University of Wyoming
Financial Report
June 30, 2014

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McGee, Hearne & Paiz, LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
University of Wyoming
Laramie, Wyoming

Report on the Financial Statements

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"), a component unit of the State of Wyoming, as of and for the years ended June 30, 2014 and 2013, 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 audit. We did not audit the financial statements of the University of Wyoming Foundation, which is shown as a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Wyoming Foundation component unit, is 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 opinion.

Opinion

In our opinion, based on our audit and the report of 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, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 19 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.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
November 10, 2014

University of Wyoming
Management's Discussion and Analysis

June 30, 2014 and 2013* (unaudited)

**Fiscal year 2013 restated pursuant to GASB 65*

INTRODUCTION

The following discussion and analysis is designed to assist readers in understanding the accompanying financial statements and provide an overview of the University of Wyoming's financial position and activities as of and for the fiscal years ended June 30, 2014 and 2013, with comparative information for the year ended June 30, 2012. It has been prepared by management to be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University of Wyoming is the only provider of baccalaureate and graduate education in a state of some one-half million people and 98,000 square miles. Combining major-university benefits and small-school advantages, we offer our students a truly unique and quality educational experience. UW stands at the forefront in the exploration of emerging technologies and concepts, giving our students the types of hands-on involvement and one-on-one attention rarely found at other colleges and universities. And we also continue to be recognized nationally as one of the best values in higher education.

UW opened on September 6, 1887, with one building, five professors, two tutors, and 42 students, who studied philosophy, arts, literature, and sciences. Today, we provide over 13,000 students more than 197 programs of study at the undergraduate, graduate, and professional levels; an outstanding faculty; and world-class research facilities—all set against the idyllic backdrop of southeastern Wyoming's rugged mountains and high plains.

Our main campus is located in Laramie, approximately two hours north of Denver. The university also operates the University of Wyoming at Casper campus, nine outreach education centers across Wyoming, and Cooperative Extension Service centers in each of the state's 23 counties and on the Wind River Indian Reservation.

REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 39 generally requires reporting as a component unit, an organization that raises and holds economic resources for the direct benefit of the university. The University of Wyoming's financial statements and management's discussion and analysis include the financial activities of the University of Wyoming and two of its component units: the Cowboy Joe Club and the University of Wyoming Alumni Association. These two units' financial activities are incorporated in the university's financial statements as a whole; discrete presentation is not required.

The University of Wyoming Foundation is also reported as a component unit based on the nature and significance of its relationship with the university. The foundation's financial statements are discretely presented following the university's financial statements.

Accountability is the paramount objective of institutional financial reporting. It is the university's duty to be accountable to the public and to provide information that responds to the needs of three groups of primary users of general-purpose financial reports:

- the citizenry
- the governing board, the legislature and oversight bodies
- and investors and creditors.

Meaningful financial reports and accompanying notes provide information useful for assessing financial condition and results of operations, assisting in determining compliance with finance-related laws, rules, and regulations, and evaluating efficiency and effectiveness of operations.

FINANCIAL HIGHLIGHTS

- **Net position** represents the residual interest in the university's assets after liabilities are deducted, and are one indicator of the current financial condition of the university. **For the second year in row, the University of Wyoming's net position exceeds one billion dollars.** Total assets of the university exceeded total liabilities as of June 30, 2014 by $1.09 billion ($1,086,935,916). Of the $1.09 billion, 55.6% or $603.8 million is the net investment in capital assets, 42.7% or $464.8 million is restricted as to use ($154.3 million is nonexpendable – endowments required to be retained in perpetuity – and $310.5 million is expendable for scholarships, research, instruction, loans or capital projects), while 1.7% or $18.3 million is unrestricted and may be used to meet ongoing obligations.

  As of June 30, 2013 and 2012, net position was $1,039.7 and $923.5 million, respectively: $574.1 and $520.7 million was the net investment in capital assets, $421.2 and $345.2 million was restricted as to use, leaving $44.4 and $57.6 million unrestricted.

- Sustained **increases in net position** over time are one indicator of an institution's improving financial health. University of Wyoming net position has increased each year beginning with fiscal year 2003. In fiscal year 2014, net position increased by 4.5%, or $47.2 million.

  As of June 30, 2013 and 2012, net position increased by $116.2 and $32.3 million, respectively. The components of the last three years' increases are:

Increase in Net Position
(in millions)

	2014	**2013**	**2012**
Income before other revenues, gains and losses	$ 14.4	$ 44.6	$ 12.7
Capital grants and gifts	0.6	18.1	0
State appropriations restricted for capital purposes	26.9	50.8	16.2
Additions to permanent endowments	5.3	3.5	3.4
Restatement of prior period (change in accounting principle)	0	(0.8)	0
Total increase in net position	**$ 47.2**	**$ 116.2**	**$ 32.3**
Percent increase in net position	4.5%	12.6%	3.6%

The $47.2 million increase in net position in fiscal year 2014 is a result of a $14.4 million excess of operating and nonoperating revenues over operating expenses (see the Statement of Revenues, Expenses and Changes in Net Positon section below for a detailed explanation of this increase) and $32.8 million in contributions to permanent endowments and grants, gifts, and state appropriations restricted for capital projects. This is a 4.5% increase in net assets compared to fiscal year 2013.

The increase in net position in fiscal year 2013 was a result of a $44.6 million excess of operating and nonoperating revenues over operating expenses ($19.8 million of which was attributed to investment income) and $72.4 million in contributions to permanent endowments and grants, gifts, and state appropriations restricted for capital projects. A change in accounting principle (GASB 65), applied retroactively to fiscal year 2013, reduced income before other revenues, gains and losses by $0.1 million and reduced the increase in net position by $0.7 million, resulting in a restated increase of $116.2 million.

It is important to note that state appropriations restricted for capital purposes are usually cyclical in nature due to the legislative budgeting process. Capital appropriations are typically received in the first year of a biennium (fiscal year 2013), which helps explain the variation in capital appropriations reflected in the table above.

The $32.3 million increase in net position during fiscal year 2012 resulted from a $12.7 million excess of operating and nonoperating revenues over operating expenses. The remaining $19.6 million increase in net position was a result of receiving state appropriations for capital purposes of $16.2 million and $3.4 million in contributions to permanent endowments.

FINANCIAL STATEMENTS OVERVIEW

Financial statement readers do not always have the same specific objectives; therefore, in order to address the needs of as many parties as reasonably possible, the university's annual report consists of three components in accordance with required reporting standards: 1) This section - Management's Discussion and Analysis (MD&A); 2) institution-wide financial statements; and 3) notes to the basic financial statements.

The university's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

GASB principles establish standards for financial reporting for public colleges and universities and are intended to enhance the understandability and usefulness of these financial reports. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the university's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows. With the inclusion of the University of Wyoming Foundation's financial information, the focus is on the university's resources as a whole.

Significant Financial Reporting Components

Revenues and expenses are categorized as either operating or nonoperating and a net income or loss from operations is displayed. Significant recurring sources of the university's revenues, including state appropriations, gifts, and investment income (loss) expended for operations are considered nonoperating revenues according to definitions prescribed by GASB. These diversified revenue streams are critically important sources of funds used to supplement tuition and fee revenue, federal and state grants and contracts, sales and services of university educational departments and auxiliary enterprise charges in the delivery of University of Wyoming programs and services. Revenues categorized as nonoperating totaled $323.7, $329.9, and $296.5 million, and funded 62.2%, 65.1%, and 57.1% of the university's regular operating expenses in fiscal years 2014, 2013, and 2012, respectively.

Under this required reporting format, operating expenses will always exceed operating revenues and the Statement of Revenues, Expenses and Changes in Net Position will reflect a loss from operations every year. For fiscal years ended June 30, 2014, 2013, and 2012 operating revenues totaled $215.9, $225.3, and $238.4 million; operating expenses were $520.9, $506.4, and $519.2 million, resulting in net losses from operations of $304.9, $281.1, and $280.8 million, respectively.

Scholarships and fellowships applied to student accounts are shown as a reduction of student tuition and auxiliary service revenues, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

For the fiscal year ended June 30, 2014, scholarships and fellowships (including Federal Direct Loans) totaled $93.3 million, of which $30.5 million represents amounts applied to student accounts, while $62.8 million was paid directly to students.

For the fiscal year ended June 30, 2013, scholarships and fellowships (including Federal Direct Loans) totaled $93.4 million, of which $29.1 million represents amounts applied to student accounts, while $64.3 million was paid directly to students.

For the fiscal year ended June 30, 2012, scholarships and fellowships (including Federal Direct Loans) totaled $96.0 million, of which $29.1 million represents amounts applied to student accounts, while $66.9 million was paid directly to students.

Instead of reflecting expenditures for purchases of capital assets, the recognition of **depreciation expense** on capital assets is recorded. A detailed schedule of changes in capital assets can be found in Note 4 to the Financial Statements. For fiscal years ended June 30, 2014, 2013, and 2012, capital assets (net of depreciation) increased by $49.4, $72.2, and $51.6 million to $714.5, $665.1, and $592.9 million, respectively. Depreciation expense totaled $28.6, $27.3, and $23.2 million in fiscal years 2014, 2013, and 2012, respectively.

Deferred inflows of resources - The university operates CHF-WYO, LLC, a student housing project (Bison Run Village or BRV) under a 32-year management agreement. At the end of the management agreement, ownership and operation of the facility will be transferred to the university. Prior to implementation of a new accounting principle (GASB 65) a $15.8 million leasehold improvement (BRV asset) was recorded as well as $15.8 million in deferred revenue. GASB 65 required the university to reclassify this deferred revenue as a deferred inflow of resources. This is a new category on the Statement of Net Position and is reflected below total liabilities.

The deferred revenue category under current liabilities has been renamed **advance payments**. This category includes unexpended cash advances received from contract and grant sponsors, which have not yet been earned under the terms of the agreements, and it includes amounts received in advance, including student tuition and advance ticket sales.

Advance payments as of June 30, 2014, 2013, and 2012 totaled $11.4, $8.1, and $9.5 million, respectively.

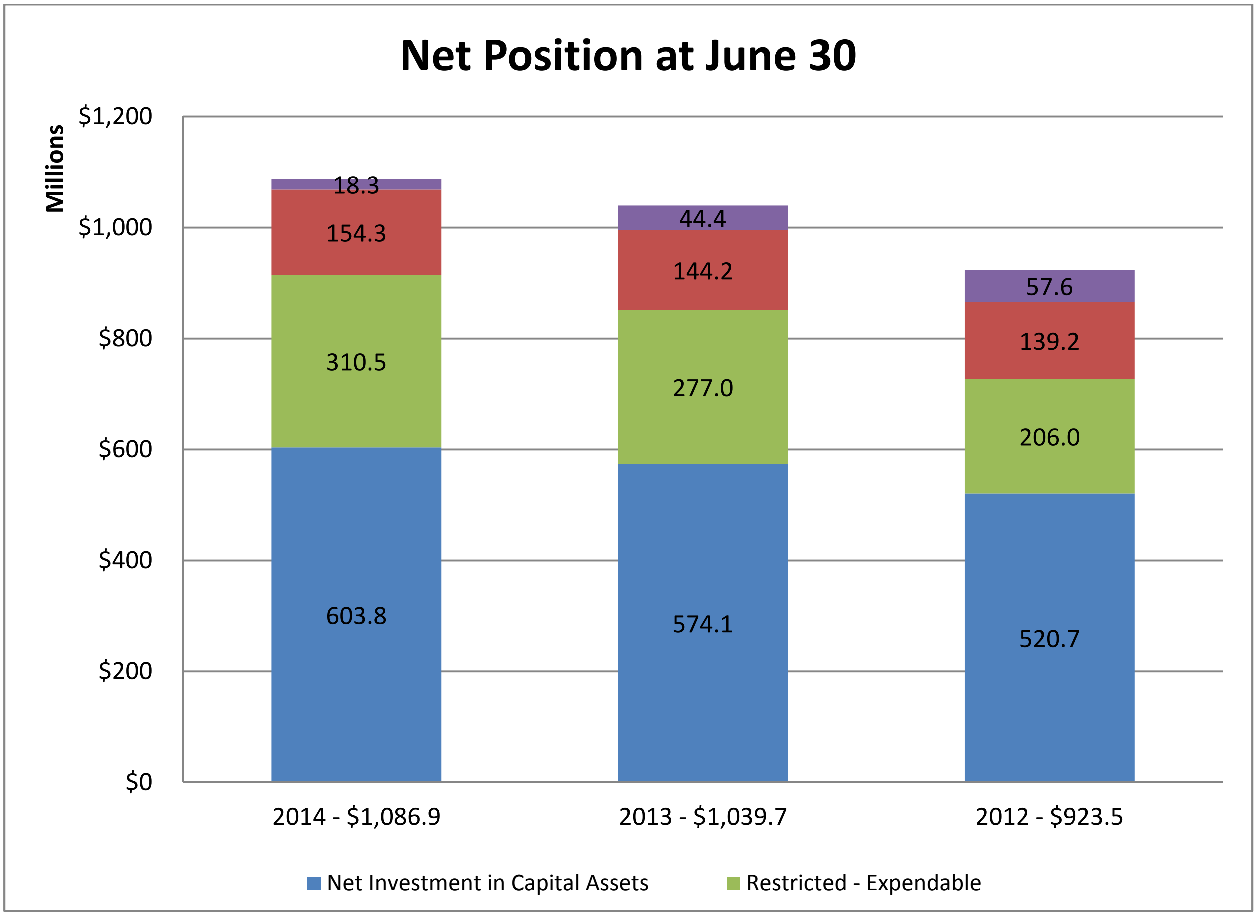
STATEMENT OF NET POSITION

The Statement of Net Position reflects the university's financial and capital resources. This statement presents the financial position of the university at the end of the fiscal year, includes all assets and liabilities of the university, and segregates the assets and liabilities into current and noncurrent components. As noted above, the difference between assets and liabilities – net position – is displayed in three components: net investment in capital assets; restricted; and unrestricted.

- **Net investment in capital assets** represents the university's total investment in capital assets, at historical costs, in property, plant, equipment, and infrastructure, net of accumulated depreciation and outstanding debt obligations related to those capital assets.
- **Restricted – nonexpendable** consists of endowment and similar type funds in which donors or other outside entities have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal. **Restricted – expendable** includes resources that the university is legally or contractually obligated to spend in accordance with restrictions imposed by external entities and/or donors.
- **Unrestricted** represents all other funds available to the institution, which may be used for the operation of the university at the discretion of the governing board.

Net position is one indicator of the current financial condition of the university, while the change in net position is an indicator of whether the overall financial condition has improved or deteriorated during the year.

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. All of the current year's revenues and expenses are taken into account, regardless of when cash is actually received or paid. Assets and liabilities are generally measured using current values; one notable exception is capital assets, which are stated at historical cost less an allowance for depreciation.



Statement of Net Position
(in millions)

	2014	2013	2012
Current Assets	$ 341.3	$ 367.3	$ 302.4
Noncurrent Assets:			
Investments	212.6	187.7	169.6
Capital assets, net of accumulated depreciation	714.5	665.1	592.9
Other assets	44.1	40.6	34.3
Total Assets	**1,312.5**	**1,260.7**	**1,099.2**
Deferred Outflow of Resources	**0.8**	**0.9**	**0.6**
Current Liabilities	80.4	71.4	68.2
Noncurrent Liabilities	130.8	134.7	99.0
Total Liabilities	**211.2**	**206.1**	**167.2**
Deferred Inflows of Resources	**15.2**	**15.8**	**9.1**
Net Position:			
Net investment in capital assets	603.8	574.1	520.7
Restricted:			
Nonexpendable	154.3	144.2	139.2
Expendable	310.5	277.0	206.0
Unrestricted	18.3	44.4	57.6
Total Net Position	**$ 1,086.9**	**$ 1,039.7**	**$ 923.5**

The Statement of Net Position shows that the university continues to build upon its strong financial foundation. This financial health reflects the prudent utilization of its financial resources, including careful cost controls, sensible management of its endowments and investments, and conservative utilization of debt.

Current Assets

Current asset balances fluctuate in the normal course of business as economic conditions and liquidity needs change throughout the business cycle. Timing of business operations such as payroll and accounts payable cycles at year-end necessitated a large balance of cash on hand as of June 30, 2014 for operations ($128.2 million).

Current assets decreased in fiscal year 2014 by $26.0 million from $367.3 million to $341.3, a 7.1% decrease. Investments account for the majority of this decrease, as short-term investments were converted to longer-term (noncurrent) investments. Current assets increased in fiscal year 2013 by $64.9 million from $302.4 to $367.3 million, a 21.5% increase. Once again, changes in cash and investment balances account for the majority of the increase.

Investments

Noncurrent investment balances at June 30, 2014, 2013, and 2012 totaled $212.6, $187.7, and $169.6 million, respectively. The $24.9 million increase in fiscal year 2014 reflects not only movement of current investments to longer-term ones, but is indicative of stable financial markets throughout the year. The $18.1 million increase in fiscal year 2013 reflected a strong financial portfolio with over $11 million in realized gains.

Capital Assets

The University of Wyoming continues to enjoy significant growth in capital assets. Capital assets include buildings, construction in progress balances, furniture, fixtures, equipment, library materials, infrastructure, land and land improvements. For fiscal years ended June 30, 2014, 2013, and 2012, capital assets (net of depreciation) increased by $49.4, $72.2, and $51.6 million to $714.5, $665.1, and $592.9 million, respectively.

See the Capital Activity section below for additional information. A detailed schedule of changes in capital assets can be found in Note 4 to the Financial Statements.

Other Noncurrent Assets

Other noncurrent assets such as restricted cash, student loans outstanding, pledges receivable, receivables from the State of Wyoming, and prepaid expenses, totaled $44.1, $40.6, and $34.3 million at June 30, 2014, 2013, and 2012, respectively, reflecting a relatively stable state of affairs in these asset categories.

Current Liabilities

Current liabilities are amounts which become due and payable in cash or services within the 12 months following June 30. The major components of current liabilities are payroll, accounts payable, advance payments, deposits such as student apartment and residence hall deposits, accrued compensated absences (vacation pay), and the current portion of revenue bonds payable. Current liabilities increased 12.6%, or $9.0 million, between June 30, 2013 and 2014, totaling $80.4 and $71.4 million, respectively.

These liabilities increased 4.7%, or $3.2 million, between June 30, 2012 and 2013, totaling $68.2 and $71.4 million, respectively.

Noncurrent Liabilities

The major component of noncurrent liabilities is revenue bonds payable. Other noncurrent liabilities include accrued compensated absences (vacation pay), other post-employment benefits and capital leases.

Noncurrent liabilities at June 30, 2014, 2013, and 2012 totaled $130.8, $134.7, and $99.0 million, respectively. A $5.3 million decrease in revenue bonds payable, due to regular payments of principal, combined with increases and decreases in the other noncurrent liability balances, results in a net $3.9 million decrease between 2013 and 2014.

Due to the GASB 65 restatement of the 2013 financial statements, the original $41.7 million increase in noncurrent liabilities from 2012 to 2013, was reduced to $26.6 million, $15.8 million was reclassified as deferred inflows of resources related to the Bison Run Village student housing facility discussed previously in the deferred inflows of resources section above, and a $0.7 million reduction of 2013 net position was recorded.

The original text explaining the 2013 $41.7 million increase follows:

> *Of the $41.7 million increase from 2012 to 2013, revenue bonds payable account for a net $29.2 million. Issuance of the Trustees of the University of Wyoming Facilities Improvement and Refunding Revenue Bonds Series 2012 added $45.4 million to the revenue bonds payable balance, and normal principal and interest payments on all outstanding bond issues reduced the noncurrent balance by $16.2 million. Capital lease obligations increased by $5.1 million in fiscal year 2013 from $0.3 to $5.4 million as a result of the university entering into a municipal lease purchase arrangement for energy savings. All other noncurrent liabilities increased by a net $7.4 million.*

More detailed information is contained in the Capital and Debt Activity sections of this discussion and in Note 5 to the Financial Statements.

Net Position

Net Investment in Capital Assets – The university's largest class of net assets is its net investment in capital assets which total $603.8 million (55.6%), $574.1 million (55.2%), and $520.7 (56.4%) for fiscal years 2014, 2013, and 2012, respectively. These capital assets represent the university's net investment in campus facilities, equipment, land and infrastructure so essential to fulfilling our teaching, research and service mission. As the capital asset balances increase ($29.7 million from 2013 to 2014), unrestricted net position balances typically decrease. See the paragraph below for more detail regarding changes in the unrestricted net position category. Also see the table in the Capital Activity section of this discussion for a summary of capital asset balances, net of related debt and depreciation.

Restricted Nonexpendable – Defined earlier in this analysis as consisting of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift, that the principal is to be maintained inviolate and in perpetuity, restricted nonexpendable assets as of June 30, 2014, 2013, and 2012 total $154.3, $144.2, and $139.2 million. These endowment assets are included in the University of Wyoming Foundation financial statements, which are discretely presented immediately following the University of Wyoming's statements. See Note 2 for more information about UW Investments Held by the Foundation.

Restricted Expendable – Net assets in this category total $310.5, $277.0, and $206.0 million as of June 30, 2014, 2013, and 2012, respectively. These assets may be fully expended but only for specific purposes identified by the donor or external entity originally providing the funds. As such, the year-to-year balances vary accordingly. The vast majority of the $33.5 million 2013 to 2014 increase is in the scholarship, research and instruction category.

Unrestricted – Representing all other funds available to the university, which may be used for operations at the discretion of the governing board, unrestricted net assets total $18.3, $44.4, and $57.6 million at the end of fiscal years 2014, 2013, and 2012, respectively. The $26.1 million net decrease in 2014 unrestricted balances is comprised of a $0.8 million increase due to the GASB 65 change in accounting principle, $24.9 million decrease in current funds unrestricted, a $1.0 million increase in unrestricted endowment and similar funds, and a $3.0 million decrease in Plant Funds and Agency Funds. This net decrease represents a movement of fund balances from the unrestricted category to the invested in capital assets category, as construction projects are completed and capitalized throughout the year. The fund balance invested in capital assets increased by $29.7 million in 2014.

The 2013 $12.4 million net decrease in unrestricted balances was comprised of a $6.5 million increase in current funds unrestricted (operating funds), a $1.5 million increase in unrestricted endowment and similar funds, and a $20.4 million decrease in Plant Funds and Agency Funds. This decrease represents a movement of fund balances from the unrestricted category to the invested in capital assets category, as construction projects are completed and capitalized throughout the year.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

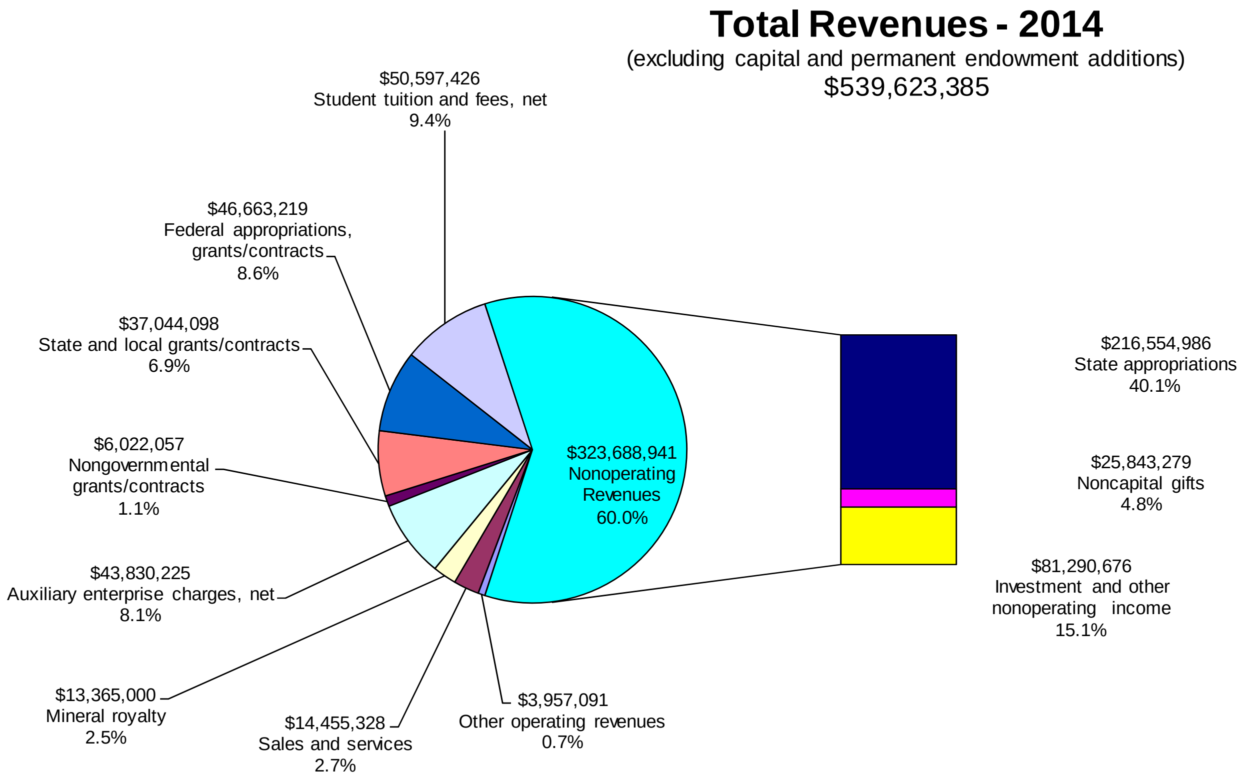
The Statement of Revenues, Expenses, and Changes in Net Position presents the university's results of operations and supports the total change in net assets for the year. Taken together, the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position help answer the question, "Is the University of Wyoming as a whole financially stronger or weaker as a result of the year's activities?" When revenues and other support exceed expenses, the result is an increase in net assets **–** when the reverse occurs, a decrease in net assets results. The relationship between revenues and expenses may be thought of as the university's operating results. It is important to keep in mind that many non-financial factors are relevant to the university's financial health as well: the trend and quality of applicants, freshman class size, student retention, capital facilities condition, physical plant capacity and campus safety all contribute to the overall health of the institution.

One of the university's greatest strengths is its diverse stream of revenue sources, which supplement its student tuition and fees. State appropriations; voluntary private support from individuals, foundations and corporations; government and other sponsored programs; sales, services and auxiliary enterprise revenue; mineral royalties; and investment income, all contribute to the university's ability to keep tuition costs low. In the current fiscal year, as well as in the previous two fiscal years, 91 - 92% of UW's total revenue is derived from sources other than student tuition and fees.

The university will continue to aggressively seek funding from all possible sources consistent with its mission, to supplement student tuition, and to manage prudently the financial resources realized from these efforts to fund operating activities.

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

	2014	**2013**	**2012**
Operating revenues	$ 215.9	$ 225.3	$ 238.4
Operating expenses	(520.9)	(506.4)	(519.2)
Operating income (loss)	(305.0)	(281.1)	(280.8)
Net nonoperating revenues	319.4	325.6	293.5
Gain (loss) before other revenue, expenses, gains and losses	14.4	44.5	12.7
Net other revenue, expenses, gains and losses	32.8	72.4	19.6
Increase in Net Position	**$ 47.2**	**$ 116.9**	**$ 32.3**
Net Position - beginning of year	1,039.7	923.5	891.2
Restatement to prior period (accounting principle change)	0	(0.7)	0
Net Position – End of Year	**$1,086.9**	**$1,039.7**	**$ 923.5**



The chart above reflects operating and nonoperating revenues; it does not include capital appropriations and capital gifts, additions to permanent endowments or nonoperating expenses. The table below incorporates all of these elements to reflect total resources available to the University of $568.1 million in 2014, $623.3 million in 2013, and $551.5 million in 2012.

Operating expenses in 2014, 2013, and 2012 totaled $520.9, $506.4, and $519.2 million, respectively, resulting in increases in net position of $47.2, $116.9, and $32.3 million, respectively.

For the three-year period, the university's net financial position increased 21.9% from $891.2 million at June 30, 2011 to $1,086.9 billion at June 30, 2014. See the discussion below for further explanation of the university's improving financial condition.

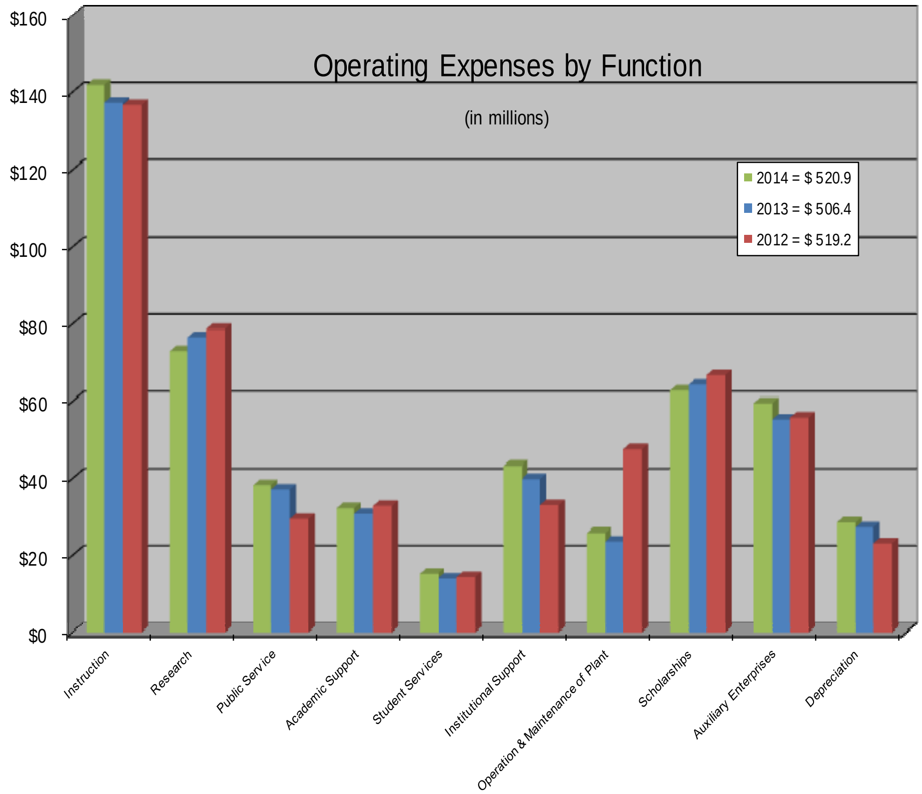
Revenues, Capital Appropriations, and Additions to Permanent Endowments
net of nonoperating expenses (in millions)

	2014	2013	2012
Operating revenues	$ 215.9	$ 225.3	$ 238.4
Nonoperating revenues	323.7	329.9	296.5
Total revenue (excl. capital/ permanent endowment additions)	539.6	555.2	534.9
Nonoperating expense - interest	(4.3)	(4.3)	(3.0)
Capital grants and gifts	0.6	18.1	0
State appropriations restricted for capital purposes	26.9	50.8	16.2
Additions to permanent endowments	5.3	3.5	3.4
Total Revenues and Additions to Permanent Endowment (net of nonoperating expenses)	**$ 568.1**	**$ 623.3**	**$ 551.5**

The table below reflects the last three fiscal years' total operating expenses by their natural (object) classification and the following chart shows these same expenditures according to their function.

Operating Expenses by Natural Classification
(in millions)

	2014	2013	2012
Compensation and benefits	$ 295.5	$ 290.1	$ 289.9
Supplies and support services	134.0	124.7	139.3
Scholarships	62.8	64.3	66.8
Depreciation	28.6	27.3	23.2
Total Operating Expenses	**$ 520.9**	**$ 506.4**	**$ 519.2**



STATEMENT OF CASH FLOWS

The Statement of Cash Flows is another way to assess the financial health of UW. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the institution during the fiscal year. This statement helps financial statement readers assess:

- the institution's ability to generate future net cash flows
- its ability to meet its obligations as they come due and
- its needs for external financing.

Statement of Cash Flows
(in millions)

	2014	2013	2012
Cash provided by (used in):			
Operating activities	$ (220.5)	$ (213.8)	$ (207.9)
Noncapital financing activities	247.5	263.0	247.0
Investing activities	31.7	(23.6)	36.4
Capital and related financing activities	(60.8)	5.3	(57.1)
Net increase (decrease) in cash	(2.1)	30.9	18.4
Cash, beginning of the year	131.4	100.5	82.1
Cash, End of the Year	**$ 129.3**	**$ 131.4**	**$ 100.5**

Cash flows from operating activities will always be different than the operating loss shown in the Statement of Revenues, Expenses and Changes in Net Position because of noncash items, such as depreciation expense, and because the latter statement is prepared on the accrual basis of accounting, meaning that it shows revenues earned and expenses incurred, without regard to when cash is actually received or paid.

In 2014, the cash used by operating and capital financing exceeded the cash provided by noncapital financing and investing by $2.1 million, resulting in an ending cash balance of $129.3 million.

In 2013, the cash provided by capital and noncapital financing activities exceeded the cash used in operations and investing activities by $30.9 million, resulting in an ending cash balance of $131.4 million.

In 2012, the cash provided by noncapital financing and investing activities exceeded the cash used in operations and capital financing activities by $18.4 million, resulting in an ending cash balance of $100.5 million.

CAPITAL AND DEBT ACTIVITY

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.

The basic concept behind the plan utilizes a land-use plan (vision map) to outline future campus developments. Construction at UW generally falls into a series of six land-use zones: Academics/Research, Housing, Student Services, General Services, Athletics and Recreation.

As noted above in the Capital Assets section of this discussion, significant capital activity continued at the University of Wyoming in 2014, evidenced by $49.4 million net increase in capital assets. In 2013 and 2012, capital assets increased by $72.2 and $51.6 million, respectively.

Over the past three fiscal years, a total of $93.9 million in state appropriations restricted for capital purposes was received: $26.9, $50.8, and $16.2 million in 2014, 2013, and 2012, respectively. The improved financial condition of the university can be attributed in large part to the extraordinary support received from our State Legislators, the Governor and the people of Wyoming. This investment in higher education capital facilities is truly transforming the UW campus.

Capital Assets
(in millions)

	2014	2013	2012
Buildings	$ 743.9	$ 725.6	$ 611.7
Land and land improvements	35.3	33.2	29.2
Infrastructure	14.7	13.9	13.9
Construction in progress	103.5	58.2	97.2
Equipment	127.0	119.2	104.9
Library materials	87.6	84.9	81.9
Total cost of capital assets	1,112.0	1,035.0	938.8
Less accumulated depreciation	(397.5)	(369.9)	(345.9)
Capital Assets, net of depreciation	**$ 714.5**	**$ 665.1**	**$ 592.9**

Debt Activity

Fiscal Year 2014 -

There was no debt issued in fiscal year 2014.

Fiscal Year 2013 -

In July 2012, the University of Wyoming Trustees issued $39.7 million in Facilities Improvement and Refunding Revenue Bonds in two series.

- Series 2012A - $29.6 million of Facilities Improvement Tax-Exempt Revenue Bonds
- Series 2012B - $10.1 million of Facilities Refunding Tax-Exempt Revenue Bonds

The proceeds of the Series 2012 bonds are being used for the purpose of providing moneys: (a) to purchase, erect, alter, remodel, expand, improve, repair, furnish and equip buildings, improvements and facilities for use by the university, specifically, (i) the renovation and construction of a performing arts complex, (ii) certain renovations and improvements to White Hall, a student residence hall, and (iii) the expansion and improvement of the Half Acre Gym, a recreation center; (b) to advance refund a portion of the Trustees' outstanding Facilities Improvement Revenue Bonds, Series 2005; and (c) to pay certain expenses in connection with the issuance of the Series 2012 Bonds.

Fiscal Year 2012 -

In July 2011, the Wyoming Community Development Authority (WCDA) issued Student Housing Revenue Bonds Series 2011 for the CHF-Wyoming, L.L.C. – University of Wyoming Project. The bonds were issued by WCDA, as a conduit issuer, and WCDA loaned the proceeds of the issue to CHF-Wyoming L.L.C. for the purpose of financing the costs of constructing and equipping a 332-bed student housing facility consisting of 15 residential buildings with a common building, parking lots and related facilities to be located on the UW campus. CHF-Wyoming is a single member limited liability company organized and existing under the laws of the State of Alabama.

The $15.3 million bond issue is not included in UW's financial statements as Revenue Bonds Payable. Rather, UW recorded Construction in Progress of $8.6 million and Deferred Revenue of $9.1 million. The roughly half a million dollar difference is interest, amortization and prepaid expenses in excess of interest income.

In November 2011, the University of Wyoming Trustees issued $16.7 million in Facilities Improvement and Refunding Revenue Bonds in two series.

- Series 2011A - $9.0 million of Facilities Improvement Tax-Exempt Revenue Bonds
- Series 2011B - $7.7 million of Facilities Refunding Tax-Exempt Revenue Bonds

The Series 2011A bonds were used to fund construction of a joint academic and student center facility (the UW/Casper College Joint Facility) to be located on the campus of the University of Wyoming at Casper/Casper College Center in Casper, Wyoming. The Series 2011B bonds were used to advance refund a portion of the outstanding Facilities Improvement Revenue Bonds, Series 2004.

Total Revenue Bonds Payable at June 30, 2014 equaled $106.8 million. Total Revenue Bonds Payable at June 30, 2013 and 2012 equaled $111.6 and $81.0 million, respectively.

ECONOMIC OUTLOOK

The University of Wyoming continues to enjoy an enviable level of financial support from the state legislature relative to many 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.

Standard & Poor's Rating Services recently affirmed the University of Wyoming's 'AA-' long-term rating and underlying rating on various tax-exempt facilities improvement revenue and revenue refunding bonds, changing to a stable outlook this year. The 'AA-' rating and stable outlook reflects S&P's "view of UW's fundamental institutional credit strengths, including its position as the state's only four-year public institution, strong historical state support, revenue diversity, continued surplus financial operations on a full-accrual basis, and a manageable debt burden." (*Standard & Poor's Rating Services Ratings Direct – University of Wyoming Trustees; Public Coll/Univ – Unlimited Student Fees,* dated October 13, 2014).

The 2013 Wyoming Legislature enacted an $11.7 million reduction in the University of Wyoming's general fund appropriation for fiscal year 2014. This reduction carried forward into the 2015-2016 biennium, effectively doubling the reduction to $23.4 million. In 2014, the Legislature did not address this base reduction, but did provide funding for compensation increases and the Tier 1 engineering initiative as well as increased funding for laboratory safety, strategic community college partnerships, off-campus facility operations and maintenance as well as other needs. In recognition of the university's highest priorities and its ongoing commitment to its teaching, research and public service mission, UW submitted its initial 2015-2016 supplemental biennium budget request totaling just over $39 million, along with a small capital construction request. This request included a request for $1 million to continue to address retention compensation needs.

After four years without salary increases and in an effort to stem the loss of key faculty and staff due to below-market salary levels, the university is beginning to move forward to address compensation needs. The legislature provided a one-time salary increase of 1 percent, with a cap of $1,200, distributed in fall 2013. In the 2014 legislative session, the Legislature provided an appropriation of $4.15 million for permanent compensation adjustments for state funded employees. In March 2014, the Board of Trustees authorized tuition increase for FY 2015, and of the total projected revenue increase, the Board of Trustees authorized $1 million for compensation needs. Eligible employees received a fixed market increase of 1.44%, and top performers received a merit increase (average of 1.53%). All university employees were treated equally in this compensation plan; for positions not receiving state funding, auxiliary and research budgets were adjusted to address the cost for eligible employees.

Diverse and robust funding sources allow the University of Wyoming to keep tuition and fee costs low with only modest increases in rates. Resident undergraduate tuition and fees are the lowest among all U.S. public doctoral institutions and the lowest among the western land-grant comparator institutions. In 2014, the Board of Trustees approved a 5 percent increase in resident tuition and non-resident tuition. These modest increases insure that the university is poised continue to meet its constitutional charge to ***make undergraduate postsecondary education in Wyoming as free as possible to Wyoming high school graduates.***

UNIVERSITY OF WYOMING

STATEMENTS OF NET POSITION - UNIVERSITY OF WYOMING

June 30, 2014 and 2013

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	**$ 128,220,239**	$ 130,229,655
Investments (Note 2)	**156,683,306**	185,063,230
Accounts receivable, net (Note 3)	**42,668,141**	39,742,118
Receivable from the State of Wyoming	**1,628,391**	214,624
Current portion of pledges receivable (Note 3)	**805,289**	711,604
Current portion of student loans receivable, net (Note 3)	**4,765,557**	5,234,947
Interest receivable	**137,676**	154,018
Inventories	**3,957,249**	4,068,134
Prepaid expenses	**2,393,036**	1,828,263
Total current assets	**341,258,884**	367,246,593
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	**1,125,095**	1,229,635
Investments (Note 2)	**212,573,339**	187,712,542
Other investments	**6,552,332**	5,882,832
Receivable from State of Wyoming	**3,288,750**	4,015,000
Pledges receivable, net (Note 3)	**229,575**	462,150
Student loans receivable, net (Note 3)	**32,932,116**	29,033,514
Capital assets, net of accumulated depreciation (Notes 4, 5 and 13)	**714,515,551**	665,070,467
Total noncurrent assets	**971,216,758**	893,406,140
Total assets	**1,312,475,642**	1,260,652,733
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows on Refinancing of Bonds	**857,684**	941,948
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	**20,632,325**	16,835,888
Due to State of Wyoming	**51,515**	36,310
Payroll and related liabilities	**27,346,358**	25,878,965
Accrued compensated absences (Note 5)	**6,480,356**	6,162,862
Other post-employment benefits (Notes 5 and 10)	**1,468,700**	1,221,600
Advance payments	**11,406,745**	8,058,255
Deposits held in custody for others (Note 5)	**7,358,696**	8,159,125
Current portion of revenue bonds payable (Note 5)	**5,319,258**	4,831,016
Current portion of capital lease obligations (Note 5)	**403,243**	215,370
Total current liabilities	**80,467,196**	71,399,391
Noncurrent Liabilities (Note 5)		
Accrued compensated absences	**6,480,355**	6,162,862
Other post-employment benefits (Note 10)	**9,909,100**	8,370,000
Deposits held in custody for others	**1,026,760**	1,008,722
U.S. Government loans refundable	**6,810,285**	6,880,563
Revenue bonds payable	**101,491,595**	106,810,853
Capital lease obligations	**5,044,947**	5,448,190
Total noncurrent liabilities	**130,763,042**	134,681,190
Total liabilities	**211,230,238**	206,080,581
DEFERRED INFLOWS OF RESOURCES		
Service Concession Agreement (Note 13)	**15,167,172**	15,808,944
NET POSITION		
Net Investment in Capital Assets	**603,811,123**	574,133,747
Restricted for:		
Nonexpendable	**154,320,014**	144,192,777
Expendable:		
Scholarships, research, instruction and other	**215,394,993**	185,277,516
Loans	**36,364,369**	33,237,126
Capital projects (Note 8)	**58,747,201**	58,415,018
Unrestricted	**18,298,216**	44,448,972
Total net position	**$ 1,086,935,916**	$ 1,039,705,156

See Notes to Financial Statements.

UNIVERSITY OF WYOMING

COMPONENT UNIT - UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

ASSETS	**2014**	2013
Cash	**$ 1,239,508**	$ 210,907
Investments (Note 2)	**518,056,058**	476,990,135
Funds held by others	**206,541**	204,077
Pledges receivable, net (Note 3)	**39,582,675**	27,565,270
Other receivables	**443,568**	616,296
Marian H. Rochelle Gateway Center construction	**26,440,705**	3,357,312
Property and equipment, at cost, net of accumulated depreciation	**329,074**	374,897
Total assets	**$ 586,298,129**	$ 509,318,894
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	**$ 8,494,661**	$ 6,894,575
Conference center bond interest payable (Note 5)	**32,264**	33,081
Loan interest payable	**2,959**	-
Vehicle loan payable	**-**	4,370
Bonds payable (Note 5)	**3,210,000**	3,300,000
Note payable	**2,200,000**	-
Due to others	**203,935,506**	176,404,506
Total liabilities	**217,875,390**	186,636,532
Net Assets		
Unrestricted	**17,273,647**	21,950,356
Temporarily restricted	**178,595,331**	132,675,797
Permanently restricted	**172,553,761**	168,056,209
Total net assets	**368,422,739**	322,682,362
Total liabilities and net assets	**$ 586,298,129**	$ 509,318,894

See Notes to Financial Statements.

UNIVERSITY OF WYOMING

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - UNIVERSITY OF WYOMING
Years Ended June 30, 2014 and 2013

	2014	2013
Operating Revenues		
Tuition and fees (net of scholarship allowances 2014 $25,672,508; 2013 $24,370,925)	**$ 50,597,426**	$ 49,963,171
Federal appropriations	**4,138,372**	4,073,007
Federal grants and contracts	**42,524,847**	46,249,206
State and local grants and contracts	**37,044,098**	46,824,714
Nongovernmental grants and contracts	**6,022,057**	5,845,471
Mineral royalty	**13,365,000**	13,365,000
Sales and services of educational departments	**14,455,328**	12,075,260
Auxiliary enterprise charges (net of scholarship allowances 2014 $4,845,260; 2013 $4,669,994)	**43,830,225**	43,620,543
Interest earned on loans to students	**301,548**	314,860
Other operating revenues	**3,655,543**	2,952,111
Total operating revenues	**215,934,444**	225,283,343
Operating Expenses (Note 11)		
Instruction	**141,818,442**	137,558,313
Research	**72,879,351**	76,559,971
Public service	**38,220,349**	36,977,743
Academic support	**32,422,548**	30,911,902
Student services	**15,432,676**	14,053,930
Institutional support	**43,323,031**	39,801,539
Operation and maintenance of plant	**25,888,037**	23,671,807
Scholarships	**62,755,491**	64,341,889
Auxiliary enterprises	**59,500,281**	55,183,213
Depreciation	**28,622,091**	27,299,780
Total operating expenses	**520,862,297**	506,360,087
Operating (loss)	**(304,927,853)**	(281,076,744)
Nonoperating Revenues (Expenses)		
State appropriations	**216,554,986**	232,722,154
Gifts	**25,843,279**	28,483,595
Investment income	**29,461,104**	19,825,904
Interest expense	**(4,336,604)**	(4,285,554)
Other nonoperating revenues	**51,829,572**	48,882,514
Net nonoperating revenues	**319,352,337**	325,628,613
Income before other revenues, expenses, gains and losses	**14,424,484**	44,551,869
Capital Grants and Gifts	**580,000**	18,115,157
State Appropriations Restricted for Capital Purposes	**26,895,002**	50,757,297
Additions to Permanent Endowments	**5,331,274**	3,482,791
Net increase in net position	**47,230,760**	116,907,114
Net Position, beginning of year, as previously reported	**1,039,705,156**	923,476,850
Restatement to prior period (Note 14)	**-**	(678,808)
Net Position, beginning of year, as restated	**1,039,705,156**	922,798,042
Net Position, end of year	**$ 1,086,935,916**	$ 1,039,705,156

See Notes to Financial Statements.

UNIVERSITY OF WYOMING

COMPONENT UNIT - UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2014 and 2013

	2014	2013
Support and Revenue		
Contributions	**$ 39,884,375**	$ 48,854,782
University of Wyoming	**6,107,648**	3,793,377
Donated rent	**182,806**	182,806
Interest and dividends	**-**	-
Assessments	**-**	-
Unrealized/realized net gain on investments	**55,843,523**	44,689,699
Increase (decrease) in value of charitable remainder trusts	**(181,505)**	53,228
(Decrease) in cash surrender value of life insurance policies	**(92,514)**	(4,735)
Other revenue	**800,476**	536,803
Total support and revenue	**102,544,809**	98,105,960
Expenses		
Marian H. Rochelle Gateway Center	**7,728,469**	-
Program services	**47,332,190**	49,074,905
Supporting services:		
General and administrative	**1,618,124**	2,153,859
Rochelle Gateway Center	**125,649**	314,760
Total expenses	**56,804,432**	51,543,524
Change in net assets	**45,740,377**	46,562,436
Net Assets, beginning of year	**322,682,362**	276,119,926
Net Assets, end of year	**$ 368,422,739**	$ 322,682,362

See Notes to Financial Statements.

UNIVERSITY OF WYOMING

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Tuition, fees and grants received	**$ 219,190,832**	$ 218,351,608
Payments to employees and fringe benefits	**(291,641,333)**	(288,366,304)
Payments to vendors and suppliers	**(131,182,977)**	(126,268,047)
Payments for scholarships	**(21,648,741)**	(22,699,789)
Loans issued to students	**(8,101,512)**	(7,134,262)
Collection of loans to students	**2,577,950**	3,085,855
Other receipts	**19,538,359**	17,228,484
Other payments	**(9,238,125)**	(8,000,765)
Net cash (used in) operating activities	**(220,505,547)**	(213,803,220)
Cash Flows from Noncapital Financing Activities		
State appropriations	**216,554,986**	232,722,154
Grants for other than capital purposes	**1,871**	2,580
Gifts for other than capital purposes	**30,950,666**	30,270,154
Net cash provided by noncapital financing activities	**247,507,523**	262,994,888
Cash Flows from Investing Activities		
Purchases of investments	**(367,967,425)**	(273,292,578)
Proceeds from sales of investments	**385,674,153**	243,107,367
Interest received on investments	**13,978,572**	6,585,983
Net cash provided by (used in) investing activities	**31,685,300**	(23,599,228)
Cash Flows from Capital and Related Financing Activities		
Cash paid for capital assets	**(77,599,116)**	(79,025,554)
Proceeds from sale of capital assets	**(26,612)**	5,531,408
Capital appropriations received	**26,207,486**	47,296,673
Proceeds of capital debt	**-**	50,709,806
Repayments of capital debt and leases	**(5,046,386)**	(14,899,589)
Interest paid on capital debt and leases	**(4,336,604)**	(4,285,554)
Net cash provided by (used in) capital and related financing activities	**(60,801,232)**	5,327,190
Net increase (decrease) in cash and cash equivalents	**(2,113,956)**	30,919,630
Cash and Cash Equivalents		
Beginning of year	**131,459,290**	100,539,660
End of year	**$ 129,345,334**	$ 131,459,290

UNIVERSITY OF WYOMING

STATEMENT OF CASH FLOWS (Continued)
Years Ended June 30, 2014 and 2013

		2014		2013
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities				
Operating (loss)	$	(304,927,853)	$	(281,076,744)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:				
Depreciation expense		28,622,091		27,299,780
Provision for uncollectible loans and write-offs		2,094,351		1,413,933
Gain on sale of investments		1,894,235		1,281,866
(Loss) on sale of capital assets		(1,202,401)		(726,712)
Miscellaneous nonoperating income		52,340,138		49,826,392
Changes in assets and liabilities:				
Receivables, net		(2,212,035)		(7,365,077)
Student loans receivable, net		(5,523,564)		(4,048,407)
Inventories		110,885		48,676
Prepaid expenses		(564,773)		(432,360)
Deferred gain (loss) on refinancing		84,264		(379,220)
Accounts payable and accrued liabilities		5,634,972		1,443,085
Accrued compensated absences		634,987		(877,852)
Due to/from State of Wyoming		15,205		(586,602)
Advance payments		3,346,620		(791,060)
Deposits held in custody for others		(782,391)		1,306,536
U.S. Government loans refundable		(70,278)		(139,454)
Total adjustments		84,422,306		67,273,524
Net cash (used in) operating activities	$	(220,505,547)	$	(213,803,220)
Noncash Investing, Capital, and Financing Activities				
Change in fair value of investments	$	12,962,866	$	12,011,508
Assets acquired through gift		580,000		18,115,157
Assets included in accounts payable		1,630,429		3,408,173
Increase in receivables related to nonoperating income		687,517		3,460,624

See Notes to Financial Statements.

Note 1. 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 University is a component unit of the State of Wyoming and is included in the basic financial statements of the State of Wyoming.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB), consists of the primary government, organizations for which the primary government 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.

As defined by accounting principles generally accepted in the United States of America established by GASB, the financial reporting entity consists of the primary government, as well as its component unit, the University of Wyoming Foundation (the "Foundation"). 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 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) (Topics). 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.

Financial statements for the Foundation can be obtained by contacting the Foundation at 1200 East Ivinson Avenue, Laramie, Wyoming 82070.

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.

Basis of accounting: 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.

Cash equivalents: For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments: The University accounts for its investments at fair value, as determined by quoted market prices, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position. All investments with original maturities of 12 months or less are accounted for at amortized cost.

The Foundation accounts for its investments at their fair values. Unrealized gains and losses are included in the change in net position.

The Foundation's investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

> *Level 1:* Quoted prices available in active markets for indicated investments as of the reporting date. The type of investments which would generally be included in Level 1 include listed equity securities and listed derivatives.
>
> *Level 2:* Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is determined through the use of models or other valuation methodologies.
>
> *Level 3:* Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs in to the determination of fair value require significant judgment or estimation by Investment Manager.

Other investments: Other investments consist of land not used in the operation of the University, the cash surrender value of life insurance policies, and other property held for investment. Other investments are accounted for at the lower of cost or fair value.

Accounts receivable: Accounts receivable consists of unpaid tuition and fee charges to students and unpaid auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the Federal Government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are presented net of estimated uncollectible amounts.

Inventories: Inventories of merchandise and supplies are carried at the lower of cost (first-in, first-out) or market. Livestock inventory is stated at estimated net realizable value.

Noncurrent cash and investments: Cash and investments, that are externally restricted to make debt service payments (for the noncurrent portion of debt), to make Advanced Payments of Higher Education Costs (for the noncurrent portion of the APHEC liability) or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the statement of net position.

Capital assets: Capital assets are recorded at cost at the date of acquisition or fair market 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 that significantly increase the value or extend the useful life of the structure are capitalized. At management's discretion, certain bulk purchases of items that individually do not exceed $5,000 may be 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 lives of the assets, generally 50 years for buildings, 10 to 30 years for infrastructure and land improvements, 10 years for library materials, and 3 to 10 years for equipment.

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

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.

Compensated absences: Employee compensated absences are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the statement of net position, and as a component of compensation and benefit expense within the operating expenses in the statement of revenues, expenses, and changes in net position.

Advance payments: Advance payments consists primarily of amounts received from grant and contract sponsors which have not yet been earned under the terms of the agreement. Advance payments also includes amounts received in advance of an event, such as student tuition and advance ticket sales related to future fiscal years.

Noncurrent liabilities: Noncurrent liabilities include: (1) principal amounts of revenue bonds payable and capital lease obligations with contractual maturities greater than one year, and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

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

Net investment in capital assets: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

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

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

Unrestricted net position: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards unrestricted resources by fund, and then towards restricted resources.

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, net of scholarship allowances, (3) most Federal, state and local grants and contracts and Federal appropriations, and (4) interest on student loans.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, such as state appropriations, investment income, and Federal non-exchange grants.

Scholarship allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for the 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, and other Federal, state or nongovernmental programs can be recorded as either operating or nonoperating 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.

Contributions to the Foundation: The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the donor's restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

Promises to give to the Foundation: Promises to give, less an allowance for uncollectible amounts, are recognized as revenue in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Federal direct loans: The University makes loans to students under the William D. Ford Federal Direct Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students through institutions like the University. Direct student loan receivables are not included in the University's combined statements of net position as the loans are repayable directly to the U.S. Department of Education. In 2014, the University received and disbursed approximately $41,100,000 under the Federal Direct Loan Program on behalf of the U.S. Department of Education, which is included as nonoperating revenues (other nonoperating revenues) and operating expense (scholarships) on the statements of revenues, expenses, and changes in net position.

Recent pronouncements: In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which replaces GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, for most government pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

Statement No. 68 is effective for years beginning after June 15, 2014 with the effects of changes made to comply with this statement reported as adjustments to prior periods. The effect that the adoption of Statement No. 68 will have on the University's financial statements has not been determined.

Note 2. Deposits with Financial Institutions and Investments

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 internally invested funds may be invested in a combination of fixed-income, minimal risk instruments and money market funds. Investment goals for internally invested funds are designed to achieve a return to provide income, protect assets from risk and maintain liquidity to meet spending requirements. Investments are limited to collateralized bank certificates of deposit, money market funds or federally guaranteed or insured securities that mature in less than one year. Custodial services are utilized to safeguard the assets and provide monthly reports.

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 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.

Deposits:

At June 30, 2014 and 2013, the carrying amount of the University's demand deposits in financial institutions was $34,102,578 and $45,507,888, respectively, and the bank balances were $35,925,466 and $50,323,726, respectively. All deposits were held by a qualified depository as outlined in the state statutes.

At June 30, 2014 and 2013, the University had $1,125,095 and $1,229,635, respectively, restricted for the Reclamation Ecology Endowment.

At June 30, 2014 and 2013, the University had $77,588,979 and $73,374,553, respectively, on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

At June 30, 2014 and 2013, the University had $17,653,777 and $12,576,849, respectively, on deposit with the Foundation. Detailed information on the Foundation's pooled cash and investments is available from the Foundation.

Investments:

As of June 30, 2014 and 2013, the University had investments with weighted average maturities as shown in the following table.

	2014		
	Cost or Amortized Cost	**Fair Value**	**Weighted Average Maturity in Years**
Investment Type:			
U.S. Government Sponsored			
Enterprise Discount Notes	**$ 156,079,893**	**$ 156,128,233**	**.50**
Money Market	**978,732**	**978,732**	**n/a**
Other Investments	**975**	**975**	**n/a**
Mutual Funds	**644,525**	**602,690**	**n/a**
	$ 157,704,125	**$ 157,710,630**	

	2013		
	Cost or Amortized Cost	Fair Value	Weighted Average Maturity in Years
Investment Type:			
U.S. Government Sponsored			
Enterprise Discount Notes	$ 182,824,344	$ 180,858,974	.49
Money Market	4,512,180	4,512,180	n/a
Other Investments	106,467	106,467	n/a
Mutual Funds	637,984	594,897	n/a
	$ 188,080,975	$ 186,072,518	

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's policy for managing its exposure to fair value loss arising from interest rate changes on internally invested funds is to limit the maturity of all securities to less than one year.

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table below shows quality ratings of investments that are rated.

	2014		2013	
		Quality Rating		Quality Rating
	Fair Value	**AAA**	Fair Value	AAA
Investment Type:				
U.S. Government Sponsored Enterprise Discount Notes	**$ 156,128,233**	**$ 156,128,233**	$ 180,858,974	$ 180,858,974

Custodial credit risk: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investments 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. Concentration of risk is not addressed in the internal investment policy. At June 30, 2014 and 2013, the University held securities from the following issuers in excess of 5% of the total portfolio: Farmer Mac 28.29% and 6.20%, respectively, Federal Home Loan Bank 33.29% and 32.2%, respectively, Federal Home Loan Mortgage Corporation 28.17% and 16.10%, respectively, Federal National Mortgage Corporation 7.68% and 19.61%, respectively, and U.S. Treasury 1.28% and 22.30%, respectively.

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 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, 2014 and 2013, the University of Wyoming investments held by the Foundation, primarily in mutual funds, had weighted average maturities, where applicable, as shown in the following tables:

	2014		
	Historical Cost	Fair Value	Weighted Average Maturity in Years
Investment Type:			
Cash funds	**$ 12,122,426**	**$ 12,122,426**	**n/a**
Real assets	**9,280,718**	**11,029,153**	**n/a**
Private equity	**25,505,981**	**30,311,167**	**n/a**
Absolute return	**33,033,711**	**39,257,078**	**n/a**
Fixed income	**8,299,156**	**9,862,671**	**4.64**
Hedged equity	**22,474,240**	**26,708,263**	**n/a**
International equity	**16,330,829**	**19,407,467**	**n/a**
Domestic equity	**25,238,281**	**29,993,032**	**n/a**
Liquidity	**327,126**	**388,754**	**n/a**
	$ 152,612,468	**$ 179,080,011**	

	2013		
	Historical Cost	Fair Value	Weighted Average Maturity in Years
Investment Type:			
Cash funds	$ 10,350,510	$ 10,350,510	n/a
Real assets	10,331,587	11,670,826	n/a
Private equity	24,427,800	27,594,271	n/a
Absolute return	32,798,813	37,050,382	n/a
Fixed income	8,177,887	9,237,951	3.68
Hedged equity	19,252,830	21,748,492	n/a
International equity	14,647,459	16,546,146	n/a
Domestic equity	19,986,739	22,577,534	n/a
Liquidity	61,294	69,239	n/a
	$ 140,034,919	$ 156,845,351	

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.

NOTES TO FINANCIAL STATEMENTS

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.

At June 30, 2014 and 2013, there were no single issuer investments that exceeded 7% of the total holdings of the Foundation.

The summarized investments of the Foundation at June 30, 2014 and 2013 are as follows:

	June 30, 2014		
	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Level 1:			
Money market funds	$ 36,764,219	$ 36,764,219	$ -
Corporate stocks	55,953,023	61,524,113	5,571,090
Corporate bonds notes	97,770,994	97,430,149	(340,845)
Government obligations	166,694	166,914	220
Other investments	289,361	314,438	25,077
	190,944,291	196,199,833	5,255,542
Level 2:			
Real estate	3,336,000	3,355,473	19,473
Riverbend Ranch	9,120,000	8,208,000	(912,000)
Y Cross Ranch	4,275,397	4,275,397	-
International equity	17,419,796	25,626,889	8,207,093
Absolute return hedge funds	24,132,735	37,857,977	13,725,242
Long/short hedge funds	29,470,990	43,740,636	14,269,646
	87,754,918	123,064,372	35,309,454
Level 3:			
Insurance	158,891	158,891	-
Other investments	8,803	8,805	2
Liquidating	478,197	125,739	(352,458)
Absolute return hedge funds	45,856,105	85,124,369	39,268,264
Private equity funds	38,787,101	70,306,116	31,519,015
Non-pool real estate and energy funds	231,270	231,270	-
Real estate and energy funds	16,013,145	25,303,119	9,289,974
Long/short hedge funds	13,021,526	17,533,544	4,512,018
	114,555,038	198,791,853	84,236,815
Combined Total	$ 393,254,247	$ 518,056,058	$ 124,801,811

	June 30, 2013		
	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Level 1:			
Money market funds	$ 35,222,602	$ 35,222,602	$ -
Corporate stocks	40,051,606	47,198,784	7,147,178
Corporate bonds notes	102,663,895	101,298,661	(1,365,234)
Government obligations	164,042	164,218	176
Other investments	281,484	287,745	6,261
	178,383,629	184,172,010	5,788,381
Level 2:			
Real estate	12,456,000	12,475,473	19,473
Y Cross Ranch	4,275,397	4,275,397	-
International equity	17,184,086	21,978,406	4,794,320
Absolute return hedge funds	24,132,734	33,990,597	9,857,863
Long/short hedge funds	23,970,990	31,727,282	7,756,292
	82,019,207	104,447,155	22,427,948
Level 3:			
Insurance	251,405	251,405	-
Other investments	8,803	8,804	1
International equity	6,016,667	16,093,611	10,076,944
Absolute return hedge funds	43,719,506	63,101,708	19,382,202
Private equity funds	44,386,672	63,112,976	18,726,304
Real estate and energy funds	20,005,937	27,487,342	7,481,405
Long/short hedge funds	13,523,385	18,315,124	4,791,739
	127,912,375	188,370,970	60,458,595
Combined Total	$ 388,315,211	$ 476,990,135	$ 88,674,924

The University and Foundation have invested in alternative investments defined as hedge funds, private equity, venture capital and other investments for which the fair market value is not readily attainable. Because the alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material. At June 30, 2014 and 2013, the alternative investments held by the Foundation were $95,609,235 and $90,347,413, respectively.

University of Wyoming Investments Held by the State of Wyoming:

The Master Investment Policy (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 (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."*

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%) of the State's cash balance. 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 at June 30, 2014 and 2013 are presented as follows:

	2014		2013	
	Fair Value	**Percentage**	Fair Value	Percentage
Investment Type:				
Fixed income investments	**$ 20,797,763**	**64.06%**	$ 20,147,390	67.48%
Equity investments	**8,657,197**	**26.67%**	7,049,920	23.61%
Alternative investments	**3,007,679**	**9.26%**	2,652,525	8.88%
Total currency fund	**3,365**	**0.01%**	8,068	0.03%
Total investments	**$ 32,466,004**	**100.00%**	$ 29,857,903	100.00%

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/P1 or equivalent for commercial paper, BAA for long-term corporate debt, AA for mortgage-backed securities, and AA for asset-backed securities. Either Standard and Poor's, Fitch or Moody's ratings are acceptable. Where the issue is split-rated, the lower of the ratings will apply. Legislatively authorized investments represent those investments the Treasurer has been directed to invest in by the Legislature and/or approved by the Legislature.

Foreign currency risk: Foreign currency risk is 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.

Note 3. Student Loans, Accounts Receivable and Pledges Receivable

Student loans receivable: Approximately 80% of the University's loans receivable are loans made under medical, dental and nursing school contracts. These are loans made to students for the completion of medical, dental and nursing schools and contain special clauses regarding repayment. The standard repayment terms under the medical, dental and psychiatric nursing school contracts are as follows:

Medical contracts prior to the 1993-1994 school year: Payments consist of 96 equal monthly installments with no interest accruing unless a scheduled payment is missed, and then the interest accrues at the maximum rate allowed by law.

Medical contracts for the 1993-1994 school year through the 2003-2004 school year: Payments consist of 96 equal monthly installments with interest accruing at an annual rate equal to the effective interest rate for Federal Stafford loans, with a maximum of 8% starting four years after the student enters into an agreement. If any scheduled payment is missed, the interest accrues at the maximum rate allowed by law.

The outstanding principal balance of loans made under medical school contracts is canceled upon practicing full-time medicine in the State of Wyoming. The balance is canceled at a rate of one-third outstanding balance the first year, one-half of the outstanding balance the second year, and the remaining balance for the third year of practicing full-time medicine in the State of Wyoming.

Medical contracts for the 2004-2005 school year and thereafter and Dental contracts for the 2007-2008 school year and thereafter: Payments consist of 96 equal monthly installments with interest accruing at an annual rate equal to the effective interest rate for Federal Stafford loans, with a maximum of 8% beginning the earlier of completion of the residency program or eight years after the student enters into an agreement. If any scheduled payment is missed, the interest accrues at the maximum rate allowed by law.

The outstanding balance of loans made under medical and dental school contracts is canceled upon practicing full-time medicine or dentistry in the State of Wyoming. The balance is canceled at a rate of one-third outstanding balance for the first year, one-half of the outstanding balance the second year and the remaining balance for the third year of practicing full-time medicine or dentistry in the State of Wyoming.

Psychiatric Nursing contracts for the 2007-2008 school year and thereafter: Payments consist of 48 equal monthly installments with interest accruing at an annual rate equal to the effective interest rate for Federal Stafford loans, with a maximum of 8% beginning at the end of the program or when the student drops out of or fails to make satisfactory progress toward the degree.

The outstanding balance of loans made under the nursing school contract is canceled upon practicing full-time as a psychiatric nurse in the State of Wyoming. The balance is canceled at a rate of one-half for the first year and the remaining balance for the second year of full-time psychiatric nursing practice.

Under all contracts, repayment is to begin one year subsequent to the student failing to be enrolled in a fully accredited medical, dental or nursing school, a qualifying internship, or a residency program.

Medical, dental, and nursing student loan cancellations are considered a reduction in the net position when the student completes the contractual responsibilities for in-state service.

The balance of loans receivable also include other types of student loans which may contain similar repayment and cancellation features.

An allowance for doubtful accounts is provided for the estimated amount of loans which the University will be unable to collect, excluding any cancellation under programs noted above.

Accounts receivable and pledges receivable: The University accounts receivable and pledges receivable are shown net of allowances for doubtful accounts in the accompanying statements of net position at June 30, 2014 and 2013 as follows:

	2014		2013	
	Accounts Receivable	**Pledges Receivable**	Accounts Receivable	Pledges Receivable
Total receivable	**$ 45,220,978**	**$ 1,193,865**	$ 41,969,697	$ 1,289,894
Less allowance for doubtful accounts	**(2,552,837)**	**(159,001)**	(2,227,579)	(116,140)
Net receivable	**$ 42,668,141**	**$ 1,034,864**	$ 39,742,118	$ 1,173,754

Included in the amounts above is $5,945,048 and $9,684,729, which is due from the U.S. Government at June 30, 2014 and 2013, respectively.

Pledges receivable: Foundation 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 position 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, 2014 and 2013:

	2014	2013
Due within 1 year	**$ 17,496,552**	$ 9,929,343
Due 1 to 5 years	**23,714,906**	17,048,348
Due 5 years and later	**1,631,546**	3,114,168
	42,843,004	30,091,859
Less allowance for uncollectible pledges	**(1,904,435)**	(1,269,204)
Less discount to present value	**(1,355,894)**	(1,257,385)
Total pledges receivable	**$ 39,582,675**	$ 27,565,270

Note 4. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2014 and 2013:

	Balance June 30, 2013	Additions	Transfers	Retirements	Balance June 30, 2014
Capital assets not being depreciated:					
Land	$ 11,958,941	$ 454,027	$ -	$ (418)	$ 12,412,550
Land improvements	2,624,144	-	-	-	2,624,144
Construction in progress	58,229,171	53,858,664	(8,582,222)	-	103,505,613
Total capital assets not being depreciated	$ 72,812,256	$ 54,312,691	$ (8,582,222)	$ (418)	$ 118,542,307
Other capital assets:					
Infrastructure	$ 13,939,956	$ 754,092	$ -	$ -	$ 14,694,048
Land improvements	18,577,880	1,705,432	-	-	20,283,312
Buildings	725,622,271	11,685,771	7,967,378	(1,348,683)	743,926,737
Furniture, fixtures and equipment	119,155,228	8,408,688	614,844	(1,232,684)	126,946,076
Library materials	84,898,478	2,727,502	-	-	87,625,980
Total other capital assets	962,193,813	25,281,485	8,582,222	(2,581,367)	993,476,153
Less accumulated depreciation for:					
Infrastructure	(11,419,723)	(292,092)	-	-	(11,711,815)
Land improvements	(7,588,560)	(1,238,629)	-	-	(8,827,189)
Buildings	(195,877,233)	(14,897,718)	-	85,535	(210,689,416)
Furniture, fixtures and equipment	(83,180,416)	(9,502,091)	-	969,249	(91,713,258)
Library materials	(71,869,670)	(2,691,561)	-	-	(74,561,231)
Total accumulated depreciation	(369,935,602)	(28,622,091)	-	1,054,784	(397,502,909)
Other capital assets, net	$ 592,258,211	$ (3,340,606)	$ 8,582,222	$ (1,526,583)	$ 595,973,244
Capital asset summary:					
Capital assets not being depreciated	$ 72,812,256	$ 54,312,691	$ (8,582,222)	$ (418)	$ 118,542,307
Other capital assets, at cost	962,193,813	25,281,485	8,582,222	(2,581,367)	993,476,153
Total cost of capital assets	1,035,006,069	79,594,176	-	(2,581,785)	1,112,018,460
Less accumulated depreciation	(369,935,602)	(28,622,091)	-	1,054,784	(397,502,909)
Capital assets, net	$ 665,070,467	$ 50,972,085	$ -	$ (1,527,001)	$ 714,515,551

	Balance June 30, 2012	Additions	Transfers	Retirements	Balance June 30, 2013
Capital assets not being depreciated:					
Land	$ 11,873,941	$ 85,000	$ -	$ -	$ 11,958,941
Land improvements	2,624,144	-	-	-	2,624,144
Construction in progress	97,212,742	77,296,719	(116,280,290)	-	58,229,171
Total capital assets not being depreciated	$ 111,710,827	$ 77,381,719	$ (116,280,290)	$ -	$ 72,812,256
Other capital assets:					
Infrastructure	$ 13,939,956	$ -	$ -	$ -	$ 13,939,956
Land improvements	14,682,816	1,281,545	2,613,519	-	18,577,880
Buildings	611,720,977	4,275,372	112,129,158	(2,503,236)	725,622,271
Furniture, fixtures and equipment	104,894,355	14,457,939	1,537,613	(1,734,679)	119,155,228
Library materials	81,874,483	3,023,995	-	-	84,898,478
Total other capital assets	827,112,587	23,038,851	116,280,290	(4,237,915)	962,193,813
Less accumulated depreciation for:					
Infrastructure	(11,167,463)	(252,260)	-	-	(11,419,723)
Land improvements	(6,492,461)	(1,096,099)	-	-	(7,588,560)
Buildings	(183,340,834)	(14,205,159)	-	1,668,760	(195,877,233)
Furniture, fixtures and equipment	(75,723,139)	(9,052,889)	-	1,595,612	(83,180,416)
Library materials	(69,176,297)	(2,693,373)	-	-	(71,869,670)
Total accumulated depreciation	(345,900,194)	(27,299,780)	-	3,264,372	(369,935,602)
Other capital assets, net	$ 481,212,393	$ (4,260,929)	$ 116,280,290	$ (973,543)	$ 592,258,211
Capital asset summary:					
Capital assets not being depreciated	$ 111,710,827	$ 77,381,719	$ (116,280,290)	$ -	$ 72,812,256
Other capital assets, at cost	827,112,587	23,038,851	116,280,290	(4,237,915)	962,193,813
Total cost of capital assets	938,823,414	100,420,570	-	(4,237,915)	1,035,006,069
Less accumulated depreciation	(345,900,194)	(27,299,780)	-	3,264,372	(369,935,602)
Capital assets, net	$ 592,923,220	$ 73,120,790	$ -	$ (973,543)	$ 665,070,467

Note 5. Long-Term Liabilities, Bonds Payable and Capital Leases

Long-term liability activity for the year ended June 30, 2014 and 2013 was as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Bonds and capital lease obligations:					
Revenue bonds payable	$ 111,641,869	$ -	$ 4,831,016	$ 106,810,853	$ 5,319,258
Capital lease obligations	5,663,560	-	215,370	5,448,190	403,243
Total bonds and capital leases	117,305,429	-	5,046,386	112,259,043	5,722,501
Other liabilities:					
Accrued compensated absences	12,325,724	8,294,688	7,659,701	12,960,711	6,480,356
Other post-employment benefits	9,591,600	3,007,800	1,221,600	11,377,800	1,468,700
Deposits held in custody for others	9,167,847	-	782,391	8,385,456	7,358,696
U.S. Government loans refundable	6,880,563	-	70,278	6,810,285	-
Total other liabilities	37,965,734	11,302,488	9,733,970	39,534,252	15,307,752
Total long-term liabilities	$ 155,271,163	$ 11,302,488	$ 14,780,356	$ 151,793,295	$ 21,030,253

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Bonds and capital lease obligations:					
Revenue bonds payable	$ 81,057,651	$ 45,355,492	$ 14,771,274	$ 111,641,869	$ 4,831,016
Capital lease obligations	437,561	5,354,314	128,315	5,663,560	215,370
Total bonds and capital leases	81,495,212	50,709,806	14,899,589	117,305,429	5,046,386
Other liabilities:					
Accrued compensated absences	13,203,576	6,636,356	7,514,208	12,325,724	6,162,862
Deposits held in custody for others	7,861,311	1,306,536	-	9,167,847	8,159,125
Other post-employment benefits	7,297,500	2,294,100	-	9,591,600	1,221,600
U.S. Government loans refundable	7,020,017	-	139,454	6,880,563	-
Total other liabilities	35,382,404	10,236,992	7,653,662	37,965,734	15,543,587
Total long-term liabilities	$ 116,877,616	$ 60,946,798	$ 22,553,251	$ 155,271,163	$ 20,589,973

Revenue bonds payable represent the remaining principal payments on bonds used for construction of facilities. Revenue from the operations of residence halls, apartments, cafeterias, dining halls, other food service facilities, bookstore and telecommunications; income from other sales and services; income from the University Permanent Land Fund and mineral royalties from the University Government Royalty Fund are pledged for the Facilities Improvement Revenue Bonds Series 2005, the Revenue Refunding Bond Series 2009, the Facilities Improvement and Refunding Revenue Bonds Series 2010, 2011, and 2012.

Revenue bonds payable consist of the following at June 30, 2014:

	Authorized and Issued	Interest Rates	Bonds Outstanding at June 30, 2014
Facilities Improvement Revenue Bonds:			
Series 2012 A	29,600,000	3.125-5.00%	28,240,000
Series 2012 B	10,055,000	1.00-5.00%	10,055,000
Series 2011 A	9,060,000	4.00-5.00%	8,050,000
Series 2011 B	7,680,000	2.05-4.00%	7,680,000
Series 2010 A	6,585,000	3.00-5.125%	4,255,000
Series 2010 B	19,730,000	4.10-5.83%	19,730,000
Series 2010 C	18,000,000	5.80%	18,000,000
Revenue Refunding Bonds Series 2009	7,755,000	3.50-4.00%	4,185,000
Facilities Improvement Revenue Bonds Series 2005	16,000,000	4.25%	750,000
	124,465,000		100,945,000
Original issue discount/premium			5,865,853
			106,810,853

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

	Principal	Interest
2015	$ 4,470,000	$ 4,365,325
2016	4,640,000	3,718,051
2017	4,790,000	3,563,750
2018	4,960,000	3,400,293
2019	5,135,000	3,226,247
2020-2024	28,820,000	12,986,594
2025-2029	35,220,000	6,585,614
2030-2032	12,910,000	716,674
	100,945,000	$ 38,562,548
Original issue discount premium	5,865,853	
	$ 106,810,853	

The University leases an airplane under a capital lease. The asset and related liability were recorded at the present value of the future payments due under the lease as determined using a 4.5% interest rate. The University is also leasing other physical plant equipment under capital lease agreements. The assets and related liabilities of the other equipment were recorded at the present value of future payments due under the lease as determined using a 13.331% interest rate. The University entered into municipal lease purchase arrangements for energy savings with Long Energy Solutions. Proceeds were transferred to an escrow agent's construction account. As billings are received for construction costs, they will be paid from the escrow account. At the end of the construction period, February 2014, quarterly lease payments will commence. At June 30, 2014, the construction costs of $4,186,723 have been placed in a construction-in-progress account and have not been depreciated.

The following is a schedule of future minimum lease payments due under the capital leases, together with the net present value of the minimum lease payments, as of June 30, 2014:

	Airplane	Other Equipment	ESCo Building Project	Total
2015	$ 135,907	$ 15,224	$ 404,286	$ 555,417
2016	22,664	-	413,258	435,922
2017	-	-	422,208	422,208
2018	-	-	431,144	431,144
2019	-	-	440,428	440,428
2020-2024	-	-	2,349,618	2,349,618
2025-2029	-	-	2,009,871	2,009,871
Total minimum lease payments	158,571	15,224	6,470,813	6,644,608
Less amount representing interest	(4,379)	(1,189)	(1,190,850)	(1,196,418)
Net present value of minimum lease payments	$ 154,192	$ 14,035	$ 5,279,963	$ 5,448,190

The cost of assets acquired under capital lease is $5,950,644. Accumulated amortization as of June 30, 2014 is $1,763,921. Amortization of leased assets is included in depreciation expense.

Bonds payable: The Foundation issued revenue bonds in the aggregate principal amount of $3,700,000, pursuant to an Indenture of Trust, dated November 2007, by and between the Foundation and Wells Fargo Bank, N.A. The aggregate amount includes $1,155,000 of serial bonds and $2,545,000 of term bonds. The proceeds were used by the Foundation to help finance the cost of constructing and equipping the Conference Center located at 22nd Street and Grand Avenue in Laramie, Wyoming. The bonds bear interest from the date of issue to maturity or earlier redemption with interest payable semi-annually on May 1 and November 1 of each year. The Foundation has made all required debt payments.

The debt service requirements for the Bonds are as follows:

Year	Principal Due November 1	Interest	Interest Rate	Annual Debt Service
2014	$ 95,000	$ 96,791	5.55%	$ 191,791
2015	100,000	188,309	5.60%	288,309
2016	110,000	182,709	5.65%	292,709
2017	115,000	176,494	5.72%	291,494
2018	120,000	169,916	5.79%	289,916
2019	125,000	162,968	5.84%	287,968
2020	135,000	155,668	5.95%	290,668
2021	140,000	147,635	5.95%	287,635
2022	150,000	139,305	5.95%	289,305
2023	160,000	130,380	6.15%	290,380
2024	170,000	120,540	6.15%	290,540
2025	180,000	110,085	6.15%	290,085
2026	190,000	99,015	6.15%	289,015
2027	1,420,000	87,330	6.15%	1,507,330
	$ 3,210,000	$ 1,967,145		$ 5,177,145

The bonds maturing on or after November 1, 2018 are redeemable by the Foundation on any date on or after November 1, 2017, in whole or in part, at a redemption price equal to 100% of the principal amount of the bonds being redeemed and accrued interest to the redemption date. The bonds maturing on November 1, 2022 and November 1, 2027 are subject to mandatory sinking fund redemptions at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date.

Since the Foundation no longer had an interest in the Conference Center at year end, they were required by the Bond Council to transfer funds in the amount of $3.7 million to certain “permitted investments” to satisfy future obligations on the bonds.

Note 6. Risk Management

The University is exposed to various risks of loss including torts, theft 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 $100,000 for liability and from $1,000 to $250,000 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 years ended June 30, 2014 and 2013:

	2014	2013
Unpaid claims, beginning of fiscal year	**$ 750,000**	$ 750,000
Claims incurred	**181,051**	174,824
Claims paid	**(181,051)**	(174,824)
Unpaid claims liability, end of fiscal year	**$ 750,000**	$ 750,000

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 $664 per month for a single participant, $1,317 for a participant plus his/her spouse, $1,008 for a participant plus children, $1,506 per participating family, or $753 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 and contributes 100% of the premium per month for each eligible employee at the rate of $0.175 per $100 of payroll. 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 years 2014 and 2013 were $1,540,611 and $1,530,586, respectively.

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 during fiscal years 2014 and 2013 are as follows for the University's participation in the Unemployment Compensation Act program:

	2014	2013
Unpaid claims, beginning of fiscal year	**$ -**	$ -
Claims incurred	**205,213**	186,310
Claims paid	**(205,213)**	(186,310)
Unpaid claims liability, end of fiscal year	**$ -**	$ -

Note 7. 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), but as the University's accountability does not extend beyond making these appointments, WRI is not included in these financial statements.

Note 8. Commitments and Contingencies

The University has contracted and/or appropriated funds for the planning and construction or maintenance of several facilities with an aggregate cost of approximately $217,954,000. As of June 30, 2014, the remaining commitment to complete these projects totaled approximately $69,361,850. These completion costs will be financed by a combination of State appropriations and private gifts and grants.

The University is a defendant in several lawsuits including various claims related to its normal operations. The University believes that final settlement of matters not covered by insurance will not materially affect its financial condition.

Note 9. Retirement and Pension Plans

Eligible University employees have the option of participating in either the Wyoming Retirement System (WRS) or Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). WRS is a cost-sharing, multiple-employer public employee defined benefit, contributory retirement plan. TIAA-CREF is a defined contribution plan.

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

Statutes require that 14.62% (effective September 1, 2013) of the covered employee’s salary be contributed to the plan, one-half by the employee and the other half by the employer. The University contributes 12.94% of the employee’s gross salary funded primarily through appropriations from the State Legislature. The employee contributes the remaining 1.68%. Subsequent to June 30, 2014, the required contribution will increase to 15.87% of which the University will contribute 13.81% and the employee will contribute 2.06%. Contributions are funded as accrued and are immediately vested. For the years ended June 30, 2012, 2013 and 2014, the University’s contributions to the WRS were $7,517,552, $7,498,797 and $7,625,551, respectively.

As previously noted, some employees opt to participate in TIAA-CREF, which is a defined contribution plan. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. TIAA-CREF also requires contributions of 14.62% of participating employees’ salaries. Like WRS, statutes require that contributions be funded by both the employer and employee, and the University has elected to fund 12.94% of the employee’s gross salary with the employee contributing the remaining 1.68%. Subsequent to June 30, 2014, the required contribution will increase to 15.87% of which the University will contribute 13.81% and the employee will contribute 2.06%. Contributions are funded as accrued and are immediately vested. The contributions for the years ended June 30, 2012, 2013 and 2014 were $14,753,805, $15,218,655 and $15,462,927, respectively.

Additionally, the University contributed 1% of benefited payroll to the State as a subsidy for retiree benefits. The contributions for the years ended June 30, 2012, 2013 and 2014 were $1,089,652, $1,088,741 and $1,084,733, respectively.

Note 10. Postemployment Benefits Other Than Pensions

Plan description: The University of Wyoming participates in one single-employer postemployment plan, for healthcare and life insurance. The Board of Trustees (the "Board") has the authority for establishing and amending this plan. This plan does not have a separate report.

Under the healthcare plan, any employee who retires and has completed twenty-five (25) years of service with the University or has fifteen (15) years of University service immediately preceding the date of retirement shall receive a benefit of conversion of up to 960 hours of accrued sick leave to a state contribution for group health insurance. The conversion is a rate of 1.5 months of coverage for each five (5) days of sick leave (a maximum of 36 months of premiums). There are 3,084 active employees and 518 retirees participating in the plan as of July 2012, the census date used for the actuarial valuation. As of June 30, 2014, there are 3,039 active employees and 644 retirees participating in the plan.

Under the life insurance plan, any employee who retires and has completed twenty-five (25) years of service with the University or who has attained the age of 60 with fifteen (15) years of immediately preceding University service can also have a one-half of his/her life insurance premium paid by the University.

Funding policy: The University finances this program on a pay-as-you-go basis. The Board has the authority for establishing and amending the funding policy.

Annual OPEB cost and OPEB obligation: The major component of the University's annual other postemployment benefit (OPEB) cost is the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC is the sum of the normal cost and the amortization of the unfunded actuarial accrued liability. The unfunded actuarial accrued liability is amortized over the maximum allowable period of 30 years on an open basis.

The other components of the annual OPEB cost are one year's interest on the net OPEB obligation at the beginning of the year and adjustment to the ARC. The adjustment to the ARC is the discounted present value of the net OPEB obligation at the beginning of the year.

The table below shows the components of the University's annual OPEB cost for the fiscal years 2014 and 2013, the amount actually contributed to the plan, and changes in the University's net OPEB obligation:

	2014	2013
Annual required contribution	**$ 3,004,200**	$ 3,004,200
Interest on net OPEB obligation	**335,706**	255,400
Adjustment to annual required contribution	**(332,106)**	(251,800)
Annual OPEB cost (expense)	**3,007,800**	3,007,800
Employer contributions	**(1,221,600)**	(713,700)
Increase in net OPEB obligation	**1,786,200**	2,294,100
Net OPEB obligations, beginning of year	**9,591,600**	7,297,500
Net OPEB obligations, end of year	**$ 11,377,800**	$ 9,591,600

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years 2014, 2013 and 2012 was as follows:

	2014	2013	2012
Annual OPEB cost	**$ 3,007,800**	$ 3,007,800	$ 2,890,700
Percentage of annual OPEB cost contributed	**40.6%**	23.7%	33.3%
Net OPEB obligation	**$ 11,377,800**	$ 9,591,600	$ 7,297,500

Funded status and funding progress: As of July 1, 2012, the actuarial valuation date, the actuarial accrued liability for benefits was $24,462,600, all of which was unfunded. The covered payroll as of the actuarial valuation date (annual payroll of active employees covered by the plan) was $182,937,071, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 13.4%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Methods and assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits in force at the valuation date. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Valuation date – July 1, 2012
Discount rate – 3.5% annual
Census data – as of July 2012

Actuarial cost method – projected unit credit with benefits attributed from the date of hire to expected retirement age.

Amortization method – the unfunded actuarial accrued liability is amortized over the maximum acceptable period of 30 years on an open basis. It is calculated with an assumption that payroll increases by 3.5% per year.

Health care cost trend rate – the following annual trend rates are applied on a select and ultimate basis:

Benefit	Select	Ultimate
Medical	9.0%	5.0%
Dental	5.0%	5.0%

Select trends are reduced by 0.5% each year until reaching the ultimate trend.

Retiree contributions – These are assumed to increase with health care cost trend.

Retirement age – Annual retirement probabilities have been determined based on age and years of service.

Mortality – RP-2000 Table, applied on a gender-specific basis.

Termination – The rate of withdrawal for reasons other than death and retirement depend upon years of service in the first five years of employment and age thereafter. These rates are dependent on an employee's age, year of service, and gender.

Plan participation percentage – It is assumed that 95% of all future retirees and their dependents who are eligible for benefits participate in the postemployment benefit plan.

Spousal coverage – The assumed number of eligible spouses is based on the current census information.

Salary increase assumption – 3.5% per annum.

The following is a summary of the funding progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2012	$ -	$ 24,462,600	$ 24,462,600	0.0%	$ 182,937,100	13.4%
7/1/2010	-	22,742,900	22,742,900	0.0%	178,598,800	12.7%
7/1/2008	-	15,130,000	15,130,000	0.0%	168,254,400	9.0%

Note 11. Natural Classifications with Functional Classifications

The University's operating expenses by natural classification for June 30, 2014 and 2013 were as follows:

	2014				
	Natural Classification				
Functional Classification	**Compensation and Benefits**	**Supplies and Services**	**Depreciation**	**Scholarships**	**Total**
Instruction	**$ 126,300,742**	**$ 15,517,700**	**$ -**	**$ -**	**$ 141,818,442**
Research	**42,662,447**	**30,216,904**	**-**	**-**	**72,879,351**
Public service	**28,350,100**	**9,870,249**	**-**	**-**	**38,220,349**
Academic support	**17,781,833**	**14,640,716**	**-**	**-**	**32,422,549**
Student services	**8,997,597**	**6,435,079**	**-**	**-**	**15,432,676**
Institutional support	**30,527,578**	**12,795,453**	**-**	**-**	**43,323,031**
Operation of plant	**12,147,647**	**13,740,390**	**-**	**-**	**25,888,037**
Scholarships	**-**	**-**	**-**	**62,755,491**	**62,755,491**
Auxiliary enterprises	**28,755,260**	**30,745,020**	**-**	**-**	**59,500,280**
Depreciation	**-**	**-**	**28,622,091**	**-**	**28,622,091**
Total expenses	**$ 295,523,204**	**$ 133,961,511**	**$ 28,622,091**	**$ 62,755,491**	**$ 520,862,297**

	2013				
	Natural Classification				
Functional Classification	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	Total
Instruction	$ 121,597,364	$ 15,960,949	$ -	$ -	$ 137,558,313
Research	44,424,505	32,135,466	-	-	76,559,971
Public service	28,433,791	8,543,952	-	-	36,977,743
Academic support	18,656,192	12,255,710	-	-	30,911,902
Student services	8,841,838	5,212,092	-	-	14,053,930
Institutional support	28,725,102	11,076,437	-	-	39,801,539
Operation of plant	12,404,442	11,267,365	-	-	23,671,807
Scholarships	-	-	-	64,341,889	64,341,889
Auxiliary enterprises	26,938,944	28,244,269	-	-	55,183,213
Depreciation	-	-	27,299,780	-	27,299,780
Total expenses	$ 290,022,178	$ 124,696,240	$ 27,299,780	$ 64,341,889	$ 506,360,087

Note 12. Segment Information

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets and liabilities that are required by an external party to be accounted for separately. The University has one segment that meets the reporting requirements of GASB Statement No. 35. Included in this segment, are operations of residence halls, apartments, cafeterias, dining halls, other food service facilities, bookstore and telecommunications in addition to revenues from other sales and services, University Permanent Fund, and mineral royalties.

Condensed Statement of Net Position	**2014**	2013
Assets:		
Current assets	**$ 33,518,319**	$ 61,879,825
Noncurrent assets	**342,294**	466,694
Total assets	**$ 33,860,613**	$ 62,346,519
Deferred Outflows of Resources	**$ 857,684**	$ 941,948
Liabilities:		
Current liabilities	**$ 3,922,294**	$ 28,320,486
Noncurrent liabilities	**1,038,541**	952,680
Total liabilities	**$ 4,960,835**	$ 29,273,166
Deferred Inflows of Resources	**$ 61,825**	$ 72,425
Net position:		
Net investment in equipment	**$ 342,294**	$ 466,694
Restricted for maintenance required by bond resolution	**500,000**	500,000
Restricted for capital projects	**2,833,890**	3,294,144
Unrestricted	**26,019,453**	29,682,038
Total net position	**$ 29,695,637**	$ 33,942,876

Condensed Statement of Revenues, Expenses, and Changes in Net Position	**2014**	2013
Operating revenues:		
Sales	**$ 21,474,639**	$ 21,400,185
Rents and fees	**16,019,067**	16,296,309
Nonenterprise revenue	**14,265,000**	14,265,000
Miscellaneous	**712,940**	234,554
Total operating revenues	**52,471,646**	52,196,048
Operating expenses:		
Operating expenses	**31,346,223**	29,893,827
Depreciation	**162,264**	226,779
Total operating expenses	**31,508,487**	30,120,606
Operating income	**20,963,159**	22,075,442
Nonoperating revenues, investment income	**3,201,937**	4,219,878
Nonoperating expenses and other items:		
Interest on indebtedness	**(5,027,052)**	(4,993,612)
Retirement of indebtedness	**(3,940,000)**	(3,645,000)
Expanded for plant facilities	**(25,016,896)**	(17,221,460)
Mandatory transfers	**1,230,831**	1,021,617
Nonmandatory transfers	**4,340,782**	(3,549,611)
Bond issuance costs	**-**	(286,662)
Total nonoperating expenses and other items	**(28,412,335)**	(28,674,728)
Increase (decrease) in net position	**(4,247,239)**	(2,379,408)
Net position, beginning of year, as previously reported	**33,942,876**	37,001,092
Adjustment to prior years (Note 14)	**-**	(678,808)
Net position, beginning of year, as restated	**33,942,876**	36,322,284
Net position, end of year	**$ 29,695,637**	$ 33,942,876
Condensed Statement of Cash Flows		
Net cash provided by operating activities	**$ 21,715,637**	$ 22,241,906
Net cash (used in) capital financing activities	**(58,765,994)**	(9,733,722)
Net cash provided by (used in) noncapital financing activities	**6,358,780**	(964,141)
Net cash provided by (used in) investing activities	**19,311,888**	(14,241,748)
Net (decrease) in cash	**(11,379,689)**	(2,697,705)
Cash and cash equivalents, beginning of year	**40,715,316**	43,413,021
Cash and cash equivalents, end of year	**$ 29,335,627**	$ 40,715,316

Note 13. Service Concession Arrangement

During the year ended June 30, 2012, the University adopted the provisions of Statement No. 60 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Service Concession Arrangements.* On July 1, 2011, the University entered into an agreement with an unrelated entity that provides for the construction of a 332-bed student housing facility, Bison Run Village, on land owned by the University Bison Run Village. The agreement expires after 32 years at which time ownership of the facility reverts to the University. The University will manage the facility for the owner over the term of the agreement.

In August 2012, construction was completed on the Bison Run Village project and the facility was placed into service. The facility is being operated by the University under a management agreement for the next 31 years. At the end of the arrangement, ownership and operation of the project will be transferred to the University. The University is reporting the project as a capital asset with a carrying amount of $15,167,172 and related deferred inflows of resources of $15,167,172 at June 30, 2014.

Note 14. New Pronouncement

On July 1, 2013, the University implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which states that debt issuance costs should be recognized as an expense in the period incurred. The accounting change adopted to conform to the provisions of GASB 65 has been applied retroactively by restating the beginning net position of the earliest period presented.

At June 30, 2013 and 2012, the University reported an asset of $772,319 and $678,808, respectively, related to capitalized bond issuance costs. The total debt issuance cost of $678,808 has been reported as a restatement of beginning net position for the year ended June 30, 2013. The statement of revenue, expenses and changes in net position for the year ended June 30, 2013 has also been restated by increasing bond issuance costs and the net decrease in net position by $93,511.