NORTHWEST COLLEGE

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Northwest College
Powell, Wyoming

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Northwest College (the College) as of and for the years ended June 30, 2022 and 2021, and its discretely presented component unit, the Northwest College Foundation (the Foundation), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College as of June 30, 2022 and 2021 and its discretely presented component unit as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, respectively, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 14, the Schedule of the College's Proportionate Share of the Net Pension Liability on page 48, the Schedule of the College's Contributions on page 49, and the Schedule of the College's Proportionate Share of the Total OPEB Liability on page 50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, this information is 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 January 9, 2023 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
January 9, 2023

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 (the College) financial position and activities for the fiscal year ended June 30, 2022, with selected comparative information for the fiscal years ended June 30, 2021 and 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 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 (WCCC), and oversight bodies; and
- 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 interfund 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 of resources, liabilities, and deferred inflows of resources of the College. In addition, this statement segregates the assets and liabilities into current and noncurrent components. The difference between the assets and deferred outflows of resources and the liabilities and deferred inflows of resources represents the College's net position. The net position is displayed in four components: net investment in capital assets, restricted non-expendable, 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 (non-expendable):*** Restricted net position (non-expendable) 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 of resources, liabilities, and deferred inflows of resources 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:

	2022	2021*	2020
Assets			
Current assets	**$ 30,857,947**	$ 23,229,460	$ 21,249,070
Noncurrent assets	**44,276,692**	47,336,168	44,331,261
Total assets	**75,134,639**	70,565,628	65,580,331
Deferred Outflows of Resources			
Pension-related deferred outflows	**623,864**	529,622	738,429
Other postemployment benefits (OPEB)-related deferred outflows	**7,128,165**	6,689,997	2,803,617
Debt defeasance	**96,719**	105,511	114,305
Total deferred outflows of resources	**7,848,748**	7,325,130	3,656,351
Liabilities			
Current liabilities	**2,984,664**	2,569,912	2,717,990
Noncurrent liabilities	**27,403,255**	28,889,381	24,916,476
Total liabilities	**30,387,919**	31,459,293	27,634,466
Deferred Inflows of Resources			
Pension-related deferred inflows	**3,647,788**	1,903,477	1,416,678
OPEB-related deferred inflows	**4,512,543**	3,972,743	4,513,819
Unavailable property taxes	**4,373,176**	3,131,473	3,531,356
Lease deferred inflows	**151,125**	190,497	-
Total deferred inflows of resources	**12,684,632**	9,198,190	9,461,853
Net Position			
Net investment in capital assets	**26,655,807**	27,185,659	27,483,772
Restricted non-expendable	**10,801,707**	10,801,707	10,801,707
Restricted expendable - scholarships	**5,624,236**	3,492,027	3,925,570
Restricted expendable - capital projects	**1,589,901**	1,137,660	1,193,338
Unrestricted	**(4,760,815)**	(5,383,778)	(11,264,024)
Total net position	**$ 39,910,836**	$ 37,233,275	$ 32,140,363

* Restated during the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87.

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total net position increased $2,677,561 in fiscal year 2022 to a total of $39,910,836. Total net position increased $5,092,912 in fiscal year 2021 to a total of $37,233,275. Unrestricted net position of ($4,760,815) in 2022, ($5,383,778) in 2021 and ($11,264,024) in 2020 was available for future operating and capital needs of the College.

Current assets include cash and cash equivalents, accounts and lease receivables, property tax receivable, advanced construction expense, and prepaid expenses. Unrestricted cash increased by $3,660,025, $2,746,815 and $3,104,890 during 2022, 2021 and 2020, respectively.

Park County property and mineral values increased in 2022, resulting in an increase to the property tax receivable from $3,455,401 in 2021 to $4,481,189 in 2022. Variations are also due to the timing of property tax payments from Park County property owners. See the additional discussion of the increase in assessed property values in the Statement of Revenues, Expenses, and Changes in Net Position section below.

Noncurrent assets of $44,276,692 and $47,336,168 at June 30, 2022 and 2021, respectively, are made up of land, buildings, improvements, construction in progress, equipment, library books, right-to-use asset, lease receivable, and the endowment challenge. These are valued based on original amounts, less depreciation, except for the endowment challenge, which is valued at fair value. In 2022, $1,931,205 was spent on new or in-progress capital improvements, which included the construction of a new student center and temporary dining facility, electrical upgrades, upgrading the CABRE Gym Heating, Ventilation and Air Conditioning (HVAC) unit, campus paving and rodeo arena upgrades. 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. See Note 3 to the financial statements. The College's endowment held by the Foundation (decreased) increased by ($2,367,870), $3,437,668 and ($1,003,374) for the years ended June 30, 2022, 2021 and 2020, respectively.

Total liabilities as of June 30, 2022 were $30,387,919, compared to $31,459,294 as of June 30, 2021. The decrease in total liabilities is due to a decrease in net pension liability offset by an increase in the total OPEB liability, as established by GASB Statement No. 68 and GASB Statement No. 75, 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 to the financial statements for the College's long-term liabilities.

Total current liabilities as of June 30, 2022 were $2,984,664, compared to $2,569,912 as of June 30, 2021. This increase was primarily related to the 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 2022 portion of the pension-related outflows, pension-related inflows and net pension liability is $623,864, $3,647,788, and $4,013,727, respectively. This is in comparison to fiscal year 2021, with pension-related outflows, pension-related inflows and net pension liability of $529,622, $1,903,477, and $6,565,844, respectively. These amounts were recorded on the Statements of Net Position. See Note 5 to the 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 2022 portion of the OPEB-related outflows, OPEB-related inflows, and total OPEB liability is $7,128,165, $4,512,543, and $20,521,403, respectively. This is in comparison to fiscal year 2021, with OPEB-related outflows, OPEB-related inflows, and total OPEB liability of $6,689,997, $3,972,743, and $19,210,344, respectively. These amounts were recorded on the Statements of Net Position. See Note 7 to the 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 appropriations and district levy revenues be reported as "nonoperating."

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	2022	2021*	2020
Operating Revenues			
Tuition and fees (net allowances)	**$ 3,498,142**	$ 2,755,687	$ 2,979,534
Federal grants and contracts	**818,410**	841,340	900,405
State and local grants and contracts	**518,584**	953,324	1,198,100
Auxiliary enterprise charges (net allowances)	**2,075,212**	1,683,352	2,410,623
Other operating revenues	**650,056**	832,814	574,732
Total operating revenues	**7,560,404**	7,066,517	8,063,394
Operating Expenses			
Instruction	**7,533,568**	8,399,579	8,640,290
Public service	**133,655**	116,222	131,348
Academic support	**1,818,279**	6,760,186	2,381,342
Student services	**3,652,251**	3,151,342	3,319,699
Institutional support	**6,060,997**	4,586,977	4,846,259
Operation and maintenance of plant	**2,286,527**	2,306,969	2,296,372
Scholarships	**1,894,475**	1,358,585	417,178
Auxiliary enterprises	**2,725,336**	2,992,729	3,654,700
Amortization	**63,284**	5,274	-
Depreciation	**2,517,952**	2,632,825	2,566,483
Total operating expenses	**28,686,324**	32,310,688	28,253,671
Operating (loss)	**(21,125,920)**	(25,244,171)	(20,190,277)
Nonoperating Revenues	**23,803,481**	30,337,083	20,976,400
State Endowment Appropriation	**-**	-	10,285
Increase in net position	**$ 2,677,561**	$ 5,092,912	$ 796,408

* Restated during the implementation of GASB Statement No. 87.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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 $105, $99 and $99 per credit hour for 2022, 2021 and 2020, 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 $51, $41 and $39 per credit hour for 2022, 2021 and 2020, 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, 2022	**1,442**	**1,396**	**2,838**
June 30, 2021	1,443	1,443	2,886
June 30, 2020	1,461	1,523	2,984

Based on the above enrollment history, the $626,131 increase in tuition and fees in 2022 before the scholarship allowance was due to an increase in tuition and fee rates while enrollment remained steady. The $237,817 decrease in tuition and fees in 2021 before the scholarship allowance was due to a decrease in enrollment while the tuition and fee rates remained steady. The $496,147 increase in tuition and fees in 2020 before the scholarship allowance was due to an increase in the tuition and fee rates while overall enrollment remained steady. 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 $1,377,905, $1,494,229 and $1,508,199 in 2022, 2021 and 2020, respectively.

State appropriations normally make up the bulk of the College's total revenues and represent approximately 50%, 34% and 51% of total revenue in 2022, 2021 and 2020, respectively. The increase in the fiscal year 2022 percentage is related to a decrease in non-exchange Federal and State grants due to the global pandemic relief funds provided to the College both from the State and the Federal government. During 2022, total State appropriations also increased by $2,984,884 compared to 2021. The increase in State appropriations was due to $1,850,000 received under the Wyoming Innovation Partnership Program and approximately $1,100,000 received under the major maintenance program. During 2021, total State appropriations decreased by $1,990,881 compared to 2020. The decrease in State appropriations was due to an approximate 20% decrease in the State's General Fund revenue, which was passed through to the Wyoming community colleges through the State's budget process.

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2022	**$626,294,645**	**(11.32%)**
June 30, 2021	706,271,171	3.92%
June 30, 2020	679,629,861	12.34%
June 30, 2019	604,982,133	(5.49%)
June 30, 2018	640,120,277	0.28%
June 30, 2017	638,356,346	(26.59%)

Local appropriations revenue decreased $299,149 from 2021 to 2022 and increased $99,768 from 2020 to 2021, and represents approximately 13%, 11% and 14% of total revenue in 2022, 2021 and 2020, respectively.

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 but stabilized in fiscal year 2022. 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; 2022 auxiliary revenue increased by $329,225 before the scholarship allowance, while expenses decreased by $267,393. Revenue increased due to an increase in the occupancy of College-owned housing. Expenses decreased significantly due to transferring positions from the Auxiliary Fund to the General Fund due to change in revenue sources. In 2021, auxiliary enterprise revenue decreased by $734,794 before the scholarship allowance, while expenditures 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 2022 and 2021, the Wyoming Challenge Match Endowment cost basis remained the same. The College's portion of the Wyoming Challenge Match Endowment held by the Foundation had a book value of $11,297,619 and a market value of $14,396,035 as of June 30, 2022.

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 20 and 21:

	2022	2021*	2020
Cash (Used in) Provided by:			
Operating activities	**$ (17,776,520)**	$ (22,299,639)	$ (16,467,957)
Noncapital financing activities	**26,568,719**	26,547,917	21,076,168
Capital and related financing activities	**(471,710)**	(5,835,552)	(863,086)
Investing activities	**(2,024,061)**	3,840,259	(638,389)
Net increase in cash and cash equivalents	**6,296,428**	2,252,985	3,106,736
Cash and Cash Equivalents, beginning of year	**17,899,216**	15,646,231	12,539,495
Cash and Cash Equivalents, end of year	**$ 24,195,644**	$ 17,899,216	$ 15,646,231

* Restated during the implementation of GASB Statement No. 87.

In summary, the 2022 cash provided by noncapital financing and investing activities was more than the cash used in operating and capital activities by $6,296,428. In 2021, the cash provided by noncapital financing activities was more than the cash used in operating, capital, and investing 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.

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. The Higher Learning Commission completed its four-year assurance review in September 2022 with no changes to the College's accreditation status. In addition, three College departments hold national accreditations through the following subject matter accrediting bodies: the National Association of Schools of Art & Design, the National Association of Schools of Music, and the Accreditation Commission for Education in Nursing.

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 State 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. During the Spring 2022 legislative session, $12,565,378 was appropriated for the construction of a new student center and temporary dining facility, which must be matched by the College. The College is currently constructing the new temporary dining facility and is contracting for the construction of the new student center. The Wyoming State 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. Revenue stabilized for fiscal year 2023 due to the stabilization of revenue from mineral and extraction taxes. However, a reliance on revenue from mineral and extraction taxes, coupled with a lack of economic diversification, could result in less revenue and have long-term negative effects for the State, 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. The WCCC voted to hold tuition rates steady for fiscal year 2023. Finally, the community colleges are now included under the Joint Education Interim Committee for the Wyoming State Legislature, thus allowing an additional forum for the community colleges to educate and request funding from the Wyoming State Legislature. This change resulted in increased State appropriations for fiscal year 2023.

In March 2020, the College began monitoring the coronavirus global pandemic daily and taking many pre-emptive measures to ensure the safety and health of its students, employees, and community members. The College has been working closely with the State 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, regional and national 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.

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTHWEST COLLEGE

STATEMENTS OF NET POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 2 and 11)	**$ 19,057,540**	$ 15,397,515
Cash and cash equivalents, restricted (Note 2)	**5,138,104**	2,501,701
Accounts receivable, net of allowance of $200,000 for 2022 and 2021	**1,326,214**	1,659,043
Property tax receivable	**4,481,189**	3,455,401
Current portion of lease receivable (Note 8)	**40,159**	39,372
Advanced construction expense (Note 3)	**710,426**	-
Prepaids	**104,315**	176,428
Total current assets	**30,857,947**	23,229,460
Noncurrent Assets		
Capital assets, net of accumulated depreciation (Note 3)	**29,711,681**	30,299,844
Lease receivable, less current portion (Note 8)	**110,966**	151,125
Right-to-use asset, net of accumulated amortization (Note 8)	**58,010**	121,294
Investments held by others (Note 2)	**14,396,035**	16,763,905
Total noncurrent assets	**44,276,692**	47,336,168
Total assets	**75,134,639**	70,565,628
DEFERRED OUTFLOWS OF RESOURCES		
Pension-Related Deferred Outflows (Note 5)	**623,864**	529,622
OPEB-Related Deferred Outflows (Note 7)	**7,128,165**	6,689,997
Debt Defeasance	**96,719**	105,511
Total deferred outflows of resources	**7,848,748**	7,325,130

Continued

NORTHWEST COLLEGE

STATEMENTS OF NET POSITION, *Continued*
June 30, 2022 and 2021

	2022	2021
LIABILITIES		
Current Liabilities		
Accounts payable	**$ 1,097,891**	$ 691,983
Payroll and related liabilities	**660,877**	663,388
Accrued compensated absences (Note 4)	**386,490**	409,232
Accrued interest payable	**6,350**	6,843
Advance payments	**275,224**	182,556
Custodial deposits (Note 11)	**262,335**	263,057
Lease liability (Note 8)	**58,010**	121,294
Current maturities of note payable (Note 4)	**237,487**	231,559
Total current liabilities	**2,984,664**	2,569,912
Noncurrent Liabilities		
Accrued compensated absences (Note 4)	**128,830**	136,411
Note payable, less current maturities (Note 4)	**2,739,295**	2,976,782
Net pension liability (Note 5)	**4,013,727**	6,565,844
Total OPEB liability (Note 7)	**20,521,403**	19,210,344
Total noncurrent liabilities	**27,403,255**	28,889,381
Total liabilities	**30,387,919**	31,459,293
DEFERRED INFLOWS OF RESOURCES		
Pension-Related Deferred Inflows (Note 5)	**3,647,788**	1,903,477
OPEB-Related Deferred Inflows (Note 7)	**4,512,543**	3,972,743
Lease Deferred Inflows (Note 8)	**151,125**	190,497
Unavailable Property Taxes	**4,373,176**	3,131,473
Total deferred inflows of resources	**12,684,632**	9,198,190
NET POSITION		
Net Investment in Capital Assets	**26,655,807**	27,185,659
Restricted for:		
Non-expendable	**10,801,707**	10,801,707
Expendable:		
Scholarships	**5,624,236**	3,492,027
Capital projects	**1,589,901**	1,137,660
Unrestricted	**(4,760,815)**	(5,383,778)
Total net position	**$ 39,910,836**	$ 37,233,275

See Notes to Financial Statements.

NORTHWEST COLLEGE
COMPONENT UNIT - NORTHWEST COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents, including $23,220 and $33,697, respectively, held for Youth Clubs of Park County (Note 2)	**$ 612,507**	$ 328,192
Investments (Note 2)	**1,870,096**	1,555,313
Contributions Receivable	**419,545**	618,405
Accounts Receivable	**57,502**	-
Cash and Cash Equivalents Restricted by Donors for Long-Term Purposes (Note 2)	**1,228,227**	1,118,862
Investments for Long-Term Purposes, including $1,178,099 and $1,676,776, respectively, held for Youth Clubs of Park County (Note 2)	**53,947,434**	43,471,739
Beneficial Interest in Perpetual Trust	**1,039,012**	953,122
Other Assets	**670,279**	670,279
Total assets	**$ 59,844,602**	$ 48,715,912
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	**$ 9,320**	$ 3,440
Investments held for others (Note 2)	**18,368,862**	15,578,317
Assets held in trust	**1,632,831**	1,513,016
Liabilities associated with charitable gift annuities	**130,039**	174,575
Total liabilities	**20,141,052**	17,269,348
Net Assets		
Without donor restrictions:		
Designated	**1,668,211**	1,274,314
Undesignated	**1,413,824**	1,692,691
With donor restrictions	**36,621,515**	28,479,559
Total net assets	**39,703,550**	31,446,564
Total liabilities and net assets	**$ 59,844,602**	$ 48,715,912

See Notes to Financial Statements.

NORTHWEST COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Revenues		
Tuition and fees, net of scholarship allowance of 2022 $1,377,905; 2021 $1,494,229	**$ 3,498,142**	$ 2,755,687
Federal grants and contracts	**818,410**	841,340
State and local grants and contracts	**518,584**	953,324
Auxiliary enterprise charges, net of scholarship allowance of 2022 $741,949; 2021 $804,584	**2,075,212**	1,683,352
Other operating revenues	**650,056**	832,814
Total operating revenues	**7,560,404**	7,066,517
Operating Expenses (Note 12)		
Instruction	**7,533,568**	8,399,579
Public service	**133,655**	116,222
Academic support	**1,818,279**	6,760,186
Student services	**3,652,251**	3,151,342
Institutional support	**6,060,997**	4,586,977
Operation and maintenance of plant	**2,286,527**	2,306,969
Scholarships	**1,894,475**	1,358,585
Auxiliary enterprises	**2,725,336**	2,992,729
Amortization	**63,284**	5,274
Depreciation	**2,517,952**	2,632,825
Total operating expenses	**28,686,324**	32,310,688
Operating (loss)	**(21,125,920)**	(25,244,171)
Nonoperating Revenues (Expenses)		
Non-exchange Federal and state grants	**5,402,475**	9,365,254
State appropriations	**15,769,189**	12,784,305
Local appropriations	**3,968,518**	4,267,667
Private gifts, grants, and contracts	**755,845**	128,220
Net investment (loss) income	**(2,024,061)**	3,840,259
Interest expense	**(81,640)**	(87,432)
Gain on sale of assets	**13,155**	38,810
Total nonoperating revenues	**23,803,481**	30,337,083
Increase in net position	**2,677,561**	5,092,912
Net Position, beginning	**37,233,275**	32,140,363
Net Position, ending	**$ 39,910,836**	$ 37,233,275

See Notes to Financial Statements.

NORTHWEST COLLEGE
COMPONENT UNIT - NORTHWEST COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021	2020
Changes in Net Assets Without Donor Restrictions		
Revenues, gains, and other support:		
Contributions	**$ 14,598**	$ 15,775
Investment income, net	**279,150**	101,394
In-kind contributions	**169,950**	211,600
Administrative fees	**475,629**	402,143
Miscellaneous	**68,788**	108,846
Net assets released from restrictions	**1,686,783**	1,532,941
Total revenues, gains, and other support	**2,694,898**	2,372,699
Expenses:		
Program services:		
College support	**2,008,947**	1,604,856
Management	**264,282**	192,820
Fundraising	**306,639**	291,991
Total expenses	**2,579,868**	2,089,667
Increase in net assets without donor restrictions	**115,030**	283,032
Changes in Net Assets With Donor Restrictions		
Contributions	**4,261,064**	664,726
Investment income, net	**5,360,937**	2,407,402
Royalty	**6,826**	3,698
Changes in liabilities associated with charitable gift annuities	**44,536**	9,199
Changes in present value of beneficial interest and perpetual trusts	**85,889**	60,699
Miscellaneous income	**69,487**	542
Net assets released from restrictions	**(1,686,783)**	(1,532,941)
Increase in net assets with donor restrictions	**8,141,956**	1,613,325
Change in net assets	**8,256,986**	1,896,357
Net Assets, beginning of year	**31,446,564**	29,550,207
Net Assets, end of year	**$ 39,703,550**	$ 31,446,564

See Notes to Financial Statements.

NORTHWEST COLLEGE

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Received from students and customers	$ 7,529,124	$ 6,991,001
Payments to employees and benefits	(14,368,302)	(16,268,471)
Payments to vendors and suppliers	(9,042,145)	(11,722,276)
Payments for scholarships	(1,894,475)	(1,358,585)
Other (payments) receipts	(722)	58,692
Net cash (used in) operating activities	**(17,776,520)**	(22,299,639)
Cash Flows from Noncapital Financing Activities		
Non-exchange Federal and state grants	5,402,475	9,365,254
State appropriations	16,225,966	12,886,697
Local appropriations	4,184,433	4,167,746
Gifts, endowments, and grants for other than capital purchase	755,845	128,220
Net cash provided by noncapital financing activities	**26,568,719**	26,547,917
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(1,477,175)	(2,133,618)
Proceeds from sale of capital assets	14,571	54,701
Advance construction payment	(1,000,000)	-
Lease payments	(63,284)	(5,274)
Interest paid on note	(82,133)	(87,914)
Payment of note principal	(231,559)	(225,779)
State endowment invested in the Foundation	2,367,870	(3,437,668)
Net cash (used in) capital and related financing activities	**(471,710)**	(5,835,552)
Cash Flows from Investing Activities		
Interest received on investment	(2,024,061)	3,840,259
Net cash (used in) provided by investing activities	**(2,024,061)**	3,840,259
Net increase in cash and cash equivalents	**6,296,428**	2,252,985
Cash and Cash Equivalents		
Beginning of year	17,899,216	15,646,231
End of year	$ 24,195,644	$ 17,899,216

Continued

NORTHWEST COLLEGE

STATEMENTS OF CASH FLOWS, *Continued*
Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities		
Operating (loss)	**$ (21,125,920)**	$ (25,244,171)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	**2,517,952**	2,632,825
Amortization	**63,284**	5,274
Debt defeasance amortization	**8,792**	8,794
Changes in assets and liabilities:		
Receivables, net	**(123,948)**	(61,412)
Prepaids	**72,113**	(28,976)
Accounts payable and related liabilities	**238,219**	(57,538)
Advance payments	**92,668**	(14,104)
Accrued compensated absences	**(30,323)**	(17,260)
Net pension liability	**(2,552,117)**	(989,413)
Deferred outflows - pension	**(94,242)**	208,807
Deferred inflows - pension	**1,744,311**	486,799
Total OPEB liability	**1,311,059**	5,198,192
Deferred outflows - OPEB	**(438,168)**	(3,886,380)
Deferred inflows - OPEB	**539,800**	(541,076)
Total adjustments	**3,349,400**	2,944,532
Net cash (used in) operating activities	**$ (17,776,520)**	$ (22,299,639)
Supplemental Disclosures of Cash Flows Information		
Capital assets included in accounts payable	**$ 175,811**	$ 11,355
Capital assets purchased with advance construction payment funds	**289,574**	-

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 the levy is intended to finance. Revenue from grants, state appropriations, and other contributions is recognized in the year 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 the 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*

Lease receivable: Lease receivable includes the future payments associated with a lessor lease.

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, 2022 and 2021:

- Investments held by the Foundation of $14,396,035 and $16,763,905, respectively, are valued using significant other observable inputs (Level 2).

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 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 by 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.

Right-to-use assets: The College capitalizes the right-to-use asset obtained under a lease in accordance with GASB Statement No. 87, *Leases*. The asset is calculated utilizing the value of the lease liability plus any lease pre-payments made for future periods, as well as any direct ancillary costs necessary to place the asset into services. The asset will be amortized over the years remaining on the lease. The College utilized the same capitalization thresholds as utilized for capital assets.

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

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 provide full-time and eligible part-time staff with 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.

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, 2022 and 2021 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, 2022 and 2021 consist of unavailable property taxes and items related to the College's lessor leases and pension and OPEB retirement benefit plans.

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

<u>Net investment in capital assets:</u> 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.

<u>Restricted net position - non-expendable:</u> 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.

<u>Restricted net position - expendable:</u> This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

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

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 as needed.

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) sales 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 are assessed and attach as an enforceable lien on property as of January 1 of the preceding levy year. Taxes are levied on or about September 1. Real property taxes are 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 real property taxes and also taxes for all municipalities and political subdivisions within Park County, including the College. Mineral ad valorem property taxes are billed and collected by the State of Wyoming Department of Revenue monthly, with a true-up following the annual assessment on January 1. The College's property tax revenues are recognized when assessed. Property tax receivable includes 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.

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

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, 2022 and 2021, the College received and disbursed funds under the Federal Direct Loan Program in the amount of $1,008,404 and $1,014,505, respectively. The College does not recognize these transactions as revenue or expenses based on the nature of the transactions.

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.

Recent pronouncements: In June 2017, the GASB issued Statement No. 87, *Leases*. GASB Statement No. 87 increases the usefulness of governments' financial statements by requiring the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement is effective for years beginning after June 15, 2021. Management has adopted this statement for the year ended June 30, 2022. The adopted accounting changes conform to the provisions of this statement and were applied beginning in the year ended June 30, 2021. As a result of this adoption, a right-to-use asset and lease liability were established for lessee leases that had previously been accounted for as operating leases. The right-to-use asset was calculated utilizing the value of the lease liability plus any lease pre-payments made for future periods, as well as any direct ancillary costs necessary to place the asset into services. The asset will be amortized over the years remaining on the lease. The lease liability was calculated as the present valued of future lease payments expected to be made during the lease term and will be reduced annually for the actual lease payments, less amounts for interest expense. In addition, a lease receivable and deferred inflow of resources were established for a lessor lease that had previously only reported annual rent payments within the Statements of Revenues, Expenses, and Changes in Net Position. The present value of the lease was calculated and the deferred inflow of resources will be amortized based on that calculation and the years remaining on the lease. The restatement of beginning net position was not required; however, the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position were restated to report the financial implication of retroactively reporting this standard. See additional disclosures regarding the leases in Note 8.

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 or secured by a pledge of assets, including any bonds, debentures, and other securities in which the Wyoming State Treasurer may, by law, invest, or a depository may pledge conventional real estate mortgages and notes connected with mortgages at a ratio of 1.05:1 of the value of public funds secured by the securities. The College has restricted deposits for the custodial funds, Federal funds received to be expended, departmental donations with donor restrictions, and funds restricted for the purchase of capital assets totaling $5,138,104 and $2,501,701 as of June 30, 2022 and 2021, 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, 2022 and 2021, the carrying amount of the College's deposits was $24,087,184 and $17,773,229, respectively, and the bank balance was $24,661,833 and $18,543,844, 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 assets and liabilities carried at fair value to 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.

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.

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

Investments in marketable securities, including agency investments held for Youth Clubs of Park County, consist of the following at December 31:

	2021		2020	
	Cost	**Fair Value**	Cost	Fair Value
Level 1:				
Mutual/index funds, including REITs	**$ 4,716,831**	**$ 4,859,205**	$ 2,943,699	$ 3,124,040
Equity	**30,378,473**	**45,501,917**	23,463,870	34,289,169
Total Level 1	**35,095,304**	**50,361,122**	26,407,569	37,413,209
Level 2:				
U.S. Treasury securities	**2,017,930**	**2,070,792**	1,330,093	1,458,706
Other U.S. government bonds	**739,699**	**747,800**	919,563	935,473
Corporate bonds	**1,068,096**	**1,081,791**	683,577	759,891
Investment in hedge fund	**-**	**-**	3,534,301	3,159,258
Brokered certificate of deposit	**1,000,000**	**1,556,025**	1,300,000	1,300,515
Total Level 2	**4,825,725**	**5,456,408**	7,767,534	7,613,843
Total investments held by the Foundation	**$ 39,921,029**	**$ 55,817,530**	$ 34,175,103	$ 45,027,052

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 $1,085,642 and $949,354 at December 31, 2021 and 2020, 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 $726,651 and $472,651 at December 31, 2021 and 2020, respectively. The book balance of cash with the financial institution was $755,092 and $497,700 at December 31, 2021 and 2020, respectively. At December 31, 2021, $250,000 was insured by the Federal Deposit Insurance Corporation.

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 45% to 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.

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

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

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 33% to 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:

	2022			
		Investment Maturities (in Years)		
	Fair Value	**Less than 1**	**1 to 5**	**More than 5**
Investment type:				
U.S. Treasury	**$ 1,769,198**	**$ 11,756**	**1,200,439**	**557,003**
U.S. government obligations	**790,780**	**-**	**4,563**	**786,217**
	$ 2,559,978	**$ 11,756**	**$ 1,205,002**	**$ 1,343,220**

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

	2021			
		Investment Maturities (in Years)		
	Fair Value	Less than 1	1 to 5	More than 5
Investment type:				
U.S. Treasury	$ 1,758,376	$ 22,152	$ 724,399	$ 1,011,825
U.S. government obligations	775,116	-	50,664	724,452
	$ 2,533,492	$ 22,152	$ 775,063	$ 1,736,277

The quality rating of debt securities in the Foundation's investment portfolio at fair value as of June 30, 2022 is as follows:

U.S. government investments (S&P rating AA+)	$ 2,559,978

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, 2021 and 2020, the Foundation held $18,368,862 and $15,578,317, respectively, of investments for the College.

Note 3. Capital Assets and Subsequent Event

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

	Balance June 30, 2021	Additions	Deletions	Transfers In (Out)	Balance June 30, 2022
Capital assets not being depreciated:					
Land	$ 1,464,663	$ -	$ -	$ -	$ 1,464,663
Art, literature, and artifacts	50,000	-	-	-	50,000
Construction in progress	670,215	1,825,522	-	(1,184,473)	1,311,264
Total capital assets not being depreciated	$ 2,184,878	$ 1,825,522	$ -	$ (1,184,473)	$ 2,825,927
Other capital assets:					
Land improvements	$ 2,393,348	$ -	$ -	$ -	$ 2,393,348
Buildings	69,659,500	-	-	1,184,473	70,843,973
Machinery and equipment	8,158,105	105,683	(178,280)	-	8,085,508
Total other capital assets	80,210,953	105,683	(178,280)	1,184,473	81,322,829
Less accumulated depreciation for:					
Land improvements	892,223	149,658	-	-	1,041,881
Buildings	45,122,767	1,801,310	-	-	46,924,077
Machinery and equipment	6,080,997	566,984	(176,864)	-	6,471,117
Total accumulated depreciation	52,095,987	2,517,952	(176,864)	-	54,437,075
Other capital assets, net	$ 28,114,966	$ (2,412,269)	$ (1,416)	$ 1,184,473	$ 26,885,754
Capital assets summary:					
Capital assets not being depreciated	$ 2,184,878	$ 1,825,522	$ -	$ (1,184,473)	$ 2,825,927
Other capital assets, at cost	80,210,953	105,683	(178,280)	1,184,473	81,322,829
Total cost of capital assets	82,395,831	1,931,205	(178,280)	-	84,148,756
Less accumulated depreciation	52,095,987	2,517,952	(176,864)	-	54,437,075
Capital assets, net	$ 30,299,844	$ (586,747)	$ (1,416)	$ -	$ 29,711,681

Note 3. Capital Assets and Subsequent Event, *Continued*

	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

In August 2021, the State of Wyoming approved $1 million in funding for the Level 3 planning of a new student center project. The funding required a match of $1 million from the College. The project is being managed by the State of Wyoming State Construction Department and required the College to submit its matching funds at the beginning of the project. The total project expenditures are shown above in construction in progress.

Subsequent to year-end on October 17, 2022, the College signed a Memorandum of Understanding (MOU) with the State of Wyoming State Construction Department. The MOU notes the College will pay the agency $11,219,088, which will be combined with $11,219,088 of Strategic Investment Projects Account funds from the State of Wyoming for the costs of demolition of the existing building and the design, construction, geotechnical, surveying and artwork for the construction of the new Northwest College Student Center.

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. This note was incurred when existing bonds payable were refinanced, which lowered future debt payments and resulted in a deferred outflow of cash resources.

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

The aggregate principal, including interest, required on the note at June 30, 2022 is as follows:

	Principal	Interest
Years ending June 30:		
2023	$ 237,487	$ 76,206
2024	243,567	70,126
2025	249,802	63,891
2026	256,197	57,496
2027	262,756	50,937
2028-2032	1,418,187	150,247
2033	308,786	7,905
	$ 2,976,782	$ 476,808

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

	Balance June 30, 2021	**Additions**	**Deletions**	**Balance June 30, 2022**	**Amounts Due within One Year**
Other liabilities:					
Accrued compensated absences	**$ 545,643**	**$ 539,432**	**$ (569,755)**	**$ 515,320**	**$ 386,490**
Total other liabilities	**$ 545,643**	**$ 539,432**	**$ (569,755)**	**$ 515,320**	**$ 386,490**

	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

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 contributory retirement plan administered by the WRS. The authority to establish and amend benefits and contribution rates rests with the Wyoming State Legislature. 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 accessed through its website at https://retirement.wyo.gov/About/Reports?Label=Financial#categories.

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. The 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 after 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. The 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 Titles 9-3-412 and 413 of Wyoming State Statutes, effective July 1, 2021, member and employer contributions were required to be 9.25% and 9.37% of compensation, respectively. Previously, member and employer contributions were required to be 9.00% and 9.12% of compensation, respectively. In accordance with Title 9-3-412(c)(ii) of Wyoming State Statutes, for the years ended June 30, 2022 and 2021, the College has elected to pay 5.57% of each member's contribution in addition to the employer's contribution. Total contributions to the pension plan from the College were $648,655 and $791,595 for the years ended June 30, 2022 and 2021, respectively.

Note 5. Retirement Commitment - WRS, *Continued*

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2022 and 2021, the College reported a liability of $4,013,727 and $6,565,844, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 and 2020, respectively. The 2021 actuarial valuation incorporated assumption changes adopted by the WRS Board, effective at its November 17, 2021 and February 17, 2022 meetings. Further, the 2020 actuarial valuation 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, 2021 and 2020 to the contributions of all participating employers for the same period. At December 31, 2021, the College's proportion was 0.2632433%, which was a decrease from its December 31, 2020 proportion of 0.3021057%.

For the years ended June 30, 2022 and 2021, the College recognized pension (offset) expense of ($490,515) and $203,320, respectively. At June 30, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	**$ 75,276**	**$ 6,167**	$ 124,771	$ 57,093
Changes in assumptions	**324,792**	**-**	40,778	-
Net difference between projected and actual earnings on pension plan investments	**-**	**2,668,063**	-	1,439,493
Changes in proportion and differences between employer contributions and proportionate share of contributions	**22,445**	**973,558**	124,960	406,891
Contributions subsequent to the measurement date	**201,351**	**-**	239,113	-
	$ 623,864	**$ 3,647,788**	$ 529,622	$ 1,903,477

The amount of $201,350 at June 30, 2022, reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2022 will be recognized in pension expense, as follows:

Years ending June 30:	
2023	$ (848,860)
2024	(1,254,456)
2025	(668,353)
2026	(453,606)
	$ (3,225,275)

Note 5. Retirement Commitment - WRS, *Continued*

Actuarial assumptions: The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions adopted by the WRS Board, effective at its November 17, 2021 and February 17, 2022 meetings, and applied to the December 31, 2021 measurement date:

Inflation	2.25%
Salary Increases	2.50%-6.50%, including inflation
Payroll Growth Rate	2.50%
Cost of Living Increase	0.00%
Investment Rate of Return	6.80%, net of pension plan investment expense, including inflation
Pre-Retirement Mortality	Mortality rates were based on the PUB-2010 General Active Mortality Table, amount-weighted, fully generational, projected with the MP-2020 Ultimate Scale. Males had no setback, with a multiplier of 100%, and females had no setback, with a multiplier of 100%.
Post-Retirement Mortality	Mortality rate were based on the PUB-2010 General Healthy Annuitant Mortality Table, amount-weighted, fully generational, projected with the MP-2020 Ultimate Scale. Males had no setback, with a multiplier of 100%, and females had no setback, with a multiplier of 103%.

The total pension liability in the January 1, 2020 valuation was determined using the following actuarial assumptions adopted by the WRS Board, effective August 23, 2017, and applied to the December 31, 2020 measurement date:

Inflation	2.25%
Salary Increases	2.50%-6.50%, including inflation
Payroll Growth Rate	2.50%
Cost of Living Increase	0.00%
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
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 the Scale MP-2017.

Note 5. Retirement Commitment - WRS, *Continued*

Post-Retirement Mortality	Mortality rates were based on the RP-2014 Mortality Tables for Males or Female, as appropriate, with adjustments for mortality improvements based on the 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 adding expected inflation. Each major asset class is included in the pension plan's target asset allocation as of January 1, 2021 and 2020. These best estimates are summarized in the following tables:

	2021		
Asset Class	**Target Allocation**	**Long-Term Expected Geometric Rate of Return**	**Long-Term Expected Arithmetic Rate of Return**
Cash	**2.00%**	**-0.50%**	**-0.50%**
Fixed income	**21.00%**	**1.32%**	**1.63%**
Equity	**48.50%**	**5.63%**	**7.54%**
Marketable alternatives	**19.00%**	**3.74%**	**4.63%**
Private real assets	**9.50%**	**4.84%**	**5.99%**
	100.00%		

	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%		

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, 2020. 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, 2021 was 6.80%. At December 31, 2020, the discount rate 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 College'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, 2022, calculated using the discount rate of 6.80%, 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 or one percentage point higher than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Proportionate share of the net pension liability	$ 7,405,277	$ 4,013,727	$ 1,202,325

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, 2022 and 2021, the College's contributions to TIAA were $626,850 and $611,707, 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 (the 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 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 Wyoming State 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 accessed through its 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 Wyoming State 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, 2022 and 2021, the College reported a liability of $20,521,403 and $19,210,344, respectively, for its proportionate share of the collective total OPEB liability. The collective total OPEB liability was measured as of June 30, 2021 and 2020, respectively, and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of June 30, 2022 and 2021, 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, 2022, the College's proportion was 1.55615%, which was an increase from its June 30, 2021 proportion of 1.47021%.

Note 7. OPEB Commitment, *Continued*

For the years ended June 30, 2022 and 2021, the College recognized OPEB expense of $1,412,691 and $770,736, respectively. At June 30, 2022 and 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	**$ 2,014,003**	**$ 1,956,941**	$ 2,288,988	$ 1,680,767
Changes in assumptions	**3,814,477**	**1,510,506**	4,113,270	1,376,305
Change in proportionate share of expected payments	**1,054,515**	**1,045,096**	-	915,671
Expected benefit payments subsequent to measurement date	**245,170**	**-**	287,739	-
	$ 7,128,165	**$ 4,512,543**	$ 6,689,997	$ 3,972,743

An amount of $245,170, 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, 2023.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2022 will be recognized in the College's OPEB expense, as follows:

Years ending June 30:	
2023	$ 302,164
2024	302,164
2025	302,164
2026	302,164
2027	466,834
Thereafter	694,962
	$ 2,370,452

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2021 and 2020 (based on July 1, 2020 and 2019 census data, respectively)
Inflation	2.25%
Salary Increases	2.50%-6.50%

Note 7. OPEB Commitment, *Continued*

Mortality Rates (2021)	
Pre-Retirement:	General: Headcount-weighted Pub 2010 General Employee, projected generationally with the two-dimensional Scale MP-2020.
	Safety: Headcount-weighted Pub-2010 Safety Employee, projected generationally with the two-dimensional Scale MP-2020.
Post-Retirement:	General: Headcount-weighted Pub-2010 Non-Safety Health Retiree, projected generationally with the two-dimensional Scale MP-2020.
	Safety: Headcount-weighted Pub-2010 Safety Health Retiree, projected generationally with the two-dimensional Scale MP-2020.
Disabled:	General: Headcount-weighted Pub-2010 General Disable, projected generationally with the two-dimensional Scale MP-2020.
	Safety: Headcount-weighted Pub-2010 Safety Disable, projected generationally with the two-dimensional Scale MP-2020.
Mortality Rates (2020)	
Pre-Retirement:	RP-2014 Combined, 100% male, 88% female, generational projection using the Scale MP-2017.
Post-Retirement:	RP-2014 Combined, 100% male, 88% female, generational projection using the Scale MP-2017.
Disabled:	RP-2014 Combined, 100% male, 100% female, generational projection using the Scale MP-2017.
Healthcare Cost Trend Rates	
Pre-Medicare:	7.50% and 7.20%, respectively, decreasing annually until reaching the ultimate trend rate of 4.50%.
Medicare:	7.50% and 7.60%, respectively, decreasing annually until reaching the ultimate trend rate of 4.50%.
Participation Rate	65% will elect coverage and 30% will cover a spouse.

Note 7. OPEB Commitment, *Continued*

Spouse Age Differential	2021: Males are assumed to be two years older than females. 2020: 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 expected future working lifetime as defined by the GASB. The proration is determined so that the cost, with respect to service accrued from date of hire, is recognized as a level percentage of pay over the year. The normal cost is 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 assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and Consumer Price Index statistics published by the Bureau of Labor Statistics.

Significant assumptions are based on an experience study that covered a five-year period ended December 31, 2020. Significant assumptions varied within the various retirement plans within the WRS.

Discount rate: The discount rate used to measure the total OPEB liability was 2.16%, which represents a decrease from the discount rate of 2.21% 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.

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 2.16%, 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 or one percentage point higher than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Proportionate share of the collective total OPEB liability	$ 25,507,738	$ 20,521,403	$ 16,753,857

Note 7. OPEB Commitment, *Continued*

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
Pre-Medicare	6.50%	7.50%	8.50%
Medicare	6.50%	7.50%	8.50%
Proportionate share of the collective total OPEB liability	$ 16,935,811	$ 20,521,403	$ 25,390,193

Note 8. Leasing Arrangements

Lessee arrangements: On June 1, 2021, the College has entered into a lease arrangement as a lessee for classroom and office space. The lease contained an original term of one year and has been amended to extend the lease term to expire on May 31, 2023. To the extent possible, all variable payments that the College is reasonably certain to pay have been included in the lease liability amount as of year-end. The College does not have any leases containing residual value guarantees, and therefore, no residual value guarantees have been included in the lease liability amount as of year-end. Further, the College does not have any commitments under leases that occurred prior to the lease terms outlined below.

To comply with Wyoming State Statutes, all leases contain a non-appropriation clause, which allows the College to cancel the lease in the event resources are not available for future appropriation. The College does not expect to cancel any leases for which it is currently obligated.

The lease asset recognized for this lease was $126,568 as of June 30, 2022 and 2021, respectively; these amounts are reported net of accumulated amortization associated with this lease of $68,558 and $5,274 as of June 30, 2022 and 2021, respectively. Lease expenses recognized for this lease were $63,284 and $5,274 for the years ended June 30, 2022 and 2021, respectively. The remaining liability of $58,010 will be paid during the year ending June 30, 2023.

Note 8. Leasing Arrangements, *Continued*

Lessor leases: On March 1, 2020, the College entered into a lease arrangement as a lessor for clinical and office space. The lease contained a term of three years through February 2023, with automatic successive three-year terms unless either party to the agreement provides no less than 60 days' notice in advance of the termination date. At this time, it is reasonably certain that neither party will terminate the first extension as permitted. To the extent possible, all variable payments that the College is reasonably certain to receive have been included in the lease receivable amount as of year-end. The College does not have any leases containing residual value guarantees, and therefore, no residual value guarantees have been included in the lease receivable amount as of year-end. Further, the College is not owed any commitments under leases that occurred prior to the lease terms outlined below. The College recognized $39,372 and $38,599 related to lease revenue during the years ended June 30, 2022 and 2021, respectively.

Future lease receivables of principal consist of the following:

Years ending June 30:	
2023	$ 40,159
2024	40,962
2025	41,781
2026	28,223
	$ 151,125

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 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, 2022, 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 a premium into the State of Wyoming worker's compensation system for hazardous employees based on a rate per covered payroll. This annual rate is calculated based on accident history and administrative costs. For nonhazardous 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:

	2022	2021
Beginning of year	**$ 263,057**	$ 204,365
Additions:		
Student fees	**116,103**	104,709
Interest	**11,292**	76,749
Donations	**13,728**	2,769
Other	**394,904**	318,610
Scholarships and grants	**1,970,765**	1,610,679
Total additions	**2,506,792**	2,113,516
Deductions:		
Supplies	**5,370**	5,855
Printing	**283**	247
Contractual	**3,788**	1,700
Scholarships and grants	**1,957,794**	1,731,928
Various	**540,279**	315,094
Total deductions	**2,507,514**	2,054,824
End of year	**$ 262,335**	$ 263,057

NORTHWEST COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 12. Natural Classifications with Functional Classifications

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

	2022				
	Natural Classification				
Functional Classification	**Compensation and Benefits**	**Supplies and Services**	**Amortization and Depreciation**	**Scholarships**	**Total**
Instruction	**$ 6,956,608**	**$ 576,960**	**$ -**	**$ -**	**$ 7,533,568**
Public service	**91,029**	**42,626**	**-**	**-**	**133,655**
Academic support	**763,782**	**1,054,497**	**-**	**-**	**1,818,279**
Student services	**2,757,101**	**895,150**	**-**	**-**	**3,652,251**
Institutional support	**2,913,711**	**3,147,286**	**-**	**-**	**6,060,997**
Operation and maintenance of plant	**1,363,880**	**922,647**	**-**	**-**	**2,286,527**
Scholarships	**-**	**-**	**-**	**1,894,475**	**1,894,475**
Auxiliary enterprises	**885,744**	**1,839,592**	**-**	**-**	**2,725,336**
Amortization	**-**	**-**	**63,284**	**-**	**63,284**
Depreciation	**-**	**-**	**2,517,952**	**-**	**2,517,952**
Total expenses	**$ 15,731,855**	**$ 8,478,758**	**$ 2,581,236**	**$ 1,894,475**	**$ 28,686,324**

	2021				
	Natural Classification				
Functional Classification	Compensation and Benefits	Supplies and Services	Amortization and 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	1,396,317	-	-	4,586,977
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
Amortization	-	-	5,274	-	5,274
Depreciation	-	-	2,632,825	-	2,632,825
Total expenses	$ 18,155,365	$ 10,158,639	$ 2,638,099	$ 1,358,585	$ 32,310,688

REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Public Employee Pension Plan
Last Nine 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%
2022	**0.263243300%**	**4,013,727**	**4,808,064**	**83.48%**	**86.03%**

** 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 Nine 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%
2022	**406,199**	**406,199**	**-**	**4,335,097**	**9.37%**

** 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 Five 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%
2022	**1.55615%**	**20,521,403**	**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.

NORTHWEST COLLEGE

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 measurement date reflected below and the December 31, 2021 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's December 31, 2020 actuarial experience study. Further, there have been various assumption changes from the initial measurement date reflected below through the December 31, 2021 measurement date, as indicated in the table below:

Measurement Date (Plan Year-End)	Discount Rate	Inflation Rate	Investment Rate of Return	Salary Increase Rate (Including Inflation)	Payroll Growth Rate	Cost of Living Increases
2014	7.75%	3.25%	7.75%	4.25%-6.00%	4.25%	0.00%
2015	7.75%	3.25%	7.75%	4.25%-6.00%	4.25%	0.00%
2016	7.75%	3.25%	7.75%	4.25%-6.00%	4.25%	0.00%
2017	7.75%	3.25%	7.75%	4.25%-6.00%	4.25%	0.00%
2018	7.00%	2.25%	7.00%	4.75%-8.75%	2.50%	0.00%
2019	7.00%	2.25%	7.00%	2.50%-6.50%	2.50%	0.00%
2020	7.00%	2.25%	7.00%	2.50%-6.50%	2.50%	0.00%
2021	**6.80%**	**2.25%**	**6.80%**	**2.50%-6.50%**	**2.50%**	**0.00%**

Note 2. Other Postemployment Benefits (OPEB) Commitment

Changes in benefit terms: There were no changes in benefit terms between the June 30, 2016 measurement date through the June 30, 2021 measurement date.

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

Measurement Date (Year Ended)	Discount Rate	Inflation Rate	Salary Increase Rate	Pre-Medicare HTC*	Medicare HTC*
2016	2.85%	2.50%	2.50%-6.50%	6.50%	7.50%
2017	3.58%	2.50%	2.50%-6.50%	6.50%	7.50%
2018	3.87%	2.25%	2.50%-6.50%	7.60%	8.10%
2019	3.51%	2.50%	2.50%-6.50%	7.20%	7.60%
2020	2.21%	2.25%	2.50%-6.50%	7.20%	7.60%
2021	**2.16%**	**2.25%**	**2.50%-6.50%**	**7.50%**	**7.50%**

* Healthcare trend rate.

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

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

- Healthcare claims costs based on recent experience.
- Retiree contributions.
- Healthcare trend rates.
- Spouse age differential.
- Mortality rates, retirement rates, withdrawal rates, and disability rates based on the WRS's December 31, 2016 and December 31, 2020 actuarial experience studies.

SUPPLEMENTARY INFORMATION

NORTHWEST COLLEGE

COMBINING SCHEDULE OF NET POSITION
June 30, 2022

	Northwest College	Northwest College Building Authority	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 19,043,680	$ 13,860	$ -	$ 19,057,540
Cash and cash equivalents, restricted	5,138,104	-	-	5,138,104
Accounts receivable, net	1,326,214	-	-	1,326,214
Current maturities of investment in direct financing lease	-	237,487	(237,487)	-
Interest receivable	-	65,238	(65,238)	-
Property taxes receivable	4,481,189	-	-	4,481,189
Current portion of lease receivable	40,159	-	-	40,159
Advance construction payments	710,426	-	-	710,426
Prepaids	104,315	-	-	104,315
Total current assets	30,844,087	316,585	(302,725)	30,857,947
Noncurrent Assets				
Investment in direct financing lease, less current maturities	-	2,739,295	(2,739,295)	-
Capital assets, net of accumulated depreciation	29,711,681	-	-	29,711,681
Lease receivable, less current portion	110,966	-	-	110,966
Right-to-use asset, net of accumulated amortization	58,010	-	-	58,010
Investments held by others	14,396,035	-	-	14,396,035
Total noncurrent assets	44,276,692	2,739,295	(2,739,295)	44,276,692
Total assets	75,120,779	3,055,880	(3,042,020)	75,134,639
DEFERRED OUTFLOWS OF RESOURCES				
Pension-Related Deferred Outflows	623,864	-	-	623,864
OPEB-Related Deferred Outflows	7,128,165	-	-	7,128,165
Debt Defeasance	-	96,719	-	96,719
Capital Lease Defeasance	73,702	-	(73,702)	-
Total deferred outflows of resources	7,825,731	96,719	(73,702)	7,848,748

Continued

NORTHWEST COLLEGE

COMBINING SCHEDULE OF NET POSITION, *Continued*
June 30, 2022

	Northwest College	Northwest College Building Authority	Eliminations	Total
LIABILITIES				
Current Liabilities				
Accounts payable	$ 1,097,891	$ -	$ -	$ 1,097,891
Payroll and related liabilities	660,877	-	-	660,877
Accrued compensated absences	386,490	-	-	386,490
Accrued interest payable	65,238	6,350	(65,238)	6,350
Advance payments	275,224	-	-	275,224
Custodial deposits	262,335	-	-	262,335
Lease liability	58,010	-	-	58,010
Capital lease obligation	237,487	-	(237,487)	-
Current maturities of note payable	-	237,487	-	237,487
Total current liabilities	3,043,552	243,837	(302,725)	2,984,664
Noncurrent Liabilities				
Accrued compensated absences	128,830	-	-	128,830
Capital lease obligation	2,739,295	-	(2,739,295)	-
Note payable, less current maturities	-	2,739,295	-	2,739,295
Net pension liability	4,013,727	-	-	4,013,727
Total OPEB liability	20,521,403	-	-	20,521,403
Total noncurrent liabilities	27,403,255	2,739,295	(2,739,295)	27,403,255
Total liabilities	30,446,807	2,983,132	(3,042,020)	30,387,919
DEFERRED INFLOWS OF RESOURCES				
Pension-Related Deferred Inflows	3,647,788	-	-	3,647,788
OPEB-Related Deferred Inflows	4,512,543	-	-	4,512,543
Lease Deferred Inflows	151,125	-	-	151,125
Unavailable Property Taxes	4,373,176	-	-	4,373,176
Capital Lease Defeasance	-	73,702	(73,702)	-
Total deferred inflows of resources	12,684,632	73,702	(73,702)	12,684,632
NET POSITION				
Net Investment in Capital Assets	26,559,088	-	96,719	26,655,807
Restricted for:				
Non-expendable	10,801,707	-	-	10,801,707
Expendable:				
Scholarships	5,624,236	-	-	5,624,236
Capital projects	1,589,901	-	-	1,589,901
Unrestricted	(4,759,861)	95,765	(96,719)	(4,760,815)
Total net position	$ 39,815,071	$ 95,765	$ -	$ 39,910,836

NORTHWEST COLLEGE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2022

	Northwest College	Northwest College Building Authority	Eliminations	Total
Operating Revenues				
Tuition and fees, net	$ 3,498,142	$ -	$ -	$ 3,498,142
Federal grants and contacts	818,410	-	-	818,410
State and local grants and contracts	518,584	-	-	518,584
Auxiliary enterprise charges, net	2,075,212	-	-	2,075,212
Other operating revenues	650,056	-	-	650,056
Total operating revenues	7,560,404	-	-	7,560,404
Operating Expenses				
Instruction	7,533,568	-	-	7,533,568
Public service	133,655	-	-	133,655
Academic support	1,818,279	-	-	1,818,279
Student services	3,652,251	-	-	3,652,251
Institutional support	6,060,997	-	-	6,060,997
Operation and maintenance of plant	2,275,735	10,792	-	2,286,527
Scholarships	1,894,475	-	-	1,894,475
Auxiliary enterprises	2,725,336	-	-	2,725,336
Amortization	63,284	-	-	63,284
Depreciation	2,517,952	-	-	2,517,952
Total operating expenses	28,675,532	10,792	-	28,686,324
Operating (loss)	(21,115,128)	(10,792)	-	(21,125,920)
Nonoperating Revenues (Expenses)				
Non-exchange Federal and state grants	5,402,475	-	-	5,402,475
State appropriations	15,769,189	-	-	15,769,189
Local appropriations	3,968,518	-	-	3,968,518
Private gifts, grants, and contracts	755,845	-	-	755,845
Net investment (loss) income	(2,024,131)	70	-	(2,024,061)
Direct financing income	-	91,640	(91,640)	-
Interest expense	(91,640)	(81,640)	91,640	(81,640)
Gain on sale of assets	13,155	-	-	13,155
Total nonoperating revenues	23,793,411	10,070	-	23,803,481
Increase (decrease) in net position	2,678,283	(722)	-	2,677,561
Net Position, beginning	37,136,788	96,487	-	37,233,275
Net Position, ending	$ 39,815,071	$ 95,765	$ -	$ 39,910,836

NORTHWEST COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Assistance Listing Number	Total Federal Expenditures
U.S. Department of Education:			
Student Financial Aid Cluster:			
Federal Direct Student Loans	N/A	84.268	$ 1,008,404
Federal Pell Grant Program	N/A	84.063	1,302,829
Federal Work-Study Program	N/A	84.033	16,259
Federal Supplemental Educational Opportunity Grants	N/A	84.007	76,657
Total Student Financial Aid Cluster			2,404,149
TRIO Cluster:			
TRIO Student Support Services	P042A201943	84.042A	190,232
Total TRIO Cluster			190,232
COVID-19 Education Stabilization Fund - Higher Education Emergency Relief Fund Student Aid Portion	P425E202427	84.425E	1,486,271
COVID-19 Education Stabilization Fund - Higher Education Emergency Relief Fund Institutional Portion	P425F200204	84.425F	1,121,342
Total COVID-19 Education Stabilization Fund			2,607,613
Passed through Wyoming Department of Education:			
Career and Technical Education - Basic Grants to States	111550PPS00	84.048A	147,567
Passed through Wyoming Community College Commission:			
Adult Education - Basic Grants to States	ABE13R08	84.002A	59,553
Passed through University of Wyoming:			
Gaining Early Awareness and Readiness for Undergraduate Programs	1004098C-NWC	84.334S	292,255
Passed through Montana State University Billings:			
Undergraduate International Studies and Foreign Language Programs	620-038-01	84.016	7,483
Total other programs			506,858
Total U.S. Department of Education			5,708,852
U.S. Department of Health and Human Services:			
Research and Development Cluster:			
Passed through University of Wyoming:			
Biomedical Research and Research Training	Multiple	93.859	41,537
Total U.S. Department of Health and Human Services and Research and Development Cluster			41,537

Continued

NORTHWEST COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *Continued*
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Assistance Listing Number	Total Federal Expenditures
U.S. Department of Labor:			
TANF Cluster:			
Passed through Park County Commissioners:			
Temporary Assistance for Needy Families	N/A	93.558	$ 6,813
Total U.S. Department of Labor and TANF Cluster			6,813
Total expenditures of Federal awards			$ 5,757,202

See Notes to Schedule of Expenditures of Federal Awards.

NORTHWEST COLLEGE

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, 2022. 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.

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 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 (*Government Auditing Standards*), the financial statements of the business-type activities of Northwest College (the College) as of and for the year ended June 30, 2022 and its discretely presented component unit, the Northwest College Foundation (the Foundation), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon, dated January 9, 2023. 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.

Report on 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 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.

Report on 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 results 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
January 9, 2023

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

Opinion on Each Major Federal Program

We have audited Northwest College's (the College) compliance with the types of compliance requirements identified as subject to audit 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, 2022. The College's major Federal programs are identified in the summary of independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the College complied, in all material respects, with the 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, 2022.

Basis for Opinion on each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance; therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-01 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The College's response was not subjected to the other 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
January 9, 2023

NORTHWEST COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

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 program:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☒ Yes	☐ None Reported
Type of auditor's report issued on compliance for major Federal program:		Unmodified
• Any audit findings disclosed that are required to be reported in accordance with Section 2 Code of Federal Regulations (CFR) 200.516(a)?	☐ Yes	☒ No

Identification of major Federal program:

Assistance Listing (AL) Number	Name of Federal Program or Cluster
84.425	COVID-19 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, 2022

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-001: Procurement and Suspension and Debarment

AL Number and Title: AL #84.425 - Education Stabilization Fund
Federal Agency Name: U.S. Department of Education
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: Per 2 CFR 200.318(i), the non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Per 2 CFR 200.214, non-Federal entities are subject to the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR Part 180. The regulations in 2 CFR Part 180 restrict awards, sub-awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from, or ineligible for, participation in Federal assistance programs or activities.

Per 2 CFR 180.220, non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include contracts for goods and services awarded under a nonprocurement transaction that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR Section 180.220. All nonprocurement transactions entered into by a pass-through entity (i.e., sub-awards to subrecipients), irrespective of award amount, are considered covered transactions unless they are exempt as provided in 2 CFR Section 180.215.

Condition/context: Five transactions were subject to the requirements of procurement based on the transaction price. Of the three transactions tested during the audit, all three were identified as not having the proper documentation supporting the procurement method.

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

Five vendors were subject to the requirements of suspension and debarment. Of the three vendors tested during the audit, all three were identified as not having the proper documentation supporting the review of the suspension and debarment requirements prior to funds being expended. None of the entities were suspended or debarred.

Questioned costs: $0

Cause: While the College has a procurement policy in place that appropriately addresses procurement, suspension and debarment, the policy was not properly followed, resulting in a lack of supporting documentation for the procurement and review of the suspension and debarment of vendors in the fiscal year. When the pandemic originally began, exceptions from competitive procurement requirements of the Uniform Guidance could be accepted if a public emergency would not permit a delay; however, the flexibility from competitive procurement has been reduced as it is unlikely the same circumstances would be occurring. The College was still operating under this previous flexibility and utilized prior vendors through sole source contracts.

Effect: Per 2 CFR 200.339, if a non-Federal entity fails to comply with the U.S. Constitution, Federal statutes, regulations, or the terms and conditions of a Federal award, the Federal awarding agency or pass-through entity may impose additional conditions, as described in § 200.208. If the Federal awarding agency or pass-through entity determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency or pass-through entity 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 or pass-through entity.
(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.
(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 that management ensure it is staying updated with changes in guidance and program requirements. In addition, for more consistent application, we recommend that the procurement policy be modified to more clearly state that documentation will be maintained to identify and maintain proper supporting documentation for the method of procurement utilized and for the review of the suspension and debarment requirement. Furthermore, we recommend that the procurement policy be modified to more clearly state vendors with a transaction, in the aggregate, greater than the micro-purchase threshold are required to be procured under approved procurement methods.

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

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

NORTHWEST COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

I. FINANCIAL STATEMENT PRIOR AUDIT FINDINGS

There were no financial statement findings for the year ended June 30, 2021.

II. FEDERAL AWARD PRIOR AUDIT FINDINGS

2021-001: Reporting

Assistance Listing (AL) Number and Title: AL #84.425 - Education Stabilization Fund
Federal Agency Name: U.S. Department of Education
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

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.

Status: The Finance Director and Business Office Manager worked in conjunction with a third employee to perform detailed reviews of quarterly and annual reports to ensure accuracy. These individuals also attended trainings and reviewed publications of relevant guidance to address the complexity of the reporting requirements and expenditures allowable under the grant.

Auditor's response: The corrective action plan was implemented. This finding is considered resolved.

EXHIBIT I

CORRECTIVE ACTION PLAN

Northwest College
WYOMING

Administrative Services

307.754.6403 • FAX 307.754.6245 • 800.560.4692
231 W 6TH ST BLDG 1
POWELL, WY 82435-1898 USA
www.nwc.edu

CORRECTIVE ACTION PLAN
Year Ended June 30, 2022

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

2022-001: Procurement and Suspension and Debarment

Corrective Action: Northwest College will perform a review of its current procurement policy, including purchasing thresholds, record retention of supporting documentation regarding method of procurement utilized, and maintaining supporting documentation regarding suspension and debarment for all contracts or purchases expected to equal or exceed $25,000 of Federal funds. Northwest College will revise its procurement policy as determined necessary and in accordance with Northwest College's policies.

Anticipated Completion Date: June 30, 2023

Contact Persons: Brad Bowen, Finance Director