

University of Wyoming
(A Component Unit of the State of Wyoming)
Independent Auditor's Report and Financial Statements
June 30, 2020 and 2019

University of Wyoming
(A Component Unit of the State of Wyoming)
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Independent Auditor's Report

Board of Trustees
University of Wyoming
Laramie, Wyoming

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the University of Wyoming (the University), collectively a component unit of the State of Wyoming, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University'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 did not audit the financial statements of the University of Wyoming Foundation (the Foundation), the discretely presented component unit of the University. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Board of Trustees
University of Wyoming

Opinions

In our opinion, based on our audits and the report of the other auditors, 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 University, as of June 30, 2020 and 2019, 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 and pension and other postemployment benefit information as listed in the table of contents 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.

BKD, LLP

Denver, Colorado
November 12, 2020

University of Wyoming
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Management's Discussion and Analysis (Unaudited)
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Overview

We are pleased to present this management's discussion and analysis (MD&A) for the University of Wyoming (the University or UW). The MD&A is intended to make the University's financial statements easier to understand and to communicate UW's financial situation in an open and accountable manner. This section of the financial report provides an objective discussion and analysis of the financial performance of the University for the fiscal years ended June 30, 2020 (FY 2020) and June 30, 2019 (FY 2019), with comparative information for the FY ended June 30, 2018 (FY 2018). The MD&A provides an analysis of UW's financial activities based on currently known facts, decisions, or existing conditions. University management is responsible for the completeness and fairness of this discussion and analysis, the financial statements, and related footnote disclosures.

The presented information relates to the financial activities of the University, and focuses on the financial condition and results of operations as a whole. The financial statements for the University of Wyoming Foundation (the Foundation), a legally separate organization whose operations benefit the University, is discretely presented within UW's financial statements. In addition to the Foundation, the University's financial statements include the financial activities of two blended component units: the Cowboy Joe Club and the Alumni Association.

Understanding the Financial Statements

Financial highlights are presented in this discussion and analysis to help your assessment of the University's financial activities. Since this presentation includes highly summarized data, it should be read in conjunction with the financial statements, which have the following parts:

- The ***Statements of Net Position*** present the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at a point in time (June 30, 2020 and 2019). Its purpose is to present a financial snapshot of the University. This statement aids readers in determining the assets available to continue the University's operations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of UW is improving or deteriorating.
- The ***Statements of Revenues, Expenses and Changes in Net Position*** present the total revenues earned and expenses incurred by the University for operating, nonoperating, and other related activities during a period of time (the fiscal years ended June 30, 2020 and 2019). Its purpose is to assess UW's operating results.
- The ***Statements of Cash Flows*** present the University's cash receipts and payments during a period of time (the fiscal years ended June 30, 2020 and 2019). Its purpose is to assess UW's ability to generate net cash flows and meet its payment obligations as they come due.
- ***Notes to the Financial Statements*** present additional information to support the financial statements and are commonly referred to as Notes. Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial

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highlights may be found. We suggest that you combine this financial analysis with relevant nonfinancial indicators to assess the overall health of the University.

Financial Highlights

Comparison of fiscal year 2020 to fiscal year 2019

The University's financial position at June 30, 2020, reflects the following changes versus the previous fiscal year ended June 30, 2019.

- Total Assets decreased \$0.2 million to \$1,749.0 million at June 30, 2020.
- Total Liabilities decreased \$42.7 million to \$509.8 million due to changes associated with the actuarial assumptions used to calculate the University's pension and other post employee benefit liabilities.
- Deferred Outflows of Resources decreased \$18.7 million to \$69.0 million due to changes associated with the actuarial assumptions used to calculate the University's pension and other post employee benefit liabilities.
- Deferred Inflows of Resources increased \$38.8 million to \$86.6 million due to changes associated with the attributes used to calculate the University's pension and other post employee benefit liability.
- Net position decreased \$15.0 million to \$1,221.6 million at June 30, 2020.

Changes to revenues and expenses comparing the fiscal years ending June 30, 2020 to June 30, 2019 were the following:

- Operating revenues increased \$9.9 million to \$250.0 million for FY 2020, primarily due to \$4.1 million higher tuition, \$2.8 million higher grant revenue, and \$2.5 million higher other operating revenue.
- Operating expenses increased 2.4% or \$12.9 million to \$561.5 million due to \$10.6 million higher personnel expenses and \$8.6 million higher depreciation, offset by \$6.3 million lower other expenses.
- Net nonoperating revenues increased \$1.0 million to \$284.8 million.
- State appropriation and gifts for capital and additions to endowments decreased \$41.6 million to \$11.7 million due to lower state appropriation for capital purposes. All remaining capital appropriations were recognized in FY 2019.
- Overall financial results for FY 2020 were a decrease in net position of \$15.0 million vs. a \$28.6 million increase in net position in FY 2019.

Comparison of fiscal year 2019 to fiscal year 2018

The University's financial position at June 30, 2019, reflects the following changes versus the previous fiscal year ended June 30, 2018.

- Total Assets increased \$120.0 million to \$1,749.2 million at June 30, 2019. The increase was primarily driven by \$152.5 million higher receivables from the State of Wyoming, partially offset

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by \$28.2 million lower student loan receivables due to revised accounting treatment for Medical Education Loans.

- Liabilities increased \$82.9 million to \$552.5 million primarily due to an \$89.7 million increase due to changes associated with the actuarial assumptions used to calculate the University's pension and other post employee benefit liabilities, partially offset by \$5.2 million lower revenue bonds payable, reflecting the FY 2019 bond payment.
- Deferred Outflows of Resources increased \$64.6 million to \$87.7 million due to changes associated with the actuarial assumptions used to calculate the University's pension and other post employee benefit liabilities.
- Deferred Inflows of Resources decreased \$3.8 million to \$47.8 million due to changes associated with the actuarial assumptions used to calculate the University's pension and other post employee benefit liabilities.
- Net position increased \$28.6 million to \$1,236.6 million at June 30, 2019. An additional \$76.9 million increase to net position was recorded as a result of restatements to net position related to adjustments applicable to the prior period for capital state appropriations, medical education loans, and capital assets.

Changes to revenues and expenses comparing the fiscal years ending June 30, 2019 to June 30, 2018 were as the following:

- Operating revenues decreased \$21.6 million to \$240.1 million in FY 2019. Approximately \$13.4 million of the decrease was related to mineral royalty revenue classified as nonoperating revenue in FY 2019 vs classified as operating revenue in FY 2018. The variance excluding this reclassification is a decrease of \$8.2 million and was primarily due to lower clinic and auxiliary revenue.
- Operating expenses increased \$25.1 million to \$548.6 million due to higher personnel and depreciation expenses. The increase is primarily due to \$13.2 million higher compensation and benefits due to increased wages, pension, and fringe related expenses and \$6.3 million higher depreciation due to capital items placed into service in FY 2019 that began depreciating.
- Net nonoperating revenues increased \$22.3 million to \$283.8 million. As mentioned above, \$13.4 million of the increase is related to mineral royalty revenue classified as nonoperating revenue in FY 2019 vs. classified as operating revenue in FY 2018. The variance excluding this reclassification is an increase of \$8.9 million due to higher state appropriations.
- State appropriation and gifts for capital, and additions to endowments decreased \$38.5 million to \$53.3 million primarily due to lower state appropriation for capital purposes.
- Overall financial results for FY 2019 were an increase in net position of \$28.6 million vs a \$91.5 million increase in net position in FY 2018.

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Statements of Net Position

The Statement of Net Position is a snapshot of the University's financial resources at June 30, 2020. This statement presents:

- The fiscal resources of the University identified as assets;
- the use of net position that applies to future periods identified as deferred outflows of resources;
- the claims against those resources identified as liabilities;
- the acquisition of net position that applies to future periods identified as deferred inflows of resources;
- and the residual net resources available for future operations identified as net position.

The Statement of Net Position is prepared using the accrual basis of accounting and an accounting methodology similar to that used by private sector companies. Assets and liabilities are classified by liquidity as either current or noncurrent. Net position is classified in three basic categories: net investment in capital assets, restricted, or unrestricted. The Statement of Net Position presents information on all of the University's assets and deferred outflows of resources and liabilities and deferred inflows of resources. The difference between these financial statement elements is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the strength of the financial position of the University. Consideration of other nonfinancial factors may be relied upon to assess the overall health of the University.

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Condensed Statements of Net Position
(in millions)

	Fiscal Year		
	2020	2019	2018
Current assets	\$ 372.5	\$ 429.8	\$ 373.7
Noncurrent assets:			
Investments	266.9	258.9	256.4
Other assets	113.3	94.0	47.0
Capital assets, net of accumulated depreciation	996.3	966.5	952.1
Total Assets	1,749.0	1,749.2	1,629.2
Deferred outflows of resources - Pension & OPEB	66.7	87.3	22.6
Other deferred outflows	2.3	0.4	0.5
Total deferred outflows of resources	69.0	87.7	23.1
Total Assets and Deferred Outflows of Resources	1,818.0	1,836.9	1,652.3
Current liabilities	97.2	92.8	94.6
Noncurrent liabilities:			
Pension & OPEB	304.6	347.1	263.6
Other noncurrent liabilities	108.0	112.6	111.4
Total Liabilities	509.8	552.5	469.6
Deferred inflows of resources - Pension & OPEB	74.9	35.5	38.7
Deferred inflows of resources - other	11.7	12.3	12.9
Deferred inflows of resources	86.6	47.8	51.6
Total Liabilities and Deferred Inflows of Resources	596.4	600.3	521.2
Net Position:			
Net investment in capital assets	896.0	860.7	847.1
Restricted:			
Nonexpendable	224.3	221.9	247.7
Expendable	245.0	301.7	165.6
Unrestricted	(143.7)	(147.7)	(129.3)
Total Net Position	\$ 1,221.6	\$ 1,236.6	\$ 1,131.1

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Comparison of fiscal year 2020 to fiscal year 2019

The University's financial position at June 30, 2020, reflects the following changes versus the previous fiscal year ended June 30, 2019.

Current assets decreased \$57.3 million to \$372.5 million at June 30, 2020. This decrease was driven by \$78.7 million lower receivable from the state of Wyoming, partially offset by \$13.9 million higher cash and short-term investments. The receivable for the state of Wyoming is lower due to payment of \$73.8 million for the Engineering Education and Research Building (EERB).

Other noncurrent assets and investments increased \$27.3 million to \$380.2 million. The increase was driven by \$16.6 million higher long-term investments and restricted cash and \$11 million receivable from the state of Wyoming to reflect the estimated final payment date for the Science Initiative building.

Capital assets, net of accumulated depreciation, increased by \$29.8 million to \$996.3 million. Capital additions totaled \$84.1 million, partially offset by FY 2020 depreciation expenses of \$51.4 million and \$2.9 million of retirements.

Current liabilities increased by \$4.4 million to \$97.2 million. The increase is primarily related to an \$8 million payable to the state of Wyoming at June 30, 2020.

Noncurrent liabilities decreased \$47.2 million to \$412.6 million. Changes to the actuarial assumptions used to calculate the University's pension and other post employee benefit liabilities account for \$42.5 million of the decrease. Bonds payable decreased \$5.4 million due to normal debt service payments.

Deferred Outflows of Resources decreased \$18.7 million to \$69.0 million due to changes associated with the actuarial assumptions used to calculate the University's pension and other post employee benefit liabilities.

Deferred Inflows of Resources increased \$38.8 million to \$86.6 million due to changes associated with the actuarial assumptions used to calculate the University's pension and other post employee benefit liabilities.

The University's \$1,221.6 million net position at June 30, 2020 consists of the below components:

- Unrestricted net position at June 30, 2020 is negative (\$143.7 million). Unrestricted net position is comprised of \$151.0 million, which may be used to meet the University's ongoing obligations, less the University's negative unrestricted net position for pension and OPEB related items of totaling (\$294.7 million).
- Restricted net position was \$469.3 million, which is externally restricted by donor, grantor, or creditors.
- Net investment in capital assets totaled \$896.0 million.

Comparison of fiscal year 2019 to fiscal year 2018

The University's financial position at June 30, 2019, reflects the following changes versus the previous fiscal year ended June 30, 2018.

Current assets increased \$56.1 million to \$429.8 million at June 30, 2019. The increase primarily driven by higher receivables from the State of Wyoming, partially offset by lower cash and short-term investments.

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Other noncurrent assets and investments increased \$49.5 million to \$352.9 million. The variance is primarily driven by higher restricted cash balances, partially offset by \$28.2 million lower student loan receivables due to revised accounting treatment for Medical Education Loans.

Capital Assets, net of accumulated depreciation, increased by \$14.4 million to \$966.5 million. Capital additions totaled \$64.6 million, partially offset by FY 19 depreciation expense of \$42.8 million and other reductions totaled \$7.5 million.

Current liabilities decreased \$1.8 million to \$92.8 million.

Noncurrent liabilities increased \$84.7 million to \$459.7 million. Changes to the actuarial assumptions used to calculate the University's pension and other post employee benefit liabilities account for \$83.5 million of the increase.

The University's \$1,236.6 million net position at June 30, 2019 consists of the below components:

- Unrestricted net position at June 30, 2019 is negative (\$147.7 million). Unrestricted net position is comprised of \$153.8 million, which may be used to meet the University's ongoing obligations, less the University's negative unrestricted net position for pension and OPEB related items of totaling (\$301.5 million).
- Restricted net position was \$523.6 million, which is restricted externally by donor, grantor, or creditors.
- Net investment in capital assets totaled \$860.7 million.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position present the financial activity of the University over the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. A key component of this statement is the differentiation between operating and nonoperating activities.

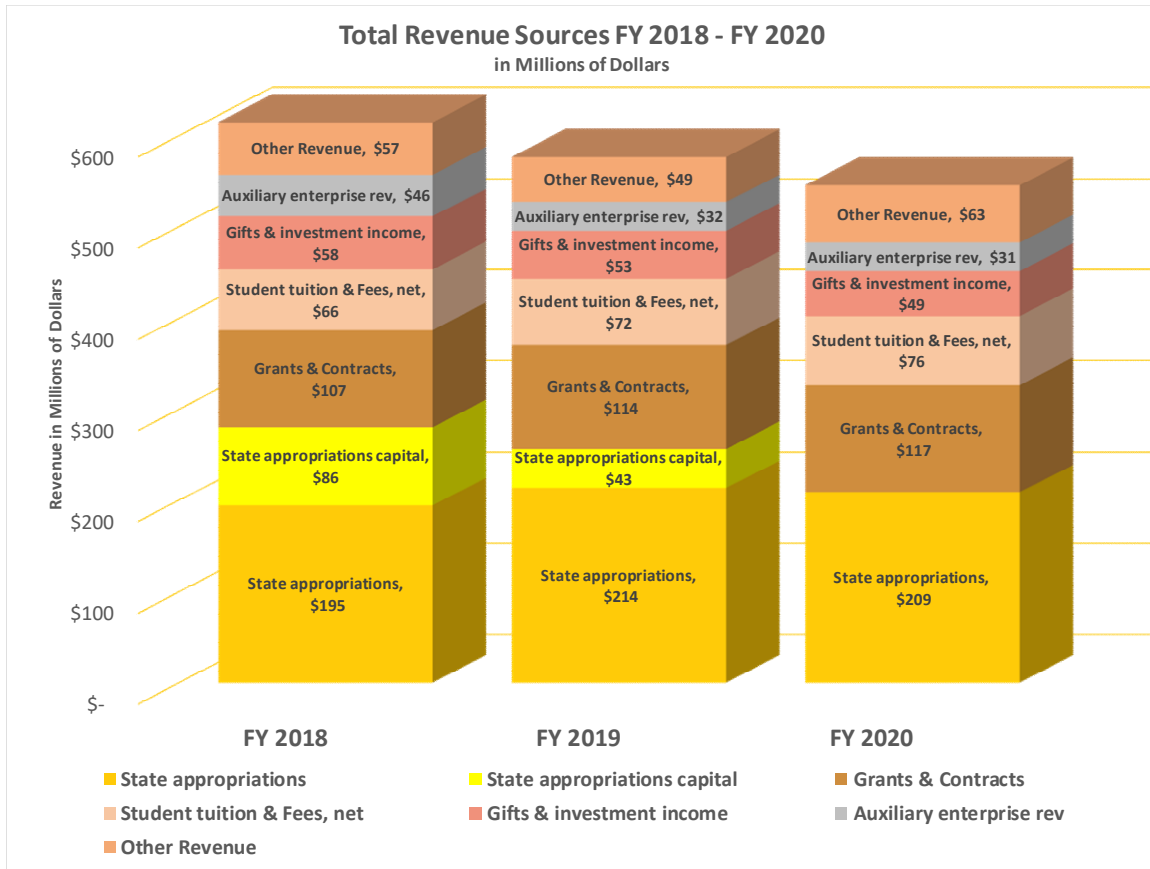
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Condensed Statements of Revenues, Expenses and Changes in Net Position
(in millions)

	Fiscal Year		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 250.0	\$ 240.1	\$ 261.7
Operating expenses	(561.5)	(548.6)	(523.5)
Operating loss	(311.5)	(308.5)	(261.8)
Net nonoperating revenues	284.8	283.8	261.5
Loss before other revenue, expenses, gains and losses	(26.7)	(24.7)	(0.3)
State appropriations restricted for capital purposes, capital gifts and additions to permanent endowments	11.7	53.3	91.8
Increase (Decrease) in Net Position	(15.0)	28.6	91.5
Net Position-Beginning of Year	1,236.6	1,208.0 *	1,039.6
Net Position-End of Year	\$ 1,221.6	\$ 1,236.6	\$ 1,131.1

* The beginning balance was restated in FY 2019, no adjustment was made to FY 2018

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Operating revenues are derived from tuition and fees, auxiliary activity, grants and contracts, and other operating revenues earned by providing goods and services to the various customers of the University.

Nonoperating revenues include investment income, state appropriations, Pell grant revenue, capital grants and gifts, and gains or losses on the disposal of assets. These revenues are not earned from the sale of goods and services and are considered nonoperating. Nonoperating expenses include losses on disposal of assets and interest expense.

Revenues – Comparison of fiscal year 2020 to fiscal year 2019

The University’s financial position at June 30, 2020, reflects the following revenue changes versus the previous fiscal year ended June 30, 2019.

Net revenue from all sources, net of scholarship allowances, decreased \$30.7 million to \$546.5 million for FY 2020.

Operating revenues increased \$9.9 million to \$250.0 million. The increase is primarily due to \$4.1 million higher tuition, \$2.8 million higher grant revenue, and \$2.5 million higher other operating revenue.

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Reporting standards require tuition and fees to be shown net of scholarship allowances, which were \$41.2 million and \$40.6 million for FY 2020 and FY 2019, respectively. Scholarship allowances are those portions of tuition and fees that are paid by other revenues, primarily federal and state grants for financial aid and general institutional scholarships (see Note 1).

Net nonoperating revenues increased \$1.0 million to \$284.8 million.

State appropriations and gifts for capital, and additions to endowments decreased \$41.6 million to \$11.7 million due to lower state appropriation for capital purposes. All remaining capital appropriations were recognized in FY 2019.

Revenues – Comparison of fiscal year 2019 to fiscal year 2018

The University's financial position at June 30, 2019, reflects the following revenue changes versus the previous fiscal year ended June 30, 2018.

Net revenue from all sources, net of scholarship allowances, decreased \$37.8 million to \$577.2 million for FY 2019.

- Operating revenues decreased \$21.6 million to \$240.1 million in FY 2019. Approximately \$13.4 million of the decrease was related to mineral royalty revenue classified as nonoperating revenue in FY 2019 vs classified as operating revenue in FY 2018. The variance excluding this reclassification is a decrease of \$8.2 million and was primarily due to lower clinic and auxiliary revenue.
- Net nonoperating revenues increased \$22.3 million to \$283.8 million. As mentioned above, \$13.4 million of the increase is related to mineral royalty revenue classified as nonoperating revenue in FY 2019 vs. classified as operating revenue in FY 2018. The variance excluding this reclassification is an increase of \$8.9 million due to higher state appropriations.
- State appropriations and gifts for capital purposes decreased \$38.5 million to \$53.3 million. The decrease is primarily related to \$43.2 million lower state appropriations for capital purpose, partially offset by \$4.7 million higher capital gifts and additions to permanent endowments.

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Expenses – Management’s Analysis of Natural Expense Classifications

The following table illustrates expenses by natural classifications, which represents expenses by type, regardless of the program or service.

Natural Classifications
Operating Expenses by Natural Classification
(in millions)

	Fiscal Years		
	2020	2019	2018
Compensation and benefits	\$ 348.5	\$ 337.2	\$ 324.7
Supplies and support services	144.3	153.2	149.1
Scholarships	17.3	15.4	13.2
Depreciation	51.4	42.8	36.5
Total Operating Expenses	\$ 561.5	\$ 548.6	\$ 523.5

Expenses – Comparison of fiscal year 2020 to fiscal year 2019

The University’s financial position at June 30, 2020, reflects the following expense changes versus the previous fiscal year ended June 30, 2019.

Total operating expenses increased 2.4% or \$12.9 million to \$561.5 million in FY 2020.

- Compensation and benefits increased 3.4% or \$11.3 million to \$348.5 million. The increase was due to higher salary, wages, and associated fringe.
- Supplies and support services decreased 5.8% or \$8.9 million to \$144.3 million. The decrease was primarily driven by lower travel expenses and lower reversions.
- Scholarship expense increased \$1.9 million to \$17.3 million.
- Depreciation expense increased \$8.6 million to \$51.4 million in FY 2020 due to assets placed into service and depreciation commencing on these assets.

Expenses – Comparison of fiscal year 2019 to fiscal year 2018

The University’s financial position at June 30, 2019, reflects the following expense changes versus the previous fiscal year ended June 30, 2018.

Total operating expenses increased 4.8% or \$25.1 million to \$548.6 million in FY 2019.

- Compensation and benefits increased 3.8% or \$12.5 million to \$337.2 million.
- Supplies and support services increased 2.7 % or \$4.1 million to \$153.2 million.

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- Scholarship expense increased \$2.2 million to \$15.4 million.
- Depreciation expense increased \$6.3 million to \$42.8 million in FY 2019 due to assets placed into service and depreciation commencing on these assets.

Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the past fiscal year.

The primary cash received from operating activities includes tuition and fees, grant and gift revenues, and auxiliary revenue. Cash outlays for operations include payments for salaries, wages, benefits, supplies, and services.

Condensed Statements of Cash Flows
(in millions)

	Fiscal Years		
	2020	2019	2018
Cash provided by (used in):			
Operating activities	\$ (253.7)	\$ (227.9)	\$ (244.5)
Noncapital financing activities	272.5	270.8	254.9
Investing activities	(38.6)	41.5	21.4
Capital and related financing activities	(3.5)	(77.9)	(3.7)
Net increase (decrease) in cash	(23.3)	6.5	28.1
Cash and cash equivalents, beginning of the year	181.8	175.3	147.2
Cash and cash equivalents, End of the Year	\$ 158.5	\$ 181.8	\$ 175.3

Comparison of fiscal year 2020 to fiscal year 2019

The University's cash flow for FY 2020, reflects the following changes versus the previous fiscal year.

Overall cash and cash equivalents decreased \$23.3 million to \$158.5 million. The decrease is primarily caused by \$25.8 million in increased spending vs. FY 2019. Changes to capital and investing related cash flows vs. FY 2019 largely offset each other. The decrease in cash associated with cash used in investing activities is offset by an increase in short-term investments which are not classified as cash.

Comparison of fiscal year 2019 to fiscal year 2018

The University's cash flow for FY 2019 reflects the following changes versus the previous fiscal year.

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Overall cash and cash equivalents increased \$6.5 million to \$181.8 million in FY 2019. The increased cash flows in operating, noncapital financing, and investing activities were partially offset by a \$74.2 million increase in cash used in capital and financing activities.

Capital Activity

The University of Wyoming has long recognized that one of the critical factors in continuing the quality of academic and research programs and improving students' experience and environment, is a commitment to the development and renewal of its capital assets. Extraordinary funding by the Wyoming State Legislature, coupled with generous private donations continues to provide the opportunity for UW to make great strides toward the fulfillment of its Capital Facilities Plan.

Capital Assets
(in millions)

	Fiscal Years		
	2020	2019	2018
Buildings	\$ 1,145.6	\$ 1,129.5	\$ 895.4
Land and land improvements	45.2	42.2	42.1
Infrastructure	19.7	19.7	19.7
Construction in progress	66.0	35.3	244.9
Equipment	208.1	183.8	184.3
Library materials	29.5	30.8	100.6
Total cost of capital assets	1,514.1	1,441.3	1,487.0
Less accumulated depreciation	(517.8)	(474.8)	(529.3)
Capital Assets, net of depreciation	\$ 996.3	\$ 966.5	\$ 957.7

** Amounts have not been restated

Debt Activity

There was no new debt issued in FY 2020, FY 2019, or FY 2018. Total bonds payable were \$74.0 million, \$79.8 million, and \$85.6 million in FY 2020, 2019, and 2018 respectively. The yearly decrease reflects the annual amount of debt retired.

Economic Outlook

The University of Wyoming has enjoyed an enviable level of financial support from the state legislature for many years relative to most other public institutions of higher education. As the State of Wyoming's only public research higher education institution, UW has consistently received extraordinary, stable support from the Governor, the Wyoming Legislature, and friends (both individuals and corporations) from across the nation.

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Years Ended June 30, 2020 and 2019

The State of Wyoming's revenue streams are volatile and FY 2020 continued that trend. On the heels of an historic decline in revenue in state FY 2016, FY 2020 projected General Fund/Budget Reserve revenue was reduced by \$200.7 million in a special revenue projection issued in May 2020. Similar reductions were made to projected revenue for future fiscal years. In response, Governor Gordon implemented a number of cash saving measures and required state agencies including the University to reduce state appropriations by ten percent effective July 1, 2020 for FY 2021-2022.

Actual revenue collected by the state in FY 2020 exceeded projected revenue by \$173.9 million and revenue projections for the FY 2021-2022 biennium were also recently revised upward. Although the two-year outlook appears more stable, it is unlikely the University will receive any additional state funding due to the ongoing impact COVID-19 is having on commodities markets.

During fiscal year 2020, S&P Global Ratings affirmed the University of Wyoming's AA- credit rating. The rating outlook is stable and UW's role as the state's only four-year public higher education institution, steady student demand, very low debt service burden and strong financial resources lead to this rating.

Requests for Information

This financial report is designed to provide a general overview of the University of Wyoming's finances. If you have questions regarding any of the information provided in this report, or if you have a request for additional financial information regarding the University, please contact the Assistant Vice President for Finance and Administration, University of Wyoming, Department 3314, 1000 E. University Avenue, Laramie, WY 82071-2000. Requests for copies of the 2020 financial statements for the University of Wyoming Foundation should be also addressed to the Assistant Vice President for Finance and Administration at the address provided above.

University of Wyoming
(A Component Unit of the State of Wyoming)
Statements of Net Position
June 30, 2020 and 2019
(in thousands)

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 74,381	\$ 106,280
Short-term investments	138,285	92,491
Grants receivable	50,470	43,737
Student accounts receivable, net	3,895	4,787
Receivable from the State of Wyoming	86,535	165,248
Other receivables, net	8,697	7,473
Current portion of student loans receivable, net	2,300	2,500
Inventories	4,030	3,682
Prepaid expenses and other current assets	3,947	3,553
	372,540	429,751
Noncurrent Assets		
Restricted cash	84,078	75,497
Long-term investments	266,902	258,921
Receivable from the State of Wyoming	11,000	-
Student loans receivable, net	18,200	18,518
Capital assets, net	996,292	966,494
	1,376,472	1,319,430
Total current assets	372,540	429,751
Total noncurrent assets	1,376,472	1,319,430
Total assets	1,749,012	1,749,181
Deferred Outflows of Resources		
Deferred loss on refunding	356	436
Asset retirement obligation	1,979	-
Pension related	9,559	24,694
Other postemployment benefit related	57,082	62,607
	68,976	87,737
Total deferred outflows of resources	68,976	87,737
Total assets and deferred outflows of resources	1,817,988	1,836,918

University of Wyoming
(A Component Unit of the State of Wyoming)
Statements of Net Position (continued)
June 30, 2020 and 2019
(in thousands)

	2020	2019
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	19,674	20,167
Payable to the State of Wyoming	8,000	-
Payroll and related liabilities	28,309	30,237
Unearned revenue	6,016	7,768
Deposits held in custody for others	8,206	7,473
Current portion of revenue bonds payable	5,580	5,365
Current portion of note payable	365	345
Current portion of accrued compensated absences	14,734	15,205
Current portion of other postemployment benefits	6,300	6,200
	<u>97,184</u>	<u>92,760</u>
Noncurrent Liabilities		
Accrued compensated absences	29,791	29,066
U.S. government loans refundable	4,434	5,664
Revenue bonds payable	68,428	74,473
Note payable	3,112	3,477
Asset retirement obligation	2,250	-
Net pension liability	82,465	103,243
Other postemployment benefit liability	222,114	243,855
	<u>412,594</u>	<u>459,778</u>
Total liabilities	<u>509,778</u>	<u>552,538</u>
Deferred Inflows of Resources		
Pension related	15,688	4,908
Other postemployment benefit related	59,177	30,600
Deferred gain on refunding	150	172
Service concession arrangement	11,629	12,146
	<u>86,644</u>	<u>47,826</u>
Net Position		
Net Investment in Capital Assets	896,020	860,729
Restricted For		
Nonexpendable	224,274	221,857
Expendable		
Scholarships, research, instruction and other	59,130	63,171
Loans	18,316	17,220
Capital projects	162,914	216,772
Debt service	4,608	4,528
Unrestricted	(143,696)	(147,722)
	<u>\$ 1,221,566</u>	<u>\$ 1,236,554</u>

University of Wyoming Foundation
(A Component Unit of the University of Wyoming)
Statements of Financial Position
June 30, 2020 and 2019
(in thousands)

	2020	2019
Assets		
Cash	\$ 1,085	\$ 1,548
Investments	643,296	610,710
Pledges receivable, net	20,742	23,757
Other receivables	515	1,154
Marian H. Rochelle Gateway Center, at cost, net of accumulated depreciation	25,406	26,173
Property and equipment, at cost, net of accumulated depreciation	1,560	1,985
Total assets	\$ 692,604	\$ 665,327
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 4,796	\$ 4,025
High Altitude loan interest payable	3	8
High Altitude line of credit	1,975	5,473
Grand Avenue property loan	5,600	-
Due to others	245,997	237,346
Total liabilities	258,371	246,852
Net Assets		
Without donor restrictions		
Undesignated	20,117	13,569
Designated by the Board for operating reserve	233	246
Designated by the Board for endowment	12,531	12,464
Invested in property and equipment, net of related debt	26,966	28,158
	59,847	54,437
With donor restrictions		
Perpetual in nature	313,028	302,334
Purpose restrictions	61,358	61,704
Total net assets	434,233	418,475
Total liabilities and net assets	\$ 692,604	\$ 665,327

University of Wyoming
(A Component Unit of the State of Wyoming)
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2020 and 2019
(in thousands)

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$41,212 and \$40,625 for 2020 and 2019, respectively)	\$ 76,336	\$ 72,234
Grants and contracts	117,130	114,287
Sales and services of educational activities	1,021	1,897
Auxiliary enterprise charges (net of scholarship allowances of \$5,295 and \$6,469 for 2020 and 2019, respectively)	31,169	31,873
Clinic revenues	10,444	8,477
Other operating revenues	<u>13,852</u>	<u>11,339</u>
Total operating revenues	<u>249,952</u>	<u>240,107</u>
Operating Expenses		
Instruction	153,270	155,095
Research	80,787	76,238
Public service	58,934	57,294
Academic support	36,509	32,570
Student services	17,826	20,325
Institutional support	71,758	64,569
Operation and maintenance of plant	33,616	39,909
Scholarships	7,191	5,997
Auxiliary enterprises	50,175	53,824
Depreciation	<u>51,390</u>	<u>42,763</u>
Total operating expenses	<u>561,456</u>	<u>548,584</u>
Operating loss	<u>(311,504)</u>	<u>(308,477)</u>

University of Wyoming
(A Component Unit of the State of Wyoming)
Statements of Revenues, Expenses and Changes in Net Position (continued)
Years Ended June 30, 2020 and 2019
(in thousands)

	<u>2020</u>	<u>2019</u>
Nonoperating Revenues (Expenses)		
State appropriations	209,451	214,139
Gifts	25,471	32,130
Mineral Royalty	21,365	13,365
Federal nonoperating revenues	9,793	9,918
CARES Act	2,629	-
Investment income	15,165	13,174
Interest expense	(3,493)	(3,625)
Gain (loss) on disposal of capital assets	1,217	(1,777)
Other nonoperating revenues	<u>3,201</u>	<u>6,525</u>
Net nonoperating revenues (expenses)	<u>284,799</u>	<u>283,849</u>
Loss before other revenues, expenses, gains and losses	<u>(26,705)</u>	<u>(24,628)</u>
State appropriations restricted for capital purposes	-	42,715
Capital gifts	8,307	7,233
Additions to permanent endowments	<u>3,410</u>	<u>3,326</u>
Net increase (decrease) in net position	<u>(14,988)</u>	<u>28,646</u>
Net Position, Beginning of Year	<u>1,236,554</u>	<u>1,207,908</u>
Net Position, End of Year	<u>\$ 1,221,566</u>	<u>\$ 1,236,554</u>

University of Wyoming Foundation
(A Component Unit of the State of Wyoming)
Statements of Activities
Years Ended June 30, 2020 and 2019
(in thousands)

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions and state match	\$ 5	\$ 32,450	\$ 32,455	\$ 5	\$ 29,279	\$ 29,284
University of Wyoming	859	2,125	2,984	759	1,492	2,251
Assessments	7,086	(7,086)	-	6,826	(6,826)	-
Net return on investments	1,052	22,358	23,410	1,929	25,246	27,175
Change in value of charitable remainder trusts	-	(821)	(821)	-	(1,084)	(1,084)
Decrease in cash surrender value of life insurance policies	-	(1)	(1)	-	(4)	(4)
Net assets released from/ applied to restrictions						
Satisfaction of program restrictions	39,640	(39,640)	-	35,344	(35,344)	-
Permanent program restriction	(11)	11	-	(14)	14	-
Other revenue	-	952	952	-	823	823
	<u>48,631</u>	<u>10,348</u>	<u>58,979</u>	<u>44,849</u>	<u>13,596</u>	<u>58,445</u>
Total revenues, gains and other support						
Expenses and Losses						
Program services	33,124	-	33,124	37,068	-	37,068
Fundraising	6,121	-	6,121	5,799	-	5,799
General and administrative	3,976	-	3,976	4,554	-	4,554
	<u>43,221</u>	<u>-</u>	<u>43,221</u>	<u>47,421</u>	<u>-</u>	<u>47,421</u>
Total expenses						
Change in Net Assets	5,410	10,348	15,758	(2,572)	13,596	11,024
Net Assets						
Beginning of year	<u>54,437</u>	<u>364,038</u>	<u>418,475</u>	<u>57,009</u>	<u>350,442</u>	<u>407,451</u>
End of year	<u>\$ 59,847</u>	<u>\$ 374,386</u>	<u>\$ 434,233</u>	<u>\$ 54,437</u>	<u>\$ 364,038</u>	<u>\$ 418,475</u>

University of Wyoming
(A Component Unit of the State of Wyoming)
Statements of Cash Flows
Years Ended June 30, 2020 and 2019
(in thousands)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Tuition and fees	\$ 76,440	\$ 73,445
Research contracts and grants (operating revenue)	110,506	111,755
Sales of services of educational activities	1,461	2,254
Sales of services of auxiliary enterprises	29,159	31,734
Clinic revenues	10,289	8,375
Payments to suppliers	(141,329)	(135,025)
Payments to employees	(341,457)	(321,299)
Payments for scholarships and fellowships	(7,191)	(5,997)
Loans issued to students and employees	(7,938)	(8,481)
Collection of loans to students and employees	2,464	2,827
Other operating receipts	13,864	12,472
	<u> </u>	<u> </u>
Net cash used in operating activities	<u>(253,732)</u>	<u>(227,940)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations (noncapital)	206,680	211,392
Gifts and grants for other than capital purposes	30,707	32,388
Mineral royalty	21,365	13,365
Federal Pell Grant revenue	9,793	9,918
Direct lending receipts	36,704	37,687
Direct lending disbursements	(36,704)	(37,687)
Increase in deposits held for others	733	436
CARES Act	2,629	-
Repayment of excess cash in Perkins loan fund to U.S. government	(1,295)	-
Other noncapital financing receipts	1,894	3,253
	<u> </u>	<u> </u>
Net cash provided by noncapital financing activities	<u>272,506</u>	<u>270,752</u>
Cash Flows from Capital and Related Financing Activities		
State appropriations for capital	76,075	45,311
Amendments to capital appropriations	-	(51,200)
Principal payments on bonds and notes payable	(5,710)	(5,502)
Interest payments on bonds and notes payable	(3,900)	(4,103)
Gifts and grants for capital purposes	560	7,233
Acquisition and construction of capital assets	(75,014)	(70,435)
Proceeds from sale of capital assets	4,057	45
Interest subsidy on capital debt	391	792
	<u> </u>	<u> </u>
Net cash used in capital and related financing activities	<u>(3,541)</u>	<u>(77,859)</u>
Cash Flows from Investing Activities		
Purchases of investments	(356,954)	(242,031)
Proceeds from sales of investments	302,683	270,293
Interest and dividends	15,720	13,276
	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	<u>(38,551)</u>	<u>41,538</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(23,318)</u>	<u>6,491</u>
Cash and Cash Equivalents, Beginning of Year	<u>181,777</u>	<u>175,286</u>
Cash and Cash Equivalents, End of Year	<u>\$ 158,459</u>	<u>\$ 181,777</u>

University of Wyoming
(A Component Unit of the State of Wyoming)
Statements of Cash Flows (continued)
Years Ended June 30, 2020 and 2019
(in thousands)

	<u>2020</u>	<u>2019</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents, current	\$ 74,381	\$ 106,280
Restricted cash, noncurrent	<u>84,078</u>	<u>75,497</u>
	<u>\$ 158,459</u>	<u>\$ 181,777</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (311,504)	\$ (308,477)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation expense	51,390	42,763
Noncash expenses	6,297	17,484
Decrease (increase) in assets and deferred outflows of resources		
Receivables, net	(6,143)	(2,253)
Student loans receivable, net	(5,779)	(5,832)
Inventories	(348)	(71)
Prepaid expenses and other assets	(391)	341
Deferred outflows of resources - pension related	15,134	(14,194)
Deferred outflows of resources - OPEB related	5,525	(50,486)
Deferred outflows of resources - asset retirement obligation	(1,979)	-
Increase (decrease) in liabilities and deferred inflows of resources		
Accounts payable and accrued liabilities, including payroll	(3,688)	2,785
Unearned revenue	(1,753)	2,124
Asset retirement obligation	2,250	-
U.S. government loans refundable	65	(89)
Accrued compensated absences	255	1,463
Net pension liability	(20,778)	27,554
OPEB liability	(21,642)	62,125
Deferred inflows of resources - pension related	10,780	(3,992)
Deferred inflows of resources - OPEB related	<u>28,577</u>	<u>815</u>
Total adjustments	<u>57,772</u>	<u>80,537</u>
Net cash used in operating activities	<u>\$ (253,732)</u>	<u>\$ (227,940)</u>
Noncash Investing, Capital and Financing Activities		
Accounts payable incurred for capital assets	\$ 11,474	\$ 10,207
Loss on disposal of capital assets	-	1,777
Unrealized loss on investments	495	1,009
Amortization of deferred gain and loss on refundings	(58)	(60)
Amortization of bond premiums	465	538
Amortization of service concession arrangement	517	517
Donated capital assets	7,747	-

University of Wyoming
(A Component Unit of the State of Wyoming)
Notes to Financial Statements
June 30, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The University of Wyoming (the University) is a public land grant research university dedicated to serving as a statewide resource for accessible and affordable higher education of the highest quality, rigorous scholarship, technology transfer, economic and community development, and responsible stewardship of the state's cultural, historical, and natural resources. The University is committed to outreach and service that extend our human talent and technological capacity to serve the people in our communities, our state, the nation, and the world.

Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), consists of the University as the primary government, and organizations for which the University is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. For financial reporting purposes, the University is a component unit of the State of Wyoming and is included in the basic financial statements of the State of Wyoming.

The University is governed by a 12-member Board of Trustees appointed by the Governor.

Component Units

The financial reporting entity consists of the primary government, as well as its discretely presented component unit, the University of Wyoming Foundation (the Foundation) and its blended component units, the Cowboy Joe Club and the Alumni Association. The Foundation is a legally separate, tax-exempt organization supporting the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The 36-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private not-for-profit organization that reports its financial results under the Financial Reporting for Not-for-Profit Organizations and Accounting for Contributions Received and Contributions Made Topics of the FASB Accounting Standards Codification (ASC). In 2019, the Foundation adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of 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 University's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the University's notes to the financial statements. Separate financial statements for the Foundation can

University of Wyoming
(A Component Unit of the State of Wyoming)
Notes to Financial Statements
June 30, 2020 and 2019

be obtained from the Foundation's Administrative Office at 222 South 22nd Street, Laramie, Wyoming 82070.

In addition to the Foundation, the University includes two blended component units in the reporting entity. The Cowboy Joe Club is a component unit of the University because it is organized for the purpose of supporting University athletic programs and is managed by the University Athletic Department. Although it is a legally separate organization, it is reported as a blended component unit of the University. The Alumni Association is a component unit of the University because they share common management and financial dependence. Although it is a legally separate organization, it is reported as a blended component unit of the University. Condensed financial information for the blended component units follows (in thousands):

Condensed Statement of Net Position - 2020

	University	Cowboy Joe Club	Alumni Association	Eliminations	Total
Assets					
Current assets	\$ 364,550	\$ 7,753	\$ 237	\$ -	\$ 372,540
Noncurrent assets	373,569	894	5,717	-	380,180
Capital assets, net of accumulated depreciation	996,292	-	-	-	996,292
Total assets	<u>1,734,411</u>	<u>8,647</u>	<u>5,954</u>	<u>-</u>	<u>1,749,012</u>
Deferred Outflows of Resources					
	68,976	-	-	-	68,976
Liabilities					
Current liabilities	95,623	1,505	56	-	97,184
Noncurrent liabilities	412,594	-	-	-	412,594
Total liabilities	<u>508,217</u>	<u>1,505</u>	<u>56</u>	<u>-</u>	<u>509,778</u>
Deferred Inflows of Resources					
	86,644	-	-	-	86,644
Net Position					
Net investment in capital assets	896,020	-	-	-	896,020
Restricted net position	469,242	-	-	-	469,242
Unrestricted net position	(156,736)	7,142	5,898	-	(143,696)
Total net position	<u>\$ 1,208,526</u>	<u>\$ 7,142</u>	<u>\$ 5,898</u>	<u>\$ -</u>	<u>\$ 1,221,566</u>

University of Wyoming
(A Component Unit of the State of Wyoming)
Notes to Financial Statements
June 30, 2020 and 2019

Condensed Statement of Revenues, Expenses and Changes in Net Position - 2020

	University	Cowboy Joe Club	Alumni Association	Eliminations	Total
Operating Revenues					
Operating revenues	\$ 236,100	\$ -	\$ -	\$ -	\$ 236,100
Other operating revenue	12,824	-	1,028	-	13,852
Total operating revenues	<u>248,924</u>	<u>-</u>	<u>1,028</u>	<u>-</u>	<u>249,952</u>
Operating Expenses					
Operating expenses	506,737	2,288	1,041	-	510,066
Depreciation	51,390	-	-	-	51,390
Total operating expenses	<u>558,127</u>	<u>2,288</u>	<u>1,041</u>	<u>-</u>	<u>561,456</u>
Operating Loss	<u>(309,203)</u>	<u>(2,288)</u>	<u>(13)</u>	<u>-</u>	<u>(311,504)</u>
Nonoperating Revenues	279,724	5,075	-	-	284,799
State Appropriations Restricted for Capital Purposes	-	-	-	-	-
Capital Gifts	8,307	-	-	-	8,307
Additions to Permanent Endowments	3,410	-	-	-	3,410
Transfers Between Entities	<u>2,707</u>	<u>(3,383)</u>	<u>676</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	(15,055)	(596)	663	-	(14,988)
Net Position, Beginning of Year	<u>1,223,581</u>	<u>7,738</u>	<u>5,235</u>	<u>-</u>	<u>1,236,554</u>
Net Position, End of Year	<u>\$ 1,208,526</u>	<u>\$ 7,142</u>	<u>\$ 5,898</u>	<u>\$ -</u>	<u>\$ 1,221,566</u>

Condensed Statement of Cash Flows - 2020

	University	Cowboy Joe Club	Alumni Association	Eliminations	Total
Net Cash Provided By (Used in)					
Operating activities	\$ (254,384)	\$ (1,806)	\$ (948)	\$ 3,406	\$ (253,732)
Noncapital financing activities	270,640	1,578	987	(699)	272,506
Capital and related financing activities	(3,541)	-	-	-	(3,541)
Investing activities	<u>(38,767)</u>	<u>119</u>	<u>97</u>	<u>-</u>	<u>(38,551)</u>
Change Cash and Cash Equivalents	(26,052)	(109)	136	2,707	(23,318)
Cash and Cash Equivalents, Beginning of Year	<u>171,011</u>	<u>6,532</u>	<u>93</u>	<u>4,141</u>	<u>181,777</u>
Cash and Cash Equivalents, End of Year	<u>\$ 144,959</u>	<u>\$ 6,423</u>	<u>\$ 229</u>	<u>\$ 6,848</u>	<u>\$ 158,459</u>

University of Wyoming
(A Component Unit of the State of Wyoming)
Notes to Financial Statements
June 30, 2020 and 2019

Condensed Statement of Net Position - 2019

	University	Cowboy Joe Club	Alumni Association	Eliminations	Total
Assets					
Current assets	\$ 421,554	\$ 8,103	\$ 94	\$ -	\$ 429,751
Noncurrent assets	346,771	993	5,172	-	352,936
Capital assets, net of accumulated depreciation	966,494	-	-	-	966,494
Total assets	1,734,819	9,096	5,266	-	1,749,181
Deferred Outflows of Resources					
	87,737	-	-	-	87,737
Liabilities					
Current liabilities	91,371	1,358	31	-	92,760
Noncurrent liabilities	459,778	-	-	-	459,778
Total liabilities	551,149	1,358	31	-	552,538
Deferred Inflows of Resources					
	47,826	-	-	-	47,826
Net Position					
Net investment in capital assets	860,729	-	-	-	860,729
Restricted net position	523,548	-	-	-	523,548
Unrestricted net position	(160,696)	7,738	5,235	-	(147,723)
Total net position	\$ 1,223,581	\$ 7,738	\$ 5,235	\$ -	\$ 1,236,554

Condensed Statement of Revenues, Expenses and Changes in Net Position - 2019

	University	Cowboy Joe Club	Alumni Association	Eliminations	Total
Operating Revenues					
Operating revenues	\$ 228,768	\$ -	\$ -	\$ -	\$ 228,768
Other operating revenue	10,730	-	609	-	11,339
Total operating revenues	239,498	-	609	-	240,107
Operating Expenses					
Operating expenses	502,361	2,650	810	-	505,821
Depreciation	42,763	-	-	-	42,763
Total operating expenses	545,124	2,650	810	-	548,584
Operating Loss	(305,626)	(2,650)	(201)	-	(308,477)
Nonoperating Revenues	277,562	6,287	-	-	283,849
State Appropriations Restricted for Capital Purposes	42,715	-	-	-	42,715
Capital Gifts	7,233	-	-	-	7,233
Additions to Permanent Endowments	3,326	-	-	-	3,326
Transfers Between Entities	4,141	(4,141)	-	-	-
Increase (Decrease) in Net Position	29,351	(504)	(201)	-	28,646
Net Position, Beginning of Year	1,194,230	8,242	5,436	-	1,207,908
Net Position, End of Year	\$ 1,223,581	\$ 7,738	\$ 5,235	\$ -	\$ 1,236,554

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Condensed Statement of Cash Flows - 2019

	University	Cowboy Joe Club	Alumni Association	Eliminations	Total
Net Cash Provided By (Used in)					
Operating activities	\$ (224,123)	\$ (3,430)	\$ (1,047)	\$ 660	\$ (227,940)
Noncapital financing activities	263,858	2,946	467	3,481	270,752
Capital and related financing activities	(77,859)	-	-	-	(77,859)
Investing activities	41,117	281	140	-	41,538
Change Cash and Cash Equivalents	2,993	(203)	(440)	4,141	6,491
Cash and Cash Equivalents, Beginning of Year	168,018	6,735	533	-	175,286
Cash and Cash Equivalents, End of Year	<u>\$ 171,011</u>	<u>\$ 6,532</u>	<u>\$ 93</u>	<u>\$ 4,141</u>	<u>\$ 181,777</u>

There are no separately issued financial statements of the Cowboy Joe Club or Alumni Association.

Related Organization

The Board of Trustees is responsible for appointing the members of the Board of Directors of the University of Wyoming Research Corporation d/b/a Western Research Institute (WRI). However, the University's accountability does not extend beyond the appointments and there is no fiscal accountability between the University and WRI.

Basis of Accounting and Presentation

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University'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.

Use of 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, liabilities, deferred inflows of resources and deferred outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. As of June 30, 2020 and 2019, cash equivalents consisted primarily of money market accounts with brokers and U.S. Treasury Securities.

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Restricted Cash

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

Investments and Investment Income

Investments held at the State, Foundation and in local government investment pools are reported at the net asset value (NAV) per share based upon how the fund is valued. Investments in nonnegotiable certificates of deposit and repurchase agreements are carried at amortized cost. All other Investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income consists of interest and dividend income and the net change for the year in the fair value of investments carried at fair value.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable are recorded net of estimated uncollectible amounts.

The receivable from the State of Wyoming consists of funds restricted for capitals projects and state appropriations used for students and operations.

The University has receivables from the Foundation included in other receivables on the statements of net position. Amounts due from the Foundation were \$3,735,000 and \$3,058,000 for the years ended June 30, 2020 and 2019, respectively.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. Livestock inventory is stated at estimated net realizable value.

Loans to Students

The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans is \$32,316,000 and \$29,981,000 at June 30, 2020 and 2019, respectively. This amount is netted against loans to students.

Capital Assets

Capital assets are recorded at historical cost at the date of purchase or for donated assets, acquisition value at the date of donation. For equipment, the University'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 with costs exceeding \$50,000 that significantly increase the value or extend the useful life of the structure are capitalized. Certain bulk purchases of items that individually do not exceed \$5,000 but collectively

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are greater than \$5,000, are capitalized and depreciated over an estimated blended life of the items. 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 life of each asset. The following estimated useful lives are being used by the University:

Land improvements	10-30 years
Buildings	50 years
Infrastructure	10-30 years
Furniture, fixtures and equipment	3-10 years
Library materials	10 years

The University evaluates prominent events or changes in circumstances that affect capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The University will consider an asset impaired if both the decline in service utility of the capital asset is large in magnitude and the event, or change in circumstance, is outside the normal life cycle of the capital asset. The University will recognize an impairment loss when the University considers a capital asset impaired, and will recognize the capital asset at the lower of carrying value or fair value. The University recognized a loss of \$560,000 for the year ended June 30, 2020 due to a change in the useful life of a building as it was disposed to construct a new building. There were no impairment losses recognized for the year ended June 30, 2019.

Deferred Outflows of Resources and Deferred Inflows of Resources

The University reports the consumption of net position that is applicable to a future period as deferred outflows of resources. Deferred outflows of resources as of June 30, 2020 and 2019 consists of deferred losses on previous debt refundings, an asset retirement obligation, and items related to the University’s pension and other postemployment retirement benefit plans.

The University reports an acquisition of net position that is applicable to a future period as deferred inflows of resources. Deferred inflows of resources as of June 30, 2020 and 2019 consists of deferred gains on previous debt refundings, a service concession arrangement and items related to the University’s pension and other postemployment retirement benefit plans.

Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statements of net position date plus

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an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Unearned Revenue

Unearned revenue represents unearned student fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

Notes Payable

Notes payable consist of energy performance agreements with an original value of \$5,000 or more. Such agreements provide that any commitments beyond the current year are contingent upon funds being appropriated for such purposes. It is reasonably assured that such funds will be renewed in the normal course of business and, therefore, are treated as noncancelable for financial reporting purposes.

Cost-sharing Defined Benefit Pension Plan

The University participates in the Wyoming Retirement System and the Wyoming Retirement System Law Enforcement Retirement Fund, cost-sharing multiple-employer defined benefit pension plans (the Plans). 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 Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

Defined Benefit Other Postemployment Benefit Plans

The University has a single-employer defined benefit other postemployment benefit (OPEB) plan; the University also participates in a multiple-employer defined benefit other postemployment benefit plan (collectively, the OPEB Plans). For purposes of measuring the total OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Asset Retirement Obligation

The University reports an asset retirement obligation associated with a materials license with the U.S. Nuclear Regulatory Commission (NRC) for the use of byproduct and special nuclear materials. The liability was determined based on the amount the University is required to set aside for future decommissioning as determined by the NRC. The materials license expires in 2035.

Net Position

Net position of the University is classified in four components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable

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net position is made up of noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the University, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the University, such as permanent endowments. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted. The University endeavors to make the most efficient and effective use of resources and evaluates expenditures as to the appropriate use of restricted versus unrestricted funds.

Classification of Revenues

The University 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 allowances, (2) sales and services of auxiliary enterprises and (3) interest on student loans.

Nonoperating revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, appropriations, and other revenue sources. The University also uses the classification criteria of GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, for guidance in determining nonoperating revenues.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statements of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, 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, are recorded as nonoperating revenues and other governmental grants are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The allowances on tuition and fees and housing for the year ended June 30, 2020, were \$41,212,000 and \$5,295,000, and for the year ended June 30, 2019, were \$40,625,000 and \$6,469,000, respectively.

Collections

The University has collections of rare manuscripts and works of art that it does not capitalize for financial reporting purposes. These collections adhere to the University's policy to (a) maintain them for public exhibition, education or research, (b) protect, keep unencumbered, care for and preserve them, and (c) require proceeds from their sale to be used to acquire other collection items. Collections maintained in this manner are charged to operations at time of purchase rather than capitalized.

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CARES Act

The *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was passed by Congress and signed into law by President Donald Trump on March 27, 2020. This over \$2 trillion economic relief package delivers on the federal government's commitment to protecting the American people from the public health and economic impacts of COVID-19. Based on the CARES Act, the federal government distributed direct payments through the Higher Education Emergency Relief Fund (HEERF). The University was awarded \$6,614,000 of HEERF. The University is required to distribute half of the HEERF as student aid to students whose education has been disrupted by COVID-19. The University awarded \$2,629,000 of HEERF in fiscal year 2020 to students, which is recorded as nonoperating revenue in the statements of revenues, expenses and changes in net position.

Income Taxes

As a state institution of higher education, the income of the University is generally exempt from federal income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

Reclassifications and Revisions

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation. The reclassifications had no effect on the changes in net position.

Certain immaterial revisions have been made to the 2019 financial statements to correct the classification of cash and cash equivalents to restricted cash in the amount of \$4,529,000 in the statements of net position and applicable disclosures. In addition, the classification of unrestricted net position to restricted net position for debt service was corrected by this same amount. The OPEB liability was corrected to report a current liability in the amount of \$6,200,000. The classifications of the scholarship allowance of \$6,469,000 was corrected from other operating revenues to auxiliary enterprise charges in the statements of revenues, expenses and changes in net position and statements of cash flows. In addition, the classification of the interest subsidy on capital debt of \$792,000 has been corrected in the statements of cash flows to move it from noncapital financing activities to capital and related financing activities. The following disclosures have also been revised: condensed component unit information was corrected to add condensed cash flow information, disclosures about fair value of assets and liabilities to correct the amount disclosed as investments held by the University reported at net asset value, the prior year amounts disclosed as pension and OPEB expense were corrected, and the amount of Foundation support to the University was increased to reflect all support provided. These revisions did not have a significant impact on the financial statement line items or disclosures impacted.

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Note 2: Deposits, Investments and Investment Return

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 Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets including bonds, debentures and other securities in which the State Treasurer may by law invest. Alternatively, a depository may pledge conventional real estate mortgages and notes connected with mortgages at a ratio of one and one-half to one (1½:1) of the value of public funds secured by the securities.

University investment policy specifies that investments are limited to those allowed by Wyoming Statute 9-4-831 for public entities. Per University investment policy item IX.D, portfolio duration will be managed in coordination with the cash flow needs of the University. Funds needed to satisfy operating cash flows of the University will be invested in securities and funds that mature in less than one year. Funds not needed to satisfy operating cash flows can be invested in a portfolio where the maximum maturity of any one security may not exceed one hundred twenty (120) months. At any given time, the proportion of the portfolio invested in securities with a maturity greater than sixty (60) months shall not exceed 10% of the total portfolio. The investment policy can be found at the following link: http://www.uwyo.edu/regs-policies/files/docs/regulations-2018/uw_reg_7-7_approved_11-15-18.pdf.

It is the policy of the University to invest endowment funds under a memorandum of agreement with the University of Wyoming Foundation. Investment goals for these funds are designed to achieve donor objectives, protect assets from excessive risk, provide program income and growth of the endowment and preserve the purchasing power of both the principal and the income. The Foundation's Board of Directors reviews and establishes limits on market segment investment concentration, maximum investment in any company, and maximum share of portfolio per manager.

The University oversees the investment of funds for the Advance Payment of Higher Education Costs (APHEC) program. The investment goal for APHEC is the same as for the endowments.

The University also has investments managed by the State of Wyoming Treasurer's Office. These investments are managed under the State of Wyoming Master Investment Policy.

The University has funds on deposit with the Wyoming State Treasurer's pooled investments. Deposits with the State Treasurer's pooled investments are not insured or otherwise guaranteed by the State of Wyoming, and participants share proportionally in any realized gains or losses on investments. The University's participation in the pooled investments and mutual funds may indirectly expose it to risks associated with using, holding or writing derivatives. However, specific information about any such transactions is not available to the University. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

The University also has funds on deposit with Wyoming Government Investment Fund (WGIF). Shares of WGIF are offered exclusively to Wyoming government entities. WGIF offers eligible participants two investments options, of which the University participates in the WGIF Liquid Asset Series. This money market series enables participants to pool their short-term funds for a common investment, offering competitive interest rates and complete liquidity. WGIF reports its investments at net asset value (NAV). The investments with WGIF are investments subject to

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credit risk categorization and the degree of risk and rate of return depends on the underlying portfolio. WGIF is a statutory trust organized and existing under the laws of the State of Wyoming. The Fund's investment objective is to provide a means for all participants to achieve a high rate of return while preserving capital and maintaining liquidity. The Fund seeks to attain its investment objective through professionally managed investment programs with the investment policies. The Fund will not borrow money or incur indebtedness or make a leveraged investment except as a temporary measure to facilitate the transfer of funds to a participant. The Fund will not invest in "derivatives", including high risk mortgage backed securities. The Fund will only invest in securities which are permitted investments for Wyoming governmental entities. The Fund does not have any limitations or restrictions on participant withdrawals.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The University's deposit policy for custodial credit risk requires compliance with the provisions of state law.

As of June 30, 2020, the carrying amount of the University's demand deposits in financial institutions was \$9,629,000 and the bank balances were \$10,945,000. As of June 30, 2019, the carrying amount of the University's demand deposits in financial institutions was \$13,516,000 and the bank balances were \$16,304,000. All deposits exceeding FDIC coverage of \$250,000 were collateralized by the depository institution as outlined in the State Statutes.

As of June 30, 2020 and 2019, the University had \$198,000 within the demand deposits for the Reclamation Ecology Endowment.

As of June 30, 2020 and 2019, the University had \$23,919,000 and \$79,664,000, respectively, on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

As of June 30, 2020 and 2019, the University had \$16,953,000 and \$16,016,000, respectively, on deposit with the Foundation. Detailed information on the Foundation's pooled cash and investments is available from the Foundation.

Investments

The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in equity securities.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's investment policy limits 100% of its investment portfolio to maturities of less than one year. The money market mutual funds are presented as an investment with a maturity of less than one year because the average maturity of the funds is less than one year.

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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. At June 30, the University had the following investments, maturities, and quality ratings (in thousands):

Investment Type	2020			2019		
	Fair Value	Weighted Average Maturity in Years	Quality Rating	Fair Value	Weighted Average Maturity in Years	Quality Rating
Local Government Investment Pool	\$ 107,800	0.15	AAA	\$ 72,500	0.23	AAA
U.S. Government Sponsored Enterprise Notes	53,038	0.2	AAA to AA+	42,763	0.3	AA+
Commercial Paper	40,965	0.3	A-1	-	N/A	N/A
U.S. Treasury Notes	44,282	0.4	N/A	49,728	0.5	N/A
	<u>\$ 246,085</u>			<u>\$ 164,991</u>		

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The University does not have a formal investment policy for custodial credit risk. Investments are held in safekeeping by external custodians in the University’s name.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the University’s investment in a single issuer. The University places no limit on the amount that may be invested in any one issuer. As of June 30, the University’s percentage of investments in bonds in relation to total investments were:

Issuer	2020		2019	
	Amount	Percentage of Total Investments	Amount	Percentage of Total Investments
Overseas Private Investment Corp.	\$ -	-	\$ 1,816	2.0%
Federal Home Loan Discount Note	4,021	2.9%	2,988	3.2%
Fannie Mae	-	-	3,992	4.3%
Federal Farm Credit Bank	-	-	4,013	4.3%
Inter-American Development Bank	8,029	5.9%	-	-
Federal Home Loan Bank	17,996	13.0%	14,992	16.2%
Freddie Mac	22,992	16.6%	14,962	16.2%
Commercial Paper	40,965	29.7%	-	-
United States Treasury Note	44,282	31.9%	49,728	53.8%
Total	<u>\$ 138,285</u>	<u>100.0%</u>	<u>\$ 92,491</u>	<u>100.0%</u>

University of Wyoming Investments Held by the Foundation

University-owned endowment funds are held by the Foundation for investment purposes. The investment committee, following the Prudent Expert Rule, carries out the Foundation’s investment policy. The Prudent Expert Rule states that a fiduciary shall manage the portfolio “with the care, skill, prudence and diligence, under circumstances then prevailing, and that a prudent person acting

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in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and like aims.” External managers have been hired to invest in the following asset classes: equities, fixed income, absolute return, private equity/venture capital, hedged equity and real estate. A long-term target asset allocation strategy has been implemented to achieve required returns while minimizing risk. All investment vehicles selected must be in compliance with the laws of the State of Wyoming, Internal Revenue Code prohibitions on self-dealing or vehicles that would jeopardize the carrying out of the exempt purpose of the Foundation and restrictions on Unrelated Business Taxable Income.

As of June 30, 2020 and 2019, the University of Wyoming pooled investments held by the Foundation had a value of \$223,751,000 and \$216,746,000, respectively.

Interest rate risk: The Foundation has no formal policy addressing interest rate risk.

Credit risk: The high yield and fixed income bond mutual fund investments are not rated.

Custodial credit risk: The Foundation does not have a formal investment policy for custodial credit risk. Investments are held in safekeeping by external custodians in the Foundation’s name.

Concentration of credit risk: The Foundation’s investment policy limits concentrations as follows:

1. The initial investment in any one issuer should not exceed 10% of a manager’s portfolio (with the exception of U.S. government securities);
2. The investment with any one issuer should not exceed 15% of a manager’s portfolio (with the exception of U.S. government securities);
3. No purchases of securities of the portfolio manager’s organization or of any firm with controlling interest in said organization are to be made.

See Note 14 for additional information on the Foundation.

University of Wyoming Investments Held by the State of Wyoming

The Master Investment Policy (the Policy) sets forth a ‘road map’ on how the investment program should be run. The Policy spells out what can and cannot be done, roles and responsibilities, acceptable transactions, prohibited transactions and performance expectations on its managed funds. State statutes, as incorporated into the Policy, authorize the state to invest in securities issued or guaranteed by the U.S. Treasury or agencies of the United States government; bonds issued by Wyoming agencies or political subdivisions; corporate notes, bonds and debentures; commercial paper; banker’s acceptances; loans specifically identified by statutes; and other securities specifically authorized by the legislature. The State Loan Investment Board (the Board) reviews the Policy annually. This Board is comprised of the state’s five elected officials.

Those managing the state’s investment program are governed in part by the prudent investor rule contained in the State’s Uniform Prudent Investor Advisor Act. This rule states in part:

“[a] Trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the trust.”

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The Policy further states investments or groups of investments shall not be evaluated in isolation but in the context of the entire investment portfolio and as part of an overall investment strategy of the trust or fund from which the investment is derived, consistent with the policies for such trust or fund established under statute by the board.

State statutes allow monies in the permanent funds to be invested in common stock of United States corporations not to exceed fifty-five percent (55%). It is a primary goal of the state's Master Investment Policy to obtain an optimal asset allocation for Wyoming's investments to take full advantage of this new authority. This includes determining the optimal division of an investment portfolio among available asset classes, factoring in such elements as risk and return as central to the overall financial planning and investment management. Investment selection for all funds shall be based on legality, appropriateness, liquidity, and risk/return considerations.

The State of Wyoming's permanent funds are not registered with the SEC as an investment company.

The University investments held by the State Treasurer's Office were \$34,694,000 and \$33,517,000 as of June 30, 2020 and 2019, respectively.

The State of Wyoming's investment pool is subject to the following risks:

Interest rate risk: Interest rate risk is the exposure that the fair value of the state's fixed income investments fluctuate in response to changes in market interest rates. An element of interest rate risk are those securities which are 'highly sensitive' to changes in interest rates. The state has no formal policy with respect to managing interest rate risk within its Master Investment Policy; however, the Policy does provide guidance relative to safety, liquidity and yield using the following criteria:

- Funds are analyzed by asset class including cash to determine if securities need to be purchased or sold.
- Future needs are determined and current positions are reviewed.
- Economic, market and interest rate assumptions are considered.
- Securities are selected based on market value, price and availability.
- Trades are executed to raise cash, to shift maturity, to change asset mix, to enhance yield and to improve quality.

Credit risk: Credit risk is the risk the issuer will not fulfill its obligation to the holder of the investment. The minimum credit ratings for investment debt securities as provided in the state's Master Investment Policy for fixed income managers are A1 or equivalent for commercial paper, BBB- for long-term corporate debt, BBB- for mortgage fixed income securities, BBB- for mortgage backed securities, and BBB- for asset-backed securities. Either Standard and Poor's, Fitch, or Moody's ratings are acceptable. If the issue is rated by all three rating agencies, the middle rating will apply. If the issue is rated by two rating agencies, the lower rating will apply. N/R indicates that the investment is not rated. Legislatively authorized investments represent those investments the Treasurer has been directed to invest in by the Legislature and/or approved by the Legislature.

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Foreign currency risk: Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. This risk disclosure applies only to investments that are denominated in foreign currencies. The state's Master Investment Policy does not provide a policy for foreign currency diversification.

Custodial credit risk: The state does not have any custodial credit risk exposure.

Concentration of credit risk: The Wyoming State Treasurer's fixed income portfolio contains fixed income securities in government agency securities. These agency securities hold a rating of AA+. While the state's Master Investment Policy sets limits for concentration of investments, it provides that U.S. agency bonds are eligible without limitation.

Following is a reconciliation of cash and investments to the statements of net position (in thousands):

	2020	2019
Cash on hand	\$ 158	\$ 82
Cash in bank - demand deposits at carrying value	9,431	13,318
Demand deposit for Reclamation Ecology Endowment	198	198
Deposits with State Treasurer	23,919	79,664
Deposits with Foundation	16,953	16,016
	<hr/>	<hr/>
Total deposits	50,659	109,278
	<hr/>	<hr/>
University investments	138,285	92,491
Local government investment pool	107,800	72,500
Investments held by Foundation	223,751	216,746
Investments held by State Treasurer	34,694	33,517
Investment in real estate	193	193
Other long-term investments	8,264	8,464
	<hr/>	<hr/>
Total investments	512,987	423,911
	<hr/>	<hr/>
Total deposits and investments	\$ 563,646	\$ 533,189
	<hr/> <hr/>	<hr/> <hr/>
Cash and investments per statement of net position		
Cash and cash equivalents	\$ 74,381	\$ 106,280
Restricted cash	84,078	75,497
Short-term investments	138,285	92,491
Long-term investments	266,902	258,921
	<hr/>	<hr/>
	\$ 563,646	\$ 533,189
	<hr/> <hr/>	<hr/> <hr/>

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Note 3: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The University holds \$138,285,000 and \$92,491,000, respectively, in Level 2 investments in U.S. government securities and commercial paper for the years ended June 30, 2020 and 2019.

The University also holds \$107,800,000 and \$72,500,000, respectively, in WGIF, \$34,694,000 and \$33,517,000, respectively, in investments with the State of Wyoming and \$223,751,000 and \$216,746,000, respectively, with the Foundation for the years ended June 30, 2020 and 2019. The University's investments held with the state, the Foundation and WGIF represent equity in the respective pools and are valued using the equivalent to net asset value. Therefore, these investments are not included in the fair value hierarchy.

Note 4: Student Loans Receivable, Accounts Receivable, Pledges Receivable, Accounts Payable and Accrued Liabilities

Student loans receivable, accounts receivable and pledges receivable at June 30, were as follows (in thousands):

	2020			
	Gross Receivable	Allowance	Net Receivable	Current Portion
Student accounts receivable	\$ 6,323	\$ (2,428)	\$ 3,895	\$ 3,895
Receivable from the State of Wyoming	97,535	-	97,535	86,535
Grants receivable	50,470	-	50,470	50,470
Student loans receivable	52,816	(32,316)	20,500	2,300
Pledges receivable	1,695	(151)	1,544	1,544
Other accounts receivable	7,753	(600)	7,153	7,153
	<u>\$ 216,592</u>	<u>\$ (35,495)</u>	<u>\$ 181,097</u>	<u>\$ 151,897</u>
Total receivables				

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	2019			
	Gross Receivable	Allowance	Net Receivable	Current Portion
Student accounts receivable	\$ 6,871	\$ (2,084)	\$ 4,787	\$ 4,787
Receivable from the State of Wyoming	165,248	-	165,248	165,248
Grants receivable	43,737	-	43,737	43,737
Student loans receivable	50,999	(29,981)	21,018	2,500
Pledges receivable	1,739	(101)	1,638	1,638
Other accounts receivable	6,285	(450)	5,835	5,835
	<u>\$ 274,879</u>	<u>\$ (32,616)</u>	<u>\$ 242,263</u>	<u>\$ 223,745</u>
Total receivables	<u>\$ 274,879</u>	<u>\$ (32,616)</u>	<u>\$ 242,263</u>	<u>\$ 223,745</u>

Accounts payable and accrued liabilities at June 30, were as follows (in thousands):

	2020	2019
	Amounts owed to vendors	\$ 19,158
Other accrued liabilities	516	1,521
Total accounts payable and accrued liabilities	<u>\$ 19,674</u>	<u>\$ 20,167</u>

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Note 5: Capital Assets

Capital assets activity for the years ended June 30, was (in thousands):

	Balance June 30, 2019	Additions	Transfers	Retirements	Balance June 30, 2020
Capital assets not being depreciated					
Land	\$ 10,363	\$ 2,595	\$ -	\$ -	\$ 12,958
Land improvements	2,624	-	-	-	2,624
Construction in progress	35,314	56,675	(25,863)	(91)	66,035
	<u>48,301</u>	<u>59,270</u>	<u>(25,863)</u>	<u>(91)</u>	<u>81,617</u>
Total capital assets not being depreciated	\$ 48,301	\$ 59,270	\$ (25,863)	\$ (91)	\$ 81,617
Other capital assets					
Infrastructure	\$ 19,741	\$ -	\$ -	\$ -	\$ 19,741
Land improvements	29,194	296	60	-	29,550
Buildings	1,129,520	1,094	17,130	(2,173)	1,145,571
Furniture, fixtures and equipment	183,781	20,873	8,673	(5,187)	208,140
Library materials	30,770	2,519	-	(3,822)	29,467
	<u>1,393,006</u>	<u>24,782</u>	<u>25,863</u>	<u>(11,182)</u>	<u>1,432,469</u>
Total other capital assets	1,393,006	24,782	25,863	(11,182)	1,432,469
Less accumulated depreciation for					
Infrastructure	(13,702)	(374)	-	-	(14,076)
Land improvements	(16,850)	(1,699)	-	-	(18,549)
Buildings	(296,560)	(23,495)	-	1,611	(318,444)
Furniture, fixtures and equipment	(130,873)	(22,875)	-	2,976	(150,772)
Library materials	(16,828)	(2,947)	-	3,822	(15,953)
	<u>(474,813)</u>	<u>(51,390)</u>	<u>-</u>	<u>8,409</u>	<u>(517,794)</u>
Total accumulated depreciation	(474,813)	(51,390)	-	8,409	(517,794)
Other capital assets, net	\$ 918,193	\$ (26,608)	\$ 25,863	\$ (2,773)	\$ 914,675
Capital asset summary					
Capital assets not being depreciated	\$ 48,301	\$ 59,270	\$ (25,863)	\$ (91)	\$ 81,617
Other capital assets, at cost	1,393,006	24,782	25,863	(11,182)	1,432,469
	<u>1,441,307</u>	<u>84,052</u>	<u>-</u>	<u>(11,273)</u>	<u>1,514,086</u>
Total cost of capital assets	1,441,307	84,052	-	(11,273)	1,514,086
Less accumulated depreciation	(474,813)	(51,390)	-	8,409	(517,794)
	<u>966,494</u>	<u>32,662</u>	<u>-</u>	<u>(2,864)</u>	<u>996,292</u>
Capital assets, net	\$ 966,494	\$ 32,662	\$ -	\$ (2,864)	\$ 996,292

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	Balance June 30, 2018	Additions	Transfers	Retirements	Balance June 30, 2019
Capital assets not being depreciated					
Land	\$ 10,303	\$ 60	\$ -	\$ -	\$ 10,363
Land improvements	2,624	-	-	-	2,624
Construction in progress	244,892	49,201	(247,197)	(11,582)	35,314
Total capital assets not being depreciated	<u>\$ 257,819</u>	<u>\$ 49,261</u>	<u>\$ (247,197)</u>	<u>\$ (11,582)</u>	<u>\$ 48,301</u>
Other capital assets					
Infrastructure	\$ 19,741	\$ -	\$ -	\$ -	\$ 19,741
Land improvements	29,194	-	-	-	29,194
Buildings	895,328	864	233,543	(215)	1,129,520
Furniture, fixtures and equipment	184,346	11,247	13,654	(25,466)	183,781
Library materials	100,612	3,226	-	(73,068)	30,770
Total other capital assets	<u>1,229,221</u>	<u>15,337</u>	<u>247,197</u>	<u>(98,749)</u>	<u>1,393,006</u>
Less accumulated depreciation for					
Infrastructure	(13,328)	(374)	-	-	(13,702)
Land improvements	(15,159)	(1,691)	-	-	(16,850)
Buildings	(277,576)	(19,067)	-	83	(296,560)
Furniture, fixtures and equipment	(136,727)	(18,247)	-	24,101	(130,873)
Library materials	(86,512)	(3,384)	-	73,068	(16,828)
Total accumulated depreciation	<u>(529,302)</u>	<u>(42,763)</u>	<u>-</u>	<u>97,252</u>	<u>(474,813)</u>
Other capital assets, net	<u>\$ 699,919</u>	<u>\$ (27,426)</u>	<u>\$ 247,197</u>	<u>\$ (1,497)</u>	<u>\$ 918,193</u>
Capital asset summary					
Capital assets not being depreciated	\$ 257,819	\$ 49,261	\$ (247,197)	\$ (11,582)	\$ 48,301
Other capital assets, at cost	1,229,221	15,337	247,197	(98,749)	1,393,006
Total cost of capital assets	1,487,040	64,598	-	(110,331)	1,441,307
Less accumulated depreciation	(529,302)	(42,763)	-	97,252	(474,813)
Capital assets, net	<u>\$ 957,738</u>	<u>\$ 21,835</u>	<u>\$ -</u>	<u>\$ (13,079)</u>	<u>\$ 966,494</u>

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Note 6: Long-term Liabilities

The following is a summary of long-term obligation transactions for the University for the year ended June 30, (in thousands):

	2020				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and notes payable					
Revenue bonds payable	\$ 77,010	\$ -	\$ 5,365	\$ 71,645	\$ 5,580
Premium	2,828	-	465	2,363	-
Note payable	3,822	-	345	3,477	365
Total bonds and note payable	<u>83,660</u>	<u>-</u>	<u>6,175</u>	<u>77,485</u>	<u>5,945</u>
Other noncurrent liabilities					
Accrued compensated absences	44,271	15,048	14,794	44,525	14,734
U.S. government loans refundable	5,664	65	1,295	4,434	-
Asset retirement obligation	-	2,250	-	2,250	-
Net pension liability	103,243	82,465	103,243	82,465	-
Other postemployment benefit liability	250,055	215,968	237,609	228,414	6,300
Total other noncurrent liabilities	<u>403,233</u>	<u>315,796</u>	<u>356,941</u>	<u>362,088</u>	<u>21,034</u>
Total long-term liabilities	<u>\$ 486,893</u>	<u>\$ 315,796</u>	<u>\$ 363,116</u>	<u>\$ 439,573</u>	<u>\$ 26,979</u>
	2019				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and notes payable					
Revenue bonds payable	\$ 82,185	\$ -	\$ 5,175	\$ 77,010	\$ 5,365
Premium	3,366	-	538	2,828	-
Note payable	4,149	-	327	3,822	345
Total bonds and note payable	<u>89,700</u>	<u>-</u>	<u>6,040</u>	<u>83,660</u>	<u>5,710</u>
Other noncurrent liabilities					
Accrued compensated absences	42,806	11,362	9,897	44,271	15,205
U.S. government loans refundable	5,623	41	-	5,664	-
Net pension liability	75,689	103,243	75,689	103,243	-
Other postemployment benefit liability	187,930	237,761	175,636	250,055	6,200
Total other noncurrent liabilities	<u>312,048</u>	<u>352,407</u>	<u>261,222</u>	<u>403,233</u>	<u>21,405</u>
Total long-term liabilities	<u>\$ 401,748</u>	<u>\$ 352,407</u>	<u>\$ 267,262</u>	<u>\$ 486,893</u>	<u>\$ 27,115</u>

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Revenue bonds payable consist of the following at June 30 (in thousands):

	Authorized and Issued	Interest Rates	Bonds Outstanding June 30, 2020
Facilities Improvement Revenue Bonds			
Series 2010 A (a)	\$ 6,585	2.00% - 5.125%	\$ -
Series 2010 B (d)	19,730	4.10% - 5.22%	17,975
Series 2010 C (g)	18,000	5.80%	18,000
Series 2011 B (e)	7,680	2.05% - 4.00%	3,395
Series 2012 A (b)	29,600	3.125% - 5.00%	21,065
Series 2012 B (f)	10,055	2.00% - 5.00%	5,380
Facilities Refunding Revenue Bonds			
Series 2016 (c)	7,620	1.00% - 5.00%	5,830
	<u>\$ 99,270</u>		<u>71,645</u>
Premium			<u>2,363</u>
			<u>\$ 74,008</u>

Maturities and interest on bonds payable for the next five years and thereafter is as follows (in thousands):

	Principal	Interest	Total
2021	\$ 5,580	\$ 3,570	\$ 9,150
2022	5,780	3,333	9,113
2023	5,995	3,081	9,076
2024	6,235	2,799	9,034
2025	6,500	2,489	8,989
2026-2030	36,555	6,945	43,500
2031-2032	5,000	237	5,237
	<u>\$ 71,645</u>	<u>\$ 22,454</u>	<u>\$ 94,099</u>

Revenue Bonds Payable – Series A

- (a) On May 12, 2010, the University issued \$6,585,000 of Series A bonds. The bonds bear interest, payable annually, at rates of 2.00% to 5.125% and are due in annual installments, which began June 1, 2011. Principal maturities began June 1, 2011, and continued through 2020. Proceeds from the issuance of these bonds were used (a) to fund the renovation and construction of a performing arts complex and certain renovations and improvements to other University residence halls and recreation centers (b) to advance refund a portion of the outstanding Series 2005 revenue bonds. The bonds are secured by the net revenues available for debt service of the University. The 2010A bonds were paid off in fiscal year 2020.

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- (b) On July 25, 2012, the University issued \$29,600,000 of Series A bonds. The bonds bear interest, payable annually, at rates of 3.125% to 5.00% and are due in annual installments, which began June 1, 2013. Principal maturities began June 1, 2013, and continue until 2032. Proceeds from the issuance of these bonds were used (a) to fund the renovation and construction of a performing arts complex and certain renovations and improvements to other University residence halls and recreation centers (b) to advance refund a portion of the outstanding Series 2005 revenue bonds. The bonds are secured by the net revenues available for debt service of the University.
- (c) On October 26, 2016, the University issued \$7,620,000 of Series A bonds. The bonds bear interest, payable annually, at rates of 1.00% to 5.00% and are due in annual installments, which began June 1, 2017. Principal maturities began June 1, 2017, and continue until 2031. Proceeds from the issuance of these bonds were used to advance refund all or a portion of the outstanding Facilities Improvement Revenue Bonds, Series 2011A. The bonds are secured by the net revenues available for debt service of the University.

Revenue Bonds Payable – Series B

- (d) On May 12, 2010, the University issued \$19,730,000 of Series B bonds. The bonds bear interest, payable annually, at rates of 4.10% to 5.22% and are due in annual installments, which began June 1, 2011. Principal maturities began June 1, 2017, and continue until 2027. Proceeds from the issuance of these bonds were used to construct a new residence building, visual arts building, and make improvements to existing facilities. The University has pledged revenues from the related facilities, net of specified expenses, to repay the Series B bonds. The bonds are payable solely from the facilities revenues and are payable through June 1, 2027. The bonds are taxable direct payment Build America Bonds and are expected to pay a subsidy to the University of \$5.1 million over the term of the bonds. The University received a subsidy of \$347,000 and \$351,000, respectively, for the years ended June 30, 2020 and 2019, which is recorded as other nonoperating revenue on the statements of revenues, expenses and changes in net position.
- (e) On November 18, 2011, the University issued \$7,680,000 of Series B bonds. The bonds bear interest, payable annually, at rates of 2.05% to 4.00% and are due in annual installments, which began June 30, 2015. Principal maturities began June 30, 2015, and continue until 2024. Proceeds from the issuance of these bonds were used to purchase, erect, alter, and improve facilities specifically located at the University of Wyoming/Casper College Center located in Casper Wyoming. The University has pledged revenues from the related facilities, net of specified expenses, to repay the Series B bonds. The bonds are payable solely from the facilities revenues and are payable through June 30, 2024.
- (f) On July 25, 2012, the University issued \$10,055,000 of Series B bonds. The bonds bear interest, payable annually, at rates of 2.00% to 5.00% and are due in annual installments, which began June 1, 2016. Principal maturities began June 1, 2016, and continue until 2025. Proceeds from the issuance of these bonds were used (a) to fund the renovation and construction of a performing arts complex and certain renovations and improvements to other University residence halls and recreation centers (b) to advance refund a portion of the outstanding Series 2005 revenue bonds. The University has pledged revenues from the

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related facilities, net of specified expenses, to repay the Series B bonds. The bonds are payable solely from the facilities revenues and are payable through June 30, 2025.

Revenue Bonds Payable – Series C

- (g) On May 12, 2010, the University issued \$18,000,000 of Series C bonds. The bonds bear interest, payable annually, at rates of 5.80% and are due in a lump-sum payment on June 1, 2030. Principal maturity is June 1, 2030. Proceeds from the issuance of these bonds were used (a) to construct a new residence building, visual arts building, and make improvements to existing facilities (b) to advance refund a portion of the outstanding Facilities Improvement Revenue Bonds, Series 2001. The University has pledged revenues from the related facilities, net of specified expenses, to repay the Series C bonds. The bonds are payable solely from the facilities revenues and are payable through June 1, 2030. The bonds are taxable direct payment Build America Bonds and are expected to pay a subsidy to the University of \$8.4 million over the term of the bonds. The University received a subsidy of \$442,000 and \$441,000, respectively, for the years ended June 30, 2020 and 2019, which is recorded as other nonoperating revenue in the statements of revenues, expenses and changes in net position.

Net Pledged Revenue

The University has pledged future facilities revenues, net of specified operating expenses, to repay the principal currently outstanding, revenue series bonds issued from 2010 to 2016. Proceeds from the bonds provided financing for facilities improvement, renovation, and construction. The bonds are payable solely from the net revenues derived directly or indirectly from the operation and use of the facilities or any part thereof and are payable through 2032. Annual principal and interest payments on the bonds are expected to require approximately 38.09% of net pledged revenues. The total principal and interest remaining to be paid on the bonds as of June 30, 2020 and 2019 is \$94,099,000 and \$103,260,000, respectively. The total principal and interest paid for the current year and total net pledged revenues were \$9,161,000 and \$32,924,000, respectively, for the year ended June 30, 2020 and \$9,162,000 and \$29,144,000, respectively, for the year ended June 30, 2019. Details of the total net pledged and related ratios are shown on the following table (in thousands):

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	<u>2020</u>	<u>2019</u>
Gross Pledged Revenue		
Sales		
Merchandise	\$ 15,181	\$ 19,669
Rents and fees		
Residence hall and apartment rent	9,320	10,997
Fees and games	1,824	1,985
Student fees	758	806
Nonenterprise revenue		
Government royalties	21,365	13,365
Miscellaneous	7,566	11,528
Investment income	5,759	4,465
Total revenue	<u>61,773</u>	<u>62,815</u>
Operation and Maintenance Expenses		
Cost of sales	7,412	8,879
Operating expenses		
Advertising	25	15
Contractual services	555	653
Parts and supplies	1,044	1,639
Rent	523	480
Repairs and maintenance	1,178	642
Salaries	7,251	7,466
Salaries - benefits	2,605	2,736
Support services	62	62
Travel	55	153
Utilities	3,395	3,874
Miscellaneous	3,914	6,284
Depreciation	830	788
Total expenses	<u>28,849</u>	<u>33,671</u>
Pledged net revenue	<u>32,924</u>	<u>29,144</u>
Maximum Annual Debt Service Requirement		
Principal	5,580	5,365
Interest	3,570	3,796
Total maximum annual debt service requirement	<u>9,150</u>	<u>9,161</u>
Excess of net pledged revenue over maximum annual debt service requirement	<u>\$ 23,774</u>	<u>\$ 19,983</u>
Percentage of net pledged revenue to maximum annual debt service requirement	360%	318%
Percentage of net pledged revenue to debt service requirement for fiscal year ending June 30	359%	318%

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Notes Payable

The University has recorded notes payable in conjunction with building improvements and equipment related to energy performance contracts. The interest rate on the notes payable is 2.83%.

The outstanding notes payable from direct borrowings related to energy performance contracts contain provisions regarding the event of a default or unavailability of funds by the University. In the event of a default, the lender may accelerate and recover from the University any and all amounts currently due and interest portions of payments accrued to the actual payment date to be due and take possession of the equipment. The note payable will terminate upon the earliest of the following events: expiration of the agreement, exercise of the option to purchase the equipment, default, or the payment of all payments authorized or required to be paid during the duration of the agreement. The financial consequences are limited to the amount of payments still due within the current fiscal period and the value of the equipment at the time of default.

Future minimum payments under notes payable are as follows for the year ending June 30, 2020 (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 365	\$ 95	\$ 460
2022	385	84	469
2023	407	73	480
2024	430	61	491
2025	452	49	501
2026-2028	<u>1,438</u>	<u>70</u>	<u>1,508</u>
	<u>\$ 3,477</u>	<u>\$ 432</u>	<u>\$ 3,909</u>

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Note 7: Pension Plans

Employee Defined Benefit Retirement Plans

The following tables summarize each of the University's Wyoming Retirement System plans recorded in the financial statements for the years ended June 30, respectively (in thousands):

2020				
Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Public Employee Pension Plan	\$ 81,997	\$ 9,041	\$ 15,005	\$ 10,776
Law Enforcement Plan	468	518	683	155
Total	<u>\$ 82,465</u>	<u>\$ 9,559</u>	<u>\$ 15,688</u>	<u>\$ 10,931</u>

2019				
Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Public Employee Pension Plan	\$ 101,926	\$ 23,859	\$ 4,837	\$ 14,259
Law Enforcement Plan	1,317	835	71	345
Total	<u>\$ 103,243</u>	<u>\$ 24,694</u>	<u>\$ 4,908</u>	<u>\$ 14,604</u>

Public Employee Pension Plan Description

University employees have the option to elect to participate in the Wyoming Retirement System (WRS) Public Employee Pension Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan. The Plan is administered by the Wyoming Retirement System. The authority to establish and amend benefits and contribution rates rests with the Legislature of the State of Wyoming. WRS is granted the authority to administer the Plans 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 Public Employees Plan provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustment provided to retirees must be granted by the State Legislature. W.S. 9-3-454 prohibits benefit changes, including cost of living adjustments, unless the plan is 100% funded.

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Retirement benefits: Two tiers of retirement benefits were established for participants of this Plan. Members who join WRS by August 31, 2012 are in Tier 1, while members who join on or after September 1, 2012 are in Tier 2.

- Tier 1: the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60. Formula for retirement equals 2.125% of employee's Final Average Salary for each year of credited service for the first 15 years of service credit plus 2.25% of Final Average Salary for any years of service credit exceeding 15 years. This amount is reduced by 5.0% per year that the employee is under age 60.
- Tier 2: the Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 65. Formula for retirement equals 2.000% of employee's Final (5-year) Average Salary for each year of credited service. This amount is reduced by 5.0% per year that the employee is under age 65.

All employees may also retire upon normal retirement on the basis that the sum of the member's age and service is at least 85. Members retiring with a combined age and service of at least 85 receive an unreduced benefit. Employees hired prior to July 1, 1981 may be entitled to benefits earned under a different formula.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for unreduced retirement benefits at age 60 (Tier 1 employee) or 65 (Tier 2 employee).

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 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. The benefit payment is a lump-sum equal to two times the employee contributions with interest. If the employee is vested, the beneficiary can elect, in lieu of this lump-sum, to receive a monthly annuity equal to the actuarial equivalent of the retirement benefit that would be due the employee.

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Contributions

Eligible employees and the University are required to contribute to the Plan at a rate set by Wyoming Statute. The contributions requirements are established under Wyoming Statute 9-3-412 and 413. Employees are required to contribute 8.75% and 8.50%, respectively, for the years ended June 30, 2020 and 2019, of their annual pay. The University's contractually required contribution rate for the years ended June 30, 2020 and 2019 was 8.87% and 8.62%, respectively, of covered payroll. Per statute, employers are allowed to subsidize all or part of the employee contributions. For both years, the University has elected to contribute an additional 5.57% on behalf of eligible employees. Although paid by the University, for the purposes of recording the net pension liability these additional contributions are considered to be employee contributions. For the years ended June 30, 2020 and 2019, contractually required contributions to the pension plan from the University were \$5,698,000 and \$5,161,000, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020 and 2019, the University reported a liability of \$81,997,000 and \$101,926,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and 2018, for the years ended June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2019 and 2018, respectively. Standard update procedures were used to roll forward the total pension liability to December 31, 2019 and 2018. The University's proportion of the net pension liability was based on the University's contributions to the Plan for the calendar year associated with the above measurement dates above, relative to the total contributions of participating employers of the Plan. At December 31, 2019, the University's proportion was 3.489%, which was an increase of 0.142% from its proportion measured as of December 31, 2018. At December 31, 2018, the University's proportion was 3.347%, which was an increase of 0.048% from its proportion measured as of December 31, 2017.

For the years ended June 30, 2020 and 2019, the University recognized pension expense of \$10,776,000 and \$14,259,000, respectively. At June 30, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

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	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,617
Changes of assumptions	2,890	-
Net difference between projected and actual earnings on pension plan investments	-	12,235
Changes in proportion and differences between the University's contributions and proportionate share of contributions	3,260	1,153
University's contributions subsequent to the measurement date	2,891	N/A
Total	\$ 9,041	\$ 15,005
	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,560
Changes of assumptions	5,092	-
Net difference between projected and actual earnings on pension plan investments	15,306	-
Changes in proportion and differences between the University's contributions and proportionate share of contributions	838	2,277
University's contributions subsequent to the measurement date	2,623	N/A
Total	\$ 23,859	\$ 4,837

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As of June 30, 2020, the University reported \$2,891,000 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2020, related to pensions will be recognized in pension expense as follows (in thousands):

Year ending June 30,		
2021	\$	(1,497)
2022		(2,535)
2023		623
2024		(5,446)
		<u>(8,855)</u>
	\$	<u>(8,855)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2019 and 2018, actuarial valuations were determined using the following actuarial assumptions and other inputs:

Actuarial Valuation	January 1, 2019	January 1, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Inflation	2.25%	2.25%
Salary Increases	2.5 to 6.5%, including inflation	4.75 to 8.75%, including inflation
Payroll growth rate	2.50%	2.50%
Cost of living increase	0.00%	0.00%
Investment rate of return	7.00%, net of pension plan investment expense	7.00%, net of pension plan investment expense

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality table, projected with scale MP-2017. To allow for an appropriate margin of improved mortality prospectively, the postretirement mortality rates incorporate no set back of one year with a 100% multiplier for males and a 88% multiplier for females and the preretirement mortality rates incorporate no set back with a 100% multiplier for males and a 100% multiplier for females.

The actuarial assumptions used in the January 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the five year period ended December 31, 2016.

Changes in Assumptions – Refer to the above table for changes between the measurement dates included in this report. As of the January 1, 2018 actuarial valuation, the inflation rate decreased from 3.25% to 2.25%, the payroll growth rate decreased from 4.25% to 2.5%, the discount rate decreased from 7.75% to 7.0%, and the mortality rates were updated.

Changes in benefits – Senate File 0089 (Senate Enrolled Act 24) provides that for new hires after July 1, 2019, the death benefit for inactive and non-vested members would be the member account balance and not double the member account balance. In addition, Senate File 0090 (Senate Enrolled Act 25) provides that effective July 1, 2019 interest will no longer accrue to member accounts who are not actively employed and not vested in their plan.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Geometric Rate of Return	Long-term Expected Arithmetic Rate of Return
Cash	2.00%	-0.20%	-0.20%
Fixed income	21.00%	1.32%	1.67%
Equity	48.50%	5.43%	7.42%
Marketable alternatives	19.00%	3.46%	4.33%
Private market	9.50%	4.46%	5.58%
Total	<u>100%</u>	<u>3.99%</u>	<u>5.30%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7% for the 2019 and 2018 measurement dates. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates. 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 University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The University's proportionate share of the net pension liability has been calculated using a discount rate of 7%. The following presents the University's proportionate share of the net pension liability calculated using a discount rate 1% higher (8%) and 1% lower (6%) than the current rate (in thousands).

	1% Decrease (6%)	Current Measurement Period Discount Rate (7%)	1% Increase (8%)
Proportionate Share of Net Pension Liability	<u>\$ 123,883</u>	<u>\$ 81,997</u>	<u>\$ 47,039</u>

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Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial report which can be obtained at <http://retirement.state.wy.us/home/index.html>.

Payable to the Pension Plan

As of June 30, 2020 and 2019, the University reported a payable of \$529,000 and \$474,000, respectively, for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2020 and 2019.

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2020 and 2019

There were no changes subsequent to the December 31, 2019 measurement date that impacts this plan.

Wyoming Law Enforcement Retirement Fund Plan Description

University campus police officers have the option to elect to participate in the Wyoming Retirement System (WRS) Law Enforcement Retirement Fund (the Fund), a cost-sharing multiple-employer defined benefit pension plan. The Fund is administered by the Wyoming Retirement System. The authority to establish and amend benefits and contribution rates rests with the Legislature of the State of Wyoming. WRS is granted the authority to administer the Plans 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 Plan statutorily provides retirement, disability and death benefits according to predetermined amounts determined by salary, age and years of service of the participant. Any cost of living adjustment provided to retirees must be granted by the State Legislature. W.S. 9-3-454 prohibits benefit changes, including cost of living adjustments, unless the plan is 100% funded.

Retirement benefits: Participants of the Fund may retire at age 60 with four or more years of service as a law enforcement officer or any age with at least 20 years of service as a law enforcement officer. Early retirement benefits are payable to any law enforcement officer who has at least four but less than 20 years of service and are at least age 50. Early retirement benefits are actuarially reduced by 5% per year before age 60. Formula for retirement equals 2.50% of employee's highest five-year average salary for each year of credited service, not to exceed 75.0% of final average salary.

Any employee who has left employment with four or more years of service, and who has not withdrawn accumulated contributions, is eligible to receive the above benefit or can elect to receive a lump-sum refund of contributions with interest. An employee who terminates with less than four years of service is only eligible for the lump-sum benefit.

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Disability Benefits: Disability benefits received depend on if the disability occurs while on duty or off duty.

- **Duty Disability** – There are no age or service eligibility requirements. 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 resulting from an individual and specific act, the type of which would normally occur only while employed as an employee, or as otherwise defined under W.S. 9-3-432(h). Upon retirement the monthly disability retirement benefit is 62.5% of the final salary.
- **Non-Duty Disability** – 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. Upon retirement for a partial disability, the member receives a monthly disability retirement benefit for the period of disability equal to 50% of the final salary.

Disability benefits are payable for the life of the member or until death.

Survivor's Benefits: Certain surviving dependents receive benefits as follows:

- If the death occurs in the line of duty the benefit received is 62.5% of member's final actual salary is payable to the surviving spouse plus 6% of the member's final actual salary for each unmarried child under 18. Payment shall not exceed the member's final actual salary.
- If the death occurs not in the line of duty the benefit received is 50% of the member's final actual salary payable to the surviving spouse plus 6% of the member's final actual salary for each unmarried child under 18. Payment shall not exceed 100% of the member's final actual salary.

Contributions

Eligible campus police officers and the University are required to contribute to the Fund at a rate set by Wyoming Statute. The contributions requirements are established under Wyoming Statute 9-3-412 and 413. Employees are required to contribute 8.6% of their annual pay. The University's contractually required contribution rate for the years ended June 30, 2020 and 2019 was 8.6% of covered payroll. Per statute, employers are allowed to subsidize all or part of the employee contributions. The University has elected to contribute an additional 8.6% on behalf of eligible employees. Although paid by the University, for the purposes of recording the net pension liability these additional contributions are considered to be employee contributions. For the years ended June 30, 2020 and 2019, contractually required contributions to the pension plan from the University were \$73,000 and \$75,000, respectively.

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Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020 and 2019, the University reported a liability of \$468,000 and \$1,317,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and 2018, for the years ended June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2019 and 2018, respectively. Standard update procedures were used to roll forward the total pension liability to December 31, 2019 and 2018. The University's proportion of the net pension liability was based on the University's contributions to the Plan for the calendar year associated with the measurement dates above, relative to the total contributions of participating employers of the Plan. At December 31, 2019, the University's proportion was 0.543%, which was a decrease of 0.001% from its proportion measured as of December 31, 2018. At December 31, 2018, the University's proportion was 0.544%, which was a decrease of 0.026% from its proportion measured as of December 31, 2017.

For the years ended June 30, 2020 and 2019, the University recognized pension expense of \$155,000 and \$345,000, respectively. At June 30, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 83	\$ 39
Changes of assumptions	389	467
Net difference between projected and actual earnings on pension plan investments	-	167
Changes in proportion and differences between the University's contributions and proportionate share of contributions	11	10
University's contributions subsequent to the measurement date	35	N/A
Total	<u>\$ 518</u>	<u>\$ 683</u>

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	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2	\$ 60
Changes of assumptions	562	-
Net difference between projected and actual earnings on pension plan investments	217	-
Changes in proportion and differences between the University's contributions and proportionate share of contributions	17	11
University's contributions subsequent to the measurement date	37	N/A
Total	\$ 835	\$ 71

As of June 30, 2020, the University reported \$35,000 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2020 related to pensions will be recognized in pension expense as follows (in thousands):

Year ending June 30,	
2021	\$ (2)
2022	(17)
2023	(62)
2024	(119)
	\$ (200)

Actuarial Assumptions

The total pension liability in the actuarial valuations for each measurement date presented were determined using the following actuarial assumptions and other inputs:

Actuarial Valuation	January 1, 2019	January 1, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Inflation	2.25%	2.25%
Salary Increases	4.75 to 8.75%, including inflation	4.75 to 8.75%, including inflation
Payroll growth rate	2.50%	2.50%
Cost of living increase	0.00%	0.00%
Investment rate of return	7.00%, net of pension plan investment expense	7.00%, net of pension plan investment expense

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Mortality rates were based on the RP-2014 Healthy Annuitant Mortality table, projected with scale MP-2017. To allow for an appropriate margin of improved mortality prospectively, the postretirement mortality rates incorporate no set back of one year with a 100% multiplier for males and a 88% multiplier for females and the pre-retirement mortality rates incorporate no set back with a 100% multiplier for males and a 100% multiplier for females.

The actuarial assumptions used in the January 1, 2019 and 2018 valuation were based on the results of an actuarial experience study for the five year period ended December 31, 2016.

Changes in Assumptions – Refer to the above table for changes between the measurement dates included in this report. As of the January 1, 2018 actuarial valuation, the inflation rate decreased from 3.25% to 2.25%, the payroll growth rate decreased from 4.25% to 2.5%, the discount rate decreased from 7.75% to 7.0%, and the mortality rates were updated.

Changes in benefits – Senate File 0089 (Senate Enrolled Act 24) provides that for new hires after July 1, 2019, the death benefit for inactive and non-vested members would be the member account balance and not double the member account balance. In addition, Senate File 0090 (Senate Enrolled Act 25) provides that effective July 1, 2019 interest will no longer accrue to member accounts who are not actively employed and not vested in their plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Geometric Rate of Return	Long-term Expected Arithmetic Rate of Return
Cash	2.00%	-0.20%	-0.20%
Fixed income	21.00%	1.32%	1.67%
Equity	48.50%	5.43%	7.42%
Marketable alternatives	19.00%	3.46%	4.33%
Private market	9.50%	4.46%	5.58%
Total	<u>100%</u>	<u>3.99%</u>	<u>5.30%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 5.92%, respectively, for the 2019 and 2018 measurement dates. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates. Based on those assumptions, for the 2019 measurement date, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was

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applied to all periods of project benefit payments to determine the total pension liability for 2019. Based on those assumptions, for the 2018 measurement date, the pension plan’s fiduciary net position was not projected to be available to make all projected future benefit payments and, as a result, the municipal bond index rate was used in the determination of the discount rate. For the 2018 measurement date, a single-blended rate was developed using the long-term expected rate of return of 7.00% and the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System. For the measurement date, the municipal bond index rate was 3.71%, resulting in a single-blended discount rate of 5.92%.

Sensitivity of the University’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The University’s proportionate share of the net pension liability has been calculated using a discount rate of 7.00%. The following presents the University’s proportionate share of the net pension liability calculated using a discount rate 1% higher (8%) and 1% lower (6%) than the current rate (in thousands).

	1% Decrease (6%)	Current Measurement Period Discount Rate (7%)	1% Increase (8%)
Proportionate Share of Net Pension Liability	\$ 1,043	\$ 468	\$ (2)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Plan financial report which can be obtained at <http://retirement.state.wy.us/home/index.html>.

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2019

There were no changes subsequent to the December 31, 2019 measurement date that impacts this plan.

Employee Defined Contribution Retirement Plan

Eligible University employees may elect to participate in the Teachers Insurance and Annuity Association (TIAA) defined contribution plan instead of WRS. The TIAA plan is an Internal Revenue Code Section 401(a) governmental profit sharing plan and as a private defined contribution plan, is portable to other institutions and states. The plan provisions are established by the Board of the University of Wyoming. Contribution rates to the plan mirror the contribution requirements set by state statute which for Fiscal Year 2020 was 17.62% and is comprised of 8.75% to be contributed by the employee and 8.87% by the employer and for Fiscal Year 2019 was 17.12% and is comprised of 8.5% to be contributed by the employees and 8.62% by the employer. Per statute employers are allowed to subsidize all or part of the employee contributions. For both years, the University has elected to contribute an additional 5.57%, respectively, on behalf of

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eligible employees. Contributions to the plan are fully vested and nonforfeitable. Employer contributions for the years ended June 30, 2020 and 2019 were \$18,998,000 and \$18,036,000, respectively.

Note 8: Other Retirement Plans

University of Wyoming Deferred Compensation Plan

The University offers employees the opportunity to voluntarily participate in the University of Wyoming 457(b) Deferred Compensation Plan. The purpose of the plan is to provide deferred compensation for eligible employees. The plan is created in accordance with Internal Revenue Code Section 457. The plan allows employees to defer a portion of their salary until future years. The employer may also contribute to the plan without reduction to the participant's salary. The deferred amounts are not available to the employees until termination, plan termination, the participant has amounts separately held in a rollover account and, if elected in the adoption agreement: the calendar year in which the participant attains age 70-1/2, or in the event of an unforeseeable emergency. Employer contributions during fiscal years 2020 and 2019 were \$156,000 and \$141,000, respectively.

University of Wyoming 403(b) Plan

University of Wyoming 403(b) Plan employees may also participate in the 403(b) Contribution Retirement Plan, a defined contribution plan. The purpose of the plan is to provide deferred compensation for eligible employees. The plan is created in accordance with Internal Revenue Code Section 403(b). The plan allows employees to defer a portion of their salary until future years. The employer may also contribute to the plan without reduction to the participant's salary. The participant's distributions may not be made earlier than the earliest date on which the participant has a severance from employment, dies, becomes disabled, or attains age 59-1/2. During fiscal years 2020 and 2019, the University contributed \$327,000 and \$280,000, respectively.

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Note 9: Other Postemployment Benefit Plans

The University participates in two other postemployment benefit plans (OPEB). The following tables summarize each of the University’s OPEB plans and the respective activity recorded in the financial statements for the years ended June 30 (in thousands):

2020				
Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
University of Wyoming Board Retirement Plan	\$ 14,164	\$ 1,792	\$ 491	\$ 910
State of Wyoming Employee Group Insurance Retiree Health Plan	<u>214,250</u>	<u>55,290</u>	<u>58,686</u>	<u>18,001</u>
Total	<u>\$ 228,414</u>	<u>\$ 57,082</u>	<u>\$ 59,177</u>	<u>\$ 18,911</u>
2019				
Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
University of Wyoming Board Retirement Plan	\$ 14,419	\$ 1,124	\$ 632	\$ 859
State of Wyoming Employee Group Insurance Retiree Health Plan	<u>235,636</u>	<u>61,483</u>	<u>29,968</u>	<u>17,790</u>
Total	<u>\$ 250,055</u>	<u>\$ 62,607</u>	<u>\$ 30,600</u>	<u>\$ 18,649</u>

University of Wyoming Board Retirement Plan Description

The University contributes to the University of Wyoming Board Retirement Plan (the OPEB Plan), a single-employer defined benefit other postemployment benefit (OPEB) plan covering substantially all employees. The OPEB Plan is administered by the University. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and the plan is funded on a “pay-as-you-go” basis. Benefit provisions are contained in University Regulation 5-2 and were established and can be amended by action of the University’s governing body.

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Benefits Provided

The OPEB Plan provides health and life insurance benefits to eligible retirees and their dependents. Benefits are provided through the statewide employee group insurance plan. The benefits covered by the OPEB Plan are as follows:

- Any employee who has (1) completed 25 years of full-or-part-time benefitted service with the University or (2) has attained the age of 60 with 15 years of services with 10 consecutive years of uninterrupted service immediately preceding the date of retirement qualifies for Board Retirement. The benefits provided to board retirees vary based on the following tiers:
 - Any employee who qualified for board retirement who retired prior to July 1, 2016 or who is eligible for board retirement as of July 1, 2016 with consecutive service from July 1, 2016 through the date of retirement will receive the following benefits:
 - Conversion of up to 960 hours of accrued sick leave to a state contribution for group health insurance or payment for one-half (1/2) of the current sick leave balance as of the employee's termination date, not to exceed 480 hours. If the Board Retiree elects to convert the 960 hours of accrued sick leave to a state contribution for group health insurance, the conversion rate is 1.5 months of coverage for each 40 hours of accrued sick leave. The amount of the contribution shall be equal to the employer's contribution for the coverage the employee had while employed reduced by the amount of any state-funded health insurance contributions for the retiree. If the employee dies, the sick leave conversion benefit shall be transferred to the surviving spouse. A rehired Board Retiree who has received this benefit previously is not eligible to receive this benefit again.
 - Payment for half the premium for state life insurance, if elected, for the remainder of the retiree's life. The employee's spouse or surviving spouse is not eligible for this benefit.
 - Any employee who qualifies for board retirement subsequent to July 1, 2016 will receive the following benefits:
 - Payment for half the premium for state life insurance, if elected, for the remainder of the retiree's life. The employee's spouse or surviving spouse is not eligible for this benefit.

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- In addition, any long-term employee who is not eligible for board retirement, as defined above, and who either (1) retired prior to July 1, 2016 with 15 years of University service including at least 10 consecutive years of uninterrupted service immediately preceding the date of retirement or (2) retire after July 1, 2016 with continuous service from July 1, 2016 through the date of retirement, and who have completed 15 years of University service with at least 10 consecutive years of uninterrupted service immediately preceding July 1, 2016 shall receive the following benefit:
 - Conversion of up to 960 hours of accrued sick leave to a state contribution for group health insurance or payment for one-half (1/2) of the current sick leave balance as of the employee's termination date, not to exceed 480 hours. If the Board Retiree elects to convert the 960 hours of accrued sick leave to a state contribution for group health insurance, the conversion rate is 1.5 months of coverage for each 40 hours of accrued sick leave. If the employee dies, the sick leave conversion benefit shall be transferred to the surviving spouse. A rehired Board Retiree who has received this benefit previously is not eligible to receive this benefit again. The amount of the contribution shall be equal to the employer's contribution for the coverage the employee had while employed reduced by the amount of any state-funded health insurance contributions for the retiree. If the retiree dies before the full amount of this benefit is paid, the balance of the benefit shall be transferred to the surviving spouse as a contribution toward state group health insurance payments. A rehired retiree who has received the conversion of up to 960 hours of accrued sick leave previously is not eligible to receive this benefit again.

As of the July 1, 2018 actuarial valuation, there are 2,813 active employees of which 805 active employees are currently eligible for board retirement benefits and 742 retirees participating in the plan, respectively.

After July 1, 2016, if an employee does not meet any of the criteria defined above, they are not eligible for converting their sick leave balance for health insurance premiums.

Total OPEB Liability

The University's total OPEB liability of \$14,164,000 and \$14,419,000 was measured as of June 30, 2020 and 2019 for the years ended June 30, 2020 and 2019, respectively, and was determined by actuarial valuation as of July 1, 2018. Standard update procedures were used to roll-forward the total OPEB liability to June 30, 2020 and 2019.

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The total OPEB liability in the actuarial valuations for each measurement date presented were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise noted:

Measurement Date	June 30, 2020	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Inflation	2.00%	2.00%
Discount rate	2.21%	3.50% per annum
Salary increases	3.50%	3.50%
Health care cost trend rates	5.5% for pre-Medicare medical and 4.5% for post-65 medical; both decreasing 0.5% per year until reaching the ultimate trend rate of 4.5%	6.0% for pre-Medicare medical and 5.0% for post-65 medical; both decreasing 0.5% per year until reaching the ultimate trend rate of 4.5%

The discount rate was based on Bond Buyer 20-Bond GO Index.

Mortality rates were based on the RP-2014 Generational Table projected using Scale MP-18, applied on a gender specific basis.

Changes in Assumptions – Refer to the above table for changes between the measurement dates included in this report. As of the July 1, 2018 actuarial valuation, the inflation rate decreased from 2.5% to 2%, the discount rate decreased from 3.87% to 3.5%, and the health care trend rates and mortality rates were updated.

Changes in the Total OPEB Liability

Changes in the total OPEB liability are as follows (in thousands):

	2020	2019
Balance, beginning of year	\$ 14,419	\$ 14,200
Changes for the year		
Service cost	292	314
Interest	480	525
Differences between expected and actual experience	-	1,284
Changes in assumptions or other inputs	946	2
Benefit payments	<u>(1,973)</u>	<u>(1,906)</u>
Net change in total OPEB liability	<u>(255)</u>	<u>219</u>
Balance, end of year	<u>\$ 14,164</u>	<u>\$ 14,419</u>

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Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The total OPEB liability of the University has been calculated using a discount rate of 2.21. The following presents the total OPEB liability using a discount rate 1% higher (3.21%) and 1% lower (1.21%) than the current discount rate (in thousands).

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
University's total OPEB liability	\$ 14,803	\$ 14,164	\$ 13,582

The total OPEB liability of the University has been calculated using health care cost trend rates of 5.5% for pre-Medicare medical and 4.5% for post-65 medical. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates (in thousands).

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
University's total OPEB liability	\$ 13,544	\$ 14,164	\$ 14,943

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2020 and 2019, the University recognized OPEB expense of \$910,000 and \$859,000, respectively. At June 30, 2020 and 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 830	\$ 491
Difference between expected and actual experience	962	-
Total	\$ 1,792	\$ 491

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	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2	\$ 632
Difference between expected and actual experience	1,122	-
Total	\$ 1,124	\$ 632

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2020, related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year ended June 30	
2021	\$ 138
2022	138
2023	138
2024	219
2025	271
Thereafter	397
	\$ 1,301

State of Wyoming Employee Group Insurance Retiree Health Plan Description

The University contributes to the State of Wyoming Employee Group Insurance Retiree Health Plan (the Health Plan), a multiple-employer defined-benefit other postemployment benefit (OPEB) plan covering substantially all State of Wyoming employees of participating state agencies. The Health Plan is administered by the State of Wyoming Employee Group Insurance. The Health Plan's assets are not accumulated in a qualified trust that meets the criteria of paragraph 4 of GASB Statement No. 75 and is funded on a pay-as-you-go basis and no assets are segregated or restricted to a trust for pre-funding the obligations of the Health Plan. Benefit provisions are contained in the plan document and were established and can be amended by action of the State of Wyoming Legislature. The Health Plan does not issue a separate report; however, additional information on the Health Plan can be obtained from the State of Wyoming's Comprehensive Annual Financial Report which is available at the following link: <http://sao.wyo.gov/publications>.

Benefits Provided

Any employee of a participating agency is eligible for retiree coverage under the group insurance plan at premium rates established by Employee Group Insurance (EGI), provided that:

1. The employee had coverage in effect under the plan for at least one year just prior to termination; and

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2. The employee is eligible to receive a retirement benefit under the Wyoming Retirement System; and either:
- a. Has attained age 50 with at least four years of service credit as an employee of one of the employing entities participating in the plan, or
 - b. Has at least 20 years of service credit as an employee of one of the employing entities participating in the plan if a participant in the WRS Law Enforcement Retirement Fund or 25 years of service credit if a participant in the WRS Public Employees' Pension Plan.

Coverage continues for life provided the applicable premiums are paid. Surviving spouses are allowed to continue coverage after the retiree's death provided they were covered at the time of death.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020 and 2019, the University reported a liability of \$214,250,000 and \$235,636,000 for its proportionate share of the total OPEB liability, respectively. The total OPEB liability was measured as of June 30, 2019 and 2018, for the years ended June 30, 2020 and 2019, respectively, using actuarial valuations as of those dates. The University's proportion of the total OPEB liability was based on a projection of the University's share of expected benefit payments to the OPEB Plan relative to the expected benefit payments of all participating employers, actuarially determined. At June 30, 2019, the University's proportion was 22.65%, which was a decrease of 0.46% from its proportion measured as of June 30, 2018. At June 30, 2018, the University's proportion was 23.11%, which was an increase of 1.15% from its proportion measured as of June 30, 2017.

For the years ended June 30, 2020 and 2019, the University recognized OPEB expense of \$18,001,000 and \$17,790,000, respectively. At June 30, 2020 and 2019, the University reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,210	\$ 29,538
Changes of assumptions or other inputs	1,658	25,282
Changes in proportion and differences between contribution recognized and proportionate share of contributions	7,944	3,866
Benefit payments subsequent to the measurement date	4,478	N/A
	<u>\$ 55,290</u>	<u>\$ 58,686</u>

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	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,131	\$ -
Changes of assumptions or other inputs	-	29,968
Changes in proportion and differences between contribution recognized and proportionate share of contributions	9,063	-
Benefit payments subsequent to the measurement date	4,289	N/A
	\$ 61,483	\$ 29,968

As of June 30, 2020, the University reported \$4,478,000 as deferred outflows of resources related to OPEB resulting from University benefit payments subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2020, will be recognized in OPEB expense as follows:

Year ended June 30	
2021	\$ (932)
2022	(932)
2023	(932)
2024	(932)
2025	(932)
Thereafter	(3,214)
	\$ (7,874)

Actuarial Assumptions

The total OPEB liability in the actuarial valuations for each measurement date were determined using the following actuarial assumptions, applied to all periods included in the measurements, unless otherwise noted:

Measurement Date	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Inflation	2.50%	2.25%
Salary increases	2.5-8.5%	2.5-6.5%
Health care cost trend rates	7.2% for pre-Medicare medical and 7.6% for post-65 medical; both decreasing on an annual year until reaching the ultimate trend rate of 4.5%	7.6% for pre-Medicare medical and 8.1% for post-65 medical; both decreasing on an annual year until reaching the ultimate trend rate of 4.5%
Discount rate	3.51%	3.87%

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Mortality rates were based on the RP-2014 combined, as appropriate with adjustments for mortality improvements based on MP-2017 for pre-and post-termination rates.

The actuarial assumptions used in the June 30, 2019 and 2018 valuations were based on the results of an actuarial experience study of the Wyoming Retirement System for the five year period ended December 31, 2016.

Changes in Assumptions – Refer to the above table for changes between the measurement dates included in this report. As of the June 30, 2018 valuation, the inflation rate decreased from 2.5% to 2.25%, the discount rate changed from 3.58% to 3.87%, and health care trend cost rates and mortality tables were updated.

Discount Rate

As the plan is unfunded the health plan has no fiduciary net position to make future benefit payments. Therefore, a 20-year tax-exempt municipal bond rate of 3.51% and 3.87% obtained from the Bond Buyer General Obligation 20-Municipal Bond Index was applied to determine the total OPEB liability as of June 30, 2020 and 2019, respectively.

Sensitivity of the University’s Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The University’s proportionate share of the total OPEB liability has been calculated using a discount rate of 3.51%. The following presents the University’s proportionate share of the total OPEB liability calculated using a discount rate 1% higher (4.51%) and 1% lower (2.51%) than the current discount rate (in thousands).

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
University’s total OPEB liability	\$ 260,829	\$ 214,250	\$ 178,355

The University’s proportionate share of the total OPEB liability has been calculated using health care trend rates of 7.2% for pre-Medicare medical and 7.6% for post-65 medical. The following presents the University’s proportionate share of the total OPEB liability calculated using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates (in thousands).

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
University’s total OPEB liability	\$ 179,852	\$ 214,250	\$ 260,568

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Note 10: Risk Management

The University is exposed to various risks of loss including torts, thefts of, damage to, or destruction of assets and educators' liability. The University has purchased commercial insurance for these risks that include insurance for property and liability. Settlements have not exceeded insurance coverage in any of the last three fiscal years. The uninsured risk retention or deductible per occurrence ranges from \$50,000 to \$150,000 for liability and from \$1,000 to \$250,000 for property, depending on the type of liability or property involved.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.

Following is a reconciliation of the unpaid claims liability for the past two years (in thousands).

	2020	2019
Unpaid claims, beginning of year	\$ 750	\$ 750
Claims incurred	397	303
Claims paid	(397)	(303)
Unpaid claims, end of year	\$ 750	\$ 750

The University participates in the State of Wyoming employee medical, life and dental insurance program that is co-administered with a third-party health provider/claim service company. The state self-insures medical and dental costs and assumes all the risk for claims incurred by plan participants. The state does not retain any risk of loss for the life insurance plan as the insurance provider assumes all the risk for claims incurred by participants.

The state contributes \$833 per month for a single participant, \$1,660 for a participant plus his/her spouse, \$1,267 for a participant plus children, \$1,900 per participating family, or \$950 for married couples both of which are employed by the University or another state agency for insurance premiums for covered participants towards these plans. Participants are responsible for paying premium charges in excess of this amount.

The University participates in a long-term disability program. Effective June 1, 2017, employees pay all premiums. The University does not retain any risk of loss for the long-term disability program as the insurance carrier assumes all the risk for claims incurred by participants.

The University also participates in two State of Wyoming risk management programs: Workers' Compensation Act and Unemployment Compensation Act. Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act which is administered as an enterprise fund by the State of Wyoming. This Act requires the University to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. Amounts paid to the State for workers' compensation during fiscal year 2020 and 2019 were \$1,183,000 and \$1,044,000, respectively.

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Wyoming Statute §27-3-101 created the Unemployment Compensation Act. The University pays the State expense reimbursement for unemployment claims brought against the University. Changes in the balance of claims liability for the past two years are as follows (in thousands):

	2020	2019
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	74	97
Claims paid	(74)	(97)
Unpaid claims, end of year	\$ -	\$ -

Note 11: Service Concession Arrangement

On July 1, 2011, the University entered into an agreement with a not-for-profit entity under which the not-for-profit agreed to finance, construct and operate a 332-bed student housing facility, Bison Run Village, on land owned by the University. The not-for-profit is entitled to the rent collected during the 32-year operations period. At the end of the arrangement, title of the building and operations of the student housing facility reverts to the University. The University may purchase the building for a purchase price of the outstanding debt at any time of the operations period. The building was placed into service in August 2012 and the University reports the Bison Run Village as a capital asset with a carrying value of \$11,629,000 and \$12,146,000 and a related deferred inflows of resources of \$11,629,000 and \$12,146,000 for the years ended June 30, 2020 and 2019, respectively.

The University has subsequently entered into a separate management agreement with the not-for-profit and is managing the facility on its behalf.

Note 12: Commitments and Contingencies

Claims and Litigation

The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the University.

Government Grants

The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures.

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Upon notification of final approval by the granting department or agency, the grants are considered closed.

Construction Commitments

The University has entered into agreements with various contractors for the construction of buildings. The total amount of contracts entered into by the University as of June 30, 2020 and 2019 is \$108,633,000 and \$101,827,000, respectively.

Investments

The University invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net position.

Note 13: Current Economic Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operation and cash flows for the University. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 14: University of Wyoming Foundation, Inc.

Financial Statements

University of Wyoming Foundation, Inc. (the Foundation) is a legally separate, tax-exempt entity. The Foundation's primary function is to raise and hold funds to support the University and its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the University.

Although the University does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements, in accordance with applicable GASB pronouncements.

During the years ended June 30, 2020 and 2019, the Foundation provided \$33,124,000 and \$37,068,000 of support to the University, respectively. Complete financial statements of the Foundation may be obtained from its Administrative Office at the following address: 222 South 22nd Street, Laramie, Wyoming 82070.

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The Foundation as a nonprofit organization reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC Topic 958). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's statements in the University's financial reporting entity for these differences.

The financial statements of the Foundation are presented in accordance with the provisions of the FASB ASC 958. During fiscal year 2019, the Foundation adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This amendment changes net asset classifications to net assets with donor restrictions and net assets without donor restrictions and provides for a change in reporting for various not-for-profit reporting items. Furthermore, ASU 2016-14 enhanced disclosures for not-for-profits including disclosures over liquidity.

Fair Value Investments

The Foundation utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. Fair value measurements are categorized as Level 3 when a significant amount of price or other inputs that are considered to be unobservable are used in their valuations. The three levels of the fair value hierarchy are as follows:

- Level 1** Pricing inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2** Pricing inputs are other than quoted prices in active markets for identical assets, but the inputs are either directly or indirectly observable as of the reporting date, and fair value is determined through models or other valuation methodologies.
- Level 3** Pricing inputs are not observable for the investment and include situations in which there is little, if any market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

Investments

The Foundation, the Cowboy Joe Club, the Associated Students of the University of Wyoming (ASUW), and the University endowments are participants in a joint venture whereby certain assets are pooled for investment purposes. The Foundation manages the assets of the pool and maintains separate accounts for each participant. Investment income, gains, and losses and expenses of the pool are allocated to each participant based on their share of ownership of the pool. At June 30, 2020 and 2019, approximately 94% and 88% of the total investments are included in the pool, respectively.

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In addition to the total investments at fair value, the Foundation held investment assets at cost or present value in the amount of \$11,525,000 and \$3,875,000 at June 30, 2020 and 2019, respectively, making total investments \$643,296,000 and \$610,710,000, respectively.

Total assets held under split-interest agreements at June 30, 2020 and 2019 included in the above table are \$7,138,000 and \$6,240,000, respectively.

The following table summarizes the changes in value of Level 3 investments for the fiscal years ended June 30, 2020 and 2019 (in thousands):

	<u>2020</u>	<u>2019</u>
Beginning market value	\$ 1,237	\$ 10,876
Purchases	-	20
Reclassifications	9,097	-
Transfer out	(186)	(9,192)
Realized gains	169	4,853
Unrealized gains (losses)	<u>(3,137)</u>	<u>(5,320)</u>
Ending market value	<u>\$ 7,180</u>	<u>\$ 1,237</u>

At June 30, 2020 and 2019, the NAV, unfunded commitments, and redemption rules of certain Level 3 investments are as follows (in thousands):

Asset Class	<u>Unfunded Commitments</u>	<u>Net Asset Value June 30, 2020</u>	<u>Net Asset Value June 30, 2019</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Equity					
US Small Cap Equity (a)	\$ -	\$ 13,088	\$ 10,843	Quarterly	60-90 days
Hedge Funds					
Event Driven (b)	-	10,126	10,789	Quarterly	65 days
Fixed Income (c)	-	8,517	17,807	Varies	45-60 days
Global Macro (d)	-	36,309	41,703	Varies	90 days
Long/Short Equity (e)	3,750	32,798	31,636	Monthly	30 days
Multi-Strategy (f)	-	27	200	Varies	90 days
Private Equity (g)					
Buyout	65,039	75,037	64,163	None	N/A
Private Debt	4,296	10,047	13,894	None	N/A
Venture Capital	29,425	19,493	3,326	None	N/A
Real Assets (h)					
Infrastructure	-	16,825	15,882	None	N/A
Natural Resources	-	10,465	12,702	None	N/A
Real Estate	-	27,446	19,004	None	N/A
	<u>\$ 102,510</u>	<u>\$ 260,178</u>	<u>\$ 241,949</u>		

- (a) U.S. equities include publicly traded U.S. stocks; an investment in a privately held bank holding company; and a fund that may invest in vehicles including equity-related, hybrid, and credit securities that are traded publicly and privately in U.S. and non-U.S. markets.

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- (b) Event driven hedge funds includes investments in hedge funds that focus on a range of events. These events include Activist; Distressed – Non-Control; Long-Short Credit; Long-Short Equity; and Merger (Risk) Arbitrage. These funds have limited transparency and the valuations have been estimated using the practical expedient provided by the manager. The term for these investments ranges from 60 to 90 days.
- (c) Fixed income hedge fund investments include hedge funds that tend to focus on mispricing within credit instruments. The investments have limited transparency to underlying securities. The investments are valued using significant unobservable inputs. Appropriate due diligence is performed to rely on the manager’s NAV as a practical expedient for fair value. The term for these investments ranges from 60 to 90 days.
- (d) Global macro hedge funds include investments in hedge funds that focus on macroeconomic conditions, speculating on the direct effect of interest rates, currencies, precious metals, commodities, and indices, often utilizing various degrees of leverage. The valuations have been estimated using the practical expedient provided by the manager. The term for these investments ranges from 30 to 90 days.
- (e) Long/short equity hedge funds includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stakes, and from a net long position to a net short position. The investments contain exposure in the U.S. market, but will also take advantage of investment opportunities in Europe, Asia and emerging markets. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. As of June 30, 2020 and 2019, all of the lock-up periods have expired for these investments. However, some of the investments have terms that make full liquidity unavailable at the Foundation’s report date.
- (f) Multi-strategy hedge funds include a multi-strategy investment focused on analyzing the probability-adjusted returns of individual securities and assets and capturing the alpha in mispriced assets/securities across conventional and alternative financial strategies. Management initiates long and short positions targeting solid absolute risk-adjusted returns. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. As of June 30, 2020 and 2019, all lock-up periods have expired. However, some of the investments have terms that make full liquidity unavailable at the Foundation’s report date.
- (g) Private equity funds focus on buyout, growth equity, distressed debt, or venture capital. These investments are not readily redeemable, but a secondary market does exist. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The term of these investments are five to twelve years.
- (h) Real assets are private equity type funds that focus on infrastructure, natural resources, and real estate primarily focused in the U.S. These investments are not readily redeemable, but a secondary market does exist. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The terms of these investments are five to twelve years.

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The Foundation has entered into various split interest agreements, including charitable lead annuity trusts, charitable remainder unitrusts, and charitable gift annuities; whereby the Foundation serves as trustee. The assets held under these split interest agreements are included in investments at June 30, 2020 and 2019 with a fair value of \$10,063,000 and \$9,522,000, respectively.

The Foundation holds various investments related to startup companies. No cash was paid for these investments, as they were obtained as consideration in exchange for the use of University facilities and personnel, as well as licensing considerations. The investments are held on behalf of, and in trust for, the University of Wyoming. Due to the nature of these investments and their underlying businesses, it would be impractical to perform or ascertain a business valuation as of June 30, 2020 and 2019, and therefore, no value has been assigned to these investments as of June 30, 2020 and 2019. The Foundation is entitled to custodial fees ranging from 1.0% to 2.0% of all future dividends, distributions, or other cash or assets derived from these investments, with the remainder being transferred to the University of Wyoming.

The components of investment return for the years ended June 30, 2020 and 2019 are as follows (in thousands):

	<u>2020</u>	<u>2019</u>
Dividends and interest	\$ 4,805	\$ 5,426
Net realized gains	12,651	19,638
Net unrealized gains	13,479	7,935
Investment management fees	<u>(7,525)</u>	<u>(5,824)</u>
Total investment return	23,410	27,175
Gross endowment distribution (operating)	<u>(20,835)</u>	<u>(19,953)</u>
Net investment return (nonoperating)	<u>\$ 2,575</u>	<u>\$ 7,222</u>

Pledges Receivable

Pledges receivable represent promises to give which have been made by donors but have not yet been received by the Foundation. Pledges which will not be received in the subsequent year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year.

Due to the nature of these pledges, significant increases and decreases in net assets may occur. These significant fluctuations can arise as contributions are recognized as support in the fiscal period in which they are pledged, but the expenses incurred with such contributions occur in a different fiscal period. Total promises to give were as follows at June 30, (in thousands):

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	2020	2019
Due within 1 year	\$ 13,799	\$ 11,617
Due 1 to 5 years	8,541	12,073
Due 5 years and later	403	1,814
	22,743	25,504
Less allowance for uncollectible pledges	(1,678)	(794)
Less discount to present value	(323)	(953)
Total pledges receivable	\$ 20,742	\$ 23,757

Building, Property and Equipment

Property and equipment consists of the following as of June 30, (in thousands):

	2020	2019
Marian H. Rochelle Gateway Center	\$ 30,070	\$ 30,070
Furniture and equipment	5,938	5,591
	36,008	35,661
Less accumulated depreciation	(9,042)	(7,503)
	\$ 26,966	\$ 28,158

During the years ended June 30, 2020 and 2019, depreciation expense of \$1,539,000 and \$2,276,000, respectively, was recognized.

Endowments

Total managed endowments at the Foundation were \$589,056,000 and \$531,646,000 at June 30, 2020 and 2019, respectively. Included in these totals were custodial endowments totaling \$223,701,000 and \$216,748,000 at June 30, 2020 and 2019, respectively.

The managed endowments at June 30, 2020 and 2019 consist of 1,589 and 1,533 individual funds, respectively, established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Foundation's governing board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation's governing board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted by the State of Wyoming in 2010, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this

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interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor-gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Endowment net asset composition by type of fund as of June 30, (in thousands):

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Donor-restricted endowment funds	\$ 1,468	\$ 313,028	\$ 314,496
Board-designated endowment funds	11,063	-	11,063
Total endowed net assets	<u>\$ 12,531</u>	<u>\$ 313,028</u>	<u>\$ 325,559</u>
	2019		
	Unrestricted	Temporarily Restricted	Total Endowment
Donor-restricted endowment funds	\$ 1,716	\$ 302,334	\$ 304,050
Board-designated endowment funds	10,748	-	10,748
Total endowed net assets	<u>\$ 12,464</u>	<u>\$ 302,334</u>	<u>\$ 314,798</u>

University of Wyoming
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Notes to Financial Statements
June 30, 2020 and 2019

Changes in endowment net assets for the year ended June 30, (in thousands):

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Endowment net assets, beginning of year	\$ 12,464	\$ 302,334	\$ 314,798
Investment return	736	13,667	14,403
Contributions	180	13,265	13,445
Appropriation of endowment assets for expenditure	(617)	(11,486)	(12,103)
Manager and administrative fees	(232)	(4,752)	(4,984)
Balance, June 30, 2020	<u>\$ 12,531</u>	<u>\$ 313,028</u>	<u>\$ 325,559</u>
	2019		
	Unrestricted	Temporarily Restricted	Total Endowment
Endowment net assets, beginning of year	\$ 12,428	\$ 286,094	\$ 298,522
Investment return	644	16,596	17,240
Contributions	5	14,683	14,688
Appropriation of endowment assets for expenditure	(442)	(10,974)	(11,416)
Manager and administrative fees	(171)	(4,065)	(4,236)
Balance, June 30, 2019	<u>\$ 12,464</u>	<u>\$ 302,334</u>	<u>\$ 314,798</u>

Fund with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies may result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Foundation's governing board. In accordance with GAAP, deficiencies of this nature that are reported in net assets without donor restrictions were \$15,000 and \$0 as of June 30, 2020 and 2019, respectively.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods as well as board-designated funds.

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Notes to Financial Statements
June 30, 2020 and 2019

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current year (interest and dividends). With consultation from its investment consultant, the Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The Foundation’s governing board meets at least quarterly and more often, if needed, to discuss investment matters to ensure the best possible return, consistent with the preservation of principal, is achieved.

Spending Policy

The Foundation Board has adopted a spending policy that makes a distribution based on the weighted average method, and new endowments are restricted from having a payout for one year. For fiscal years 2020 and 2019, the distribution method uses a calculation with 40% based on a 4.0% spending rate of the December market value, and 60% based on the prior year distribution with an inflation adjustment increase of 2.0%.

Liquidity and Availability of Resources

The Foundation receives, manages, and invests gifts on behalf of the University of Wyoming. Funds are transferred to the University of Wyoming once funds are needed to cover expenses. To meet the University of Wyoming’s current and future needs the Foundation’s investment portfolio is structured to maintain adequate liquidity while providing investments earnings to grow the endowment. The Foundation’s operations are funded by both the support from the University, and by the administrative fees charged to the investment portfolio.

The following schedule outlines the financial assets available at June 30 (in thousands):

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,085	\$ 1,548
Investments	643,296	610,710
Pledges receivable	20,742	23,757
Other receivables	<u>515</u>	<u>1,154</u>
Financial assets at year end	665,638	637,169
Less funds unavailable for general expenditure within one year due to contractual or donor-imposed restrictions	<u>374,386</u>	<u>364,038</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 291,252</u>	<u>\$ 273,131</u>

Required Supplementary Information

University of Wyoming
(A Component Unit of the State of Wyoming)

**Schedule of the University's Proportionate Share of the Net Pension Liability
Wyoming Retirement System Public Employees' Pension Plan
Last 10 Fiscal Years*
(in thousands)**

June 30	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	3.489337403%	\$ 81,997	\$ 61,099	134.20%	76.83%
2019	3.346975985%	\$ 101,926	\$ 57,845	176.21%	69.17%
2018	3.299100317%	\$ 75,198	\$ 58,135	129.35%	76.35%
2017	3.498329500%	\$ 84,572	\$ 58,513	144.54%	73.42%
2016	3.528810328%	\$ 82,198	\$ 63,031	130.41%	73.40%
2015	3.406134378%	\$ 60,108	\$ 58,818	102.19%	79.08%
2014	3.440915250%	\$ 52,364	\$ 57,758	90.66%	81.10%

Information above is presented as of the measurement date for the respective reporting periods

*Information is not currently available for years prior than 2014. Additional years will be displayed as they become available.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of University Pension Contributions
Wyoming Retirement System Public Employees' Pension Plan
Last 10 Fiscal Years*
(in thousands)

June 30	Statutorily Required Contributions	Contributions Related to the Statutory Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 5,698	\$ 5,698	\$ -	\$ 64,853	8.79%
2019	\$ 5,161	\$ 5,161	\$ -	\$ 60,165	8.58%
2018	\$ 4,783	\$ 4,783	\$ -	\$ 57,155	8.37%
2017	\$ 5,003	\$ 5,003	\$ -	\$ 59,778	8.37%
2016	\$ 5,410	\$ 5,410	\$ -	\$ 64,634	8.37%
2015	\$ 4,612	\$ 4,612	\$ -	\$ 60,527	7.62%
2014	\$ 3,714	\$ 3,714	\$ -	\$ 52,158	7.12%

Information above is presented as of the University's fiscal year for the respective reporting periods.

*Information is not currently available for years prior than 2014. Additional years will be displayed as they become available.

Notes to Schedule:

Benefit changes. There have been no changes in benefit terms

Changes of assumptions. Effective for fiscal year 2019, the inflation rate was reduced to 2.25% from 3.25%. The payroll growth rate was reduced to 2.50% from 4.25%. The investment rate of return was reduced to 7.00% from 7.75%. The mortality table changed to RP-2014 Healthy Annuitant Mortality, fully generational, projected with Scale MP-2017 from RP-2000 Combined Mortality Table, generational projected with Scale BB.

University of Wyoming
(A Component Unit of the State of Wyoming)

Schedule of the University's Proportionate Share of the Net Pension Liability
Wyoming Retirement System Law Enforcement Retirement Fund
Last 10 Fiscal Years*
(in thousands)

June 30	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.542774800%	\$ 468	\$ 820	57%	89.05%
2019	0.544250900%	\$ 1,317	\$ 934	141%	71.22%
2018	0.570902500%	\$ 491	\$ 898	54.68%	87.99%

Information above is presented as of the measurement date for the respective reporting periods

*Prior to Fiscal Year 2018, this Plan was deemed immaterial to the University, and as such, it has not been recorded prior to that Fiscal Year. Information is not currently available for years prior to 2018. Additional years will be displayed as they become available.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of University Pension Contributions
Wyoming Retirement System Law Enforcement Retirement Fund
Last 10 Fiscal Years*
(in thousands)

June 30	Statutorily Required Contributions	Contributions Related to the Statutory Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2020	\$ 73	\$ 73	\$ -	\$ 850	8.60%
2019	\$ 75	\$ 75	\$ -	\$ 876	8.57%
2018	\$ 74	\$ 74	\$ -	\$ 865	8.60%

Information above is presented as of the University's fiscal year for the respective reporting periods.

*Prior to Fiscal Year 2018, this Plan was deemed immaterial to the University, and as such, it has not been recorded prior to that Fiscal Year. Information is not currently available for years prior to 2018. Additional years will be displayed as they become available.

Notes to Schedule:

Benefit changes. There have been no changes in benefit terms

Changes of assumptions. Effective for fiscal year 2019, the inflation rate was reduced to 2.25% from 3.25%. The payroll growth rate was reduced to 2.50% from 4.25%. The investment rate of return was reduced to 7.00% from 7.75%. The mortality table changed to RP-2014 Healthy Annuitant Mortality, fully generational, projected with Scale MP-2017 from RP-2000 Combined Mortality Table, generational projected with Scale BB.

University of Wyoming
(A Component Unit of the State of Wyoming)

Schedule of Changes in the University's Total OPEB Liability and Related Ratios
University of Wyoming Board Retirement
Last 10 Fiscal Years*
(in thousands)

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 292	\$ 314	\$ 320	\$ 308
Interest	480	525	572	1,168
Changes of benefit terms	-	-	-	(16,753)
Differences between expected and actual experience	-	1,284	-	-
Changes of assumptions or other inputs	946	2	(278)	(739)
Benefit payments	(1,973)	(1,906)	(1,741)	(1,955)
Net Change in Total OPEB Liability	(255)	219	(1,127)	(17,971)
Total OPEB Liability - Beginning	14,419	14,200	15,327	33,298
Total OPEB Liability - Ending	<u>\$ 14,164</u>	<u>\$ 14,419</u>	<u>\$ 14,200</u>	<u>\$ 15,327</u>
Covered-Employee Payroll	\$ 190,210	\$ 183,778	\$ 236,707	\$ 228,864
Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.71%	7.85%	6.00%	6.70%

This schedule is presented as of the measurement date for the fiscal year.

*Information is currently not available for years prior to 2017. Additional years will be displayed as they become available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Benefit changes. Effective for Fiscal Year 2017, amounts presented reflect the elimination of the benefit for conversion of the sick leave balance to health insurance payments for those employees who did not meet the criteria as of July 1, 2016.

Changes of assumptions. Effective for Fiscal Year 2020, the discount rate was changed from 3.5% in 2019 to 2.21% in 2020. Effective for Fiscal Year 2019, the discount rate was changed from 3.87% in 2018 to 3.50% in 2019. The retirement and termination rates were updated to the rates from the 2019 State of Wyoming Retirement System Actuarial Valuation. In addition, the mortality improvement scale was updated from MP-2016 to MP-2018. Effective for Fiscal Year 2018, the discount rate was changed from 3.58% in 2017 to 3.87% in 2018. Effective for Fiscal Year 2017, the discount rate was changed from 2.85% in 2016 to 3.58% in 2017.

University of Wyoming
(A Component Unit of the State of Wyoming)

**Schedule of the University's Proportionate Share of the Total OPEB Liability
State of Wyoming Employee Group Insurance Retiree Health Plan
Last 10 Fiscal Years*
(in thousands)**

June 30	Proportion of the Total OPEB Liability	Proportionate Share of the Total OPEB Liability	Covered Employee- Payroll	Proportionate Share of the Total OPEB Liability as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2020	22.6478200%	\$ 214,250	\$ 229,631	93.30%	N/A
2019	23.1142100%	\$ 235,636	\$ 226,467	104.05%	N/A
2018	21.9635600%	\$ 173,730	\$ 228,864	75.91%	N/A

Information above is presented as of the measurement date for the respective reporting periods

* Information is not currently available for years prior to 2018. Additional years will be displayed as they become available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Benefit changes. There were no changes to plan provisions since the prior measurement period.

Changes of assumptions. Effective for Fiscal Year 2020, the discount rate was changed since the prior measurement period from 3.87% in 2018 to 3.51% in 2019 and the inflation rate increased from 2.25% in 2018 to 2.50% in 2019. Effective for Fiscal Year 2019, the discount rate was changed since the prior measurement period from 3.58% in 2017 to 3.87% in 2018 and the inflation rate decreased from 2.5% in 2017 to 2.25% in 2018. Effective for Fiscal Year 2018 the discount rate was changed since the prior measurement period from 2.85% in 2016 to 3.58% in 2017. In addition health care trend rates were updated along with the assumptions relating to mortality rates, retirement rates, withdrawal rates, disability rates and salary increases rates based on the WRS December 31, 2016 actuarial experience study.