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

Independent Auditor’s Report and Financial Statements

June 30, 2018

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(A Component Unit of the State of Wyoming)
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Contents

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Independent Auditor's Report

Board of Trustees
University of Wyoming
Laramie, Wyoming

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the University of Wyoming (the University), a component unit of the State of Wyoming, as of and for the year ended June 30, 2018, 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 (the Foundation), the discretely presented component unit of the University. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Foundation is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Board of Trustees
University of Wyoming

Opinions

In our opinion 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the financial statements, in the current year the University changed its method of accounting for capitalized interest. Our opinions are not modified with respect to this matter.

As discussed in Note 3 to the financial statements, the beginning net position has been restated for a correction of an error. Our opinion has not been modified with respect to this matter.

Prior Year Audited by Other Auditors

The 2017 financial statements, before they were restated for the matters discussed in Note 3, were audited by other auditors, and their report thereon, dated November 28, 2017, expressed unmodified opinions. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

BKD, LLP

Denver, Colorado
November 15, 2018

University of Wyoming
(A Component Unit of the State of Wyoming)
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2018

Overview

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

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

Understanding the Financial Statements

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

- The ***Independent Auditor's Report*** presents unmodified opinions prepared by the University's auditors (an independent certified public accounting firm, BKD LLP) on the fairness, in all material respects, of the University and its discretely presented component unit's respective financial position, changes in financial position and where applicable cash flows thereof.

- The ***Statement of Net Position*** presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at a point in time (June 30, 2018). Its purpose is to present a financial snapshot of the University. This statement aids readers in determining the assets available to continue the University's operations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of UW is improving or deteriorating.

- The ***Statement of Revenues, Expenses and Changes in Net Position*** presents the total revenues earned and expenses incurred by the University for operating, nonoperating, and other related activities during a period of time (the year ended June 30, 2018). Its purpose is to assess UW's operating results.

- The ***Statement of Cash Flows*** presents the University's cash receipts and payments during a period of time (the year ended June 30, 2018). Its purpose is to assess UW's ability to generate net cash flows and meet its payment obligations as they come due.

- ***Notes to the Financial Statements*** present additional information to support the financial statements and are commonly referred to as Notes. Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found. We suggest that you combine this financial analysis with relevant nonfinancial indicators to assess the overall health of the University.

Financial Highlights

The following significant financial highlights occurred during the year ended June 30, 2018:

- During fiscal year 2018, the University implemented a new financial management system, new chart of accounts and contracted with a new audit firm.

- University assets total $1,629.2 million. These assets include $555.0 million of cash and investments, $952.2 million of capital assets, net of depreciation and $122.0 million of other assets.

- University liabilities include $94.7 million of current liabilities estimated to be payable within the 2019 fiscal year. Noncurrent liabilities include $21.4 million for employee future compensated absences, $5.8 for U.S. government loans refundable, $80.4 million for the noncurrent portion of bonds payable, $3.8 million of capital lease obligations, $75.7 million for net pension liability as required by Governmental Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions* and $187.9 million for Other Postemployment Benefit (OPEB) liability as required by Governmental Accounting Standards Board Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

- GASB 68 also requires the University to record deferred outflows of resources and deferred inflows of resources related to pensions, which primarily reflect the changes in actuarial assumptions used to value the overall pension liability that will be recognized in future periods. Deferred outflows of resources were $10.5 million and deferred inflows of resources related to pensions were recorded in the amount of $8.9 million.

- GASB 75 requires the University to record deferred outflows of resources and deferred inflows of resources related to OPEB, which primarily reflect the changes in actuarial assumptions used to value the overall OPEB liability that will be recognized in future periods. Deferred outflows of resources were $12.1 million and deferred inflows of resources related to OPEB were $29.8 million for 2018. The University early implemented GASB 75 in 2017 for its single-plan or the Board of Trustees Retirement benefit, however the statewide multiple-employer plan was not implemented in 2017, as the necessary information was not available at that time. The University did not properly adopt the provisions of GASB 75 in 2017 because it was not implemented for both plans. The University included both plans in the OPEB liability for 2018. See more information in Note 3 to the financial statements.

- These assets and deferred outflows of resources and liabilities and deferred inflows of resources result in a total net position of $1,131.1 million at June 30, 2018. This increase in total net position of $91.5 million is detailed on the 2018 Statement of Revenues, Expenses and Changes in Net Position.

- The University's unrestricted net position at June 30, 2018 is negative ($129.3 million). Unrestricted net position is comprised of $150.4 million, which may be used to meet the University's ongoing obligations, less the University's negative unrestricted net position for pension and OPEB related items ($279.7 million). At June 30, 2018, the University's total net position included $413.4 million restricted by donor, grantor, or other external party intentions, and $847.1 million is net investments in capital assets.

- Operating revenues from student tuition, restricted grants and other operating revenues increased by 16.5% percent, from $224.6 million in fiscal year 2017 to $261.7 million in fiscal year 2018. The majority of this increase was related to increases in grant and contract revenue and other operating revenues.

- Nonoperating revenues decreased 22.7 percent in 2018 due the University's decision to follow National Association of College and Business Officers (NACUBO) guidance to report federal direct loan inflows and outflows only through the cash flow statement. State appropriations decreased by 16 percent.

- Total operating expenses decreased by 9.1 percent, from $575.8 million in 2017 to $523.5 million in 2018.

- The University completed $96.8 million of capital asset additions during 2018. Depreciation expense for the University decreased 0.3 percent during fiscal year 2018, from $36.7 million in 2017 to $36.6 million in 2018.

- The University had $239.3 million and $158.9 million in construction projects in progress as of June 30, 2018 and 2017, respectively.

<u>Statement of Net Position</u>

The Statement of Net Position is a snapshot of the University's financial resources at June 30, 2018. This statement presents:

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

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

Condensed Statements of Net Position
(in millions)

	Fiscal Year	
	2018	**2017***
Current assets	$ 373.7	$ 371.1
Noncurrent assets:		
Investments	256.4	224.8
Capital assets, net of accumulated depreciation	952.1	893.3
Other assets	47.0	51.2
Total Assets	$ 1,629.2	$ 1,540.4
Deferred outflows of resources on refinancing of bonds	$ 0.5	$ 0.6
Pension related deferred outflows of resources	10.5	19.2
Deferred outflows of resources - other post-employment benefits	12.1	-
Total deferred outflows of resources	23.1	19.8
Total Assets and Deferred Outflows of Resources	$ 1,652.3	$ 1,560.2
Current liabilities	$ 94.6	$ 106.9
Noncurrent liabilities	375.0	216.6
Total Liabilities	$ 469.6	$ 323.5
Service concession agreement	$ 12.7	$ 13.2
Pension related deferred inflows of resources	8.9	3.0
OPEB related deferred inflows of resources	29.8	0.6
Deferred inflows of resources - other	0.2	-
Deferred inflows of resources	$ 51.6	$ 16.8
Total Liabilities and Deferred Inflows of Resources	$ 521.2	$ 340.3
Net Position:		
Net investment in capital assets	$ 847.1	$ 797.7
Restricted:		
Nonexpendable	247.7	170.0
Expendable	165.6	342.8
Unrestricted	(129.3)	(90.6)
Total Net Position	$ 1,131.1	$ 1,219.9

* The 2017 information above was not restated for the effects of the adjustments to beginning net position (see note 3).

Assets

Current Assets

Current assets increased from $371.1 million to $373.7 million between June 30, 2017 and 2018, respectively. This $2.6 million increase was primarily due to a $3.4 million increase in accounts receivable and receivable from the state, offset by $1.4 million decrease in student loans receivable and a decrease in inventories of $0.2 million.

Other Noncurrent Assets

Long-term investments increased from $231.0 million at June 30, 2017 to $256.4 million at June 30, 2018. The $25.4 million increase in fiscal year 2018 reflects a healthy state of long-term investments.

Capital Assets

The University's single largest financial resource is its campus facilities and capital assets. Capital assets consist of University property and improvements.

As of June 30, 2018, gross capital assets of $1,481.5 million, net of $529.3 million accumulated depreciation, totaled $952.2 million. This is a $58.9 million (6.6 percent) increase from fiscal year 2017, when capital assets of $1,386.8 million, net of $493.5 million accumulated depreciation, totaled $893.3 million.

This increase in net capital assets is primarily attributable to ongoing construction in progress totaling $239.3 million at June 30, 2018. Capital construction projects underway in fiscal year 2018 were the Arena Auditorium, Engineering Education and Research Building and the Mick and Susie McMurry High Altitude Performance Center.

Note 6 of this report summarizes the changes in capital assets between June 30, 2017 and June 30, 2018.

Liabilities

Current Liabilities

The University's non-debt obligations and commitments arising from past events that are expected to result in a consumption of resources are current liabilities. Current liabilities include amounts owed to vendors, personnel commitments, deposits held in custody for others, current portion of bonds payable and capital lease obligations. Accounts payable and payroll and related liabilities of $53.1 million are the University's most significant current liabilities. Accounts payable decreased by $2.5 million, while payroll and related liabilities increased by $6.3 million from 2017 to 2018.

Accounts payable liabilities were $24.3 million and included amounts payable for goods and services rendered to the University as of June 30, 2018. Accounts payable liabilities at June 30, 2017 were $26.8 million. The balance of accounts payable fluctuates with the needs for goods and services on campus and projects underway from year to year.

Payroll and related liabilities at June 30, 2018 were $ 28.8 million and were comprised of salaries and wages and employer and employee portions of benefits due at June 30, 2018. Payroll and related liabilities at June 30, 2017 were $22.5 million.

Unearned revenues of $5.6 million includes tuition and fees; room and board and athletic ticket sales received by June 30, 2018 for services to be provided in fiscal year 2019. These amounts will be recognized as revenue in future periods after all conditions have been satisfied.

Deposits held in custody for others of $9.0 million at the end of fiscal year 2018, represent assets held by the University on behalf of agency funds. Deposits held in custody for others at the end of fiscal year 2017 were $9.8 million. During the process of implementing a new chart of accounts, accounts were identified that no longer qualified as agency funds that had previously been considered as such. During conversion to the new chart of accounts, these funds identified were removed from the agency fund category.

The current portion of accrued compensated absences totaled $21.4 million at June 30, 2018. This balance is made of accrued sick and vacation balances. The current portion of accrued compensated absences totaled $22.3 million at June 30, 2017. The UW Board of Trustees adopted a policy during 2017 that allows sick leave to be paid out (subject to certain restrictions) in the same manner as vacation pay upon termination of employment.

The current portion of revenue bonds payable, or the principal due in the 12 months following year-end, totaled $5.2 million at June 30, 2018 and $5.6 million at June 30, 2017.

The current portion of capital lease obligations payable at June 30, 2018 and 2017 was $0.3 for both years.

Noncurrent Liabilities

The University's noncurrent liabilities include the University's net pension liability and Other Post Employment Benefit (OPEB) liability required by GASB 68 and GASB 75, respectively; commitments to pay employee compensated absences for vacation and sick leave; revenue bonds payable and capital lease obligation.

GASB 68 requires the University to recognize the University's proportionate share of the net pension liability of the Wyoming Retirement System as a liability in the University's financial statements. Details concerning the University's GASB 68 pension liability and expense are provided by Note 8 of these financial statements. The University has reported the net pension liability for the Wyoming Retirement System's Public Employee plan since GASB 68 was implemented in 2015, however the Law Enforcement plan was not reported at that time or subsequent years, as the net pension liability relating to the Law Enforcement plan was immaterial to the audited financial statements. While the net pension liability under GASB 68 for the Wyoming Retirement System Law Enforcement Plan remains immaterial to the University, the University has opted to record the law enforcement's net pension liability under GASB 68 in the current year.

The University's net pension liability required by GASB 68 decreased from $84.6 million at June 30, 2017 to $75.7 million at June 30, 2018. This change was due to the changes in assumptions in the actuarial valuation used to calculate the net pension liability.

The University's noncurrent liability for employee compensated absences remained relatively stable between June 30, 2017 and June 30, 2018 reported at $22.3 million and $21.4 million, respectively.

Net Position

Net position represents the resources available for future operations. The University's total net position equals assets plus deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Total net position increased from $1,039.6 million at June 30, 2017 (as restated) to $1,131.1 million at June 30, 2018.

The University's largest class of net position is its capital assets, comprising $847.1 million of the University's net position. Net investment in capital assets increased by $49.4 million from June 30, 2017 to 2018, up from $797.7 million. These capital assets represent the University's net investment in campus facilities, equipment, land and infrastructure essential to fulfilling the University's teaching, research and service mission.

The University's total net position increased by $91.5 million during fiscal year 2018 compared to a $61.6 million increase in fiscal year 2017. The decrease is related to the implementation of GASB 75 in fiscal year 2018, which requires the University to record deferred outflows of resources and deferred inflows of resources related to OPEB which primarily reflect the changes in actuarial assumptions used to value the overall OPEB liability that will be recognized in future periods. The University recorded a $187.9 million OPEB liability in fiscal year 2018, relating to the State of Wyoming Group Insurance Retiree Health Plan and the University of Wyoming Board Retirement Plan. The decrease in net position is also related to an increase in Wyoming Retirement System pension and OPEB expenses of $13.0 million in fiscal year 2018. The table below displays the effects of recording pension and OPEB on the University's net position.

Effects of Recording Pension and OPEB liabilities on Net Position

	2018	2017*
Net Position	$ 1,131,147,296	$ 1,219,890,777
Add back:		
GASB 68-Pension	74,089,140	68,312,541
GASB 75-OPEB	205,594,417	14,222,603
Net Position excluding Pension and OPEB	$ 1,410,830,853	$ 1,302,425,921

*Not restated. See Note 3 for restatements affecting fiscal year 2017.

Statement of Revenues, Expenses and Changes in Net Position

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

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

	Fiscal Year 2018		Fiscal Year 2017 *	
Operating revenues	$	261.7	$	224.6
Operating expenses		(523.5)		(575.8)
Operating loss		(261.8)		(351.2)
Net nonoperating revenues		261.5		339.6
Loss before other revenue, expenses, gains and losses	$	(0.3)	$	(11.6)
State Appropriations restricted for capital purposes and additions to permanent endowments		91.8		89.5
Increase in Net Position	**$**	**91.5**	**$**	**77.9**
Net Position-beginning of year as previously stated		1,219.9		1,142.0
Restatement to prior period		(180.3)		-
Net Position beginning of year, as restated		1,039.6		1,142.0
Net Position-End of Year	**$**	**1,131.1**	**$**	**1,219.9**

*Not restated. See Note 3 for restatements affecting fiscal year 2017.

Revenues

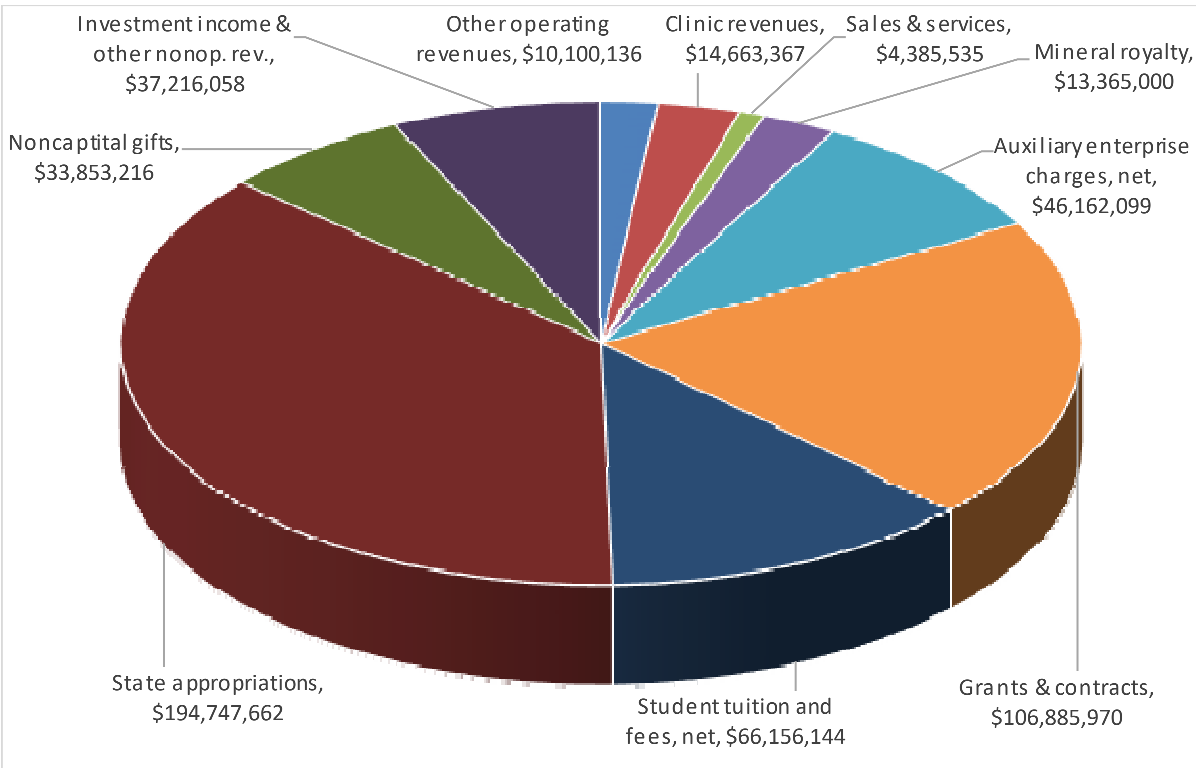
Operating revenues are earned by providing goods and services to the various customers of the University. Operating expenses are paid to acquire or produce goods and services necessary to carry out the mission of the University. They are directly related to generating operating revenues.

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

Net revenue from all sources, net of scholarship allowances, totaled $619.1 million during fiscal year 2018, which was a $26.6 million decrease from $645.7 million in total revenue during fiscal year 2017. Of the $619.1 million in net revenue earned in fiscal year 2018, $261.8 million was generated from operating revenues, and $261.5 million was earned in nonoperating revenues and $91.8 was state appropriations restricted for capital purposes and addition to permanent endowments.

The following chart shows the percentage breakout of total revenue by funding source for fiscal year 2018.

TOTAL REVENUE SOURCES



Operating Revenues

Operating revenues are derived from tuition and fees, auxiliary activity, grants and contracts, and other operating revenues.

- Total operating revenues increased by $37.1 million, or 16.5 percent, between fiscal years 2017 to 2018. The increase is made up in part to tuition and fee revenue increasing by $10.6 million, grant and contract revenue increasing by $14.9 million and other operating revenues increasing by $7.1 million.

- Tuition and fees revenues, net of scholarship allowances, totaled $66.2 million, and were 10.8 percent of total revenues in fiscal year 2018. Fiscal year 2017 net tuition and fee revenues were $55.6 million and were 8.6 percent of total revenues. Reporting standards require tuition and fees to be shown net of scholarship allowances, which were $35.8 million and $33.2 million for fiscal years 2018 and 2017, respectively. Scholarship allowances are those portions of tuition and fees that are paid by other revenues, primarily federal and state grants for financial aid and general institutional scholarships (see Note 1).

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 and 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, 87% of UW's total revenue was derived from sources other than student tuition and fees.

<u>Nonoperating Revenues</u>

The University's nonoperating revenues are comprised of state appropriations, gifts, federal nonoperating revenue (Pell grant), investment income, and other nonoperating revenues.

- Total net nonoperating revenues were $261.5 million and $339.5 million in fiscal years 2018 and 2017, respectively. This decrease was primarily due to a the University choosing to follow National Association of College and Business Officers' guidance to report Federal Direct Loan inflows and outflows on the cash flows statement only. Prior to fiscal year 2018, Federal Direct Loans were reported as nonoperating revenues and operating expenses.

- Nonoperating state appropriation revenues decreased by $37.1 million. Revenues were $194.7 million, or 31.4 percent of total revenues, compared to $231.8 million, or 35.9 percent of total revenues during fiscal years 2018 and 2017, respectively.

- Federal Pell grant revenue is considered a federal entitlement program rather than a restricted grant program. Therefore, Pell grant revenue is recognized as nonoperating revenue. Federal Pell grant revenue was $9.4 million in 2018.

Expenses

<u>Operating Expenses</u>

Total operating expenses were $523.5 million and $575.8 million for fiscal years 2018 and 2017, respectively, a decrease of $52.3 million, or 9.1 percent. This decrease was the result the University choosing to follow National Association of College and Business Officers' guidance to report Federal Direct Loan inflows and outflows on the cash flows statement only. Prior to fiscal year 2018, Federal Direct Loans were reported as nonoperating revenues and operating expenses.

Management's Analysis of Natural Classifications

The following table illustrates expenses by natural classifications which represents expense by type, regardless of the program or service. Primary expenditure increases and decreases were the result of salary and benefit decreases, depreciation, and scholarship changes.

Natural Classifications

Operating Expenses by Natural Classification
(in millions)

	Fiscal Years	
	2018	2017
Compensation and benefits	$ 324.7	$ 351.4
Supplies and support services	149.1	128.7
Scholarships	13.2	59
Depreciation	36.5	36.7
Total Operating Expenses	**$ 523.5**	**$ 575.8**

Compensation and benefits decreased by $26.7 million due to budget decreases resulting from the state's decreased budget in the fiscal year 2017 biennium of $42 million for the University of Wyoming. The University eliminated over 300 position due to these budget cuts.

Supplies and support services increased by $20.4 million due as a result of increased research, community service programs, student service expenses and institutional support.

The decrease in Scholarship expense is due to the University's decision to follow National Association of College and Business Officers (NACUBO) guidance to report federal direct loan inflows and outflows only through the cash flow statement.

Depreciation expense remained steady from fiscal year 2018 to 2017.

Statement of Cash Flows

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

The primary cash received from operating activities includes tuition and fees, grant and gift revenues, and auxiliary revenue. Cash outlays for operations include payments for salaries, wages, benefits, supplies, and services. Just as the general property taxes and state appropriations are not reported as operating revenue, cash flows from both are not considered as operating sources, but as noncapital financing.

Significant changes in this statement are noted below:

- Operating activities of the University required $3.1 million more cash in fiscal year 2018 than 2017. Total operating activities were $244.5 million and $247.6 million in fiscal years 2018 and 2017, respectively.

- Cash flows provided by non-capital financing activities decreased 7.5 percent ($20.6 million), and were $254.9 million and $275.5 million in fiscal years 2018 and 2017, respectively. This decrease is primarily the result of a decrease in state appropriations in 2018.

- Cash used for capital and related financing activities decreased 95.8 percent, and were $3.7 million and $60.1 million in fiscal years 2018 and 2017, respectively. This is the result in part, of the University receiving $85.9 million in capital appropriations in 2018 compared to $37.4 million in 2017.

- In fiscal year 2018, cash provided by investing activities was $21.4 million. The University purchased $296.8 million in new investments, sold $291.0 million of investments, and received $27.2 million in realized investment earnings.

- Overall, the University's cash position increased 19.1 percent. Cash and cash equivalents were $175.3 million and $147.2 million at June 30, 2018 and 2017, respectively. This increase is primarily due to the increase in investment income.

Condensed Statements of Cash Flows
(in millions)

	2018	2017
Cash provided by (used in):		
Operating activities	$ (244.5)	$ (247.6)
Noncapital financing activities	254.9	275.5
Investing activities	21.4	3.2
Capital and related financing activities	(3.7)	(60.1)
Net increase (decrease) in cash	$ 28.1	$ (29.0)
Cash and cash equivalents, beginning of the year	147.2	176.2
Cash and cash equivalents, End of the Year	**$ 175.3**	**$ 147.2**

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.

As noted above in the Capital Assets section of this discussion, significant capital activity continued at the University of Wyoming in 2018, evidenced by $58.9 million net increase in capital assets. In 2017 and 2016, capital assets increased by $96.9 million.

Over the past two fiscal years, a total of $172.5 million in state appropriations restricted for capital purposes were received: $ 85.9 and $86.6 million in 2018 and 2017, 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)

	2018	2017
Buildings	$ 895.4	$ 895.0
Land and land improvements	42.1	41.8
Infrastructure	19.7	19.7
Construction in progress	239.3	159.0
Equipment	184.3	173.7
Library materials	100.6	97.5
Total cost of capital assets	$ 1,481.4	$ 1,386.7
Less accumulated depreciation	(529.3)	(493.4)
Capital Assets, net of depreciation	**$ 952.1**	**$ 893.3**

Debt Activity

Fiscal Year 2018-There was no debt issued in fiscal year 2018.

Fiscal Year 2017-The Trustees of the University of Wyoming (the Issuer) issued Series 2016, Facilities Refunding Revenue Bonds in October 2016, pursuant to the provisions of Wyoming Statute 21-17-402 through 21-17-450, for the purpose of providing moneys: (a) to advance refund all or a portion of the Issuer's outstanding Facilities Improvement Revenue Bonds, Series 2011A, and (b) to pay certain expenses in connection with the issuance of the Series 2016 Bonds. The principal amount of the refunding bonds issues was $7,620,000.

Economic Outlook

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

The State of Wyoming experienced an historic decline in revenue in state Fiscal Year (FY) 2016. In response Governor Mead and the Wyoming Legislature implemented significant budget reductions across all state agencies beginning in FY 2016 and expanding those cuts in FY 2017-18. The FY 2019-20 Biennium Budget approved during the 2018 legislative session continued the vast majority of the previous biennium's reductions and required the use of state budget reserves and temporary reallocation of funding streams away from savings accounts and into spending accounts to address the projected revenue shortfalls.

There is strong evidence however that the state is emerging from the downturn primarily on the strength of new crude oil exploration and production. In fact final FY 2018 General Fund/Budget Reserve Account revenue exceeded projections by $329.5 million. Furthermore, the October 2018 Consensus Revenue Estimating Group (CREG) report released October 24, 2018 includes an increase of $463.1 million in projected revenue available for appropriation during the FY 2019-20 biennium. In addition to strong crude oil projections, sales and use tax collections benefited from burgeoning economic activity primarily in the southern Powder River Basin. In total the projected revenue in the report essentially balances the state budget during the current biennium without the use of reserves and in fact would allow for a slight increase in spending of one to two percent into the future. All of this economic data bodes well for the University of Wyoming in the future.

During fiscal year 2018, S & P Global Ratings reaffirmed the University of Wyoming's AA- long term rating on outstanding Facilities Revenue Bonds. The rating outlook is stable. The AA- rating reflects UW's role as the state's only four-year public higher education institution, a very low maximum annual debt service burden and acceptable financial resources. (S & P Global Ratings).

Requests for Information

This financial report is designed to provide a general overview of the University of Wyoming's finances. If you have questions regarding any of the information provided in this report, or if you have a request for additional financial information regarding the University, please contact the Vice President for Finance and Administration, University of Wyoming, Department 3314, 1000 E. University Avenue, Laramie, WY 82071-2000.

Requests for copies of the 2018 financial statements for the University of Wyoming Foundation should be also addressed to the Vice President for Finance and Administration at the address provided above.

University of Wyoming
(A Component Unit of the State of Wyoming)
Statement of Net Position
June 30, 2018

Assets	
Current Assets	
Cash and cash equivalents	$ 175,090,152
Short-term investments	123,248,032
Grants receivable	40,632,725
Student accounts receivable, net	5,785,019
Receivable from the State of Wyoming	12,708,803
Other receivables, net	6,682,103
Current portion of student loans receivable, net	2,005,000
Inventories	3,611,265
Prepaid expenses	3,511,232
Other assets, current	382,244
Total current assets	373,656,575
Noncurrent Assets	
Restricted cash	195,948
Long-term investments	256,439,098
Student loans receivable, net	46,737,591
Capital assets, net	952,176,547
Total noncurrent assets	1,255,549,184
Total assets	1,629,205,759
Deferred Outflows of Resources	
Deferred loss on refunding	520,632
Pension related	10,500,226
Other postemployment benefit related	12,121,210
Total deferred outflows of resources	23,142,068
Total assets and deferred outflows of resources	1,652,347,827

University of Wyoming
(A Component Unit of the State of Wyoming)
Statement of Net Position (continued)
June 30, 2018

Liabilities	
Current Liabilities	
Accounts payable and accrued liabilities	24,323,453
Payroll and related liabilities	28,806,966
Unearned revenue	5,645,698
Deposits held in custody for others	9,000,602
Current portion of revenue bonds payable	5,175,000
Current portion of capital lease obligations	326,411
Accrued compensated absences	21,403,071
Total current liabilities	94,681,201
Noncurrent Liabilities	
Accrued compensated absences	21,403,070
U.S. government loans refundable	5,753,095
Revenue bonds payable	80,376,221
Capital lease obligations	3,822,938
Net pension liability	75,688,960
Other postemployment benefit liability	187,930,102
Total noncurrent liabilities	374,974,386
Total liabilities	469,655,587
Deferred Inflows of Resources	
Pension related	8,900,406
Other postemployment benefit related	29,785,525
Deferred gain on refunding	196,465
Service concession arrangement	12,662,548
Total deferred inflows of resources	51,544,944
Net Position	
Net Investment in Capital Assets	847,082,363
Restricted For	
Nonexpendable	247,701,196
Expendable	
Scholarships, research, instruction, and other	29,749,092
Loans	43,324,507
Capital projects	92,610,798
Unrestricted	(129,320,660)
Total net position	$ 1,131,147,296

University of Wyoming Foundation
(A Component Unit of the University of Wyoming)
Statement of Financial Position
June 30, 2018

Assets

Cash	$	1,469,407
Investments		586,830,097
Pledges receivable, net		25,962,079
Other receivables		3,487,737
Marian H. Rochelle Gateway Center, at cost, net of accumulated depreciation		26,938,994
Furniture and equipment, at cost, net of accumulated depreciation		3,421,420
Total assets	$	648,109,734

Liabilities and Net Assets

Liabilities		
Accounts payable	$	4,332,758
High Altitude loan interest payable		217
High Altitude line of credit		720,000
Due to others		235,605,150
Total liabilities		240,658,125
Net Assets		
Unrestricted		56,991,845
Temporarily restricted		118,869,625
Permanently restricted		231,590,139
Total net assets		407,451,609
Total liabilities and net assets	$	648,109,734

University of Wyoming
(A Component Unit of the State of Wyoming)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2018

Operating Revenues	
Tuition and fees (net of scholarship allowances of $35,819,903)	$ 66,156,144
Grants and contracts	106,885,970
Mineral royalty	13,365,000
Sales and services of educational departments	4,385,535
Auxiliary enterprise charges (net of scholarship allowances of $5,628,013)	46,162,099
Clinic revenues	14,663,367
Other operating revenues	10,100,136
Total operating revenues	261,718,251
Operating Expenses	
Instruction	149,115,839
Research	72,406,548
Public service	54,195,913
Academic support	31,792,880
Student services	27,727,127
Institutional support	55,678,459
Operation and maintenance of plant	40,095,409
Scholarships	7,131,829
Auxiliary enterprises	48,816,040
Depreciation	36,557,651
Total operating expenses	523,517,695
Operating loss	(261,799,444)

University of Wyoming
(A Component Unit of the State of Wyoming)
Statement of Revenues, Expenses and Changes in Net Position (continued)
Year Ended June 30, 2018

Nonoperating Revenues (Expenses)	
State appropriations	194,747,662
Gifts	33,853,216
Federal nonoperating revenues	9,429,233
Investment income	18,339,380
Interest expense	(4,295,180)
Other nonoperating revenues	9,447,445
Net nonoperating revenues	261,521,756
Loss before other revenues, expenses, gains and losses	(277,688)
State appropriations restricted for capital purposes	85,929,139
Additions to permanent endowments	5,881,746
Net increase in net position	91,533,197
Net Position, Beginning of Year, as Previously Reported	1,219,890,777
Adjustments applicable to prior periods (Note 3)	(180,276,678)
Net Position, Beginning of Year, as Restated	1,039,614,099
Net Position, End of Year	$ 1,131,147,296

University of Wyoming Foundation
(A Component Unit of the University of Wyoming)
Statement of Activities
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Contributions and state match	$ 8,915	$ 12,523,362	$ 20,370,717	$ 32,902,994
University of Wyoming	758,775	-	12,105,086	12,863,861
Interest and dividends	1,629,146	(1,285,344)	(343,802)	-
Assessments	5,962,210	(1,044,042)	(4,918,168)	-
Net return on investments	-	1,210,832	29,923,088	31,133,920
Market decline in excess of original gifts and endowments, net	(17,357)	-	17,357	-
Change in value of charitable remainder trusts	-	-	(865,928)	(865,928)
Increase in cash surrender value of life insurance policies	-	-	13,720	13,720
Net assets released from (applied to) restrictions				
Satisfaction of program restrictions	65,161,434	(24,026,052)	(41,135,382)	-
Permanent program restriction	3,984,109	(4,538,829)	554,720	-
Other revenue	-	2,033,673	18,278	2,051,951
Total support and revenue	77,487,232	(15,126,400)	15,739,686	78,100,518
Expenses				
Program services - distributions to UW	57,028,870	-	-	57,028,870
Program services - gift and investment allocation	3,999,765	-	-	3,999,765
UW President's Support	101,678	-	-	101,678
Program services - fundraising	5,500,906	-	-	5,500,906
Supporting services				
General and administrative	3,693,696	-	-	3,693,696
Total expenses	70,324,915	-	-	70,324,915
Change in Net Assets	7,162,317	(15,126,400)	15,739,686	7,775,603
Net Assets				
Beginning of year	49,829,528	133,996,025	215,850,453	399,676,006
End of year	$ 56,991,845	$ 118,869,625	$ 231,590,139	$ 407,451,609

University of Wyoming
(A Component Unit of the State of Wyoming)
Statement of Cash Flows
Year Ended June 30, 2018

Cash Flows from Operating Activities	
Tuition and fees	$ 94,950,430
Research contracts and grants	97,135,207
Sales of products and services	49,614,426
Payments to employees and fringe benefits	(310,546,742)
Payments to vendors and suppliers	(173,412,517)
Payments for scholarships	(35,819,903)
Loans issued to students	(8,459,254)
Collection of loans to students	2,170,723
Other receipts	39,848,634
Net cash used in operating activities	(244,518,996)
Cash Flows from Noncapital Financing Activities	
State appropriations	194,747,662
Gifts and grants for other than capital purposes	39,925,366
Agency inflows	51,373,590
Agency outflows	(52,876,386)
Other noncapital financing receipts	21,742,455
Net cash provided by noncapital financing activities	254,912,687
Cash Flows from Capital and Related Financing Activities	
Cash paid for capital assets	(81,084,112)
Proceeds from sale of capital assets	1,373,593
Capital appropriations received	85,929,139
Repayments of capital debt and leases	(5,323,215)
Interest paid on capital debt and leases	(4,579,571)
Net cash used in capital and related financing activities	(3,684,166)
Cash Flows from Investing Activities	
Purchases of investments	(296,773,847)
Proceeds from sales of investments	290,957,614
Interest and dividends	27,231,522
Net cash provided by investing activities	21,415,289
Net Increase in Cash and Cash Equivalents	28,124,814
Cash and Cash Equivalents, Beginning of Year	147,161,286
Cash and Cash Equivalents, End of Year	$ 175,286,100

University of Wyoming
(A Component Unit of the State of Wyoming)
Statement of Cash Flows (continued)
Year Ended June 30, 2018

Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	$ (261,799,444)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation expense	36,557,651
Decrease (increase) in assets and deferred outflows of resources	
Receivables, net	(3,861,822)
Student loans receivable, net	(6,410,365)
Inventories	(368,695)
Prepaid expenses	(142,641)
Deferred outflows of resources - pension related	(940,548)
Deferred outflows of resources - OPEB related	(12,121,210)
Decrease (increase) in liabilities and deferred inflows of resources	
Accounts payable and accrued liabilities, including payroll	(12,047,132)
Accrued compensated absences	(1,879,905)
Unearned revenue	(12,005,801)
Net pension liability	(9,246,922)
Net OPEB liability	(5,001,922)
Deferred inflows of resources - pension related	15,600,310
Deferred inflows of resources - OPEB related	29,149,450
Total adjustments	17,280,448
Net cash used in operating activities	$ (244,518,996)
Noncash Investing, Capital and Financing Activities	
Accounts payable incurred for capital assets	$ 15,717,787
Unrealized loss on investments	8,892,142
Loan cancelations	3,422,070
Amortization of deferred gain and loss on refundings	108,480
Amortization of bond premiums	565,119
Amortization of service concession arrangement	579,306

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

Nature of Operations

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

Reporting Entity

For financial reporting purposes and in accordance with Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, 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 consists of the University as the primary government, and organizations for which the University is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

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

Component Units

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

The Foundation is a private not-for-profit organization that reports its financial results under the Financial Reporting for Not-for-Profit Organizations and Accounting for Contributions Received and Contributions Made Topics of the FASB Accounting Standards Codification (ASC) (958). As such, certain presentation features are different from GASB presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the University's notes to the financial statements. Separate financial statements for the Foundation can be obtained from the Foundation's Administrative Office at 222 South 22nd Street, Laramie, Wyoming 82070.

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

Condensed Statement of Net Position

	University	Cowboy Joe Club	Alumni Association	Eliminations	Total
Assets					
Current assets	$ 365,688,395	$ 7,434,896	$ 533,284	$ -	$ 373,656,575
Noncurrent assets	296,883,517	1,448,762	5,040,358	-	303,372,637
Capital assets, net of accumulated depreciation	952,082,975	93,572	-	-	952,176,547
Total assets	1,614,654,887	8,977,230	5,573,642	-	1,629,205,759
Deferred Outflows of Resources	23,142,068	-	-	-	23,142,068
Liabilities					
Current liabilities	91,843,803	735,649	137,560	1,964,189	94,681,201
Noncurrent liabilities	374,974,386	-	-	-	374,974,386
Total liabilities	466,818,189	735,649	137,560	1,964,189	469,655,587
Deferred Inflows of Resources	51,544,944	-	-	-	51,544,944
Net Position					
Net investment in capital assets	846,988,791	93,572	-	-	847,082,363
Restricted net position	413,385,593	-	-	-	413,385,593
Unrestricted net position	(142,904,751)	8,148,009	5,436,082	-	(129,320,660)
Total net position	$ 1,117,469,633	$ 8,241,581	$ 5,436,082	$ -	$ 1,131,147,296

Condensed Statement of Revenues, Expenses and Changes in Net Position

	University	Cowboy Joe Club	Alumni Association	Eliminations	Total
Operating Revenues					
Operating revenues	$ 251,618,115	$ -	$ -	$ -	$ 251,618,115
Other operating revenue	9,008,290	-	1,091,846	-	10,100,136
Total operating revenues	260,626,405	-	1,091,846	-	261,718,251
Operating Expenses					
Operating expenses	485,140,949	5,113,826	1,173,527	(4,468,258)	486,960,044
Depreciation	36,538,706	18,945	-	-	36,557,651
Total operating expenses	521,679,655	5,132,771	1,173,527	(4,468,258)	523,517,695
Operating Loss	(261,053,250)	(5,132,771)	(81,681)	4,468,258	(261,799,444)
Nonoperating Revenues	260,066,850	7,887,353	-	(6,432,447)	261,521,756
State Appropriations Restricted for Capital Purposes	85,929,139	-	-	-	85,929,139
Additions to Permanent Endowments	5,881,746	-	-	-	5,881,746
Increase (Decrease) in Net Position	90,824,485	2,754,582	(81,681)	(1,964,189)	91,533,197
Net Position, Beginning of Year	1,028,609,337	5,486,999	5,517,763	-	1,039,614,099
Net Position, End of Year	$ 1,119,433,822	$ 8,241,581	$ 5,436,082	$ (1,964,189)	$ 1,131,147,296

Separate financial statements of the Cowboy Joe Club can be obtained from the University of Wyoming at 1000 East University Avenue, Laramie, Wyoming 82071 or at http://www.uwyo.edu/administration/reports-and-plans/financial-reports.html. There are no separately issued financial statements of the Alumni Association.

Related Organization

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

Basis of Accounting and Presentation

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows of resources and deferred outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2018, cash equivalents consisted primarily of money market accounts with brokers and U.S. Treasury Securities.

Investments and Investment Income

Investments are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit and repurchase agreements are carried at cost.

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

Accounts Receivable

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

Deferred Outflows of Resources and Deferred Inflows of Resources

The University reports the consumption of net position that is applicable to a future period as deferred outflows of resources. Deferred outflows of resources at June 30, 2018 consists of deferred losses on previous debt refundings and items related to the University's pension and other postemployment retirement benefit plans.

The University reports an acquisition of net position that is applicable to a future period as deferred inflows of resources. Deferred inflows of resources at June 30, 2018 consists of deferred gains on previous debt refundings, a service concession arrangement and items related to the University's pension and other postemployment retirement benefit plans.

Inventories

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

Loans to Students

The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans netted against loans to students was $489,500 at June 30, 2018.

Capital Assets

Capital assets are recorded at historical cost at the date of purchase or for donated assets, acquisition value at the date of donation. For equipment, the University's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements with costs exceeding $50,000 that significantly increase the value or extend the useful life of the structure are capitalized. Certain bulk purchases of items that individually do not exceed $5,000 but collectively are greater than $5,000, are capitalized and depreciated over an estimated blended life of the items. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the University:

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

The University evaluates prominent events or changes in circumstances that affect capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The University will consider an asset impaired if both the decline in service utility of the capital asset is large in magnitude and the event, or change in circumstance, is outside the normal life cycle of the capital asset. The University will recognize an impairment loss when the University considers a capital asset impaired, and will recognize the capital asset at the lower of carrying value or fair value. During the year ended June 30, 2018, the University recognized an impairment loss of approximately $1.2 million. This amount was allocated to the applicable functions on the statement of revenues, expenses and changes in net position.

Compensated Absences

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

Unearned Revenue

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

Cost-sharing Defined Benefit Pension Plan

The University participates in the Wyoming Retirement System and the Wyoming Retirement System Law Enforcement Retirement Fund, cost-sharing multiple-employer defined benefit pension plans (the Plans). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plans

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

Net Position

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

Classification of Revenues

The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises and (3) interest on student loans.

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

Scholarship Discounts and 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 goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, are recorded as nonoperating revenues and other governmental grants are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The allowances on tuition and fees and housing for the year ended June 30, 2018, were $35,819,903 and $5,628,013, respectively.

Collections

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

Income Taxes

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

Note 2: Change in Accounting Principle

In 2018, the University changed its method of accounting for capitalized interest by early adopting Governmental Accounting Standards Board No. 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period*. Under this guidance, interest cost capitalization will no longer be allowed. This application was applied prospectively as allowed under GASB No. 89, and therefore had no impact on beginning net position at July 1, 2017. Interest cost incurred before the end of the construction period is to be recognized as an expense in the period in which the cost is incurred under GASB 89.

Note 3: Restatement of Prior Year Financial Statements

Subsequent to the issuance of the University's 2017 financial statements, the University identified the following errors:

- At June 30, 2017, the University improperly included amounts in grants receivable whereby payments were already received but not properly applied against the outstanding receivable and therefore improperly included amounts in grants receivable. Furthermore, grant revenue was not recorded in the proper period whereby revenue that should have been recorded at June 30, 2017 was recorded in fiscal year 2018. The net impact of these errors is a decrease of beginning net position at July 1, 2017 of $2,308,423.

- The University corrected its method of accounting for federal direct loans whereby these were previously included in nonoperating revenues and scholarship expense. The inflows and outflows of the federal direct loans are shown on the statement of cash flows as agency inflows and outflows, but are no longer shown on the statement of revenues, expenses and changes in net position. Federal direct loans for the years ended June 30, 2018 and 2017 were approximately $42 million and $40 million, respectively. This adjustment had no impact on beginning net position at July 1, 2017.

- In the prior year, the University early adopted the provisions of Governmental Accounting Standards Board Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The University adopted this standard for its single-employer postemployment benefit plan (OPEB) and restated beginning net position in the prior year for $16,312,956. However, the University also participates in the statewide multiple-employer plan and since the information to allow for adoption of GASB 75 was not available for this plan, the University did not adopt the provisions of GASB 75 for the statewide plan. Because of this, the University did not properly adopt the provisions of GASB 75. The University has included the OPEB liability and related items for the statewide plan for the year ended June 30, 2018. The impact of this correction is a decrease of beginning net position at July 1, 2017 of $177,604,496.

- While not considered a correction of an error, the University has not included the net pension liability or other pension related items for the Law Enforcement Plan (see Note 8), as this liability and other related items were not considered material. The University has opted to include the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense relating to this plan for the year ended June 30, 2018. The net impact is a decrease in beginning net position at July 1, 2017 of $363,759.

The table below shows the impact of these items on beginning net position:

Beginning net position, as previously presented	$ 1,219,890,777
Correction of error - grants receivable	(2,308,423)
Correction of error - OPEB related	(177,604,496)
Inclusion of pension related items - Law Enforcement Plan	(363,759)
Total restatements	(180,276,678)
Beginning net position, as restated	$ 1,039,614,099

Note 4: Deposits, Investments and Investment Return

Wyoming Statute 9-4-817 authorizes agencies of the state to deposit public funds in financial institutions authorized to do business in the State of Wyoming. These deposits must be fully insured by Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets including bonds, debentures and other securities in which the State Treasurer may by law invest. Alternatively, a depository may pledge conventional real estate mortgages and notes connected with mortgages at a ratio of one and one-half to one (1½:1) of the value of public funds secured by the securities.

University investment policy specifies that investments are limited to those allowed by W.S. 9-4-831 for public entities. Per University investment policy item G.b.iv., portfolio duration will be managed in coordination with the cash flow needs of the University. Funds needed to satisfy operating cash flows of the University will be invested in securities and funds that mature in less than one year. Funds not needed to satisfy operating cash flows can be invested in a portfolio whose duration does not exceed three years in the overall portfolio. This allocation will not exceed 40% of operating and agency funds. The investment policy can be found at the following link: http://www.uwyo.edu/regs-policies/_files/docs/regulations-july-2018/uw_reg_1-102_attachment_b_7-1-18.pdf

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

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

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

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

The University also has funds on deposit with Wyoming Government Investment Fund (WGIF). Shares of WGIF are offered exclusively to Wyoming government entities. WGIF invests in short-term commercial paper (maturity dates less than 90 days) and U.S. Government Agency Obligations. Due to the short-term nature of the investments, WGIF reports its investments at amortized cost, which WGIF's management believes approximates fair value. The investments with WGIF are investments not subject to credit risk categorization and the degree of risk and rate of return depends on the underlying portfolio.

Deposits

At June 30, 2018, the carrying amount of the University's demand deposits in financial institutions was $56,512,620, and the bank balances were $58,595,297. All deposits were held by a qualified depository as outlined in the State Statutes.

At June 30, 2018, the University had $195,948, within the demand deposits for the Reclamation Ecology Endowment.

At June 30, 2018, the University had $102,836,020, 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, 2018, the University had $15,937,460, on deposit with the Foundation. Detailed information on the Foundation's pooled cash and investments is available from the Foundation.

Investments

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

At June 30, 2018, the University had the following investments and maturities:

	Fair Value	Weighted Average Maturity in Years
Investment Type		
U.S. Government Sponsored Enterprise Discount Notes	$ 109,378,046	.51
Commercial Paper	13,869,986	.32
	$ 123,248,032	

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

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

	Fair Value	Quality Rating
Investment Type		
U.S. Government Sponsored Enterprise Discount Notes	$ 109,378,046	AAA
Commercial Paper	13,869,986	A1+/P1
	$ 123,248,032	

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University places no limit on the amount that may be invested in any one issuer. At June 30, 2018, the University's investment in bonds of FHLB, FCDN, FHDN, FFCB, FNMA, FHLMC, and UST constituted 28.3%, 6.4%, 12.2%, 12%, 14.6%, 6.4%, and 8%, respectively, of its total investments.

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, 2018, the University of Wyoming pooled investments held by the Foundation had a value of $217,652,930.

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

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

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

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

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

See Note 15 for additional information on the Foundation.

University of Wyoming Investments Held by the State of Wyoming

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

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

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

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

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

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

The University investments held by the State Treasurer's Office at June 30, 2018. The pooled investments were at $32,293,352 as of June 30, 2018.

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

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

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

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

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.

Following is a reconciliation of cash and investments per this note to the statement of net position:

Cash in bank-demand deposits at carrying value	$ 56,512,620
Demand deposit for Reclamation Ecology Endowment	195,948
Deposits with State Treasurer	102,836,020
Deposits with Foundation	15,937,460
Total deposits	175,482,048
University investments	123,248,032
Investments held by Foundation	217,652,930
Investments held by State Treasurer	32,293,352
Investment in real estate	1,202,343
Other long-term investments	5,094,525
Total investments	379,491,182
Total deposits and investments	554,973,230
Cash and investments per statement of net position	
Cash and cash equivalents	175,090,152
Restricted cash	195,948
Short-term investments	123,248,032
Long-term investments	256,439,098
	$ 554,973,230

Note 5: Student Loans, Accounts Receivable and Pledges Receivable

Accounts receivable are shown net of allowances for doubtful accounts in the statement of net position.

Student accounts receivable	$ 7,903,245
Less allowance for doubtful accounts	2,118,226
Student accounts receivable, net	5,785,019
Student loans receivable	49,232,091
Less allowance for doubtful accounts	(489,500)
Student loans receivable, net	48,742,591
Less current portion	(2,005,000)
Noncurrent student loans receivables, net	46,737,591
Other accounts receivable	
Pledges receivables	1,045,780
Other receivables	6,271,397
Total pledge and other accounts receivable	7,317,177
Less allowance for doubtful accounts	(635,074)
Other accounts receivable, net	$ 6,682,103

Note 6: Capital Assets

Capital assets activity for the year ended June 30, 2018, was:

	Balance June 30, 2017	Additions	Transfers	Retirements	Balance June 30, 2018
Capital assets not being depreciated					
Land	$ 10,001,558	$ 351,600	$ -	$ (50,000)	$ 10,303,158
Land improvements	2,624,144	-	-	-	2,624,144
Construction in progress	158,974,089	80,356,165	-	-	239,330,254
Total capital assets not being depreciated	$ 171,599,791	$ 80,707,765	$ -	$ (50,000)	$ 252,257,556
Other capital assets					
Infrastructure	$ 19,741,372	$ -	$ -	$ -	$ 19,741,372
Land improvements	29,170,389	23,449	-	-	29,193,838
Buildings	895,009,474	1,651,017	-	(1,332,860)	895,327,631
Furniture, fixtures and equipment	173,738,420	11,346,841	-	(739,584)	184,345,677
Library materials	97,539,406	3,072,828	-	-	100,612,234
Total other capital assets	1,215,199,061	16,094,135	-	(2,072,444)	1,229,220,752
Less accumulated depreciation for					
Infrastructure	(12,942,338)	(385,727)	-	-	(13,328,065)
Land improvements	(13,462,050)	(1,696,288)	-	-	(15,158,338)
Buildings	(260,014,813)	(17,568,275)	-	6,702	(277,576,386)
Furniture, fixtures and equipment	(123,416,823)	(14,029,417)	-	719,136	(136,727,104)
Library materials	(83,633,923)	(2,877,945)	-	-	(86,511,868)
Total accumulated depreciation	(493,469,947)	(36,557,652)	-	725,838	(529,301,761)
Other capital assets, net	$ 721,729,114	$ (20,463,517)	$ -	$ (1,346,606)	$ 699,918,991
Capital asset summary					
Capital assets not being depreciated	$ 171,599,791	$ 80,707,765	$ -	$ (50,000)	$ 252,257,556
Other capital assets, at cost	1,215,199,061	16,094,135	-	(2,072,444)	1,229,220,752
Total cost of capital assets	1,386,798,852	96,801,900	-	(2,122,444)	1,481,478,308
Less accumulated depreciation	(493,469,947)	(36,557,652)	-	725,838	(529,301,761)
Capital assets, net	$ 893,328,905	$ 60,244,248	$ -	$ (1,396,606)	$ 952,176,547

Note 7: Long-term Liabilities

The following is a summary of long-term obligation transactions for the University for the year ended June 30, 2018:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds and capital leases					
Revenue bonds payable	$ 87,200,000	$ -	$ 5,015,000	$ 82,185,000	$ 5,175,000
Premium	3,931,340	-	565,119	3,366,221	-
Capital lease obligations	4,457,654	-	308,215	4,149,439	326,411
Total bonds and capital leases	95,588,994	-	5,888,334	89,700,660	5,501,411
Other noncurrent liabilities					
Accrued compensated absences	44,686,046	3,857,490	5,737,395	42,806,141	21,043,071
U.S. government loans refundable	6,369,796	-	747,106	5,622,690	-
Total other noncurrent liabilities	51,055,842	3,857,490	6,484,501	48,428,831	21,043,071
Total long-term liabilities	$ 146,644,836	$ 3,857,490	$ 12,372,835	$ 138,129,491	$ 26,544,482

Revenue bonds payable consist of the following at June 30, 2018:

	Authorized and Issued	Interest Rates	Bonds Outstanding June 30, 2018
Revenue Refunding Bonds Series 2009 (a)	$ 7,755,000	3.00-4.00%	$ 900,000
Facilities Improvement Revenue Bonds			
Series 2010 A (b)	6,585,000	5.08% - 5.125%	1,355,000
Series 2010 B (e)	19,730,000	4.65% - 5.83%	19,370,000
Series 2010 C (h)	18,000,000	5.80%	18,000,000
Series 2011 B (f)	7,680,000	3.85% - 4.00%	4,910,000
Series 2012 A (c)	29,600,000	3.125% - 5.00%	23,605,000
Series 2012 B (g)	10,055,000	2.00% - 5.00%	7,300,000
Facilities Refunding Revenue Bonds			
Series 2016 (d)	7,620,000	1.00% - 4.00%	6,745,000
	$ 107,025,000		82,185,000
Premium			3,366,221
			$ 85,551,221

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

	Principal	Interest
2019	$ 5,175,000	$ 3,987,773
2020	5,365,000	3,796,046
2021	5,580,000	3,569,793
2022	5,780,000	3,333,010
2023	5,995,000	3,080,935
2024-2028	33,850,000	10,633,627
2029-2032	20,440,000	1,836,445
	$ 82,185,000	$ 30,237,629

Revenue Bonds Payable – Series A

(a) On May 12, 2009, the University issued $7,755,000 of Series A bonds. The bonds bear interest, payable annually, at rates of 3.00% to 4.00% and are due in annual installments, which began June 1, 2010. Principal maturities began June 1, 2010, and continue until 2019. Proceeds from the issuance of these bonds were used to current refund the University's outstanding Facilities Improvement and Refunding Revenue Bonds, Series 1999. The bonds are secured by the net revenues available for debt service of the University.

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

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

(d) On October 26, 2016, the University issued $7,620,000 of Series A bonds. The bonds bear interest, payable annually, at rates of 1.00% to 5.00% and are due in annual installments, which began June 1, 2017. Principal maturities began June 1, 2017, and continue until 2031. Proceeds from the issuance of these bonds were used to advance refund all or a portion of the outstanding Facilities Improvement Revenue Bonds, Series 2011A. The bonds are secured by the net revenues available for debt service of the University.

Revenue Bonds Payable – Series B

(e) On May 12, 2010, the University issued $19,730,000 of Series B bonds. The bonds bear interest, payable annually, at rates of 4.40% to 5.83% and are due in annual installments, which began June 1, 2011. Principal maturities began June 1, 2011, and continue until 2023. Proceeds from the issuance of these bonds were used to construct a new residence building, visual arts building, and make improvements to existing facilities. The University has pledged revenues from the related facilities, net of specified expenses, to repay the Series B bonds. The bonds are payable solely from the facilities revenues and are payable through June 1, 2023. The bonds are taxable direct payment Build America Bonds and are expected to pay a subsidy to the University of $5.1 million over the term of the bonds. The University received a subsidy of $351,000 for the year ended June 30, 2018, which is recorded as other nonoperating revenue on the statement of revenues, expenses and changes in net position.

(f) On November 18, 2011, the University issued $7,680,000 of Series B bonds. The bonds bear interest, payable annually, at rates of 2.05% to 4.00% and are due in annual installments, which began June 30, 2015. Principal maturities began June 30, 2015, and continue until 2024. Proceeds from the issuance of these bonds were used to purchase, erect, alter, and improve facilities specifically located at the University of Wyoming/Casper College Center located in Casper Wyoming. The University has pledged revenues from the related facilities, net of specified expenses, to repay the Series B bonds. The bonds are payable solely from the facilities revenues and are payable through June 30, 2024.

(g) On July 25 2012, the University issued $10,055,000 of Series B bonds. The bonds bear interest, payable annually, at rates of 2.00% to 5.00% and are due in annual installments, which began June 1, 2016. Principal maturities began June 1, 2016, and continue until 2025. Proceeds from the issuance of these bonds were used (a) to fund the renovation and construction of a performing arts complex and certain renovations and improvements to other University residence halls and recreation centers (b) to advance refund a portion of the outstanding Series 2005 revenue bonds. The University has pledged revenues from the related facilities, net of specified expenses, to repay the Series B bonds. The bonds are payable solely from the facilities revenues and are payable through June 30, 2025.

Revenue Bonds Payable – Series C

(h) On May 12, 2010, the University issued $18,000,000 of Series C bonds. The bonds bear interest, payable annually, at rates of 5.80% and are due in a lump-sum payment due on June 1, 2030. Principal maturity is June 1, 2030. Proceeds from the issuance of these bonds were used (a) to construct a new residence building, visual arts building, and make improvements to existing facilities (b) to advance refund a portion of the outstanding Facilities Improvement Revenue Bonds, Series 2001. The University has pledged revenues from the related facilities, net of specified expenses, to repay the Series C bonds. The bonds are payable solely from the facilities revenues and are payable through June 1, 2030. The bonds are taxable direct payment Build America Bonds and are expected to pay a subsidy to the University of $8.4 million over the term of the bonds. The University received a subsidy of $437,000 for the year ended June 30, 2018, which is recorded as other nonoperating revenue in the statement of revenues, expenses and changes in net position.

Net Pledged Revenue

The University has pledged future facilities revenues, net of specified operating expenses, to repay $82,185,000 principal currently outstanding, revenue series bonds issued from 2009 to 2016. Proceeds from the bonds provided financing for facilities improvement, renovation, and construction. The bonds are payable solely from the net revenues derived directly or indirectly from the operation and use of the facilities or any part thereof and are payable through 2031. Annual principal and interest payments on the bonds are expected to require approximately 38.09% of net pledged revenues. The total principal and interest remaining to be paid on the bonds is $112,422,629. The total principal and interest paid for the current year and total net pledged revenues were $9,164,896 and $24,055,408, respectively.

Gross Pledged Revenue	
Sales	
Merchandise	$ 19,346,191
Rents and fees	
Residence hall and apartment rent	10,615,768
Fees and games	1,961,639
Student fees	805,781
Nonenterprise revenue	
Government royalties	13,365,000
Miscellaneous	5,802,304
Investment income	3,615,897
Total revenue	55,512,580
Operation and Maintenance Expenses	
Cost of sales	9,620,628
Operating expenses	
Advertising	31,247
Contractual services	683,164
Parts and supplies	909,144
Rent	451,733
Repairs and maintenance	727,920
Salaries	7,691,911
Salaries - benefits	2,962,314
Support services	63,296
Travel	194,194
Utilities	3,819,213
Miscellaneous	3,521,002
Depreciation	781,406
Total expenses	31,457,172
Pledged net revenue	24,055,408
Maximum Annual Debt Service Requirement (Fiscal 2019)	
Principal	5,175,000
Interest	3,987,773
Total maximum annual debt service requirement	9,162,773
Excess of net pledged revenue over maximum annual debt service requirement	$ 14,892,635
Percentage of net pledged revenue to maximum annual debt service requirement	263%
Percentage of net pledged revenue to debt service requirement for fiscal year ending June 30, 2019	263%

Capital Lease Obligations

The University is obligated under leases accounted for as capital leases. Assets under capital leases at June 30, 2018, totaled $5,081,992, net of accumulated depreciation of $203,280. The following is a schedule by year of future minimum lease payments under the capital lease including interest at rates of 2.83% together with the present value of the future minimum lease payments as of June 30, 2018:

	ESCo Building Project
2019	$ 440,428
2020	450,060
2021	459,685
2022	469,483
2023	479,452
2024-2028	2,500,809
Total minimum lease payments	4,799,917
Less amount representing interest	650,568
Net present value of minimum lease payments	$ 4,149,349

Note 8: Pension Plans

Employee Defined Benefit Retirement Plans

The following table summarizes each of the University's Wyoming Retirement System plans and the respective pension activity recorded in the financial statements:

Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Public Employee Pension Plan	$ 75,197,730	$ 10,205,433	$ 8,812,694	$ 10,426,406
Law Enforcement Plan	491,230	294,793	87,712	191,894
Total	$ 75,688,960	$ 10,500,226	$ 8,900,406	$ 10,618,300

Public Employee Pension Plan Description

University employees have the option to elect to participate in the Wyoming Retirement System (WRS) Public Employee Pension Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan. The Plan is administered by the Wyoming Retirement System. The authority to establish and amend benefits and contribution rates rests with the Legislature of the State of Wyoming. WRS is granted the authority to administer the Plans by Wyoming State Statutes 9-3-401 through 432. WRS issues a publicly available financial report that can be obtained at http://retirement.state.wy.us/home/index.html.

Benefits Provided

The Public Employees Plan provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustment provided to retirees must be granted by the State Legislature. W.S. 9-3-454 prohibits benefit changes, including cost of living adjustments, unless the plan is 100% funded

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

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

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

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

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

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

Survivor's Benefits: Certain surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased, as well as the benefit option selected by the member at the date of retirement. The benefit payment is a lump-sum equal to two times the employee contributions with interest. If the employee is vested, the beneficiary can elect, in lieu of this lump-sum, to receive a monthly annuity equal to the actuarial equivalent of the retirement benefit that would be due the employee.

Contributions

Eligible employees and the University are required to contribute to the Plan at a rate set by Wyoming Statute. The contributions requirements are established under Wyoming Statute 9-3-412 and 413. Employees are required to contribute 8.25% of their annual pay. The University's contractually required contribution rate for the year ended June 30, 2018 was 8.37% of covered payroll. Per statute employers are allowed to subsidize all or part of the employee contributions The University has elected to contribute an additional 5.57% on behalf of eligible employees. Although paid by the University, for the purposes of recording the net pension liability these additional contributions are considered to be employee contributions. For the year ended June 30, 2018 contractually required contributions to the pension plan from the University were $4,782,988.

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

At June 30, 2018, the University reported a liability of $75,197,730 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as January 1, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The University's proportion of the net pension liability was based on the University's contributions to the Plan for the calendar year associated with the measurement date, relative to the total contributions of participating employers of the Plan. At December 31 2017, the University's proportion was 3.299%, which was a decrease of 0.199% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the University recognized pension expense of $10,426,406. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,630,271
Changes of assumptions	7,306,704	-
Net difference between projected and actual earnings on pension plan investments	-	2,754,340
Changes in proportion and differences between the University's contributions and proportionate share of contributions	505,368	3,428,083
University's contributions subsequent to the measurement date	2,393,361	N/A
Total	$ 10,205,433	$ 8,812,694

At June 30, 2018, the University reported $2,393,361 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2018, related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2019	$ 2,480,828
2020	1,373,003
2021	(1,957,350)
2022	(2,897,103)
	$ (1,000,622)

Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age Normal
Inflation	3.25%
Salary increases	4.25 to 6%, including inflation
Payroll growth rate	4.25%
Cost of living increase	0.00%
Investment rate of return	7.75%, net of pension plan investment expense

Mortality rates were based on the RP-2000 as appropriate with adjustments for mortality improvements based on Scale BB. To allow for an appropriate margin of improved mortality prospectively, the post-retirement mortality rates incorporate a set back of one year with a 104% multiplier for males and no set back with a 90% multiplier for females and the pre-retirement mortality rates incorporate a set back of five years with a 104% multiplier for males and a set back of four years with a 90% multiplier for females.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five year period ended December 31, 2016.

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

Asset Class	Target Allocation	Long-term Expected Geometric Rate of Return	Long-term Expected Arithmetic Rate of Return
Cash	0.00%	0.40%	0.40%
Fixed income	20.00%	1.25%	1.77%
Equity	45.00%	4.96%	6.88%
Marketable alternatives	17.50%	2.79%	3.30%
Private market	17.50%	5.06%	7.11%
Total	100%	3.85%	5.27%

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used in the January 1, 2017 actuarial valuation decreased from the prior valuation which utilized a 7.75% discount rate.

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

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

	1% Decrease	Current Measurement Period Discount Rate	1% Increase
Proportionate Share of Net Pension Liability	$ 113,653,055	$ 75,197,730	$ 43,126,541

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2018, the University reported a payable of $439,041 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2018

Subsequent to the December 31, 2017 measurement date, the Wyoming Legislature convened for its scheduled 2018 session. During this session the Legislature passed two bills that materially impacted WRS and specifically the Public Employee Pension Plan.

House Bill 0109 (House Enrolled Act 65) increases future contributions in the Public Employee Pension Plan. The bill increases the employee contribution by 25 basis points from 8.25% to 8.50%, and increases the employer contribution by 25 basis points from 8.37% to 8.62% effective September 1, 2018. The bill provides for three subsequent years of similar increases effective July 1, 2019, July 1, 2020 and July 1, 2021 resulting in an ultimate increase of 1.00% in employee contributions (8.25% to 9.25%) and a 1.00% increase in employer contributions (8.37% to 8.37%) with a total contribution rate increasing from 16.62% to 18.62% by July 1, 2021. The Retirement Board believes that these contribution increases will improve the financial posture of the Public Employee Pension Fund.

The Legislature also passed House Bill 0110 (House Enrolled Act 10) which impacts member refunds. For new employees initially hired after July 1, 2018, the amount of a member refund is limited to the funds actually contributed by the employee together with accumulated interest and will no longer include portions of the employee contribution that may have been subsidized or "picked up" by the employer. The limitation on refunds expires when the member becomes vested (four years service in the Public Employee Plan). The financial impact varies according to whether employers subsidize the employee contribution or not and the relative experience of non-vested member refunds in the plan.

Wyoming Law Enforcement Retirement Fund Plan Description

University campus police officers have the option to elect to participate in the Wyoming Retirement System (WRS) Law Enforcement Retirement Fund (the Fund), a cost-sharing multiple-employer defined benefit pension plan. The Fund is administered by the Wyoming Retirement System. The authority to establish and amend benefits and contribution rates rests with the Legislature of the State of Wyoming. WRS is granted to the authority to administer the Plans by Wyoming State Statutes 9-3-401 through 432. WRS issues a publicly available financial report that can be obtained at http://retirement.state.wy.us/home/index.html.

Benefits Provided

The Plan statutorily provides retirement, disability and death benefits according to predetermined amounts determined by salary, age and years of service of the participant. Any cost of living adjustment provided to retirees must be granted by the State Legislature. W.S. 9-3-454 prohibits benefit changes, including cost of living adjustments, unless the plan is 100% funded.

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

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

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

- Duty Disability – There are no age or service eligibility requirements. Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties resulting from an individual and specific act, the type of which would normally occur only while employed as an employee, or as otherwise defined under W.S. 9-3-432(h). Upon retirement the monthly disability retirement benefit is 62.5% of the final salary.

- Non-Duty Disability – Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties. To qualify, the member must have at least 10 years of service. Upon retirement for a partial disability, the member receives a monthly disability retirement benefit for the period of her/her disability equal to 50% of the final salary.

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

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

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

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

Contributions

Eligible campus police officers and the University are required to contribute to the Fund at a rate set by Wyoming Statute. The contributions requirements are established under Wyoming Statute 9-3-412 and 413. Employees are required to contribute 8.5% of their annual pay. The University's contractually required contribution rate for the year ended June 30, 2018 was 8.6% of covered payroll. Per statute employers are allowed to subsidize all or part of the employee contributions. The University has elected to contribute an additional 8.6% on behalf of eligible employees. Although paid by the University, for the purposes of recording the net pension liability these additional contributions are considered to be employee contributions. For the year ended June 30, 2018, contractually required contributions to the pension plan from the University were $74,380.

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

At June 30, 2018, the University reported a liability of $491,230 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as January 1, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The University's proportion of the net pension liability was based on the University's contributions to the Plan for the calendar year associated with the measurement date, relative to the total contributions of participating employers of the Plan. At December 31 2017, the University's proportion was 0.570%, which was a decrease of 0.0339% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the University recognized pension expense of $191,894. At June 30, 2018, the University reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,867	$ 41,919
Changes of assumptions	231,680	-
Net difference between projected and actual earnings on pension plan investments	-	45,793
Changes in proportion and differences between the University's contributions and proportionate share of contributions	23,636	-
University's contributions subsequent to the measurement date	35,610	N/A
Total	$ 294,793	$ 87,712

At June 30, 2018, the University reported $35,610 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2018, related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2019	$ 86,403
2020	69,730
2021	15,188
2022	150
	$ 171,471

Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age Normal
Inflation	3.25%
Salary increases	4.25 to 8%, including inflation
Payroll growth rate	4.25%
Cost of living increase	0.00%
Investment rate of return	7.75%, net of pension plan investment expense

Mortality rates were based on the RP-2000 as appropriate with adjustments for mortality improvements based on Scale BB. To allow for an appropriate margin of improved mortality prospectively, the post-retirement mortality rates incorporate no set back with a 104% multiplier for males and a set forward of one year with a 90% multiplier for females and the pre-retirement mortality rates incorporate a set back of four years with a 104% multiplier for males and a set back of three years with a 90% multiplier for females.

The actuarial assumptions used in the January 1, 2017 valuation was based on the results of an actuarial experience study for the five year period ended December 31, 2016.

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

Asset Class	Target Allocation	Long-term Expected Geometric Rate of Return	Long-term Expected Arithmetic Rate of Return
Cash	0.00%	0.40%	0.40%
Fixed income	20.00%	1.25%	1.77%
Equity	45.00%	4.96%	6.88%
Marketable alternatives	17.50%	2.79%	3.30%
Private market	17.50%	5.06%	7.11%
Total	100%	3.85%	5.27%

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used in the January 1, 2017 actuarial valuation decreased from the prior valuation which utilized a 7.75% discount rate.

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

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

	1% Decrease	Current Measurement Period Discount Rate	1% Increase
Proportionate Share of Net Pension Liability	$ 1,054,328	$ 491,230	$ 32,922

Pension Plan Fiduciary Net Position

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

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2018

Subsequent to the December 31, 2017 measurement date, the Wyoming Legislature convened for its scheduled 2018 session. During this session the Legislature passed one bill that materially impacted WRS and specifically the Law Enforcement Retirement Fund.

The Legislature passed House Bill 0110 (House Enrolled Act 10) which impacts member refunds. For new employees initially hired after July 1, 2018, the amount of a member refund is limited to the funds actually contributed by the employee together with accumulated interest and will no longer include portions of the employee contribution that may have been subsidized or "picked up" by the employer. The limitation on refunds expires when the member becomes vested. The financial impact varies according to whether employers subsidize the employee contribution or not and the relative experience of non-vested member refunds in the plan.

Employee Defined Contribution Retirement Plan

Eligible University employees may elect to participate in the Teachers Insurance and Annuity Association (TIAA) defined contribution plan instead of WRS. The TIAA plan is an Internal Revenue Code Section 401(a) governmental profit sharing plan and as a private defined contribution plan, is portable to other institutions and states. The plan provisions are established by the Board of the University of Wyoming. Contribution rates to the plan mirror the contribution requirements set by state statute which for Fiscal Year 2018 was 16.62% and is comprised of 8.25% to be contributed by the employee and 8.37% by the employer. Per statute employers are allowed to subsidize all or part of the employee contributions. The University has elected to contribute an additional 5.57% on behalf of eligible employees. Contributions to the plan are fully vested and nonforfeitable. Employer contributions for the year ended June 30, 2018 were $17,020,833.

Note 9: Other Retirement Plans

University of Wyoming Deferred Compensation Plan

The University offers employees the opportunity to voluntarily participate in the University of Wyoming 457(b) Deferred Compensation Plan. The purpose of the plan is to provide deferred compensation for eligible employees. The plan is created in accordance with Internal Revenue Code Section 457. The plan allows employees to defer a portion of their salary until future years. The employer may also contribute to the plan without reduction to the participant's salary. The deferred amounts are not available to the employees until termination, plan termination, the participant has amounts separately held in a rollover account and, if elected in the adoption agreement: the calendar year in which the participant attains age 70-1/2, or in the event of an unforeseeable emergency. Employer contributions during fiscal years 2018, 2017 and 2016 were $146,600, $165,560 and $185,500, respectively.

University of Wyoming 403(b) Plan

University of Wyoming 403(b) Plan employees may also participate in the 403(b) Contribution Retirement Plan is a defined contribution plan. The purpose of the plan is to provide deferred compensation for eligible employees. The plan is created in accordance with Internal Revenue Code Section 403(b). The plan allows employees to defer a portion of their salary until future years. The employer may also contribute to the plan without reduction to the participant's salary. The participant's distributions may not be made earlier than the earliest date on which the participant has a severance from employment, dies, becomes disabled, or attains age 59 1/2. During fiscal years 2018, 2017 and 2016, the University contributed $279,880, $301,500 and $324.220, respectively.

Note 10: Other Postemployment Benefit Plans

The University participates in two other postemployment benefit plans (OPEB). The following table summarizes each of the University's OPEB plans and the respective activity recorded in the financial statements:

Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
University of Wyoming Board Retirement Plan	$ 14,200,190	$ -	$ 773,527	$ 750,930
State of Wyoming Employee Group Insurance Retiree Health Plan	173,729,912	12,121,210	29,011,998	17,042,899
Total	$ 187,930,102	$ 12,121,210	$ 29,785,525	$ 17,793,829

University of Wyoming Board Retirement Plan Description

The University contributes to the University of Wyoming Board Retirement Plan (the OPEB Plan), a single-employer defined benefit other postemployment benefit (OPEB) plan covering substantially all employees. The OPEB Plan is administered by the University. The OPEB Plan's assets are not accumulated in a qualified trust because the plan is funded on a pay-as-you-go basis and as such no assets are held by the OPEB Plan. Benefit provisions are contained in University Regulation 5-2 and were established and can be amended by action of the University's governing body. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

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

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

        - Payment for half the premium for state life insurance, if elected, for the remainder of the retiree's life. The employee's spouse or surviving spouse is not eligible for this benefit.

  - Any employee who qualifies for board retirement subsequent to July 1, 2016 will receive the following benefits:

    - Payment for half the premium for state life insurance, if elected, for the remainder of the retiree's life. The employee's spouse or surviving spouse is not eligible for this benefit.

- In addition, any long-term employee who is not eligible for board retirement, as defined above, and who either (1) retired prior to July 1, 2016 with 15 years of University service including at least 10 consecutive years of uninterrupted service immediately preceding the date of retirement or (2) retire after July 1, 2016 with continuous service from July 1, 2016 through the date of retirement, and who have completed 15 years of University service with at least 10 consecutive years of uninterrupted service immediately preceding July 1, 2016 shall receive the following benefit:

  - Conversion of up to 960 hours of accrued sick leave to a state contribution for group health insurance or payment for one-half (1/2) of the current sick leave balance as of the employee's termination date, not to exceed 480 hours. If the Board Retiree elects to convert the 960 hours of accrued sick leave to a state contribution for group health insurance, the conversion rate is 1.5 months of coverage for each 40 hours of accrued sick leave. If the employee dies, the sick leave conversion benefit shall be transferred to the surviving spouse. A rehired Board Retiree who has received this benefit previously is not eligible to receive this benefit again. The amount of the contribution shall be equal to the employer's contribution for the coverage the employee had while employed reduced by the amount of any state-funded health insurance contributions for the retiree. If the retiree dies before the full amount of this benefit is paid, the balance of the benefit shall be transferred to the surviving spouse as a contribution toward state group health insurance payments. A rehired retiree who has received the conversion of up to 960 hours of accrued sick leave previously is not eligible to receive this benefit again.

At June 30, 2018, there are 3,026 active employees of which 692 active employees are currently eligible for board retirement benefits and 805 retirees participating in the plan.

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

Total OPEB Liability

The University's total OPEB liability of $14,200,190 was measured as of June 30, 2018 for the year ended June 30, 2018 and was determined by actuarial valuation as of June 30, 2017. Standard update procedures were used to roll-forward the total OPEB liability to June 30, 2018.

The total OPEB liability in the June 30, 2017, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement; unless otherwise noted:

Actuarial cost method	Entry Age Normal
Inflation	2.5%
Discount rate	3.58% per annum (June 30, 2017) 3.87% per annum (June 30, 2018)
Salary increases	3.0%
Health care cost trend rates	7.0 % for pre-Medicare medical and 6.0% for post-65 medical; both decreasing 0.5% per year until reaching the ultimate trend rate of 4.5%

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

Mortality rates were based on the RP-2014 Generational Table projected using Scale MP-16, applied on a gender specific basis.

In applying the roll-forward procedures, the discount rate was changed from 3.58% in 2017 to 3.87% in 2018.

Changes in the Total OPEB Liability

Changes in the total OPEB liability are:

	Total OPEB Liability
Balance, beginning of year	$ 15,327,528
Changes for the year	
Service cost	320,352
Interest	571,888
Change of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(278,762)
Benefit payments	(1,740,816)
Net change in total OPEB liability	(1,127,338)
Balance, end of year	$ 14,200,190

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

The total OPEB liability of the University has been calculated using a discount rate of 3.87%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
University's total OPEB liability	$ 15,352,000	$ 14,200,190	$ 13,203,000

The total OPEB liability of the University has been calculated using health care cost trend rates of 7.0 % for pre-Medicare medical and 6.0% for post-65 medical. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
University's total OPEB liability	$ 13,352,000	$ 14,200,190	$ 15,154,000

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

For the year ended June 30, 2018, the University recognized OPEB expense of $750,930. At June 30, 2018, the University reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 773,527

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2018, related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	$	(141,310)
2020		(141,310)
2021		(141,310)
2022		(141,310)
2023		(141,310)
Thereafter		(66,977)
	$	(773,527)

State of Wyoming Employee Group Insurance Retiree Health Plan Description

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

Benefits Provided

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

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

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

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

At June 30, 2018, the University reported a liability of $173,729,912 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2017 using an actuarial valuation as of that date. The University's proportion of the net OPEB liability was based on a projection of the University's share of expected benefit payments to the OPEB Plan relative to the expected benefit payments of all participating employers, actuarially determined. At June 30, 2017, the University's proportion was 21.96%, which did not change from its prior proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the University recognized OPEB expense of $17,042,899. At June 30, 2018, the University reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,094,517	$ -
Changes of assumptions or other inputs	-	29,011,998
Benefit payments subsequent to the measurement date	4,026,693	-
	$ 12,121,210	$ 29,011,998

At June 30, 2018, the University reported $4,026,693, as deferred outflows of resources related to OPEB resulting from University benefit payments subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2018, will be recognized in OPEB expense as follows:

Year ended June 30	
2019	$ (2,582,405)
2020	(2,582,405)
2021	(2,582,405)
2022	(2,582,405)
2023	(2,582,405)
Thereafter	(8,005,456)
	$ (20,917,481)

Actuarial Assumptions

The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements, unless otherwise noted:

Actuarial cost method	Entry Age Normal
Inflation	2.5%
Salary increases	2.5-6.5%
Health care cost trend rates	6.5 % for pre-Medicare medical and 7.5% for post-65 medical; both decreasing on an annual year until reaching the ultimate trend rate of 4.5%
Discount rate	3.58% (2.85% in prior year)

Mortality rates were based on the RP-2006 Combined, as appropriate with adjustments for mortality improvements based on MP-2017 for pre-and post-termination rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study of the Wyoming Retirement System for the five year period ended December 31, 2016.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58% for the year ended June 30, 2017. As the plan is unfunded the health plan has no fiduciary net position to make future benefit payments. Therefore, a 20-year, tax-exempt municipal bond rate of 3.58%, obtained from the Bond Buyer General Obligation 20-Municipal Bond Index was applied to determine the total OPEB liability. The discount rate was changed between measurement periods from 2.85% in 2016 to 3.58% for 2017.

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

The University's proportionate share of the net OPEB liability has been calculated using a discount rate of 3.58%. The following presents the University's proportionate share of the net OPEB liability calculated using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
University's total OPEB liability	$ 144,586,457	$ 173,729,912	$ 211,609,867

The University's proportionate share of the net OPEB liability has been calculated using health care trend rates of 6.5 % for pre-Medicare medical and 7.5% for post-65 medical The following presents the University's proportionate share of the net OPEB liability calculated using health care cost trend rates 1% higher and 1% lower than the current health care cost rend rates.

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
University's total OPEB liability	$ 146,195,918	$ 173,729,912	$ 210,965,227

Note 11: Risk Management

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

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

Following is a reconciliation of the unpaid claims liability for the past two years.

	2018	2017
Unpaid claims, beginning of year	$ 750,000	$ 750,000
Claims incurred	(344,478)	(236,403)
Claims paid	344,478	236,403
Unpaid claims, end of 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 $833 per month for a single participant, $1,660 for a participant plus his/her spouse, $1,267 for a participant plus children, $1,900 per participating family, or $950 for married couples both of which are employed by the University or another state agency for insurance premiums for covered participants towards these plans. Participants are responsible for paying premium charges in excess of this amount.

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

The University also participates in two State of Wyoming risk management programs: Workers' Compensation Act and Unemployment Compensation Act. Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act which is administered as an enterprise fund by the State of Wyoming. This Act requires the University to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. Amounts paid to the State for workers' compensation during fiscal years 2018 were $995,352.

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

	2018	2017
Unpaid claims, beginning of year	$ -	$ -
Claims incurred	231,643	(182,069)
Claims paid	(231,643)	182,069
Unpaid claims, end of year	$ -	$ -

Note 12: Disclosures About Fair Value of Assets and Liabilities

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

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The University holds $123,248,032 in Level 2 investments in commercial paper and U.S. Government Securities.

The University also holds $32,293,352 in investments with the State of Wyoming and $217,652,930 with the Foundation. The University's investments held with the state and the Foundation represent equity in the respective pools and are valued using the equivalent to net asset value. Therefore, these investments are not included in the fair value hierarchy.

Note 13: Service Concession Arrangement

On July 1, 2011, the University entered into an agreement with a not-for-profit entity under which the not-for-profit agreed to finance, construct and operate a 332-bed student housing facility, Bison Run Village, on land owned by the University. The not-for-profit is entitled to the rent collected during the 32-year operations period. At the end of the arrangement, title of the building and operations of the student housing facility reverts to the University. The University may purchase the building for a purchase price of the outstanding debt at any time of the operations period. The building was placed into service in August 2012 and the University reports the Bison Run Village as a capital asset with a carrying value of $12,662,548 and a related deferred inflows of resources of $12,662,548 at year-end.

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

Note 14: Commitments and Contingencies

Claims and Litigation

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

Government Grants

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

Prior Year Defeased Bonds

In prior years, the University has placed bond proceeds in irrevocable trusts to advance refund previous debt issuances. The risk of the proceeds along with applicable earnings not being sufficient to pay the defeased bonds is remote. Defeased bonds principal outstanding at June 30, 2018 is $6,760,000.

Note 15: University of Wyoming Foundation, Inc.

Financial Statements

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

Although the University does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements, in accordance with Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity* as amended and Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units – as amended to GASB Statement No. 14.*

During the year ended June 30, 2018, the Foundation provided $57,028,870 of support to the University. Complete financial statements of the Foundation may be obtained from its Administrative Office at the following address: 222 South 22nd Street, Laramie, Wyoming 82070.

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

The financial statements of the Foundation are presented in accordance with the provisions of the FASB ASC 958. The FASB ASC requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values.

Fair Value Investments

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

Level 1 Pricing inputs are quoted prices in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include actively traded equities, certain U.S. government and sovereign obligations, and certain money market securities.

Level 2 Pricing inputs are other than quoted prices in active markets for identical assets, but the inputs are either directly or indirectly observable. Quoted prices are available but the assets are traded less frequently and thus valuation is accomplished using similar securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value (NAV) per share, or its equivalent, that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.

Investments classified as Level 2 trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These generally include certain U.S. government and sovereign obligations, most government agency securities, investment grade corporate bonds, certain mortgage products, certain bank loans and bridge loans, less liquid listed equities, state, municipal and provincial obligations, most physical commodities and certain loan commitments. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, calculations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 3 Pricing inputs are not observable in the market. Thus valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include private equity and real estate investments, certain bank loans and bridge loans, less liquid corporate debt securities (including distressed debt instruments), collateralized debt obligations, and less liquid mortgage securities (backed by either commercial or residential real estate).

Investments

The Foundation, the Cowboy Joe Club, the Associated Students of the University of Wyoming (ASUW), and the University endowments are participants in a joint venture whereby certain assets are pooled for investment purposes. The Foundation manages the assets of the pool and maintains separate accounts for each participant. Investment income, gains, and losses and expenses of the pool are allocated to each participant based on their share of ownership of the pool. At June 30, 2018 approximately 88% of the total investments are included in the pool.

The summarized investments of the Foundation at June 30, 2018 are as follows:

	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Level 1			
Money market funds	$ 13,663,790	$ 14,215,479	$ 551,689
Corporate bonds	57,555,437	57,286,328	(269,109)
Fixed income	107,053,668	103,680,995	(3,372,673)
Government obligations	326,621	328,758	2,137
Corporate stocks	117,526,520	152,558,958	35,032,438
	$ 296,126,036	$ 328,070,518	$ 31,944,482
Level 2			
Event driven hedge funds	$ 2,918,233	$ 7,338,932	$ 4,420,699
Global hedge funds	30,000,000	27,549,981	(2,450,019)
Insurance	113,384	113,384	-
International equity	34,142,564	45,542,651	11,400,087
Long/short hedge funds	26,781,261	41,801,502	15,020,241
Real estate	3,336,000	3,355,473	19,473
	$ 97,291,442	$ 125,701,923	$ 28,410,481
Level 3			
Other	$ 430,703	$ 430,703	$ -
Liquidating	4,376,502	10,144,896	5,768,394
Fixed income hedge funds	14,199,733	18,625,805	4,426,072
Multi-strategy hedge funds	8,235,355	11,163,305	2,927,950
Private equity funds	76,179,384	92,692,947	16,513,563
	$ 103,421,677	$ 133,057,656	$ 29,635,979
Combined total	$ 496,839,155	$ 586,830,097	$ 89,990,942

The Foundation has invested in alternative investments defined as hedge funds, private equity, and other investments for which the fair 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, 2018, the alternative investments held by the Foundation were $92,692,947.

The following table summarizes the changes in value of Level 3 investments for the fiscal year ended June 30, 2018:

	Liquidating and Other	Event and Fixed Income Hedge	Long/Short Hedge	Multi-Strategy Hedge	Private Equity and Real Assets	Total
Balance as of June 30, 2017	$ 6,434,735	$ 19,254,141	$ 19,672,629	$ 15,528,893	$ 73,519,180	$ 134,409,578
Purchases	-	-	-	-	29,922,122	29,922,122
Sales	(12,353,476)	(939,320)	(8,506,569)	(198,803)	(18,244,053)	(40,242,221)
Reclassification	15,604,245	-	(11,167,041)	(4,437,205)	-	(1)
Realized gains and income	6,459,028	939,320	1,506,569	-	13,768,581	22,673,498
Unrealized gains (losses)	(5,568,933)	(628,336)	(1,505,588)	270,420	(6,272,883)	(13,705,320)
Total Level 3 investments	$ 10,575,599	$ 18,625,805	$ -	$ 11,163,305	$ 92,692,947	$ 133,057,656

The major categories of Level 2 and Level 3 investments are summarized as follows at June 30, 2018:

Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Event Driven Hedge Funds (a)	$ 7,338,932	$ -	Quarterly to Annually	65 day notice
Fixed Income Hedge Funds (b)	18,625,805	-	Quarterly to Annually	60 days to 90 days
Global Macro Hedge Funds (c)	27,549,981	-	Quarterly to Annually	30 days to 90 days
International Equity (d)	45,542,651	-	Quarterly to Annually	30 days
Liquidating and Other (e)	10,575,599	-	N/A	N/A
Long/Short Hedge Funds (f)	41,801,502	-	Monthly to Every 3 Years	30 days to 60 days
Multi-Strategy Hedge Funds (g)	11,163,305	-	Quarterly to Annually	45 days to 180 days
Private Equity and Real Assets (h)	96,048,420	132,896,928	N/A	N/A
	$ 258,646,195	$ 132,896,928		

(a) This category includes investments in hedge funds that focus on a range of events. These events include Activist; Distressed – Non-Control; Long-Short Credit; Long-Short Equity; and Merger (Risk) Arbitrage. These funds have limited transparency and the valuations have been estimated using the practical expedient provided by the manager. The term for these investments ranges from 60 to 90 days.

(b) Fixed income investments include hedge funds that tend to focus on mispricing within credit instruments. The investments have limited transparency to underlying securities. The investments are valued using significant unobservable inputs. Appropriate due diligence is performed to rely on the manager's NAV as a practical expedient for fair value. The term for these investments ranges from 60 to 90 days.

(c) This category includes investments in hedge funds that focus on macroeconomic conditions, speculating on the direct effect of interest rates, currencies, precious metals, commodities, and indices, often utilizing various degrees of leverage. The valuations have been estimated using the practical expedient provided by the manager. The term for these investments ranges from 30 to 90 days.

(d) This category includes investments in funds that focus on long-only international equities. The underlying assets are liquid, and the fund's managers provide details of those assets. As of June 30, 2018, all the investments in the category can be redeemed with no restrictions.

(e) This category consists of six investments that are liquidating the assets remaining in the portfolios. The assets consist of one event driven hedge fund, two multi-strategy hedge funds, and three long/short equity hedge funds. As of June 30, 2018, the fair values of the investments have been estimated using the practical expedient provided by the investment manager. The managers currently have no clarity on a timetable for the conclusion of the funds.

(f) This category includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stakes, and from a net long position to a net short position. The investments contain exposure in the U.S. market, but will also take advantage of investment opportunities in Europe, Asia and emerging markets. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. As of June 30, 2018, all of the lock-up periods have expired for these investments. However, some of the investments have terms that make full liquidity unavailable at the Foundation's report date.

(g) This category includes a multi-strategy investment focused on analyzing the probability-adjusted returns of individual securities and assets and capturing the alpha in mispriced assets/securities across conventional and alternative financial strategies. Management initiates long and short positions targeting solid absolute risk-adjusted returns. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. As of June 30, 2018, all lock-up periods have expired. However, some of the investments have terms that make full liquidity unavailable at the Foundation's report date.

(h) This category includes several private equity and real assets funds that focus on buyout, growth equity and/or distressed debt. These investments are not redeemable. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The term for these investments ranges from 5 to 10 years. As of June 30, 2018, the fair values of the investments in this category have been estimated using the practical expedient provided by the investment manager.

The components of investment return for the year ended June 30, 2018 follows:

Dividends and interest	$ 6,394,200
Net realized gains	34,668,880
Net unrealized loss	(4,029,925)
Investment management fees	(5,899,235)
Total investment return	31,133,920
Gross endowment distribution (operating)	(18,295,213)
Net investment return (nonoperating)	$ 12,838,707

The Foundation has entered into various split interest agreements, including charitable lead annuity trusts, charitable remainder unitrusts, and charitable gift annuities; whereby the Foundation serves as trustee. The assets held under these split interest agreements are included in investments at June 30, 2018 with a fair value of $10,947,448.

The Foundation holds various investments related to startup companies. No cash was paid for these investments, as they were obtained as consideration in exchange for the use of University facilities and personnel, as well as licensing considerations. The investments are held on behalf of, and in trust for, the University of Wyoming. Due to the nature of these investments and their underlying businesses, it would be impractical to perform or ascertain a business valuation as of June 30, 2018, and therefore, no value has been assigned to these investments as of June 30, 2018. The Foundation is entitled to custodial fees ranging from 1.0% to 2.0% of all future dividends, distributions, or other cash or assets derived from these investments, with the remainder being transferred to the University of Wyoming.

Funds Held by Others

The funds held by others consist of University of Wyoming – Division of Student Loans. The funds were converted into scholarships during the fiscal year ended June 30, 2018. The amount as of June 30, 2018 was $0.

Pledges Receivable

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

Due to the nature of these pledges, significant increases and decreases in net assets may occur. These significant fluctuations can arise as contributions are recognized as support in the fiscal period in which they are pledged, but the expenses incurred with such contributions occur in a different fiscal period. Total promises to give were as follows at June 30, 2018:

Due within 1 year	$ 13,851,286
Due 1 to 5 years	13,380,726
Due 5 years and later	966,810
	28,198,822
Less allowance for uncollectible pledges	(1,373,515)
Less discount to present value	(863,228)
Total pledges receivable	$ 25,962,079

Building, Property and Equipment

Property and equipment consists of the following as of June 30, 2018:

Marian H. Rochelle Gateway Center	$ 30,070,184
Furniture and equipment	5,595,363
	35,665,547
Less accumulated depreciation	(5,305,133)
	$ 30,360,414

During the year ended June 30, 2018, depreciation expense of $1,548,698 was recognized.

Net Assets

Undesignated	$ 35,665,547
Investments from which the income will be used to cover Foundation operating expenses or used for special Foundation projects	21,086,210
Other amounts held for special requests	257,445
	57,009,202
Reserve for market decline in excess of original gifts and endowments	(17,357)
Total unrestricted	$ 56,991,845

Endowments

Total managed endowments at the Foundation were $513,201,148 at June 30, 2018. Included in these totals were custodial endowments totaling $214,678,964 at June 30, 2018.

The managed endowments at June 30, 2018 consist of 1,487 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Foundation's governing board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation's governing board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted by the State of Wyoming in 2010, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor-gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment Net Asset Composition by Type of Fund as of June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Donor-restricted endowment funds	$ 1,481,988	$ 54,503,983	$ 231,590,139	$ 287,576,110
Underwater	(17,357)	17,357	-	-
Board-designated endowment funds	10,946,073	-	-	10,946,073
Total endowed net assets	$ 12,410,704	$ 54,521,340	$ 231,590,139	$ 298,522,183

Changes in Endowment Net Assets for the Year Ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Endowment net assets, beginning of year	$ 7,990,348	$ 49,190,258	$ 215,850,453	$ 273,031,059
Investment return	634,202	17,051,660	-	17,685,862
Contributions	2,500	-	12,865,539	12,868,039
Appropriation of endowment assets for expenditure	(343,802)	(9,999,729)	-	(10,343,531)
Recovery of prior year investment losses in excess of gift value	207,359	(207,359)	-	-
Manager and administrative fees	(79,903)	(2,772,736)	-	(2,852,639)
Other changes	4,000,000	1,259,246	2,874,147	8,133,393
Balance, June 30, 2018	$ 12,410,704	$ 54,521,340	$ 231,590,139	$ 298,522,183

Fund with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $17,357 as of June 30, 2018. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Foundation's governing board.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy

The Foundation Board has adopted a spending policy that makes a distribution based on the weighted average method, and new endowments are restricted from having a payout for one year. For fiscal year 2018, the distribution method uses a calculation with 40% based on a 4.0% spending rate of the December market value, and 60% based on the prior year distribution with an inflation adjustment increase of 2%.

Required Supplementary Information

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

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

June 30	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	3.299100317%	$ 75,197,730	$ 58,134,801	129.35%	76.35%
2017	3.498329500%	84,572,123	58,513,047	144.54%	73.42%
2016	3.528810328%	82,198,266	63,031,172	130.41%	73.40%
2015	3.406134378%	60,107,789	58,818,270	102.19%	79.08%
2014	3.440915250%	52,363,982	57,758,244	90.66%	81.10%

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

*Information is not currently available for prior years, additional years will be displayed as they become available.

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

June 30	Statutorily Required Contributions	Contributions Related to the Statutory Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2018	$ 4,782,988	$ 4,782,988	$ -	$ 57,155,125	8.37%
2017	5,003,418	5,003,418	-	59,777,993	8.37%
2016	5,409,876	5,409,876	-	64,634,122	8.37%
2015	4,612,194	4,612,194	-	60,527,480	7.62%
2014	3,713,674	3,713,674	-	52,158,343	7.12%

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

*Information is not currently available for prior years, additional years will be displayed as they become available.

Notes to Schedule:

Benefit changes. There have been no changes in benefit terms

Changes of assumptions. Effective for fiscal year 2018 the discount rate was reduced to 7% from 7.75%

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

June 30	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.570902500%	$ 491,230	$ 897,953	54.71%	87.99%

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

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

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

June 30	Statutorily Required Contributions	Contributions Related to the Statutory Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2018	$ 4,782,988	$ 4,782,988	$ -	$ 57,155,125	8.37%

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

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

Notes to Schedule:

Benefit changes. There have been no changes in benefit terms

Changes of assumptions. Effective for fiscal year 2018 the discount rate was reduced to 7% from 7.75%

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

	2018	2017
Total OPEB Liability		
Service cost	$ 320,352	$ 308,416
Interest	571,888	1,168,107
Changes of benefit terms	-	(16,753,384)
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	(278,762)	(738,667)
Benefit payments	(1,740,816)	(1,954,706)
Net Change in Total OPEB Liability	(1,127,338)	(17,970,234)
Total OPEB Liability - Beginning	15,327,528	33,297,762
Total OPEB Liability - Ending	$ 14,200,190	$ 15,327,528
Covered-Employee Payroll	$ 236,707,000	$ 228,864,004
Total OPEB Liability as a Percentage of Covered-Employee Payroll	6.00%	6.70%

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

*Information is currently not available for prior years, additional years will be displayed as they become available.

Notes to Schedule:

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

Benefit changes. Effective for Fiscal Year 2017, amounts presented reflect the elimination of the benefit for conversion of the sick leave balance to health insurance payments for those employees who did not meet the criteria as of July1, 2016.

Changes of assumptions. Effective for Fiscal Year 2017 the discount rate was changed from 2.85% in 2016 to 3.58% in 2017. Effective for Fiscal Year 2018 the discount rate was changed from 3.58% in 2017 to 3.87% in 2018.

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

June 30	Proportion of the Total OPEB Liability	Proportionate Share of the Total OPEB Liability	Covered Employee-Payroll	Proportionate Share of the Total OPEB Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	21.9635600%	$ 173,729,912	$ 228,864,004	75.91%	N/A

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

* Information is not currently available for prior years, additional years will be displayed as they become available.

Notes to Schedule:

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

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

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