

**LARAMIE COUNTY COMMUNITY COLLEGE**

**FINANCIAL AND COMPLIANCE REPORT**

**JUNE 30, 2017**

Preliminary Draft 10/13/2017

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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, 2017 and 2016, and its discretely presented component unit, Laramie County Community College Foundation (the "Foundation") as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2017 and 2016, and December 31, 2016 and 2015, respectively, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 17, and certain pension plan information on pages 48 through 50, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The combining schedules and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 **Report Date**, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Cheyenne, Wyoming  
**Report Date**, 2017

# Laramie County Community College Management's Discussion and Analysis

## Fiscal Year Ended June 30, 2017

The Management's Discussion and Analysis (MD&A) section of the Laramie County Community College (the "College") annual financial report provides an overview of the College's financial activities for the fiscal year ended June 30, 2017. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to financial statements, required supplementary information, and supplementary information. The MD&A is designed to focus on current activities, resulting changes, and current known facts. Comparable facts are given for fiscal years 2015, 2016, and 2017.

Laramie County Community College was created by the voters on May 21, 1968 to help fill the need for academic, career, and community service/continuing education in the county. Courses are offered that reflect the skills and knowledge required to function in a world that makes ever increasing demands upon the individual. The College is dedicated to helping individuals prepare for careers, enjoy community life, and enrich leisure time by providing educational experiences.

To achieve these ends, the College provides programs in the following instructional areas: academic, preparing students for transfer to four-year institutions; career education, training students in programs up to two years in length to enter the world of work; and community education, consisting of non-credit courses and offering courses of general information, cultural opportunities, and professional and personal growth.

The College strives to be an educational institution for all people – whether they want to gain personal enrichment through a program of general education, to obtain a certification of high school equivalency, to develop skills in a technical program, or to begin a college career leading to a bachelor's or higher degree.

The College's main campus is in Cheyenne, nestled along Crow Creek, on the high plains of southeastern Wyoming. Our location puts us at just over 6,000 feet above sea level. Cheyenne is the capital of Wyoming, with a population of about 64,000. Intersected by Interstate 25 and Interstate 80, Cheyenne is a major crossroad for the Rocky Mountain region and the western United States.

- There are many regional attractions. If you prefer an outdoor lifestyle, Cheyenne is approximately 30 minutes from the pine forests of Medicine Bow National Forest and 90 minutes from many of the outdoor opportunities of Colorado.
- If you prefer a more urban lifestyle, Fort Collins and Denver, Colorado, are just a short 60- to 90-minute drive from Cheyenne, and offer many great shopping and cultural opportunities.

The College Albany County Campus (ACC) is in Laramie, Wyoming, less than 10 minutes from downtown, the University of Wyoming, city offices, and county agencies.

Laramie, population of 32,380, is the county seat of Albany County and is on the Laramie River in southeastern Wyoming, at the junction of Interstate 80 and US Route 287.

### 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 less total liabilities and 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, nonoperating, 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.

*The 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 the College Foundation reflect the audited financial information as of December 31, 2015 and December 31, 2016. Although the inclusion of these figures in our financial report is required by GASB 39, they are not included in this MD&A. If there are questions regarding this information, contact the the College Foundation, at 1400 East College Drive, Cheyenne, Wyoming, 82007.

During Fiscal Year 2006, the the College 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, refunded the bonds held by the Foundation for the Albany County Campus Building in 2012, refunded the 2005 Series bonds in 2015, and refunded the 2009 bonds in 2016. 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 Assets included in the Supplementary Information Section of this report.

## **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 note 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.

## ASSETS

### CURRENT ASSETS

	2015	2016	2017
Cash and cash equivalents	\$ 12,253,983	\$ 13,903,976	\$ 14,333,898
Restricted cash held by others	-	2,879,461	67,236
Investments	5,064,162	5,187,156	5,164,111
Accounts receivable, net	4,477,314	4,329,004	3,726,345
Property taxes receivable	9,321,294	9,387,449	9,743,314
Prepaid expense	42,228	102,935	93,834
Total current assets	\$ 31,158,981	\$ 35,789,981	\$ 33,128,738

#### Cash, cash equivalents, investments, and cash held by others

Cash and cash equivalents consist of cash in the College bank accounts, the the College 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 increase in cash and cash equivalents for 2016 is mainly due to funds for major maintenance waiting to be spent for major maintenance projects. Cash held by others are funds deposited with Wyoming State Construction Management Division in connection with the construction of our new buildings.

#### Accounts receivable

Accounts receivable include credit and non-credit student tuition and fee billings, inter-fund transactions between the College and the the College 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 decrease in accounts receivable is due to drawing Federal student loan and Pell grant amounts earlier in fiscal year 2017.

#### Property taxes receivable

The property tax receivable for fiscal year 2017 increased when compared to fiscal year 2016 due to a 4% increase in valuation. Fiscal year 2015 is comparable to fiscal year 2016. The total approved mill levy for next year is 6.2 mills (5.0 mills for operations and 1.2 mills 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 6.2 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 tax receivable represents taxes expected for the period January 1 through December 31. Both the property tax receivable and deferred revenue for fiscal years 2015, 2016, and 2017 have increased as assessed values of property have increased and the new debt service mill 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.

#### Prepaid expense

Two prepaid contracts are listed in this category: 1) IT services contract and 2) prepaid food services vendor payments.

## **NONCURRENT ASSETS**

	2015	2016	2017
Restricted cash	\$ 1,058,428	\$ 8,561,991	\$ 94,401
Restricted investments	27,751,534	5,887,572	3,246,110
Capital assets, net of accumulated depreciation	57,655,993	84,429,383	98,271,162
Investments held by others	10,798,387	11,548,098	12,768,692
Total noncurrent assets	97,264,342	110,427,044	114,380,365
Total assets	\$ 128,423,323	\$ 146,217,025	\$ 147,509,103

### **Noncurrent restricted cash**

In fiscal years 2015 and 2016, restricted cash was increased by cash associated with the construction of the two new buildings, the Pathfinder Building and the Flex-tech Building, and the issuance of related bonds. In fiscal year 2017 the restricted cash was spent down as construction ended.

### **Restricted investments**

Restricted investments are investments belonging to the the College Building Authority. They are classified as noncurrent restricted because the investment is restricted to Series 2005 bonds (residence halls – refunded by Series 2015 bonds), Series 2009 BAB (dining facility/residence hall refunded by Series 2016 bonds), Series 2012 bonds (refunded bonds for Albany County Campus Building), and Series 2014 bonds (construction of Pathfinder Building and the Flex-tech Building – fiscal year 2016) issuance restrictions. Fiscal year 2015 had large investments awaiting the construction projects listed in the paragraph above. Fiscal year 2016 saw major construction completed on the two new building thus reducing restricted investments significantly. Both restricted cash and restricted investments were generated from proceeds of bond issuances.

### **Capital assets, net**

Net capital assets include land, site improvements, infrastructure, buildings, equipment, library resources, and construction in progress. The amount reported is net of accumulated depreciation. The increase of \$13,841,779 in capital assets reflects the net of the year's additions of (+) \$17,963,676 and depreciation/disposals (-) \$4,121,897. The major fiscal year 2017 activity in capital assets was the continued construction-in-progress/capital lease of campus improvements including new buildings, College entry improvements, building renewals, campus lighting improvements, and various equipment purchases of \$823,920.

### **Investments held by others**

This category reflects the amount invested and held by the the College Foundation, as custodian for the College. The investments were funded by the State of Wyoming Endowment Challenge Grant. This category is classified as a "noncurrent" asset and shows a year-end amount of \$12,768,692. Fiscal year 2015 through fiscal year 2017 saw increases through state contributions and corpus interest. See State of Wyoming endowment appropriation in nonoperating 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 fiscal year 2017 pension related outflows decreased by a net \$554,438 resulting from pension plan investment gains of \$239,871, and Change in Proportionate share of \$456,172; less change in the College contributions from January-June 2017 over the same period in 2016 (\$2,446); less amortization of prior year investment gains (\$1,043,168); less amortization of change in prior year experience to actual (\$204,867).

	2015	2016	2017
Deferred Outflows:			
Pension related outflows	\$ 2,137,211	\$ 4,427,246	\$ 3,872,808
Bond modification	-	-	22,250
Total deferred outflows	\$ 2,137,211	\$ 4,427,246	\$ 3,895,058

## **LIABILITIES**

### **Definition of current and noncurrent liabilities**

Current liabilities are those items which will be paid during the 12-month period from July 1, 2016 to June 30, 2017. Noncurrent liabilities are those items that are due beyond the 12-month period ending June 30, 2017.

## **CURRENT LIABILITIES**

	2015	2016	2017
Accounts payable	\$ 807,665	\$ 811,944	\$ 1,830,759
Payroll and related liabilities	1,536,830	1,453,510	1,257,898
Accrued compensated absences	821,875	855,900	921,575
Accrued interest payable (bond)	190,939	139,753	111,389
Advance tuition payments	241,160	161,950	177,758
Custodial deposits	1,136,706	1,510,349	1,664,278
Capital lease obligation	35,804	36,717	30,993
Current maturities of bonds payable	2,574,205	2,789,845	2,797,600
Total current liabilities	\$ 7,345,184	\$ 7,759,968	\$ 8,792,250

### **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 fiscal year 2017 increased from prior years due to retainages owed on building construction and additional jobs in progress at year end.

### **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 2016/2017 academic year. Fiscal year 2017 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 fiscal year 2017 decreased due to the decrease of refunded bond issuance of 2009 bonds in 2016.

#### 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 the College holds for the Agency Funds including student fees (income and expense) equity.

#### Capital lease obligation

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

#### 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 the College Building Authority. A bond issue held by the College was issued in the fall of 2014 for the construction of the Pathfinder Building and the Flex-Tech Building.

### **NONCURRENT LIABILITIES**

	2015	2016	2017
Liability for voluntary termination	\$ 985,995	\$ 755,672	\$ 592,542
Accrued compensated absences	244,495	255,658	275,276
Capital lease obligation	36,716	-	83,694
Long-term bonds payable	37,638,949	34,686,185	31,831,260
Net pension liability	11,627,344	15,267,086	16,318,293
Total noncurrent liabilities	50,533,499	50,964,601	49,101,065
Total liabilities	\$ 57,878,683	\$ 58,724,569	\$ 57,893,315

#### Liability for voluntary termination

The liability for voluntary termination refers to the Transitional Opportunity Plan (TOP) liability. The decrease of this liability for fiscal years 2015, 2016, and 2017 is a result of decreasing numbers of eligible TOP recipients. To be eligible for TOP, an employee must have begun employment with the College 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.

#### Long-term bonds payable

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 the College 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, fiscal year 2015 saw the implementation of GASB 68 *Accounting and financial reporting for pensions*. The \$16,318,293 in this line item is the College's share of the liability of an under-funded pension plan administered by the State of Wyoming. The College 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.

### 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.

	2015	2016	2017
Deferred Inflow:			
Deferred revenue:			
Property taxes	\$ 8,628,317	\$ 8,670,838	\$ 9,027,815
Pension related Inflows	-	368,501	461,003
Total deferred inflows	\$ 8,628,317	\$ 9,039,339	\$ 9,488,818

### 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). See the property tax receivable section above for a discussion of the fiscal year 2017 increase.

### Deferred pension-related inflows

Deferred inflow of resources can be defined as an inflow of resources by the College that is applicable to a future reporting period, for example, advance changes to account share. When a change (increase or decrease) in the proportional share of the net pension liability of the College to the other participants in the pension plan or a difference between expected and actual experience occurs it must be recorded as a deferred inflow or outflow and amortized over the applicable period. For fiscal year 2017, the net increase of \$92,502 (current year change \$295,590 less prior year amortizations \$203,088) denotes an increase in the proportional share of the College to the total of all other participants in the pension plan and change in expected and actual experience and will be used in the determination of the net pension liability in future periods.

### 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

	2015	2016	2017
Net investment in capital assets	\$ 17,370,319	\$ 46,916,635	\$ 64,026,803
Restricted for:			
Non-expendable (endowment)	8,661,321	9,704,670	9,827,487
Expendable:			
Scholarships, research, instruction, and other	231,229	406,043	484,636
Capital projects and asset purchases	28,837,406	18,761,202	4,512,019
Unrestricted	8,953,259	7,091,813	5,171,083
Total net position	\$ 64,053,534	\$ 82,880,363	\$ 84,022,028

## **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 unrestricted net position of \$1,920,730 for fiscal year 2017 was primarily due to the effect of non-cash pension expense adjustments related to GASB 68.

## **REVENUES**

### **OPERATING REVENUES**

	2015	2016	2017
Tuition and fees (net of scholarship allowances of \$482,833 for 2015; \$804,176 for 2016; and \$843,010 for 2017)	\$ 10,372,584	\$ 10,205,620	\$ 10,844,999
Federal grants and contracts	1,913,371	1,577,432	1,603,559
State and local grants and contracts	1,074,302	806,739	758,960
Auxiliary enterprise charges	3,406,064	3,330,390	3,397,252
Other operating revenues	222,524	147,101	295,773
Total operating revenues	\$ 16,988,845	\$ 16,067,282	\$ 16,900,543

### **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 years ended June 30, 2015 and June 30, 2016, was \$482,833 and \$804,176, respectively. This compares to \$843,010 for fiscal year 2017 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, the College 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 fiscal year 2017 was approximately 6.26% higher. 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 \$35 per credit hour to \$48 per credit hour (all fees capped at 12 hours like tuition) in fiscal year 2016, and to \$48.75 for fiscal year 2017. Student fee revenue increased \$732,156 in fiscal year 2016 and 66,186 in fiscal year 2017.

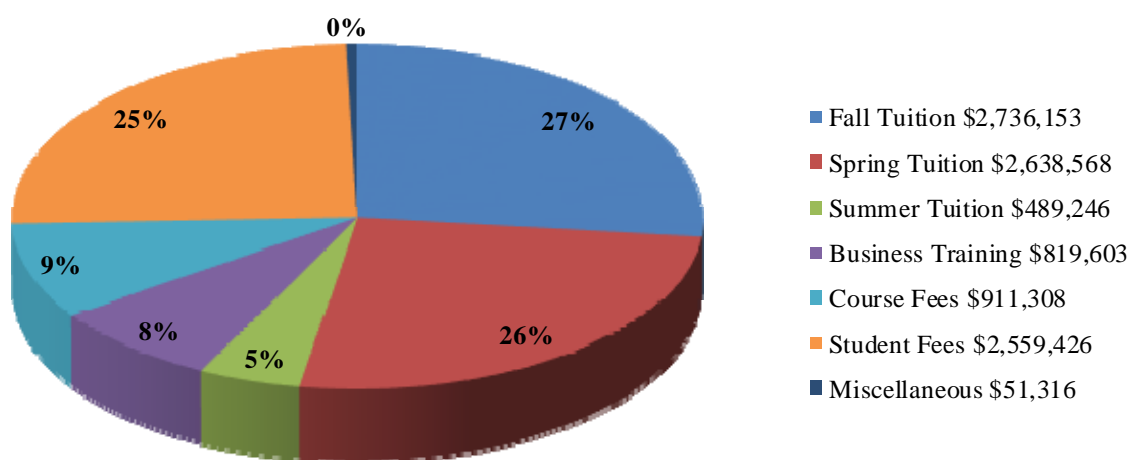
## Enrollment

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

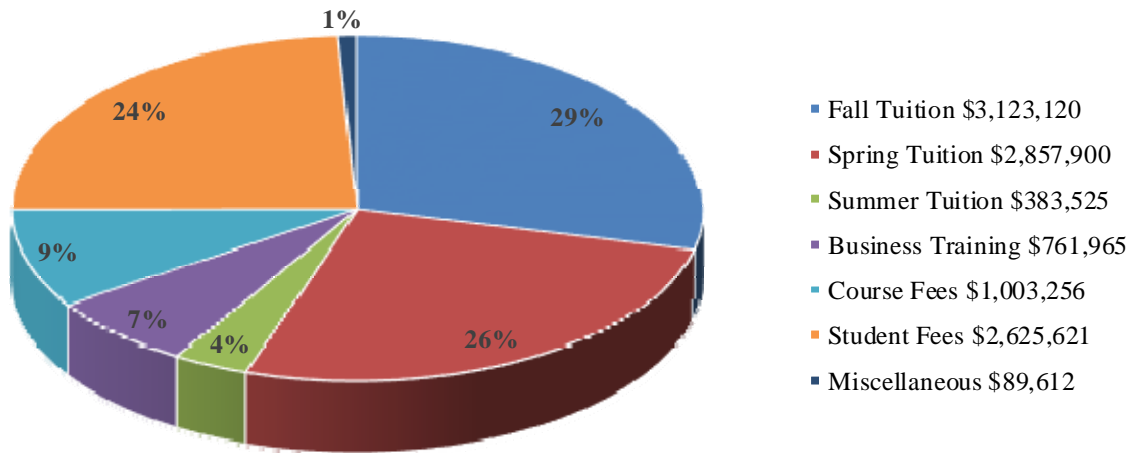
Enrollment History	Headcount				FTE			
Academic Year	SU	FA	SP	Annualized Total	SU	FA	SP	Annualized Total
2005-06	1,479	4,603	4,943	5,512.5	564.70	3,176.40	3,313.92	3,527.51
2006-07	1,503	4,584	5,051	5,569.0	589.25	3,252.05	3,491.50	3,666.40
2007-08	1,568	4,886	4,948	5,701.0	606.92	3,411.17	3,441.20	3,729.65
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	635.30	3,291.70	3,216.40	3,571.70
2015-16	1,380	4,288	4,430	5,049.0	561.90	3,223.80	3,145.10	3,465.42
2016-17	1,111	4,218	4,250	4,789.5	458.17	3,138.46	3,049.46	3,323.05
1-Year Change	-9.4%	-4.6%	-1.6%	-4.0%	-11.6%	-2.1%	-2.2%	-3.0%
5-Year Change	-22.2%	-17.4%	-20.9%	-19.6%	-20.9%	-17.9%	-24.4%	-22.1%
10-Year Change	-6.7%	-6.8%	-10.4%	-8.4%	-0.5%	1.5%	-5.1%	-1.8%

The following charts show a comparison of tuition and fees for 2016 and 2017:

### 2016 Tuition and Fees



## 2017 Tuition and Fees



### 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. Fiscal year 2017 grant and contract revenues were comparable to prior years. See the Schedule of Expenditures of Federal Awards for information regarding nonoperating financial aid Federal grants and contracts (see in section Nonoperating Revenue/Expenses below).

### 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 fiscal year 2017 is comparable to prior years.

### 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. Fiscal year 2017 is comparable to prior years.

## **EXPENSES**

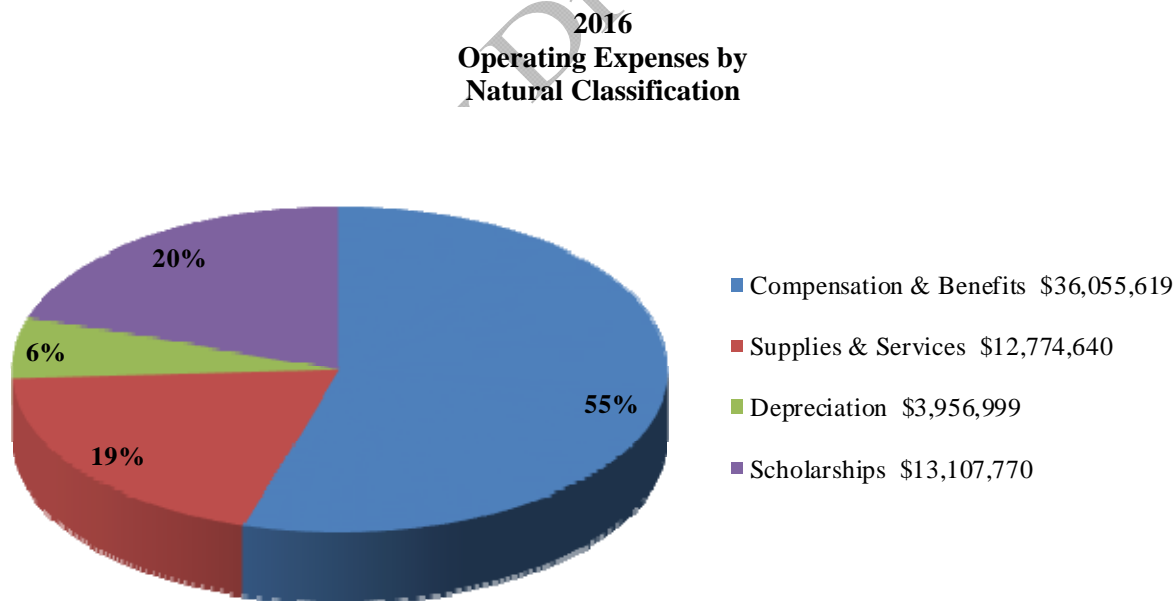
### **OPERATING EXPENSES**

	2015	2016	2017
Operating expenses by function:			
Instruction	\$ 20,177,629	\$ 21,004,185	\$ 20,287,967
Public service	416,256	500,630	530,036
Academic support	6,241,329	6,019,838	5,933,597
Student services	3,980,802	4,630,031	4,441,375
Institutional support	8,000,240	8,423,240	8,947,893
Operation and maintenance of plant	5,819,718	5,551,548	5,382,554
Scholarships	14,281,589	13,107,770	13,574,340
Auxiliary enterprises	2,622,286	2,700,787	2,705,550
Depreciation	3,847,089	3,956,999	4,068,766
Total operating expenses	65,386,938	65,895,028	65,872,078
Operating (loss)	\$ (48,398,093)	\$ (49,827,746)	\$ (48,971,535)

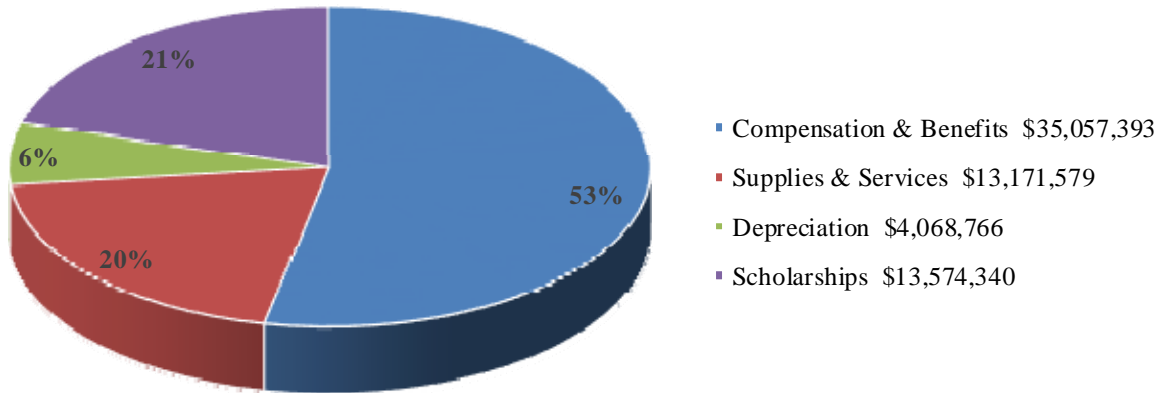
Operating expenses include salaries and benefits, goods and services provided to the College, institutional scholarships, and operations and maintenance of plant. Increases in salaries and benefits are reflective of increased salary funding of 2% in fiscal year 2015, 1% in fiscal year 2016, and none in fiscal year 2017. Health insurance benefits cost to the College increased by an average of 5.4% for fiscal year 2015 and was held at the 2015 levels for 2016 and 2017. Only a minimal number of new staff were added because of budget constraints in fiscal year 2017.

Plant operation and maintenance trended slightly down in 2017 due to decreases in renovation and repair projects (\$168,944). Scholarships trended slightly 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:



**2017**  
**Operating Expenses by**  
**Natural Classification**



Scholarships, including Federal, state, local and institutional scholarships, total \$13,574,340. Prior to fiscal year 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 fiscal year 2017 were \$6,673,601. The loans, along with an additional \$4,139,385 in Pell grants, make up the bulk of scholarship for fiscal year 2017.

The operating loss reflected is prior to the application of state and local revenues. The College 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. Fiscal year 2016 operating loss increased by \$1,414,692 over fiscal year 2015 and decreased \$856,211 when compared to fiscal year 2017.

**NONOPERATING REVENUES (EXPENSES)**

	2015	2016	2017
Nonoperating revenues (expenses):			
Non-exchange Federal and state grants	\$ 12,418,561	\$ 11,551,382	\$ 11,943,776
State appropriations	31,226,214	45,966,767	26,922,521
Local appropriations	9,582,502	10,464,617	10,510,107
Investment income	835,018	790,998	1,597,270
Interest expense	(1,243,363)	(1,261,153)	(1,012,497)
Interest refund	111,801	103,882	47,108
(Loss) gain on disposal	-	(5,267)	(17,902)
Net nonoperating revenues	\$ 52,930,733	\$ 67,611,226	\$ 49,990,383
Income before other revenue, expenses, gains, or losses	\$ 4,532,640	\$ 17,783,480	\$ 1,018,848
State of Wyoming endowment appropriation	883,112	1,043,349	122,817
Increase in net assets	\$ 5,415,752	\$ 18,826,829	\$ 1,141,665

Nonoperating 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, interest 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, \$10,787,260 and \$10,515,907 for fiscal years 2016 and 2017, respectively. This category also includes funds from the State of Wyoming for the Hathaway Scholarship Program of \$1,061,321 and \$903,180 for fiscal years 2017 and 2016, respectively. The state program provides merit and need based awards to eligible Wyoming students.

### State appropriations

A funding formula is used to determine the the College portion of total community college state appropriation and is based on a comparison to the other six community colleges in Wyoming. There has been a slight decrease in enrollment as compared to other colleges and an increased employee benefit appropriation. As stated in the net assets section above, the College saw a decrease of state appropriations of \$19,044,246 for fiscal year 2017. Two appropriations in fiscal year 2016 were responsible for this decrease: the state appropriation toward the two new buildings under construction, 1) The Flex-tech Building – \$5,256,466 and 2) The Pathfinder Building – \$9,470,186.

### 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:

<b>Tax Year</b>	<b>College District</b>	<b>Laramie County</b>	<b>City of Cheyenne</b>	<b>State of Wyoming</b>
2017	\$ 1,449,087,507	\$ 1,449,087,507	\$ 663,837,566	\$18,825,099,205
2016	1,391,787,844	1,391,787,844	608,842,611	20,932,788,556
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

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

Local valuations have remained stable but State of Wyoming has had a decrease in valuation from the downturn of energy related (coal, oil, and natural gas) industries' production and value.

### 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 2013-2017 are as follows:

<b>Tax Year</b>	<b>Total Tax Levy</b>	<b>Total Tax Collections<sup>(1)</sup></b>	<b>Percentage of Taxes Collected</b>
2016-2017 <sup>(2)</sup>	\$ 6,879,303	\$ 6,855,894	95.89%
2015-2016	6,879,303	6,894,696	99.56%
2014-2015	5,763,211	5,762,723	99.90%
2013-2014	5,155,756	5,186,780	100.60%
2012-2013	4,961,405	4,949,099	99.75%
2011-2012	4,683,889	4,680,586	99.93%
2010-2011	4,543,639	4,465,264	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, 2017.

Source: Laramie County Treasurer's Office.

#### Investment income

The majority of interest income is related to the investments held by the the College Foundation for the State Challenge Grant monies (\$1,523,346) and gains on the College investments (\$95,437). 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 the College Building Authority for the financing of College facilities.

#### 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 the investments held by others section above.

### **BUDGET**

The Board of Trustees is required to approve the College'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 the College'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 the College 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 the College are included in the Current Fund of the College'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 the College. 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 29, 2016.

### 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 College purposes for four years. The Laramie County voters approved the levy on November 3, 1998. These funds were used for the College'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."

The College enters into many agreements with the Federal and state government. A smaller share of funds is received by the College 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 the College 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 2017, the Board approved four amendments.

The first amendment was an increase to the Auxiliary Fund in the amount of \$61,729. These funds came from the Residence Hall fund balance to cover the expense of upgrading the Wi-Fi access in Eagle Village.

The second amendment was an increase to the Unrestricted Operating Fund in the amount of \$180,125. In the Fall of 2016, 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, the College received an increase of \$201,182 in our state appropriation and a decrease of \$21,057 in the local appropriation for a net increase of \$180,125.

The third amendment was an increase to the Federal Fund. 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, we received an Educating Toward Economic Diversity grant in March so the budget authority was increased by \$650,000.

The fourth amendment was an increase to the Auxiliary Fund. The budget authority for facilities rental was increased by \$20,000 to cover increased contract food services expenses which were covered by increased revenue collections for fiscal year 2017.

**LARAMIE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF NET POSITION**

**June 30, 2017 and 2016**

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
Current Assets		
Cash and cash equivalents (Note 2)	\$ 14,333,898	\$ 13,903,976
Restricted cash held by others (Note 2)	67,236	2,879,461
Investments (Note 2)	5,164,111	5,187,156
Accounts receivable, net	3,726,345	4,329,004
Property taxes receivable	9,743,314	9,387,449
Prepaid expense	93,834	102,935
<b>Total current assets</b>	<b>33,128,738</b>	<b>35,789,981</b>
Noncurrent Assets		
Restricted cash (Note 2)	94,401	8,561,991
Restricted investments (Note 2)	3,246,110	5,887,572
Capital assets, net of accumulated depreciation (Notes 3 and 5)	98,271,162	84,429,383
Investments held by others	12,768,692	11,548,098
	<b>114,380,365</b>	<b>110,427,044</b>
<b>Total assets</b>	<b>147,509,103</b>	<b>146,217,025</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Outflows (Note 7)	3,872,808	4,427,246
Bond Modification	22,250	-
<b>Total deferred outflows</b>	<b>3,895,058</b>	<b>4,427,246</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	1,830,759	811,944
Payroll and related liabilities	1,257,898	1,453,510
Accrued compensated absences (Note 4)	921,575	855,900
Accrued interest payable	111,389	139,753
Advance tuition payments	177,758	161,950
Custodial deposits (Note 9)	1,664,278	1,510,349
Capital lease obligation (Notes 4 and 5)	30,993	36,717
Current maturities of bonds payable (Note 4)	2,797,600	2,789,845
<b>Total current liabilities</b>	<b>8,792,250</b>	<b>7,759,968</b>
Noncurrent Liabilities		
Liability for voluntary termination (Note 4)	592,542	755,672
Accrued compensated absences (Note 4)	275,276	255,658
Capital lease obligation (Notes 4 and 5)	83,694	-
Long-term bonds payable (Note 4)	31,831,260	34,686,185
Net pension liability (Note 7)	16,318,293	15,267,086
<b>Total noncurrent liabilities</b>	<b>49,101,065</b>	<b>50,964,601</b>
<b>Total liabilities</b>	<b>57,893,315</b>	<b>58,724,569</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Property Taxes	9,027,815	8,670,838
Pension Related Inflows (Note 7)	461,003	368,501
<b>Total deferred inflows</b>	<b>9,488,818</b>	<b>9,039,339</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	64,026,803	46,916,635
Restricted for:		
Expendable:		
Scholarships	484,636	406,043
Capital projects	4,512,019	18,761,202
Nonexpendable	9,827,487	9,704,670
Unrestricted	5,171,083	7,091,813
<b>Total net position</b>	<b>\$ 84,022,028</b>	<b>\$ 82,880,363</b>

See Notes to Financial Statements.

**LARAMIE COUNTY COMMUNITY COLLEGE****COMPONENT UNIT - LARAMIE COUNTY COMMUNITY COLLEGE FOUNDATION****STATEMENTS OF FINANCIAL POSITION****December 31, 2016 and 2015**

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
Current Assets		
Cash and cash equivalents	\$ 2,199,584	\$ 2,311,657
Receivables:		
Accrued interest	23,816	13,698
Pledges receivable for 2016 and 2015, net of allowance of \$2,177 and \$2,119	34,107	33,204
Endowment challenge program receivable	74,102	141,416
Other receivable	21,771	13,423
<b>Total current assets</b>	<b>2,353,380</b>	<b>2,513,398</b>
Noncurrent Assets		
Pledges receivable for 2016 and 2015, net of allowance of \$40,823 and \$40,881, and discount of \$50,000 and \$50,000, less current portion	377,331	443,941
Property and equipment	67,826	68,143
Investments:		
Certificates of deposit (Note 2)	-	216,397
Marketable securities (Note 2)	26,849,181	22,012,088
Other investments	3,665	3,665
<b>Total noncurrent assets</b>	<b>27,298,003</b>	<b>22,744,234</b>
<b>Total assets</b>	<b>\$ 29,651,383</b>	<b>\$ 25,257,632</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 25,353	\$ 30,568
Noncurrent Liabilities		
Charitable gift annuity	214,624	224,711
Investments held for others (Note 2)	11,344,489	10,547,718
<b>Total noncurrent liabilities</b>	<b>11,559,113</b>	<b>10,772,429</b>
<b>Total liabilities</b>	<b>11,584,466</b>	<b>10,802,997</b>
Net Assets		
Unrestricted, undesignated	264,646	(26,055)
Temporarily restricted	4,307,808	2,346,313
Permanently restricted	13,494,463	12,134,377
<b>Total net assets</b>	<b>18,066,917</b>	<b>14,454,635</b>
<b>Total liabilities and net assets</b>	<b>\$ 29,651,383</b>	<b>\$ 25,257,632</b>

See Notes to Financial Statements.

**LARAMIE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2017 and 2016**

	2017	2016
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$843,010 and \$804,176)	\$ 10,844,999	\$ 10,205,620
Federal grants and contracts	1,603,559	1,577,432
State and local grants and contracts	758,960	806,739
Auxiliary enterprise charges	3,397,252	3,330,390
Other operating revenues	295,773	147,101
<b>Total operating revenues</b>	<b>16,900,543</b>	<b>16,067,282</b>
Operating Expenses (Note 12)		
Instruction	20,287,967	21,004,185
Public service	530,036	500,630
Academic support	5,933,597	6,019,838
Student services	4,441,375	4,630,031
Institutional support	8,947,893	8,423,240
Operation and maintenance of plant	5,382,554	5,551,548
Scholarships	13,574,340	13,107,770
Auxiliary enterprises	2,705,550	2,700,787
Depreciation	4,068,766	3,956,999
<b>Total operating expenses</b>	<b>65,872,078</b>	<b>65,895,028</b>
<b>Operating (loss)</b>	<b>(48,971,535)</b>	<b>(49,827,746)</b>
Nonoperating Revenues (Expenses)		
Non-exchange Federal and state grants	11,943,776	11,551,382
State appropriations	26,922,521	45,966,767
Local appropriations	10,510,107	10,464,617
Net investment income	1,597,270	790,998
Interest expense	(1,012,497)	(1,261,153)
Loss on disposal	(17,902)	(5,267)
Interest refund	47,108	103,882
<b>Net nonoperating revenues</b>	<b>49,990,383</b>	<b>67,611,226</b>
<b>Income before other revenue, expenses, gains or losses</b>	<b>1,018,848</b>	<b>17,783,480</b>
Other Revenue, Expenses, Gains or Losses		
State endowment appropriation	122,817	1,043,349
<b>Increase in net position</b>	<b>1,141,665</b>	<b>18,826,829</b>
Net Position, beginning	82,880,363	64,053,534
Net Position, ending	\$ 84,022,028	\$ 82,880,363

See Notes to Financial Statements.

**LARAMIE COUNTY COMMUNITY COLLEGE****COMPONENT UNIT - LARAMIE COUNTY COMMUNITY COLLEGE FOUNDATION****STATEMENTS OF ACTIVITIES****Years Ended December 31, 2016 and 2015**

	2016	2015
Changes in Unrestricted Net Assets		
Revenue, gains and other support:		
Administrative fees	\$ 623,286	\$ 533,928
Net investment income (loss)	211,448	(18,953)
Miscellaneous income	161	7,971
Net assets released from restrictions	1,118,997	1,072,425
<b>Total unrestricted revenue, gains and other support</b>	<b>1,953,892</b>	<b>1,595,371</b>
Expenses:		
Program services:		
College support	1,118,997	1,072,425
Management and fundraising	544,194	488,615
<b>Total expenses</b>	<b>1,663,191</b>	<b>1,561,040</b>
<b>Increase in unrestricted net assets</b>	<b>290,701</b>	<b>34,331</b>
Changes in Temporarily Restricted Net Assets		
Gifts	1,560,157	453,035
Net investment income	1,520,335	95,478
Net assets released from restrictions	(1,118,997)	(1,072,435)
<b>Increase in temporarily restricted net assets</b>	<b>1,961,495</b>	<b>(523,922)</b>
Changes in Permanently Restricted Net Assets		
Gifts	1,359,258	1,074,014
Unrealized gain on investments	828	10,998
<b>Increase in permanently restricted net assets</b>	<b>1,360,086</b>	<b>1,085,012</b>
<b>Change in net assets</b>	<b>3,612,282</b>	<b>595,421</b>
Net Assets, beginning	14,454,635	13,859,214
Net Assets, ending	<b>\$ 18,066,917</b>	<b>\$ 14,454,635</b>

See Notes to Financial Statements.

# LARAMIE COUNTY COMMUNITY COLLEGE

## STATEMENTS OF CASH FLOWS Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Received from customers	\$ 19,217,157	\$ 16,285,908
Payments to employees and fringe benefits	(35,330,842)	(33,529,024)
Payments to vendors and suppliers	(12,536,268)	(13,692,663)
Payments for scholarships	(13,574,340)	(13,107,770)
Other receipts	153,929	320,460
<b>Net cash (used in) operating activities</b>	<b>(42,070,364)</b>	<b>(43,723,089)</b>
Cash Flows from Noncapital Financing Activities		
Non-exchange Federal and state grants	11,943,776	11,551,382
State appropriations	26,922,521	45,817,242
Local appropriations	10,511,219	10,440,983
State endowment appropriation	122,817	1,043,349
<b>Net cash provided by noncapital financing activities</b>	<b>49,500,333</b>	<b>68,852,956</b>
Cash Flows from Investing Activities		
Proceeds from sale of investments	3,543,555	929,216
Purchases of investments	(923,127)	(769,002)
Interest received on investments	1,640,933	778,364
<b>Net cash provided by investing activities</b>	<b>4,261,361</b>	<b>938,578</b>
Cash Flows from Capital and Related Financing Activities		
Cash paid for capital assets	(17,535,842)	(9,148,816)
Proceeds from issuance of bonds	4,675,000	6,510,000
Payment of bond principal	(7,544,320)	(9,290,065)
State endowment invested in Foundation	(1,220,594)	(749,711)
Principal paid on capital lease	(65,524)	(35,803)
Interest paid on capital lease and bonds	(806,238)	(1,382,034)
Interest refund	47,108	103,882
Payment of bond issuance costs	(90,813)	(88,324)
Proceeds from sale of capital assets	-	45,443
<b>Net cash (used in) capital and related financing activities</b>	<b>(22,541,223)</b>	<b>(14,035,428)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(10,849,893)</b>	<b>12,033,017</b>
Cash and Cash Equivalents		
Beginning	25,345,428	13,312,411
Ending	\$ 14,495,535	\$ 25,345,428

Continued



# LARAMIE COUNTY COMMUNITY COLLEGE

## STATEMENTS OF CASH FLOWS *(Continued)*

Years Ended June 30, 2017 and 2016

	2017	2016
Reconciliation of Operating (Loss) to Net Cash (Used in)		
Operating Activities		
Operating (loss)	\$ (48,971,535)	\$ (49,827,746)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation expense	4,068,766	3,956,999
Pension liability	1,051,207	3,639,742
Deferred outflows - pension	554,438	(2,290,035)
Deferred inflows - pension	92,502	368,501
Other	-	(6,235)
Changes in assets and liabilities:		
Receivables, net	602,659	340,630
Prepaid items	9,101	(60,707)
Accounts payable and accrued liabilities	421,397	189,784
Advance tuition payments	15,808	(79,210)
Accrued compensated absences	85,293	45,188
<b>Total adjustments</b>	<b>6,901,171</b>	<b>6,104,657</b>
<b>Net cash (used in) operating activities</b>	<b>\$ (42,070,364)</b>	<b>\$ (43,723,089)</b>
Noncash Capital and Related Financing Activities		
Unrealized gain (loss) on investments	\$ (39,793)	\$ 235,992
Capital asset additions in accounts payable	\$ 482,324	\$ 54,490

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 3,800 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 units, 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 the 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 Statements of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

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

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

The College has the following recurring fair value measurements as of June 30, 2017 and 2016:

- Money market funds of \$124,506 and \$38,976 are valued using quoted market prices (Level 1 inputs)
- Investments held by the Foundation of \$12,768,692 and \$11,548,098, and government agency obligations, corporate bonds, treasury bonds and notes, and government bonds of \$8,210,716 and \$10,960,761, are valued using significant other observable inputs (Level 2 inputs)

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, 2017; 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.

Capital assets: The College records capital assets at cost at the date of acquisition, or fair 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 to 7 years for library materials, and 3 to 14 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.

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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Deferred outflows of resources: Deferred outflows are the consumption of net position by the College that are applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time.

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 compensated absences 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.

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.

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

Deferred inflows of resources: Deferred inflows are the acquisition of net position by the College that are applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time.

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 – 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.

*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.

*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.

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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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.

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 Statements of Net Position as the loans are repayable directly to the U.S. Department of Education. In 2017, the College received and disbursed \$6,673,601 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.

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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#### *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. Donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support are recorded as unrestricted.

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 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 reporting 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 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.

Advertising: Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2016 and 2015 were \$2,984 and \$8,924, 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.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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Fair value measurements: The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification establish 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 and 2 approaches. The Foundation has valued its certificates of deposit at cost.

	2016	2015
Level 1 Investments	\$ 23,272,940	\$ 19,315,779
Level 2 Investments	3,576,241	2,696,309
	<u>\$ 26,849,181</u>	<u>\$ 22,012,088</u>

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 the changes in net assets 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 and in the Statement of Functional Expenses.

Property and equipment: Property and improvements are stated at cost, or if donated, at approximate fair 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.

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).

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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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), commercial paper, and corporate bonds. 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 Foundation.

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, 2017, \$1,948,504 remained in the maintenance and repair account, of which \$56,574 is cash. The remainder amount is included in investments.

As of June 30, 2017, \$37,825 was held in bond reserve funds for the Building Authority.

As of June 30, 2017, the College had \$67,236 held by the State of Wyoming for the purposes of construction on the Flex-Tech Building and Student Center.

Custodial credit risk: Custodial credit risk for deposits of the College and Building Authority is the risk that in the event of a bank failure, deposits may not be returned to them. At June 30, 2017, the carrying amount of the College's demand deposits, including certificates of deposit treated as investments, were \$14,180,370 and bank balances were \$14,984,019, with Federal insurance and pledged securities totaling \$19,663,289. At June 30, 2017, the Authority held \$228,528 in unrestricted accounts.



# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

### 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 has a formal policy addressing interest rate risk.

As of June 30, 2017 and 2016, the College had unrestricted investments with weighted average maturities as shown in the following table:

	2017		Weighted Average Maturity in Years
	Cost	Fair Value	
Investment type:			
Certificates of deposit	\$ 75,000	\$ 75,000	-
U.S. Treasury notes and bonds	2,751,499	2,765,337	1.78
Government agencies	1,707,970	1,701,032	2.08
Government bonds	184,648	193,262	2.28
Money market funds	124,506	124,506	-
Corporate bonds	307,712	304,974	3.51
	<b>\$ 5,151,335</b>	<b>\$ 5,164,111</b>	
	2016		Weighted Average Maturity in Years
	Cost	Fair Value	
Investment type:			
Certificates of deposit	\$ 75,000	\$ 75,000	-
U.S. Treasury notes and bonds	2,955,350	3,009,287	2.59
Government agencies	1,855,388	1,871,532	2.08
Government bonds	184,648	192,370	3.28
Money market funds	38,976	38,967	-
	<b>\$ 5,109,362</b>	<b>\$ 5,187,156</b>	

As of June 30, 2017 and 2016, the College and Authority had restricted investments with weighted average maturities as shown in the following table:

	2017		Weighted Average Maturity in Years
	Cost	Fair Value	
Investment type:			
Government Agencies	<b>\$ 3,154,183</b>	<b>\$ 3,246,112</b>	9.93
	2016		Weighted Average Maturity in Years
	Cost	Fair Value	
Investment type:			
Government Agencies	<b>\$ 3,743,312</b>	<b>\$ 5,887,872</b>	11.19

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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*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 has a formal policy addressing credit risk. The College's investments in U.S. agencies all carry the explicit guarantee of the U.S. Government. These instruments all have a AAA rating. The College's investments in corporate bonds have the following ratings:

Credit Rating	Fair Value
AA	\$ 20,572
AA-	64,823
A	123,993
A-	95,586
	<u>\$ 304,974</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. As of June 30, 2017, more than 5% of the College's investments are in U.S. Treasury notes and bonds and Government sponsored enterprises (Federal Housing Finance Agency, Federal Farm Credit, Fannie Mae, Freddie Mac). These U.S. Treasury notes and bonds are 32.88% and the Government sponsored enterprises are 58.82%, respectively, of the College's total investments.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

### *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, 2016 and 2015:

	Cost	Fair Value
	2016	
Marketable securities:		
Alternatives	\$ 1,105,000	\$ 1,106,881
Equity	14,563,195	17,259,873
Fixed Income, including mutual funds	8,451,174	8,482,427
<b>Total marketable securities</b>	<b>\$ 24,119,369</b>	<b>\$ 26,849,181</b>
	Cost	Fair Value
	2015	
Certificates of deposit	\$ 216,397	\$ 216,397
Marketable securities:		
Alternatives	\$ 1,105,000	\$ 1,114,785
Equity	11,986,371	13,469,061
Fixed Income, including mutual funds	7,772,606	7,428,242
<b>Total marketable securities</b>	<b>\$ 20,863,977</b>	<b>\$ 22,012,088</b>

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

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.

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

**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
- Hedge funds
- Direct placement of mortgages
- Commodities
- Junk bonds
- Bonds used in leverage buy-outs
- Strips
- Residuals
- REIT's

At December 31, 2016, 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	\$ 3,204,333	\$ -	\$ 3,092,566	\$ 111,767
Municipal Bonds	334,517	50,435	5,210	278,872
	<u>\$ 3,538,850</u>	<u>\$ 50,435</u>	<u>\$ 3,097,776</u>	<u>\$ 390,639</u>

The distribution of quality rating of debt securities in the Foundation's investment portfolio at fair value as of December 31, 2016 is as follows:

Quality rating:

AA	\$ 265,815
A	1,696,240
BBB	1,348,455
NR	<u>228,340</u>
<b>Total credit risk debt securities</b>	<u><u>\$ 3,538,850</u></u>

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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, 2016 and 2015, the Foundation held \$11,344,489 and \$10,547,718, respectively, of investments for the College.

### Note 3. Capital Assets

Following are the changes in capital assets for the College for the years ended June 30, 2017 and 2016:

	Balance June 30, 2016	Additions	Transfers	Retirements	Balance June 30, 2017
Capital assets not being depreciated:					
Land	\$ 870,564	\$ -	\$ -	\$ -	\$ 870,564
Construction in progress	32,408,413	17,037,233	(45,263,824)	(35,228)	4,146,594
<b>Total capital assets not being depreciated</b>	<b>33,278,977</b>	<b>17,037,233</b>	<b>(45,263,824)</b>	<b>(35,228)</b>	<b>5,017,158</b>
Other capital assets:					
Infrastructure	3,695,313	-	-	-	3,695,313
Land improvements	5,445,473	-	713,889	-	6,159,362
Buildings	88,360,401	-	44,549,935	-	132,910,336
Furniture, fixtures and equipment	9,843,219	823,920	-	(71,535)	10,595,604
Library materials	1,723,748	102,523	-	(32,463)	1,793,808
<b>Total other capital assets</b>	<b>109,068,154</b>	<b>926,443</b>	<b>45,263,824</b>	<b>(103,998)</b>	<b>155,154,423</b>
Less accumulated depreciation for:					
Infrastructure	(2,187,328)	(115,700)	-	-	(2,303,028)
Land improvements	(2,496,789)	(291,682)	-	-	(2,788,471)
Buildings	(43,890,947)	(2,842,769)	-	-	(46,733,716)
Furniture, fixtures and equipment	(7,880,844)	(725,699)	-	53,632	(8,552,911)
Library materials	(1,461,840)	(92,916)	-	32,463	(1,522,293)
<b>Total accumulated depreciation</b>	<b>(57,917,748)</b>	<b>(4,068,766)</b>	<b>-</b>	<b>86,095</b>	<b>(61,900,419)</b>
<b>Other capital assets, net</b>	<b>\$ 51,150,406</b>	<b>\$ (3,142,323)</b>	<b>\$ 45,263,824</b>	<b>\$ (17,903)</b>	<b>\$ 93,254,004</b>
Capital asset summary:					
Capital assets not being depreciated	\$ 33,278,977	\$ 17,037,233	\$ (45,263,824)	\$ (35,228)	\$ 5,017,158
Other capital assets, at cost	109,068,154	926,443	45,263,824	(103,998)	155,154,423
<b>Total cost of capital assets</b>	<b>142,347,131</b>	<b>17,963,676</b>	<b>-</b>	<b>(139,226)</b>	<b>160,171,581</b>
Less accumulated depreciation	(57,917,748)	(4,068,766)	-	86,095	(61,900,419)
<b>Capital assets, net</b>	<b>\$ 84,429,383</b>	<b>\$ 13,894,910</b>	<b>\$ -</b>	<b>\$ (53,131)</b>	<b>\$ 98,271,162</b>

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

	Balance June 30, 2015	Additions	Transfers	Retirements	Balance June 30, 2016
Capital assets not being depreciated:					
Land	\$ 870,564	\$ -	\$ -	\$ -	\$ 870,564
Construction in progress	4,364,502	29,802,547	(1,758,636)	-	32,408,413
<b>Total capital assets not being depreciated</b>	<b>5,235,066</b>	<b>29,802,547</b>	<b>(1,758,636)</b>	<b>-</b>	<b>33,278,977</b>
Other capital assets:					
Infrastructure	3,603,324	-	91,989	-	3,695,313
Land improvements	4,828,821	-	616,652	-	5,445,473
Buildings	87,375,773	-	984,628	-	88,360,401
Furniture, fixtures and equipment	9,291,906	895,830	65,367	(409,884)	9,843,219
Library materials	1,694,171	87,992	-	(58,415)	1,723,748
<b>Total other capital assets</b>	<b>106,793,995</b>	<b>983,822</b>	<b>1,758,636</b>	<b>(468,299)</b>	<b>109,068,154</b>
Less accumulated depreciation for:					
Infrastructure	(2,073,236)	(114,092)	-	-	(2,187,328)
Land improvements	(2,223,908)	(272,881)	-	-	(2,496,789)
Buildings	(41,160,049)	(2,730,898)	-	-	(43,890,947)
Furniture, fixtures and equipment	(7,483,250)	(751,502)	-	353,908	(7,880,844)
Library materials	(1,432,625)	(87,629)	-	58,414	(1,461,840)
<b>Total accumulated depreciation</b>	<b>(54,373,068)</b>	<b>(3,957,002)</b>	<b>-</b>	<b>412,322</b>	<b>(57,917,748)</b>
<b>Other capital assets, net</b>	<b>\$ 52,420,927</b>	<b>\$ (2,973,180)</b>	<b>\$ 1,758,636</b>	<b>\$ (55,977)</b>	<b>\$ 51,150,406</b>
Capital asset summary:					
Capital assets not being depreciated	\$ 5,235,066	\$ 29,802,547	\$ (1,758,636)	\$ -	\$ 33,278,977
Other capital assets, at cost	106,793,995	983,822	1,758,636	(468,299)	109,068,154
<b>Total cost of capital assets</b>	<b>112,029,061</b>	<b>30,786,369</b>	<b>-</b>	<b>(468,299)</b>	<b>142,347,131</b>
Less accumulated depreciation	(54,373,068)	(3,957,002)	-	412,322	(57,917,748)
<b>Capital assets, net</b>	<b>\$ 57,655,993</b>	<b>\$ 26,829,367</b>	<b>\$ -</b>	<b>\$ (55,977)</b>	<b>\$ 84,429,383</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 \$402,081 as of June 30, 2017, 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 \$190,461 as of June 30, 2017.

The following summarizes scheduled future liquidation of June 30, 2017 long-term voluntary termination obligations:

Fiscal Year Ending June 30,	Imputed Interest	Present Value	Total
2019	\$ 24,799	\$ 167,464	\$ 192,263
2020	14,471	114,709	129,180
2021	7,396	89,489	96,885
2022	1,876	30,419	32,295
	<u>\$ 48,542</u>	<u>\$ 402,081</u>	<u>\$ 450,623</u>

**Bonds:** 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 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 and Issued	Interest Rates	Bonds Outstanding at June 30, 2017
Series 2014 General Obligation Bonds	25,000,000	1.75% - 4.0%	21,250,000

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

Aggregate maturities, including interest of \$5,303,875, required on the bonds at June 30, 2017 are as follows:

### Note 44

	Principal	Interest
2018	\$ 1,350,000	\$ 729,313
2019	1,400,000	675,313
2020	1,500,000	650,813
2021	1,575,000	590,813
2022	1,625,000	527,813
2023 - 2027	9,300,000	1,863,313
2028 - 2029	4,500,000	266,497
	<u>21,250,000</u>	<u>\$ 5,303,875</u>
Original issue premium	<u>1,218,860</u>	
	<u>\$ 22,468,860</u>	

The Authority issued \$9,360,000 of revenue bonds on September 1, 2005, \$8,110,000 of revenue bonds on July 15, 2009, \$2,815,000 of revenue bonds on November 6, 2012, and \$6,510,000 of revenue bonds on September 1, 2015. 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.

On October 1, 2015, proceeds from the Series 2015 Revenue Bonds were used to refinance the Series 2005 Revenue Bonds. The refinance resulted in an economic gain of \$1,471,238 and a net cash flow savings of \$1,742,314.

On October 14, 2016, proceeds from the Series 2016 Revenue Bonds were used to refinance the Series 2009 Revenue Bonds. The refinance resulted in an economic gain of \$943,210 and a net cash flow savings of \$936,036. The deferred inflows of resources will be recognized as an adjustment to interest expense through May 1, 2024.

	Authorized and Issued	Interest Rates	Bonds Outstanding at June 30, 2017	Maturity
Series 2012 Revenue Bonds - Albany Campus	2,815,000	1.3% - 3.1%	2,190,000	2024
Series 2015 Revenue Bonds - Residence Hall	6,510,000	0.75% - 2.70%	6,510,000	2024
Series 2016 Revenue Bonds - Dining Facility	4,675,000	0.75% - 1.95%	4,200,000	2024



# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

Aggregate maturities, including interest of \$1,192,797, required on the bonds at June 30, 2017 are as follows:

	Principal	Interest
2018	\$ 1,280,000	\$ 234,067
2019	1,350,000	217,954
2020	1,390,000	197,835
2021	1,410,000	174,701
2022	1,440,000	148,040
2023-2027	5,290,000	220,200
	<u>\$ 12,160,000</u>	<u>\$ 1,192,797</u>

Total long-term liabilities: Long-term liability activity for the years ended June 30, 2017 and 2016 is as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Bonds and capital lease obligations:					
General obligation bonds	\$ 23,923,180	\$ -	\$ (1,454,320)	\$ 22,468,860	\$ 1,517,600
Facility revenue bonds	13,552,850	4,675,000	(6,067,850)	12,160,000	1,280,000
Capital lease	36,717	143,494	(65,524)	114,687	30,993
<b>Total bonds and capital leases</b>	<b>37,512,747</b>	<b>4,818,494</b>	<b>(7,587,694)</b>	<b>34,743,547</b>	<b>2,828,593</b>
Other liabilities:					
Liability for voluntary termination	755,672	201,132	(364,262)	592,542	-
Accrued compensated absences	1,111,558	875,827	(790,534)	1,196,851	921,575
<b>Total other liabilities</b>	<b>1,867,230</b>	<b>1,076,959</b>	<b>(1,154,796)</b>	<b>1,789,393</b>	<b>921,575</b>
<b>Total long-term liabilities</b>	<b>\$ 39,379,977</b>	<b>\$ 5,895,453</b>	<b>\$ (8,742,490)</b>	<b>\$ 36,532,940</b>	<b>\$ 3,750,168</b>

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Bonds and capital lease obligations:					
General obligation bonds	\$ 25,358,245	\$ -	\$ (1,435,065)	\$ 23,923,180	\$ 1,454,320
Facility revenue bonds	14,854,909	6,510,000	(7,812,059)	13,552,850	1,335,525
Capital lease	72,520	-	(35,803)	36,717	36,717
<b>Total bonds and capital leases</b>	<b>40,285,674</b>	<b>6,510,000</b>	<b>(9,282,927)</b>	<b>37,512,747</b>	<b>2,826,562</b>
Other liabilities:					
Liability for voluntary termination	985,995	348,596	(578,919)	755,672	-
Accrued compensated absences	1,066,370	222,867	(177,679)	1,111,558	855,900
<b>Total other liabilities</b>	<b>2,052,365</b>	<b>571,463</b>	<b>(756,598)</b>	<b>1,867,230</b>	<b>855,900</b>
<b>Total long-term liabilities</b>	<b>\$ 42,338,039</b>	<b>\$ 7,081,463</b>	<b>\$ (10,039,525)</b>	<b>\$ 39,379,977</b>	<b>\$ 3,682,462</b>

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Capital Leases

In previous years, the College entered into three separate capital lease arrangements with the Building Authority for use of the Albany County Campus, dining facility, and residence halls. All leased assets were capitalized at the present value of future minimum lease payments and are depreciated on a straight-line basis. All lease obligations were eliminated in consolidation. Pertinent details for each capital lease agreement are as follows:

	Albany County Campus	Dining Facility	Residence Hall
Remaining obligation at June 30, 2017	\$ 1,573,984	\$ 3,476,525	\$ 5,297,385
Interest rate	2.890%	4.491%	2.02%
Required payments	Biannually - varies	Biannually - varies	Biannually - varies
Lease expiration date	August 2024	May 2024	September 2024
Book value of asset	\$ 3,615,612	\$ 3,988,041	\$7,063,195

The College also has other capital leases for equipment at year end with an ending balance at June 30, 2017 of \$114,687, with annual payments, including interest, of \$30,993.

### 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 (WRS)

Plan description: Substantially all employees of the College, excluding part-time employees, unless previously grandfathered, and those participating in the TIAA defined contribution plan are provided with pensions through the Public Employee Pension Plan – a statewide cost-sharing multiple-employer defined benefit pension plan administered by the 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.

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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

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

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

Contributions: Per Title 9-3-412 and 413 of State Statutes, for the year ended June 30, 2017, member contributions were required to be 8.25% of compensation and employer contributions were required to be 8.37% of compensation. In accordance with Title 9-3-412(c)(ii) of State Statutes, the College has elected to pay 6.445% of the member's contribution in addition to the employer's contribution. Total contributions to the pension plan from the College were \$2,003,756, \$1,994,169, and \$1,829,414, for the years ended June 30, 2017, 2016, and 2015, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2017 and 2016, the College reported a liability of \$16,318,293 and \$15,267,086, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 and 2016, respectively. The College's proportion of the net pension liability was based on the relationship of the College's total contributions to the plan for the years ended December 31, 2016 and 2015 to the contributions of all participating employers for the same period. At December 31, 2016, the College's proportion was 0.6750069%, which was an increase from its December 31, 2015 proportion of 0.6554232%.

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

For the years ended June 30, 2017 and 2016, the College recognized pension expense of \$2,720,889 and \$2,666,096, respectively. At June 30, 2017 and 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2017</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 431,107
Net difference between projected and actual earnings on pension plan investments	2,939,325	-
Changes in proportionate share of contributions	425,781	29,896
Contributions subsequent to the measurement date	507,702	-
	<b>\$ 3,872,808</b>	<b>\$ 461,003</b>

	<b>2016</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 322,982
Net difference between projected and actual earnings on pension plan investments	3,742,440	-
Changes in proportionate share of contributions	174,476	45,519
Contributions subsequent to the measurement date	510,330	-
	<b>\$ 4,427,246</b>	<b>\$ 368,501</b>

# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

An amount of \$507,702 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 1,045,130
2019	970,443
2020	840,555
2021	47,975
	<u>\$ 2,904,103</u>

Actuarial assumptions: The total pension liability in the January 1, 2017 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
Payroll growth rate	4.25%
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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 Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Fixed income	20.00%	1.43%	1.95%
Equity	45.00%	5.72%	7.73%
Marketable alternatives	17.50%	3.03%	3.73%
Private markets	17.50%	5.84%	7.14%
Cash	0.00%	-0.20%	-0.20%
	<u>100.00%</u>		

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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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	\$ 23,438,518	\$ 16,318,293	\$ 10,337,982

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**

Eligible College employees may elect to participate in the Teachers Insurance and Annuity Association (TIAA) instead of the Wyoming Retirement System. TIAA is a private defined contribution pension plan, which is portable to other institutions and states. For the years ended June 30, 2017, 2016, and 2015, the College's contributions to TIAA were \$1,451,518, \$1,446,536, and \$1,401,906, respectively.

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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#### 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, 2017 and 2016:

	2017	2016
Student Activity Funds:		
Beginning	\$ 1,510,349	\$ 1,136,706
Additions:		
Student fees	570,411	922,700
Allocated interest and other	1,305	2,450
<b>Total additions</b>	<b>571,716</b>	<b>925,150</b>
<b>Total available funds</b>	<b>2,082,065</b>	<b>2,061,856</b>
Deductions:		
Salaries and benefits	143,677	206,689
Other noncapital expenditures	274,110	344,818
<b>Total deductions</b>	<b>417,787</b>	<b>551,507</b>
Ending	\$ 1,664,278	\$ 1,510,349

#### 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, 2017, approximately 21 employees have met the eligibility requirements of the plan.

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, 2017 was approximately \$1,550,606.

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, 2017, the remaining commitment to complete construction projects totaled approximately \$587,000. These completion costs will be paid primarily from a state appropriation for major maintenance and contingency reserve.

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTES TO FINANCIAL STATEMENTS

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Bond reserve fund: 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. All funds were withdrawn as of June 30, 2017.

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, 2017. As of June 30, 2017, the reserve fund consists of investments with a fair value of \$274,830 and cash of \$7,390.

For the Series 2015 Bond, the Indenture of Trust agreement with the bond trustee required the Authority to deposit \$651,000 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, 2017. As of June 30, 2017, the reserve fund consists of investments with a fair value of \$644,690 and cash of \$7,176.

For the Series 2016 Bond, the Indenture of Trust agreement with the bond trustee required the Authority to deposit \$467,500 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, 2017. As of June 30, 2017, the reserve fund consists of investments with a fair value of \$434,662 and cash of \$19,592.

#### **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, 2017, 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.



# LARAMIE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Natural Classifications with Functional Classifications

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

Functional Classification:	Natural Classification				
	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	Total
	2017				
Instruction	\$ 16,362,384	\$ 3,925,583	\$ -	\$ -	\$ 20,287,967
Public service	433,888	96,148	-	-	530,036
Academic support	4,748,697	1,184,900	-	-	5,933,597
Student services	3,636,619	804,756	-	-	4,441,375
Institutional support	5,839,806	3,108,087	-	-	8,947,893
Operation of plant	2,970,799	2,411,755	-	-	5,382,554
Scholarships	-	-	-	13,574,340	13,574,340
Auxiliary enterprises	1,065,200	1,640,350	-	-	2,705,550
Depreciation	-	-	4,068,766	-	4,068,766
<b>Total expenses</b>	<b>\$ 35,057,393</b>	<b>\$ 13,171,579</b>	<b>\$ 4,068,766</b>	<b>\$ 13,574,340</b>	<b>\$ 65,872,078</b>

Functional Classification:	Natural Classification				
	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	Total
	2016				
Instruction	\$ 17,367,109	\$ 3,637,076	\$ -	\$ -	\$ 21,004,185
Public service	423,050	77,580	-	-	500,630
Academic support	4,828,169	1,191,669	-	-	6,019,838
Student services	3,592,275	1,037,756	-	-	4,630,031
Institutional support	5,703,936	2,719,304	-	-	8,423,240
Operation of plant	3,064,238	2,487,310	-	-	5,551,548
Scholarships	-	-	-	13,107,770	13,107,770
Auxiliary enterprises	1,076,842	1,623,945	-	-	2,700,787
Depreciation	-	-	3,956,999	-	3,956,999
<b>Total expenses</b>	<b>\$ 36,055,619</b>	<b>\$ 12,774,640</b>	<b>\$ 3,956,999</b>	<b>\$ 13,107,770</b>	<b>\$ 65,895,028</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

Preliminary Draft 10/13/2017

**LARAMIE COUNTY COMMUNITY COLLEGE**

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

**Public Employee Pension Plan**

**Last 4 Fiscal Years\***

	College's proportion of the net pension liability	College's proportionate share of the net pension liability	College's covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.636015822%	\$ 9,669,987	\$ 10,708,680	90.30%	81.10%
2015	0.658887967%	11,627,344	11,486,710	101.22%	79.08%
2016	0.655423218%	15,267,086	11,703,063	130.45%	73.40%
2017	0.675006900%	16,318,293	12,078,728	135.10%	73.42%

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

See Note to Required Supplementary Information.

**LARAMIE COUNTY COMMUNITY COLLEGE**

**SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS**

**Public Employee Pension Plan**

**Last 4 Fiscal Years\***

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll pension liability
2014	\$ 850,104	\$ 850,104	\$ -	\$ 11,449,247	7.42%
2015	952,847	952,847	-	11,551,797	8.25%
2016	1,000,801	1,000,801	-	11,957,001	8.37%
2017	1,008,361	1,008,361	-	12,047,328	8.37%

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

See Note to Required Supplementary Information.

## LARAMIE COUNTY COMMUNITY COLLEGE

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION Year Ended June 30, 2017

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#### Note 1. Retirement Commitment – Wyoming Retirement System

Changes in benefit terms: There were no changes in benefit terms between the December 31, 2015 measurement date and the December 31, 2016 measurement date.

Changes in assumptions: There were no changes in assumptions between the December 31, 2015 measurement date and the December 31, 2016 measurement date.

Preliminary Draft 10/13/2017

## **SUPPLEMENTARY INFORMATION**

Preliminary Draft 10/13/2017

# LARAMIE COUNTY COMMUNITY COLLEGE

## COMBINING SCHEDULE OF NET POSITION

June 30, 2017

	Laramie County Community College	Laramie County Community College Building Authority	Eliminations	Total
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 14,105,370	\$ 228,528	\$ -	\$ 14,333,898
Restricted cash held by others	67,236	-	-	67,236
Investments	5,164,111	-	-	5,164,111
Accounts receivable, net	3,726,345	-	-	3,726,345
Current maturities of lease	-	1,205,208	(1,205,208)	-
Interest receivable	-	74,921	(74,921)	-
Property taxes receivable	9,743,314	-	-	9,743,314
Prepaid expense	93,834	-	-	93,834
<b>Total current assets</b>	<b>32,900,210</b>	<b>1,508,657</b>	<b>(1,280,129)</b>	<b>33,128,738</b>
Noncurrent Assets				
Restricted cash	56,574	37,827	-	94,401
Restricted investments	1,891,930	1,354,180	-	3,246,110
Building Authority receivable	651,000	-	(651,000)	-
Long-term lease	-	9,142,687	(9,142,687)	-
Capital assets, net of accumulated depreciation	98,271,162	-	-	98,271,162
Investments held by others	12,768,692	-	-	12,768,692
	113,639,358	10,534,694	(9,793,687)	114,380,365
<b>Total assets</b>	<b>146,539,568</b>	<b>12,043,351</b>	<b>(11,073,816)</b>	<b>147,509,103</b>
<b>DEFERRED OUTFLOWS</b>				
Pension Related Outflows	3,872,808	-	-	3,872,808
Lease and Bond Modification	101,431	600,349	(679,530)	22,250
<b>Total deferred outflows</b>	<b>3,974,239</b>	<b>600,349</b>	<b>(679,530)</b>	<b>3,895,058</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	1,830,759	-	-	1,830,759
Payroll and related liabilities	1,257,898	-	-	1,257,898
Accrued compensated absences	921,575	-	-	921,575
Accrued interest payable	132,909	53,401	(74,921)	111,389
Advance tuition payments	177,758	-	-	177,758
Custodial deposits	1,664,278	-	-	1,664,278
Capital lease obligation	1,236,201	-	(1,205,208)	30,993
Current maturities of bonds payable	1,517,600	1,280,000	-	2,797,600
<b>Total current liabilities</b>	<b>8,738,978</b>	<b>1,333,401</b>	<b>(1,280,129)</b>	<b>8,792,250</b>
Noncurrent Liabilities				
Liability for voluntary termination	592,542	-	-	592,542
Accrued compensated absences	275,276	-	-	275,276
Due to Laramie County Community College	-	651,000	(651,000)	-
Capital lease obligation	9,226,381	-	(9,142,687)	83,694
Long-term bonds payable	20,951,260	10,880,000	-	31,831,260
Net pension liability	16,318,293	-	-	16,318,293
<b>Total noncurrent liabilities</b>	<b>47,363,752</b>	<b>11,531,000</b>	<b>(9,793,687)</b>	<b>49,101,065</b>
<b>Total liabilities</b>	<b>56,102,730</b>	<b>12,864,401</b>	<b>(11,073,816)</b>	<b>57,893,315</b>
<b>DEFERRED INFLOWS</b>				
Property Taxes	9,027,815	-	-	9,027,815
Pension Related Inflows	461,003	-	-	461,003
Lease Modification	578,099	101,431	(679,530)	-
<b>Total deferred inflows</b>	<b>10,066,917</b>	<b>101,431</b>	<b>(679,530)</b>	<b>9,488,818</b>
Net Investment in Capital Assets	65,339,720	(1,312,917)	-	64,026,803
Restricted for:				
Expendable:				
Scholarships	484,636	-	-	484,636
Capital projects	4,512,019	-	-	4,512,019
Nonexpendable	9,827,487	-	-	9,827,487
Unrestricted	4,180,298	990,785	-	5,171,083
<b>Total net assets</b>	<b>\$ 84,344,160</b>	<b>\$ (322,132)</b>	<b>\$ -</b>	<b>\$ 84,022,028</b>

# LARAMIE COUNTY COMMUNITY COLLEGE

## COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION Year Ended June 30, 2017

	Laramie County Community College	Laramie County Community College Building Authority	Eliminations	Total
<b>Operating Revenues</b>				
Tuition and fees	\$ 10,844,999	\$ -	\$ -	\$ 10,844,999
Federal grants and contracts	1,603,559	-	-	1,603,559
State and local grants and contracts	758,960	-	-	758,960
Auxiliary enterprise charges	3,397,252	-	-	3,397,252
Other operating revenues	295,773	-	-	295,773
<b>Total operating revenues</b>	<b>16,900,543</b>	<b>-</b>	<b>-</b>	<b>16,900,543</b>
<b>Operating Expenses</b>				
Instruction	20,287,967	-	-	20,287,967
Public service	530,036	-	-	530,036
Academic support	5,933,597	-	-	5,933,597
Student services	4,441,375	-	-	4,441,375
Institutional support	8,947,893	-	-	8,947,893
Operation and maintenance of plant	5,367,118	15,436	-	5,382,554
Scholarships	13,574,340	-	-	13,574,340
Auxiliary enterprises	2,705,550	-	-	2,705,550
Depreciation	4,068,766	-	-	4,068,766
<b>Total operating expenses</b>	<b>65,856,642</b>	<b>15,436</b>	<b>-</b>	<b>65,872,078</b>
<b>Operating (loss)</b>	<b>(48,956,099)</b>	<b>(15,436)</b>	<b>-</b>	<b>(48,971,535)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Non-exchange Federal and state grants	11,943,776	-	-	11,943,776
State appropriations	26,922,521	-	-	26,922,521
Local appropriations	10,510,107	-	-	10,510,107
Net investment income	1,618,783	(21,513)	-	1,597,270
Direct financing income	-	321,372	(321,372)	-
Interest expense	(801,027)	(532,842)	321,372	(1,012,497)
Loss on disposal	(17,902)	-	-	(17,902)
Interest refund	-	47,108	-	47,108
<b>Net nonoperating revenues</b>	<b>50,176,258</b>	<b>(185,875)</b>	<b>-</b>	<b>49,990,383</b>
<b>Income (loss) before other revenue, expenses, gains, or losses</b>	<b>1,220,159</b>	<b>(201,311)</b>	<b>-</b>	<b>1,018,848</b>
<b>Other Revenue, Expenses, Gains, or Losses</b>				
State endowment appropriation	122,817	-	-	122,817
<b>Total other revenue, expenses, gains, or losses</b>	<b>122,817</b>	<b>-</b>	<b>-</b>	<b>122,817</b>
<b>Increase (decrease) in net assets</b>	<b>1,342,976</b>	<b>(201,311)</b>	<b>-</b>	<b>1,141,665</b>
Net assets, beginning	83,001,184	(120,821)	-	82,880,363
Net assets, ending	\$ 84,344,160	\$ (322,132)	\$ -	\$ 84,022,028



**LARAMIE COUNTY COMMUNITY COLLEGE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended June 30, 2017**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
<b>Student Financial Aid Cluster:</b>			
<b>U.S. Department of Education:</b>			
Federal Direct Loan	N/A	84.268	\$ 6,673,601
Federal Pell Grant Program	N/A	84.063	4,139,385
Federal Work-Study Program	N/A	84.033	47,498
Federal Supplemental Educational Opportunity Grants	N/A	84.007	56,898
<i>Total Student Financial Aid Cluster</i>			<u>10,917,382</u>
<b>Research and Development Cluster:</b>			
<b>U.S. Department of Health and Human Services:</b>			
Passed through University of Wyoming:			
InBre	1003088D-LCCC / 1002308D-LCCC	93.859	<u>69,806</u>
<i>Total Research and Development Cluster</i>			<u>69,806</u>
<b>Other Programs:</b>			
<b>U.S. Department of Education:</b>			
<i>TRIO Cluster:</i>			
TRIO-Student Support Services	N/A	84.042	<u>229,620</u>
<i>Total TRIO Cluster</i>			<u>229,620</u>
Passed through Wyoming Department of Education:			
Career and Technical Education - Basic			
Grants to States	N/A	84.048	<u>397,086</u>
Passed through University of Wyoming:			
GEAR-UP	1001320A / 1001320K	84.334	<u>404,574</u>
Passed through Wyoming Community College Commission:			
Adult Education State Grant Program	ABE17R04	84.002	115,508
Adult Education State Grant Program	ABE16R04	84.002	<u>3,175</u>
<i>Total passed through Wyoming Community College Commission</i>			<u>118,683</u>
<b>Total U.S. Department of Education</b>			<u>12,137,151</u>

*Continued*

**LARAMIE COUNTY COMMUNITY COLLEGE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

**Year Ended June 30, 2017**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
<b>U.S. Department of Labor:</b>			
<i>WIOA Cluster:</i>			
Passed through Wyoming Department of Workforce Services:			
WIA Youth Activities	98433 / 152681	17.259	\$ 20,383
<i>Total WIOA Cluster</i>			20,383
H-1B Job Training Grant	HG-22737-12-60-A-56	17.268	320,967
<i>Total passed through Wyoming     Department of Workforce Services</i>			341,350
Passed through Northern Wyoming Community College District:			
H-1B Job Training Grant	020617-2	17.268	42,440
<b>Total U.S. Department of Labor</b>			383,790
<b>Total Expenditures of Federal Awards</b>			\$ 12,520,941

See Notes 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 accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the Federal award activity of Laramie County Community College (the “College”) under programs of the Federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

#### **Note 2. Summary of Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-1, *Cost Principles for Educational Institutions*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College did not provide any amounts to subrecipients. The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
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, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated **Report Date**, 2017. The financial statements of the College's discretely presented component unit, Laramie County Community College Foundation, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Laramie County Community College Foundation.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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  
Report Date, 2017

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

To the Board of Trustees  
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 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, 2017. The College's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2017.

## Report on Internal Control over Compliance

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

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

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

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

Cheyenne, Wyoming  
Report Date, 2017

LARAMIE COUNTY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2017

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I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

*Financial Statements*

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

*Federal Awards*

Internal control over major Federal programs:

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

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

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

Identification of major Federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
Cluster	Student Financial Aid
17.268	H-1B Job Training

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

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



**LARAMIE COUNTY COMMUNITY COLLEGE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2017**

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**II. FINANCIAL STATEMENT FINDINGS**

None.

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

None.

Preliminary Draft 10/13/2017

**LARAMIE COUNTY COMMUNITY COLLEGE**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**Year Ended June 30, 2017**

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None.

Preliminary Draft 10/13/2017