UNIVERSITY OF WYOMING

Financial Report
June 30, 2017

UNIVERSITY OF WYOMING

FINANCIAL REPORT

JUNE 30, 2017

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McGee, Hearne & Paiz, LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
University of Wyoming
Laramie, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the University of Wyoming (the "University"), a component unit of the State of Wyoming, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the University of Wyoming Foundation, which is shown as a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Wyoming Foundation component unit, is based solely on the report of the other auditors. We conducted our audits 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 University'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 University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of a Matter – Change in Accounting Principle

As discussed in Notes 1 and 11 to the financial statements, in 2017 the University adopted new accounting guidance with implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaced GASB Statement No. 45. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 20 and certain pension plan and other postemployment benefit plan information on pages 64 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
November 28, 2017

University of Wyoming
Management's Discussion and Analysis
June 30, 2017 and 2016 (unaudited)

INTRODUCTION

The following discussion and analysis is designed to assist readers in understanding the accompanying financial statements and provide an overview of the University of Wyoming's financial position and activities as of and for the fiscal years ended June 30, 2017 and 2016, with comparative information for the year ended June 30, 2015. It has been prepared by management to be read in conjunction with the financial statements and the notes thereto, which follow this section.

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

UW opened on September 6, 1887, with one building, five professors, two tutors, and 42 students, who studied philosophy, arts, literature, and sciences. Today, we provide approximately 13,000 students with 200 programs of study at the undergraduate, graduate, and professional levels; an outstanding faculty; and world-class research facilities—all set against the idyllic backdrop of southeastern Wyoming's rugged mountains and high plains.

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

REPORTING ENTITY

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

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

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

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

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

FINANCIAL HIGHLIGHTS

- **Net position** represents the residual interest in the university's assets and deferred outflows after liabilities and deferred inflows are deducted, and is one indicator of the current financial condition of the university. Total assets and deferred outflows of the university exceeded total liabilities and deferred inflows as of June 30, 2017 by $1.22 billion ($1,219,890,777). Of the $1.22 billion, 65.4% or $797.7 million is the net investment in capital assets, 42.0% or $512.8 million is restricted as to use ($170.0 million is nonexpendable – endowments required to be retained in perpetuity – and $342.8 million is expendable for scholarships, research, instruction, loans or capital projects), while a negative -7.4% or -$90.6 million is the unrestricted balance.

  The negative unrestricted balance is a result of implementing a change in accounting principle (GASB Statement No. 68) which requires state and local governments and their related entities providing defined benefit pension plans to recognize a long-term obligation for pension benefits as a liability. The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. See the Statement of Net Position section below and Note 9 – Retirement Commitment – Wyoming Retirement System for additional information.

  As of June 30, 2016 and 2015 net position was $1,158.3 million and $1,104.7 million, respectively: $695.6 million and $644.6 million was the net investment in capital assets, $505.8 million and $483.0 million was restricted as to use, leaving -$43.1 million and -$22.9 million unrestricted.

- Sustained **increases in net position** over time are one indicator of an institution's improving financial health. University of Wyoming net position has increased each year beginning with fiscal year 2003. In fiscal year 2017 net position increased by $77.9 before implementation of GASB 75 ($61.6 million after application). As of June 30, 2016 and 2015 net position increased by $53.6 million and $65.9 million before implementation of GASB 68 ($17.8 million after application). The components of the last three years' increases are reflected in the following table.

Increase in Net Position
(in millions)

	2017	2016	2015
Income (loss) before other revenues, gains and losses	$ (11.6)	$ 12.5	$ 22.9
State appropriations restricted for capital purposes	86.6	40.3	36.0
Additions to permanent endowments	2.9	0.8	7.0
Increase in net position before change in accounting principle or prior period adjustment	**$ 77.9**	**$ 53.6**	**$ 65.9**
Restatement of prior period (change in accounting principle)	(16.3)	0	(48.1)
Total increase in net position	**$ 61.6**	**$ 53.6**	**$ 17.8**
Percent increase in net position	5.3%	4.8%	1.6%

The $61.6 million increase in net position in fiscal year 2017 is a result of 1) operating expenses in excess of operating and nonoperating revenues of -$11.6 million (see the Statement of Revenues, Expenses and Changes in Net Position section below for a detailed explanation); 2) $86.6 million in state appropriations restricted for capital projects; 3) $2.9 million in contributions to permanent endowments; and 4) the accounting change adopted to conform to the provisions of GASB 75 applied retroactively by restating beginning net position by -$16.3 million. These four components result in a 5.3% increase in net position compared to fiscal year 2016.

The $53.6 million increase in net position in fiscal year 2016 is a result of an $12.5 million excess of operating and nonoperating revenues over operating expenses, $40.3 million in state appropriations restricted for capital projects and $0.8 million in contributions to permanent endowments. The $53.6 million represents a 4.8% increase in net position compared to fiscal year 2015.

The $17.8 million increase in net position in fiscal year 2015 was a result of a $22.9 million excess of operating and nonoperating revenues over operating expenses, $36.0 million in state appropriations restricted for capital projects and $7.0 million in contributions to permanent endowments. The accounting change adopted to conform to the provisions of GASB 68 was applied retroactively by restating beginning net position by -$48.1 million. This was a 1.6% increase in net position compared to fiscal year 2014.

FINANCIAL STATEMENTS OVERVIEW

Financial statement readers do not always have the same specific objectives; therefore, in order to address the needs of as many parties as reasonably possible, the university's annual report consists of four components in accordance with required reporting standards: 1) this section - Management's Discussion and Analysis (MD&A); 2) institution-wide financial statements; 3) notes to the basic financial statements; and 4) required supplementary information.

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

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

Significant Financial Reporting Components

Revenues and expenses are categorized as either operating or nonoperating and a net income or loss from operations is displayed. Significant recurring sources of the university's revenues, including state appropriations, gifts, and investment income (loss) expended for operations are considered nonoperating revenues according to definitions prescribed by GASB. These diversified revenue streams are critically important sources of funds used to supplement tuition and fee revenue, federal and state grants and contracts, sales and services of university educational departments and auxiliary enterprise charges in the delivery of University of Wyoming programs and services. Revenues categorized as nonoperating totaled $343.1, $333.6, and $327.5 million, and funded 59.6%, 59.1%, and 61.5% of the university's regular operating expenses in fiscal years 2017, 2016, and 2015, respectively.

Under this required reporting format, operating expenses will always exceed operating revenues and the Statement of Revenues, Expenses and Changes in Net Position will reflect a loss from operations every year. For fiscal years ended June 30, 2017, 2016, and 2015 operating revenues totaled $224.6, $247.3, and $232.1 million; operating expenses were $575.8, $564.2, and $532.6 million, resulting in net losses from operations of $351.2, $316.9, and $300.5 million, respectively.

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

For the fiscal year ended June 30, 2017, scholarships and fellowships (including Federal Direct Loans) totaled $97.4 million, of which $38.4 million represents amounts applied to student accounts, while $59.0 million was paid directly to students.

For the fiscal year ended June 30, 2016, scholarships and fellowships (including Federal Direct Loans) totaled $98.4 million, of which $37.6 million represents amounts applied to student accounts, while $60.8 million was paid directly to students.

For the fiscal year ended June 30, 2015, scholarships and fellowships (including Federal Direct Loans) totaled $95.5 million, of which $33.8 million represents amounts applied to student accounts, while $61.7 million was paid directly to students.

Depreciation expense – Instead of reflecting expenditures for purchases of capital assets, assets are recorded and depreciation expense on those assets is recognized. A detailed schedule of changes in capital assets can be found in Note 4 to the Financial Statements. For fiscal years ended June 30, 2017, 2016, and 2015, capital assets (net of depreciation) increased by $96.9, $45.3, and $36.6 million to $893.3, $796.4, and $751.1 million, respectively. Depreciation expense totaled $36.7, $33.7, and $30.8 million in fiscal years 2017, 2016, and 2015, respectively.

Deferred outflows of resources – As a result of GASB 68 requiring increased disclosure related to defined-benefit pension plans for state and local governments and their related entities, the Statement of Net Position reflects a pension-related deferred outflow of resources of $19.2, $24.3 and $9.8 million June 30, 2017, 2016 and 2015 respectively. The pension-related deferred outflow reflects the difference between projected and actual earnings on pension plan investments, changes in proportionate share of contributions, and contributions subsequent to the measurement date. See Note 9 – Retirement Commitment – Wyoming Retirement System for detailed information. GASB 68 does not apply to the university's private defined contribution retirement plan (TIAA), it only applies to the Wyoming Retirement System (WRS) defined benefit pension plan. Deferred outflows are reflected below total assets on the Statement of Net Position.

Deferred inflows of resources – The university operates CHF-WYO, LLC, a student housing project (Bison Run Village or BRV) under a 32-year management agreement. At the end of the management agreement, ownership and operation of the facility will be transferred to the university. Prior to implementation of GASB 65 a $15.8 million leasehold improvement (BRV asset) was recorded as well as $15.8 million in deferred revenue. GASB 65 required the university to reclassify this deferred revenue as a deferred inflow of resources. Deferred inflows are reflected below total liabilities on the Statement of Net Position. The deferred inflow of resources related to BRV is $13.2, $13.9 and $14.6 million as of June 30, 2017, 2016 and 2015 respectively.

The accounting change adopted in fiscal year 2015 to conform to GASB 68 resulted in a pension-related deferred inflow of resources of $2.9, $2.0 and $0.4 million as of June 30, 2017, 2016 and 2015 respectively. This deferred inflow reflects the change in the university's proportionate share of contributions to the WRS defined-benefit pension plan plus differences between expected and actual experience. See the Schedule of the University's Proportionate Share of the Net Pension Liability in the Required Supplementary Information section for more information.

In addition, the accounting change adopted in the current fiscal year to conform to GASB 75 resulted in a postemployment benefits other than pensions (OPEB) related deferred inflow of resources of $0.6 million. This deferred inflow reflects the change of assumptions and inputs. See Note 11 for detailed information.

Advance payments – This category includes unexpended cash advances received from contract and grant sponsors, which have not yet been earned under the terms of the agreements, and it includes amounts received in advance, including student tuition and advance ticket sales. Advance payments as of June 30, 2017, 2016, and 2015 totaled $17.6, $21.0, and $11.5 million, respectively.

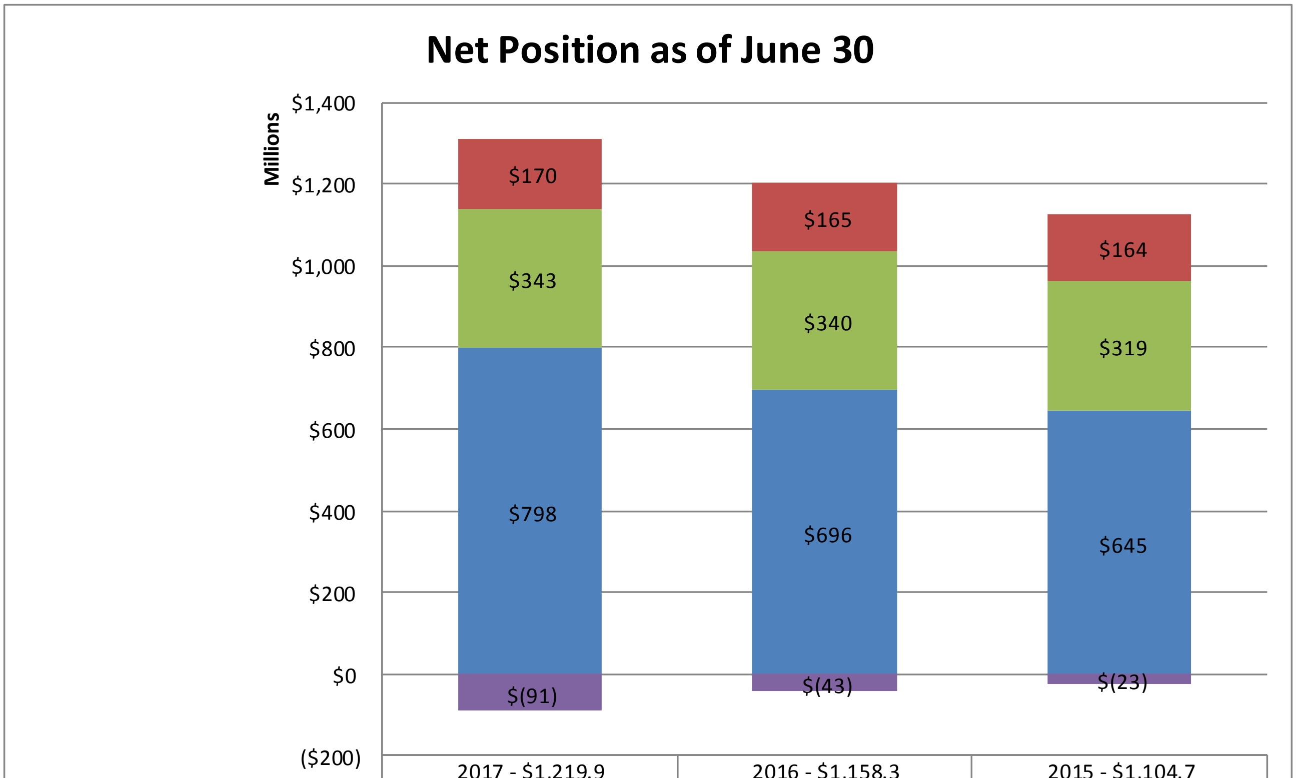
STATEMENT OF NET POSITION

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

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

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

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



	2017 - $1,219.9	2016 - $1,158.3	2015 - $1,104.7
Unrestricted	$(90,632,650)	$(43,130,070)	$(22,901,384)
Restricted Nonexpendable	$169,950,832	$165,364,416	$163,681,739
Restricted Expendable	$342,832,594	$340,486,669	$319,287,898
Net Investment in Capital Assets	$797,740,001	$695,584,508	$644,658,332

Statement of Net Position
(in millions)

	2017	2016	2015
Current assets	$ 371.1	$ 390.9	$ 357.7
Noncurrent assets:			
Investments	224.8	208.9	219.5
Capital assets, net of accumulated depreciation	893.3	796.4	751.1
Other assets	51.2	48.6	45.4
Total Assets	$1,540.4	$1,444.8	$1,373.7
Deferred Outflow on Refunding of Bonds	$ 0.6	$ 0.7	$ 0.8
Pension Related Deferred Outflows	19.2	24.3	9.8
Total Deferred Outflows of Resources	19.8	25.0	10.6
Total Assets and Deferred Outflows	**$1,560.2**	**$1,469.8**	**$1,384.3**
Current liabilities	$ 106.9	$ 90.9	$ 77.2
Noncurrent liabilities	216.6	204.7	187.4
Total Liabilities	$ 323.5	$ 295.6	$ 264.6
Service Concession Agreement	$ 13.2	$ 13.9	$ 14.6
Pension Related Deferred Inflows	3.0	2.0	0.4
OPEB Related Deferred Inflows	0.6	-	-
Deferred Inflows of Resources	16.8	15.9	15.0
Total Liabilities and Deferred Inflows	**$ 340.3**	**$ 311.5**	**$ 279.6**
Net Position:			
Net investment in capital assets	797.7	695.6	644.6
Restricted:			
Nonexpendable	170.0	165.4	163.7
Expendable	342.8	340.4	319.3
Unrestricted	(90.6)	(43.1)	(22.9)
Total Net Position	**$1,219.9**	**$1,158.3**	**$1,104.7**
Total Liabilities, Deferred Inflows, and Net Position	**$1,560.2**	**$1,469.8**	**$1,384.3**

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

Current Assets

Current asset balances fluctuate in the normal course of business as economic conditions and liquidity needs change throughout the business cycle. Timing of business operations such as payroll and accounts payable cycles at year-end result in varying cash balances. As of June 30, 2017 current cash on hand for operations was $146.4 million compared to $175.4 million as of June 30, 2016.

Current assets decreased in fiscal year 2017 by $19.8 million from $390.9 million to $371.1 million, a 5.0% decrease. Short-term investments, receivables and prepaid expenses increased $9.8 million while cash and inventories decreased by a $29.6 million.

Current assets increased in fiscal year 2016 by $33.2 million from $357.7 million to $390.9 million, a 9.3% increase. Cash, short-term investments, inventories and prepaid expenses increased $43.4 million while receivables (accounts receivable; receivables from the State of Wyoming; pledges, student loans, and interest receivable) decreased by a net $10.2 million.

To reiterate, the balances in current cash, investments and receivables fluctuate with the business cycle and cash flow needs.

Investments

Noncurrent investment balances at June 30, 2017, 2016, and 2015 totaled $224.8, $208.9, and $219.5 million, respectively. The $15.9 million increase in fiscal year 2017 follows a $10.6 million decrease in fiscal year 2016 and a $6.9 million increase in fiscal year 2015. When considering both current and noncurrent investments together, the total balance of $376.5 million as of June 30, 2017 and $356.9 million as of June 30, 2016 reflect a healthy state of short and long-term investments over the two-year period.

Capital Assets

The University of Wyoming continues to enjoy significant growth in capital assets. Capital assets include buildings, construction in progress balances, furniture, fixtures, equipment, library materials, infrastructure, land and land improvements. For fiscal years ended June 30, 2017, 2016, and 2015, capital assets (net of depreciation) increased by $96.9, $45.3, and $36.6 million to $893.3, $796.4, and $751.1 million, respectively. Roughly half, or $47.5 million of the 2017 increase is due to the State of Wyoming transferring ownership of the Michael B. Enzi STEM Facility on campus to the University of Wyoming.

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

Other Noncurrent Assets

Other noncurrent assets such as restricted cash, student loans outstanding, pledges receivable, and receivables from the State of Wyoming, totaled $51.2, $48.6, and $45.4 million at June 30, 2017, 2016, and 2015, respectively, reflecting a relatively stable state of affairs in these asset categories.

Current Liabilities

Current liabilities are amounts which become due and payable in cash or services within 12 months following June 30. The major components of current liabilities are accrued payroll, accounts payable, advance payments, deposits such as student apartment and residence hall deposits, accrued compensated absences (vacation pay and sick leave), and the current portion of capital debt.

Current liabilities increased 17.7%, or $16.0 million, between June 30, 2016 and June 30, 2017. The balance as of June 30, 2017 is $106.9 million. The entire $16.0 million increase can be largely attributed to the inclusion of accrued sick leave in the compensated absences category. The UW Board of Trustees adopted a policy during the year that allows sick leave to be paid out (subject to certain restrictions) in the same manner as vacation pay upon termination of employment. Increases and decreases in the other liability categories offset one another in 2017. Normal business cycle fluctuations and needs account for changes in these current liabilities.

Current liabilities increased 17.7%, or $13.7 million, between June 30, 2015 and June 30, 2016. The balance as of June 30, 2016 was $90.9 million. A $17.8 million increase in accounts payable ($8.3 million) and advance payments ($9.5 million) was offset by a $4.1 million decrease in payroll ($4.0 million) and other minor liabilities ($0.1 million).

Noncurrent Liabilities

The two largest components of noncurrent liabilities are revenue bonds payable and net pension liability. Other noncurrent liabilities include accrued compensated absences (vacation pay and sick leave), other post-employment benefits and capital leases. Implementation of GASB 68 in fiscal year 2015 required recording a material net pension liability which is now the second largest component of this liability category.

Noncurrent liabilities at June 30, 2017 and 2016 totaled $216.6 million, and $204.7 million, respectively. The $11.9 million net increase is comprised of another $16.0 million increase in the accrued compensated absences category (see the discussion above under current liabilities regarding the change in policy adopted by the UW Board of Trustees) and the net pension liability increased by $2.3 million. Decreases include a $5.0 million reduction in revenue bonds payable due to regular debt service payments and a $1.4 million net decrease in other noncurrent liability categories (such as deposits held in custody for others and capital lease obligations).

Noncurrent liabilities at June 30, 2016 and 2015 totaled $204.7 million, and $187.4 million, respectively. The $17.3 million increase is comprised of a $22.1 million increase in the GASB 68 net pension liability, a $1.4 million increase in other post-employment benefits, a $5.5 million decrease in revenue bonds payable due to regular debt service payments and a $0.7 million net decrease in other noncurrent liability categories (such as vacation pay and capital lease obligations).

Net Position

Net investment in capital assets – The university's largest class of net assets is its net investment in capital assets which total $797.7 (65.4% of total net position), $695.6 (60.1%), and $644.6 million (58.4%) for fiscal years 2017, 2016, and 2015, respectively. These capital assets represent the university's net investment in campus facilities, equipment, land and infrastructure so essential to fulfilling our teaching, research and service mission. The net investment in capital asset balance increased by $102.1 million from 2016 to 2017 (including the addition of the Michael B. Enzi STEM Facility) and $51.0 million from 2015 to 2016. See the table in the Capital Activity section of this discussion for a summary of capital asset balances, net of related debt and depreciation.

Restricted Nonexpendable – Defined earlier in this analysis as consisting of endowment and similar type funds in which donors or other third parties have stipulated, as a condition of the gift, that the principal be maintained inviolate and in perpetuity, restricted nonexpendable assets as of June 30, 2017, 2016, and 2015 total $170.0, $165.4, and $163.7 million. These endowment assets are included in the University of Wyoming Foundation financial statements, which are discretely presented immediately following the University of Wyoming's statements. See Note 2 for more information about UW Investments Held by the Foundation.

Restricted Expendable – Net assets in this category total $342.8, $340.4, and $319.3 million as of June 30, 2017, 2016, and 2015, respectively. These assets may be fully expended but only for specific purposes identified by the donor or external entity originally providing the funds. As such, the year to year balances vary accordingly.

The $2.4 million net increase from 2016 to 2017 is a result of a $16.7 million increase in the scholarship, research and instruction category and a $0.7 million increase in the loans expendable category, offset by a $15.0 million decrease in capital projects category.

A $21.1 million increase from 2015 to 2016 was attributable to a $19.6 million increase in the capital projects category, a $3.7 million increase in the loans category and a $2.2 million decrease in the scholarship, research and instruction expendable category.

Unrestricted – Representing all other funds available to the university, which may be used for operations at the discretion of the governing board, the unrestricted net position as of June 30, 2017 and June 30, 2016 is a negative -$90.6 million and a negative -$43.1 million. The negative position is a result of implementing GASB 68 which requires that the university record a material noncurrent liability: net pension liability. In addition, the significant increase in accrued compensated absences (discussed previously) in 2017 increases the negative net position. The net pension liability as of June 30, 2017 and 2016 is $84.6 and $82.2 million respectively. The accrued compensated absences liability as of June 30, 2017 is $44.7 million as opposed to only $12.7 million on June 30, 2016.

Since assets and deferred outflows of resources increase net position, and liabilities and deferred inflows of resources decrease net position, applying this pension liability to the unrestricted category results in, or increases, negative balances. See Note 9 – Retirement Commitment – Wyoming Retirement System for detailed information.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

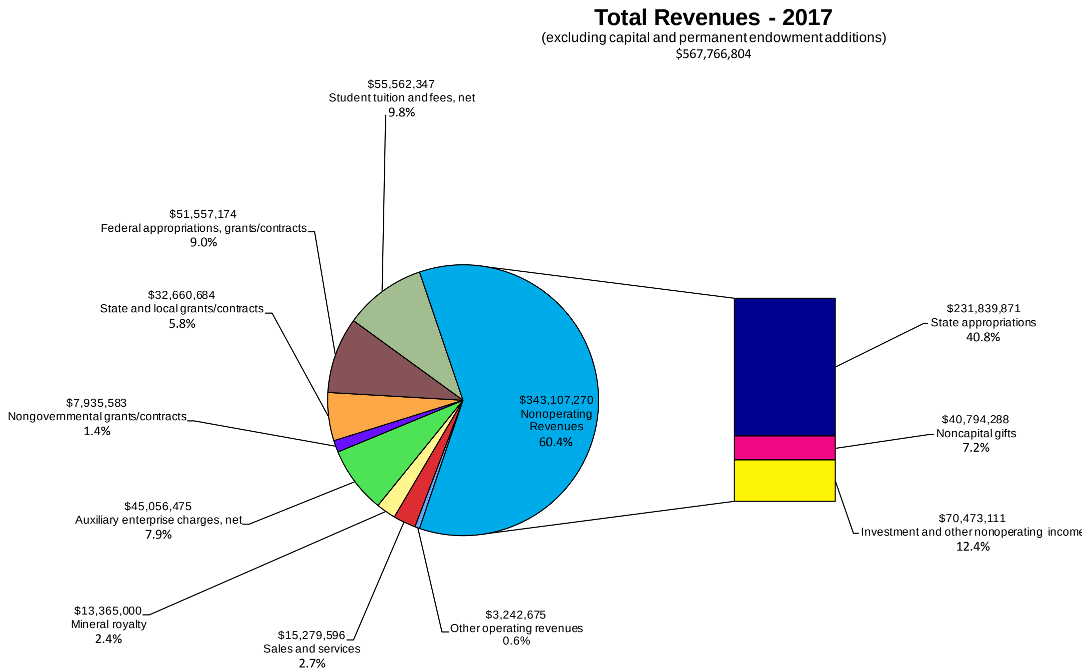
The Statement of Revenues, Expenses, and Changes in Net Position presents the university's results of operations and supports the total change in net assets for the year. Taken together, the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position help answer the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

One of the university's greatest strengths is its diverse stream of revenue sources, which supplement its student tuition and fees. State appropriations; voluntary private support from individuals, foundations and corporations; government and other sponsored programs; sales, services and auxiliary enterprise revenue; mineral royalties; and investment income, all contribute to the university's ability to keep tuition costs low. In the current fiscal year, as well as in the previous two fiscal years, 90 - 91% of UW's total revenue is derived from sources other than student tuition and fees.

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

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

	2017	2016	2015
Operating revenues	$ 224.6	$ 247.3	$ 232.1
Operating expenses	(575.8)	(564.2)	(532.6)
Operating (loss)	$ (351.2)	$ (316.9)	$ (300.5)
Net nonoperating revenues	339.6	329.4	323.4
Gain (loss) before other revenue, expenses, gains and losses	$ (11.6)	$ 12.5	$ 22.9
Net other revenue, expenses, gains and losses	89.5	41.1	43.0
Increase in Net Position before change in accounting principle	**$ 77.9**	**$ 53.6**	**$ 65.9**
Net Position - beginning of year	1,158.3	1,104.7	1,086.9
Restatement to prior period (accounting principle change)	(16.3)	0	(48.1)
Net Position – End of Year	**$ 1,219.9**	**$ 1,158.3**	**$ 1,104.7**



The chart above reflects operating and nonoperating revenues; it does not include capital appropriations, additions to permanent endowments or nonoperating expenses. The table below incorporates all of these elements to reflect total resources available to the university of $653.6 million in 2017, $617.8 million in 2016 and $598.5 million in 2015.

Operating expenses in 2017, 2016, and 2015 totaled $575.8, $564.2, and $532.6 million, resulting in increases in net position of $77.9 (before GASB 75), $53.6, and $65.9 million (before GASB 68), respectively.

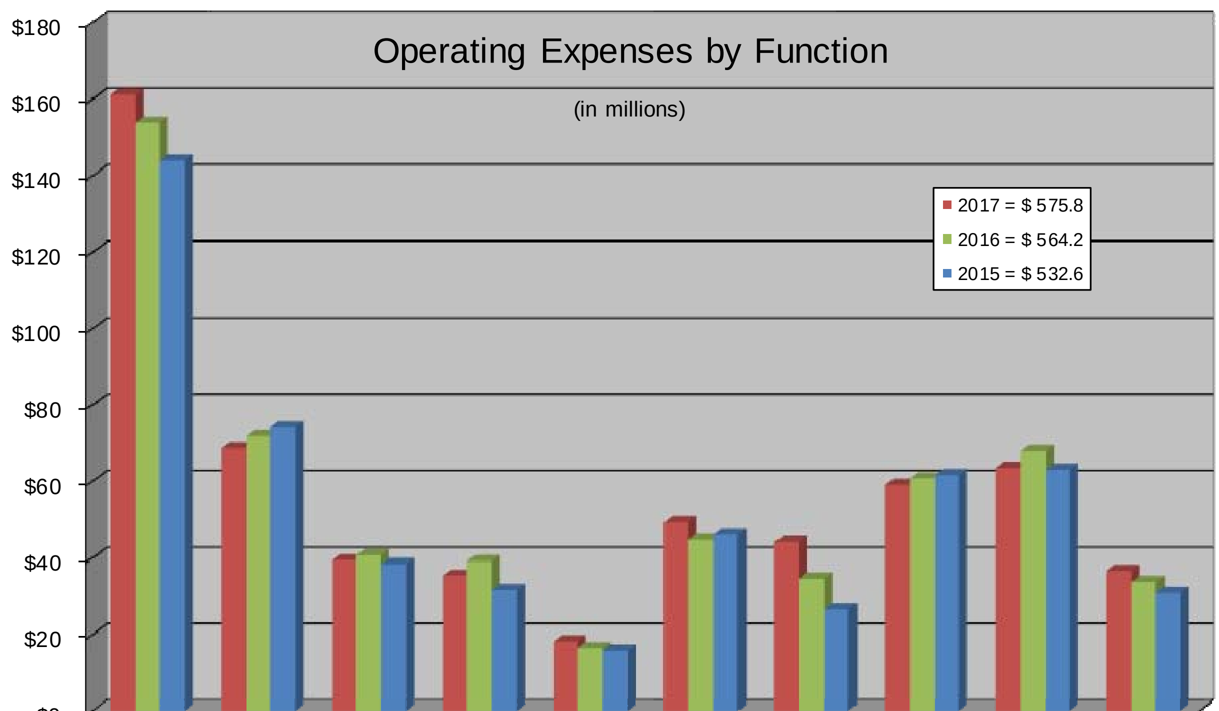
Revenues, Capital Appropriations, and Additions to Permanent Endowments
net of nonoperating expenses (in millions)

	2017	**2016**	**2015**
Operating revenues	$ 224.6	$ 247.3	$ 232.1
Nonoperating revenues	343.1	333.6	327.5
Total revenue (excluding capital/ permanent endowment additions)	$ 567.7	$ 580.9	$ 559.6
Nonoperating expense - interest	(3.6)	(4.2)	(4.1)
State appropriations restricted for capital purposes	86.6	40.3	36.0
Additions to permanent endowments	2.9	0.8	7.0
Total Revenues and Additions to Permanent Endowment (net of nonoperating expenses)	**$ 653.6**	**$ 617.8**	**$ 598.5**

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

Operating Expenses by Natural Classification
(in millions)

	2017	**2016**	**2015**
Compensation and benefits	$ 351.4	$ 332.2	$ 307.8
Supplies and support services	128.7	137.5	132.3
Scholarships	59.0	60.8	61.7
Depreciation	36.7	33.7	30.8
Total Operating Expenses	**$ 575.8**	**$ 564.2**	**$ 532.6**



	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation & Maintenance of Plant	Scholarships	Auxiliary Enterprises	Depreciation
2017 = $ 575.8	$161.2	$68.6	$39.4	$35.4	$18.3	$49.3	$44.3	$59.0	$63.6	$36.7
2016 = $ 564.2	$153.8	$72.0	$40.8	$39.2	$16.5	$44.9	$34.6	$60.8	$67.9	$33.7
2015 = $ 532.6	$143.9	$74.4	$38.4	$31.5	$15.8	$46.3	$26.7	$61.7	$63.1	$30.8

STATEMENT OF CASH FLOWS

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

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

Statement of Cash Flows
(in millions)

	2017	2016	2015
Cash provided by (used in):			
Operating activities	$ (247.6)	$ (212.8)	$ (228.4)
Noncapital financing activities	275.5	286.9	281.9
Investing activities	3.2	(5.0)	18.1
Capital and related financing activities	(60.1)	(36.8)	(57.0)
Net increase (decrease) in cash	$ (29.0)	$ 32.3	$ 14.6
Cash, beginning of the year	176.2	143.9	129.3
Cash, End of the Year	**$ 147.2**	**$ 176.2**	**$ 143.9**

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

In 2017 the cash used in operations and capital financing activities exceeded the cash provided by noncapital financing (state appropriations are in this category) and investing activities by $29.0 million, resulting in an ending cash balance of $147.2 million.

In 2016 the cash provided by noncapital financing (state appropriations are in this category) exceeded the cash used in operations, investing and capital financing activities by $32.3 million, resulting in an ending cash balance of $176.2 million.

In 2015 the cash provided by noncapital financing (state appropriations are in this category) and investing activities exceeded the cash used in operations and capital financing activities by $14.6 million, resulting in an ending cash balance of $143.9 million.

CAPITAL AND DEBT ACTIVITY

Capital Activity

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

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

As noted above in the Capital Assets section of this discussion, significant capital activity continued at the University of Wyoming in 2017, evidenced by $96.9 million net increase in capital assets. In 2016 and 2015, capital assets increased by $45.3 and $36.6 million, respectively.

Over the past three fiscal years a total of $162.9 million in state appropriations restricted for capital purposes were received: $86.6, $40.3, and $36.0 million in 2017, 2016, and 2015, 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)

	2017	**2016**	**2015**
Buildings	$ 895.0	$ 835.6	$ 765.4
Land and land improvements	41.8	40.0	34.0
Infrastructure	19.7	19.6	19.3
Construction in progress	159.0	107.0	127.4
Equipment	173.7	158.0	140.1
Library materials	97.5	94.9	91.7
Total cost of capital assets	$ 1,386.7	$ 1,255.1	$ 1,177.9
Less accumulated depreciation	(493.4)	(458.7)	(426.8)
Capital Assets, net of depreciation	**$ 893.3**	**$ 796.4**	**$ 751.1**

Debt activity

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 issued was $7,620,000.

Fiscal Year 2016

There was no debt issued in fiscal year 2016.

Fiscal Year 2015

There was no debt issued in fiscal year 2015.

Total Revenue Bonds Payable at June 30, 2017 equaled $91.1 million. Total Revenue Bonds Payable at June 30, 2016 and 2015 equaled $96.1 and $101.5 million, respectively.

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.

However, the State of Wyoming has experienced a declining revenue profile that began in 2015, and according to an October 2017 economic forecast by the state's Consensus Revenue Estimating Group (CREG), the downturn may last through 2020. In response to both a decline in price and production of the state's energy resources, the Wyoming Legislature and Governor Mead have implemented budget reductions across all state agencies beginning early in 2016.

The University's Executive Team understood (and still understands) the context and needs that were the drivers for the reduction in state support during the 2017-2018 biennium and took immediate proactive and strategic steps to transform, reorganize and reduce its operations to account for the decline in funding while maintaining and protecting its core missions of research, teaching and service to the state as much as possible.

The 2019-2020 Biennium Budget Request incorporates the previous biennium's reductions and has been submitted to the Governor's Office for consideration. This budget request reflects what may be "the new normal" with respect to state revenue from fossil fuels, which is down by almost 20% from four years ago. State policy makers continue to consider a variety of approaches for a solution to the state's fiscal constraints. The use of state budget reserves, agency budget reductions and restrictions on major project accounts are among the many mechanisms being discussed to address the revenue declines. Economic diversification is more important than ever as the state strives to stabilize its historical boom and bust economy.

There is evidence however that the state is emerging from the downturn. The Economic Analysis Division of the Wyoming Department of Administration & Information reports in their *Economic Summary: 2Q2017* dated September 2017 that Wyoming's unemployment rate continues to fall and is lower than the United States level of 4.4%. Personal income grew in the second quarter of 2017, the first increase in two years. Statewide home prices increased slightly, sales and use tax collections reflect an increase in taxable sales (the first annual increase since the first quarter of 2015), tourism is strong in the state with the number of recreational visitations to Yellowstone and Grand Teton National Parks only slightly down from 2016 all-time highs and livestock and agricultural product prices are increasing. Investment income due to net realized capital gains distributed at the end of each fiscal year were significantly higher than a year ago. All of this economic data bodes well for the University of Wyoming in the future.

During fiscal year 2017, Moody's Investor Service assigned a Aa2 rating on UW's $7.62 million Facilities Refunding Revenue Bonds, Series 2016. Moody's maintained Aa2 ratings on $89 million of outstanding rated Facilities Revenue Bonds. The rating outlook is stable. The Aa2 rating reflects UW's position as the sole four-year public higher education provider in Wyoming with still very strong state support, good operating cash flow generation and healthy balance sheet reserves. (*Moody's Investor Service – Credit Opinion 12 October 2016).*

President Laurie S. Nichols and the UW Executive Team presented *Breaking Through,* the University of Wyoming's 2017- 2022 Strategic Plan to the UW Board of Trustees in the summer of 2017, after many months of collaborative effort including hours of listening sessions across the state. The people of Wyoming, UW's own students and faculty and staff shared their thoughts about a vision for UW's future. *Breaking Through* provides a strong road map for communicating UW's direction and a focus to build the best University of Wyoming possible. It is a grounded, yet visionary plan that will allow UW to push limits and become an even stronger flagship, land-grant university.

UNIVERSITY OF WYOMING

STATEMENTS OF NET POSITION - UNIVERSITY OF WYOMING
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	$ 146,360,198	$ 175,372,479
Investments (Note 2)	151,727,376	148,025,016
Accounts receivable, net (Note 3)	50,342,370	44,886,379
Receivable from the State of Wyoming	11,216,624	10,744,639
Current portion of pledges receivable, net (Note 3)	704,396	1,085,193
Current portion of student loans receivable, net (Note 3)	3,397,644	3,175,041
Interest receivable	195,147	129,589
Inventories	3,815,218	4,355,670
Prepaid expenses	3,368,591	3,084,192
Total current assets	371,127,564	390,858,198
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)	801,088	797,863
Investments (Note 2)	224,835,130	208,907,312
Other investments	6,200,533	6,169,026
Receivable from State of Wyoming	1,400,000	170,000
Pledges receivable, net (Note 3)	396,714	538,500
Student loans receivable, net (Note 3)	42,356,652	40,917,626
Capital assets, net of accumulated depreciation (Notes 4, 5, and 14)	893,328,905	796,412,960
Total noncurrent assets	1,169,319,022	1,053,913,287
Total assets	1,540,446,586	1,444,771,485
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding of Bonds	604,895	689,158
Pension Related Deferred Outflows (Note 9)	19,208,337	24,334,025
Total deferred outflows of resources	19,813,232	25,023,183
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	26,850,609	22,961,228
Due to State of Wyoming	94,685	73,795
Payroll and related liabilities	22,514,470	24,875,965
Accrued compensated absences (Note 5)	22,343,023	6,364,437
Other post-employment benefits (Note 11)	1,741,000	1,676,600
Advance payments	17,651,499	21,006,636
Deposits held in custody for others (Note 5)	9,886,697	8,172,650
Current portion of revenue bonds payable (Note 5)	5,580,119	5,490,448
Current portion of capital lease obligations (Note 5)	308,215	290,864
Total current liabilities	106,970,317	90,912,623
Noncurrent Liabilities		
Accrued compensated absences (Note 5)	22,343,023	6,364,437
Other post-employment benefits (Note 11)	13,586,528	13,353,500
Deposits held in custody for others (Note 5)	-	837,937
U.S. Government loans refundable (Note 5)	6,369,796	6,863,126
Revenue bonds payable (Note 5)	85,551,221	90,589,575
Capital lease obligations (Note 5)	4,149,349	4,457,565
Net pension liability (Note 9)	84,572,123	82,198,266
Total noncurrent liabilities	216,572,040	204,664,406
Total liabilities	323,542,357	295,577,029
DEFERRED INFLOWS OF RESOURCES		
Service Concession Agreement (Note 14)	13,241,854	13,883,626
Pension Related Deferred Inflows (Note 9)	2,948,755	2,028,490
OPEB Related Deferred Inflows (Note 11)	636,075	-
Total deferred inflows of resources	16,826,684	15,912,116
NET POSITION		
Net Investment in Capital Assets	797,740,001	695,584,508
Restricted for:		
Nonexpendable	169,950,832	165,364,416
Expendable:		
Scholarships, research, instruction, and other	238,880,078	222,178,777
Loans	44,512,882	43,824,239
Capital projects	59,439,634	74,483,653
Unrestricted	(90,632,650)	(43,130,070)
Total net position	$ 1,219,890,777	$ 1,158,305,523

See Notes to Financial Statements.

UNIVERSITY OF WYOMING

COMPONENT UNIT - UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

ASSETS	**2017**	2016
Cash	**$ 936,159**	$ 1,305,629
Investments (Note 2)	**574,074,042**	541,011,239
Funds held by others	**116,249**	139,296
Pledges receivable, net (Note 3)	**33,233,607**	36,348,129
Other receivables	**546,225**	373,428
Marian H. Rochelle Gateway Center, at cost, net of accumulated depreciation	**29,879,686**	30,805,992
Property and equipment, at cost, net of accumulated depreciation	**1,976,582**	2,270,016
Total assets	**$ 640,762,550**	$ 612,253,729
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	**$ 9,885,532**	$ 4,400,304
Bond interest payable (Note 5)	**29,416**	30,451
Gateway loan interest payable	**32,583**	45,152
Bond payable (Note 5)	**2,905,000**	3,015,000
Note payable	**3,505,000**	5,795,000
Due to others	**224,729,013**	221,754,088
Total liabilities	**241,086,544**	235,039,995
Net Assets		
Unrestricted	**49,829,528**	48,222,397
Temporarily restricted	**133,996,025**	128,313,943
Permanently restricted	**215,850,453**	200,677,394
Total net assets	**399,676,006**	377,213,734
Total liabilities and net assets	**$ 640,762,550**	$ 612,253,729

See Notes to Financial Statements.

UNIVERSITY OF WYOMING

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

	2017	2016
Operating Revenues		
Tuition and fees (net of scholarship allowances, 2017 $33,201,119; 2016 $31,976,542)	**$ 55,562,347**	$ 53,811,601
Federal appropriations	**5,097,822**	4,080,686
Federal grants and contracts	**46,459,352**	48,911,329
State and local grants and contracts	**32,660,684**	52,668,226
Nongovernmental grants and contracts	**7,935,583**	7,919,926
Mineral royalty	**13,365,000**	13,365,000
Sales and services of educational departments	**15,279,596**	16,213,385
Auxiliary enterprise charges (net of scholarship allowances, 2017 $5,236,127; 2016 $5,648,042)	**45,056,475**	46,799,071
Interest earned on loans to students	**194,714**	360,933
Other operating revenues	**3,047,961**	3,127,759
Total operating revenues	**224,659,534**	247,257,916
Operating Expenses (Note 12)		
Instruction	**161,199,024**	153,861,078
Research	**68,597,940**	72,027,136
Public service	**39,379,989**	40,782,774
Academic support	**35,380,160**	39,189,668
Student services	**18,297,716**	16,461,171
Institutional support	**49,310,860**	44,885,494
Operation and maintenance of plant	**44,283,543**	34,623,276
Scholarships	**59,044,137**	60,763,896
Auxiliary enterprises	**63,669,607**	67,877,161
Depreciation	**36,660,356**	33,668,584
Total operating expenses	**575,823,332**	564,140,238
Operating (loss)	**(351,163,798)**	(316,882,322)
Nonoperating Revenues (Expenses)		
State appropriations	**231,839,871**	246,019,479
Gifts	**40,794,288**	41,190,521
Investment income	**22,901,634**	(4,356,222)
Interest expense	**(3,601,724)**	(4,220,490)
Other nonoperating revenues	**47,571,477**	50,769,930
Net nonoperating revenues	**339,505,546**	329,403,218
Income (loss) before other revenues, expenses, gains, and losses	**(11,658,252)**	12,520,896
State Appropriations Restricted for Capital Purposes	**86,635,183**	40,262,815
Additions to Permanent Endowments	**2,921,279**	795,227
Net increase in net position	**77,898,210**	53,578,938
Net Position, beginning of year, as previously reported	**1,158,305,523**	1,104,726,585
Restatement to prior period (Note 11)	**(16,312,956)**	-
Net Position, beginning of year, as restated	**1,141,992,567**	1,104,726,585
Net Position, end of year	**$ 1,219,890,777**	$ 1,158,305,523

See Notes to Financial Statements.

UNIVERSITY OF WYOMING

COMPONENT UNIT - UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2017 and 2016

	2017	2016
Support and Revenue		
Contributions and State match	**$ 32,593,934**	$ 53,277,479
University of Wyoming	**3,450,259**	2,168,452
Unrealized/realized net gain on investments	**48,799,564**	(10,123,398)
(Decrease) in value of charitable remainder trusts	**(275,852)**	(251,236)
(Decrease) in cash surrender value of life insurance policies	**(1,915)**	(23,198)
Other revenue	**878,251**	2,052,045
Total support and revenue	**85,444,241**	47,100,144
Expenses		
Marian H. Rochelle Gateway Center	**-**	51,473
Program services	**54,279,911**	46,356,601
UW President's support	**84,853**	-
Program services - fundraising	**5,228,414**	5,595,170
Supporting services - general and administrative	**3,388,791**	3,537,330
Total expenses	**62,981,969**	55,540,574
Change in net assets	**22,462,272**	(8,440,430)
Net Assets, beginning of year	**377,213,734**	385,654,164
Net Assets, end of year	**$ 399,676,006**	$ 377,213,734

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS - UNIVERSITY OF WYOMING
Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Tuition, fees and grants received	**$ 215,871,239**	$ 264,457,977
Payments to employees and fringe benefits	**(313,371,702)**	(327,757,814)
Payments to vendors and suppliers	**(135,937,861)**	(134,219,338)
Payments for scholarships	**(19,374,297)**	(20,854,671)
Loans issued to students	**(9,344,658)**	(9,066,519)
Collection of loans to students	**3,698,173**	3,384,432
Other receipts	**10,836,554**	11,245,065
Net cash (used in) operating activities	**(247,622,552)**	(212,810,868)
Cash Flows from Noncapital Financing Activities		
State appropriations	**231,839,871**	246,019,479
Grants for other than capital purposes	**499,750**	(917,944)
Gifts for other than capital purposes	**43,178,052**	41,806,986
Net cash provided by noncapital financing activities	**275,517,673**	286,908,521
Cash Flows from Investing Activities		
Purchases of investments	**(273,637,625)**	(300,116,737)
Proceeds from sales of investments	**258,265,127**	271,924,373
Interest received on investments	**18,606,748**	23,208,325
Net cash provided by (used in) investing activities	**3,234,250**	(4,984,039)
Cash Flows from Capital and Related Financing Activities		
Cash paid for capital assets	**(88,826,762)**	(70,215,700)
Proceeds from sale of capital assets	**107,636**	175,531
Capital appropriations received	**37,421,970**	43,094,521
Proceeds from capital debt	**8,384,342**	-
Repayments of capital debt and leases	**(13,623,889)**	(5,711,773)
Interest paid on capital debt and leases	**(3,601,724)**	(4,220,490)
Net cash (used in) capital and related financing activities	**(60,138,427)**	(36,877,911)
Net increase (decrease) in cash and cash equivalents	**(29,009,056)**	32,235,703
Cash and Cash Equivalents		
Beginning of year	**176,170,342**	143,934,639
End of year	**$ 147,161,286**	$ 176,170,342

Continued

STATEMENT OF CASH FLOWS - UNIVERSITY OF WYOMING *(Continued)*
Years Ended June 30, 2017 and 2016

	2017	2016
Reconciliation of Operating (Loss) to Net Cash		
(Used in) Operating Activities		
Operating (loss)	**$ (351,163,798)**	$ (316,882,322)
Adjustments to reconcile operating (loss) to net		
cash (used in) operating activities:		
Depreciation expense	**36,660,356**	33,668,584
Provision for uncollectible loans and write-offs	**3,984,856**	2,855,536
Gain on sale of investments	**617,339**	145,714
(Loss) on sale of capital assets	**(2,080,179)**	(216,977)
Miscellaneous nonoperating income	**34,801,540**	51,058,171
Net pension liability	**2,373,857**	22,090,477
Deferred outflows - pension	**5,125,688**	(14,488,593)
Deferred inflows - pension	**920,264**	1,595,165
Changes in assets and liabilities:		
Receivables, net	**(5,455,991)**	7,703,078
Student loans receivable, net	**(5,646,485)**	(5,682,086)
Inventories	**540,452**	(139,153)
Prepaid expenses	**(284,399)**	(271,033)
Deferred loss on refunding	**84,263**	84,263
Accounts payable and accrued liabilities, including payroll	**2,399,188**	(3,179,825)
Accrued compensated absences	**31,957,172**	(823,494)
Due to/from State of Wyoming	**20,890**	7,260
Advance payments	**(3,332,303)**	9,496,984
Deposits held in custody for others	**1,348,068**	181,280
U.S. Government loans refundable	**(493,330)**	(13,897)
Total adjustments	**103,541,246**	104,071,454
Net cash (used in) operating activities	**$ (247,622,552)**	$ (212,810,868)
Noncash Investing, Capital, and Financing Activities		
Change in fair value of investments	**$ 3,671,789**	$ (28,352,033)
Capital assets included in accounts payable	**12,119,437**	12,693,310
Increase in receivables related to nonoperating income	**1,701,985**	920,521
Capital contribution of Michael B. Enzi (STEM) building	**47,511,228**	-

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

Reporting entity: The University is a component unit of the State of Wyoming and is included in the basic financial statements of the State of Wyoming.

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

As defined by accounting principles generally accepted in the United States of America established by GASB, the financial reporting entity consists of the primary government, as well as its component unit, the University of Wyoming Foundation (the "Foundation"). The Foundation is a legally separate, tax-exempt organization supporting the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The 36-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University financial statements.

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

Financial statements for the Foundation can be obtained by contacting the Foundation at 222 South 22nd Street, Laramie, Wyoming 82070.

The Cowboy Joe Club is a component unit of the University because it is organized for the purpose of supporting University athletic programs and is managed by the University Athletic Department. Although it is a legally separate organization, it is reported as a blended component unit of the University.

The Alumni Association is a component unit of the University because they share common management and financial dependence. Although it is a legally separate organization, it is reported as a blended component unit of the University.

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

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

Cash equivalents within the Wyoming Government Investment Fund (WGIF) are valued at the net asset value (NAV) per share (or its equivalent) according to GASB 79 requirements following amortized cost by the WGIF. Entities are eligible to redeem the funds in the Liquid Asset Series at any time, with no redemption notice period required.

Investments: The University accounts for its investments at fair value, as determined by quoted market prices, in accordance with GASB Statements No. 72, *Fair Value Measurement and Application*, and No. 79, *Certain External Investment Pools and Pool Participants*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. All investments with original maturities of 12 months or less are accounted for at amortized cost. Investments held in external investment pools have no withdrawal restrictions.

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

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

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

- Government agency obligations, treasury bonds and notes, government bonds, and commercial paper of $151,727,940 and $148,863,518 are valued using quoted market prices for similar assets (Level 2 inputs)
- Investments held by the Foundation of $191,238,294 and $176,122,617 are valued using significant other observable inputs (Level 2 inputs)
- Investments held by the State of $33,596,272 and $31,946,193 are valued using significant other observable inputs (Level 2 inputs)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Level 2 valuations are based on quoted market prices for identical assets in less than active markets.

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

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

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

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

Capital assets: Capital assets are recorded at cost at the date of acquisition or 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. At management's discretion, certain bulk purchases of items that individually do not exceed $5,000 may be capitalized and depreciated over an estimated blended life of the items. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 10 to 30 years for infrastructure and land improvements, 10 years for library materials, and 3 to 10 years for equipment.

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

The University evaluates prominent events or changes in circumstances that affect capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The University will consider an asset impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. The University will recognize an impairment loss when the University considers a capital asset impaired, and will recognize the capital asset at the lower of carrying value or fair value.

Compensated absences: Employee compensated absences are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense within the operating expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

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

Noncurrent liabilities: Noncurrent liabilities include: (1) principal amounts of revenue bonds payable and capital lease obligations with contractual maturities greater than one year, (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year, and (3) the net OPEB and pension obligations.

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

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

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

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

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

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

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, net of scholarship allowances, (3) most Federal, state and local grants and contracts, Federal appropriations, and nongovernmental grants and contracts, (4) interest on student loans, and (5) State mineral royalties.

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

Scholarship allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for the goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs can be recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

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

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

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

Federal direct loans: The University makes loans to students under the William D. Ford Federal Direct Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students through institutions like the University. Direct student loan receivables are not included in the University's Statements of Net Position as the loans are repayable directly to the U.S. Department of Education. In 2017, the University received and disbursed approximately $40,000,000 under the Federal Direct Loan Program on behalf of the U.S. Department of Education, which is included as nonoperating revenues (other nonoperating revenues) and operating expense (scholarships) on the Statements of Revenues, Expenses, and Changes in Net Position.

Defined benefit pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System (WRS) and additions to/deductions from the WRS's fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Recent pronouncements:

Adopted:

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which replaces GASB Statement No. 45 and requires balance sheet recognition of a liability which resembles the current unfunded accrued liability. The Statement is effective for fiscal years beginning after June 15, 2017; however, early adoption is allowed. Management has elected to adopt this update to the extent practically possible for the fiscal year ended June 30, 2017. The impact of adopting this update is reflected in the financial statements.

As the University participates in the State of Wyoming health insurance plan and the State of Wyoming did not early adopt the Statement, the impact on the University's financials as a result of the State adopting this Statement has not yet been determined.

Note 2. Deposits with Financial Institutions and Investments

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

University investment policy specifies that 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/administration/uw-policies/financial-policy.html.

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 their investments at amortized costs, which they believe 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, 2017 and 2016, the carrying amount of the University's demand deposits in financial institutions was $46,690,634 and $64,744,670, respectively, and the bank balances were $45,598,455 and $66,675,406, respectively. All deposits were held by a qualified depository as outlined in the State Statutes.

At June 30, 2017 and 2016, the University had $801,088 and $797,863, respectively, within the demand deposits restricted for the Reclamation Ecology Endowment.

At June 30, 2017 and 2016, the University had $72,682,248 and $71,862,716, respectively, on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

At June 30, 2017 and 2016, the University had $27,788,404 and $39,562,956, respectively, on deposit with the Foundation. Detailed information on the Foundation's pooled cash and investments is available from the Foundation.

Investments:

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

	2017		
	Cost or Amortized Cost	**Fair Value**	**Weighted Average Maturity in Years**
Investment Type:			
U.S. Government Sponsored Enterprise Discount Notes	**$ 143,788,852**	**$ 143,727,375**	**.43**
Commercial Paper	**8,000,000**	**8,000,000**	**.37**
Other Investments	**565**	**565**	**n/a**
	$ 151,789,417	**$ 151,727,940**	

	2016		
	Cost or Amortized Cost	Fair Value	Weighted Average Maturity in Years
Investment Type:			
U.S. Government Sponsored Enterprise Discount Notes	$ 140,773,045	$ 140,862,953	.66
Commercial Paper	8,000,000	8,000,000	.30
Other Investments	565	565	n/a
	$ 148,773,610	$ 148,863,518	

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

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

	2017		2016	
	Fair Value	**Quality Rating**	Fair Value	Quality Rating
Investment Type:				
U.S. Government Sponsored Enterprise Discount Notes	**$ 143,727,375**	**AAA**	$ 140,862,953	AAA
Commercial Paper	**8,000,000**	**A1+/P1**	8,000,000	A1+/P1
	$ 151,727,375		$ 148,862,953	

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

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. Concentration of risk is not addressed in the internal investment policy. At June 30, 2017 and 2016, the University held securities from the following issuers in excess of 5% of the total portfolio: Federal Home Loan Bank, 44.67% and 46.60%, respectively, Federal Home Loan Mortgage Corporation, 14.46% and 8.06%, respectively, Federal National Mortgage Association, 7.88% and 9.40%, respectively, Federal Farm Credit Bank, 9.33% and 25.51%, respectively, and United States Treasury, 18.40% and 1.30%, respectively.

University of Wyoming Investments Held by the Foundation:

University owned endowment funds are held by the Foundation for investment purposes. The investment committee, following the Prudent Expert Rule, carries out the Foundation's investment policy. The Prudent Expert Rule states that a fiduciary shall manage the portfolio "with the care, skill, prudence and diligence, under circumstances then prevailing, and that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and like aims." External managers have been hired to invest in the following asset classes: equities, fixed income, absolute return, private equity/venture capital, hedged equity and real estate. A long-term target asset allocation strategy has been implemented to achieve required returns while minimizing risk. All investment vehicles selected must be in compliance with the laws of the State of Wyoming, Internal Revenue Code prohibitions on self-dealing or vehicles that would jeopardize the carrying out of the exempt purpose of the Foundation and restrictions on Unrelated Business Taxable Income.

As of June 30, 2017 and 2016, the University of Wyoming investments held by the Foundation had weighted average maturities, where applicable, as shown in the following tables:

	2017				
	Historical Cost		Fair Value		Weighted Average Maturity in Years
Investment Type:					
Cash funds	$	**4,463,342**	$	**4,463,342**	**n/a**
Private equity and real assets		**30,653,233**		**29,887,765**	**n/a**
Fixed income		**25,247,669**		**24,617,188**	**5.22**
Hedged equity		**62,433,659**		**60,874,576**	**n/a**
International equity		**32,753,282**		**31,935,372**	**n/a**
Domestic equity		**40,470,678**		**39,460,051**	**n/a**
	$	**196,021,863**	$	**191,238,294**	

	2016				
	Historical Cost		Fair Value		Weighted Average Maturity in Years
Investment Type:					
Cash funds	$	18,023,201	$	18,023,201	n/a
Private equity and real assets		28,704,113		27,398,324	n/a
Fixed income		17,596,892		16,796,386	8.08
Hedged equity		65,192,339		62,226,652	n/a
International equity		22,316,325		21,301,125	n/a
Domestic equity		31,824,676		30,376,929	n/a
	$	183,657,546	$	176,122,617	

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.

NOTES TO FINANCIAL STATEMENTS

At June 30, 2017 and 2016, there were no single issuer investments that exceeded 7% of the total holdings of the Foundation.

The summarized investments of the Foundation at June 30, 2017 and 2016 are as follows:

	June 30, 2017		
	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Level 1:			
Money market funds	$ 14,236,075	$ 14,040,850	$ (195,225)
Corporate bonds	91,239,342	91,180,035	(59,307)
Fixed income	59,910,235	60,554,396	644,161
Government obligations	350,866	351,326	460
Corporate stocks	135,762,627	159,861,815	24,099,188
	301,499,145	325,988,422	24,489,277
Level 2:			
Event driven hedge funds	5,000,000	9,092,804	4,092,804
Global hedge funds	30,000,000	28,785,404	(1,214,596)
Insurance	114,710	114,710	-
International equity	6,942,252	12,050,793	5,108,541
Long/short hedge funds	38,443,762	59,578,563	21,134,801
Multi-strategy hedge funds	-	646,794	646,794
Real estate	3,387,500	3,406,973	19,473
	83,888,224	113,676,041	29,787,817
Level 3:			
Other	8,803	8,806	3
Liquidating	1,560,239	6,425,929	4,865,690
Event driven hedge funds	-	889,067	889,067
Fixed income hedge funds	14,199,733	18,365,074	4,165,341
Long/short hedge funds	13,714,625	19,672,629	5,958,004
Multi-strategy hedge funds	10,430,244	15,528,893	5,098,649
Private equity funds	50,732,738	73,519,181	22,786,443
	90,646,382	134,409,579	43,763,197
Combined Total	$ 476,033,751	$ 574,074,042	$ 98,040,291

	June 30, 2016		
	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Level 1:			
Money market funds	$ 57,068,509	$ 57,068,509	$ -
Corporate bonds	89,634,266	89,885,630	251,364
Fixed income	41,230,763	40,875,507	(355,256)
Government obligations	759,476	732,275	(27,201)
Corporate stocks	91,983,101	98,480,046	6,496,945
	280,676,115	287,041,967	6,365,852
Level 2:			
Event driven hedge funds	5,000,000	8,481,190	3,481,190
Global hedge funds	30,000,000	29,365,010	(634,990)
Insurance	116,625	116,625	-
International equity	6,737,274	10,118,163	3,380,889
Long/short hedge funds	38,505,951	53,876,528	15,370,577
Multi-strategy hedge funds	170,285	1,022,521	852,236
Real estate	3,336,000	3,355,473	19,473
	83,866,135	106,335,510	22,469,375
Level 3:			
Other	8,803	8,806	3
Liquidating	479,741	283,956	(195,785)
Event driven hedge funds	12,485,965	25,962,129	13,476,164
Fixed income hedge funds	17,760,740	21,327,552	3,566,812
Long/short hedge funds	13,714,625	18,402,521	4,687,896
Multi-strategy hedge funds	11,337,721	14,972,527	3,634,806
Private equity funds	46,407,158	66,676,271	20,269,113
	102,194,753	147,633,762	45,439,009
Combined Total	$ 466,737,003	$ 541,011,239	$ 74,274,236

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, 2017 and 2016, the alternative investments held by the Foundation were $73,519,181 and $66,676,271, respectively.

University of Wyoming Investments Held by the State of Wyoming:

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

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

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

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

State statutes allow monies in the permanent funds to be invested in common stock of United States Corporations not to exceed fifty-five percent (55%). 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, 2017 and 2016 are presented as follows:

	2017		2016	
	Fair Value	**Percentage**	Fair Value	Percentage
Investment Type:				
Fixed income investments	**$ 22,794,476**	**67.84%**	$ 20,917,717	65.48%
Equity investments	**7,507,296**	**22.35%**	8,125,363	25.43%
Alternative investments	**3,295,390**	**9.81%**	2,896,561	9.07%
Total currency fund	**(890)**	**0.00%**	6,552	0.02%
Total investments	**$ 33,596,272**	**100.00%**	$ 31,946,193	100.00%

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

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

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

Credit risk: Credit risk is the risk the issuer will not fulfill its obligation to the holder of the investment. The minimum credit ratings for investment debt securities as provided in the State's Master Investment Policy for fixed income managers are A1 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.

Note 3. Student Loans, Accounts Receivable and Pledges Receivable

Student loans receivable: Approximately 81% of the University's loans receivable are loans made under medical, dental and nursing school contracts. These are loans made to students for the completion of medical, dental and nursing schools and contain special clauses regarding repayment. The standard repayment terms under the medical, dental and psychiatric nursing school contracts are as follows:

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

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

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

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

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

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

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

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

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

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

An allowance for doubtful accounts is provided for the estimated amount of loans which the University will be unable to collect, excluding any cancellation under programs noted above. The allowance is $489,500 as of June 30, 2017 and 2016.

Accounts receivable and pledges receivable: The University accounts receivable and pledges receivable are shown net of allowances for doubtful accounts in the accompanying Statements of Net Position at June 30, 2017 and 2016 as follows:

	2017		2016	
	Accounts Receivable	**Pledges Receivable**	Accounts Receivable	Pledges Receivable
Total receivable	**$ 52,795,900**	**$ 1,236,184**	$ 47,276,212	$ 1,754,448
Less allowance for doubtful accounts	**(2,453,530)**	**(135,074)**	(2,389,833)	(130,755)
Net receivable	**$ 50,342,370**	**$ 1,101,110**	$ 44,886,379	$ 1,623,693

Included in the amounts above is $15,632,741 and $7,905,033, which is due from the U.S. Government at June 30, 2017 and 2016, respectively.

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

Due to the nature of these pledges, significant increases and decreases in net position may occur. These significant fluctuations can arise as contributions are recognized as support in the fiscal period in which they are pledged, but the expenses incurred with such contributions occur in a different fiscal period. Total promises to give were as follows at June 30, 2017 and 2016:

	2017	2016
Due within 1 year	**$ 14,965,484**	$ 11,798,605
Due 1 to 5 years	**20,109,858**	22,892,304
Due 5 years and later	**1,031,105**	4,226,578
	36,106,447	38,917,487
Less allowance for uncollectible pledges	**(1,795,301)**	(1,601,098)
Less discount to present value	**(1,077,539)**	(968,260)
Total pledges receivable	**$ 33,233,607**	$ 36,348,129

Note 4. Capital Assets

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

	Balance June 30, 2016	Additions	Transfers	Retirements	Balance June 30, 2017
Capital assets not being depreciated:					
Land	$ 9,588,548	$ 413,010	$ -	$ -	$ 10,001,558
Land improvements	2,624,144	-	-	-	2,624,144
Construction in progress	107,026,449	60,231,180	(8,283,540)	-	158,974,089
Total capital assets not being depreciated	$ 119,239,141	$ 60,644,190	$ (8,283,540)	$ -	$ 171,599,791
Other capital assets:					
Infrastructure	$ 19,624,836	$ 116,536	$ -	$ -	$ 19,741,372
Land improvements	27,773,073	1,136,700	260,616	-	29,170,389
Buildings	835,643,683	53,040,047	8,022,924	(1,697,180)	895,009,474
Furniture, fixtures and equipment	157,961,797	18,172,526	-	(2,395,903)	173,738,420
Library materials	94,885,289	2,654,117	-	-	97,539,406
Total other capital assets	1,135,888,678	75,119,926	8,283,540	(4,093,083)	1,215,199,061
Less accumulated depreciation for:		-			
Infrastructure	(12,547,516)	(394,822)	-	-	(12,942,338)
Land improvements	(11,778,793)	(1,683,257)	-	-	(13,462,050)
Buildings	(242,275,437)	(17,799,105)	-	59,729	(260,014,813)
Furniture, fixtures and equipment	(111,591,571)	(13,670,791)	-	1,845,539	(123,416,823)
Library materials	(80,521,542)	(3,112,381)	-	-	(83,633,923)
Total accumulated depreciation	(458,714,859)	(36,660,356)	-	1,905,268	(493,469,947)
Other capital assets, net	$ 677,173,819	$ 38,459,570	$ 8,283,540	$ (2,187,815)	$ 721,729,114
Capital asset summary:					
Capital assets not being depreciated	$ 119,239,141	$ 60,644,190	$ (8,283,540)	$ -	$ 171,599,791
Other capital assets, at cost	1,135,888,678	75,119,926	8,283,540	(4,093,083)	1,215,199,061
Total cost of capital assets	1,255,127,819	135,764,116	-	(4,093,083)	1,386,798,852
Less accumulated depreciation	(458,714,859)	(36,660,356)	-	1,905,268	(493,469,947)
Capital assets, net	$ 796,412,960	$ 99,103,760	$ -	$ (2,187,815)	$ 893,328,905

	Balance June 30, 2015	Additions	Transfers	Retirements	Balance June 30, 2016
Capital assets not being depreciated:					
Land	$ 9,588,548	$ -	$ -	$ -	$ 9,588,548
Land improvements	2,624,144	-	-	-	2,624,144
Construction in progress	127,391,876	47,138,342	(67,503,769)	-	107,026,449
Total capital assets not being depreciated	$ 139,604,568	$ 47,138,342	$ (67,503,769)	$ -	$ 119,239,141
Other capital assets:					
Infrastructure	$ 19,323,612	$ 301,224	$ -	$ -	$ 19,624,836
Land improvements	21,854,120	5,203,631	715,322	-	27,773,073
Buildings	765,442,108	3,590,062	66,611,513	-	835,643,683
Furniture, fixtures and equipment	140,063,589	19,888,010	176,934	(2,166,736)	157,961,797
Library materials	91,682,820	3,202,469	-	-	94,885,289
Total other capital assets	1,038,366,249	32,185,396	67,503,769	(2,166,736)	1,135,888,678
Less accumulated depreciation for:					
Infrastructure	(12,126,890)	(420,626)	-	-	(12,547,516)
Land improvements	(10,143,621)	(1,635,172)	-	-	(11,778,793)
Buildings	(225,668,687)	(16,606,750)	-	-	(242,275,437)
Furniture, fixtures and equipment	(101,422,459)	(11,943,340)	-	1,774,228	(111,591,571)
Library materials	(77,458,846)	(3,062,696)	-	-	(80,521,542)
Total accumulated depreciation	(426,820,503)	(33,668,584)	-	1,774,228	(458,714,859)
Other capital assets, net	$ 611,545,746	$ (1,483,188)	$ 67,503,769	$ (392,508)	$ 677,173,819
Capital asset summary:					
Capital assets not being depreciated	$ 139,604,568	$ 47,138,342	$ (67,503,769)	$ -	$ 119,239,141
Other capital assets, at cost	1,038,366,249	32,185,396	67,503,769	(2,166,736)	1,135,888,678
Total cost of capital assets	1,177,970,817	79,323,738	-	(2,166,736)	1,255,127,819
Less accumulated depreciation	(426,820,503)	(33,668,584)	-	1,774,228	(458,714,859)
Capital assets, net	$ 751,150,314	$ 45,655,154	$ -	$ (392,508)	$ 796,412,960

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

Long-term liability activity for the year ended June 30, 2017 and 2016 was as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Bonds and capital lease obligations:					
Revenue bonds payable	$ 96,080,023	$ 8,384,342	$ 13,333,025	$ 91,131,340	$ 5,580,119
Capital lease obligations	4,748,429	-	290,865	4,457,564	308,215
Total bonds and capital leases	100,828,452	8,384,342	13,623,890	95,588,904	5,888,334
Other liabilities:					
Accrued compensated absences	12,728,874	48,386,498	16,429,326	44,686,046	22,343,023
Deposits held in custody for others	9,010,587	876,110	-	9,886,697	9,886,697
U.S. Government loans refundable	6,863,126	-	493,330	6,369,796	-
Total other liabilities	28,602,587	49,262,608	16,922,656	60,942,539	32,229,720
Total long-term liabilities	$ 129,431,039	$ 57,646,950	$ 30,546,546	$156,531,443	$ 38,118,054

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Bonds and capital lease obligations:					
Revenue bonds payable	$ 101,491,594	$ -	$ 5,411,571	$ 96,080,023	$ 5,490,448
Capital lease obligations	5,048,631	-	300,202	4,748,429	290,864
Total bonds and capital leases	106,540,225	-	5,711,773	100,828,452	5,781,312
Other liabilities:					
Accrued compensated absences	13,552,368	9,557,726	10,381,220	12,728,874	6,364,437
Deposits held in custody for others	9,040,961	-	30,374	9,010,587	8,172,650
U.S. Government loans refundable	6,877,023	-	13,897	6,863,126	-
Total other liabilities	29,470,352	9,557,726	10,425,491	28,602,587	14,537,087
Total long-term liabilities	$ 136,010,577	$ 9,557,726	$ 16,137,264	$129,431,039	$ 20,318,399

Revenue bonds payable represent the remaining principal payments on bonds used for construction of facilities. Revenue from the operations of residence halls, apartments, cafeterias, dining halls, other food service facilities, bookstore and telecommunications; income from other sales and services; income from the University Permanent Land Fund and mineral royalties from the University Government Royalty Fund are pledged for the Revenue Refunding Bond Series 2009, the Facilities Improvement and Revenue Refunding Bonds Series 2010, 2011, and 2012, and the Facilities Refunding Revenue Bond Series 2016.

Revenue bonds payable consist of the following at June 30, 2017:

	Authorized and Issued	Interest Rates	Bonds Outstanding at June 30, 2017
Facilities Refunding Revenue Bonds Series 2016	7,620,000	1.00% - 4.00%	7,185,000
Facilities Improvement Revenue Bonds:			
Series 2012 A	29,600,000	3.125% - 5.00%	24,805,000
Series 2012 B	10,055,000	2.00% - 5.00%	8,225,000
Series 2011 B	7,680,000	2.05% - 4.00%	5,635,000
Series 2010 A	6,585,000	2.00% - 5.125%	2,015,000
Series 2010 B	19,730,000	4.40% - 5.83%	19,560,000
Series 2010 C	18,000,000	5.80%	18,000,000
Revenue Refunding Bonds Series 2009	7,755,000	4.00%	1,775,000
	107,025,000		87,200,000
Original issue discount/premium			3,931,340
			91,131,340

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

	Principal	Interest
2018	$ 5,015,000	$ 3,304,094
2019	5,175,000	3,144,898
2020	5,365,000	2,956,995
2021	5,580,000	2,749,986
2022	5,780,000	2,545,477
2023-2027	32,540,000	9,060,791
2028-2032	27,745,000	2,442,934
	87,200,000	$ 26,205,175
Original issue discount premium	3,931,340	
	$ 91,131,340	

Advance Refunding: On October 26, 2016 the University of Wyoming issued the Facilities Refunding Revenue Bond Series 2016 in the amount of $7,620,000 with interest rates ranging from 1.0% to 4.0%. The proceeds from these Bonds, net of the underwriter's premium and cost of issuance, were used to advance refund $7,390,000 of the Series 2011A Facilities Improvement Revenue Bonds, which had an interest rate of 5.0%. The net proceeds of $8,272,452 (including a bond premium of $764,342 and after payment of bond issuance costs of $111,890) were deposited with the University's fiscal agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2011A Facilities Improvement Revenue Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. As of June 30, 2017, the outstanding balance on the related debt was $7,030,000.

The University advance refunded the 2011A Facilities Improvement Revenue Bonds to reduce total debt service payments over the life of the outstanding debt and did this by achieving an overall reduction in debt service before refunding and after refunding. The economic benefit of this refunding was a net present value of $610,548.

The University entered into municipal lease purchase arrangements for energy savings with Long Energy Solutions. Proceeds were transferred to an escrow agent's construction account. As billings were received for construction costs, they were paid from the escrow account. Per the contract, quarterly lease payments began in March 2014. Final closeout of the project occurred and the improvements were capitalized on July 1, 2016.

The following is a schedule of future minimum lease payments due under the capital lease, together with the net present value of the minimum lease payments, as of June 30, 2017:

	ESCo Building Project
2018	$ 431,144
2019	440,428
2020	450,060
2021	459,685
2022	469,483
2023-2027	2,266,561
2028	713,700
Total minimum lease payments	5,231,061
Less amount representing interest	(773,497)
Net present value of minimum lease payments	$ 4,457,564

The cost of assets acquired under capital lease is $5,081,992. Accumulated amortization as of June 30, 2017 is $101,640. Amortization of leased assets is included in depreciation expense.

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

The debt service requirements for the Bonds are as follows:

Year	Principal Due November 1	Interest	Interest Rate	Annual Debt Service
2017	$2,905,000	$ 88,247	5.72%	$2,993,247

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

Note 6. Risk Management

The University is exposed to various risks of loss including torts, theft of, damage to, or destruction of assets and educators liability. The University has purchased commercial insurance for these risks that include insurance for property and liability. Settlements have not exceeded insurance coverage in any of the last three fiscal years. The uninsured risk retention or deductible per occurrence ranges from $50,000 to $100,000 for liability and from $1,000 to $250,000 depending on the type of liability or property involved.

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

Following is a reconciliation of the unpaid claims liability for the years ended June 30, 2017 and 2016:

	2017	2016
Unpaid claims, beginning of fiscal year	**$ 750,000**	$ 750,000
Claims incurred	**(236,403)**	532,803
Claims paid	**236,403**	(532,803)
Unpaid claims liability, end of fiscal year	**$ 750,000**	$ 750,000

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

The State contributes $753 per month for a single participant, $1,499 for a participant plus his/her spouse, $1,145 for a participant plus children, $1,714 per participating family, or $857 for married couples both of which are employed by the University or another State agency for insurance premiums for covered participants towards these plans. Participants are responsible for paying premium charges in excess of this amount.

The University participates in a long-term disability program and contributed 100% of the premium per month for each eligible employee at the rate of $0.232 per $100 of payroll through June 1, 2017. 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 2017 and 2016 were $1,361,683 and $1,637,568, respectively.

Wyoming Statute §27-3-101 created the Unemployment Compensation Act. The University pays the State expense reimbursement for unemployment claims brought against the University. Changes in the balance of claims liability during fiscal years 2017 and 2016 are as follows for the University's participation in the Unemployment Compensation Act program:

	2017	2016
Unpaid claims, beginning of fiscal year	**$ -**	$ -
Claims incurred	**182,069**	152,932
Claims paid	**(182,069)**	(152,932)
Unpaid claims liability, end of fiscal year	**$ -**	$ -

Note 7. Related Organization

The Board of Trustees is responsible for appointing the members of the Board of Directors of The University of Wyoming Research Corporation d/b/a Western Research Institute (WRI), but as the University's accountability does not extend beyond making these appointments, WRI is not included in these financial statements.

Note 8. Commitments and Contingencies

The University has contracted and/or appropriated funds for the planning and construction or maintenance of several facilities with an aggregate cost of $400,663,010. As of June 30, 2017, the remaining commitment to complete these projects totaled $146,796,877. These completion costs will be financed by a combination of State appropriations and private gifts and grants.

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

Note 9. Retirement Commitment – Wyoming Retirement System

Plan description: Approximately one-third of the employees of the University elected to participate in the Public Employee Pension Plan - a statewide cost-sharing multiple-employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). Some employees of the University are provided with pensions through the Law Enforcement Plan, also administered by WRS. The related net pension liability for these employees is approximately $401,000 at June 30, 2017. The authority to establish and amend benefits and contributions rates rests with the Legislature of the State of Wyoming. WRS is granted the authority to administer the Plan by Wyoming State Statutes 9-3-401 through 432. WRS issues a publicly available financial report that can be obtained at http://retirement.state.wy.us/home/index.html.

Benefits provided: The determination of retirement benefits is dependent upon the employee's initial employment date.

Service Retirement Tier 1: Full retirement at age 60 or qualifies for the Rule of 85. Early retirement is permitted at age 50 or 25 years of service. Formula for retirement equals 2.125% times the number of years of service times the three-year highest average salary for the first 15 years and 2.25% times the number of years of service times the three-year highest average over 15 years.

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

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.

Contributions: Per Title 9-3-412 and 413 of State Statutes, for the year ended June 30, 2017, member contributions were required to be 8.25% of compensation and employer contributions were required to be 8.37% of compensation. In accordance with Title 9-3-412(c)(ii) of State Statutes, the University has elected to pay 5.945% of the member's contribution in addition to the employer's contribution. Total contributions to the pension plan from the University were $8,640,274 and $9,527,937 for the years ended June 30, 2017 and 2016, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2017, the University reported a liability of $84,572,123 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The University's proportion of the net pension liability was based on the relationship of the University's total contributions to the plan for the year ended December 31, 2016 to the contributions of all participating employers for the same period. At December 31, 2016, the University's proportion was 3.4983295000%, which was a decrease from its December 31, 2015 proportion of 3.5288103280%.

For the years ended June 30, 2017 and 2016, the University recognized pension expense of $13,719,384 and $14,300,500, respectively. At June 30, 2017 and 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	**$ -**	**$ 2,276,997**
Net difference between projected and actual earnings on pension plan investments	**15,683,512**	**-**
Changes in proportionate share of contributions	**1,058,529**	**671,758**
Contributions subsequent to the measurement date	**2,466,296**	**-**
	$ 19,208,337	**$ 2,948,755**

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,738,940
Net difference between projected and actual earnings on pension plan investments	19,995,996	-
Changes in proportionate share of contributions	1,611,692	289,550
Contributions subsequent to the measurement date	2,726,337	-
	$ 24,334,025	$ 2,028,490

An amount of $2,466,296 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	$ 4,787,131
2019	4,932,682
2020	3,824,839
2021	248,634
	$ 13,793,286

Actuarial assumptions: The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25% – 6.0%, including inflation
Payroll growth rate	4.25%
Investment rate of return	7.75%, net of pension plan investment expense

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

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

Asset Class	Target Allocation	Long-Term Expected Geometric Rate of Return	Long-Term Expected Arithmetic Rate of Return
Cash	0.00%	-0.20%	-0.20%
Fixed income	20.00%	1.43%	1.95%
Equity	45.00%	5.72%	7.73%
Marketable alternatives	17.50%	3.03%	3.73%
Private markets	17.50%	5.84%	7.14%
	100.00%	4.76%	6.38%

Experience analysis: An experience study was conducted on behalf of all WRS's plans covering the five-year period ended December 31, 2011. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings.

Discount rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate: The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	$ 121,473,809	$ 84,572,123	$ 53,578,221

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

Note 10. Retirement Commitment – TIAA

Eligible University employees may elect to participate in the Teachers Insurance and Annuity Association (TIAA) instead of WRS. TIAA is a private defined contribution retirement plan, which is portable to other institutions and states. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. TIAA also requires contributions of 16.62% of participating employees' salaries. Like WRS, statutes require that contributions be funded by both the employer and employee, and the University has elected to fund 14.315% of the employee's gross salary with the employee contributing the remaining 2.305%. Contributions are funded as accrued and are immediately vested. The contributions for the years ended June 30, 2015, 2016, and 2017 were $16,893,292, $18,803,479, and $17,903,628, respectively.

Note 11. Postemployment Benefits Other Than Pensions (OPEB)

Fiscal year 2017 (post-implementation of GASB Statement No. 75): On July 1, 2016, the University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*. Specifically, Statement No. 75 recognizes the long-term obligation for health and life insurance benefits offered to retirees. The accounting change adopted to conform to the provisions of GASB 75 has been applied retroactively by restating the beginning net position for the fiscal year ended June 30, 2016 by $16,312,956, which included recording an adjustment to the Other Postemployment Benefits obligation of $18,267,662 and an initial deferred outflow of resources of $1,954,706. As the data needed to implement this standard for all periods presented was not available for periods prior to July 1, 2016, the University has elected to not restate information presented for the period ended June 30, 2016.

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

Benefits Provided: Under the healthcare plan, if an employee is granted Board Retirement per University Regulation 4-2, (VI) or had completed 15 years of University service with at least 10 consecutive years of uninterrupted service immediately prior to July 1, 2016, and is eligible for the State's retiree health insurance benefit, the employee shall receive a benefit of conversion of up to 960 hours of accrued sick leave to a State contribution for group health insurance. The conversion is at a rate of 1.5 months of coverage for each 40 hours of accrued sick leave (a maximum of 36 months of premiums). There are 3,026 active employees and 622 retirees who are participating in the plan as of July 2016, the census date used for the actuarial valuation. As of June 30, 2017, there are 2,832 active employees and 581 retirees participating in the plan.

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

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

Total OPEB Liability: The University's total OPEB liability of $15,327,528 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%
Discount rate	2.85% per annum (July 1, 2016) and 3.58% per annum (June 30, 2017)
Healthcare 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 Mortality Table projected using Scale MP-16, applied on a gender-specific basis.

Changes in the total OPEB liability:

	Total OPEB Liability
Balance at June 30, 2016	$ 33,297,762
Changes for the year:	
Service cost	308,416
Interest cost	1,168,107
Changes of benefit terms	(16,753,384)
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(738,667)
Benefit payments	(1,954,706)
Net changes	(17,970,234)
Balance at June 30, 2017	$ 15,327,528

Changes of benefit terms reflect an elimination of the benefit for conversion of accrued sick leave to health insurance payments for those employees who did not meet the criteria as of July 1, 2016.

Changes in assumptions or other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the University, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	$ 16,570,668	$ 15,327,528	$ 14,250,858

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the University, as well as what the University's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6% decreasing to 3.5%) or 1-percentage-point higher (8% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (6% Decreasing to 3.5%)	Healthcare Cost Trend Rate (7%)	1% (8% decreasing to 5.5%)
Total OPEB liability	$ 14,412,215	$ 15,327,528	$ 16,357,156

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2017, the University recognized negative OPEB expense of $15,379,454. At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions/inputs	$ -	$ 636,075

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2018	$	(102,593)
2019		(102,593)
2020		(102,593)
2021		(102,593)
2022		(102,593)
Thereafter		(123,110)
	$	(636,075)

Fiscal Year 2016 (pre-implementation of GASB Statement No. 75): The University of Wyoming participates in one single-employer postemployment plan, for healthcare and life insurance.

Under the healthcare plan, any employee who retires and has completed twenty-five (25) years of service with the University or has fifteen (15) years of University service immediately preceding the date of retirement shall receive a benefit of conversion of up to 960 hours of accrued sick leave to a state contribution for group health insurance. The conversion is a rate of 1.5 months of coverage for each five (5) days of sick leave (a maximum of 36 months of premiums). There are 3,039 active employees and 644 retirees participating in the plan as of July 2014, the census date used for the actuarial valuation. As of June 30, 2016, there are 3,051 active employees and 574 retirees participating in the plan.

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

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

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

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

The table below shows the components of the University's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan, and changes in the University's net OPEB obligation:

	2016
Annual required contribution	$ 3,049,600
Interest on net OPEB obligation	398,200
Adjustment to annual required contribution	(392,500)
Annual OPEB cost (expense)	3,055,300
Employer contributions	(1,481,300)
Increase in net OPEB obligation	1,574,000
Net OPEB obligations, beginning of year	13,456,100
Net OPEB obligations, end of year	$ 15,030,100

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2016 is as follows:

	2016
Annual OPEB cost	$ 3,055,300
Percentage of annual OPEB cost contributed	48.5%
Net OPEB obligation	$ 15,030,100

Funded status and funding progress: As of July 1, 2014, the actuarial valuation date, the actuarial accrued liability for benefits was $24,439,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2016 was $198,902,511, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.3%.

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

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

Significant methods and assumptions were as follows:

Valuation date – July 1, 2014
Discount rate – 3.50% annual
Census data – as of July 2014

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

Amortization method – the unfunded actuarial accrued liability is amortized over the maximum acceptable period of 30 years on an open basis. It is calculated assuming a level percentage of projected payroll.

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

Benefit	Select	Ultimate
Pre-Medicare medical and prescription drug	6.7%	5.0%
Post-Medicare medical and prescription drug	8.1%	5.0%
Dental	5.0%	5.0%

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

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

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

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

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

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

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

Salary increase assumption – 3.5% per annum.

Note 12. Natural Classifications with Functional Classifications

The University's operating expenses by natural classification for June 30, 2017 and 2016 were as follows:

	2017				
	Natural Classification				
Functional Classification	**Compensation and Benefits**	**Supplies and Services**	**Depreciation**	**Scholarships**	**Total**
Instruction	**$ 152,658,850**	**$ 8,540,174**	**$ -**	**$ -**	**$ 161,199,024**
Research	**48,614,487**	**19,983,453**	**-**	**-**	**68,597,940**
Public service	**32,330,082**	**7,049,907**	**-**	**-**	**39,379,989**
Academic support	**22,540,468**	**12,839,692**	**-**	**-**	**35,380,160**
Student services	**11,088,242**	**7,209,474**	**-**	**-**	**18,297,716**
Institutional support	**38,058,956**	**11,251,904**	**-**	**-**	**49,310,860**
Operation of plant	**13,486,530**	**30,797,013**	**-**	**-**	**44,283,543**
Scholarships	**-**	**-**	**-**	**59,044,137**	**59,044,137**
Auxiliary enterprises	**32,609,574**	**31,060,033**	**-**	**-**	**63,669,607**
Depreciation	**-**	**-**	**36,660,356**	**-**	**36,660,356**
Total expenses	**$ 351,387,189**	**$ 128,731,650**	**$ 36,660,356**	**$ 59,044,137**	**$ 575,823,332**

	2016				
	Natural Classification				
Functional Classification	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	Total
Instruction	$ 138,319,401	$ 15,541,677	$ -	$ -	$ 153,861,078
Research	46,696,511	25,330,625	-	-	72,027,136
Public service	30,819,118	9,963,656	-	-	40,782,774
Academic support	22,191,313	16,998,355	-	-	39,189,668
Student services	10,697,549	5,763,622	-	-	16,461,171
Institutional support	35,982,731	8,902,763	-	-	44,885,494
Operation of plant	13,985,492	20,637,784	-	-	34,623,276
Scholarships	-	-	-	60,763,896	60,763,896
Auxiliary enterprises	33,464,709	34,412,452	-	-	67,877,161
Depreciation	-	-	33,668,584	-	33,668,584
Total expenses	$ 332,156,824	$ 137,550,934	$ 33,668,584	$ 60,763,896	$ 564,140,238

Note 13. Segment Information

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

Condensed Statement of Net Position	**2017**	2016
Assets:		
Current assets	**$ 26,695,722**	$ 38,324,366
Noncurrent assets	**505,971**	503,044
Total assets	**$ 27,201,693**	$ 38,827,410
Deferred Outflows of Resources	**$ 1,484,154**	$ 1,804,045
Liabilities:		
Current liabilities	**$ 2,753,716**	$ 2,927,497
Noncurrent liabilities	**4,944,791**	5,227,906
Total liabilities	**$ 7,698,507**	$ 8,155,403
Deferred Inflows of Resources	**$ 355,782**	$ 133,565
Net position:		
Net investment in equipment	**$ 505,971**	$ 503,044
Restricted for maintenance required by bond resolution	**500,000**	500,000
Restricted for capital projects	**2,569,619**	2,696,511
Unrestricted	**17,055,968**	28,642,932
Total net position	**$ 20,631,558**	$ 32,342,487

Condensed Statement of Revenues, Expenses, and Changes in Net Position	**2017**	2016
Operating revenues:		
Sales	**$ 20,343,951**	$ 22,902,545
Rents and fees	**16,962,157**	18,164,427
Nonenterprise revenue	**14,265,000**	14,265,000
Miscellaneous	**99,947**	885,335
Total operating revenues	**51,671,055**	56,217,307
Operating expenses:		
Operating expenses	**31,204,623**	33,551,297
Depreciation	**121,004**	47,841
Total operating expenses	**31,325,627**	33,599,138
Operating income	**20,345,428**	22,618,169
Nonoperating revenues, investment income	**3,709,697**	3,074,402
Nonoperating expenses and other items:		
Bond issuance costs	**(118,563)**	-
Interest on indebtedness	**(4,297,660)**	(4,631,858)
Retirement of indebtedness	**(4,865,000)**	(4,640,000)
Expanded for plant facilities	**-**	(48,308)
Mandatory transfers	**(1,387,160)**	438,356
Nonmandatory transfers	**(25,110,972)**	(15,590,907)
Total nonoperating expenses and other items	**(35,779,355)**	(24,472,717)
Increase (decrease) in net position	**(11,724,230)**	1,219,854
Net position, beginning of year, as previously reported	**32,342,487**	31,122,633
Adjustment to prior years	**13,301**	-
Net position, beginning of year, as restated	**32,355,788**	31,122,633
Net position, end of year	**$ 20,631,558**	$ 32,342,487

Condensed Statement of Cash Flows		
Net cash provided by operating activities	**$ 20,734,190**	$ 23,455,040
Net cash (used in) capital financing activities	**(9,145,349)**	(9,494,948)
Net cash (used in) noncapital financing activities	**(25,699,205)**	(14,361,991)
Net cash provided by investing activities	**2,910,770**	2,283,842
Net increase (decrease) in cash	**(11,199,594)**	1,881,943
Cash and cash equivalents, beginning of year	**33,136,308**	31,254,365
Cash and cash equivalents, end of year	**$ 21,936,714**	$ 33,136,308

Note 14. Service Concession Arrangement

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

In August 2012, construction was completed on the Bison Run Village project and the facility was placed into service. The facility is being operated by the University under a management agreement for the next 31 years. At the end of the arrangement, ownership and operation of the project will be transferred to the University. The University is reporting the project as a capital asset with a carrying amount of $13,241,854 and related deferred inflows of resources of $13,241,854 at June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

UNIVERSITY OF WYOMING

SCHEDULE OF CHANGES IN THE UNIVERSITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
Year Ended June 30, 2017*

Total OPEB Liability	
Service cost	$ 308,416
Interest cost	1,168,107
Changes of benefit terms	(16,753,384)
Changes in assumptions or other inputs	(738,667)
Benefit payments	(1,954,706)
Net change in total OPEB liability	(17,970,234)
Total OPEB liability - beginning	33,297,762
Total OPEB liability - ending	$ 15,327,528
Covered employee payroll	228,702,629
Total OPEB liability as a percentage of covered employee payroll	7%

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

See Notes to Required Supplementary Information.

UNIVERSITY OF WYOMING

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Public Employee Pension Plan
Last 4 Fiscal Years*

	University's proportion of the net pension liability	University's proportionate share of the net pension liability	University's covered payroll	University's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage percentage of the total pension liability
2014	3.440915250%	$ 52,363,982	$ 57,758,244	91.13%	81.10%
2015	3.406134378%	60,107,789	58,818,270	102.19%	79.08%
2016	3.528810328%	82,198,266	63,031,172	130.41%	73.40%
2017	3.498329500%	84,572,123	58,513,047	144.54%	73.42%

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

See Notes to Required Supplementary Information.

UNIVERSITY OF WYOMING

SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS
Public Employee Pension Plan
Last 4 Fiscal Years*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll pension liability
2014	$ 3,713,674	$ 3,713,674	$ -	$ 52,158,343	7.12%
2015	4,612,194	4,612,194	-	60,527,480	7.62%
2016	5,409,876	5,409,876	-	64,634,122	8.37%
2017	5,003,418	5,003,418	-	59,777,993	8.37%

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

See Notes to Required Supplementary Information.

UNIVERSITY OF WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. OPEB Changes in Benefit Terms and Assumptions

Change in benefit terms: Amounts presented reflect the elimination of the benefit for conversion of accrued sick leave to health insurance payments for those employees who did not meet the criteria as of July 1, 2016.

Changes in assumptions: Changes in assumptions or other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

Note 2. Retirement Commitment – Wyoming Retirement System

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

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