

**LARAMIE COUNTY COMMUNITY COLLEGE**

**FINANCIAL AND COMPLIANCE REPORT**

**JUNE 30, 2015**

Preliminary Draft 10/23/2015

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Laramie County Community College  
Cheyenne, Wyoming

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Laramie County Community College (the "College"), as of and for the years ended June 30, 2015 and 2014, and its discretely presented component unit, Laramie County Community College Foundation (the "Foundation") as of and for the years ended December 31, 2014 and 2013, 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 audit. We conducted our audit 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2015 and 2014, and December 31, 2014 and 2013, respectively, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Notes 1 and 7 to the financial statements, in 2015 the College adopted new accounting guidance with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB 27 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

### ***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 18, the Schedule of the College's Proportionate Share of the Net Pension Liability on page 47, and the Schedule of the College's Contributions on page 48 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The combining schedules and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 combining schedules and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2015 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  
\_\_\_\_\_, 2015

# **Laramie County Community College Management's Discussion and Analysis**

## **Fiscal Year Ended June 30, 2015**

The Management's Discussion and Analysis (MD&A) section of the Laramie County Community College (LCCC) annual financial report provides an overview of the College's financial activities for the fiscal year ended June 30, 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to financial statements, and supplementary information. The discussion and analysis is designed to focus on current activities, resulting changes, and current known facts. Comparable facts are given for fiscal years 2013, 2014, and 2015.

LCCC manages its financial records in accordance with W.S. 21-18 -205 (Appropriation and distribution of state funds; restrictions; budget authority), and complies with the Uniform Municipal Fiscal Procedures Act (W.S. 16-4-201 through 16-4-205 and W.S. 16-4-121) as required by W.S. 21-18-204.

During Fiscal Year 2006, the LCCC Building Authority was formed for the financing of the construction of a new residence hall. In subsequent years, the Authority financed a dining facility in 2009 and refunded the bonds held by the Foundation for the Albany County Campus Building in 2012. The Authority's financial statements are included in this report as a blended component unit of the College. For an itemized explanation of each entity please refer to the "Combining Schedule of Net Position" included in the Supplementary Information Section of this report.

GASB has issued Statement No. 68 "Accounting and Financial Reporting for Pensions" for financial statements for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. In the words of former GASB Chairman Robert H. Attmore, "Among other improvements, net pension liabilities will be reported on the balance sheet, providing citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees for past services rendered." Net pension liability is recorded in LCCC's financial statements under noncurrent liabilities beginning with the financial statements for period ended June 30, 2015. Net pension liability is defined as the present value of projected benefit payments to current active and inactive employees attributable to past periods of service less the amount of the pension plan's fiduciary net position. See Note to Financial Statements No. 7 for additional information.

### **Using the Annual Report**

The annual report follows the Independent Auditor's Report and the MD&A. The annual report consists of required financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, "Basic Financial Statements - and Management's Discussion and Analysis-for Public Colleges and Universities," and other supplementary information.

### **Required Financial Statements**

There are three basic financial statements that are required to provide information on the College as a whole: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. Notes to the financial statements are also part of the required financial statements. A brief description of each statement follows:

*The Statement of Net Position* includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. It is prepared using economic resource measurement and accrual basis of accounting. It presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College at a point in time. Its purpose is to present a financial snapshot of the College. The difference between total assets and deferred outflows of resources, and total liabilities, deferred inflows of resources is net position, which is one indicator of the current financial condition of the College. The change in net position also indicates whether the College's overall financial condition has improved or worsened during the year.

*The Statement of Revenues, Expenses and Changes in Net Position* presents the total revenues earned and expenses incurred by the College for operating, non-operating, and other related activities during a period of time. Its purpose is to assess the College's operating results. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation allocating the cost of an asset over its expected useful life. The seven community colleges in Wyoming met as a group and agreed upon a uniform useful life policy for each asset type. The original value of the buildings was based on actual cost rather than market value.

*Statement of Cash Flows* presents cash receipts and payments of the College during a period of time. Its purpose is to assess the College's ability to generate future net cash flows and meet its obligations as they come due.

*Notes to the Financial Statements* present additional information to support the financial statements and are commonly referred to as Note(s). Their purpose is to clarify and expand on the information in the financial statements.

The Statement of Financial Position and the Statement of Activities for the LCCC Foundation reflect the audited financial information as of December 31, 2013, and December 31, 2014. Although the inclusion of these figures in our financial report is required by GASB 39, they are not included in this management analysis and discussion. If there are questions regarding this information contact the LCCC Foundation at 1400 East College Drive, Cheyenne, Wyoming, 82007.

### **Supplementary Information**

Required Supplementary Information includes the following: Schedule of the College's Proportionate Share of the Net Pension Liability, Schedule of the College's Contributions and Notes to Required Supplementary Information.

Supplementary Information includes the following: Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position, Schedule of Expenditures of Federal Awards, and Notes to Schedule of Expenditures of Federal Awards.

## **Management's Discussion and Analysis**

### **ASSETS**

#### **CURRENT ASSETS**

|                             | 2013                 | 2014                 | 2015                 |
|-----------------------------|----------------------|----------------------|----------------------|
| Cash and cash equivalents   | \$ 17,111,258        | \$ 15,875,302        | \$ 12,253,983        |
| Investments                 | 75,000               | 75,000               | 5,064,162            |
| Accounts receivable, net    | 3,627,188            | 3,475,027            | 4,477,314            |
| Property taxes receivable   | 5,466,511            | 6,081,358            | 9,321,294            |
| Inventories                 | 324,999              | -                    | -                    |
| Pre-paid expenses           | 232,632              | 48,217               | 42,228               |
| <b>Total current assets</b> | <b>\$ 26,837,588</b> | <b>\$ 25,554,904</b> | <b>\$ 31,158,981</b> |

#### Cash, cash equivalents and investments

Cash and cash equivalents consist of cash in LCCC bank accounts, the LCCC Building Authority bank accounts, short-term investments, register cash and petty cash drawers maintained on campus. Investments include secured (FDIC or collateralized) certificates of deposit and trust accounts held in local banks. The decrease in cash and cash equivalents is mainly due to moving \$5 million into long-term investments. Cash flow has increased positively in recent history from the inflow of funds from enrollment, improved collection of accounts receivables, and increases of state appropriations that included major maintenance funds that are dispersed at the beginning of the state's bi-annual budget.

#### Accounts receivable

Accounts receivable include credit and noncredit student tuition and fee billings, inter-fund transactions between LCCC and the LCCC Foundation, accrued interest, student sponsorships, student housing rent and board, state appropriations, grant awards, financial aid and scholarships, summer housing, and other miscellaneous operational transactions. The receivables in FY 2015 increased due to timing of payments for Federal grants.

#### Property taxes receivable

The property tax receivable for FY 2015 is significantly higher than FY 2013 and 2014 because the voters of Laramie County approved an additional mil levy (up to 2 mils) to finance the building of two new buildings through a bond issued in FY 2015. Total approved mill levy for next year is 6.23 mils (5.0 mils for operations and 1.23 mils for debt service).

In Wyoming, property taxes are assessed based on the property value as of January 1 of each year for the upcoming year. A receivable for the entire calendar year is recorded based on 6.23 mils of the assessed property value on January 1. Laramie County does provide the assessed value, but does not provide the amount of the receivable until after the second Tuesday in August when the property taxes are actually levied. Property taxes receivable represents taxes expected for the period January 1 through December 31. Both the property tax receivable and deferred revenue for FY 2013, 2014 and 2015 have increased as assessed values of property have increased and the new debt service mil was levied. The property values for these years have seen a small steady increase due to the economy of the region. The Cheyenne regional economy appears to be more stable than many areas within Wyoming and surrounding states. The increase of property values results from mainly new commercial construction. In today's economy, future year valuation must be monitored closely.

#### Inventories

The College maintained an inventory of land and houses constructed through the construction trades program that was sold. The construction trades program was closed in the 2010 school year and the remaining inventory was sold in July of 2013 as reflected in FY 2014 and 2015 statements.

#### Pre-paid expenses

Three pre-paid contracts are listed in this category: 1) a three-year IT maintenance contract in its third year of execution; 2) pre-paid food services vendor payments in accordance with Build America Bonds for the dining facility; and 3) an advance on the entrance marques.

#### NONCURRENT ASSETS

|                                                 | 2013                 | 2014                 | 2015                  |
|-------------------------------------------------|----------------------|----------------------|-----------------------|
| Restricted cash                                 | \$ 298,057           | \$ 293,389           | \$ 1,058,428          |
| Restricted investments                          | 1,944,089            | 1,973,141            | 27,751,534            |
| Capital assets, net of accumulated depreciation | 59,014,325           | 58,097,760           | 57,655,993            |
| Investments held by others                      | 8,060,318            | 9,566,892            | 10,798,387            |
| <b>Total noncurrent assets</b>                  | <b>\$ 69,316,789</b> | <b>\$ 69,931,182</b> | <b>\$ 97,264,342</b>  |
| <b>TOTAL ASSETS</b>                             | <b>\$ 96,154,377</b> | <b>\$ 95,486,086</b> | <b>\$ 128,423,323</b> |

#### Noncurrent restricted cash

The FY 2013 and 2014 restricted cash was restricted for secondary Health and Science Building (HSB) projects in coming years. In FY 2015, restricted cash was increased by cash for the completion of the two new buildings, the UW/Student Services Center and the Flex-Tech Building, that was provided by a bond issue in the fall of 2014. Completion of the two new buildings are scheduled for the spring of 2017 and fall of 2016, respectively.

#### Restricted investments

Restricted investments are investments belonging to the LCCC Building Authority. They are classified as non-current restricted because the investment is restricted to Series 2005 bonds (residence halls), Series 2009 BAB (dining facility/residence hall), Series 2012 bonds (refunded bonds for Albany County Campus Building), and Series 2014 bonds (construction of UW/Student Center and the Flex-Tech Building) issuance restrictions. The bonds are a long-term liability. Both restricted cash and restricted investments were generated from proceeds of bond issuances.

#### Capital assets, net

Net capital assets include land, land improvements, infrastructure, buildings, furniture, fixtures and equipment, library materials and construction in progress. The amount reported is net of accumulated depreciation. The decrease of \$441,767 in capital assets reflects the net of the year's additions of (+) \$3,418,806, depreciation (-) \$3,847,089, and retirements of (-) \$13,484. The major FY 2015 activity in capital assets was the continued construction-in-progress/capital lease of campus improvements including college entry improvements, building renewals, campus lighting improvements and various equipment purchases of \$592,258. See Note 3 for the changes in capital assets for the years ended June 30, 2015 and 2014.

#### Investments held by others

This category reflects the amount invested and held by the LCCC Foundation, as custodian for the College. The investments were funded by the State of Wyoming Endowment Challenge Grant. This category is classified as a "non-current" asset and shows a year-end amount of \$10,798,387. FY 2015 saw continued recovery of prior year economic losses, current year interest and additional funds of \$348,383 provided from State funds. See State of Wyoming endowment appropriation in non-operating revenues below. All endowment funds given by the State must be booked as revenue by the College and shown as an asset on the College books.

### **DEFERRED OUTFLOWS**

Deferred outflow of resources can be defined as an outlay of resources by the College that is applicable to a future reporting period, for example, advance payments or credits to accounts. For FY 2015, all deferred outflows are related to the reporting of pension liabilities under GASB 68.

|                                               | 2013        | 2014        | 2015                |
|-----------------------------------------------|-------------|-------------|---------------------|
| Contributions                                 | \$ -        | \$ -        | \$ 922,757          |
| Collective Share of Pension Deferred Outflows | -           | -           | 953,342             |
| Due to Change in Proportional Share           | -           | -           | 261,112             |
| <b>TOTAL DEFERRED OUTFLOWS</b>                | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,137,211</b> |

#### Contributions

This outflow refers to the contributions by LCCC to the pension plan from the end of the pension plan year end (December 31, 2014) until June 30, 2015. This outlay of resources will be applied to the net pension liability and used in the determination of the net pension liability at the end of the next pension plan year (December 31, 2015).

#### Collective share of pension deferred outflows

This outflow records LCCC's share of pension plan outflows that because of outlay timing at the pension plan level caused the outlay to be classified as a deferred outflow.



#### Due to change in proportional share

When a change (increase or decrease) in the proportional share of the net pension liability of LCCC to the other participants in the pension plan occurs, it must be recorded as a deferred inflow or outflow and amortized over five years. For FY 2015, the \$261,112 denotes a decrease in the proportional share of LCCC to the total of all other participants in the pension plan and will be used in the determination of the net pension liability in future periods.

### **LIABILITIES**

#### Definition of current and noncurrent liabilities

Current liabilities are those items which will be paid during the 12-month period from July 1, 2015 to June 30, 2016. Non-current liabilities are those items that are due beyond the 12-month period ending June 30, 2016.

#### **CURRENT LIABILITIES**

|                                     | 2013                | 2014                | 2015                |
|-------------------------------------|---------------------|---------------------|---------------------|
| Accounts payable                    | \$ 704,175          | \$ 885,848          | \$ 807,665          |
| Payroll and related liabilities     | 1,243,771           | 1,589,614           | 1,536,830           |
| Accrued compensated absences        | 991,853             | 937,765             | 821,875             |
| Accrued interest payable (bond)     | 151,870             | 130,636             | 190,939             |
| Advance tuition payments            | 257,333             | 252,786             | 241,160             |
| Custodial deposits                  | 808,215             | 918,596             | 1,136,706           |
| Capital lease obligation            | 25,523              | 34,913              | 35,804              |
| Current maturities of bonds payable | 1,073,192           | 1,088,802           | 2,574,205           |
| <b>Total current liabilities</b>    | <b>\$ 5,255,932</b> | <b>\$ 5,838,960</b> | <b>\$ 7,345,184</b> |

#### Accounts payable

Accounts payable include amounts due at June 30 for goods and services received prior to the end of the fiscal year, funds held for others (Auxiliary Funds), and amounts due to others. Accounts payable for FY 2015 are comparable to prior years.

#### Payroll and related liabilities

Payroll and related liabilities include July and August academic contract salaries, benefits and unemployment that have been earned and are payable for the 2014/2015 academic year. FY 2015 liabilities are comparable to prior years.

#### Accrued interest payable

Accrued interest payable is the amount of interest accrued from the date of the last payment to year-end for the below mentioned capital lease obligations and bonds payable. Accrued interest payable for FY 2015 increased due to the bond issued in the fall of 2014 for building construction.

#### Advanced tuition payments

Advanced payments for tuition and fees represent the portion of the summer term that occurs after the fiscal year end but were collected prior to June 30. This line item has trended downward in direct relation to decreased enrollment.

#### Custodial deposits

Custodial deposits represent the amounts that LCCC holds for the Agency Funds including student fees.

#### Capital lease obligation

The capital lease obligation represents the current (due during the next 12 months) amount of the capital lease for the Cisco systems.

#### Current maturities of bonds payable

The current maturities of bonds payable refers to the amount to be repaid in the next 12-month period for bonds associated with the residence hall, dining facility, Albany County Campus (ACC) Building in the LCCC Building Authority. The refunded bonds held previously by the LCCC Foundation, but now held by the LCCC Building Authority for ACC, were added in FY 2013. A bond issue held by the college was issued in the fall of 2014 for the construction of the UW/Student Services Building and the Flex-Tech Building causing a significant increase in FY 2015.

#### NONCURRENT LIABILITIES

|                                     | 2013                 | 2014                 | 2015                 |
|-------------------------------------|----------------------|----------------------|----------------------|
| Liability for voluntary termination | \$ 1,092,800         | \$ 1,010,716         | \$ 985,995           |
| Accrued compensated absences        | 296,268              | 280,111              | 244,495              |
| Capital lease obligation            | 263,249              | 72,522               | 36,716               |
| Long-term bonds payable             | 15,945,064           | 14,855,540           | 37,638,949           |
| Net pension liability               | -                    | -                    | 11,627,344           |
| <b>Total noncurrent liabilities</b> | <b>\$ 17,597,381</b> | <b>\$ 16,218,889</b> | <b>\$ 50,533,499</b> |
| <b>TOTAL LIABILITIES</b>            | <b>\$ 22,853,313</b> | <b>\$ 22,057,849</b> | <b>\$ 57,878,683</b> |

#### Liability for voluntary termination

The liability for voluntary termination refers to the Transitional Opportunity Plan (TOP) liability. The decrease of this liability for FY 2013, 2014, and 2015 is a result of decreasing numbers of eligible TOP recipients. To be eligible for TOP, an employee must have begun employment with LCCC prior to April 11, 1991, and must be paid by Current Funds for a five-year period.

#### Accrued compensation absences

The liability for accrued compensation is associated with vacation that has been earned but not taken. It is comparable with prior years.

#### Capital lease obligation

This liability is the portion of the leases that are to be paid in a time period longer than the next 12 months. FY 2013 saw a large decrease in capital leases mainly due to the paying off of the capital lease to the LCCC Foundation (Albany County Campus Building) by refunded bond proceeds from the LCCC Building Authority. The remaining balance will continue to decrease as leases are paid off.

#### Long-term bonds payable

The increase in this non-current liability for FY 2015 was primarily due to the long-term portion of the 2014 Series Bonds payable for the construction of the UW/Student Services Center and the Flex-Tech Building. The long-term maturities of bonds payable refers to the amount to be repaid in a time period longer than the next 12 months for bonds associated with the residence hall, dining facility and the ACC facility in the LCCC Building Authority as well as the new construction of the college. The balance will decrease over time as the bonds are paid off.

#### Net pension liability

As discussed in the introduction, FY 2015 saw the implementation of GASB 68 "Accounting and financial reporting for pensions". The \$11,627,344 in this line item is LCCC's share of the liability of an under-funded pension plan administered by the State of Wyoming. LCCC cost shares with other Wyoming participants in a state-wide retirement plan to provide a defined benefit retirement plan to its employees. Please see Note to the Financial Statement No. 7 for additional information relating to this liability.

See Note 4 for the long-term liability activity for the years ended June 30, 2015 and 2014.

## **DEFERRED INFLOW**

Deferred inflow of resources can be defined as an acquisition of resources by the College that is applicable to a future reporting period, for example, deferred property tax revenue.

|                               | 2013                | 2014                | 2015                |
|-------------------------------|---------------------|---------------------|---------------------|
| Deferred revenue:             |                     |                     |                     |
| Property taxes                | \$ 5,230,777        | \$ 5,834,387        | \$ 8,628,317        |
| <b>TOTAL DEFERRED INFLOWS</b> | <b>\$ 5,230,777</b> | <b>\$ 5,834,387</b> | <b>\$ 8,628,317</b> |

### **Deferred Property Taxes**

Deferred property tax revenue is reflective of the amount that becomes revenue next fiscal year on the levy date (second Tuesday in August). FY 2015 shows an increase to prior years because of the additional levy for debt service of the 2014 bond issue. See the property tax receivable section above for a discussion of FY 2015 increase.

## **NET POSITION/ FUND BALANCES**

Net position (fund balances) are equal to College assets plus deferred outflows minus liabilities and minus deferred inflows. Net position is classified in three types: Net Investment in Capital Assets, Restricted, and Unrestricted.

### **NET POSITION**

|                                               | 2013                 | 2014                 | 2015                 |
|-----------------------------------------------|----------------------|----------------------|----------------------|
| Net investment in capital assets              | \$ 41,707,297        | \$ 42,045,983        | \$ 41,969,108        |
| Restricted for:                               |                      |                      |                      |
| Expendable:                                   |                      |                      |                      |
| Scholarships, research, instruction and other | 809,165              | 2,060,356            | 231,229              |
| Capital projects and asset purchases          | 2,389,916            | 1,315,995            | 2,049,267            |
| Non expendable (endowment)                    | 7,592,069            | 7,784,574            | 8,667,686            |
| Unrestricted                                  | 15,862,473           | 14,386,942           | 11,136,244           |
| <b>TOTAL NET POSITION</b>                     | <b>\$ 68,360,920</b> | <b>\$ 67,593,850</b> | <b>\$ 64,053,534</b> |

### **Analysis of Net Position - Restricted and Unrestricted Type**

#### **Restricted non expendable**

These funds are not available. They represent funds that have been received and/or are due from the State of Wyoming for the Endowment Challenge Grant and the Excellence in Higher Education Endowment Grant.

#### **Restricted expendable**

Restricted expendable assets are those items restricted in use by parties external to the College such as granting agencies.

#### **Restricted for capital asset**

Restricted for capital asset purchases refer to funds that have been restricted specifically for purchases of capital assets including equipment, building improvements, site improvements, infrastructure improvements, and buildings.

### Unrestricted

Unrestricted net position represents those balances received from operational activities that have not been restricted by parties external to the college (such as granting agencies.) This includes funds which have been designated by the governing board for specific purposes as well as amounts that have been contractually committed for goods and services which have not yet been received.

The decrease in net position of \$3,250,698 for FY 2015 was primarily due to: an increase of state appropriations of \$6,040,878; and a decrease of unrestricted net position of \$8,956,068 due to a prior year adjustment associated with the GASB 68 implementation/ net pension liability. Three appropriations were responsible for the majority of the increase of state appropriations: the major maintenance appropriation (\$1,328,933) is a two year appropriation dispersed at the beginning of the state's bi-annual budget; the enrollment growth appropriation (\$1,539,458) is a one-time state appropriation determined by LCCC to be used for current and future years' one-time expenditures; and the state appropriation toward the construction of the two new buildings (\$1,673,278).

## REVENUES

### OPERATING REVENUES

|                                                                                                                             | 2013                 | 2014                 | 2015                 |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|
| Tuition and fees (net of scholarship allowances of<br>\$1,735,767 for 2013, \$1,016,643 for 2014 and<br>\$482,833 for 2015) | \$ 8,989,033         | \$ 9,938,247         | \$ 10,372,584        |
| Federal grants and contracts                                                                                                | 1,731,067            | 1,804,919            | 1,913,371            |
| State and local grants and contracts                                                                                        | 1,422,155            | 1,492,561            | 1,074,302            |
| Auxiliary enterprise charges                                                                                                | 3,265,494            | 3,322,432            | 3,406,064            |
| Other operating revenues                                                                                                    | 191,403              | 420,658              | 222,524              |
| <b>Total operating revenues</b>                                                                                             | <b>\$ 15,599,152</b> | <b>\$ 16,978,817</b> | <b>\$ 16,988,845</b> |

### Tuition and fees

This category includes all tuition and fees assessed for educational purposes. Scholarships applied to student accounts are shown as a reduction of student tuition revenue. The tuition discount for the year ended June 30, 2014, and June 30, 2015, was \$1,016,643 and \$482,833, respectively. This compares to \$1,735,767 for FY 2013 reflecting the increase and decrease of federal student grants. This discount is calculated using an approved formula designed to reflect other scholarship revenues and institutional scholarship expense used specifically for tuition and fees. For example, LCCC records funds received from the PELL student grant program as revenue. Those funds are then applied to student accounts in payment of tuition and fees which are also included as revenue. Without this discount, student tuition revenues would be overstated by the double counted amount.

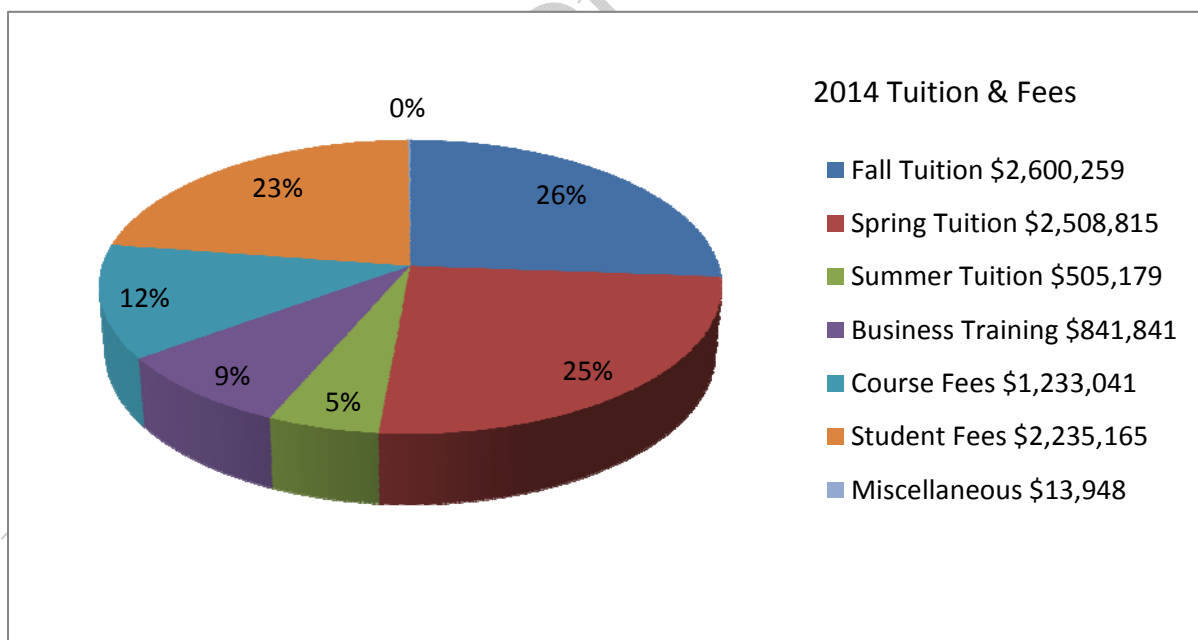
After the scholarship allowance was applied to tuition, student tuition revenue for FY 2015 was approximately 4.37% more. Because of a state mandated cap on chargeable tuition hours of 12 hours, increased/decreased enrollment may not directly translate to increased/decreased revenue. Student fees were increased from \$27 per credit hour to \$35 per credit hour (most fees capped at 12 hours like tuition) in FY 2010. Student fee revenue decreased \$407,895 in FY 2015 from decreased enrollment. Tuition and fees for FY 2015 includes Community Development/Workforce Training revenues of \$872,162.

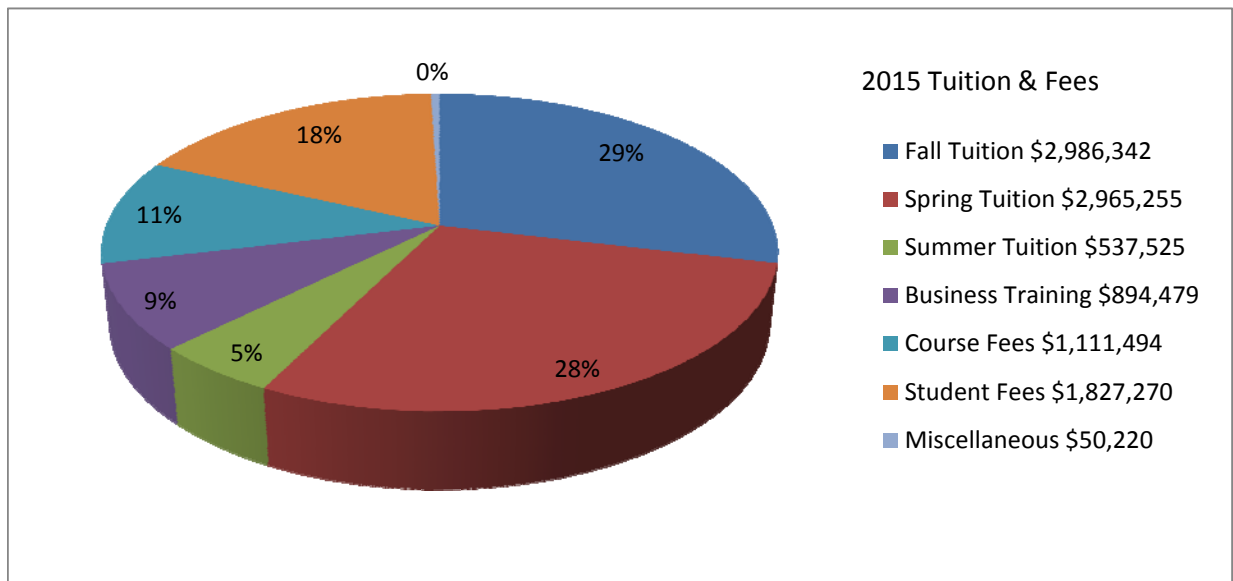
## Enrollment

Enrollment at LCCC has held steady over the last 10 years as evidenced by the table below. When the economy experienced a downturn, enrollment at LCCC increased from approximately 2008 to 2013. Enrollment has returned to pre-economic downturn levels and is expected to remain stable over the near future.

| Enrollment History | Headcount |       |        |                  | FTE    |          |          |                  |
|--------------------|-----------|-------|--------|------------------|--------|----------|----------|------------------|
|                    | SU        | FA    | SP     | Annualized Total | SU     | FA       | SP       | Annualized Total |
| 2004-05            | 1,380     | 4,522 | 4,772  | 5,337.0          | 527.42 | 3,169.80 | 3,234.30 | 3,465.76         |
| 2005-06            | 1,479     | 4,603 | 4,943  | 5,512.5          | 564.70 | 3,176.40 | 3,313.92 | 3,527.51         |
| 2006-07            | 1,503     | 4,584 | 5,051  | 5,569.0          | 589.25 | 3,252.05 | 3,491.50 | 3,666.40         |
| 2007-08            | 1,568     | 4,886 | 4,948  | 5,701.0          | 606.92 | 3,411.17 | 3,441.20 | 3,729.65         |
| 2008-09            | 1,585     | 5,033 | 5,322  | 5,970.0          | 634.80 | 3,549.30 | 3,695.90 | 3,940.00         |
| 2009-10            | 1,619     | 5,040 | 5,609  | 6,134.0          | 628.08 | 3,737.30 | 4,095.17 | 4,230.28         |
| 2010-11            | 1,774     | 5,193 | 5,600  | 6,283.5          | 710.42 | 3,928.00 | 4,158.70 | 4,448.56         |
| 2011-12            | 1,920     | 5,302 | 5,512  | 6,367.0          | 813.80 | 3,888.33 | 3,963.09 | 4,332.61         |
| 2012-13            | 1,828     | 5,141 | 5,411  | 6,190.0          | 708.33 | 3,720.70 | 3,876.41 | 4,152.72         |
| 2013-14            | 1,541     | 4,894 | 4,901  | 5,668.0          | 606.93 | 3,552.80 | 3,515.41 | 3,837.57         |
| 2014-15            | 1,524     | 4,494 | 4,504  | 5,261.0          | 635.3  | 3,291.7  | 3,216.4  | 3,571.70         |
| 1-Year Change      | -1.1%     | -8.2% | -8.1%  | -7.2%            | 4.7%   | -7.3%    | -8.5%    | -6.9%            |
| 5-Year Change      | -5.9%     | 10.8% | -19.7% | -14.2%           | 1.1%   | -11.9%   | -21.5%   | 15.6%            |
| 10-Year Change     | 10.4%     | -0.6% | -5.6%  | -1.4%            | 20.5%  | 3.8%     | -0.6%    | 3.1%             |

The following charts show a comparison of tuition and fees for 2014 and 2015:





#### Grant and contract revenues

Grant and contract revenues include all restricted revenues from governmental agencies and private agencies. Grant revenues are recorded as reimbursement of expenses associated with the grant. FY 2015 grant and contract revenues were comparable to prior years. See the Schedule of Expenditures of Federal Awards for information regarding non-financial aid federal grants and contracts.

#### Auxiliary enterprises

Auxiliary enterprises consist of various entities that exist primarily to furnish goods or services to students, faculty, staff or the general public and charge a fee directly related to the cost of those goods or services. These enterprises are intended to be self-supporting and include the bookstore and cafeteria commission income, rental of facilities, residence halls, summer housing, child care, and dental hygiene services. The overall FY 2015 increase in auxiliary revenues is mostly due to increased revenues from residence halls and facility rentals.

#### Other operating revenues

Other operating revenues are comprised of income from miscellaneous sources including collection of prior year bad debts, gate receipts, exam lab, GED testing, and administration fees. FY 2014 included \$213,171 in improvement reimbursements associated with student services remodel project. FY 2015 is comparable to prior years.

## EXPENSES

### OPERATING EXPENSES

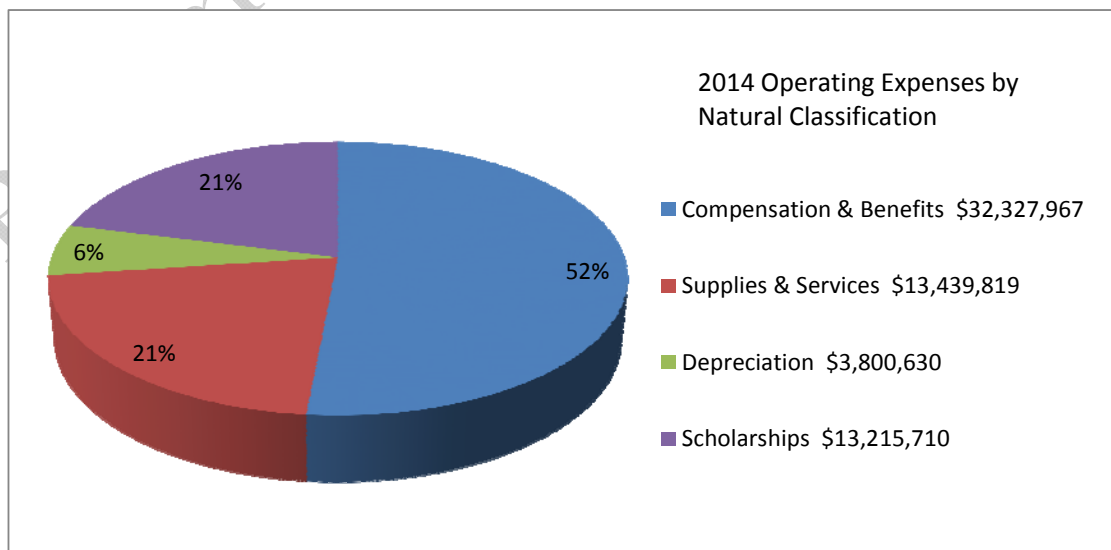
|                                    | 2013                   | 2014                   | 2015                   |
|------------------------------------|------------------------|------------------------|------------------------|
| Operating expenses by function:    |                        |                        |                        |
| Instruction                        | \$ 19,992,553          | \$ 19,703,495          | \$ 20,177,629          |
| Public service                     | 508,202                | 447,038                | 416,256                |
| Academic support                   | 5,680,560              | 6,701,981              | 6,241,329              |
| Student services                   | 3,572,357              | 4,000,550              | 3,980,802              |
| Institutional support              | 6,903,687              | 7,514,764              | 8,000,240              |
| Operation and maintenance of plant | 4,733,131              | 4,977,537              | 5,819,718              |
| Scholarships                       | 11,136,921             | 13,215,710             | 14,281,589             |
| Auxiliary enterprises              | 2,607,562              | 2,422,421              | 2,622,286              |
| Depreciation                       | 4,064,011              | 3,800,630              | 3,847,089              |
| <b>Total operating expenses</b>    | <b>\$ 59,198,984</b>   | <b>\$ 62,784,126</b>   | <b>\$ 65,386,938</b>   |
| <b>Operating (loss)</b>            | <b>\$ (43,599,832)</b> | <b>\$ (45,805,309)</b> | <b>\$ (48,398,093)</b> |

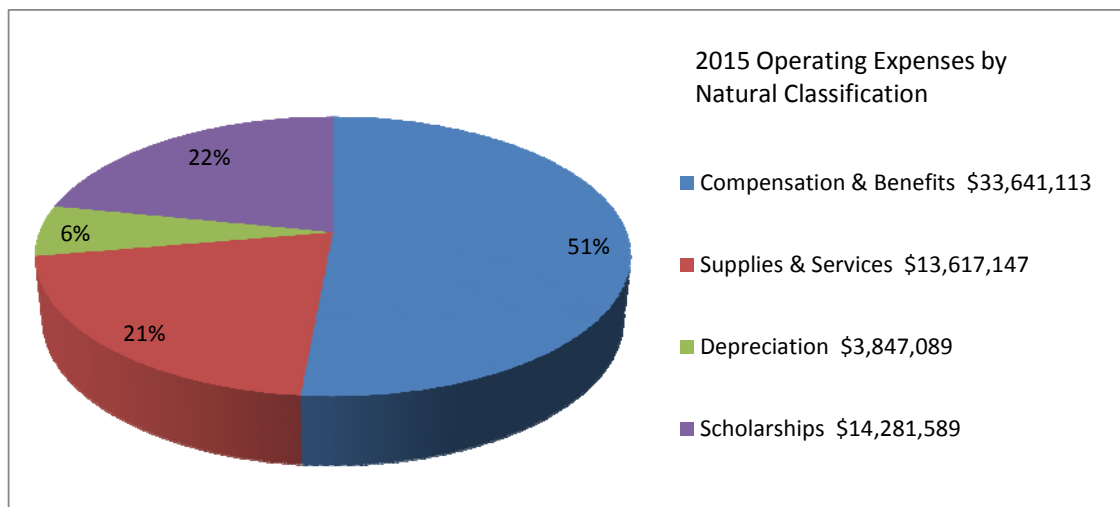
Operating expenses include salaries and benefits, goods and services provided to the College, institutional scholarships, and operations and maintenance of plant. Increases in salaries and benefits are reflective of increased salary funding of 2.5% in FY 2014 and 2% in FY 2015. Health insurance benefits cost to the College increased by an average of 5.4% for FY 2015. Only a minimal number of new staff was added because of budget constraints in FY 2015.

Instruction had increased Compensation and Benefits (C&B) of \$268,892 and increased in supplies and services (S&S) of \$205,242 for a net increase of \$474,134. Public Service C&B increased \$3,850 and S&S decreased \$34,632. Academic support C&B increased \$123,543 and S&S decreased \$584,195. Student services C&B increased \$180,229 and S&S decreased \$199,977. Institutional support C&B increased \$448,830 and S&S increased \$36,646. Most decreases/increases in S&S were a result of changes in contracted services.

Plant operation and maintenance trended up in 2015 due to increases in renovation and repair projects. Scholarships have been trending upward due to increased aid to the students by state, Federal, and institutional sources. Auxiliary and Depreciation were comparable to prior years.

The following charts present operating expenses by natural classification:





Scholarships, including federal, state, local and institutional scholarships, total \$14,281,589. Prior to FY 2011, federal direct student loans were processed through third party banks. Congress now mandates those loans are to be processed by the College in conjunction with the U.S. Department of Education. The federal direct student loans processed through the College for FY 2015 were \$6,791,056. The loans, along with an additional \$4,662,020 in PELL grants, make up the bulk of scholarship for FY 2013.

The operating loss reflected is prior to the application of state and local revenues. LCCC is not intended to be self-supporting and although tuition and fees are an important source of revenue, the College could not operate without funding from the Federal Government, State of Wyoming and Laramie County. FY 2015 operating loss increased by \$2,592,784 over FY 2014.

#### **NON-OPERATING REVENUES (EXPENSES)**

|                                                                      | 2013                 | 2014                 | 2015                 |
|----------------------------------------------------------------------|----------------------|----------------------|----------------------|
| Nonoperating revenues (expenses):                                    |                      |                      |                      |
| Non-exchange federal and state grants                                | \$ 10,413,916        | \$ 12,161,995        | \$ 12,418,561        |
| State appropriations                                                 | 30,058,438           | 25,185,336           | 31,226,214           |
| Local appropriations                                                 | 6,253,340            | 6,555,970            | 9,582,502            |
| Net investment income                                                | 879,406              | 1,712,246            | 835,018              |
| Interest expense                                                     | (522,120)            | (598,434)            | (1,243,363)          |
| Interest refund                                                      | 129,612              | 119,254              | 111,801              |
| Bond Issuance costs                                                  | (76,954)             | -                    | -                    |
| <b>Net nonoperating revenues</b>                                     | <b>\$ 47,135,638</b> | <b>\$ 45,136,367</b> | <b>\$ 52,930,733</b> |
| <b>Income (loss) before other revenue, expenses, gains or losses</b> | <b>3,535,806</b>     | <b>(668,942)</b>     | <b>4,532,640</b>     |
| State of Wyoming endowment appropriation                             | 390,654              | 192,505              | 883,112              |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>                             | <b>\$ 3,926,460</b>  | <b>\$ (476,437)</b>  | <b>\$ 5,415,752</b>  |

Non-operating revenues are those revenues which are not directly generated through the operation of the College. Included are funds from the Federal Government, State of Wyoming, Laramie County local property and vehicle taxes, net investment income, and other miscellaneous sources.



#### Non-exchange federal and state grants

Non-exchange funds are not direct payment for services or product. The Federal Pell Grant Program provides need-based grants to low-income undergraduate students to promote access to postsecondary education. The Federal Direct Loan Program provides need-based loans to low-income undergraduate students to promote access to postsecondary education. PELL grants and direct loans account for the majority of funds in this category, \$4,662,020 and \$6,791,056 respectively. This category also includes funds from the State of Wyoming for the Hathaway Scholarship Program of \$754,102, a decrease of \$74,033 over FY 2014. The state program provides merit and need based awards to eligible Wyoming students.

#### State appropriations

A funding formula is used to determine the LCCC portion of total community college state appropriation and is based on a comparison to the other six community colleges in Wyoming. There has been an increase in enrollment as compared to other colleges, an increased employee benefit appropriation and bi-annual major maintenance funds. As stated in the net assets section above, LCCC saw an increase of state appropriations of \$6,040,878. Three appropriations were responsible for the majority of this increase: the major maintenance appropriation (\$1,328,933) is a two year appropriation dispersed at the beginning of the state's bi-annual budget; the enrollment growth appropriation (\$1,539,458) is a one-time state appropriation determined by LCCC to be used for current and future years' one-time expenditures; and the state appropriation toward the two new buildings under construction (\$1,673,278).

#### Local taxes-assessed valuation

A history of the assessed valuations for the District, the City of Cheyenne, Laramie County and the State of Wyoming is set forth in the following table.

| Tax Year | College District | Laramie County  | City of Cheyenne | State of Wyoming |
|----------|------------------|-----------------|------------------|------------------|
| 2015     | \$1,384,962,686  | \$1,384,962,686 | \$602,206,337    | \$26,067,281,969 |
| 2014     | \$1,166,877,447  | \$1,166,877,447 | \$577,640,126    | \$24,164,467,525 |
| 2013     | \$1,046,155,321  | \$1,046,155,321 | \$546,175,351    | \$25,242,644,578 |
| 2012     | \$1,007,641,555  | \$1,007,641,555 | \$533,191,527    | \$22,797,094,335 |
| 2011     | \$951,876,262    | \$951,876,262   | \$522,506,425    | \$24,339,700,232 |
| 2010     | \$908,727,797    | \$908,727,749   | \$510,335,674    | \$21,316,477,631 |

Source: Annual Reports of the Wyoming Department of Revenue; Laramie County Assessor's Office

#### Local taxes- certification and collection of taxes

Based upon the valuation certified by the County Assessor, the Board of County Commissioners computes a tax rate to be levied which, when levied upon every dollar of the valuation for assessment taxable property within the County, and together with other legally available revenues, will raise the amount required by all taxing entities within the County in the upcoming fiscal year. Taxes are certified in August each year and fifty percent (50%) are due on and after September 1 and payable on and after November in each year and the remaining fifty percent (50%) is due on and after March 1 and payable on and after March 10 of the succeeding calendar year. If the entire tax is paid on or before December 31, no interest or penalties is chargeable. The balance of any tax not paid as provided is delinquent after the day on which it is due and will bear interest at eighteen percent (18%) per annum until paid or collected.

The Laramie County Treasurer reports that tax collections in the District for the Tax Years 2011-2015 are as follows:

| Tax Year                 | Total Tax Levy  | Total Tax Collections <sup>(1)</sup> | Percentage of Taxes Collected |
|--------------------------|-----------------|--------------------------------------|-------------------------------|
| 2014-2015 <sup>(2)</sup> | \$ 5,763,210.81 | \$ 5,762,723.04                      | 99.90%                        |
| 2013-2014                | \$ 5,155,755.89 | \$ 5,186,779.73                      | 100.60%                       |
| 2012-2013                | \$ 4,961,404.82 | \$ 4,949,099.43                      | 99.75%                        |
| 2011-2012                | \$ 4,683,889.01 | \$ 4,680,586.33                      | 99.93%                        |
| 2010-2011                | \$ 4,543,639.00 | \$ 4,465,263.55                      | 98.28%                        |

- (1) Figures include current, delinquent and supplemental tax collections, as well as rebates, interest and/or penalties thereon; therefore, tax collections may exceed 100%.
- (2) Tax collections through September 30, 2015.

Source: Laramie County Treasurer's Office.

#### Net investment income

The majority of investment income is related to the investments held by the LCCC Foundation for the State Challenge Grant monies (\$735,676). The investment income includes recovery of economic losses from market downturns in prior years.

#### Interest expense

Interest expense is the interest paid on the college capital leases and bond issues held by LCCC Building Authority for the financing of college facilities. It is reported under non-operating revenues according to GASB 35 requirements.

#### Interest refund

Build America Bonds (BAB) were used to fund the dining facility/west residence hall improvements. LCCC files with the Internal Revenue Service (IRS) for interest expense refunds equal to 35% of interest paid for the BAB under terms set forth in the bond issue. This effectively reduces the interest rate paid by LCCC on the BAB. The bonds were issued in FY 2010. FY 2013 saw a reduction in the refund amount received by 7.8% in line with the federal budget sequestration. Federal budget sequestration is likely to continue so the effective rate of the refund will be 32.27% of interest paid.

#### Endowment appropriation

Funds from a state managed fund for scholarship endowment is appropriated by the State of Wyoming to the various colleges and university in Wyoming according to a prescribed formula. The appropriation varies with the performance of the state fund. See investments held by others section above.

### **BUDGET**

The Board of Trustees is required to approve LCCC's annual budget no later than the third Wednesday in July (W.S. 16-4-111) and is required to provide public notice of the budget meeting at least one week prior to the budget hearing (W.S. 16-4-109). A budget is to be prepared for each fund and the format for the budget for community colleges is to be uniform and approved by the Wyoming Community College Commission and the Wyoming State Department of Audit (W.S. 16-4-104).

Revenue sources that support LCCC's budget include tuition, fees, local four mill tax levy, state appropriations and investment income, optional tax levies (one mill board of trustee authorized and up to five mills with the approval of the voters in the taxing district), grants, auxiliary enterprise funds, bond funds and agency funds.

### Current Fund

The Current Fund includes tuition, fees, four mill tax levy income, state appropriation, investment income and other income related to operations. Tuition is established by the Wyoming Community College Commission (W.S. 21-18-202(a)(ii)). Fees are established by the Board of Trustees (W.S. 21-18-303(a)(viii)). The local four mill tax levy is required of each community college district to be eligible to receive state funding (W.S. 21-18-205). State appropriations are provided to LCCC based on a funding allocation model approved by the Wyoming Community College Commission (W.S. 21-18-205). Investment income and any other income source that may be provided to LCCC are included in the Current Fund of LCCC's accounts.

### One Mill Fund (W.S. 21-18-303 (b))

The Board of Trustees may approve up to one additional mill levy on the assessed valuation of the community college district for a period not to exceed two years for the regular support and operation of LCCC. Notice of the intent to levy the tax is required to be published in a newspaper of general circulation within the district at least 30 days before the hearing date. The tax may be renewed every two years provided a public hearing and the 30-day notification requirement has been met. The Board approved this funding source at their meeting on June 18, 2014.

### Five Mill Fund (W.S. 21-18-311(f))

The Board of Trustees may submit to qualified electors a proposition calling for an additional mill levy not to exceed five mills on the assessed value of the district for LCCC purposes for four years. The Laramie County voters approved the levy on November 3, 1998. These funds were used for LCCC's campus renewal, deferred maintenance and renovation plan. Fiscal Year 2004 was the fourth and final year of collections from this funding source.

### Restricted Funds (W.S. 21-18-303 (a)(ix))

The Board of Trustees may "enter into agreements with any public or private agency, institution, person or corporation for the performance of acts or for the furnishing of services or facilities by or for the community college district or for the joint performance of an act or function or the joint furnishing of services and facilities and the other party to the agreement."

LCCC enters into many agreements with the federal and state government. A smaller share of funds is received by LCCC from local government and private entity agreements. These agreements require separate accounting and reporting of these funds. Pell grants and Direct Student Loans that flow through LCCC to students are the largest accounts processed through this fund. Many state competitive grants are also processed through this fund.

## **BUDGET AMENDMENTS**

The Board of Trustees approves all budget amendments as provided by the Wyoming Municipal Fiscal Procedures Act W.S.16-4. For fiscal year 2015, the Board approved four amendments.

The first amendment was a decrease to the unrestricted operating fund in the amount of \$31,679. In the fall of 2014, the Wyoming Community College Commission staff collected new information related to local revenue collection estimates from all of the State's seven community colleges. This new revenue information was added into the formula funding model and the State appropriation allocation was redistributed to each college. After the redistribution of funds, LCCC received a decrease of \$505,304 in our State Appropriation and an increase of \$473,625 in the Local Appropriation for a net decrease of \$31,679.

The second amendment was an increase to the unrestricted operating fund. Increased tuition revenue for community services was collected in the amount of \$60,000. This amount was used to cover increased adjunct costs and contract services in Public Services.

The third amendment was to increase the Federal Fund budget by \$56,700. When the budget is prepared at the beginning of the fiscal year, it is not known what new grants will be received during the year. This year, LCCC received a WICHE-Interstate Passport Initiative grant in the amount of \$56,700.

The fourth amendment was an increase to the Auxiliary Fund. The budget authority for Facilities Rental was increased by \$55,000 to cover increased contract food services expenses and other miscellaneous expenses. Of the \$55,000 amount, \$40,000 came from the Facilities Rental fund balance and the remaining \$15,000 is increased revenue collections for FY 2015.

### **FINAL OBSERVATION**

The mission of Laramie County Community College is to transform our student's lives through the power of inspired learning. We are bound by a basic understanding that our students, regardless of how they arrive at LCCC, yearn for a better life by engaging in the process of acquiring knowledge. Thus, we are compelled to aid this transformation by offering diverse educational experiences designed to be inspirational for all those involved in the learning process.

To guide LCCC in fulfilling its mission, a comprehensive strategic plan was developed for the years 2013-2020. This plan is currently going through a "refresh" process to document progress on its goals and strategies, as well as to ensure it is current, relevant, and focusing LCCC on continued advancement. Early indications suggest LCCC is making substantial progress and producing the desired outcomes. Thus, LCCC has positioned itself to be nimble and responsive to the changing needs of our community, state, region and the nation.

Current and future budgets are/will be tied to the achievement of the goals within the strategic plan. These include the following four strategic goals that guide our work today and through the year 2020:

1. Increase the number of students earning high-value credentials by reinventing LCCC's programs and services to be designed for the 21<sup>st</sup> century learners and aligned to drive the economic and social futures of Southeastern Wyoming.
2. Strengthen relationships and connections with key community partners, such as K12, UW and other four-year institutions, and business and industry to improve student transitions between educational entities and into the workforce.
3. Build the organizational capacity to thrive in the future by focusing on establishing a climate of trust; an effective, efficient and entrepreneurial workforce; and a culture of continuous improvement.
4. Transform LCCC's physical environment into a vibrant and appealing place conducive to the engagement of students and community through campus renovations, additional facilities, and beautiful grounds.

LCCC continues in a strong financial condition allowing us to preserve the core operations and prepare for the future. LCCC has positioned the institution to withstand future budget cuts, while moving the college forward in achieving the Strategic Plan goals. The economic outlook is guarded but positive. LCCC resides in a state and community that supports higher education both in voice and in funding.

**LARAMIE COUNTY COMMUNITY COLLEGE**  
**STATEMENTS OF NET POSITION**  
**June 30, 2015 and 2014**

|                                                                 | 2015                 | 2014<br>(Note 1)     |
|-----------------------------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                                                   |                      |                      |
| Current Assets                                                  |                      |                      |
| Cash and cash equivalents (Note 2)                              | \$ 12,253,983        | \$ 15,875,302        |
| Investments (Note 2)                                            | 5,064,162            | 75,000               |
| Accounts receivable, net                                        | 4,477,314            | 3,475,027            |
| Property taxes receivable                                       | 9,321,294            | 6,081,358            |
| Prepaid expense                                                 | 42,228               | 48,217               |
| <b>Total current assets</b>                                     | <b>31,158,981</b>    | <b>25,554,904</b>    |
| Noncurrent Assets                                               |                      |                      |
| Restricted cash (Note 2)                                        | 1,058,428            | 293,389              |
| Restricted investments (Note 2)                                 | 27,751,534           | 1,973,141            |
| Capital assets, net of accumulated depreciation (Notes 3 and 5) | 57,655,993           | 58,097,760           |
| Investments held by others                                      | 10,798,387           | 9,566,892            |
| <b>Total assets</b>                                             | <b>128,423,323</b>   | <b>95,486,086</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                           |                      |                      |
| Pension Related Outflows (Note 7)                               | 2,137,211            | -                    |
| <b>LIABILITIES</b>                                              |                      |                      |
| Current Liabilities                                             |                      |                      |
| Accounts payable                                                | 807,665              | 885,848              |
| Payroll and related liabilities                                 | 1,536,830            | 1,589,614            |
| Accrued compensated absences (Note 4)                           | 821,875              | 937,765              |
| Accrued interest payable (Note 4)                               | 190,939              | 130,636              |
| Advance tuition payments                                        | 241,160              | 252,786              |
| Custodial deposits (Note 9)                                     | 1,136,706            | 918,596              |
| Capital lease obligation (Notes 4 and 5)                        | 35,804               | 34,913               |
| Current maturities of bonds payable (Note 4)                    | 2,574,205            | 1,088,802            |
| <b>Total current liabilities</b>                                | <b>7,345,184</b>     | <b>5,838,960</b>     |
| Noncurrent Liabilities                                          |                      |                      |
| Liability for voluntary termination (Note 4)                    | 985,995              | 1,010,716            |
| Accrued compensated absences (Note 4)                           | 244,495              | 280,111              |
| Capital lease obligation (Notes 4 and 5)                        | 36,716               | 72,522               |
| Long-term bonds payable (Note 4)                                | 37,638,949           | 14,855,540           |
| Net pension liability (Note 7)                                  | 11,627,344           | -                    |
| <b>Total noncurrent liabilities</b>                             | <b>50,533,499</b>    | <b>16,218,889</b>    |
| <b>Total liabilities</b>                                        | <b>57,878,683</b>    | <b>22,057,849</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                            |                      |                      |
| Deferred Property Taxes                                         | 8,628,317            | 5,834,387            |
| <b>NET POSITION</b>                                             |                      |                      |
| Net Investment in Capital Assets                                | 41,969,108           | 42,045,983           |
| Restricted for:                                                 |                      |                      |
| Expendable:                                                     |                      |                      |
| Scholarships                                                    | 231,229              | 2,060,356            |
| Capital projects                                                | 2,049,267            | 1,315,995            |
| Nonexpendable                                                   | 8,667,686            | 7,784,574            |
| Unrestricted                                                    | 11,136,244           | 14,386,942           |
| <b>Total net position</b>                                       | <b>\$ 64,053,534</b> | <b>\$ 67,593,850</b> |

See Notes to Financial Statements.

**LARAMIE COUNTY COMMUNITY COLLEGE****COMPONENT UNIT - LARAMIE COUNTY COMMUNITY COLLEGE FOUNDATION****STATEMENTS OF FINANCIAL POSITION****December 31, 2014 and 2013**

| <b>ASSETS</b>                                                                                                                               | <b>2014</b>          | <b>2013</b>          |
|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Current Assets                                                                                                                              |                      |                      |
| Cash and cash equivalents                                                                                                                   | \$ 2,424,825         | \$ 2,210,435         |
| Receivables:                                                                                                                                |                      |                      |
| Accrued interest                                                                                                                            | 5,178                | 6,194                |
| Pledges receivable for 2014 and 2013, net of allowance of \$11,220 and \$1,151                                                              | 175,780              | 18,032               |
| Endowment challenge program receivable                                                                                                      | 340,619              | 49,162               |
| Grants receivable                                                                                                                           | -                    | 22,256               |
| <b>Total current assets</b>                                                                                                                 | <b>2,946,402</b>     | <b>2,306,079</b>     |
| Noncurrent Assets                                                                                                                           |                      |                      |
| Pledges receivable for 2014 and 2013, net of allowance of \$31,780 and \$29,949 and discount of \$50,000 and \$50,000, less current portion | 447,886              | 419,146              |
| Property                                                                                                                                    | 66,743               | 66,743               |
| Investments:                                                                                                                                |                      |                      |
| Certificates of deposit (Note 2)                                                                                                            | 329,149              | 461,717              |
| Marketable securities (Note 2)                                                                                                              | 20,199,258           | 17,887,873           |
| Other investments                                                                                                                           | 3,665                | 3,665                |
| <b>Total noncurrent assets</b>                                                                                                              | <b>21,046,701</b>    | <b>18,839,144</b>    |
| <b>Total assets</b>                                                                                                                         | <b>\$ 23,993,103</b> | <b>\$ 21,145,223</b> |
| <b>LIABILITIES AND NET ASSETS</b>                                                                                                           |                      |                      |
| Current Liabilities                                                                                                                         |                      |                      |
| Accounts payable and accrued expenses                                                                                                       | \$ 9,276             | \$ 16,556            |
| Noncurrent Liabilities                                                                                                                      |                      |                      |
| Charitable gift annuity                                                                                                                     | 257,305              | 261,312              |
| Investments held for others (Note 2)                                                                                                        | 9,867,308            | 8,932,470            |
| <b>Total noncurrent liabilities</b>                                                                                                         | <b>10,124,613</b>    | <b>9,193,782</b>     |
| <b>Total liabilities</b>                                                                                                                    | <b>10,133,889</b>    | <b>9,210,338</b>     |
| Net Assets                                                                                                                                  |                      |                      |
| Unrestricted, undesignated                                                                                                                  | (60,386)             | (100,578)            |
| Temporarily restricted                                                                                                                      | 2,870,235            | 2,217,358            |
| Permanently restricted                                                                                                                      | 11,049,365           | 9,818,105            |
| <b>Total net assets</b>                                                                                                                     | <b>13,859,214</b>    | <b>11,934,885</b>    |
| <b>Total liabilities and net assets</b>                                                                                                     | <b>\$ 23,993,103</b> | <b>\$ 21,145,223</b> |

See Notes to Financial Statements.

# LARAMIE COUNTY COMMUNITY COLLEGE

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended June 30, 2015 and 2014

|                                                                               | 2015                 | 2014<br>(Note 1)     |
|-------------------------------------------------------------------------------|----------------------|----------------------|
| Operating Revenues                                                            |                      |                      |
| Tuition and fees (net of scholarship allowances of \$482,833 and \$1,016,643) | \$ 10,372,584        | \$ 9,938,247         |
| Federal grants and contracts                                                  | 1,913,371            | 1,804,919            |
| State and local grants and contracts                                          | 1,074,302            | 1,492,561            |
| Auxiliary enterprise charges                                                  | 3,406,064            | 3,322,432            |
| Other operating revenues                                                      | 222,524              | 420,658              |
| <b>Total operating revenues</b>                                               | <b>16,988,845</b>    | <b>16,978,817</b>    |
| Operating Expenses (Note 12)                                                  |                      |                      |
| Instruction                                                                   | 20,177,629           | 19,703,495           |
| Public service                                                                | 416,256              | 447,038              |
| Academic support                                                              | 6,241,329            | 6,701,981            |
| Student services                                                              | 3,980,802            | 4,000,550            |
| Institutional support                                                         | 8,000,240            | 7,514,764            |
| Operation and maintenance of plant                                            | 5,819,718            | 4,977,537            |
| Scholarships                                                                  | 14,281,589           | 13,215,710           |
| Auxiliary enterprises                                                         | 2,622,286            | 2,422,421            |
| Depreciation                                                                  | 3,847,089            | 3,800,630            |
| <b>Total operating expenses</b>                                               | <b>65,386,938</b>    | <b>62,784,126</b>    |
| <b>Operating (loss)</b>                                                       | <b>(48,398,093)</b>  | <b>(45,805,309)</b>  |
| Nonoperating Revenues (Expenses)                                              |                      |                      |
| Non-exchange Federal and state grants                                         | 12,418,561           | 12,161,995           |
| State appropriations                                                          | 31,226,214           | 25,185,336           |
| Local appropriations                                                          | 9,582,502            | 6,555,970            |
| Net investment income                                                         | 835,018              | 1,712,246            |
| Interest expense                                                              | (1,243,363)          | (598,434)            |
| Interest refund                                                               | 111,801              | 119,254              |
| <b>Net nonoperating revenues</b>                                              | <b>52,930,733</b>    | <b>45,136,367</b>    |
| <b>Income (loss) before other revenue, expenses, gains or losses</b>          | <b>4,532,640</b>     | <b>(668,942)</b>     |
| Other Revenue, Expenses, Gains or Losses                                      |                      |                      |
| State endowment appropriation                                                 | 883,112              | 192,505              |
| <b>Increase (decrease) in net position</b>                                    | <b>5,415,752</b>     | <b>(476,437)</b>     |
| Net Position, beginning of year, as previously stated                         | 67,593,850           | 68,070,287           |
| Restatement to prior year (Note 7)                                            | (8,956,068)          | -                    |
| Net Position, beginning of year, as restated                                  | 58,637,782           | 68,070,287           |
| Net Position, end of year                                                     | <b>\$ 64,053,534</b> | <b>\$ 67,593,850</b> |

See Notes to Financial Statements.

**LARAMIE COUNTY COMMUNITY COLLEGE****COMPONENT UNIT - LARAMIE COUNTY COMMUNITY COLLEGE FOUNDATION****STATEMENTS OF ACTIVITIES****Years Ended December 31, 2014 and 2013**

|                                                            | 2014                        | 2013                        |
|------------------------------------------------------------|-----------------------------|-----------------------------|
| Changes in Unrestricted Net Assets                         |                             |                             |
| Revenue, gains and other support:                          |                             |                             |
| Administrative fees                                        | \$ 502,234                  | \$ 470,441                  |
| Net investment income                                      | 68,474                      | 31,219                      |
| Grants                                                     | 140,722                     | 230,721                     |
| Net assets released from restrictions                      | 953,697                     | 1,757,577                   |
| <b>Total unrestricted revenue, gains and other support</b> | <b>1,665,127</b>            | <b>2,489,958</b>            |
| Expenses:                                                  |                             |                             |
| Program services:                                          |                             |                             |
| College support                                            | 1,116,674                   | 1,245,266                   |
| Management and fundraising                                 | 508,261                     | 495,106                     |
| <b>Total expenses</b>                                      | <b>1,624,935</b>            | <b>1,740,372</b>            |
| <b>Increase in unrestricted net assets</b>                 | <b>40,192</b>               | <b>749,586</b>              |
| Changes in Temporarily Restricted Net Assets               |                             |                             |
| Gifts                                                      | 765,764                     | 544,852                     |
| Net investment income                                      | 900,810                     | 1,880,509                   |
| Net assets released from restrictions                      | (953,697)                   | (1,757,577)                 |
| Transfers to permanently restricted net assets             | (60,000)                    | -                           |
| <b>Increase in temporarily restricted net assets</b>       | <b>652,877</b>              | <b>667,784</b>              |
| Changes in Permanently Restricted Net Assets               |                             |                             |
| Gifts                                                      | 1,176,228                   | 173,439                     |
| Unrealized gain (loss) on investments                      | (4,968)                     | 12,672                      |
| Transfers from temporarily restricted net assets           | 60,000                      | -                           |
| <b>Increase in permanently restricted net assets</b>       | <b>1,231,260</b>            | <b>186,111</b>              |
| <b>Change in net assets</b>                                | <b>1,924,329</b>            | <b>1,603,481</b>            |
| Net Assets, beginning                                      | 11,934,885                  | 10,331,404                  |
| Net Assets, ending                                         | <u><u>\$ 13,859,214</u></u> | <u><u>\$ 11,934,885</u></u> |

See Notes to Financial Statements.



**LARAMIE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2015 and 2014**

|                                                                                       | 2015                   | 2014                   |
|---------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Cash Flows from Operating Activities</b>                                           |                        |                        |
| Received from customers                                                               | \$ 17,553,829          | \$ 17,122,346          |
| Payments to employees and fringe benefits                                             | (32,831,669)           | (31,204,611)           |
| Payments to vendors and suppliers                                                     | (14,734,466)           | (13,624,679)           |
| Payments for scholarships                                                             | (14,281,589)           | (13,215,710)           |
| Other receipts                                                                        | 222,786                | 1,092,475              |
| <b>Net cash (used in) operating activities</b>                                        | <b>(44,071,109)</b>    | <b>(39,830,179)</b>    |
| <b>Cash Flows from Noncapital Financing Activities</b>                                |                        |                        |
| Non-exchange Federal and state grants                                                 | 12,418,561             | 12,162,195             |
| State appropriations                                                                  | 30,208,164             | 25,185,336             |
| Local appropriations                                                                  | 9,136,496              | 6,544,733              |
| <b>Net cash provided by noncapital financing activities</b>                           | <b>51,763,221</b>      | <b>43,892,264</b>      |
| <b>Cash Flows from Investing Activities</b>                                           |                        |                        |
| Purchases of investments                                                              | (30,754,685)           | -                      |
| Interest received on investments                                                      | 822,238                | 369,125                |
| <b>Net cash provided by (used in) investing activities</b>                            | <b>(29,932,447)</b>    | <b>369,125</b>         |
| <b>Cash Flows from Capital and Related Financing Activities</b>                       |                        |                        |
| Cash paid for capital assets                                                          | (3,418,806)            | (3,897,630)            |
| Proceeds from issuance of bonds                                                       | 26,754,342             | -                      |
| Payment of bond principal                                                             | (2,496,097)            | (1,085,000)            |
| State endowment invested in Foundation                                                | (1,231,495)            | (192,505)              |
| State endowment appropriation                                                         | 883,112                | 192,505                |
| Principal paid on capital lease                                                       | (34,913)               | (203,117)              |
| Interest paid on capital lease and bonds                                              | (1,183,889)            | (605,341)              |
| Interest refund                                                                       | 111,801                | 119,254                |
| <b>Net cash provided by (used in) capital and related financing activities</b>        | <b>19,384,055</b>      | <b>(5,671,834)</b>     |
| <b>Net (decrease) in cash and cash equivalents</b>                                    | <b>(2,856,280)</b>     | <b>(1,240,624)</b>     |
| <b>Cash and Cash Equivalents</b>                                                      |                        |                        |
| Beginning of year                                                                     | 16,168,691             | 17,409,315             |
| End of year                                                                           | \$ 13,312,411          | \$ 16,168,691          |
| <b>Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities</b>  |                        |                        |
| Operating (loss)                                                                      | \$ (48,398,093)        | \$ (45,805,309)        |
| Adjustments to reconcile operating (loss) to net cash (used in) operating activities: |                        |                        |
| Depreciation expense                                                                  | 3,847,089              | 3,800,630              |
| Loss on disposal of assets                                                            | 13,484                 | 1,013,565              |
| Net pension expense                                                                   | 534,065                | -                      |
| Changes in assets and liabilities:                                                    |                        |                        |
| Receivables, net, and cash with fiscal agent                                          | 27,067                 | 171,100                |
| Inventories                                                                           | -                      | 324,999                |
| Prepaid items                                                                         | 5,989                  | 184,415                |
| Accounts payable and accrued liabilities                                              | 62,422                 | 555,213                |
| Deferred revenue                                                                      | (11,626)               | (4,547)                |
| Accrued compensated absences                                                          | (151,506)              | (70,245)               |
| <b>Total adjustments</b>                                                              | <b>4,326,984</b>       | <b>5,975,130</b>       |
| <b>Net cash (used in) operating activities</b>                                        | <b>\$ (44,071,109)</b> | <b>\$ (39,830,179)</b> |
| <b>Noncash Capital and Related Financing Activities</b>                               |                        |                        |
| Unrealized gain on investments held by Foundation                                     | \$ 2,035,106           | \$ 1,314,069           |

See Notes to Financial Statements.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Laramie County Community College (the “College”) is a public institution of higher education. The College’s main campus is located in Cheyenne, Wyoming. It is governed by a Board of Trustees (the “Board”) comprised of seven elected trustees and is subject to the laws of the State of Wyoming. The College was created in 1969 to serve the post secondary educational needs of the citizens of Laramie County, Wyoming. Since its inception, the College has grown to annually serve approximately 3,730 full-time equivalent students at four education centers in two counties. The College is a municipal corporation formed under and subject to the requirements of the Wyoming State Statutes.

Reporting entity: As defined by accounting principles generally accepted in the United States of America established by the Government Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit the Laramie County Community College Foundation (the “Foundation”) and Laramie County Community College Building Authority (the “Authority”).

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 year-end is December 31.

The Foundation is a private not-for-profit organization that reports its financial results under the Financial Accounting Standards Board Codification Topic 958, *Not-for-Profit Entities*. 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.

Financial statements for the Foundation can be obtained by calling the Foundation at (307) 778-5222.

The Authority was created May 18, 2005 as a public benefit corporation financing construction, ownership and operation of real and personal property to be used by the College. The Authority is a separate legal entity from the College but is considered a blended component unit of the College and is reported in its financial statements.

The Authority has authorized the issuance of bonds as necessary to provide sufficient funds for construction and purchase of student dorms, dining facility, and Albany County Campus. Those bonds do not constitute a debt of the College or any political subdivision thereof.

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.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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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.

Accounts receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal Government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. The College considers all accounts receivable to be fully collectible at June 30, 2015; therefore, no allowance for doubtful accounts is deemed necessary.

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.

Investments: The College accounts for its investments at fair value, as determined by quoted market prices, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenue, Expenses and Changes in Net Position.

Capital assets: The College records capital assets at cost at the date of acquisition, or fair market value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 20 years for infrastructure and land improvements, 5 years for library materials, and 3 to 10 years for furniture, fixtures and equipment.

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

Compensated absences: Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position. Compensated absences other than vacation, are nonvesting benefits and, accordingly, are reflected as expenses in the accompanying financial statements only when used.

Advance tuition payments and deferred property taxes: Deferred revenue consists primarily of amounts received for summer school tuition and fees related to future fiscal years and property taxes assessed during the year which will be levied and recognized as revenue in the subsequent year.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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Noncurrent liabilities: Noncurrent liabilities include estimated amounts for accrued compensated absences, capital lease obligation, bonds payable, the net pension liability and other liabilities 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 accumulated depreciation and outstanding debt and capital lease obligations related to those capital assets.

*Restricted net position – nonexpendable:* Restricted nonexpendable net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

*Restricted net position – expendable:* Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

*Unrestricted net position:* Unrestricted net position represents 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, and (3) Federal, state and local grants and contracts and Federal appropriations.

*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.

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.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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Property taxes: Property taxes are assessed as of January 1. Taxes are levied on or about August 1 and payable in two installments on November 1 and March 1. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County, including Laramie County Community College. The College's property tax revenues are recognized when levied.

Accounting estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Federal direct loans: 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 combined statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2015, the College received and disbursed \$6,791,056 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.

Bond issuance costs: Bond issuance costs consist of bond issuance costs, including underwriter discounts. The bond issuance costs are expensed in the period incurred.

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.

Recent pronouncements: In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which replaces GASB No. 27, *Accounting for Pensions by State and Local Government Employers*, for the most government pensions. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual cost of the pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This statement is effective for years beginning after June 15, 2014. Accounting changes adopted to conform to the provisions of this statement were applied beginning in the year ended June 30, 2015 retroactively by restating the beginning net position. While June 30, 2014 is presented, this column was not restated as the information to do so was not readily available. See discussion of prior period restatement in Note 7.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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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.

### ***Component Unit – Laramie County Community College Foundation:***

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

**Basis of accounting:** The Foundation conforms to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities. Revenue is recognized when earned and expenses are recorded when incurred. The financial statements reflect unrestricted, temporarily restricted and permanently restricted net assets and activities. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board designated or appropriated amounts, are reported as part of the unrestricted class.

**Contributions:** Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net position 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.

**Donated services and materials:** To the extent that contributions of materials made to the Foundation are objectively measurable and represent program or support expenditures, they are reflected in the financial statements at their fair market value. No amounts have been reflected in the statements for donated services since the services do not require specialized skills.

**Donated assets:** Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

**Cash and cash equivalents:** For purposes of cash flows, the Foundation considers all demand deposits, money market funds and highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Compensated absences:** The Foundation employees' vacation pay is accrued at year end through the Foundation for financial statement purposes. The liability and expense incurred are recorded at year end as accrued vacation payable in the statements of financial position, and as a component of management and fundraising in the statements of activities.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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Advertising: Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2014 and 2013 were \$3,879 and \$21,086, respectively.

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. 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 position 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.

Fair value measurements: The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for fair value measurement and disclosure. It requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

*Level 1:* Quoted market prices in active markets for identical assets or liabilities.

*Level 2:* Observable market based inputs or unobservable inputs that are corroborated by market data.

*Level 3:* Unobservable inputs that are not corroborated by market data.

The Foundation has valued its investments utilizing the Level 1 approach. The Foundation has valued its certificates of deposit at cost.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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 accounted for in temporarily restricted net asset category that correspond 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.

Expense allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities.

Property and improvements: Property and improvements are stated at cost, or if donated, at approximate 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. Depreciation is recorded using the straight-line method over the estimated useful life. Amortization of software is recorded over 36 months. Repairs are expensed as incurred. New equipment with an original cost of \$1,000 or more is capitalized.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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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).

Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustments to the financial statements. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. Federal, state or local tax authorities except for the last three years filed.

Donor restrictions: Donors can change their designations from the different net asset classifications.

### **Note 2. Deposits with Financial Institutions and Investments**

#### ***Laramie County Community College:***

Wyoming Statute 9-4-817 authorizes 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 the Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets including any bonds, debentures and other securities in which the State Treasurer may by law invest or a depository may pledge conventional real estate mortgages and notes connected with mortgages at a ratio of one and one-half to one of the value of public funds secured by the securities. The Authority is not an agency of the State and maintains its cash deposits at a financial institution in a money market fund invested in U.S. Government securities.

College investment policy specifies that internally invested funds may be invested in a combination of U.S. Treasury bills, notes, bonds, U.S. Government securities, bankers acceptances, local government investment pools, time certificates of deposit (both commercial banks and savings and loan institutions), and commercial paper. Investment goals for internally invested funds are designed to achieve a return that attains a market-average rate of return throughout budgetary and economic cycles, preserve the principal balance in the overall portfolio and maintain liquidity to meet spending requirements. Custodial services are utilized to safeguard the assets and provide monthly reports.

It is the policy of the College to invest endowment funds under a memorandum of agreement with the Laramie County Community College Foundation.

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, 2015, the carrying amount of the College's demand deposits, including certificates of deposit treated as investments, were \$12,253,983 and bank balances were \$13,912,238, with Federal insurance and pledged securities totaling \$20,369,693.



# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

**Restricted cash:** As a requirement of the 2014 Bond Issuance, the College was required to establish a mandatory maintenance and repair fund, of not less than 7% of bond proceeds, for the specific purpose of maintenance, repair, and facility obsolescence for the buildings funded by the bond. As of June 30, 2015, \$102,525 remained in the maintenance and repair account.

As of June 30, 2015, \$264,170 was held to be used to complete construction of the Health Sciences Building, \$15,427 was held for the Flex-Tech Building, and \$35,812 was held in bond reserve funds for the Building Authority.

As of June 30, 2015, the College had cash in WYOSTAR, a State of Wyoming investment pool, of \$640,494 held for construction of the Flex-Tech Building and Student Center. The College had no WYOSTAR investments as of June 30, 2014.

### Investments:

**Interest rate risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Neither the College nor the Authority have a formal policy addressing interest rate risk.

As of June 30, 2015, the College had unrestricted investments with weighted average maturities as shown in the following table. The College had no internally held investments at June 30, 2014.

| Investment type:              | Cost                | Fair Value          | Weighted Average Maturity in Years |
|-------------------------------|---------------------|---------------------|------------------------------------|
| Certificates of deposit       | \$ 75,000           | \$ 75,000           |                                    |
| U.S. Treasury notes and bonds | 2,503,570           | 2,502,411           | 3.54                               |
| Government agencies           | 2,097,255           | 2,094,140           | 3.15                               |
| Government bonds              | 182,000             | 182,665             | 4.28                               |
| Money market funds            | 209,946             | 209,946             | -                                  |
|                               | <u>\$ 5,067,771</u> | <u>\$ 5,064,162</u> |                                    |

**Credit risk:** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Neither the College nor the Authority have a formal policy addressing credit risk. The College's investments in U.S. agencies all carry the explicit guarantee of the U.S. Government.

|                                        | Rating |
|----------------------------------------|--------|
| Government bonds:                      |        |
| Federal Farm Credit Banks              | AAA    |
| Federal Home Loan Bank Notes           | AAA    |
| Federal Home Loan Mortgage Corporation | AAA    |
| Federal National Mortgage Associations | AAA    |

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2015 and 2014, the Authority and the College had restricted investments as shown in the following table:

|                                        | 2014                | 2015                 |            |        |        |
|----------------------------------------|---------------------|----------------------|------------|--------|--------|
|                                        | Fair Value          | Fair Value           | Maturity   | Rate   | Rating |
| Federal Home Loan Bank                 | \$ 646,194          | \$ 648,528           | 3/24/2022  | 2.250% | AAA    |
| Federal Home Loan Bank                 | -                   | 3,500,315            | 7/21/2015  | 0.260% | AAA    |
| Federal Farm Credit Bank               | -                   | 6,250,063            | 1/1/2016   | 0.270% | AAA    |
| Federal National Mortgage Association  | 258,495             | 261,483              | 11/15/2024 | 2.500% | AAA    |
| Federal National Mortgage Association  | -                   | 6,349,688            | 4/11/2016  | 2.375% | AAA    |
| Federal National Mortgage Association  | -                   | 2,099,475            | 7/5/2016   | 0.375% | AAA    |
| Federal National Mortgage Association  | -                   | 5,743,327            | 10/15/2015 | 4.375% | AAA    |
| Federal Home Loan Mortgage Corporation | 1,068,452           | 1,076,000            | 6/27/2018  | 1.250% | AAA    |
| Federal Farm Credit Bank               | -                   | 385,056              | 7/24/2031  | 3.020% | AAA    |
| First Federal Credit Control           | -                   | 1,437,600            | 4/27/2029  | 2.930% | AAA    |
|                                        | <u>\$ 1,973,141</u> | <u>\$ 27,751,535</u> |            |        |        |

**Custodial credit risk:** Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the College will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The College does not have a formal investment policy for custodial credit risk. Investments are held in safekeeping by external custodians in the College's name.

**Concentration of credit risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of the College's investment in a single issuer. Concentration of risk is not formally addressed in the College's investment policy. At June 30, 2015, more than 5% of the College's investments are in U.S. Treasury notes and bonds and Government agencies (FHFA, Federal Farm Credit, Fannie Mae, Freddie Mac). These investments are 50.16% and 42.04%, respectively of the College's total investments.

### ***Laramie County Community College Foundation:***

The carrying values and fair values of certificates of deposit and marketable securities for the Foundation are as follows at December 31, 2014:

|                                    | 2014                        |                             | 2013                        |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                    | Cost                        | Fair Value                  | Fair Value                  |
| Certificates of deposit            | <u>\$ 329,149</u>           | <u>\$ 329,149</u>           | <u>\$ 461,717</u>           |
| Marketable securities:             |                             |                             |                             |
| Equity securities                  | \$ 4,793,901                | \$ 6,528,637                | \$ 6,200,900                |
| Corporate debt securities          | 4,155,076                   | 4,081,650                   | 3,566,448                   |
| Municipal debt securities          | 149,997                     | 155,106                     | 221,670                     |
| Mutual funds                       | 7,828,205                   | 8,466,008                   | 7,427,583                   |
| Other                              | 880,000                     | 967,857                     | 471,272                     |
| <b>Total marketable securities</b> | <u><b>\$ 17,807,179</b></u> | <u><b>\$ 20,199,258</b></u> | <u><b>\$ 17,887,873</b></u> |

Concentration of credit risk: The Foundation's investment policy is as follows:

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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The investment portfolio should be adequately diversified to provide maximum earnings, safety of the corpus of the portfolio, and allow for expenditure needs. A mix of investments both within managed mutual funds and for the entire portfolio will be recommended by the investment manager at least annually.

The target allocation is as follows:

| Target Allocation                   | Minimum | Target | Maximum |
|-------------------------------------|---------|--------|---------|
| Fixed Income: U.S. Investment Grade | 20%     | 30%    | 40%     |
| Equity                              | 55%     | 65%    | 75%     |
| Alternatives                        | 0%      | 5%     | 10%     |

The equities total shall be the sum of all equities owned either as individual stocks or within mutual funds. At least one-half of the equity portfolio shall be invested in large capitalization stocks of the United States with the remainder to be invested in small-medium capitalization stocks of the United States and large capitalization stocks of companies located outside the United States.

Interest rate risk: The Foundation is also exposed to investment fair value loss arising from increased interest rates. The Foundation's policy for fixed-income portfolios is as follows:

*U.S. fixed-income – investment grade:* The Board will be managing the U.S. fixed income portfolio (i.e. debt issued by the U.S. Government and its agencies, marketable corporate bonds, debentures, preferred stock, commercial paper, certificates of deposit). The investment manager will not be authorized to purchase securities classified as U.S. fixed income.

*Prohibited investments:* The Board will normally not authorize investment in the following asset categories:

- Venture capital
- Private placement or other securities not publicly traded
- Short sales or margin purchases
- Direct placement of mortgages
- Commodities

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

At December 31, 2014, the following table shows the fixed-income investments by type, amount and maturity:

| Investment Type | Fair Value          | Investment Maturities (in Years) |                     |             |
|-----------------|---------------------|----------------------------------|---------------------|-------------|
|                 |                     | Less than 1                      | 1 to 5              | More than 5 |
| Corporate Bonds | \$4,081,650         | \$ 2,980,864                     | \$ 1,100,786        | \$ -        |
| Municipal Bonds | 155,106             | 102,232                          | 52,874              | -           |
|                 | <u>\$ 4,236,756</u> | <u>\$ 3,083,096</u>              | <u>\$ 1,153,660</u> | <u>\$ -</u> |

The distribution of quality rating of debt securities in the Foundation's investment portfolio at fair value as of December 31, 2014 is as follows:

Quality rating:

|                                          |                            |
|------------------------------------------|----------------------------|
| AA                                       | \$ 256,058                 |
| A                                        | 538,875                    |
| BBB                                      | 3,441,823                  |
| <b>Total credit risk debt securities</b> | <u><u>\$ 4,236,756</u></u> |

Investments held for others: The Foundation received funds from the College to invest on its behalf pursuant to the requirements of the Wyoming Community College Endowment Challenge Program under Wyoming Session Laws, Chapter 117. Under the terms of this program, the Foundation has solicited contributions for its endowment 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.

As of December 31, 2014 and 2013, the Foundation held \$9,867,308 and \$8,932,470, respectively, of investments for the College.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets

Following are the changes in capital assets for the College for the years ended June 30, 2015 and 2014:

|                                                       | Balance<br>June 30,<br>2014 | Additions             | Transfers             | Retirements        | Balance<br>June 30,<br>2015 |
|-------------------------------------------------------|-----------------------------|-----------------------|-----------------------|--------------------|-----------------------------|
| Capital assets not being depreciated:                 |                             |                       |                       |                    |                             |
| Land                                                  | \$ 870,564                  | \$ -                  | \$ -                  | \$ -               | \$ 870,564                  |
| Construction in progress                              | 2,948,050                   | 2,711,321             | (1,287,521)           | (7,348)            | 4,364,502                   |
| <b>Total capital assets not<br/>being depreciated</b> | <b>\$ 3,818,614</b>         | <b>\$ 2,711,321</b>   | <b>\$ (1,287,521)</b> | <b>\$ (7,348)</b>  | <b>\$ 5,235,066</b>         |
| Other capital assets:                                 |                             |                       |                       |                    |                             |
| Infrastructure                                        | \$ 3,603,324                | \$ -                  | \$ -                  | \$ -               | \$ 3,603,324                |
| Land improvements                                     | 4,112,449                   | -                     | 716,372               | -                  | 4,828,821                   |
| Buildings                                             | 86,775,428                  | 29,196                | 571,149               | -                  | 87,375,773                  |
| Furniture, fixtures and equipment                     | 8,930,139                   | 592,258               | -                     | (230,491)          | 9,291,906                   |
| Library materials                                     | 1,741,316                   | 86,031                | -                     | (133,176)          | 1,694,171                   |
| <b>Total other capital assets</b>                     | <b>105,162,656</b>          | <b>707,485</b>        | <b>1,287,521</b>      | <b>(363,667)</b>   | <b>106,793,995</b>          |
| Less accumulated depreciation for:                    |                             |                       |                       |                    |                             |
| Infrastructure                                        | (1,951,071)                 | (106,501)             | (15,664)              | -                  | (2,073,236)                 |
| Land improvements                                     | (1,994,097)                 | (229,811)             | -                     | -                  | (2,223,908)                 |
| Buildings                                             | (38,488,539)                | (2,687,174)           | 15,664                | -                  | (41,160,049)                |
| Furniture, fixtures and equipment                     | (6,971,835)                 | (735,770)             | -                     | 224,355            | (7,483,250)                 |
| Library materials                                     | (1,477,968)                 | (87,833)              | -                     | 133,176            | (1,432,625)                 |
| <b>Total accumulated depreciation</b>                 | <b>(50,883,510)</b>         | <b>(3,847,089)</b>    | <b>-</b>              | <b>357,531</b>     | <b>(54,373,068)</b>         |
| <b>Other capital assets, net</b>                      | <b>\$ 54,279,146</b>        | <b>\$ (3,139,604)</b> | <b>\$ 1,287,521</b>   | <b>\$ (6,136)</b>  | <b>\$ 52,420,927</b>        |
| Capital asset summary:                                |                             |                       |                       |                    |                             |
| Capital assets not being depreciated                  | \$ 3,818,614                | \$ 2,711,321          | \$ (1,287,521)        | \$ (7,348)         | \$ 5,235,066                |
| Other capital assets, at cost                         | 105,162,656                 | 707,485               | 1,287,521             | (363,667)          | 106,793,995                 |
| <b>Total cost of capital assets</b>                   | <b>108,981,270</b>          | <b>3,418,806</b>      | <b>-</b>              | <b>(371,015)</b>   | <b>112,029,061</b>          |
| Less accumulated depreciation                         | (50,883,510)                | (3,847,089)           | -                     | 357,531            | (54,373,068)                |
| <b>Capital assets, net</b>                            | <b>\$ 58,097,760</b>        | <b>\$ (428,283)</b>   | <b>\$ -</b>           | <b>\$ (13,484)</b> | <b>\$ 57,655,993</b>        |

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

|                                                   | Balance<br>June 30,<br>2013 | Additions             | Transfers          | Retirements        | Balance<br>June 30,<br>2014 |
|---------------------------------------------------|-----------------------------|-----------------------|--------------------|--------------------|-----------------------------|
| Capital assets not being depreciated:             |                             |                       |                    |                    |                             |
| Land                                              | \$ 870,564                  | \$ -                  | \$ -               | \$ -               | \$ 870,564                  |
| Construction in progress                          | 1,190,774                   | 1,775,869             | (18,593)           | -                  | 2,948,050                   |
| <b>Total capital assets not being depreciated</b> | <b>\$ 2,061,338</b>         | <b>\$ 1,775,869</b>   | <b>\$ (18,593)</b> | <b>\$ -</b>        | <b>\$ 3,818,614</b>         |
| Other capital assets:                             |                             |                       |                    |                    |                             |
| Infrastructure                                    | \$ 3,603,324                | \$ -                  | \$ -               | \$ -               | \$ 3,603,324                |
| Land improvements                                 | 4,112,449                   | -                     | -                  | -                  | 4,112,449                   |
| Buildings                                         | 86,324,962                  | 431,873               | 18,593             | -                  | 86,775,428                  |
| Furniture, fixtures and equipment                 | 8,518,473                   | 674,363               | -                  | (262,697)          | 8,930,139                   |
| Library materials                                 | 1,733,093                   | 90,076                | -                  | (81,853)           | 1,741,316                   |
| <b>Total other capital assets</b>                 | <b>104,292,301</b>          | <b>1,196,312</b>      | <b>18,593</b>      | <b>(344,550)</b>   | <b>105,162,656</b>          |
| Less accumulated depreciation for:                |                             |                       |                    |                    |                             |
| Infrastructure                                    | (1,852,402)                 | (106,501)             | 7,832              | -                  | (1,951,071)                 |
| Land improvements                                 | (1,797,120)                 | (196,977)             | -                  | -                  | (1,994,097)                 |
| Buildings                                         | (35,830,478)                | (2,650,229)           | (7,832)            | -                  | (38,488,539)                |
| Furniture, fixtures and equipment                 | (6,379,170)                 | (767,245)             | -                  | 174,580            | (6,971,835)                 |
| Library materials                                 | (1,480,144)                 | (79,678)              | -                  | 81,854             | (1,477,968)                 |
| <b>Total accumulated depreciation</b>             | <b>(47,339,314)</b>         | <b>(3,800,630)</b>    | <b>-</b>           | <b>256,434</b>     | <b>(50,883,510)</b>         |
| <b>Other capital assets, net</b>                  | <b>\$ 56,952,987</b>        | <b>\$ (2,604,318)</b> | <b>\$ 18,593</b>   | <b>\$ (88,116)</b> | <b>\$ 54,279,146</b>        |
| Capital asset summary:                            |                             |                       |                    |                    |                             |
| Capital assets not being depreciated              | \$ 2,061,338                | \$ 1,775,869          | \$ (18,593)        | \$ -               | \$ 3,818,614                |
| Other capital assets, at cost                     | 104,292,301                 | 1,196,312             | 18,593             | (344,550)          | 105,162,656                 |
| <b>Total cost of capital assets</b>               | <b>106,353,639</b>          | <b>2,972,181</b>      | <b>-</b>           | <b>(344,550)</b>   | <b>108,981,270</b>          |
| Less accumulated depreciation                     | (47,339,314)                | (3,800,630)           | -                  | 256,434            | (50,883,510)                |
| <b>Capital assets, net</b>                        | <b>\$ 59,014,325</b>        | <b>\$ (828,449)</b>   | <b>\$ -</b>        | <b>\$ (88,116)</b> | <b>\$ 58,097,760</b>        |

### Note 4. Long-Term Liabilities

**Voluntary termination:** Employees of the College who meet certain employment, age and service requirements are eligible to apply for voluntary termination benefits. Upon application by a qualified employee, and subject to the recommendation of the College President and approval by the Board of Trustees, the retiring employee is entitled to receive annual voluntary termination payments. An employee's aggregate voluntary termination incentive is computed based upon his or her annual salary immediately prior to retirement, increased by 4% for each year of service in excess of ten (not to exceed an aggregate of \$75,000) plus an amount equal to 85% of the State's contribution for annual health insurance benefit at the time of termination. The aggregate termination incentive is paid over a five-year period.

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

The accompanying financial statements reflect an obligation of \$700,842 as of June 30, 2015, for voluntary termination benefits, which amount represents the present value (discounted at a rate of 6%) of future payments to former employees who elected to receive, and who were approved to receive, voluntary termination benefits. The financial statements also include the present value of estimated obligation for health insurance benefits of \$285,153 as of June 30, 2015.

The following summarizes scheduled future liquidation of June 30, 2015 long-term voluntary termination obligations:

| Fiscal Year Ending June 30, | Imputed<br>Interest | Present<br>Value  | Total             |
|-----------------------------|---------------------|-------------------|-------------------|
| 2017                        | \$ 43,226           | \$ 249,959        | \$ 293,185        |
| 2018                        | 27,810              | 233,080           | 260,890           |
| 2019                        | 13,434              | 172,175           | 185,609           |
| 2020                        | 2,814               | 45,628            | 48,442            |
|                             | <u>\$ 87,284</u>    | <u>\$ 700,842</u> | <u>\$ 788,126</u> |

The College issued \$25,000,000 of general obligation bonds on July 8, 2014 for the purpose of paying the costs of planning, designing, engineering, constructing, furnishing and equipping a new Flex-Tech Building and a new University/Student Center on the Laramie County Campus. The bonds are limited obligations of the College and do not constitute an obligation or guarantee of Laramie 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 Laramie 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 purposes.

|                                      | Authorized<br>and<br>Issued | Interest<br>Rates | Bonds<br>Outstanding at<br>June 30, 2015 |
|--------------------------------------|-----------------------------|-------------------|------------------------------------------|
| Series 2014 General Obligation Bonds | 25,000,000                  | 1.75% - 4.0%      | 23,775,000                               |

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

Aggregate maturities, including interest of \$6,889,500, required on the bonds at June 30, 2015 are as follows:

|                        | Principal            | Interest            |
|------------------------|----------------------|---------------------|
| 2016                   | \$ 1,250,000         | \$ 805,313          |
| 2017                   | 1,275,000            | 780,313             |
| 2018                   | 1,350,000            | 729,313             |
| 2019                   | 1,400,000            | 675,313             |
| 2020                   | 1,500,000            | 650,813             |
| 2021 - 2025            | 8,550,000            | 2,419,688           |
| 2026 - 2029            | 8,450,000            | 828,747             |
|                        | <u>23,775,000</u>    | <u>\$ 6,889,500</u> |
| Original issue premium | 1,583,245            |                     |
|                        | <u>\$ 25,358,245</u> |                     |

The Authority issued \$9,360,000 of revenue bonds on September 1, 2005, \$8,110,000 of revenue bonds on July 15, 2009, and \$2,815,000 of revenue bonds on November 6, 2012. The bonds are limited obligations of the Authority and do not constitute an obligation or guarantee of the College or of its agencies or political subdivisions. The bonds are secured by the leased assets and repayments will be made through lease payments by the College for the use of the assets.

|                                                | Authorized<br>and<br>Issued | Interest<br>Rates | Bonds<br>Outstanding at<br>June 30, 2015 | Maturity |
|------------------------------------------------|-----------------------------|-------------------|------------------------------------------|----------|
| Series 2005 Revenue Bonds -<br>Residence Hall  | 9,360,000                   | 4.0% - 4.5%       | 7,080,000                                | 2026     |
| Series 2009 Revenue Bonds -<br>Dining Facility | 8,110,000                   | 5.1% - 6.25%      | 5,450,000                                | 2026     |
| Series 2012 Revenue Bonds -<br>Albany Campus   | 2,815,000                   | 1.3% - 3.1%       | 2,390,000                                | 2024     |



# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

Aggregate maturities, including interest of \$3,856,364, required on the bonds at June 30, 2015 are as follows:

|                                 | Principal            | Interest            |
|---------------------------------|----------------------|---------------------|
| 2016                            | \$ 1,150,000         | \$ 665,014          |
| 2017                            | 1,200,000            | 616,599             |
| 2018                            | 1,280,000            | 563,497             |
| 2019                            | 1,385,000            | 503,297             |
| 2020                            | 1,450,000            | 437,571             |
| 2021 - 2025                     | 6,705,000            | 1,050,698           |
| 2026                            | 1,750,000            | 19,688              |
|                                 | <u>14,920,000</u>    | <u>\$ 3,856,364</u> |
| Original issue discount/premium | (65,091)             |                     |
|                                 | <u>\$ 14,854,909</u> |                     |

Long-term liability activity for the years ended June 30, 2015 and 2014 is as follows:

|                                     | Balance<br>June 30,<br>2014 | Additions            | Reductions          | Balance<br>June 30,<br>2015 | Amounts<br>Due Within<br>One Year |
|-------------------------------------|-----------------------------|----------------------|---------------------|-----------------------------|-----------------------------------|
| Other liabilities:                  |                             |                      |                     |                             |                                   |
| Liability for voluntary termination | \$ 1,010,716                | \$ 245,334           | \$ 270,055          | \$ 985,995                  | \$ -                              |
| Accrued compensated absences        | 1,217,876                   | 583,413              | 734,919             | 1,066,370                   | 821,875                           |
| Capital lease obligation            | 107,435                     | -                    | 34,915              | 72,520                      | 35,804                            |
| Bonds payable                       | 15,944,342                  | 26,754,342           | 2,485,530           | 40,213,154                  | 2,574,205                         |
| <b>Total other liabilities</b>      | <u>\$ 18,280,369</u>        | <u>\$ 27,583,089</u> | <u>\$ 3,525,419</u> | <u>\$ 42,338,039</u>        | <u>\$ 3,431,884</u>               |

|                                     | Balance<br>June 30,<br>2013 | Additions         | Reductions          | Balance<br>June 30,<br>2014 | Amounts<br>Due Within<br>One Year |
|-------------------------------------|-----------------------------|-------------------|---------------------|-----------------------------|-----------------------------------|
| Other liabilities:                  |                             |                   |                     |                             |                                   |
| Liability for voluntary termination | \$ 1,092,800                | \$ 336,252        | \$ 418,336          | \$ 1,010,716                | \$ -                              |
| Accrued compensated absences        | 1,288,121                   | 535,368           | 605,613             | 1,217,876                   | 937,765                           |
| Capital lease obligation            | 288,772                     | -                 | 181,337             | 107,435                     | 34,913                            |
| Bonds payable                       | 17,018,256                  | -                 | 1,073,914           | 15,944,342                  | 1,088,802                         |
| <b>Total other liabilities</b>      | <u>\$ 19,687,949</u>        | <u>\$ 871,620</u> | <u>\$ 2,279,200</u> | <u>\$ 18,280,369</u>        | <u>\$ 2,061,480</u>               |

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### **Note 5. Capital Lease**

In October 2004, the College entered into a lease with the Foundation for the Albany County, Wyoming campus. This lease was purchased by the Building Authority on October 2012 and a new lease agreement was entered into with the Building Authority for the Albany County, Wyoming Campus. The leased asset is included in capital assets at the present value of the future minimum lease payments using an effective interest rate of 2.89%. The cost of the asset acquired under the capital lease is \$2,434,401 and is included in capital assets. The lease expires on August 1, 2024. The lease obligation has been eliminated in consolidation.

The College also has other capital leases for equipment at year end with an ending balance at June 30, 2015 of \$72,520, with annual payments of \$37,653.

### **Note 6. The Foundation**

The College is affiliated with the Laramie County Community College Foundation (the "Foundation"). The Foundation serves to further the goals of the College and its students. The Foundation Board is comprised of 16 members, which include three College Board members and the College President.

### **Note 7. Retirement Commitment – Wyoming Retirement System**

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 \$8,956,068. 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.

Retirement commitment under GASB 27: Participants in Wyoming Retirement System (WRS) who retire at age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and are allowed to select one of five optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained the age of 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. WRS also provides death and disability benefits. Benefits are established by State statutes. The WRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

Statutes require that 14.12% of the covered employee's salary be contributed to the plan, 1.43% by the employee and 12.69% by the employer. For the years ended June 30, 2014 and 2013, the College's contributions to WRS were \$1,517,197 and \$1,492,843, respectively, which equals the required contribution for the years then ended.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### Retirement commitment under GASB 68/71:

*Plan description:* Substantially all employees of the College, excluding part-time employees, unless previously grandfathered, are provided with pensions through the Public Employee Pension Plan - a statewide cost-sharing multiple-employer defined benefit pension plan administered by the WRS. The authority to establish and amend benefits and 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.

*Contributions:* Per Title 9-3-412 and 413 of State Statutes, for the year ended June 30, 2015, member contributions were required to be 8.25% of compensation and employer contributions were required to be 7.62% of compensation. In accordance with Title 9-3-412 (c) (ii) of State Statutes, College has elected to pay 6.445% of the members contribution in addition to the employers contribution. Effective July 1, 2015, the participant's contribution percentage increased to 8.37%. Total contributions to the pension plan from the College were \$1,829,414 for the year ended June 30, 2015.

*Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:* At June 30, 2015, the College reported a liability of \$11,627,344 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. 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, 2014 to the contributions of all participating employers for the same period. At December 31, 2014, the College's proportion was 0.658887967%, which was an increase from its December 31, 2013 proportion of 0.636015822%.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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For the year ended June 30, 2015, the College recognized pension expense of \$1,388,167. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                  | Deferred<br>Outflows of<br>Resources |
|----------------------------------------------------------------------------------|--------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 953,342                           |
| Changes in proportionate share of contributions                                  | 261,112                              |
| Contributions subsequent to the measurement date                                 | 922,757                              |
|                                                                                  | <u>\$ 2,137,211</u>                  |

An amount of \$922,757 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 ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|                     |                     |
|---------------------|---------------------|
| Year ended June 30: |                     |
| 2016                | \$ 324,971          |
| 2017                | 324,971             |
| 2018                | 324,971             |
| 2019                | 239,541             |
|                     | <u>\$ 1,214,454</u> |

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

|                           |                                                                   |
|---------------------------|-------------------------------------------------------------------|
| Inflation                 | 3.25%                                                             |
| Salary increases          | 4.25% – 6.0%, including inflation                                 |
| Investment rate of return | 4.5%, 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.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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%            | 0.98%                                  |
| Equity                  | 55.00%            | 6.66%                                  |
| Marketable alternatives | 15.50%            | 4.19%                                  |
| Private markets         | 12.00%            | 7.13%                                  |
| Cash                    | 2.50%             | 0.50%                                  |
|                         | <u>100.00%</u>    |                                        |

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 | \$ 11,511,071       | \$ 11,627,344                 | \$ 11,743,618       |

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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

### Note 8. Retirement Commitment – TIAA/CREF

Eligible College employees may elect to participate in the Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF) instead of the Wyoming Retirement System. TIAA/CREF is a private defined contribution pension plan, which is portable to other institutions and states. For the years ended June 30, 2015, 2014 and 2013, the College's contributions to TIAA/CREF were \$1,401,906, \$1,241,217 and \$1,218,596, respectively.

### Note 9. Agency Funds

The College holds in trust, funds collected by various student groups. A liability for these funds is included in the accompanying financial statements. The following summarizes activity within the student activity funds during the years ended June 30, 2015 and 2014:

| Student Activity Funds:       | 2015             | 2014             |
|-------------------------------|------------------|------------------|
| Beginning of year             | \$ 918,596       | \$ 808,215       |
| Additions:                    |                  |                  |
| Student fees                  | 795,502          | 688,834          |
| Allocated interest and other  | 2,050            | 1,595            |
| <b>Total additions</b>        | <b>797,552</b>   | <b>690,429</b>   |
| <b>Total available funds</b>  | <b>1,716,148</b> | <b>1,498,644</b> |
| Deductions:                   |                  |                  |
| Salaries and benefits         | 171,478          | 182,160          |
| Other noncapital expenditures | 407,964          | 397,888          |
| <b>Total deductions</b>       | <b>579,442</b>   | <b>580,048</b>   |
| End of year                   | \$ 1,136,706     | \$ 918,596       |

### Note 10. Commitments and Contingencies

Voluntary termination: As discussed in Note 4, the College offers voluntary termination to employees of the College who meet certain employment, age and service requirements. As of June 30, 2015, approximately 27 employees have met the eligibility requirements of the plan.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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No liability for payment of incentive benefits to these employees has been recorded in the accompanying financial statements in as much as formal application to receive benefits has not been made by the employees and because, even if such application had been made, ultimate payment is subject to required Board approval. The estimated benefit payment requirement for the employees who meet eligibility requirements as of June 30, 2015 was approximately \$1,990,821.

Other: 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.

As of June 30, 2015, the remaining commitment to complete construction projects totaled approximately \$61,147. These completion costs will be paid primarily from a state appropriation for major maintenance and contingency reserve.

Bond reserve fund: For the Series 2005 Bond, the Indenture of Trust agreement with the bond trustee required the Authority to deposit \$936,000 into a separate account with the trustee. These funds may only be used to fund deficiencies in meeting bond debt service payments. Funds withdrawn from the reserve account are to be repaid in equal monthly payments over the next 12 months. No withdrawals have been made as of June 30, 2015. As of June 30, 2015, the reserve fund consists of investments with a fair market value of \$918,779 and cash of \$15,877.

For the Series 2009 Bond, the Indenture of Trust agreement with the bond trustee required the Authority to deposit \$811,000 into a separate account with the trustee. These funds may only be used to fund deficiencies in meeting bond debt service payments. Funds withdrawn from the reserve account are to be repaid in equal monthly payments over the next 12 months. No withdrawals have been made as of June 30, 2015. As of June 30, 2015, the reserve fund consists of investments with a fair market value of \$805,749 and cash of \$11,029.

For the Series 2012 Bond, there was no public issue that required a reserve requirement. However, the Authority created a reserve account where the funds may only be used to fund deficiencies in meeting bond debt service payments. No withdrawals have been made as of June 30, 2015. As of June 30, 2015, the reserve fund consists of investments with a fair market value of \$261,483 and cash of \$8,906.

### **Note 11. 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, 2015, the College contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance, vehicle insurance, natural disaster insurance, and insurance on the dental hygiene clinic. 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.

## NOTES TO FINANCIAL STATEMENTS

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

### Note 13. Subsequent Event

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**REQUIRED SUPPLEMENTARY INFORMATION**

Preliminary Draft 10/23/2015

# LARAMIE COUNTY COMMUNITY COLLEGE

## SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

### Public Employee Pension Plan

Years Ended June 30, 2015 and 2014 \*

|                                                                                                            | 2015                 | 2014          |
|------------------------------------------------------------------------------------------------------------|----------------------|---------------|
| College's proportion of the net pension liability (asset)                                                  | <b>0.658887967%</b>  | 0.636015822%  |
| College's proportionate share of the net pension liability (asset)                                         | <b>\$ 11,627,344</b> | \$ 9,669,987  |
| College's covered employee payroll                                                                         | <b>\$ 11,551,797</b> | \$ 11,449,247 |
| College's proportionate share of the net pension liability as a percentage of its covered employee payroll | <b>1.01%</b>         | 84.46%        |
| Plan fiduciary net position as a percentage of the total pension liability                                 | <b>79.08%</b>        | 81.10%        |

*\* 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.

**LARAMIE COUNTY COMMUNITY COLLEGE**

**SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS**

**Public Employee Pension Plan**

**Years Ended June 30, 2015 and 2014**

|                                                                      | <b>2015</b>          | <b>2014</b>   |
|----------------------------------------------------------------------|----------------------|---------------|
| Contractually required contribution                                  | \$ <b>952,847</b>    | \$ 850,104    |
| Contributions in relation to the contractually required contribution | <b>952,847</b>       | 850,104       |
| <i>Contribution deficiency (excess)</i>                              | \$ -                 | \$ -          |
| College's covered employee payroll                                   | \$ <b>11,551,797</b> | \$ 11,449,247 |
| Contributions as a percentage of covered employee payroll            | <b>8.25%</b>         | 7.42%         |

See Notes to Required Supplementary Information.

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION Year Ended June 30, 2015

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Changes in benefit terms: There were no changes in benefit terms between the December 31, 2013 measurement date and the December 31, 2014 measurement date.

Changes in assumptions: There were no changes in assumptions between the December 31, 2013 measurement date and the December 31, 2014 measurement date.

Preliminary Draft 10/23/2015

## **SUPPLEMENTARY INFORMATION**

LARAMIE COUNTY COMMUNITY COLLEGE

COMBINING SCHEDULE OF NET POSITION

June 30, 2015

|                                                 | Laramie County<br>Community<br>College | Laramie County<br>Community<br>College Building<br>Authority | Eliminations        | Total                |
|-------------------------------------------------|----------------------------------------|--------------------------------------------------------------|---------------------|----------------------|
| <b>ASSETS</b>                                   |                                        |                                                              |                     |                      |
| Current Assets                                  |                                        |                                                              |                     |                      |
| Cash and cash equivalents                       | \$ 12,136,075                          | \$ 117,908                                                   | \$ -                | \$ 12,253,983        |
| Investments                                     | 5,064,162                              | -                                                            | -                   | 5,064,162            |
| Accounts receivable, net                        | 4,477,314                              | -                                                            | -                   | 4,477,314            |
| Current maturities of lease                     | -                                      | 1,161,226                                                    | (1,161,226)         | -                    |
| Interest receivable                             | -                                      | 138,353                                                      | (138,353)           | -                    |
| Property taxes receivable                       | 9,321,294                              | -                                                            | -                   | 9,321,294            |
| Prepaid expense                                 | 42,228                                 | -                                                            | -                   | 42,228               |
| <b>Total current assets</b>                     | <b>31,041,073</b>                      | <b>1,417,487</b>                                             | <b>(1,299,579)</b>  | <b>31,158,981</b>    |
| Noncurrent Assets                               |                                        |                                                              |                     |                      |
| Restricted cash                                 | 1,022,616                              | 35,812                                                       | -                   | 1,058,428            |
| Restricted investments                          | 25,765,523                             | 1,986,011                                                    | -                   | 27,751,534           |
| Building Authority receivable                   | 936,000                                | -                                                            | (936,000)           | -                    |
| Long-term lease                                 | -                                      | 12,348,243                                                   | (12,348,243)        | -                    |
| Capital assets, net of accumulated depreciation | 57,655,993                             | -                                                            | -                   | 57,655,993           |
| Investments held by others                      | 10,798,387                             | -                                                            | -                   | 10,798,387           |
|                                                 | <b>96,178,519</b>                      | <b>14,370,066</b>                                            | <b>(13,284,243)</b> | <b>97,264,342</b>    |
| <b>Total assets</b>                             | <b>127,219,592</b>                     | <b>15,787,553</b>                                            | <b>(14,583,822)</b> | <b>128,423,323</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                                        |                                                              |                     |                      |
| Pension Related Outflows                        | 2,137,211                              | -                                                            | -                   | 2,137,211            |
| <b>LIABILITIES</b>                              |                                        |                                                              |                     |                      |
| Current Liabilities                             |                                        |                                                              |                     |                      |
| Accounts payable                                | 807,665                                | -                                                            | -                   | 807,665              |
| Payroll and related liabilities                 | 1,536,830                              | -                                                            | -                   | 1,536,830            |
| Accrued compensated absences                    | 821,875                                | -                                                            | -                   | 821,875              |
| Accrued interest payable                        | 206,526                                | 122,766                                                      | (138,353)           | 190,939              |
| Advance tuition payments                        | 241,160                                | -                                                            | -                   | 241,160              |
| Custodial deposits                              | 1,136,706                              | -                                                            | -                   | 1,136,706            |
| Capital lease obligation                        | 1,197,030                              | -                                                            | (1,161,226)         | 35,804               |
| Current maturities of bonds payable             | 1,435,065                              | 1,139,140                                                    | -                   | 2,574,205            |
| <b>Total current liabilities</b>                | <b>7,382,857</b>                       | <b>1,261,906</b>                                             | <b>(1,299,579)</b>  | <b>7,345,184</b>     |
| Noncurrent Liabilities                          |                                        |                                                              |                     |                      |
| Liability for voluntary termination             | 985,995                                | -                                                            | -                   | 985,995              |
| Accrued compensated absences                    | 244,495                                | -                                                            | -                   | 244,495              |
| Due to Laramie County Community College         | -                                      | 936,000                                                      | (936,000)           | -                    |
| Capital lease obligation                        | 12,384,959                             | -                                                            | (12,348,243)        | 36,716               |
| Long-term bonds payable                         | 23,923,180                             | 13,715,769                                                   | -                   | 37,638,949           |
| Net pension liability                           | 11,627,344                             | -                                                            | -                   | 11,627,344           |
| <b>Total noncurrent liabilities</b>             | <b>49,165,973</b>                      | <b>14,651,769</b>                                            | <b>(13,284,243)</b> | <b>50,533,499</b>    |
| <b>Total liabilities</b>                        | <b>56,548,830</b>                      | <b>15,913,675</b>                                            | <b>(14,583,822)</b> | <b>57,878,683</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                                        |                                                              |                     |                      |
| Deferred Property Taxes                         | 8,628,317                              | -                                                            | -                   | 8,628,317            |
| <b>NET POSITION</b>                             |                                        |                                                              |                     |                      |
| Net Investment in Capital Assets                | 43,314,548                             | (1,345,440)                                                  | -                   | 41,969,108           |
| Restricted for:                                 |                                        |                                                              |                     |                      |
| Expendable:                                     |                                        |                                                              |                     |                      |
| Scholarships                                    | 231,229                                | -                                                            | -                   | 231,229              |
| Capital projects                                | 2,049,267                              | -                                                            | -                   | 2,049,267            |
| Nonexpendable                                   | 8,667,686                              | -                                                            | -                   | 8,667,686            |
| Unrestricted                                    | 9,916,926                              | 1,219,318                                                    | -                   | 11,136,244           |
| <b>Total net position</b>                       | <b>\$ 64,179,656</b>                   | <b>\$ (126,122)</b>                                          | <b>\$ -</b>         | <b>\$ 64,053,534</b> |

LARAMIE COUNTY COMMUNITY COLLEGE

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2015

|                                                                   | Laramie County<br>Community<br>College | Laramie County<br>Community<br>College Building<br>Authority | Eliminations | Total               |
|-------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------|--------------|---------------------|
| <b>Operating Revenues</b>                                         |                                        |                                                              |              |                     |
| Tuition and fees                                                  | \$ 10,372,584                          | \$ -                                                         | \$ -         | \$ 10,372,584       |
| Federal grants and contracts                                      | 1,913,371                              | -                                                            | -            | 1,913,371           |
| State and local grants and contracts                              | 1,074,302                              | -                                                            | -            | 1,074,302           |
| Auxiliary enterprise charges                                      | 3,406,064                              | -                                                            | -            | 3,406,064           |
| Other operating revenues                                          | 222,524                                | -                                                            | -            | 222,524             |
| <b>Total operating revenues</b>                                   | <b>16,988,845</b>                      | <b>-</b>                                                     | <b>-</b>     | <b>16,988,845</b>   |
| <b>Operating Expenses</b>                                         |                                        |                                                              |              |                     |
| Instruction                                                       | 20,177,629                             | -                                                            | -            | 20,177,629          |
| Public service                                                    | 416,256                                | -                                                            | -            | 416,256             |
| Academic support                                                  | 6,241,329                              | -                                                            | -            | 6,241,329           |
| Student services                                                  | 3,980,802                              | -                                                            | -            | 3,980,802           |
| Institutional support                                             | 8,000,240                              | -                                                            | -            | 8,000,240           |
| Operation and maintenance of plant                                | 5,806,141                              | 13,577                                                       | -            | 5,819,718           |
| Scholarships                                                      | 14,281,589                             | -                                                            | -            | 14,281,589          |
| Auxiliary enterprises                                             | 2,622,286                              | -                                                            | -            | 2,622,286           |
| Depreciation                                                      | 3,847,089                              | -                                                            | -            | 3,847,089           |
| <b>Total operating expenses</b>                                   | <b>65,373,361</b>                      | <b>13,577</b>                                                | <b>-</b>     | <b>65,386,938</b>   |
| <b>Operating (loss)</b>                                           | <b>(48,384,516)</b>                    | <b>(13,577)</b>                                              | <b>-</b>     | <b>(48,398,093)</b> |
| <b>Nonoperating Revenues (Expenses)</b>                           |                                        |                                                              |              |                     |
| Non-exchange Federal and state grants                             | 12,418,561                             | -                                                            | -            | 12,418,561          |
| State appropriations                                              | 31,226,214                             | -                                                            | -            | 31,226,214          |
| Local appropriations                                              | 9,582,502                              | -                                                            | -            | 9,582,502           |
| Net investment income                                             | 786,943                                | 48,075                                                       | -            | 835,018             |
| Direct financing income                                           | -                                      | 623,268                                                      | (623,268)    | -                   |
| Interest expense                                                  | (1,147,490)                            | (719,141)                                                    | 623,268      | (1,243,363)         |
| Interest refund                                                   | -                                      | 111,801                                                      | -            | 111,801             |
| <b>Net nonoperating revenues</b>                                  | <b>52,866,730</b>                      | <b>64,003</b>                                                | <b>-</b>     | <b>52,930,733</b>   |
| <b>Income before other revenue,<br/>expenses, gains or losses</b> | <b>4,482,214</b>                       | <b>50,426</b>                                                | <b>-</b>     | <b>4,532,640</b>    |
| <b>Other Revenue, Expenses, Gains or Losses</b>                   |                                        |                                                              |              |                     |
| State endowment appropriation                                     | 883,112                                | -                                                            | -            | 883,112             |
| <b>Increase in net position</b>                                   | <b>5,365,326</b>                       | <b>50,426</b>                                                | <b>-</b>     | <b>5,415,752</b>    |
| Net Position, beginning of year, as previously stated             | 67,770,398                             | (176,548)                                                    | -            | 67,593,850          |
| Adjustment to prior years                                         | (8,956,068)                            | -                                                            | -            | (8,956,068)         |
| Net Position, beginning of year, as restated                      | 58,814,330                             | (176,548)                                                    | -            | 58,637,782          |
| Net Position, end of year                                         | \$ 64,179,656                          | \$ (126,122)                                                 | \$ -         | \$ 64,053,534       |

LARAMIE COUNTY COMMUNITY COLLEGE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2015**

| Federal Grantor/Pass-Through<br>Grantor/Program Title      | Pass-Through<br>Grantor's<br>Number | Catalog of<br>Federal Domestic<br>Assistance Number | Federal<br>Award<br>Expenditures |
|------------------------------------------------------------|-------------------------------------|-----------------------------------------------------|----------------------------------|
| <b><i>Student Financial Aid Cluster:</i></b>               |                                     |                                                     |                                  |
| <b>U.S. Department of Education:</b>                       |                                     |                                                     |                                  |
| Federal Direct Loan                                        | N/A                                 | 84.268                                              | \$ 6,791,056                     |
| Federal Pell Grant Program                                 | N/A                                 | 84.063                                              | 4,662,020                        |
| Federal Work-Study Program                                 | N/A                                 | 84.033                                              | 63,445                           |
| Federal Supplemental Educational Opportunity Grant         | N/A                                 | 84.007                                              | 56,616                           |
| <i>Total Student Financial Aid Cluster</i>                 |                                     |                                                     | <u>11,573,137</u>                |
| <b><i>Other Programs:</i></b>                              |                                     |                                                     |                                  |
| <b>U.S. Department of Education:</b>                       |                                     |                                                     |                                  |
| TRIO-Student Support Services                              | N/A                                 | 84.042                                              | <u>181,841</u>                   |
| Passed through Wyoming Department of Education:            |                                     |                                                     |                                  |
| Career and Technical Education - Basic<br>Grants to States | N/A                                 | 84.048                                              | <u>426,108</u>                   |
| Passed through University of Wyoming:                      |                                     |                                                     |                                  |
| GEAR-UP                                                    | 1001320A/1001320G-LCCC              | 84.334                                              | <u>348,904</u>                   |
| Passed through Wyoming College Commission:                 |                                     |                                                     |                                  |
| Adult Education State Grant Program                        | ABE14R04                            | 84.002                                              | 4,700                            |
| Adult Education State Grant Program                        | ABE15R04                            | 84.002                                              | 113,143                          |
| El Civics State Grant Program                              | ABE14C04                            | 84.002                                              | 675                              |
| El Civics State Grant Program                              | ABE15C04                            | 84.002                                              | 19,192                           |
| <i>Total passed through Wyoming College Commission</i>     |                                     |                                                     | <u>137,710</u>                   |
| <b>Total U.S. Department of Education</b>                  |                                     |                                                     | <u>12,667,700</u>                |
| <b>U.S. Department of Health and Human Services:</b>       |                                     |                                                     |                                  |
| Passed through Wyoming Department of Workforce Services:   |                                     |                                                     |                                  |
| Adelante - ETSS                                            | N/A                                 | 93.558                                              | 11,611                           |
| Passed through University of Wyoming:                      |                                     |                                                     |                                  |
| InBre                                                      | 1001481K/10019320-LCCC              | 93.859                                              | 24,815                           |
| Passed through Wyoming Department of Health:               |                                     |                                                     |                                  |
| National Bioterrorism Hospital Preparedness Program        | 108423                              | 93.889                                              | <u>5,500</u>                     |
| <b>Total U.S. Department of Health and Human Services</b>  |                                     |                                                     | <u>41,926</u>                    |
| <b>National Science Foundation:</b>                        |                                     |                                                     |                                  |
| Education and Human Resources                              | Due 1003452                         | 47.076                                              | <u>2,937</u>                     |

*Continued*



**LARAMIE COUNTY COMMUNITY COLLEGE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For the Year Ended June 30, 2015**

| Federal Grantor/Pass-Through<br>Grantor/Program Title                | Pass-Through<br>Grantor's<br>Number | Catalog of<br>Federal Domestic<br>Assistance Number | Federal<br>Award<br>Expenditures |
|----------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------|----------------------------------|
| <b>U.S. Department of Labor:</b>                                     |                                     |                                                     |                                  |
| Passed through Pueblo Community College:                             |                                     |                                                     |                                  |
| Trade Adjustment Assistance Community College<br>and Career Training | 23780-12-60-A-8                     | 17.282                                              | \$ 70,214                        |
| Passed through Wyoming Department of Workforce Services:             |                                     |                                                     |                                  |
| WIA Youth Activities                                                 | 98433                               | 17.259                                              | 18,314                           |
| H-1B Job Training Grant                                              | HG-22737-12-60-A-56                 | 17.268                                              | 658,968                          |
| <i>Total passed through University of Wyoming</i>                    |                                     |                                                     | <u>677,282</u>                   |
| <b>Total U.S. Department of Labor</b>                                |                                     |                                                     | <u>747,496</u>                   |
| <b>U.S. Department of Homeland Security:</b>                         |                                     |                                                     |                                  |
| Passed through Wyoming Department of Homeland Security:              |                                     |                                                     |                                  |
| Homeland Security Grant Program                                      | 13-GPD-LCCC-MA-SSG13                | 97.067                                              | <u>2,241</u>                     |
| <b>U.S. Department of Agriculture:</b>                               |                                     |                                                     |                                  |
| Passed through Wyoming Department of Education                       |                                     |                                                     |                                  |
| Child and Adult Care Food Program                                    |                                     | 10.558                                              | <u>24,208</u>                    |
| <b>Total Federal award expenditures</b>                              |                                     |                                                     | <u><u>\$ 13,486,508</u></u>      |

See Note to Schedule of Expenditures of Federal Awards.

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### **Note 1. Basis of Presentation**

The purpose of the schedule of expenditures of Federal awards (the “Schedule”) is to present a summary of the activities of the Laramie County Community College (the “College”) for the year ended June 30, 2015, which have been financed by the U.S. Government. The Schedule is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

For purposes of the Schedule, Federal awards have been classified into two types:

1. Direct Federal awards consisting of Federal assistance and Federal student financial aid, and
2. Pass-through funds received from non-Federal organizations made under federally sponsored programs conducted by those organizations.

**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  
Laramie County Community College  
Cheyenne, 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 Laramie County Community College (the "College") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**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 entity'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 result of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cheyenne, Wyoming  
\_\_\_\_\_, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Trustees  
Laramie County Community College  
Cheyenne, Wyoming

**Report on Compliance for Each Major Federal Program**

We have audited Laramie County Community College's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002. 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 the accompanying Schedule of Findings and Questioned Costs. 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 OMB Circular A-133, 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 a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 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 the accompanying Schedule of Findings and Questioned Costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

LARAMIE COUNTY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

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I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

☐ Yes ☒ No

B. Federal Awards

Internal control over major Federal programs:

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

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

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☒ Yes ☐ No

Identification of major programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u>                                  |
|---------------------|----------------------------------------------------------------------------|
| Cluster             | Student Financial Aid Cluster                                              |
| 84.334              | Gaining Early Awareness and Readiness for Undergraduate Programs (Gear-Up) |

- Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- Auditee qualified as low-risk auditee? ☒ Yes ☐ No

## LARAMIE COUNTY COMMUNITY COLLEGE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

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#### II. FINANCIAL STATEMENT FINDINGS

None

#### III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

##### **2015-001: Student Financial Aid Cluster – Special Tests: Enrollment Reporting**

|                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------|
| <b>Catalog of Federal Assistance (CFDA) Number and Title:</b> 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program |
| <b>Federal Agency Name:</b> Department of Education                                                                                  |
| <b>Pass-Through Entity Name (if applicable):</b> N/A                                                                                 |
| <b>Award Number/Name:</b> N/A                                                                                                        |
| <b>Award Year(s):</b> July 1, 2014 – June 30, 2105                                                                                   |

##### ***Condition –***

##### **Campus Level Reporting:**

Of the four graduate students tested for Campus Level Enrollment Reporting, we noted one instance where the student's status change was not reported.

Of the 36 students tested for Campus Level Enrollment Reporting, we noted 17 where the student's status change was not reported for the semester selected for testing. Within the same sample, we noted five instances where the student's status was reported with an inaccurate status effective date. In addition, we noted four instances where the student's status change was not reported within 60 days as required.

The error did not result in any questioned costs.

##### **Program Level Reporting:**

Of the 40 withdrawn and graduate students tested for Program Level Enrollment Reporting, we noted 33 instances where the student's status change was not reported and three instances in which the student's effective date of the status change was not reported accurately.

Of the 33 students where the status change was not reported, three students had no program level information reported.

The errors did not result in any questioned costs.

**Criteria** – Per review of 34 CFR 685.305 (FDL), the school must use the withdrawal date determined under 34 CFR 668.22(b) or (c), as applicable for the purpose of reporting the date that the student has withdrawn from the school. In addition, per review of 34 CFD 690.83 (Pell), an institution shall submit, in accordance with deadline dates established by the Secretary, through publication in the Federal Register, other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure that the reports are correct.



## LARAMIE COUNTY COMMUNITY COLLEGE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

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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."

**Cause** – The Student Financial Aid Office and Registrar Office do not have effective controls in place to ensure that all data reported to their third-party service provider is accurate. In addition, there are no controls in place to ensure proper monitoring of their third-party service provider utilized for reporting student status changes. As a result, the Student Financial Aid Office and Registrar Office was unaware the National Student Loan Database System was not requesting all status changes from their third-party service provider.

**Effect** - Improper reporting of student status changes could impact student's interest subsidy and/or repayment status.

**Recommendation** – We recommend that the Registrar Office evaluate their controls in place to ensure that all required reporting is occurring and that status effective dates are being properly reported for each student.

In addition, we recommend the Student Financial Aid Office and Registrar Office implement a control to ensure that enrollment data reported to the College's third-party service provider is appropriately reported to NSLDS. Additionally, we recommend the Student Financial Aid Office and Registrar Office strengthen their monitoring of third-party service providers to ensure they have proper controls in place (i.e., obtain and review their SOC 1 reports).

**Questioned Costs** – \$0

**Management's Response** – Management has implemented their internal process to ensure unofficial withdrawals are correctly reported to their third-party service provider.

The Financial Aid Director will be sending, via transfer monitoring, all students enrolled in a degree or certificate granting program mid-semester to trigger the National Student Loan Database System to request a status update from the Institution's third-party service provider.

## LARAMIE COUNTY COMMUNITY COLLEGE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

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#### **2015-002: Student Financial Aid Cluster – Special Tests: R2T4**

|                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Catalog of Federal Assistance (CFDA) Number and Title:</b> 84.007 FSEOG, 84.033 FWS, 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program |
| <b>Federal Agency Name:</b> Department of Education                                                                                                            |
| <b>Pass-Through Entity Name (if applicable):</b> N/A                                                                                                           |
| <b>Award Number/Name:</b> N/A                                                                                                                                  |
| <b>Award Year(s):</b> July 1, 2014 – June 30, 2105                                                                                                             |

**Condition** – The Financial Aid Office incorrectly included five days related to Thanksgiving vacation when determining the total number of days in the Fall 2014 semester. As such, all Fall 2014 R2T4 calculations were performed utilizing the incorrect total number of days. The error resulted in a known overpayment of \$2,269 of Title IV funds that were actually earned. In addition, the error resulted in a projected overpayment of \$39,201.

**Criteria** – Per 34 CFR 668.22(f)(2), the total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period.

**Cause** – The Financial Aid Director is aware of the requirement; however, Thanksgiving vacation was extended one day in Fall 2014 and the calculation was not appropriately adjusted.

**Effect** – The Institution returned Title IV funds that were earned.

**Recommendation** – We recommend another member of the Financial Aid Department review the semester set up in Colleague to ensure all breaks of five or more consecutive days are excluded from the total number of calendar days in a payment period.

**Questioned Costs** – Overpayment of \$2,269

**Management's Response** – The dates for Thanksgiving break will be included in the Colleague annual set-up steps and confirmed by another member of the Financial Aid team.

The Financial Aid Director has contacted the Federal reviewer in Chicago, IL to determine the next steps to make all students with official and unofficial withdrawals whole for Fall 2014.

# LARAMIE COUNTY COMMUNITY COLLEGE

## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended June 30, 2015

| Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Status                                                                                                                                                         |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|-------------------------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2014-001: Student Financial Aid Cluster – Special Tests: Enrollment Reporting</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <table><tr><td><b>Catalog of Federal Assistance (CFDA) Number and Title:</b> 84.268 Federal Direct Student Loans , 84.063 Federal Pell Grant Program</td></tr><tr><td><b>Federal Agency Name:</b> Department of Education</td></tr><tr><td><b>Pass-Through Entity Name (if applicable):</b> N/A</td></tr><tr><td><b>Award Number/Name:</b> N/A</td></tr><tr><td><b>Award Year(s):</b> July 1, 2013- June 30, 2014</td></tr></table> <p>Of the 40 students tested for Enrollment Reporting, we noted four instances in which the students were reported to NSLDS with graduated status effective dates of the last day of classes instead of the last day of finals, which would be the date the student completed the course requirements.</p> <p>Of the 40 students tested for Enrollment Reporting, we noted 14 instances in which the students status change (to withdrawn or graduate) were not reported to NSLDS.</p> <p>Of the 40 students tested for Enrollment Reporting, we noted six instances in which the students’ withdrawn dates were improperly reported to the NSLDS.</p>   | <b>Catalog of Federal Assistance (CFDA) Number and Title:</b> 84.268 Federal Direct Student Loans , 84.063 Federal Pell Grant Program                          | <b>Federal Agency Name:</b> Department of Education | <b>Pass-Through Entity Name (if applicable):</b> N/A | <b>Award Number/Name:</b> N/A | <b>Award Year(s):</b> July 1, 2013- June 30, 2014 | <p>The academic calendar was changed for the 2014-2015 academic year to show the last day of finals as the last day of the semester. Records and Financial Aid have continued to work on a process to ensure the correct withdrawn date is reported for unofficial withdrawals and that all required status changes are reports to NSLDS.</p> <p><i>Auditor’s Comment</i> – The College correctly utilized the last day of finals as the graduated status effective dates. However, corrective procedures were not implemented completely for ensuring all required status changes were reported to the NSLDS or that the correct status effective date was utilized, which resulted in current year finding 2015-001.</p> |
| <b>Catalog of Federal Assistance (CFDA) Number and Title:</b> 84.268 Federal Direct Student Loans , 84.063 Federal Pell Grant Program                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Federal Agency Name:</b> Department of Education                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Pass-Through Entity Name (if applicable):</b> N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Award Number/Name:</b> N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Award Year(s):</b> July 1, 2013- June 30, 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>2014-002: Student Financial Aid Cluster – Special Tests: R2T4</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <table><tr><td><b>Catalog of Federal Assistance (CFDA) Number and Title:</b> 84.007 FSEOG, 84.033 FWS, 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program</td></tr><tr><td><b>Federal Agency Name:</b> Department of Education</td></tr><tr><td><b>Pass-Through Entity Name (if applicable):</b> N/A</td></tr><tr><td><b>Award Number/Name:</b> N/A</td></tr><tr><td><b>Award Year(s):</b> July 1, 2013- June 30, 2014</td></tr></table> <p>The Office of Scholarships and Financial Aid does not have a formalized process regarding the documentation of the date of determination for students who unofficially withdraw during the semester without providing notification to the institution. The date of determination currently documented by the Office of Scholarships and Financial Aid is not the date the institution knew, or should have known, that the student withdrew. The condition does not result in any known questioned costs as the calculations selected for testing were performed accurately and all required funds were returned timely.</p> | <b>Catalog of Federal Assistance (CFDA) Number and Title:</b> 84.007 FSEOG, 84.033 FWS, 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program | <b>Federal Agency Name:</b> Department of Education | <b>Pass-Through Entity Name (if applicable):</b> N/A | <b>Award Number/Name:</b> N/A | <b>Award Year(s):</b> July 1, 2013- June 30, 2014 | <p>The College documented their date of determination for unofficial withdrawals which met the 30-day requirement.</p> <p><i>Auditor’s Comment</i> – Based on the audit work performed, the corrective procedures were implemented.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Catalog of Federal Assistance (CFDA) Number and Title:</b> 84.007 FSEOG, 84.033 FWS, 84.268 Federal Direct Student Loans, 84.063 Federal Pell Grant Program                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Federal Agency Name:</b> Department of Education                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Pass-Through Entity Name (if applicable):</b> N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Award Number/Name:</b> N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Award Year(s):</b> July 1, 2013- June 30, 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                |                                                     |                                                      |                               |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |