, S&P, or another nationally recognized bond rating agency. No more than 10% of fund assets may be invested in high-yield (junk) bonds. The Investment Committee requests that investment managers advise it in writing prior to initiating purchases of high-yield bonds or high-yield bond funds.

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.

The following tables show the fixed-income investments by type, amount, and maturity for the endowed scholarship fund, which includes the endowment challenge funds, at June 30:

	2021			
		Investment Maturities (in Years)		
	Fair Value	**Less than 1**	**1 to 5**	**More than 5**
Investment type:				
U.S. Treasury	$ 1,633,000	$ 22,000	$ 101,000	$ 1,510,000
U.S. government obligations	3,088,000	-	144,000	2,944,000
	$ 4,721,000	$ 22,000	$ 245,000	$ 4,454,000

Note 2. Deposits with Financial Institutions and Investments, *Continued*

	2020			
		Investment Maturities (in Years)		
	Fair Value	Less than 1	1 to 5	More than 5
Investment type:				
U.S. Treasury	$ 933,000	$ -	$ 380,000	$ 553,000
U.S. government obligations	2,661,000	-	82,000	2,579,000
	$ 3,594,000	$ -	$ 462,000	$ 3,132,000

The quality rating of debt securities in the Foundation's investment portfolio at fair value as of June 30, 2021 is as follows:

U.S. government investments (S&P rating AA+)	$ 4,721,000

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 Challenge Program under Wyoming Session Laws, Chapter 117. Under the terms of this program, the Foundation has solicited contributions for its endowment fund. These contributions were reported to the State of Wyoming, which made a matching contribution to the College. The College invested these funds with the Foundation as required by Wyoming State Statutes. The Foundation is required to invest the money and use the investment earnings to fund the same endowments consistent with the original donor's intent.

As of December 31, 2020 and 2019, the Foundation held $15,578,317 and $15,547,099, respectively, of investments for the College.

Note 3. Capital Assets

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

	Balance June 30, 2020	Additions	Deletions	Transfers In (Out)	Balance June 30, 2021
Capital assets not being depreciated:					
Land	$ 1,464,663	$ -	$ -	$ -	$ 1,464,663
Art, literature, and artifacts	50,000	-	-	-	50,000
Construction in progress	146,588	669,102	-	(145,475)	670,215
Total capital assets not being depreciated	$ 1,661,251	$ 669,102	$ -	$ (145,475)	$ 2,184,878
Other capital assets:					
Land improvements	$ 2,393,348	$ -	$ -	$ -	$ 2,393,348
Buildings	69,514,025	-	-	145,475	69,659,500
Machinery and equipment	7,476,804	1,274,434	(593,133)	-	8,158,105
Total other capital assets	79,384,177	1,274,434	(593,133)	145,475	80,210,953
Less accumulated depreciation for:					
Land improvements	742,565	149,658	-	-	892,223
Buildings	43,201,142	1,921,625	-	-	45,122,767
Machinery and equipment	6,096,697	561,542	(577,242)	-	6,080,997
Total accumulated depreciation	50,040,404	2,632,825	(577,242)	-	52,095,987
Other capital assets, net	$ 29,343,773	$ (1,358,391)	$ (15,891)	$ 145,475	$ 28,114,966
Capital assets summary:					
Capital assets not being depreciated	$ 1,661,251	$ 669,102	$ -	$ (145,475)	$ 2,184,878
Other capital assets, at cost	79,384,177	1,274,434	(593,133)	145,475	80,210,953
Total cost of capital assets	81,045,428	1,943,536	(593,133)	-	82,395,831
Less accumulated depreciation	50,040,404	2,632,825	(577,242)	-	52,095,987
Capital assets, net	$ 31,005,024	$ (689,289)	$ (15,891)	$ -	$ 30,299,844

Note 3. Capital Assets, *Continued*

	Balance June 30, 2019	Additions	Deletions	Transfers In (Out)	Balance June 30, 2020
Capital assets not being depreciated:					
Land	$ 1,464,663	$ -	$ -	$ -	$ 1,464,663
Art, literature, and artifacts	50,000	-	-	-	50,000
Construction in progress	581,780	1,185,917	-	(1,621,109)	146,588
Total capital assets not being depreciated	$ 2,096,443	$ 1,185,917	$ -	$ (1,621,109)	$ 1,661,251
Other capital assets:					
Land improvements	$ 2,393,348	$ -	$ -	$ -	$ 2,393,348
Buildings	67,892,916	-	-	1,621,109	69,514,025
Machinery and equipment	7,124,531	430,474	(78,201)	-	7,476,804
Total other capital assets	77,410,795	430,474	(78,201)	1,621,109	79,384,177
Less accumulated depreciation for:					
Land improvements	592,907	149,658	-	-	742,565
Buildings	41,289,181	1,911,961	-	-	43,201,142
Machinery and equipment	5,666,840	504,864	(75,007)	-	6,096,697
Total accumulated depreciation	47,548,928	2,566,483	(75,007)	-	50,040,404
Other capital assets, net	$ 29,861,867	$ (2,136,009)	$ (3,194)	$ 1,621,109	$ 29,343,773
Capital assets summary:					
Capital assets not being depreciated	$ 2,096,443	$ 1,185,917	$ -	$ (1,621,109)	$ 1,661,251
Other capital assets, at cost	77,410,795	430,474	(78,201)	1,621,109	79,384,177
Total cost of capital assets	79,507,238	1,616,391	(78,201)	-	81,045,428
Less accumulated depreciation	47,548,928	2,566,483	(75,007)	-	50,040,404
Capital assets, net	$ 31,958,310	$ (950,092)	$ (3,194)	$ -	$ 31,005,024

Note 4. Long-Term Liabilities

Note payable: The Authority issued a $4,480,000 lease revenue note payable Series 2015 on May 26, 2015. The note is a limited obligation of the Authority and does not constitute an obligation or guarantee of the College or of its agencies or political subdivisions. The note is unsecured and repayments will be made through lease payments by the College for the use of the assets.

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

Note 4. Long-Term Liabilities, *Continued*

The aggregate principal, including interest, required on the note at June 30, 2021 is as follows:

	Principal	Interest
Years ending June 30:		
2022	$ 231,559	$ 82,134
2023	237,487	76,206
2024	243,567	70,126
2025	249,802	63,891
2026	256,196	57,496
2027-2031	1,382,787	185,676
2032-2033	606,943	23,413
	$ 3,208,341	$ 558,942

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

	Balance June 30, 2020	**Additions**	**Deletions**	**Balance June 30, 2021**	**Amounts Due within One Year**
Other liabilities:					
Accrued compensated absences	**$ 562,903**	**$ 561,316**	**$ (578,576)**	**$ 545,643**	**$ 409,232**
Total other liabilities	**$ 562,903**	**$ 561,316**	**$ (578,576)**	**$ 545,643**	**$ 409,232**

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Amounts Due within One Year
Other liabilities:					
Accrued compensated absences	$ 510,384	$ 548,898	$ (496,379)	$ 562,903	$ 422,177
Total other liabilities	$ 510,384	$ 548,898	$ (496,379)	$ 562,903	$ 422,177

Note 5. Retirement Commitment – WRS

Plan description: Substantially all employees of the College, excluding those participating in the Teachers Insurance and Annuity Association of America (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 WRS. The authority to establish and amend benefits and contribution rates rests with the Legislature of the State of Wyoming. The WRS is granted the authority to administer the plan by Wyoming State Statutes 9-3-401 through 432. The WRS issues a publicly available financial report that may be requested from the WRS or through the WRS website, which may be accessed at: https://retirement.wyo.gov/About/Reports?Label=Financial#categories.

Note 5. Retirement Commitment – WRS, *Continued*

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

Service Retirement Tier 1: Full retirement at age 60 or qualifies for the Rule of 85. Early retirement is permitted at age 50 or 25 years of service. Formula for retirement equals 2.125% times the number of years of service times the three-year highest average salary for the first 15 years and 2.25% times the number of years of service times the three-year highest average salary over 15 years.

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

Disability benefits: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties. To qualify, the member must have at least 10 years of service and must be "in service" at the time of application for disability retirement. Upon retirement for a partial disability, the member receives a monthly disability retirement benefit for the period of his/her disability equal to 50% of the normal benefit payable to the member, as if the member was eligible for normal retirement benefits. Upon retirement for a total disability, the member receives a monthly disability benefit equal to 100% of his service retirement benefit as if the member was eligible for normal retirement benefits. Disability benefits are payable for the life of the member or until death.

Survivor's benefits: Certain surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased, as well as the benefit option selected by the member at the date of retirement.

Contributions: Per Title 9-3-412 and 413 of Wyoming State Statutes, effective July 1, 2020, member and employer contributions were required to be 9.00% and 9.12% of compensation, respectively. Previously, the member and employer contributions during fiscal year 2020 were required to be 8.75% and 8.87% of compensation, respectively. In accordance with Title 9-3-412(c)(ii) of Wyoming State Statutes, for the years ended June 30, 2021 and 2020, the College has elected to pay 5.57% of the member's contribution in addition to the employer's contribution. Total contributions to the pension plan from the College were $791,595 and $790,163 for the years ended June 30, 2021 and 2020, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2021 and 2020, the College reported a liability of $6,565,844 and $7,555,257, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 and 2019, respectively. The 2020 and 2019 actuarial valuations incorporated assumption changes adopted by the WRS Board effective August 23, 2017. 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 years ended December 31, 2020 and 2019 to the contributions of all participating employers for the same period. At December 31, 2020, the College's proportion was 0.3021057%, which was a decrease from its December 31, 2019 proportion of 0.3215104%.

Note 5. Retirement Commitment – WRS, *Continued*

For the years ended June 30, 2021 and 2020, the College recognized pension expense of $203,320 and $988,862, respectively. At June 30, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	**$ 124,771**	**$ 57,093**	$ -	$ 145,302
Changes in assumptions	**40,778**	**-**	251,185	-
Net difference between projected and actual earnings on pension plan investments	**-**	**1,439,493**	-	1,106,519
Changes in proportion and differences between employer contributions and proportionate share of contributions	**124,960**	**406,891**	243,808	164,857
Contributions subsequent to the measurement date	**239,113**	**-**	243,436	-
	$ 529,622	**$ 1,903,477**	$ 738,429	$ 1,416,678

The amount of $239,113 and $243,436 at June 30, 2021 and 2020, respectively, reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement dates will be recognized as a reduction of the net pension liability in the years ending June 30, 2022 and 2021, respectively. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2021 will be recognized in pension expense, as follows:

Years ending June 30:	
2022	$ (478,765)
2023	(253,149)
2024	(717,341)
2025	(163,713)
	$ (1,612,968)

Actuarial assumptions: The total pension liability in the January 1, 2020 and 2019 valuations was determined using the following actuarial assumptions adopted by the WRS Board effective August 23, 2017 and applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	2.50%-6.50%, including inflation
Payroll Growth Rate	2.50%
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation

Note 5. Retirement Commitment – WRS, *Continued*

Post-Retirement Mortality	Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.
Pre-Retirement Mortality	Mortality rates were based on the RP-2014 Employee Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Each major asset class is included in the pension plan's target asset allocation as of January 1, 2020 and 2019. These best estimates are summarized in the following tables:

		2020	
Asset Class	**Target Allocation**	**Long-Term Expected Geometric Rate of Return**	**Long-Term Expected Arithmetic Rate of Return**
Cash	**2.00%**	**-1.00%**	**-1.00%**
Fixed income	**21.00%**	**1.00%**	**1.34%**
Equity	**48.50%**	**5.23%**	**7.34%**
Marketable alternatives	**19.00%**	**3.47%**	**4.50%**
Private real assets	**9.50%**	**4.53%**	**5.82%**
	100.00%		

		2019	
Asset Class	Target Allocation	Long-Term Expected Geometric Rate of Return	Long-Term Expected Arithmetic Rate of Return
Cash	2.00%	-0.20%	-0.19%
Fixed income	21.00%	1.32%	1.67%
Equity	48.50%	5.43%	7.42%
Marketable alternatives	19.00%	3.46%	4.33%
Private real assets	9.50%	4.46%	5.58%
	100.00%		

Note 5. Retirement Commitment – WRS, *Continued*

Experience analysis: An experience study was conducted on behalf of all WRS plans covering the five-year period ended December 31, 2016. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return, and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination, and disability) and proposed assumptions consistent with the findings.

Discount rate: The discount rate used to measure the total pension liability as of December 31, 2020 and 2019 was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate: The following presents the College's proportionate share of the net pension liability as of June 30, 2021 calculated using the discount rate of 7.00%, 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 one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	$ 10,287,930	$ 6,565,844	$ 3,459,730

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report, which may be accessed through the WRS website at https://retirement.wyo.gov/About/Reports?Label=Financial#categories.

Note 6. Retirement Commitment – TIAA

Eligible College employees may elect to participate in TIAA instead of the WRS. TIAA is a private defined contribution pension plan, which is portable to other institutions and states. For the years ended June 30, 2021 and 2020, the College's contributions to TIAA were $611,707 and $579,235, respectively.

Note 7. OPEB Commitment

General information about the OPEB plan:

Plan description: Eligible employees of the College are provided with OPEB through the State of Wyoming Employee Group Insurance Retiree Health Plan, a multiple-employer defined benefit OPEB plan administered by the State of Wyoming Employee Group Insurance (EGI). Any employee of a participating employer is eligible for retiree coverage under the plan at premium rates established by EGI, provided that:

1. The employee had coverage in effect under the plan for at least one year just prior to retirement; and
2. The employee is eligible to receive a retirement benefit under the WRS or TIAA and either:

    a. Has attained age 50 with at least four years of service credit as an employee of one of the employing entities participating in the plan; or
    b. Has at least 20 years of service credit as an employee of one of the employing entities participating in the plan.

    Retirement eligibility varies under the WRS. The Public Employee Pension Plan, which is the plan applicable to the College, requires 25 years of service credit.

The State of Wyoming Legislature has the authority to establish and amend the benefit terms of the plan. The plan does not issue a separate report; however, additional plan information can be obtained from the State of Wyoming's Annual Comprehensive Financial Report, which may be obtained from the State of Wyoming's website at http://sao.wyo.gov/publications.

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

Funding policy: The State of Wyoming finances this program on a pay-as-you-go basis, and there are no assets held in trust for pre-funding the obligations of the plan. The State of Wyoming Legislature has the authority for establishing and amending the funding policy.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2021 and 2020, the College reported a liability of $19,210,344 and $14,012,152, respectively, for its proportionate share of the collective total OPEB liability. The collective total OPEB liability was measured as of June 30, 2020 and 2019, respectively, and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of June 30, 2021 and 2020, respectively. The College's proportion of the collective total OPEB liability was based on a projection of the College's expected benefit payments during the measurement period attributable to retirees of the College relative to the expected benefit payments during the measurement period attributable to all retirees of the plan, actuarially determined. The projection of the sharing of benefit-related costs is based on an established pattern of practice. At June 30, 2021, the College's proportion was 1.47021%, which was a decrease from its June 30, 2020 proportion of 1.48119%.

Note 7. OPEB Commitment, *Continued*

For the years ended June 30, 2021 and 2020, the College recognized OPEB expense of $770,736 and $748,555, respectively. At June 30, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	**$ 2,288,988**	**$ 1,680,767**	$ 2,695,177	$ 1,931,816
Changes of assumptions	**4,113,270**	**1,376,305**	108,440	1,653,490
Change in proportionate share of expected payments	**-**	**915,671**	-	928,513
Expected benefit payments subsequent to measurement date	**287,739**	**-**	-	-
	$ 6,689,997	**$ 3,972,743**	$ 2,803,617	$ 4,513,819

An amount of $287,739 at June 30, 2021 reported as deferred outflows of resources related to OPEB resulting from expected benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the College's OPEB expense, as follows:

Years ending June 30:	
2022	$ 273,602
2023	273,602
2024	273,602
2025	273,602
2026	273,602
Thereafter	1,061,505
	$ 2,429,515

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2020 and 2019 (based on June 30, 2019 census data)
Inflation	2.25% and 2.50%, respectively
Salary Increases	2.50%-6.50%

Note 7. OPEB Commitment, *Continued*

Mortality Rates	Pre-Termination: RP-2014 Combined, 100% male, 88% female, generational projection using MP-2017.
	Post-Termination: RP-2014 Combined, 100% male, 88% female, generational projection using MP-2017.
	Disabled: RP-2014 Combined, 100% male, 100% female, generational projection using MP-2017.
Healthcare Cost Trend Rates	Non-Medicare: 7.20%, decreasing annually until reaching the ultimate trend rate of 4.50%.
	Medicare: 7.60%, decreasing annually until reaching the ultimate trend rate of 4.50%.
Participation Rate	65% will elect coverage and 30% will cover a spouse.
Spouse Age Differential	Males are assumed to be three 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 the expected future working lifetime as defined by the GASB. The proration is determined so that the cost with respect to service accrued from the date of hire is recognized as a level percentage of pay over the year. The normal cost is equal to the prorated cost for the year of the valuation.
Benefits Excluded	Benefits related to retiree dental and life insurance have been excluded from this valuation.

The healthcare cost trend rate assumption was based on national average information from a variety of sources, including the S&P Healthcare Economic Index, Non-Highly Compensated Employee data, plan renewal data, and vendor prescription reports with adjustments based on the provisions of the benefits offered by EGI.

Significant assumptions are based on an experience study that covered a five-year period ended December 31, 2016. Significant assumptions varied within the various retirement plans within the WRS.

Discount rate: The discount rate used to measure the total OPEB liability was 2.21% at June 30, 2021, which represents a decrease from the discount rate of 3.51% utilized for the June 30, 2020 measurement date. As the Plan is unfunded, the Plan has no fiduciary net position from which to make future benefit payments. Therefore, the discount rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Note 7. OPEB Commitment, *Continued*

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 2.21%, 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 one-percentage-point lower (1.21%) or one-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Proportionate share of the collective total OPEB liability	$ 23,947,526	$ 19,210,344	$ 15,638,514

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 one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Non-Medicare	6.20%	7.20%	8.20%
Medicare	6.60%	7.60%	8.60%
Proportionate share of the collective total OPEB liability	$ 15,755,728	$ 19,210,344	$ 23,988,946

Note 8. Leasing Arrangements

Operating leases: The College has entered into several operating leases for office equipment. To comply with Wyoming State Statutes, all leases contain a non-appropriations 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 $16,716 for each of the years ended June 30, 2021 and 2020.

The College has entered into two leases for outreach locations. These include the Cody Center and Worland Center. Total rent expense was $72,296 and $122,836 for the years ended June 30, 2021 and 2020, respectively.

Future obligations for leases total $74,046 and $1,393 for the years ending June 30, 2022 and 2023, respectively.

Note 9. Commitments and Contingencies

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.

Note 10. 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, 2021, 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.

The College pays into the State worker's compensation system for hazardous employees a premium based on a rate per covered payroll. This annual rate is calculated based on accident history and administrative costs. For non-hazardous employees, the College purchases a third-party worker's compensation policy in which annual premiums are based on historical accident history, administrative costs and estimated annual covered payroll.

Note 11. Custodial Deposits

The College holds 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 years ended June 30:

	2021	2020
Beginning of year	**$ 204,365**	$ 263,317
Additions:		
Student fees	**104,709**	115,920
Interest	**76,749**	12,054
Donations	**2,769**	28,622
Other	**318,610**	416,073
Scholarships and grants	**1,610,679**	1,579,917
Total additions	**2,113,516**	2,152,586
Deductions:		
Supplies	**5,855**	71,307
Printing	**247**	327
Contractual	**1,700**	1,000
Scholarships and grants	**1,731,928**	1,565,227
Various	**315,094**	573,677
Total deductions	**2,054,824**	2,211,538
End of year	**$ 263,057**	$ 204,365

Note 12. Natural Classifications with Functional Classifications

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

	2021				
	Natural Classification				
Functional Classification	**Compensation and Benefits**	**Supplies and Services**	**Depreciation**	**Scholarships**	**Total**
Instruction	**$ 7,957,816**	**$ 441,763**	**$ -**	**$ -**	**$ 8,399,579**
Public service	**86,237**	**29,985**	**-**	**-**	**116,222**
Academic support	**1,621,715**	**5,138,471**	**-**	**-**	**6,760,186**
Student services	**2,462,978**	**688,364**	**-**	**-**	**3,151,342**
Institutional support	**3,190,660**	**1,401,591**	**-**	**-**	**4,592,251**
Operation and maintenance of plant	**1,372,235**	**934,734**	**-**	**-**	**2,306,969**
Scholarships	**-**	**-**	**-**	**1,358,585**	**1,358,585**
Auxiliary enterprises	**1,463,724**	**1,529,005**	**-**	**-**	**2,992,729**
Depreciation	**-**	**-**	**2,632,825**	**-**	**2,632,825**
Total expenses	**$ 18,155,365**	**$ 10,163,913**	**$ 2,632,825**	**$ 1,358,585**	**$ 32,310,688**

	2020				
	Natural Classification				
Functional Classification	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	Total
Instruction	$ 8,056,459	$ 583,831	$ -	$ -	$ 8,640,290
Public service	80,434	50,914	-	-	131,348
Academic support	1,016,935	1,364,407	-	-	2,381,342
Student services	2,532,527	787,172	-	-	3,319,699
Institutional support	3,502,854	1,343,405	-	-	4,846,259
Operation and maintenance of plant	1,318,108	978,264	-	-	2,296,372
Scholarships	-	-	-	417,178	417,178
Auxiliary enterprises	1,742,490	1,912,210	-	-	3,654,700
Depreciation	-	-	2,566,483	-	2,566,483
Total expenses	$ 18,249,807	$ 7,020,203	$ 2,566,483	$ 417,178	$ 28,253,671

REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Public Employee Pension Plan
Last Eight Fiscal Years*

	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%
2019	0.318540300%	9,700,478	5,542,349	175.02%	69.17%
2020	0.321510400%	7,555,257	5,724,305	131.99%	76.83%
2021	**0.302105700%**	**6,565,844**	**5,503,813**	**119.30%**	**79.24%**

** The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is to be built prospectively until it contains 10 years of data.*

See Notes to Required Supplementary Information.

NORTHWEST COLLEGE

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

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions 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%
2017	469,367	469,367	-	5,607,730	8.37%
2018	442,922	442,922	-	5,291,780	8.37%
2019	503,198	503,198	-	5,865,918	8.58%
2020	484,554	484,554	-	5,462,841	8.87%
2021	**490,765**	**490,765**	-	**5,381,192**	**9.12%**

** This schedule is to be built prospectively until it contains 10 years of data.*

See Notes to Required Supplementary Information.

NORTHWEST COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
State of Wyoming Employee Group Insurance Retiree Health Plan
Last Four Fiscal Years*

	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%
2019	1.63359%	16,653,561	N/A	N/A	0.00%
2020	1.48119%	14,012,152	N/A	N/A	0.00%
2021	**1.47021%**	**19,210,344**	**N/A**	**N/A**	**0.00%**

** This schedule is to be built prospectively until it contains 10 years of data.*

See Notes to Required Supplementary Information.

Note 1. Retirement Commitment – Wyoming Retirement System (WRS)

Changes in benefit terms: There were no changes in benefit terms between the initial December 31, 2013 measurement date through the December 31, 2020 measurement date.

Changes in assumptions: Healthcare trend rates were updated along with the assumptions relating to mortality rates, retirement rates, withdrawal rates, disability rates, and salary increase rates based on the WRS December 31, 2016 actuarial experience study. Further, there have been various assumption changes in discount rates, investment rates of return, inflation rates, and payroll growth rates from the initial December 31, 2013 measurement date through the December 31, 2020 measurement date. See the table below:

Measurement Date (Plan Year-End)	Discount Rate	Investment Rate of Return	Inflation Increase Rate	Salary Increases Rate (Including Inflation)	Payroll Growth Rate
2013	7.75%	7.75%	3.25%	4.25%-6.00%	4.25%
2014	7.75%	7.75%	3.25%	4.25%-6.00%	4.25%
2015	7.75%	7.75%	3.25%	4.25%-6.00%	4.25%
2016	7.75%	7.75%	3.25%	4.25%-6.00%	4.25%
2017	7.75%	7.75%	3.25%	4.25%-6.00%	4.25%
2018	7.00%	7.00%	2.25%	4.75%-8.75%	2.50%
2019	7.00%	7.00%	2.25%	2.50%-6.50%	2.50%
2020	7.00%	7.00%	2.25%	2.50%-6.50%	2.50%

Note 2. Other Postemployment Benefits (OPEB) Commitment

Changes in benefit terms: There were no changes in benefit terms between the June 30, 2016 and June 30, 2020 measurement dates.

Changes in assumptions: The plan has experienced the following changes in assumptions:

Measurement Date (Year Ended)	Discount Rate	Inflation Rate
2016	2.85%	2.50%
2017	3.58%	2.50%
2018	3.87%	2.25%
2019	3.51%	2.50%
2020	2.21%	2.25%

Note 2. Other Postemployment Benefits (OPEB) Commitment, *Continued*

In addition, the following assumptions are updated annually as necessary:

- Updated healthcare claims costs based on recent experience.
- An increase in retiree contributions.
- Healthcare trend rates.
- Mortality rates, retirement rates, withdrawal rates, disability rates and salary increase rates based on the WRS December 31, 2016 actuarial experience study.

SUPPLEMENTARY INFORMATION

NORTHWEST COLLEGE

COMBINING SCHEDULE OF NET POSITION
June 30, 2021

	Northwest College	Northwest College Building Authority	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 15,384,733	$ 12,782	$ -	$ 15,397,515
Cash and cash equivalents, restricted	2,501,701	-	-	2,501,701
Accounts receivable, net	1,659,043	-	-	1,659,043
Current maturities of investment in direct financing lease	-	231,559	(231,559)	-
Interest receivable	-	70,184	(70,184)	-
Property taxes receivable	3,455,401	-	-	3,455,401
Prepaids	176,428	-	-	176,428
Total current assets	23,177,306	314,525	(301,743)	23,190,088
Noncurrent Assets				
Investment in direct financing lease, less current maturities	-	2,976,782	(2,976,782)	-
Capital assets, net of accumulated depreciation	30,299,844	-	-	30,299,844
Investments held by others	16,763,905	-	-	16,763,905
Total noncurrent assets	47,063,749	2,976,782	(2,976,782)	47,063,749
Total assets	70,241,055	3,291,307	(3,278,525)	70,253,837
DEFERRED OUTFLOWS OF RESOURCES				
Pension-Related Deferred Outflows	529,622	-	-	529,622
OPEB-Related Deferred Outflows	6,689,997	-	-	6,689,997
Debt Defeasance	-	105,511	-	105,511
Capital Lease Defeasance	85,147	-	(85,147)	-
Total deferred outflows of resources	7,304,766	105,511	(85,147)	7,325,130

Continued

NORTHWEST COLLEGE

COMBINING SCHEDULE OF NET POSITION, *Continued*
June 30, 2021

	Northwest College	Northwest College Building Authority	Eliminations	Total
LIABILITIES				
Current Liabilities				
Accounts payable	$ 691,983	$ -	$ -	$ 691,983
Payroll and related liabilities	663,388	-	-	663,388
Accrued compensated absences	409,232	-	-	409,232
Accrued interest payable	70,184	6,843	(70,184)	6,843
Advance payments	182,556	-	-	182,556
Custodial deposits	263,057	-	-	263,057
Capital lease obligation	231,559	-	(231,559)	-
Current maturities of note payable	-	231,559	-	231,559
Total current liabilities	2,511,959	238,402	(301,743)	2,448,618
Noncurrent Liabilities				
Accrued compensated absences	136,411	-	-	136,411
Capital lease obligation	2,976,782	-	(2,976,782)	-
Note payable, less current maturities	-	2,976,782	-	2,976,782
Net pension liability	6,565,844	-	-	6,565,844
Total OPEB liability	19,210,344	-	-	19,210,344
Total noncurrent liabilities	28,889,381	2,976,782	(2,976,782)	28,889,381
Total liabilities	31,401,340	3,215,184	(3,278,525)	31,337,999
DEFERRED INFLOWS OF RESOURCES				
Pension-Related Deferred Inflows	1,903,477	-	-	1,903,477
OPEB-Related Deferred Inflows	3,972,743	-	-	3,972,743
Unavailable Property Taxes	3,131,473	-	-	3,131,473
Capital Lease Defeasance	-	85,147	(85,147)	-
Total deferred inflows of resources	9,007,693	85,147	(85,147)	9,007,693
NET POSITION				
Net Investment in Capital Assets	27,080,148	-	105,511	27,185,659
Restricted for:				
Nonexpendable	10,801,707	-	-	10,801,707
Expendable:				
Scholarships	3,492,027	-	-	3,492,027
Capital projects	1,137,660	-	-	1,137,660
Unrestricted	(5,374,754)	96,487	(105,511)	(5,383,778)
Total net position	$ 37,136,788	$ 96,487	$ -	$ 37,233,275

NORTHWEST COLLEGE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2021

	Northwest College	Northwest College Building Authority	Eliminations	Total
Operating Revenues				
Tuition and fees, net	$ 2,755,687	$ -	$ -	$ 2,755,687
Federal grants and contacts	841,340	-	-	841,340
State and local grants and contracts	953,324	-	-	953,324
Auxiliary enterprise charges, net	1,683,352	-	-	1,683,352
Other operating revenues	832,814	-	-	832,814
Total operating revenues	7,066,517	-	-	7,066,517
Operating Expenses				
Instruction	8,399,579	-	-	8,399,579
Public service	116,222	-	-	116,222
Academic support	6,760,186	-	-	6,760,186
Student services	3,151,342	-	-	3,151,342
Institutional support	4,592,251	-	-	4,592,251
Operation and maintenance of plant	2,296,176	10,793	-	2,306,969
Scholarships	1,358,585	-	-	1,358,585
Auxiliary enterprises	2,992,729	-	-	2,992,729
Depreciation	2,632,825	-	-	2,632,825
Total operating expenses	32,299,895	10,793	-	32,310,688
Operating (loss)	(25,233,378)	(10,793)	-	(25,244,171)
Nonoperating Revenues (Expenses)				
Non-exchange Federal and state grants	9,365,254	-	-	9,365,254
State appropriations	12,784,305	-	-	12,784,305
Local appropriations	4,267,667	-	-	4,267,667
Private gifts, grants, and contracts	128,220	-	-	128,220
Net investment income	3,840,212	47	-	3,840,259
Direct financing income	-	98,187	(98,187)	-
Interest expense	(98,187)	(87,432)	98,187	(87,432)
Gain on sale of assets	38,810	-	-	38,810
Total nonoperating revenues	30,326,281	10,802	-	30,337,083
Income before other revenues, expenses, gains, or losses	5,092,903	9	-	5,092,912
Other Revenues, Expenses, Gains, or Losses				
State endowment appropriation	-	-	-	-
Total other revenues, expenses, gains, or losses	-	-	-	-
Increase in net position	5,092,903	9	-	5,092,912
Net Position, beginning	32,043,885	96,478	-	32,140,363
Net Position, ending	$ 37,136,788	$ 96,487	$ -	$ 37,233,275

NORTHWEST COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Assistance Listings Number	Total Federal Expenditures
U.S. Department of Education:			
Student Financial Aid Cluster:			
Federal Direct Student Loans	N/A	84.268	$ 1,014,505
Federal Pell Grant Program	N/A	84.063	1,473,645
Federal Work-Study Program	N/A	84.033	36,648
Federal Supplemental Educational Opportunity Grants	N/A	84.007	37,158
Total Student Financial Aid Cluster			2,561,956
TRIO Cluster:			
TRIO Student Support Services	N/A	84.042A	249,214
Total TRIO Cluster			249,214
COVID-19 Education Stabilization Fund - Higher Education Emergency Relief Fund Student Aid Portion	P425E202427	84.425E	405,275
COVID-19 Education Stabilization Fund - Higher Education Emergency Relief Fund Institutional Portion	P425F200204	84.425F	943,767
			1,349,042
Passed through Wyoming Community College Commission:			
COVID-19 Education Stabilization Fund - Governor's Emergency Education Relief Fund	N/A	84.425C	110,584
Total COVID-19 Education Stabilization Fund			1,459,626
Passed through Wyoming Department of Education:			
Career and Technical Education - Basic Grants to States	111550PPS00	84.048A	153,161
Passed through Wyoming Community College Commission:			
Adult Education Basic Grants to States	ABE13R08	84.002A	64,006
Passed through University of Wyoming:			
GEAR-UP	P3345110024-16	84.334S	274,067
Passed through Montana State University Billings:			
Undergraduate International Studies and Foreign Language	620-038-01	84.016	4,974
Total other programs			1,955,834
Total U.S. Department of Education			4,767,004
U.S. Department of Health and Human Services:			
Research and Development Cluster:			
Passed through University of Wyoming:			
National Center for Research Resources	DHSNIHLC4090	93.859	47,626
Total U.S. Department of Health and Human Services and Research and Development Cluster			47,626

Continued

NORTHWEST COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *Continued*
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Assistance Listings Number	Total Federal Expenditures
U.S. Department of Labor:			
TANF Cluster:			
Passed through Wyoming Department of Education:			
Temporary Assistance for Needy Families	N/A	93.558	$ 23,911
Passed through Wyoming Department of Education:			
Temporary Assistance for Needy Families	N/A	93.558	10,404
Total U.S. Department of Labor			34,315
U.S. Department of Agriculture:			
Other programs:			
Passed through Wyoming Department of Education:			
Child and Adult Care Food Program	N/A	10.558	5,868
Total U.S. Department of Agriculture			5,868
U.S. Department of Treasury:			
Other programs:			
Passed through Wyoming Community College Commission:			
COVID-19: Coronavirus Relief Fund	N/A	21.019	5,405,662
Total U.S. Department of Treasury			5,405,662
Corporation for National & Community Service:			
Passed through VGF Grant to ServeWyoming, Inc.:			
Volunteer Generation Fund	18VGHWY001	94.021	9,472
Total Corporation for National & Community Service			9,472
Total expenditures of Federal awards			$ 10,269,947

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the accompanying Northwest College (the College) Schedule of Expenditures of Federal Awards (the Schedule) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College provided no Federal funds to subrecipients.

Note 2. De Minimis Cost Rate

The College did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Basis of Presentation

The Schedule includes Federal award activity of the College under programs of the Federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
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 of Northwest College (the College) as of and for the year ended June 30, 2021, and its discretely presented component unit, the Northwest College Foundation (the Foundation), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 13, 2021. The financial statements of the 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 Foundation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
December 13, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 *Office of Management and Budget 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, 2021. 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 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 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, 2021.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001. Our opinion on each major Federal program is not modified with respect to this matter.

The College's response to the noncompliance finding identified in our audit is described in Exhibit I. The College's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, that we consider to be a significant deficiency.

The College's response to the internal control over compliance finding identified in our audit is described in Exhibit I. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
December 13, 2021

NORTHWEST COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. 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

Federal Awards

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:

Assistance Listing Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
Cluster	TRIO
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

II. FINANCIAL STATEMENT FINDINGS

None.

NORTHWEST COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-001: Reporting

Assistance Listing (AL) Number and Title: AL #84.425 – Education Stabilization Fund (ESF)
Federal Agency Name: U.S. Department of Education (ED)
Pass-Through Entity Name (if applicable): N/A
Award Numbers/Names: 1. P425E202427 2. P425E202427 - 20A 3. P425E202427 - 20B 4. P425F200204 5. P425F200204 - 20A 6. P425F200204 - 20B
Award Years: 1. April 25, 2020 - May 11, 2022 2. April 25, 2020 - April 24, 2021 3. April 25, 2020 - January 15, 2022 4. May 4, 2020 - May 11, 2022 5. May 4, 2020 - May 3, 2021 6. May 4, 2020 - January 15, 2022

Criteria: 2 CFR 200.327 – Financial Reporting; and the laws, regulations, and the provisions of contract or grant agreements pertaining to the specific programs require that reports be complete, accurate, and supported by accounting records (if applicable) and be submitted in compliance with the appropriate deadlines.

Per various guidance published by ED, the Higher Education Emergency Relief Fund (HEERF) portion of the ESF requires the following with respect to reporting:

- Annual reporting: The HEERF Data Collection Form was required to be submitted to ED via the Annual Report Data Collection System on February 8, 2021 and applied to the reporting period from March 13, 2020 through December 31, 2020.
- Quarterly public reporting (student portion): Institutes of Higher Education (IHE) was required to publicly post certain information on its website no later than 30 days after award and update that information every 45 days thereafter. However, on August 31, 2020, ED revised the requirement by decreasing the frequency of reporting after the initial 30-day period from every 45 days thereafter to every calendar quarter. Instead of posting a 45-day report on or after August 31, 2020, IHE should post a report every calendar quarter, with the first calendar quarter report due by October 10, 2020, and covering the period from after its last 45-day or 30-day report through the end of the calendar quarter on September 30, 2020. IHE may have until the end of the second calendar quarter, June 30, 2021, to post these retroactive reports if it has not already done so.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, *Continued*

- Quarterly public reporting (institutional portion): A new, separate form was to be posted covering aggregate amounts spent for all HEERF funds each quarterly reporting period. IHE must post this quarterly report form no later than 10 days after the end of each calendar quarter apart from the first report, which was due on October 30, 2020, and the report covering the first quarter of 2021, which was due on July 10, 2021. The forms are required to be conspicuously posted on the institution's primary website on the same page the reports of IHE's activities as to the emergency financial aid grants to students (Student Portion) are posted.

Condition/context: A total of five reports were selected for testing, including one annual report, two quarterly reports related to the Student Portion and two quarterly reports related to the Institutional Portion. Of these five reports, two of the reports contained errors, including:

- The Annual Report for the period ended December 31, 2020 did not properly report the expenditure balance in the correct expenditure category nor within the correct Coronavirus Aid, Relief, and Economic Security (CARES) Act section.
- The Quarterly Institutional report for the period ended December 31, 2020 reported cumulative expenditures and not the expenditures incurred during the period reported.

Questioned costs: $0

Cause: The required reports were new within the fiscal year and guidance related to the reports was issued continuously. The College's internal control system did not have a sufficient control process in place to review the reports for propriety to identify errors.

Effect: If a non-Federal entity fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award, the Federal awarding agency may impose additional conditions, which include requiring payments as reimbursements rather than advance payments; withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance; requiring additional, more detailed financial reports; requiring additional project monitoring; requiring the non-Federal entity to obtain technical or management assistance; and establishing additional prior approvals. If the Federal awarding agency determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency may take one or more of the following actions, as appropriate in the circumstances:

(a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency.
(b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
(c) Wholly or partly suspend or terminate the Federal award.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, *Continued*

(d) Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
(e) Withhold further Federal awards for the project or program.
(f) Take other remedies that may be legally available.

Identification as a repeat finding: No.

Recommendation: We recommend the College revise its procedures to include an independent review of reports for accuracy before they are submitted and posted.

Views of responsible officials and planned corrective action: Management concurs with the finding. See Exhibit I.

NORTHWEST COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

There were no audit findings for the year ended June 30, 2020.

EXHIBIT I

CORRECTIVE ACTION PLAN

Northwest College
WYOMING

Administrative Services

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CORRECTIVE ACTION PLAN
Year Ended June 30, 2021

The following is the corrective action plan for the Schedule of Findings and Questioned Costs:

2021-001: Reporting

Corrective Action:

Northwest College attended trainings and reviewed publications regarding guidance associated with Coronavirus Relief Funds. The rules associated with the grants were ever-changing, thus increasing the complexity of the reporting requirements and expenditures allowable under the grant. Northwest College's Finance Director and Business Office Manager worked together to complete reports based on the current interpretation of the rules and regulations at the time of the report filings. Northwest College interpreted the guidance on quarterly reports to be prepared in the aggregate to mean all grant expenditures to date compared to only the expenditures during the quarter. Northwest College will prepare future quarterly reports on a non-cumulative basis and will request a third employee perform a detailed review of the report and supporting documentation prior to the finalization of quarterly and annual reports.

Anticipated Completion Date: December 31, 2021

Contact Persons: Brad Bowen, Finance Director