

EASTERN WYOMING COLLEGE
FINANCIAL AND COMPLIANCE REPORT
JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Eastern Wyoming College
Torrington, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Eastern Wyoming College (the "College") and its discretely presented component unit, Eastern Wyoming College Foundation (the "Foundation"), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 and certain pension plan information on pages 37 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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 (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards 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 October 10, 2016 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 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 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.



Cheyenne, Wyoming
October 10, 2016

**EASTERN WYOMING COLLEGE (EWC)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2016**

As management of Eastern Wyoming College, we offer readers of Eastern Wyoming College's financial statements this narrative overview and analysis of the financial activity of Eastern Wyoming College for the fiscal years ended June 30, 2016 and June 30, 2015. This report is designed to focus attention on current activities, resulting changes, and currently known facts. We encourage readers to consider the information presented here in conjunction with the independent auditor's report; Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and notes to financial statements, which is contained within the body of this report. Responsibility for the completeness and fairness of this information rests with the College.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following section is intended to serve as an introduction to Eastern Wyoming College's basic financial statements. Basic financial statements are comprised of three components, as discussed below, and are designed to provide readers with a broad overview of the College's finances. These statements show an "entity-wide" perspective of EWC, in a manner similar to private-sector business.

Eastern Wyoming College, like other public colleges and universities, will continue to use a fund accounting system for the daily tracking of assets, liabilities, fund balances, revenues, and expenses that is described by accounting and financial reporting standards established by the Governmental Accounting Standards Board (GASB), an authoritative standard-setting body recognized by the American Institute of Certified Public Accountants (AICPA). An AICPA member may not issue an unmodified audit opinion for organizations subject to GASB standards, unless these standards are followed. All of the funds of Eastern Wyoming College can be divided into four major categories: Current Funds, Endowment Funds, Agency Funds, and Plant Funds. These fund groups are combined for year-end reporting purposes. Certain interfund eliminations, adjustments for capital items and depreciation, and the recognition of scholarship discounts against tuition and fee revenues are necessary in the preparation of entity-wide financial statements.

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements. EWC's significant accounting policies and practices are described in the notes, and detailed information about capital assets and debts is also presented.

Statements of Net Position

The Statement of Net Position presents information on all of Eastern Wyoming College's assets, deferred resources, and liabilities as of June 30, 2016, the end of the fiscal year, with the difference between total assets and deferred outflows of resources; and liabilities and deferred inflows of resources, reported as net position. Prior year information is presented for comparison purposes. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial condition of Eastern Wyoming College has improved or deteriorated.

Statements of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present information showing how the College's net position has changed over the most recent fiscal year. Again, information on the prior fiscal year is also shown. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., uncollected state and local revenue and unused vacation leave).

Statements of Cash Flows

This statement summarizes the sources and uses of cash over the course of the current and prior fiscal year and is accompanied by prior year comparison information.

FINANCIAL HIGHLIGHTS

As of June 30, 2016, the College's financial position was as follows:

	<u>2016</u>	<u>2015</u>	<u>2014*</u>
ASSETS			
Current Assets	\$ 4,326,633	\$ 3,367,065	\$ 3,369,119
Noncurrent Assets	<u>36,239,368</u>	<u>33,694,357</u>	<u>24,376,373</u>
	<u>\$40,566,001</u>	<u>\$37,061,422</u>	<u>\$27,745,492</u>
DEFERRED OUTFLOWS OF RESOURCES			
	\$ 1,596,434	\$ 693,328	\$ -
LIABILITIES			
Current Liabilities	\$ 1,396,522	\$ 1,716,844	\$ 1,484,536
Noncurrent Liabilities	<u>13,819,165</u>	<u>10,543,681</u>	<u>6,181,492</u>
	<u>\$15,215,687</u>	<u>\$12,260,525</u>	<u>\$ 7,666,028</u>
DEFERRED INFLOWS OF RESOURCES			
	\$ 1,646,079	\$ 1,208,847	\$ 954,102
NET POSITION			
Net Investment in Capital Assets	\$20,384,010	\$22,960,111	\$14,851,165
Restricted Net Position	9,397,370	5,222,564	4,686,883
Unrestricted Net Position	<u>(4,480,711)</u>	<u>(3,897,297)</u>	<u>(412,686)</u>
	<u>\$25,300,669</u>	<u>\$24,285,378</u>	<u>\$19,125,362</u>

* GASB 68 is effective for the year ended June 30, 2015. Fiscal year 2014 was not restated. For further discussion, see Note 17.

Eastern Wyoming College's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$25,300,669. The total net position increased by approximately \$1.0 million during fiscal year 2016. Included in this amount is the current year pension liability expense adjustment of \$398,294. The majority of the current year net position increase is the recognition of resources received that will be invested in campus facilities and endowments. Most of the fiscal year 2015 increase was due to the recognition of local governmental revenue received from Converse County for the new campus building in Douglas, Wyoming, and six acres of land in Torrington, Wyoming, donated by Eastern Wyoming College Foundation for a proposed Ag Center. However, total net position decreased by approximately \$1 million during fiscal year 2014. Reduced state aid was the biggest contributing factor in fiscal year 2014, followed by unanticipated concurrent enrollment costs and new voluntary termination contracts. Total assets increased over the current and past fiscal years as a result of new programs, commitments to expand on-campus student housing, and investment performance on endowment funds managed by Eastern Wyoming College Foundation. Unrestricted reserves have dwindled down to critical levels and this shortage will need to be addressed in future budget plans.

Noncurrent assets consist of land, buildings, facilities improvements, equipment, library materials, and endowment investments owned by the College. Capital assets, net of depreciation, decreased by \$677,055 in fiscal year 2016 as new capital assets did not exceed current year depreciation expense. However, noncurrent cash increased by \$2.5 million and the endowment corpus increased by \$645,063. The fiscal year 2015 increase was over \$11.7 million, mainly due to the completion of the new Douglas Campus building. There were a number of other major capital construction projects that were completed or were in progress during fiscal years 2014, 2015, and 2016. Some of the larger projects undertaken included enlarging Lancer Hall with building additions on the north and south sides to increase overall on-campus student housing capacity; renovation of the Fine Arts Building; and new construction of a \$23 million Career and Technical Education Center (CTEC) starting in 2016. A \$7.7 million Ag Center has been designed for North Campus and private funding is pending. The capital net position of \$23,279,441 is stated at historical cost minus accumulated depreciation, outstanding notes payable, revenue bonds, and capital lease obligations at year end. The college endowment fund increased by \$439,574 in fiscal year 2016 and \$239,204 during fiscal year 2015 as a result of investment portfolio fluctuations, scholarship spending, and the receipt of Wyoming Endowment Challenge state matching funds on endowments made to the EWC Foundation component unit.

Accrued liability for voluntary termination decreased by \$3,048 and \$16,926, respectively, in comparing the June 30, 2016 and June 30, 2015 ending balances with the prior fiscal years. The June 30, 2014 liability had increased by \$202,714. Two employees per year were approved for this program during fiscal years 2016 and 2015. Commitments to five other employees under this program were fully completed during fiscal year 2016. EWC's voluntary termination program has been phased out for employees hired after December 13, 2004.

Revenue bonds in the amount of \$4.23 million were issued during fiscal year 2014 to finance the construction costs of adding 48 beds to the Lancer Hall student residential facility. Revenue bonds from the 2006 series were retired during fiscal year 2014 in the amount of \$785,000. The principal balance owed on the 2014 revenue bond series as of June 30, 2016 is \$3,925,000. During fiscal year 2011, the College approved a Master Lease Agreement with Points West Community Bank. The agreement was approved on July 22, 2010 in the amount of \$1,635,903. The funds were used to complete renovations to Eastern Hall and provide the additional funding needed to complete the College's energy renovation and improvement plan. The term of this lease agreement extends to June 1, 2025. Funding to pay for the lease is to come from the energy savings anticipated from the improvements and an increase in the residence hall rates. The principal balance owed as of June 30, 2016 is \$1,175,608.

Also, during fiscal year 2014, EWC entered into a supplemental funding agreement for \$450,000 with Converse County to provide additional construction funding for the new campus building in Douglas. \$170,000 has been paid against the principal of the note. During fiscal year 2016, it was determined that special purpose tax collections for the project have exceeded original expectations and this funding will be used to fulfill the obligation. New debt was issued in fiscal year 2016 for the local match to construct the proposed CTEC. The amount of the general obligations bond issue was \$3.1 million, reduced by approximately \$291,000 in current year principal payments. The outstanding balance at June 30, 2016 is \$2,846,037. Accounts payable and accrued interest at the end of the most recent fiscal year end are approximately \$372,000 lower than the previous year.

For the year ended June 30, 2016, EWC had the following revenues and expenses:

OPERATING REVENUES	2016	2015	2014*
Tuition and Fees	\$ 1,874,649	\$ 1,873,352	\$ 2,175,822
Federal, State, and Local Grants	2,137,119	11,137,235	1,396,885
Sales and Services	674,625	648,927	821,947
Other	271,804	459,857	405,135
Total Operating Revenues	\$ 4,958,197	\$14,119,371	\$ 4,799,789
OPERATING EXPENSES			
Instruction	\$ 6,131,983	\$ 6,189,623	\$ 6,222,489
Research	52,966	27,749	21,473
Public Service	142,980	124,063	128,980
Academic Support	1,583,154	1,466,279	1,421,304
Student Services	2,066,041	2,005,014	2,035,547
Institutional Support	3,035,898	3,272,757	3,085,470
Operation and Maintenance of Plant	1,570,761	1,829,555	1,751,316
Scholarships	1,337,732	1,538,069	2,176,017
Auxiliary Enterprises	1,093,542	1,093,219	1,227,856
Depreciation	1,514,765	1,374,225	1,233,918
Total Operating Expenses	\$18,529,822	\$18,920,553	\$19,304,370
NONOPERATING REVENUES / INTEREST EXPENSE	\$13,965,397	\$13,756,920	\$13,336,083
OTHER REVENUES	\$621,519	\$ 182,577	\$ 145,245
INCREASE (DECREASE) IN NET POSITION	\$ 1,015,291	\$ 9,138,315	(\$ 1,023,253)

* GASB 68 is effective for the year ended June 30, 2015. Fiscal year 2014 was not restated. For further discussion, see Note 17.

For fiscal years 2014 and 2016, tuition rates were raised by approximately 5% per year (tuition rates for fiscal year 2015 were unchanged). The Wyoming Community College Commission is responsible for the establishment of uniform tuition rates for all Wyoming colleges. Activity and use fees have remained unchanged for fiscal years 2014, 2015, and 2016. The last use fee enacted was a technology fee, assessed at the rate of \$8 per credit hour starting in fiscal year 2012. For fiscal years 2015 and 2016, boarding fees were increased by 5% and 4%, respectively, and room charges were increased by approximately 4% per year. EWC's annualized full-time equivalent (AFTE) student credit enrollment increased by 55 AFTE or 4.2% from fiscal year 2013 to 2014. In fiscal year 2015, this upward trend was reversed by an enrollment loss of 85 AFTE or a decrease of 6.3% for a total AFTE enrollment of 1,266. From fiscal year 2015 to 2016, enrollment decreased again, by 5.9% or 75 AFTE. EWC's headcount also grew during fiscal year 2014, from 2,089 to 2,144 students, but declined in fiscal year 2015 from 2,144 to 1,988 students, following the AFTE trend. Headcount decreased further in fiscal year 2016 by 51 students to a total of 1,937 students, a six-year low. Enrollment fluctuations are driven largely by population demographics and economic conditions within EWC's service area. Available tuition and fees scholarships were increased by \$170,709 in fiscal year 2015 and \$52,893 in fiscal year 2016. A conscience effort has been made to increase scholarships available to students, particularly scholarships that emphasize student completion and retention objectives. Tuition and auxiliary sales and services revenues follow these enrollment fluctuations and rate changes. The amount of available on-campus student housing was increase starting in fiscal year 2016.

Federal, state, and local exchange grant funding has been relatively stable except for \$9.7 million recorded in fiscal year 2015 as donated facilities to formally recognize the transfer of the new Douglas Campus building construction costs from Converse County to EWC. Grant funding was higher in fiscal year 2016 with the receipt of private development funds for a proposed Ag Center. Overall, operating revenues increased in fiscal year 2014 due to higher student enrollments. Operating revenues decreased by 7.5% or \$359,087 in fiscal year 2015 without considering the \$9.7 million donated Douglas facility mentioned earlier. Operating revenues increased in fiscal year 2016 by 12.2% or \$538,826.

State appropriations make up the bulk of EWC's nonoperating revenues, which were higher in fiscal years 2015 and 2016 due to a special appropriation for enrollment growth. This special appropriation was not funded in fiscal year 2014 and a significant revenue loss that fiscal year is reflected as a result. EWC also received new supplemental appropriations in fiscal years 2016 and 2015 to support salaries, benefits, recruiting, and intercollegiate rodeo. Local appropriations continue to increase annually in Goshen County. Non-exchange transactional federal funding was down in fiscal years 2016 and 2015, a reflection of the overall student eligibility for Pell Grants and lower student demand for federal student loans. Investment income on endowments was negative in fiscal year 2016 and interest expense on capital debt was approximately \$65,000 higher.

Operating expenses are lower now than in past years due to fewer available resources to budget and lower student enrollments. In fiscal year 2016, operating expenses were reduced by \$400,935 in order to manage the anticipated revenue shortfalls caused by lower student enrollments. In fiscal year 2015, operating expenses were similarly reduced by \$383,817. During fiscal year 2014, employees received a 2% raise and a 1% retention bonus. Because of a State of Wyoming special appropriation for the Wyoming colleges, EWC's employees received a 1% across-the-board pay raise in fiscal year 2015. No institution-wide raises were given in fiscal year 2016. Auxiliary enterprises expenses have declined from fiscal year 2014 as revenue bond interest expense is less and the budget for the EWC Copy Center was moved to another accounting fund.

OTHER CONSIDERATIONS

EWC is in the implementation phase of its 2013 facilities master plan. \$30 million in new facilities are being planned or are under construction for Torrington, which includes the Agricultural Technology Education Center (ATEC) for North Campus and the CTEC for the main campus. A \$20 million state appropriation was granted for the CTEC by the 2014 Wyoming Legislature and it required a \$2.9 million local match. The local match was successfully secured in November 2014 through a general obligations bond campaign that was approved during the general election. Approximately one-half of the bonds will be used to fund a portion of the ATEC.

Eastern Wyoming College completed the reaccreditation of its academic and vocational study offerings during 2011 through the Higher Learning Commission (HLC) of the North Central Association of Colleges and Schools, and received an affirmation of accreditation that is valid through 2020-2021. As such, EWC may offer up to 20% of its total degree programs through distance education. Additionally, EWC is accredited by the American Veterinary Medical Association and the American Welding Society. HLC conducted a site visit in October 2014 that focused on diversity awareness initiatives and the College's continuing progress toward increasing Ethnic diversity within student body and employee ranks. The evaluation team recommended the hiring of a dedicated full-time diversity coordinator, clear and understandable diversity metrics and outcomes, input from the local Hispanic communities for the strategic planning process and college governance, use "best practices" to build employee and student diversity, identify minority serving institutions to build relations with for the purpose of recruiting, and renew pipeline efforts with the local post-secondary schools to increase Hispanic student matriculations. EWC was commended for its commitment to diversity.

As of the date of this report, there are no criminal or civil lawsuits pending against Eastern Wyoming College. The College is aware of several threatened potential litigations at this time related to reductions in force and is fully prepared to vigorously defend its position on the matter. The law office of Hickey & Evans, LLP of Cheyenne, Wyoming, provides general counsel to Eastern Wyoming College administration and the EWC Board of Trustees on policy considerations and all other legal matters.

The future economic position of Eastern Wyoming College is largely dependent upon state funding. The college serves Goshen, Platte, Weston, Converse, Niobrara, and Crook counties. Goshen County provides support through local property taxes. Indirect local tax support for operations and facilities from other counties in the service area is provided through the Eastern Wyoming Board of Cooperative Educational Services and the Converse County specific purpose tax. The College faces challenges in its attempts to improve the delivery of educational services to its six-county service area with limited available resources.

COMPONENT UNIT FINANCIAL STATEMENTS

A copy of the audited financial statements for the Eastern Wyoming College Foundation component unit may be obtained by writing to: *Eastern Wyoming College Foundation, Office of Institutional Development, 3200 West C Street, Torrington, WY 82240.*

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the College's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: *Eastern Wyoming College, Office of the Vice President for Administrative Services, 3200 West C Street, Torrington, WY 82240.*

NON-DISCRIMINATION STATEMENT

Eastern Wyoming College does not discriminate on the basis of race, color, national origin, marital status, sexual orientation, sex, religion, political belief, veteran status, age, or disability in admission or access to, or treatment, or participation in, or employment in its educational programs and activities. Inquiries concerning Title II, Title VI, Title VII, and Section 504, may be directed to: *Office of the Director of Human Resources.* Inquiries concerning Title IX may be directed to: *Office of the Vice President for Student Services.* Both offices may be reached at *Eastern Wyoming College, 3200 West C Street, Torrington, WY 82240* or (307) 532-8200 or (866) 327-8996. Alternatively, contact the Wyoming Department of Education, Office for Civil Rights Coordinator, 2300 Capitol Ave., Cheyenne, WY 82002-2060 or (307) 777-3672, or the Office for Civil Rights, Region VIII, U. S. Department of Education, Federal Building, Suite 310, 244 Speer Boulevard, Denver, CO 80204-3582 or (303) 844-5695 or TDD (303) 844-3417.

WHISTLEBLOWING / CRIME PREVENTION

EWC has a campus resource officer (CRO) employed by the Torrington Police Department available on campus during the regular school year to provide safety programs, promote a safe college environment, and assist with resolving student conflicts. EWC maintains strong connections with local law enforcement agencies. Students and community members are urged to contact the CRO or local law enforcement if they have information about vandalism, theft, drugs, threats, weapons, or any other illegal activities. Anyone concerned about the ethical or humane treatment of animals employed in the college's educational programs should call the campus hotline, at 855-392-2273 (855-EWC-CARE).

EASTERN WYOMING COLLEGE
STATEMENTS OF NET POSITION
June 30, 2016 and 2015

ASSETS	2016	2015
Current Assets		
Cash and cash equivalents (Note 2)	\$ 1,532,447	\$ 348,369
Cash and cash equivalents, restricted (Note 2)	35,599	5,080
Certificates of deposit (Note 2)	30,302	30,079
Property taxes receivable	1,120,215	1,023,823
Accounts receivable, net of allowance of \$183,068 and \$218,406 (Note 7)	1,439,029	1,735,004
Inventories	38,348	36,814
Prepaid expenses	130,693	187,896
Total current assets	4,326,633	3,367,065
Noncurrent Assets		
Cash and cash equivalents, restricted (Note 2)	3,796,254	1,219,251
Capital assets, net of accumulated depreciation (Note 3)	28,458,045	29,135,100
Investments held by others (Note 2)	3,985,069	3,340,006
Total assets	40,566,001	37,061,422
DEFERRED OUTFLOWS OF RESOURCES		
Pension-Related Deferred Outflows (Note 17)	1,596,434	693,328
LIABILITIES		
Current Liabilities		
Accounts payable	383,752	749,366
Accrued interest	40,652	47,495
Advance tuition payments	24,045	28,291
Accrued compensated absences (Note 4)	148,634	146,549
Liability for voluntary termination (Notes 4 and 12)	227,254	245,740
Custodial deposits (Note 11)	175,877	163,202
Current portion of notes payable (Note 4)	24,124	80,000
Current portion of capital lease (Notes 4 and 6)	106,476	101,201
Current portion of bonds payable (Notes 4 and 5)	265,708	155,000
Total current liabilities	1,396,522	1,716,844
Noncurrent Liabilities		
Accrued compensated absences (Note 4)	49,545	48,850
Liability for voluntary termination (Notes 4 and 12)	505,348	489,910
Notes payable (Note 4)	100,170	280,000
Capital lease (Notes 4 and 6)	1,069,132	1,175,615
Bonds payable (Notes 4 and 5)	6,505,329	3,925,000
Net pension liability (Note 17)	5,589,641	4,624,306
Total noncurrent liabilities	13,819,165	10,543,681
Total liabilities	15,215,687	12,260,525
DEFERRED INFLOWS OF RESOURCES		
Pension-Related Deferred Inflows (Note 17)	553,879	217,814
Unavailable Grant Revenue	14,653	-
Unavailable Property Taxes	1,077,547	991,033
Total deferred inflows of resources	1,646,079	1,208,847
NET POSITION		
Net investment in capital assets	20,384,010	22,960,111
Nonexpendable	3,984,102	3,339,048
Restricted for expendable scholarships and other	1,267,103	1,540,333
Restricted for expendable capital asset purchase	4,146,165	343,183
Unrestricted	(4,480,711)	(3,897,297)
Total net position	\$ 25,300,669	\$ 24,285,378

See Notes to Financial Statements.

EASTERN WYOMING COLLEGE

COMPONENT UNIT - EASTERN WYOMING COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

ASSETS	2016	2015
Cash and cash equivalents	\$ 1,748,834	\$ 2,310,540
Receivables:		
Accrued interest	1,600	-
Pledges receivable, net allowance of \$18,556 and \$24,721, and discount of \$31,357 and \$43,531 (Note 16)	321,212	426,186
Other	12,500	11,750
Investments (Note 2)	7,341,536	6,350,953
Property and improvements	593,855	362,055
Total assets	\$ 10,019,537	\$ 9,461,484
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities	\$ 4,439	\$ 148
Long-term investments held for others	4,588,607	4,147,362
Charitable gift annuity	138,151	140,892
Total liabilities	4,731,197	4,288,402
Net Assets		
Unrestricted	597,445	548,588
Temporarily restricted	1,006,283	1,557,731
Permanently restricted	3,684,612	3,066,763
Total net assets	5,288,340	5,173,082
Total liabilities and net assets	\$ 10,019,537	\$ 9,461,484

See Notes to Financial Statements.

EASTERN WYOMING COLLEGE

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

	2016	2015
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$1,292,709 and \$1,362,576)	\$ 1,874,649	\$ 1,873,352
Federal grants and contracts	807,341	744,979
State and local grants and contracts	1,329,778	10,392,256
Auxiliary enterprise revenue (net of scholarship allowances of \$462,764 and \$408,183)	674,625	648,927
Other operating revenues	271,804	459,857
Total operating revenues	4,958,197	14,119,371
Operating Expenses (Note 14)		
Instruction	6,131,983	6,189,623
Research	52,966	27,749
Public service	142,980	124,063
Academic support	1,583,154	1,466,279
Student services	2,066,041	2,005,014
Institutional support	3,035,898	3,272,757
Operation and maintenance of plant	1,570,761	1,829,555
Scholarships	1,337,732	1,538,069
Auxiliary enterprises	1,093,542	1,093,219
Depreciation	1,514,765	1,374,225
Total operating expenses	18,529,822	18,920,553
Operating (loss)	(13,571,625)	(4,801,182)
Nonoperating Revenues (Expenses)		
State appropriations	10,795,012	10,388,518
Local appropriations	1,714,541	1,190,847
Non-exchange Federal and state grants	1,687,470	1,990,005
Private gifts, grants and contracts	50,000	207,940
Interest expense	(237,771)	(172,361)
Investment income	(43,855)	151,971
Total nonoperating revenues	13,965,397	13,756,920
Gain (loss) before other revenue, expenses, gains or losses	393,772	8,955,738
Other Revenue, Expenses, Gains or Losses		
State endowment appropriation	621,519	182,577
Increase (decrease) in net position	1,015,291	9,138,315
Net Position		
Beginning of year, as previously reported	24,285,378	19,125,362
Restatement to prior period (Note 17)	-	(3,978,299)
Beginning of year, as restated	24,285,378	15,147,063
End of year	\$ 25,300,669	\$ 24,285,378

See Notes to Financial Statements.

EASTERN WYOMING COLLEGE

COMPONENT UNIT - EASTERN WYOMING COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2016 and 2015

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue, Gains and Other Support				
Contributions	\$ 24,658	\$ 205,372	\$ 614,849	\$ 844,879
Investment and interest income	11,456	216,469		227,925
Net unrealized losses from investments	(12,487)	(295,535)		(308,022)
Miscellaneous	78,006			78,006
Net assets released from restriction:				
Satisfaction of program restrictions	674,754	(674,754)		-
Modification of contribution restriction by donors		(3,000)	3,000	-
Total revenue, gains and other support	776,387	(551,448)	617,849	842,788
Expenses and Losses				
Program services:				
Grants and scholarships	239,315	-	-	239,315
Other program services	375,719	-	-	375,719
Supporting services:				
Management and general	69,051	-	-	69,051
Fundraising	43,445	-	-	43,445
Total expenses and losses	727,530	-	-	727,530
Change in net assets	48,857	(551,448)	617,849	115,258
Net Assets, beginning of year	548,588	1,557,731	3,066,763	5,173,082
Net Assets, end of year	<u>\$ 597,445</u>	<u>\$ 1,006,283</u>	<u>\$ 3,684,612</u>	<u>\$ 5,288,340</u>

See Notes to Financial Statements.

2015

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 39,850	\$ 841,968	\$ 55,691	\$ 937,509
15,891	214,106	-	229,997
(5,049)	(101,361)	-	(106,410)
101,877	-	-	101,877
422,282	(422,282)	-	-
4,432	(126,669)	122,237	-
579,283	405,762	177,928	1,162,973
234,703	-	-	234,703
191,388	-	-	191,388
77,484	-	-	77,484
44,864	-	-	44,864
548,439	-	-	548,439
30,844	405,762	177,928	614,534
517,744	1,151,969	2,888,835	4,558,548
\$ 548,588	\$ 1,557,731	\$ 3,066,763	\$ 5,173,082

EASTERN WYOMING COLLEGE
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Payments from customers	\$ 5,020,720	\$ 4,789,191
Payments to vendors and suppliers	(4,771,151)	(5,254,569)
Payments to employees and benefits	(10,333,859)	(10,805,660)
Payments for scholarships	(1,337,732)	(1,538,069)
Other	343,048	(364,444)
Net cash (used in) operating activities	(11,078,974)	(13,173,551)
Cash Flows from Noncapital Financing Activities		
State appropriations	10,795,012	10,388,518
Non-exchange Federal and state grants	1,687,470	1,990,005
Private gifts, grants and contracts	50,000	207,940
Local appropriations	1,618,727	1,162,083
State Excellence in Higher Education endowment appropriation	621,519	182,577
Net cash provided by noncapital financing activities	14,772,728	13,931,123
Cash Flows from Capital Financing Activities		
Financing proceeds	3,262,016	-
Purchases of capital assets	(1,329,588)	(3,241,244)
Principal paid on capital debt	(907,893)	(245,738)
Interest paid on capital debt	(237,771)	(172,361)
Net cash provided by (used in) capital financing activities	786,764	(3,659,343)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	-	49,833
Interest received on investments	(43,855)	151,971
(Increase) in state endowment invested with Foundation	(645,063)	(159,032)
Net cash provided by (used in) investing activities	(688,918)	42,772
Net increase (decrease) in cash and cash equivalents	3,791,600	(2,858,999)
Cash and Cash Equivalents		
Beginning of year	1,572,700	4,431,699
End of year	<u>\$ 5,364,300</u>	<u>\$ 1,572,700</u>
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities		
Operating (loss)	\$ (13,571,625)	\$ (4,801,182)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation expense	1,514,765	1,374,225
Donated capital assets	-	(9,399,179)
Net pension expenses	398,294	170,493
Changes in assets and liabilities:		
Receivables, net	295,975	(303,380)
Inventories	(1,534)	(6,802)
Prepaid expenditures	57,203	(31,177)
Accounts payable and accrued liabilities	131,295	(194,912)
Accrued compensated absences	2,780	(29,933)
Deferred revenue	96,921	65,222
Voluntary termination	(3,048)	(16,926)
Total adjustments	2,492,651	(8,372,369)
Net cash (used in) operating activities	\$ (11,078,974)	\$ (13,173,551)
Supplemental Disclosures of Cash Flow Information		
Capital assets included in accounts payable	\$ 3,096	\$ 494,173

See Notes to Financial Statements.

EASTERN WYOMING COLLEGE

COMPONENT UNIT - EASTERN WYOMING COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ 115,258	\$ 614,534
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Transfer of real estate to College	-	58,500
Contributions restricted for long-term purposes	(614,849)	(55,691)
Unrealized loss on investments	308,022	106,410
Realized (gain) on investments	(227,925)	(229,997)
Increase (decrease) in:		
Receivables	104,224	(436,586)
Accrued interest receivable	(1,600)	234
Increase (decrease) in:		
Accounts payable and other liabilities	4,291	(68)
Liability associated with charitable gift annuity	(2,741)	(2,618)
Net cash provided by (used in) operating activities	(315,320)	54,718
Cash Flows from Investing Activities		
Purchases of investments	(2,613,556)	(1,531,357)
Purchases/transfer of real estate	(231,800)	(29,516)
Proceeds from sales of investments	1,542,876	2,182,302
Net cash provided by (used in) investing activities	(1,302,480)	621,429
Cash Flows from Financing Activities		
Contributions restricted for permanent endowments	614,849	55,691
Increase in long-term investments held for others	441,245	237,533
Net cash provided by financing activities	1,056,094	293,224
Increase (decrease) in cash and cash equivalents	(561,706)	969,371
Cash and Cash Equivalents		
Beginning	2,310,540	1,341,169
Ending	\$ 1,748,834	\$ 2,310,540

See Notes to Financial Statements.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Eastern Wyoming College (the “College”) is one of Wyoming’s seven public two-year community colleges. The College offers a wide variety of programs and services to students, businesses, and community members of all ages. The College has credentials and associate degrees in career-technical (applied) programs, as well as numerous academic transfer programs. Additionally, the College offers non-credit professional and personal development courses. The College’s service area is designated as Goshen, Platte, Converse, Niobrara, Weston and Crook counties. The Board of Trustees is the College’s ruling body which establishes the policies and procedures by which the College is governed.

Reporting entity: As defined by accounting principles generally accepted in the United States of America (GAAP), established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Eastern Wyoming College Foundation (the “Foundation”).

The Foundation was organized to develop and sustain support for the College through solicitation, management, and recognition of donations. The Foundation is dedicated to providing services and assistance to the students, faculty, staff, and community, thereby enhancing a sense of tradition and pride that will assist in advancing the College. The Foundation’s fiscal year-end is June 30th.

The Foundation is a private not-for-profit organization that reports its financial results under the standards established by the Financial Accounting Standard Board (FASB). Most significant to the Foundation’s operations and reporting model are FASB Codification Topic 958, *Not-for-Profit Organizations*. As such, certain presentation features are different from GASB presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial reporting entity for these differences; however, significant note disclosures to the Foundation’s financial statements have been incorporated into the College’s notes to the financial statements.

Basis of accounting: For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

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

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

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Student accounts receivable: Student accounts receivable are recorded at the amount the College expects to collect on balances outstanding at year end. Account receivable balances unpaid for more than 30 days are considered past due. The College does not accrue interest on outstanding receivable balances. Factors considered in making a determination of the likelihood of collection include economic conditions, factors affecting individual customers, and historical losses and management established an allowance for uncollectibility based on these factors. Included in accounts receivables are student accounts receivable balances that are more than 120 days past due are \$241,502 and \$299,677 at June 30, 2016 and 2015, respectively.

Inventories: Inventories consist of various types of supplies. The inventories are stated at the lower of cost (first-in, first-out) or market.

Capitalization and valuation: Capital assets include property, plant, and equipment. Expenditures for buildings and improvements having a value greater than \$50,000 are capitalized, and other capital items having a value greater than \$5,000 are also capitalized.

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

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

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	20-40
Furniture and equipment	3-14
Library materials	5-7
Land improvements	20

Compensated absences: College policy permits all employees, except instructors, to accumulate a limited amount of vacation leave. These benefits are payable to employees upon separation from service. 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. The College has no commitment for unused accumulated sick leave upon separation and no liability is recorded.

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

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

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

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

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

Restricted net position – nonexpendable: Restricted nonexpendable net position includes resources provided by the State of Wyoming to the College as a match for donations made to the Foundation. Wyoming State Statutes require that the College place the funds with the Foundation to be invested and the earnings expended in accordance with the terms and stipulations of the corresponding permanently restricted donation made by the Foundation donor.

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

Unrestricted net position: Unrestricted net position represent 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.

Classification of revenues: The College has classified its revenues 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 discounts and allowances, and (3) certain Federal, state, and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state and local appropriations and investment income.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Scholarship discounts and allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for the goods and services provided by the College, and the amount that is paid by students and/or third parties making 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.

Property taxes: Property taxes are assessed as of January 1st. Taxes are levied on or about September 1st and payable in two installments on or about November 11th and May 11th. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County, including Eastern Wyoming College. The College's property tax revenues are recognized when levied. Property taxes receivable includes delinquent property taxes receivable and property taxes assessed for the year.

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.

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 the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. The College will recognize an impairment loss when the College considers a capital asset impaired, and will recognize the capital asset at the lower of carrying value or fair value.

Federal direct loans: The College makes loans to students under the William D. Ford Federal Direct Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students through institutions like the College. Direct student loan receivables are not included in the College's Statements of Net Position as the loans are repayable directly to the U.S. Department of Education. In 2016, the College received and disbursed \$569,759 under the Federal Direct Loan Program on behalf of the U.S. Department of Education, which is included as nonoperating revenues (non-exchange Federal and state grants) and operating expense (scholarships) on the Statements of Revenues, Expenses, and Changes in Net Position.

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.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Recent pronouncements:

Adopted:

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

In February 2015, the GASB issued GASB Statement No. 72, Fair Value Measurement and Application. This statement was issued to address accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, this statement provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for years beginning after June 15, 2015. The impact of adopting this update is reflected in the financial statements.

Not yet adopted:

In January 2016, the GASB issued GASB Statement No. 80, Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14. This statement clarifies the financial statement presentation requirements for certain component units. Specifically, this statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement is effective for years beginning after June 15, 2016. Earlier adoption is encouraged. The College is currently evaluating the impact that the provisions of this statement will have on their financial statements.

Component Unit – Eastern Wyoming College Foundation:

Investments: The Foundation carries investments in marketable securities with readily determinable fair value and all investments in debt securities at their fair values in the Statement of Financial Position. Investments also include certain certificates of deposit held with local banks, some of which exceeded federally insured limits. These investments are carried at cash face value. Unrealized gains and losses are included in the change of net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. These gains and losses are accounted for in the temporarily restricted net asset category that corresponds to each endowment unless the temporary restricted net asset category corresponding to endowments is reduced to zero, at which time any remaining losses are allocated to unrestricted net assets.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Property and improvements: Property and improvements are stated at cost, or if donated, at estimated fair market value on the date of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Contributions: Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Unconditional promises to give are recognized as revenue or gain in the period received as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional.

Income taxes: The Foundation is an exempt organization for income tax purposes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Investment pool: The Foundation maintains master investment accounts for its donor-restricted endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated to the individual endowments based on the relationship of the value of each endowment to the total value of the master investment accounts, as adjusted for additions to or deductions from those accounts. These gains and losses are included in temporarily restricted accounts that correspond to each endowment.

Expense allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2. Deposits with Financial Institutions and Investments

Eastern Wyoming College:

The statutes of the State of Wyoming authorize agencies of the State to deposit public funds in financial institutions authorized to do business in the State of Wyoming. These deposits must be fully insured by Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets including any bonds, debentures and other securities in which the State Treasurer may by law invest or a depository may pledge conventional real estate mortgages and notes connected with mortgages at a ratio of one and one-half to one of the value of public funds secured by the securities. The College has restricted accounts for the agency funds, Federal funds received to be expended, and funds restricted for the purchase of capital assets.

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, 2016, the carrying amount of the College's deposits were \$5,391,328 with bank balances of \$5,518,769, which were fully insured or collateralized.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents are restricted for the following purposes:

Current:		
General operations		\$ 35,599
Noncurrent:		
Construction		3,089,491
Maintenance of facilities constructed with bond proceeds		577,448
Payment of general obligations bond		129,315

Eastern Wyoming College Foundation:

Investments as of June 30, 2016 and 2015 are summarized as follows:

	2016	
	Cost	Fair Value
Certificates of deposit	\$ 750,000	\$ 750,000
Equity securities	5,659,691	6,510,505
Fixed income bonds	79,777	81,031
	<u>\$ 6,489,468</u>	<u>\$ 7,341,536</u>
	2015	
	Cost	Fair Value
Equity securities	\$ 4,668,419	\$ 6,250,755
Fixed income bonds	99,916	100,198
	<u>\$ 4,768,335</u>	<u>\$ 6,350,953</u>

Certificates of deposit are held at local financial institutions. One stock portfolio is administered by Edward Jones through their Advisory Solutions Custom All-Equity Focus Account that invests in various U.S. and international mutual funds within the parameters of the Foundation's Investment Policy and had a fair value of \$2,372,313 as of June 30, 2016. One stock portfolio is held through Fidelity Investments' Portfolio Advisory Service. This too is an all-equity portfolio with a fair market value of \$3,795,693. The remaining stock portfolio is held through RBC Wealth Management that invests in U.S. equities, international equities and taxable fixed income bonds and had a fair value of \$423,530. All portfolios are highly diversified among major industry sectors.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

The following schedule summarizes the investment return and its classification in the Statement of Activities for the years ended June 30, 2016 and 2015:

	Unrestricted	Temporarily Restricted	Total
	2016		
Investment and interest income	\$ 11,456	\$ 216,469	\$ 227,925
Net unrealized gain	(12,487)	(295,535)	(308,022)
Total investment return	\$ (1,031)	\$ (79,066)	\$ (80,097)
	2015		
Investment and interest income	\$ 15,891	\$ 214,106	\$ 229,997
Net unrealized gain	(5,049)	(101,361)	(106,410)
Total investment return	\$ 10,842	\$ 112,745	\$ 123,587

Concentration of credit risk: The College has no formal investment policy for endowment funds as the College does not manage any such funds since they are required to be managed by the Foundation. 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:

The Foundation adopts an overall target asset allocation strategy as follows:

- Equity oriented portfolios
(Range of 60-70% acceptable)
- Fixed-income portfolios
(Range of 15-20% acceptable)
- Short-term cash equivalent portfolios
(Range of 15-20% acceptable)

The Foundation categorizes all funds that are equity, growth, income, and balanced funds as part of the Foundation's equity portfolio. These funds are generally fully invested in equity securities, although at times they may hold up to 10% in cash investments for defensive purposes and the Foundation's asset mix may slightly overstate its equity position. The Foundation endowment assets invested in balanced funds and income funds are separated in the allocation mix, according to their generally stated percentages of equity and fixed income.

The expected long-term rate of return on the endowment assets is 8% per year. This assumes an average annual rate of inflation of 3% and an average annual spending rate in an amount equal to 5% of the permanently restricted fund corpus.

Investments held for others: The Foundation receives 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 funds. 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 statute. The Foundation is required to invest the money and use the investment earnings to fund endowments consistent with the original donor's intent.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2016 and 2015, the Foundation held \$3,984,102 and \$3,339,048, respectively, of noncurrent investments for the College.

Note 3. Capital Assets

Following are the changes in capital assets for the College for the years ended June 30, 2016 and 2015:

	Balance June 30, 2015	Additions	Deletions	Transfers In (Out)	Balance June 30, 2016
Capital assets not being depreciated:					
Land	\$ 269,664	\$ -	\$ -	\$ -	\$ 269,664
Construction in progress	3,035,309	463,324	-	(2,967,280)	531,353
Total capital assets not being depreciated	\$ 3,304,973	\$ 463,324	\$ -	\$ (2,967,280)	\$ 801,017
Other capital assets:					
Land improvements	\$ 1,338,260	\$ -	\$ -	\$ -	\$ 1,338,260
Buildings and improvements	37,505,753	333,482	-	2,967,280	40,806,515
Furniture and equipment	1,880,385	33,587	(19,143)	-	1,894,829
Library materials	788,848	8,118	-	-	796,966
Total other capital assets	41,513,246	375,187	(19,143)	2,967,280	44,836,570
Less accumulated depreciation for:					
Land improvements	(534,572)	(66,914)	-	-	(601,486)
Buildings and improvements	(13,319,188)	(1,186,393)	-	-	(14,505,581)
Furniture and equipment	(1,341,468)	(174,084)	18,342	-	(1,497,210)
Library materials	(487,891)	(87,374)	-	-	(575,265)
Total accumulated depreciation	(15,683,119)	(1,514,765)	18,342	-	(17,179,542)
Other capital assets, net	\$ 25,830,127	\$ (1,139,578)	\$ (801)	\$ 2,967,280	\$ 27,657,028
Capital asset summary:					
Capital assets not being depreciated	\$ 3,304,973	\$ 463,324	\$ -	\$ (2,967,280)	\$ 801,017
Other capital assets, at cost	41,513,246	375,187	(19,143)	2,967,280	44,836,570
Total cost of capital assets	44,818,219	838,511	(19,143)	-	45,637,587
Less accumulated depreciation	(15,683,119)	(1,514,765)	18,342	-	(17,179,542)
Capital assets, net	\$ 29,135,100	\$ (676,254)	\$ (801)	\$ -	\$ 28,458,045

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

	Balance June 30, 2014	Additions	Deletions	Transfers In (Out)	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 89,664	\$ 180,000	\$ -	\$ -	\$ 269,664
Future building interest - Douglas	450,000	-	-	(450,000)	-
Construction in progress	618,097	2,881,590	-	(464,378)	3,035,309
Total capital assets not being depreciated	\$ 1,157,761	\$ 3,061,590	\$ -	\$ (914,378)	\$ 3,304,973
Other capital assets:					
Land improvements	\$ 1,338,260	\$ -	\$ -	\$ -	\$ 1,338,260
Buildings and improvements	26,701,140	9,980,235	(90,000)	914,378	37,505,753
Furniture and equipment	1,849,697	86,202	(55,514)	-	1,880,385
Library materials	782,279	6,569	-	-	788,848
Total other capital assets	30,671,376	10,073,006	(145,514)	914,378	41,513,246
Less accumulated depreciation for:					
Land improvements	(467,658)	(66,914)	-	-	(534,572)
Buildings and improvements	(12,364,784)	(1,008,404)	54,000	-	(13,319,188)
Furniture and equipment	(1,190,812)	(206,170)	55,514	-	(1,341,468)
Library materials	(395,154)	(92,737)	-	-	(487,891)
Total accumulated depreciation	(14,418,408)	(1,374,225)	109,514	-	(15,683,119)
Other capital assets, net	\$ 16,252,968	\$ 8,698,781	\$ (36,000)	\$ 914,378	\$ 25,830,127
Capital asset summary:					
Capital assets not being depreciated	\$ 1,157,761	\$ 3,061,590	\$ -	\$ (914,378)	\$ 3,304,973
Other capital assets, at cost	30,671,376	10,073,006	(145,514)	914,378	41,513,246
Total cost of capital assets	31,829,137	13,134,596	(145,514)	-	44,818,219
Less accumulated depreciation	(14,418,408)	(1,374,225)	109,514	-	(15,683,119)
Capital assets, net	\$ 17,410,729	\$ 11,760,371	\$ (36,000)	\$ -	\$ 29,135,100

Note 4. Long-Term Liabilities

Voluntary termination: The College has offered a retirement severance pay option allowing eligible employees the option of volunteering to leave the employment of the College. The amount of the voluntary termination option is based upon 55% of the annual full-time salary and 5% of the current annual full-time salary for each year over 15 years of service, plus \$12,000. Amounts are paid out monthly over a five-year period. Contracts are payable in equal monthly installments over the payment period. This benefit has not been offered to employees hired after December 13, 2004.

All voluntary termination contracts granted under the plan must be renewed annually by the Board of Trustees and are subject to the availability of funds. However, based on past experience and future intentions, which indicate that payment of the entire liability is probable, the liability has been recognized in the financial statements. During the years ended June 30, 2016 and 2015, the College paid \$255,963 and \$270,175, respectively, under the plan.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

The accompanying financial statements reflect an obligation as of June 30, 2016 and 2015 of \$732,602 and \$735,650, respectively, for voluntary termination benefits to former employees who elected to receive and who were approved to receive voluntary termination benefits.

The following schedule summarizes the aggregate maturities of the long-term voluntary termination obligations as of June 30, 2016:

Fiscal year ending June 30,	
2017	\$ 227,254
2018	208,624
2019	169,343
2020	86,743
2021	40,638
	<u>\$ 732,602</u>

Long-term liability activity for the years ended June 30, 2016 and 2015 was as follows:

	Balance June 30, 2015			Balance June 30, 2016		Amounts Due Within One Year
		Additions	Reductions			
Facility revenue bonds	\$ 4,080,000	\$ -	\$ (155,000)	\$ 3,925,000		\$ 160,000
Other liabilities:						
Liability for voluntary termination	\$ 735,650	\$ 252,915	\$ (255,963)	\$ 732,602		\$ 227,254
Accrued compensated absences	195,399	286,921	(284,141)	198,179		148,634
Converse County note payable	360,000	-	(360,000)	-		-
Capital lease	1,276,816	-	(101,208)	1,175,608		106,476
CTEC GO bonds	-	3,137,722	(291,685)	2,846,037		105,708
Wyrulec equipment	-	124,294		124,294		24,124
Total other liabilities	<u>\$ 2,567,865</u>	<u>\$ 3,801,852</u>	<u>\$ (1,292,997)</u>	<u>\$ 5,076,720</u>		<u>\$ 612,196</u>

	Balance June 30, 2014			Balance June 30, 2015		Amounts Due Within One Year
		Additions	Reductions			
Facility revenue bonds	\$ 4,230,000	\$ -	\$ (150,000)	\$ 4,080,000		\$ 155,000
Other liabilities:						
Liability for voluntary termination	\$ 752,576	\$ 253,249	\$ (270,175)	\$ 735,650		\$ 245,740
Accrued compensated absences	225,332	259,595	(289,528)	195,399		146,549
Converse County note payable	360,000	-	-	360,000		80,000
Capital lease	1,372,554	-	(95,738)	1,276,816		101,201
Total other liabilities	<u>\$ 2,710,462</u>	<u>\$ 512,844</u>	<u>\$ (655,441)</u>	<u>\$ 2,567,865</u>		<u>\$ 573,490</u>

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 5. Revenue Bonds Payable

2014 Revenue Bonds

Name:	\$4,230,000 Facility Refunding and Improvement Revenue Bonds, Series 2014.
Dated:	March 13, 2014
Final Maturity:	March 1, 2034
Payment Amount and Dates:	Semi-annual principal and interest payments on September 1 and March 1. Principal amounts range from \$75,000 to \$145,000.
Interest Rate:	2.5% through March 1, 2024; the rate will be adjusted for the balance of the repayment period to be equal to the then-quoted 10-year U.S. Treasury Bond Rate, minus (-) .20%.
Revenue Pledged:	Net revenues derived from the operation of the College's residence halls, dining halls and recreation facilities and gross revenues of the College.
Purpose:	To erect and equip a student dormitory.
Optional Redemption Provisions:	Bonds are redeemable on or after March 1, 2017, with no pre-payment penalty thereafter.
Special Redemption:	The bonds are subject to redemption at the option of the College, in whole on any date, or in part on any payment date, at a redemption price equal to the principal amount of each bond to be redeemed plus accrued interest to the redemption date under certain limited situations related to impairment of the facilities generating pledged revenue.

Annual maturities of bonds payable are as follows:

Year Ending June 30,	2014 Bonds		
	Principal	Interest	Total
2017	\$ 160,000	\$ 98,482	\$ 258,482
2018	165,000	94,427	259,427
2019	170,000	90,182	260,182
2020	175,000	86,105	261,105
2021	185,000	81,374	266,374
2022-2026	1,020,000	Variable	1,020,000
2027-2031	1,210,000	Variable	1,210,000
2032-2034	840,000	Variable	840,000
	<u>\$ 3,925,000</u>	<u>\$ 450,570</u>	<u>\$ 4,375,570</u>

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

2015 General Obligation Bond

Name: \$3,137,722 General Obligation Building Bond, Series 2015.

Dated: July 8, 2015

Final Maturity: December 15, 2030

Payment Amount and Dates: Semi-annual principal and interest payments on June 15 and December 15. Principal amounts range from \$26,838 to \$171,814.

Interest Rate: 2.47% through final maturity.

Purpose: To pay the local match cost of constructing and equipping a Career and Technical Education Center (CTEC). The bond is a limited obligation of the College and does not constitute an obligation or guarantee of Goshen County, Wyoming, the State of Wyoming, or any political subdivision other than the College. The bond is secured by an ad valorem tax levied against all taxable property within the Eastern Wyoming Community College District without limitation of rate or amount. Should the tax for the payment of principal and interest on the bond at any time not be levied or collected in time to meet such payment, the principal or interest so maturing shall be paid out of the general fund of the College or from any other funds available for that purpose.

Optional Redemption Provisions: The bond is redeemable prior to maturity with no prepayment penalty, at the option of the College.

Year Ending June 30,	2015 Bond		
	Principal	Interest	Total
2017	\$ 105,708	\$ 69,650	\$ 175,359
2018	118,247	66,963	185,210
2019	131,602	63,960	195,562
2020	145,817	60,623	206,440
2021	160,940	56,929	217,868
2022-2026	1,066,881	215,086	1,281,967
2027-2030	1,116,842	60,238	1,177,080
	<u>\$ 2,846,037</u>	<u>\$ 593,449</u>	<u>\$ 3,439,486</u>

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Lease

In July 2010, the College entered into a lease with Points West Community Bank for purchase of equipment related to campus construction projects. The leased asset is included in capital assets at the present value of the future minimum lease payments using an effective interest rate of 4.97%. The College received \$1,635,903 in cash to be used for the purchase of specific equipment.

The following is a schedule of future minimum lease payments due under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2016:

2017	\$	165,724
2018		165,724
2019		165,724
2020		165,724
2021		165,724
2022 - 2025		662,735
Total minimum lease payments		<u>1,491,355</u>
Less amount representing interest		(315,747)
	\$	<u><u>1,175,608</u></u>

Note 7. Note Payable with Converse County

During 2014, the College entered into a note payable agreement with Converse County, Wyoming to provide supplemental funding for the development of the Education Project Site. The note payable was for \$450,000, plus accrued interest at 2.25%. The note payable was cancelled in 2016 after Converse County determined special purpose tax collections were sufficient to reimbursement the County for advance payments made toward construction costs of the Education Project Site (see Note 15). The accompanying financial statements include a receivable of \$110,136 as of June 30, 2016, which represents the anticipated return of a portions of the current and prior years principal and interest payment made by the College.

Note 8. Transactions with the Foundation

The Eastern Wyoming College Foundation (the "Foundation") is a legally separate, tax-exempt component unit of the College (see Note 1). The Foundation's Statements of Financial Position, Statements of Activities, and Statements of Cash Flows have been included on pages 9, 11, 12 and 14.

Note 9. Leasing Arrangements

The College has entered into leases with the Foundation for real property and with other vendors for equipment, which provide for specified minimum rental payments. To comply with State statutes, all long-term leases contain a non-appropriations clause which allows the College to cancel the lease in the event that resources are not available for future appropriation. Rent expense for these operating leases was \$52,885 and \$38,570 for the years ended June 30, 2016 and 2015, respectively. The future minimum lease payments for the years ending June 30, 2017, 2018, 2019 and 2020 are \$68,022, \$14,313, \$13,525 and \$11,160, respectively.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

On April 24, 1990, the College agreed to lease land to the Tri-County Development Corporation (the "Corporation") for 45 years at \$1 per year. The Corporation has constructed a building on the land and is responsible for all costs associated with the building. The lease includes an option to renew for 30 years. If the Corporation does not renew, the College is allowed to purchase the building.

Note 10. Retirement Commitment – TIAA

The College offers a retirement benefit to all permanent full-time employees that is equal to 15.87% of the employee's monthly salary. Employees that are temporary, according to the College's definition, are excluded. Eligible College employees may participate in one of two pension plans offered by the College, either Wyoming Retirement System (WRS) or Teachers Insurance and Annuity Association (TIAA). TIAA is a private defined contribution retirement plan, which is portable to other institutions and states. For the years ended June 30, 2016, 2015 and 2014, the College's contributions to TIAA were \$283,933, \$277,510 and \$228,487, respectively.

Note 11. Custodial Deposits

The College holds in trust funds collected by various student and affiliated groups. A liability for these funds is included in current liabilities in the accompanying financial statements. In addition, designated student activity fees collected by the College are also recorded within the College's Agency Funds. The following summarizes activity within the agency funds during the years ended June 30, 2016 and 2015:

Agency funds:	<u>2016</u>	<u>2015</u>
Beginning of year	\$ 163,202	\$ 222,525
Additions:		
Student fees	98,627	108,974
Allocated interest and other	255,124	140,925
Other revenue	1,469,122	1,418,778
Total additions	<u>1,822,873</u>	<u>1,668,677</u>
Total available funds	<u>1,986,075</u>	<u>1,891,202</u>
Deductions:		
Salaries and benefits	203,625	112,893
Other noncapital expenditures	1,606,573	1,615,107
Total deductions	<u>1,810,198</u>	<u>1,728,000</u>
End of year	<u>\$ 175,877</u>	<u>\$ 163,202</u>

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 12. Commitments and Contingencies

The College has contracted and/or appropriated funds for the planning and construction or maintenance of several facilities with an aggregate cost of approximately \$9.5 million. As of June 30, 2016, the remaining commitment to complete these projects totaled approximately \$3.8 million. These completion costs will be financed by a combination of State appropriations, private gifts, and revenue bond financing.

Voluntary termination: As discussed in Note 4, the College offers a voluntary termination incentive option to employees of the College hired prior to December 14, 2004 who meet certain employment, age and service requirements. As of June 30, 2016, approximately 15 employees have met the eligibility requirements of the plan, but have not opted yet to voluntarily retire.

No liability for payment of incentive benefits to these employees has been recorded in the accompanying financial statements in as much as the Board has not approved payment and such approval is subject to various factors such as employment needs, available funding, and Board objectives. The estimated benefit payment requirement for these employees if they were approved for receiving payments as of June 30, 2016 was approximately \$1.0 million.

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

Note 13. 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, 2016, 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.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 14. Natural Classifications with Functional Classifications

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

Functional Classification:	2016				
	Natural Classification				
	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	Total
Instruction	\$ 4,342,032	\$ 1,789,951	\$ -	\$ -	\$ 6,131,983
Research	43,382	9,584	-	-	52,966
Public service	78,466	64,514	-	-	142,980
Academic support	1,171,845	411,309	-	-	1,583,154
Student services	1,604,075	461,966	-	-	2,066,041
Institutional support	2,234,456	801,442	-	-	3,035,898
Operation of plant	697,811	872,950	-	-	1,570,761
Scholarships	-	-	-	1,337,732	1,337,732
Auxiliary enterprises	559,818	533,724	-	-	1,093,542
Depreciation	-	-	1,514,765	-	1,514,765
Total expenses	\$ 10,731,885	\$ 4,945,440	\$ 1,514,765	\$ 1,337,732	\$ 18,529,822

Functional Classification:	2015				
	Natural Classification				
	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	Total
Instruction	\$ 4,597,387	\$ 1,592,236	\$ -	\$ -	\$ 6,189,623
Research	22,717	5,032	-	-	27,749
Public service	61,835	62,228	-	-	124,063
Academic support	1,019,211	447,068	-	-	1,466,279
Student services	1,590,714	414,300	-	-	2,005,014
Institutional support	2,406,460	866,297	-	-	3,272,757
Operation of plant	698,661	1,130,894	-	-	1,829,555
Scholarships	-	-	-	1,538,069	1,538,069
Auxiliary enterprises	552,235	540,984	-	-	1,093,219
Depreciation	-	-	1,374,225	-	1,374,225
Total expenses	\$ 10,949,220	\$ 5,059,039	\$ 1,374,225	\$ 1,538,069	\$ 18,920,553

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 15. Converse County 2013 Specific Purpose Tax Joint Powers Board

On June 11, 2013, the College's Board of Trustees approved the Converse County 2013 Specific Purpose Tax Joint Powers Board Agreement. The purpose of the agreement is to develop and finance facilities for the Douglas Campus of the College. The five members of the Joint Powers Board shall include one College Trustee. Upon satisfaction of the bond requirements and termination of the Joint Powers Board, Converse County will provide the College a quitclaim deed with an automatic reversion clause stating that the title will automatically revert to Converse County at such time that the Douglas Branch Campus improvements are no longer being used for community college purposes. Facilities financing for Douglas Campus has not been sought as special purpose tax collections have outpaced expectations and the Joint Powers Board has not had to be activated as a result.

Note 16. Agricultural Technology Education Center Capital Construction Campaign and Subsequent Event

A capital construction fundraising campaign was undertaken by the College's Foundation for the proposed Agricultural Technology Education Center during 2014-15. On September 16, 2016, the College was informed that the U.S. Department of Commerce Economic Development Administration awarded a \$1.5 million construction grant for this project through the Public Works Program, Section 201 of the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. § 3121 et seq.). The grant requires a 64% cash match by the College. More pledges will be solicited during 2016-17 through planned formal campaign events. Donors are allowed up to five years to honor a gift commitment; many have elected to make monthly or annual payments against their total pledge.

Unconditional promises to give consist of the following as of June 30, 2016:

Gross restricted promises to give	\$ 371,125
Less: Allowance for doubtful collections (5%)	(18,556)
Unamortized discount (3.5%)	(31,357)
Net restricted promises to give	\$ 321,212
Gross amounts due in:	
Less than one year	\$ 63,125
One to five years	308,000
	\$ 371,125
Net amounts due in:	
Less than one year	\$ 57,941
One to five years	263,271
	\$ 321,212

Gross promises to give have been reduced by \$18,556, which represents a 5% allowance for uncollectible pledges. They have also been reduced by \$31,357 at June 30, 2016 to represent the net present value of future payments using a 3.5% discount rate.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 17. Retirement Commitment – Wyoming Retirement System (WRS)

Fiscal year 2015 (post implementation of GASB Statement No. 68): On July 1, 2014, the College implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which recognizes a long-term obligation for pension benefits. The accounting change adopted to conform to the provisions of GASB 68 has been applied retroactively by restating the beginning net position for the fiscal year ended June 30, 2015, which included recording a net pension obligation of \$4,274,233 and deferred outflows of resources of \$295,934 for a net adjustment of \$3,978,290. As the data needed to implement this standard for all periods presented was not available for periods prior to July 1, 2014, the College has elected to not restate information presented for the period ended June 30, 2013.

Plan description: Substantially all employees of the College, excluding those participating in the TIAA defined contribution plan, are provided with pensions through the Public Employee Pension Plan - a statewide cost-sharing multiple-employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). The authority to establish and amend benefits and contributions rates rests with the Legislature of the State of Wyoming. WRS is granted the authority to administer the Plan by Wyoming State Statutes 9-3-401 through 432. WRS issues a publicly available financial report that can be obtained at <http://retirement.state.wy.us/home/index.html>.

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

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

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

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

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

Contributions: Per Title 9-3-412 and 413 of Wyoming State Statutes, for the year ended June 30, 2016, member contributions were required to be 8.25% of compensation and employer contributions were required to be 8.37% of compensation. In accordance with Title 9-3-412 (c) (ii) of State Statutes, Eastern Wyoming College has elected to pay 8.25% of the members contribution in addition to the employers contribution. Total contributions to the pension plan from Eastern Wyoming College were \$755,251, \$743,384 and \$642,124 for the years ended June 30, 2016, 2015, and 2014, respectively.

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2016, the College reported a liability of \$5,589,641 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The College's proportion of the net pension liability was based on the relationship of the College's total contributions to the plan for the year ended December 31, 2015 to the contributions of all participating employers for the same period. At December 31, 2015, the College's proportion was .2399659380%, which was a decrease from its December 31, 2014 proportion of 0.262046056%.

For the years ended June 30, 2016 and 2015, the College recognized pension expense of \$745,339 and \$510,178, respectively. At June 30, 2016 and 2015, the College reported net deferred outflows of resources related to pensions from the following sources:

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 118,251
Changes of assumptions	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 1,392,780	\$ -
Changes in proportionate share of contributions	-	435,628
Contributions subsequent to the measurement date	203,654	-
	\$ 1,596,434	\$ 553,879
	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 379,153	\$ -
Changes in proportionate share of contributions	-	217,814
Contributions subsequent to the measurement date	314,175	-
	\$ 693,328	\$ 217,814

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

An amount of \$203,654 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	159,474
2018		159,474
2019		242,848
Thereafter		277,105
	\$	<u>838,901</u>

Actuarial assumptions: The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

EASTERN WYOMING COLLEGE

NOTES TO FINANCIAL STATEMENTS

Experience analysis: An experience study was conducted on behalf of all WRS's plans covering the five-year period ended December 31, 2011. 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 was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 8,024,747	\$ 5,589,641	\$ 3,530,974

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

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN WYOMING COLLEGE

**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Public Employee Pension Plan
Years Ended June 30, 2016, 2015, and 2014***

	2016	2015	2014
College's proportion of the net pension liability	.2399659380%	0.2620460560%	0.2811254800%
College's proportionate share of the net pension liability	\$ 5,589,641	\$ 4,624,306	\$ 4,274,233
College's covered payroll	\$ 4,631,078	\$ 4,471,826	\$ 4,640,000
College's proportionate share of the net pension liability as a percentage of its covered payroll	120.70%	103.41%	92.12%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	79.08%	N/A

** The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.*

See Notes to Required Supplementary Information.

EASTERN WYOMING COLLEGE

**SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
Public Employee Pension Plan
Years Ended June 30, 2016, 2015, and 2014**

	2016	2015	2014
Statutorily required contribution	\$ 348,401	\$ 333,521	\$ 330,368
Contributions in relation to the statutorily required contribution	348,401	333,521	330,368
<i>Contribution deficiency (excess)</i>	\$ -	\$ -	\$ -
College's covered payroll	\$ 4,162,497	\$ 4,684,209	\$ 4,392,093
Contributions as a percentage of covered payroll	8.37%	7.12%	7.52%

See Notes to Required Supplementary Information.

EASTERN WYOMING COLLEGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION **Year Ended June 30, 2016**

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

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

SUPPLEMENTARY INFORMATION

EASTERN WYOMING COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
Student Financial Aid Cluster			
U.S. Department of Education:			
Federal Supplemental Educational			
Opportunity Grants	N/A	84.007	\$ 16,281
Federal Direct Student Loans	N/A	84.268	569,759
Federal Work-Study Program	N/A	84.033	22,681
Federal Pell Grant Program	N/A	84.063	837,576
<i>Total Student Financial Aid Cluster</i>			<u>1,446,297</u>
Research and Development Cluster			
U.S. Department of Health and Human Services:			
Passed through the University of Wyoming:			
National Center for Research Resources	1002810D-EWC	93.859	36,931
National Center for Research Resources	1003088D-EWC	93.859	14,438
<i>Total Research and Development Cluster</i>			<u>51,369</u>
Other Programs			
Passed through State Department of Education:			
Career and Technical Education - Basic Grants to States	1508505PPS00	84.048	2,079
Career and Technical Education - Basic Grants to States	1508505PPS00	84.048	67,689
Passed through Wyoming Community College Commission:			
Adult Basic Education - Federal Regular	AE16R03	84.002	67,234
<i>Total Other Programs</i>			<u>137,002</u>
U.S. Department of Education			
Passed through the University of Wyoming:			
GEAR UP	1001320G-EWC	84.334	54,642
GEAR UP	10013201-EWC	84.334	358,524
College Access Challenge Grant Program	1000074H-EWC	84.378	22,944
<i>Total U.S. Department of Education</i>			<u>436,110</u>
National Endowment for the Humanities:			
Passed through the Wyoming Humanities Council:			
BSMM in the EWC Lancer Nation	003-15	45.129	2,540
U.S. Department of Labor:			
Passed through the Wyoming Department of Workforce Services:			
Families Becoming Independent-TANF	AM0245-Y	93.558	180,574
<i>Total U.S. Department of Labor</i>			<u>180,574</u>
Total expenditures of Federal awards			<u><u>\$ 2,253,892</u></u>

EASTERN WYOMING COLLEGE

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the Federal award activity of Eastern Wyoming College (the “College”) under programs of the Federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The College did not provide any amounts to subrecipients. The College has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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
Eastern Wyoming College
Torrington, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Eastern Wyoming College (the "College"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 10, 2016. The financial statements of the College's discretely presented component unit, Eastern Wyoming College Foundation, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Eastern Wyoming College Foundation.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "McGee, Hearne & Paiz, LLP". The signature is written in a cursive style.

Cheyenne, Wyoming
October 10, 2016

**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
Eastern Wyoming College
Torrington, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Eastern Wyoming College's (the "College") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the College's major Federal programs for the year ended June 30, 2016. The College's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001. Our opinion on each major Federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 that we consider to be a significant deficiency.

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

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

Mc Gee, Hearne & Paiz, LLP

Cheyenne, Wyoming
October 10, 2016

EASTERN WYOMING COLLEGE

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

I. SUMMARY OF INDEPENDENT AUDITOR’S RESULTS

A. Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes X No

B. Federal Awards

Internal control over major Federal programs:

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

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

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes No

Identification of major Federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Cluster	Student Financial Aid

- Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- Auditee qualified as low-risk auditee? X Yes No

EASTERN WYOMING COLLEGE

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

II. FINANCIAL STATEMENT FINDINGS

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

2016-001 Student Financial Aid Cluster – Special Tests: Enrollment Reporting

Catalog of Federal Assistance (CFDA) Number and Title: 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program
Federal Agency Name: Department of Education
Pass-Through Entity Name (if applicable): N/A
Award Number/Name: N/A
Award Year(s): July 1, 2015-June 30, 2016

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

Per 4.4.2 of the National Student Loan Data System Enrollment Reporting Guide, “The implementation of the 150% subsidized loan limit makes the reporting of a Withdrawn ‘W’ or Graduated ‘G’ status even more critical. The completion of a program protects the student’s interest subsidy. A withdrawal indicates that the program was not completed or that the student is not currently taking coursework in the program. The effective date for a withdrawn (‘W’ status) is the last date the student attended any classes or otherwise was engaged in an academically related activity at the school or in the program. The effective date for the completion/graduation (‘G’ status) is the date that the school assigns to the completion/graduation and can be either the same as the effective date of a previously reported ‘W’ or sometime after that date.”

Condition / Context – Of the six graduate students tested for Campus Level and Program Level Enrollment Reporting, we noted one instance where the student’s status change was incorrectly reported as withdrawn instead of graduated, and one instance in which the student’s effective date of the status change was not reported accurately.

Of the eight withdrawn students tested for Program Level Enrollment Reporting, we noted one instance in which the student’s effective date of the status change was not reported accurately. There were no errors reported in the eight withdrawn students on the Campus Level Enrollment Reporting.

Effect – Improper reporting of student status changes could impact student’s interest subsidy and/or repayment status.

Cause – The identified errors in graduated students were caused by turnover within Institutional Records as well as a lack of a control to ensure all graduated students were identified and properly reported.

The identified error in withdrawn students was caused by human error as the campus level effective date of withdrawal was correct, but the Institutional Records Director missed making the change at the program level.

EASTERN WYOMING COLLEGE

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

Recommendation – We recommend the Student Financial Aid Office and Institutional Records Office implement additional controls to ensure that effective and accurate information about graduation dates are reported to Institutional Records

Questioned Costs – \$0

Views of Responsible Officials and Planned Corrective Actions – See Exhibit I.

EASTERN WYOMING COLLEGE

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2016**

Finding	Status					
<p>2015-001: Student Financial Aid Cluster – Special Tests: Enrollment Reporting</p> <table border="1" data-bbox="170 527 756 747"> <tr> <td>Catalog of Federal Assistance (CFDA) Number and Title: 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program</td> </tr> <tr> <td>Federal Agency Name: Department of Education</td> </tr> <tr> <td>Pass-Through Entity Name (if applicable): N/A</td> </tr> <tr> <td>Award Number/Name: N/A</td> </tr> <tr> <td>Award Year(s): July 1, 2014 – June 30, 2015</td> </tr> </table> <p><u>Campus Level Reporting:</u> Of the six graduated students tested for Campus Level Enrollment Reporting, we noted two instances (student IDs 109943 and 114645) where the student’s effective date of the status change was not reported to the National Student Loan Data System (NSLDS). Both students graduated in Fall 2014; however, they continued enrollment in Spring 2015 to pursue a degree in an additional program. The error did not result in any questioned costs.</p> <p><u>Program Level Reporting:</u> Of the 14 withdrawn and graduated students tested for Program Level Enrollment Reporting, we noted six instances (student IDs 117711, 110713, 144685, 149738, 109943, and 114645) where the student’s status change was not reported to NSLDS and four instances (student IDs 146992, 144029, 140498, and 138614) in which the student’s effective date of the status change was not reported accurately to NSLDS.</p> <p>All 14 withdrawn and graduated students tested for Program Level Enrollment Reporting had inaccurate program lengths reported. The errors did not result in any questioned costs.</p>	Catalog of Federal Assistance (CFDA) Number and Title: 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program	Federal Agency Name: Department of Education	Pass-Through Entity Name (if applicable): N/A	Award Number/Name: N/A	Award Year(s): July 1, 2014 – June 30, 2015	<p><i>Auditor’s Comment:</i> Throughout testing enrollment reporting in the current year, we noted processes were implemented to ensure effective dates were reported for all students on the campus and program level; however, due to turnover in the department, a new finding was reported as 2016-001.</p>
Catalog of Federal Assistance (CFDA) Number and Title: 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program						
Federal Agency Name: Department of Education						
Pass-Through Entity Name (if applicable): N/A						
Award Number/Name: N/A						
Award Year(s): July 1, 2014 – June 30, 2015						

EXHIBIT I

CORRECTIVE ACTION PLAN



October 5, 2016

Management's Response to Enrollment Reporting Special Tests

Award Year July 1, 2015 – June 30, 2016

The student enrollment records with the noted instances of inaccurate statuses and effective dates have been corrected on the National Student Loan Data System (NSLDS).

These enrollment reporting anomalies were a result of the personnel turnover that EWC had experienced within its Institutional Research Office in 2016. The former director resigned in January 2016 and a new permanent director was hired in August 2016. In between, an interim director without a lot of prior experience did an exemplary job of handling the required NSLDS reporting, including the correction and mitigation of the effects of the reported inaccuracies. The control measures proposed for similar findings last year were not fully implemented. With stable staffing now achieved, EWC will heighten efforts to evaluate and refine current and proposed system changes and control measures to ensure accuracy and integrity in future NSLDS enrollment reporting.

By:

Ron Laher
Vice President for Administrative Services