

WYOMING BUSINESS COUNCIL

**A COMPONENT UNIT OF THE
STATE OF WYOMING**

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2018

CONTENTS

INDEPENDENT AUDITOR’S REPORT	1 and 2
MANAGEMENT’S DISCUSSION AND ANALYSIS <i>(Required Supplementary Information)</i>	3 - 8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	9 and 10
Statement of Activities	11
Governmental Funds Financial Statements:	
Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16 - 35
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Statements	36 - 38
Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures for the General Fund, Economic Development Fund, and Rural Rehabilitation Fund	39
Schedule of the Business Council’s Proportionate Share of the Net Pension Liability	40
Schedule of the Business Council’s Contributions	41
Schedule of the Business Council’s Proportionate Share of the Total OPEB Liability and Related Ratios	42
Notes to Required Supplementary Information	43
SUPPLEMENTARY INFORMATION	
Other Governmental Funds	44
Combining Statements of Other Governmental Funds:	
Combining Balance Sheet	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	46
Schedule of Expenditures of Federal Awards	47
Notes to Schedule of Expenditures of Federal Awards	47
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	48 and 49
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	50 and 51
Schedule of Findings and Questioned Costs	52 - 54
Summary Schedule of Prior Year Federal Audit Findings	55
EXHIBIT I: Corrective Action Plan	



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wyoming Business Council
Cheyenne, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wyoming Business Council (the "Business Council"), a component unit of the State of Wyoming, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Business Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 Business Council'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 Business Council'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Business Council as of June 30, 2018, and the respective changes in financial position thereof for the year 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 7 to the financial statements, in 2018 the Business Council adopted new accounting guidance with implementation of the Governmental Accounting Standards Board (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 8, the Budgetary Comparison Statements, on pages 36 through 39, the Schedule of the Business Council's Proportionate Share of the Net Pension Liability, on page 40, the Schedule of the Business Council's Contributions, on page 41, the Schedule of the Business Council's Proportionate Share of the Total OPEB Liability and Related Ratios, on page 42, and the Notes to Required Supplementary Information, on page 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Business Council's basic financial statements. The Combining Statements of Other Governmental Funds and the Schedule of Expenditures of Federal Awards required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statements of Other Governmental Funds and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements of Other Governmental Funds and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of the Business Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Business Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Business Council's internal control over financial reporting and compliance.

McGee, Hearn & Paiz, LLP

Cheyenne, Wyoming
December 3, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Wyoming Business Council’s (the “Business Council”) annual report, a component unit of the State of Wyoming, presents our discussion and analysis of the Business Council’s financial performance during the fiscal years that ended June 30, 2018 and 2017.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements:

- The Business Council’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources, which is net position as of June 30, 2018 by \$57.5 million, an increase of \$22.0 million from the previous year, including the effect of the restatement on adoption of a new accounting standard.

Governmental Fund Financial Statements:

- As of June 30, 2018, the Business Council’s governmental funds reported combined fund balances of \$63.0 million, an increase of \$24.3 million from the previous year.
-

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Business Council’s basic financial statements. The Business Council’s annual report consists of four components in accordance with required reporting standards: 1) management’s discussion and analysis (this section), 2) government-wide financial statements, 3) governmental fund financial statements, and 4) notes to the basic financial statements. The required supplementary information and supplementary information is included in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide short-term and long-term information about the overall financial position and activities of the Business Council, in a manner similar to a private-sector business. The government-wide financial statements consist of the Statement of Net Position and Statement of Activities.

The *Statement of Net Position* reports all assets and deferred outflows of resources held and liabilities and deferred inflows of resources owed by the Business Council. Assets are reported when acquired and liabilities when incurred. The difference between the Business Council’s total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is its *net position*, which is similar to the owner’s equity presented by a private-sector business.

The *Statement of Activities* reports all of the revenues and expenses of the Business Council. Revenues are recognized when earned and expenses are reported when incurred. The statement identifies the extent to which each function of the Business Council draws from general revenues or is self-sufficient through fees, intergovernmental aid, and other sources of revenues.

The Business Council’s government-wide financial statements are presented on pages 9 through 11.

Governmental Fund Financial Statements

The governmental fund financial statements provide more detailed information about the Business Council's funds. A fund is a separate accounting entity used to keep track of specific sources of funding and spending. Except for the General Fund, the Business Council uses specific funds that have been established to satisfy legal requirements established by external parties, governmental statutes, or regulations.

The governmental fund financial statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements. The governmental fund financial statements focus on information about the Business Council's short-term inflows, outflows, and balances of spendable resources. The governmental fund financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

The *Balance Sheet* reports information about the Business Council's current financial resources, which are its assets, liabilities and fund balances. *Assets* reported are amounts on hand at the end of the fiscal year, such as cash and amounts for receivables that are collectible within a short period of time after the end of the fiscal year. *Liabilities* include amounts that are to be paid in a short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is its *fund balance*. The fund balance generally indicates the amount available to finance next year's activities. Because the focus of this report is on current, rather than long-term information, we provide an analysis that reconciles the governmental funds balance sheet to the government-wide Statement of Net Position.

The *Statement of Revenues, Expenditures, and Changes in Fund Balances* reports information about the Business Council's inflows, outflows, and balances of current financial resources for each of its major governmental funds and for its non-major governmental funds in the aggregate. Amounts reported are *revenues* and *expenditures* that were collected in cash or paid in cash, respectively, during the current period or very shortly after the end of the year. Because this report excludes long-term information, we provide an analysis that reconciles the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the government-wide Statement of Activities.

The Business Council's governmental fund financial statements are presented on pages 12 through 15.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of data provided in the government-wide and fund statements. The notes are presented on pages 16 through 35.

Required Supplementary Information

The required supplementary information presents Budgetary Comparison Statements for the Business Council's General Fund and each of its major governmental funds. The statements present the Business Council's original and final appropriated budgets for the reporting period as well as its actual inflows and outflows of financial resources. The required supplementary information also presents the Schedule of the Business Council's Proportionate Share of Net Pension Liability, the Schedule of the Business Council's Contributions, and the Schedule of the Business Council's Proportionate Share of the Total OPEB Liability and Related Ratios. These schedules present information on the Business Council's share of the net pension liability in line with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and the total OPEB liability in line with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The required supplementary information is presented on pages 36 through 43.

Supplementary Information

The combining funds statements provide information for non-major governmental funds and are presented immediately following the required supplementary information. Combining funds statements are presented on pages 44 through 46.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Financial Position

The Business Council's net position may provide a useful indicator of its financial position. At the end of the current fiscal year, its assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$57.5 million, which represents an investment of \$87,979 in capital assets, \$49.7 million in restricted net position (economic development, rural rehabilitation, and business ready communities), and \$7.8 million in unrestricted net position. The unrestricted net position may be used to meet the Business Council's ongoing obligations.

The Business Council's gross net position increased \$22.0 million during the current fiscal year, which can be attributed to increased loan activity in the business ready communities program.

The following condensed Statement of Net Position presents the Business Council's financial position for the past two years:

STATEMENT OF NET POSITION - CONDENSED

	2018	2017*
ASSETS		
Current assets	\$ 51,976,291	\$ 34,395,097
Noncurrent assets:		
Loans receivable	20,833,949	14,427,412
Capital assets	115,917	183,906
Total assets	\$ 72,926,157	\$ 49,006,415
DEFERRED OUTFLOWS OF RESOURCES	\$ 1,156,594	\$ 875,057
LIABILITIES		
Current liabilities	\$ 9,935,987	\$ 10,211,374
Noncurrent liabilities	5,467,285	3,827,045
Total liabilities	\$ 15,403,272	\$ 14,038,419
DEFERRED INFLOWS OF RESOURCES	\$ 1,175,727	\$ 361,201
NET POSITION		
Net investment in capital assets	\$ 87,979	\$ 136,205
Restricted for economic development	45,040,372	20,492,856
Restricted for rural rehabilitation	4,597,277	4,587,523
Restricted for business ready communities	19,947	48,780
Unrestricted	7,758,177	10,216,488
Total net position	\$ 57,503,752	\$ 35,481,852

* GASB Statement No. 75 is effective for the year ended June 30, 2018. The year ended June 30, 2017, as presented in this column, was not restated. For further discussion, see Note 7 of this report.

Statement of Activities

Net position increased by \$23.8 million during the current fiscal year from the effect of revenues and expenses. The primary reason is due to an additional \$25 million appropriation from the legislature to the Economic Development Fund, effective July 1, 2017.

The following condensed Statement of Activities presents the Business Council's results of operations for the past two years:

STATEMENT OF ACTIVITIES - CONDENSED

	2018	2017*
REVENUES		
Program revenues	\$ 2,520,131	\$ 2,501,833
General revenues	64,896,049	32,724,354
Total revenues	<u>67,416,180</u>	<u>35,226,187</u>
EXPENSES		
Administration	2,319,990	1,631,413
Business development	5,996,753	4,437,365
Regional offices	1,047,178	1,360,599
Community development	34,222,016	27,102,254
Total expenses	<u>43,585,937</u>	<u>34,531,631</u>
Increase in net position	<u>23,830,243</u>	<u>694,556</u>
Net position beginning	35,481,852	34,787,296
Restatement to prior period	(1,808,343)	-
Net position beginning, as restated	<u>33,673,509</u>	<u>34,787,296</u>
Net position ending	<u>\$ 57,503,752</u>	<u>\$ 35,481,852</u>

* GASB Statement No. 75 is effective for the year ended June 30, 2018. The year ended June 30, 2017, as presented in this column, was not restated. For further discussion, see Note 7 of this report.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The Business Council's activities are reflected in its general, economic development, rural rehabilitation, and other governmental funds. The focus of these governmental funds is to provide information about the Business Council's short-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Business Council's net resources available for spending at the end of the fiscal year.

Balance Sheet

As of June 30, 2018, the Business Council's governmental funds reported combined ending fund balances of \$63.0 million, an increase of \$24.3 million from the previous year.

Of the major funds, the General Fund is the main operating fund of the Business Council. At the end of the current fiscal year, the total fund balance was \$13.1 million, which is unavailable for current use (nonspendable) because it is associated with a long-term receivable (loans receivable) and other assigned uses.

The fund balance of the economic development fund increased \$24.5 million, primarily due to an additional \$25 million appropriation from the legislature to the Economic Development Fund, effective July 1, 2017.

The fund balances of the Business Council's other governmental funds decreased by \$37,884, primarily caused by the Business Ready Communities Fund.

Revenues and Expenditures

The following statement presents current fiscal year revenues and expenditures compared to the prior year:

STATEMENT OF REVENUES AND EXPENDITURES GOVERNMENTAL FUNDS

	2018		2017*		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	%
REVENUES						
Revenue from primary government	\$ 63,906,656	94.79%	\$ 32,244,884	91.54%	\$ 31,661,772	98.19%
Federal revenue	2,433,660	3.61%	2,414,244	6.85%	19,416	0.80%
Investment income, net	899,557	1.33%	437,842	1.24%	461,715	105.45%
Revenue from others	89,836	0.13%	41,637	0.12%	48,199	115.76%
Charges for sales and services	86,470	0.13%	87,589	0.25%	(1,119)	-1.28%
Total revenues	\$ 67,416,179	100.00%	\$ 35,226,196	100.00%	\$ 32,189,983	91.38%
EXPENDITURES						
Administration	\$ 2,165,266	5.02%	\$ 2,504,127	7.31%	\$ (338,861)	-13.53%
Business development	5,886,784	13.65%	4,095,929	11.96%	1,790,855	43.72%
Regional offices	978,686	2.27%	948,205	2.77%	30,481	3.21%
Community Development	34,092,407	79.06%	26,705,320	77.96%	7,387,087	27.66%
Total expenditures	\$ 43,123,143	100.00%	\$ 34,253,581	100.00%	\$ 8,869,562	25.89%

Revenues for governmental activities were \$67.4 million for fiscal year 2018, an increase of 91.38% from the previous year. Revenues from primary government increased \$31.7 million primarily due to an appropriation of \$25 million. Revenues from investment income increased \$461,715 from the previous fiscal year primarily due to increased interest income earned on loans and investments.

Expenditures for governmental activities were \$43.1 million for the current fiscal year, an increase of 25.89% from fiscal year 2017. This increase is primarily due to an increase in expenditures for community grant programs funded by State appropriations.

CAPITAL ASSETS ACTIVITY

The Business Council's investment in capital assets for its governmental activities as of June 30, 2018 amounted to \$115,917 net of accumulated depreciation of \$767,745. This investment in capital assets includes a building, leasehold improvements, capitalized leases for equipment, furniture, fixtures and equipment, and intangible assets. At the end of the fiscal year, the Business Council had outstanding capital leases payable on equipment totaling \$27,938. The \$67,989 decrease in net capital assets from the previous year is due to current year deletions of \$7,850 plus \$60,139 in depreciation expense.

The following is a Schedule of Capital Assets for the past two years. Additional information on the Business Council's capital assets can be found in Note 4 of this report.

SCHEDULE OF CAPITAL ASSETS (net of depreciation)

	2018	2017
Construction in progress	\$ -	\$ 7,850
Building	31,810	33,561
Lease improvements	2,130	3,078
Capitalized leases - equipment	11,360	29,624
Furniture, fixtures and equipment	17,860	27,999
Intangible assets	52,757	81,794
Total	\$ 115,917	\$ 183,906

BUDGETARY HIGHLIGHTS

For the current fiscal year, the Business Council's General fund budget was revised primarily for net appropriations carried over from a previous fiscal year. Budgeted expenditures for the economic development fund were primarily revised to carry over appropriations from a previous fiscal year. Budgeted expenditures for the rural rehabilitation fund were increased primarily to allow expenditure of current year investment income.

FINANCIAL IMPACTS

Due to the continued stagnation in commodity prices and production, the Governor's hiring freeze and limitation on expenditures to those that are essential remained in place for fiscal year 2018. In response to the decline in Wyoming commodities in previous years, the Governor created the Economically Needed Diversity Options for Wyoming (ENDOW) Initiative. To support the ENDOW Initiative, the Legislature made one-time appropriations to the Council to expand international trade efforts and to improve broadband services across the state. For the 2019 biennium, the Council's budget remained consistent with the prior biennium.

During fiscal year 2018, a loan was approved under the provisions of the large project account. State statutes allow the Governor to transfer funds from the Business Council's economic development account to the large project account within the revolving investment fund to meet loans or loan guarantees approved under this program. Subject to the fulfillment of certain contingencies, such as finalization of loan terms and proof that the companies have the funding to cover the difference between project costs and state loan amounts, the Governor may authorize the transfer of the balance from the economic development account to the large project account to fund these loans. The contingencies that were required for the loan have not been fulfilled and the loan has not been executed. Subsequent to June 30, 2018, this loan was officially denied.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Wyoming Business Council, 214 West 15th Street, Cheyenne, WY 82002.

WYOMING BUSINESS COUNCIL

**STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS

Current Assets

Deposits with State Treasurer	\$ 44,486,316
Deposits in bank	31,235
Accounts receivable	928,814
Interest receivable	289,402
Due from primary government	24,585
Due from Federal government	1,653,503
Loans receivable, net	4,562,436
Total current assets	51,976,291

Noncurrent Assets

Loans receivable, net	20,833,949
Capital assets, net of accumulated depreciation:	
Buildings	31,810
Leasehold improvements	2,130
Capitalized leases - equipment	11,360
Furniture, fixtures and equipment	17,860
Intangibles	52,757
Total noncurrent assets	20,949,866

Total assets

72,926,157

DEFERRED OUTFLOWS OF RESOURCES

Pension-Related Outflows	1,075,820
OPEB-Related Outflows	80,774
Total deferred outflows of resources	1,156,594

LIABILITIES

Current Liabilities

Accounts payable	8,052,683
Due to primary government	1,756,957
Accrued payroll	4,830
Compensated absences payable	99,246
Capital leases payable	22,271
Total current liabilities	9,935,987

Noncurrent Liabilities

Capital leases payable	5,667
Net pension liability	3,728,002
Total OPEB liability	1,733,616
Total noncurrent liabilities	5,467,285

Total liabilities

15,403,272

Continued

WYOMING BUSINESS COUNCIL

STATEMENT OF NET POSITION (Continued)

JUNE 30, 2018

DEFERRED INFLOWS OF RESOURCES

Pension-Related Inflows	\$ 886,222
OPEB-Related Inflows	289,505
Total deferred inflows of resources	<u>1,175,727</u>

NET POSITION

Net investment in capital assets	87,979
Restricted for economic development	45,040,372
Restricted for rural rehabilitation	4,597,277
Restricted for business ready communities	19,947
Unrestricted	7,758,177
Total net position	<u>\$ 57,503,752</u>

See Notes to Financial Statements.

WYOMING BUSINESS COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Sales and Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
Administration	\$ 2,319,990	\$ 15,971	\$ -	\$ (2,304,019)
Business development	5,996,753	39,768	-	(5,956,985)
Regional offices	1,047,178	-	-	(1,047,178)
Community development	34,222,016	30,732	2,433,660	(31,757,624)
Total	\$ 43,585,937	\$ 86,471	\$ 2,433,660	(41,065,806)
General Revenues				
Appropriation from primary government				63,906,656
Investment income, net				899,557
Other				89,836
Total general revenues				64,896,049
Change in net position				23,830,243
Net Position, beginning, as previously stated				35,481,852
Restatement to prior period (Note 7)				(1,808,343)
Net Position, beginning, as restated				33,673,509
Net Position, ending				\$ 57,503,752

See Notes to Financial Statements.

WYOMING BUSINESS COUNCIL

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Economic Development Fund	Rural Rehabilitation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Deposits with State Treasurer	\$ 6,831,553	\$ 32,751,493	\$ 4,625,785	\$ 277,485	\$ 44,486,316
Deposits in bank	2,003	-	-	29,232	31,235
Accounts receivable	82	817,566	104,874	6,292	928,814
Interest receivable	52,453	225,307	11,029	613	289,402
Due from primary government	24,585	-	-	-	24,585
Due from other funds	59,356	-	-	-	59,356
Due from Federal government	1,653,503	-	-	-	1,653,503
Loans receivable, net	13,017,860	12,378,525	-	-	25,396,385
Total assets	\$ 21,641,395	\$ 46,172,891	\$ 4,741,688	\$ 313,622	\$ 72,869,596
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 6,826,850	\$ 1,073,163	\$ 144,411	\$ 8,259	\$ 8,052,683
Due to primary government	1,732,544	-	-	24,413	1,756,957
Due to other funds	-	59,356	-	-	59,356
Accrued payroll	4,830	-	-	-	4,830
Total liabilities	8,564,224	1,132,519	144,411	32,672	9,873,826
Fund Balances					
Nonspendable:					
Loans receivable and other	13,077,171	-	-	-	13,077,171
Restricted	-	-	4,597,277	-	4,597,277
Committed	-	45,040,372	-	20,194	45,060,566
Assigned	-	-	-	260,756	260,756
Total fund balances	13,077,171	45,040,372	4,597,277	280,950	62,995,770
Total liabilities and fund balances	\$ 21,641,395	\$ 46,172,891	\$ 4,741,688	\$ 313,622	\$ 72,869,596

See Notes to Financial Statements.

WYOMING BUSINESS COUNCIL

RECONCILIATION OF THE
GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances - governmental funds \$ 62,995,770

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported
in the governmental funds. When capital assets
that are used in governmental activities are purchased
or constructed, the cost of these assets are reported
as expenditures in governmental funds. These assets
consist of:

Buildings	43,900	
Leasehold improvements	16,199	
Capitalized leases, net of related capital leases payable	(16,578)	
Furniture, fixtures and equipment	296,617	
Intangibles	435,626	
Accumulated depreciation	<u>(687,785)</u>	
Total capital assets, net of capital leases payable		87,979

Deferred outflows of resources that are not available
for the current period expenditures and are not reported
in the governmental funds. 1,156,594

Liabilities and deferred inflows of resources that are not
due and payable with current resources and are not
reported in the governmental funds. These consist of:

Compensated absences payable	(99,246)	
Net pension liability	(3,728,002)	
Total OPEB liability	(1,733,616)	
Deferred inflows of resources	<u>(1,175,727)</u>	
Total liabilities and deferred inflows of resources		<u>(6,736,591)</u>

Net position of governmental activities \$ 57,503,752

See Notes to Financial Statements.

WYOMING BUSINESS COUNCIL

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Economic Development Fund	Rural Rehabilitation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Revenue from primary government	\$ 38,906,656	\$ 25,000,000	\$ -	\$ -	\$ 63,906,656
Federal revenue	2,433,660	-	-	-	2,433,660
Interest income	112,891	1,075,270	92,987	5,308	1,286,456
Net (decrease) in the fair value of investments	(45)	(349,968)	(35,102)	(1,784)	(386,899)
Revenue from others	89,836	-	-	-	89,836
Charges for sales and services	78,201	8,269	-	-	86,470
Total revenues	41,621,199	25,733,571	57,885	3,524	67,416,179
EXPENDITURES					
Administration	2,132,230	-	-	33,036	2,165,266
Business development	4,653,085	1,186,055	48,131	(487)	5,886,784
Regional offices	949,750	-	-	28,936	978,686
Community development	34,092,407	-	-	-	34,092,407
Total expenditures	41,827,472	1,186,055	48,131	61,485	43,123,143
Excess (deficiency) of revenues over expenditures	(206,273)	24,547,516	9,754	(57,961)	24,293,036
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	20,077	20,077
Transfers out	(20,077)	-	-	-	(20,077)
Total other financing sources (uses)	(20,077)	-	-	20,077	-
Net change in fund balances	(226,350)	24,547,516	9,754	(37,884)	24,293,036
Fund balances, beginning	13,303,521	20,492,856	4,587,523	318,834	38,702,734
Fund balances, ending	\$ 13,077,171	\$ 45,040,372	\$ 4,597,277	\$ 280,950	\$ 62,995,770

See Notes to Financial Statements.

WYOMING BUSINESS COUNCIL

**RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Net change in fund balances - total governmental funds	\$ 24,293,036
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Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period, these amounts are:

Construction in progress write-off	(7,850)	
Depreciation expense	<u>(60,139)</u>	(67,989)

Principal payments on capital lease obligations is an expenditure in governmental funds, but the repayment is a reduction of long-term liabilities in the Statement of Net Position.

19,764

Certain expenses reported in the Statement of Activities that do not require the use of current financial resources and, therefore, are not recorded as expenditures on the governmental funds. In the current period, these amounts are:

Compensated absences	(27,411)	
Other post employment expense, net of amortization	(134,005)	
Change in defined benefit net pension liability and pension-related inflows and outflows	<u>(253,152)</u>	(414,568)

Change in net position of governmental activities	<u>\$ 23,830,243</u>
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See Notes to Financial Statements.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

The accompanying financial statements of the Wyoming Business Council (the “Business Council”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. The basic financial statements include both government-wide financial statements based on the Business Council as a whole and fund financial statements.

B. Financial reporting entity

The Business Council was created in 1998 by the Wyoming Economic Development Act. The Business Council has been charged by Wyoming State Statutes to encourage, stimulate, and support the development and expansion of the economy of the State and is operated for the benefit of the public. It is governed by a Board of Directors, consisting of 15 voting members appointed by the Governor with the advice and consent of the State Senate. The Business Council is a component unit of the State of Wyoming.

On July 1, 1998, the Business Council assumed the functions, programs, and authority of various State agencies, boards, authorities, commissions and committees. The Business Council is also charged with administering the Wyoming Partnership Challenge Loan Program.

On February 21, 2001, the Business Council established Wyoming Economic and Workforce Development, Inc. (the “WEWD”), a 501(c)(3) corporation. The WEWD was formed to support the Business Council’s economic development, expansion, and workforce training efforts in the State of Wyoming by soliciting funds through a combination of fees, private contributions and grants. It began operations in fiscal year 2002 and is presented herein as a blended component unit. The financial information of the WEWD is presented as the Economic and Workforce Development Fund in the other governmental funds’ column of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

C. Government-wide financial statements

The Statement of Net Position and Statement of Activities display information about the Business Council as a whole. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Net Position reports all of the Business Council’s financial and capital resources. Assets and liabilities are presented in order of their relative liquidity. An asset’s liquidity is determined by how readily it is expected to be converted to cash and whether restrictions limit the Business Council’s ability to use the resource. A liability’s liquidity is based on its maturity, or when cash is expected to be used to liquidate it. The difference between the total of assets and deferred outflows and the total of liabilities and deferred inflows shows the Business Council’s net position. Net position is reported as restricted when constraints are placed on their use by creditors, grantors, or laws or regulations of other governments.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Business Council's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: 1) charges paid by the recipients of goods or services offered by the programs, and 2) grants and contributions, including interest on loans, which are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all appropriations from the primary government, are presented instead as general revenues.

D. Fund financial statements

The fund financial statements provide information about the Business Council's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The Business Council reports the following major governmental funds:

General Fund – the Business Council's primary operating fund. It accounts for all of the Business Council's financial resources except those accounted for in another fund. Revenues consist primarily of State and Federal funding.

Economic Development Fund – used to account for economic development efforts of the Business Council; primarily, the activities of the following loan portfolios: Challenge loans, economic disaster loans, bridge loans, Wyoming main street loans, natural gas infrastructure loans, and Amendment IV loans. Funds within the account may also be transferred upon direction of the governor to the large project account within the revolving investment fund created by Wyoming State Statute if required to meet loans or loan guarantees approved by the state loan and investment board under that law. Revenues in the economic development fund consist primarily of interest income.

Rural Rehabilitation Fund – used to account for the operations of the rural rehabilitation program that is administered in accordance with the terms of an agreement with the U.S. Farmers Home Administration. Revenues consist primarily of interest income.

E. Basis of accounting

Government-wide fund financial statements – The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental fund financial statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The Business Council reports advance payments on its Statement of Net Position and governmental fund Balance Sheet. Advance payments for governmental fund reporting purposes arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Advance payments also arise when resources are received by the Business Council before it has legal claim to them, as when grant funds are received prior to the occurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Business Council has a legal claim to the resources, the liability for advance payments is removed from the Balance Sheet and revenue is recognized.

F. Budgets

Wyoming State Statutes require the Business Council to prepare and submit a biennial budget to the Governor for presentation to the Legislature each odd-numbered year prior to the beginning of the Legislative session. The Legislature may add, change, or delete any items in the budget proposed by the Governor. Supplemental appropriations may be approved by the Legislature in even numbered years.

The Legislature appropriates substantially cash basis budgets for programs within an agency. The State’s legal level of budgetary control is at the program level and the Governor must approve all changes in appropriations at the program level. Some appropriations lapse at the end of each biennium.

G. Deposits with State Treasurer

The General Fund of the Business Council primarily operates out of an appropriation from the Wyoming State Legislature, which has been established with the Wyoming State Auditor’s office. Cash is available from this appropriation to fund expenditures as they are incurred by the Business Council. As such, the cash balance within the General Fund is assumed to be the amounts of accounts payable and certain accrued expenses within the fund, net of certain assets.

For funds other than the General Fund, the Business Council’s cash is pooled with other State agencies in an account managed by the Wyoming State Treasurer. The account is reported at the fair value of the securities underlying the investment pool. Earnings from the investment pool are credited to the applicable accounts and funds by the State Treasurer to the Business Council monthly, utilizing a formula based on the average daily balance.

H. Receivables

Receivables consist primarily of amounts due from the Federal Government and other governmental entities, including the State for amounts earned on deposits with the State Treasurer. Management believes no allowance for uncollectible amounts is necessary based on the nature of these receivables and past experience.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

I. Loans and allowance for loan losses

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Delinquent status is considered to be 10 days after the payment due date. In all cases, loans are placed on nonaccrual status at an earlier date if collection of principal or interest in full is not expected.

The interest on nonaccrual loans is accounted for on the cash-basis until the loan qualifies for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured, or the loan is well-secured and in the process of collection.

It is the policy of the Business Council to charge off those loans in which collectability is sufficiently questionable as to no longer justify showing the loan as an asset in the financial statements. The charge off of any loan must be approved by the Board of Directors.

The allowance for loan losses is established through a provision for loan losses charged to expense. Recoveries of amounts previously charged off are credited to the allowance. The amount of provision is based on management's evaluation of the loan portfolio, including assessment of the likelihood of reimbursement on defaulted loans.

J. Capital assets

Capital assets are stated at cost in the government-wide financial statements. The Business Council's capitalization level for all capital assets is \$5,000. Depreciation on capital assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	25
Leasehold improvements	7
Furniture, fixtures, and equipment	3-14
Intangible assets	3-5

Capital assets are accounted for as expenditures in the governmental fund financial statements. Costs for repairs and maintenance are expensed as incurred.

The intangible assets of the Business Council at June 30, 2018 are computer software and website development costs, which were capitalized in accordance with Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. A capital asset is classified as intangible if: 1) it lacks physical substance, 2) it is not in a monetary form similar to cash or investment securities, does not represent a claim or right to assets in a monetary form similar to receivables, and is not a prepayment for goods or services, and 3) it has an initial useful life that extends beyond a single reporting period.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

K. Compensated absences

Employees of the Business Council earn up to four weeks of vacation at a monthly rate of 13.33 hours; leave not used at the end of the vacation accrual year does not vest. Vacation leave is accrued from October 1 to September 30 of each year. Accumulated leave that is expected to be liquidated with expendable available financial resources (i.e., pending payouts of unused leave owed to employees who left active service by the end of the fiscal period) is reported as an expenditure and a liability in the governmental funds financial statements. All accumulated leave is reported as an expenditure and a liability in the government-wide financial statements.

L. Grants payable

In certain cases where grantees incur qualified reimbursable expenditures on a grant prior to year-end, but have not yet invoiced the Business Council for these amounts, the Business Council estimates the amount due to the grantee at year end based on the percentage completion of the project. The estimated percentage of completion is multiplied by the total grant amount, and then previous and accrued payments to the grantee are subtracted. The corresponding result is recorded as accounts payable in the financial statements as of June 30, 2018.

M. Advance payments

Advance payments occur when resources are received by the Business Council before it has legal claim to them. In subsequent periods when revenue recognition criteria are met, the liability for the unearned revenue is reduced and the revenue is recognized.

N. 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.

O. Postemployment benefits other than pensions (OPEB)

The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense associated with the State of Wyoming Group Insurance Retiree Health Plan have been determined on the same basis as they are reported by the State of Wyoming. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

P. Deferred outflows

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

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Q. Deferred inflows

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

R. Fund balances

The Business Council has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which classifies fund balances based on spending constraints that control how resources may be used. Following are the classifications of fund balance:

Nonspendable – amounts that are not available for current use because they are either: 1) not in spendable form, or 2) legally or contractually required to be maintained intact, such as fund balance associated with inventories and long-term receivables.

Restricted – amounts constrained for a specific purpose through restrictions of external parties such as a creditor, grantor, donor, or other governmental unit (e.g., Federal government), or by constitutional provision.

Committed – amounts constrained for specific purposes imposed by formal action of the reporting governmental entity's highest level of decision-making authority.

Assigned – amounts that are neither restricted nor committed that the reporting governmental entity intends to use for a specific purpose as expressed by the governmental entity itself or by a party delegated the authority by the governmental entity.

Unassigned – amounts not reported in the other classifications. Only the General Fund can report a positive unassigned fund balance; other governmental funds might report a negative amount in this classification.

S. Interfund transactions

Interfund transactions are reflected either as services provided, reimbursements or transfers. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are eliminated in the Statement of Activities.

T. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

U. Recent pronouncement

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 also enhances accountability and transparency through revised and new note disclosure and required supplementary information. The statement is effective for fiscal years beginning after June 15, 2017. Accounting changes adopted to conform to the provisions of this statement were applied beginning in the year ended June 30, 2018 retroactively by restating the beginning net position. See discussion of prior restatement in Note. 7.

Note 2. DEPOSITS WITH STATE TREASURER

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. Wyoming 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 Wyoming State Statutes; and other securities specifically authorized by the Legislature. The State Loan Investment Board (the “Board”) reviews the Policy annually. This Board is comprised of the State’s five elected officials.

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

"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 ... by the Board.”

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

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

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

The Business Council investments held by the State Treasurer’s Office at June 30, 2018 are presented as follows:

Investment Type:	Fair	
	Value	Percentage
Fixed income investments	\$ 44,486,316	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 fluctuates 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. 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 the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. This risk disclosure applies only to investments that are denominated in foreign currencies. The State’s Master Investment Policy does not provide a policy for foreign currency diversification.

Custodial credit risk – The State does not have any custodial credit risk exposure.

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

Detailed information on the State Treasurer’s pooled cash and investments is available from that office.

WYOMING BUSINESS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 3. LOANS RECEIVABLE

Interest rates on loans vary from 0.0% to 4.5% and have varying maturity dates through 2037; collateral includes personal guarantees, mortgages on real estate, and liens on receivables, inventory, furniture, equipment, and crops. At June 30, 2018, loans receivable included outstanding loans to two major loan customers totaling \$7,964,718, which comprised approximately 29% of gross loans receivable as of that date. There were **no** loans charged off during the year ended June 30, 2018. Loans receivable as of June 30, 2018 are as follows:

	Loan Type	Gross Balance	Allowance	Net Balance
General Fund	Mainstreet	\$ 20,507	\$ -	\$ 20,507
General Fund	Business Ready Community	12,182,113	-	12,182,113
General Fund	Residential Relending	815,241	-	815,241
Economic Development Fund	Amendment IV	284,741	203,000	81,741
Economic Development Fund	Challenge	15,181	15,181	-
Economic Development Fund	Economic Disaster	7,933,557	1,267,054	6,666,503
Economic Development Fund	Bridge	571,751	71,360	500,391
Economic Development Fund	Natural Gas Infrastructure	229,889	-	229,889
Economic Development Fund	Other	5,000,000	100,000	4,900,000
		<u>\$ 27,052,980</u>	<u>\$ 1,656,595</u>	<u>\$ 25,396,385</u>

Note 4. CAPITAL ASSETS

Capital asset activity in the government-wide financial statements for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 7,850	\$ -	\$ (7,850)	\$ -
Capital assets being depreciated:				
Buildings	43,900	-	-	43,900
Leasehold improvements	16,199	-	-	16,199
Capitalized leases - equipment	91,320	-	-	91,320
Furniture, fixtures, and equipment	319,752	-	(23,135)	296,617
Intangible assets	500,940	-	(65,314)	435,626
Total capital assets being depreciated	972,111	-	(88,449)	883,662
Less accumulated depreciation:				
Buildings	(10,339)	(1,751)	-	(12,090)
Leasehold improvements	(13,121)	(948)	-	(14,069)
Capitalized leases - equipment	(61,696)	(18,264)	-	(79,960)
Furniture, fixtures, and equipment	(291,753)	(10,139)	23,135	(278,757)
Intangible assets	(419,146)	(29,037)	65,314	(382,869)
Total accumulated depreciation	(796,055)	(60,139)	88,449	(767,745)
Capital assets, net	\$ 183,906	\$ (60,139)	\$ (7,850)	\$ 115,917

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 21,868
Business Development	14,352
Regional offices	12,301
Community Development	11,618
	<u>60,139</u>
	<u>\$ 60,139</u>

Note 5. LEASE OBLIGATIONS

The Business Council has entered into various lease agreements for office space and equipment which have been accounted for as either operating leases or capital leases. The lease terms vary in range, extending through June 2020.

Operating leases – Expenditures on operating leases are recognized as incurred. Total rent expense for these operating leases for the year ended June 30, 2018 was \$160,823. Future minimum lease payments for operating leases are as follows:

Year Ending June 30,	
2019	\$ 190,862
2020	180,332
Total minimum payments	<u>\$ 371,194</u>

Capital leases – The gross amount of assets recorded under capital leases as of June 30, 2018 was \$91,320 with accumulated depreciation of \$79,960. During the year ended June 30, 2018, principal payments of \$19,764 were paid. Future minimum lease payments for capital leases are as follows:

Year Ending June 30,	
2019	\$ 24,425
2020	5,777
	<u>30,202</u>
Less: interest	<u>(2,264)</u>
Present value of lease payments	<u>\$ 27,938</u>

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Note 6. RETIREMENT COMMITMENT – WYOMING RETIREMENT SYSTEM (WRS)

Plan description – Substantially all employees of the Business Council, excluding seasonal employees, are provided with pensions through the Public Employee Pension Plan (the “Plan”) - a statewide cost-sharing multiple-employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). The authority to establish and amend benefits and contributions rates rests with the Legislature of the State of Wyoming. WRS is granted the authority to administer the Plan by Wyoming State Statutes 9-3-401 through 432. WRS issues a publicly available financial report that can be obtained at <http://retirement.state.wy.us/About/Reports?Label=Financial#categories>.

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 Wyoming State Statutes, for the year ended June 30, 2018, 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 Wyoming State Statutes, the Business Council has elected to pay 72% of the member’s contribution in addition to the employer’s contribution. Total member and employer contributions to the pension plan from the Business Council were \$381,458, \$408,823, and \$426,039 for the years ended June 30, 2018, 2017, and 2016, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2018, the Business Council reported a liability of \$3,728,002 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Business Council’s proportion of the net pension liability was based on the relationship of the Business Council’s total contributions to the plan for the year ended December 31, 2017 to the contributions of all participating employers for the same period. At December 31, 2017, the Business Council’s proportion was 0.163556159%, which was an increase from its December 31, 2016 proportion of 0.157150275%.

WYOMING BUSINESS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

For the year ended June 30, 2018, the Business Council recognized pension expense of \$496,435. At June 30, 2018, the Business Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 129,619
Net difference between projected and actual earnings on pension plan investments	483,347	608,322
Changes in proportion and differences between employer contributions and proportionate share of contributions	117,944	148,281
Contributions subsequent to measurement date	112,292	-
Changes in assumptions	362,237	-
	<u>\$ 1,075,820</u>	<u>\$ 886,222</u>

An amount of \$112,292 reported as deferred outflows of resources related to pensions resulting from Business Council contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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,	
2019	\$ 104,398
2020	112,744
2021	(12,714)
2022	(127,122)
	<u>\$ 77,306</u>

WYOMING BUSINESS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Actuarial assumptions – The total pension liability in the January 1, 2017 valuation was determined using the following actuarial assumptions, adopted by the Wyoming Retirement System Board effective August 23, 2017 and applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.50% – 6.50%, including inflation
Payroll growth rate	2.50%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Mortality Table for Males or Females, as appropriate, for mortality improvements based on Scale MP-2017. There were economic and demographic changes in assumptions between the December 31, 2016 measurement date and the December 31, 2017 measurement date.

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	0.00%	0.40%	0.40%
Fixed income	20.00%	1.25%	1.77%
Equity	45.00%	4.96%	6.88%
Marketable alternatives	17.50%	2.79%	3.30%
Private markets	17.50%	5.06%	7.11%
	100.00%		

Experience analysis – An experience study was conducted on behalf of all WRS’s plans covering the five-year period ended December 31, 2016. 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 7.00%. 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.

WYOMING BUSINESS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Sensitivity of the employer’s proportionate share of the net pension liability to changes in the discount rate – The following presents the Business Council’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Business Council’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$ 5,634,463	\$ 3,728,002	\$ 2,138,041

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued WRS financial report.

**Note 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
COMMITMENT AND PRIOR PERIOD ADJUSTMENT**

On July 1, 2017, the Business Council implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which recognizes a long-term obligation for OPEB benefits. The accounting change adopted to conform to the provisions of GASB Statement No. 75 has been applied retroactively by restating the beginning net position for the fiscal year ended June 30, 2018, which included recording a total OPEB obligation of \$1,808,343.

General Information about the OPEB Plan

Plan description: Eligible employees of the Business Council are provided with OPEB through the State of Wyoming Group Insurance Retiree Health Plan (Plan) – a cost-sharing multiple-employer defined benefit OPEB plan administered by the State of Wyoming Employee Group Insurance (EGI). Any employee of a participating employer is eligible for retiree coverage under the Plan at premium rates established by EGI, provided that:

1. The employee had coverage in effect under the Plan for at least one year just prior to retirement; and
2. The employee is eligible to receive a retirement benefit under the Wyoming Retirement System and either
 - a. Has attained age 50 with at least four years of service credit as an employee of one of the employing entities participating in the Plan; or
 - b. Has at least 20 years of service credit as an employee of one of the employing entities participating in the Plan.

Retirement eligibility varies under each system within the Wyoming Retirement System. The State of Wyoming Legislature has the authority to establish and amend the benefit terms of the plan. The Plan does not issue a separate report; however, additional Plan information can be obtained from the State of Wyoming’s Comprehensive Annual Financial Report.

WYOMING BUSINESS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Benefits provided: The Plan provides medical and prescription drug benefits for retirees and their dependents through payment of insurance premiums for life. Surviving spouses are allowed to continue coverage after the retiree’s death provided they were covered at the time of death.

Funding Policy: EGI finances this program on a pay-as-you-go basis and has no assets held in trust. The State of Wyoming Legislature has the authority for establishing and amending the funding policy.

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

At June 30, 2018, the Business Council reported a liability of \$1,733,616 for its proportionate share of the collective total OPEB liability. The collective total OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Business Council’s proportion of the collective total OPEB liability was based on a projection of the Business Council’s expected payments/contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The projection of the sharing of benefit-related costs is based on an established pattern of practice. At June 30, 2018, the Business Council’s proportion was 0.21917%

For the year ended June 30, 2018, the Business Council recognized OPEB expense of \$134,005. At June 30, 2018, the Business Council 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
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 80,774	\$ -
Changes of assumptions	-	289,505
	<u>\$ 80,774</u>	<u>\$ 289,505</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Business Council’s OPEB expense as follows:

Year ended June 30,	
2019	\$ 25,769
2020	25,769
2021	25,769
2022	25,769
2023	25,769
Thereafter	79,886
	<u>\$ 208,731</u>

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	July 1, 2017 (based on July 1, 2017 census data).
Inflation	2.50%
Salary Increases	2.50% - 6.00%
Mortality Rates	Pre-Termination: RP-2006 Combined, 100% male, 88% female, generational projection using MP-2017. Post-Termination: RP-2006 Combined, 100% male, 88% female, generational projection using MP-2017. Disabled: RP-2006 Combined, 100% male, 100% female, generational projection using MP-2017.
Healthcare Cost Trend Rates	Non-Medicare: 4.50% - 7.60% Medicare: 4.50% - 8.10%
Participation Rate	65% will elect coverage and 30% will cover a spouse.
Spouse Age Differential	Males are assumed to be 3 years older than females.
Cost Method	Entry Age Normal. Under this method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working lifetime as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay over the year. The Normal Cost is equal to the prorated cost for the year of the valuation.
Benefits Excluded	Benefits related to retiree dental and life insurance have been excluded from this valuation.

The health care trend rate assumption was based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data plan renewal data and vendor Rx report with adjustments based on the provisions of the benefits offered by EGI. For the excise tax, the overall value of the benefit was compared to the excise tax threshold. The values of the benefits were assumed to increase with the valuation trend and the excise tax thresholds were assumed to increase by 2.5% per year. On a blended basis, the excise tax threshold is estimated to hit in 2029.

Significant assumptions are based on an experience study that covered a five-year period ending December 31, 2016. Significant assumptions varied within the various retirement plans within the Wyoming Retirement System.

Discount rate: The discount rate used to measure the total OPEB liability was 3.58 percent, which represents an increase from the discount rate of 2.85 percent utilized for the June 30, 2016 measurement date. The discount rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

WYOMING BUSINESS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Proportionate share of the collective total OPEB liability	\$ 1,442,800	\$ 1,733,616	\$ 2,111,613

Sensitivity of the Business Council’s proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rates: The following presents the Business Council’s proportionate share of the collective total OPEB liability, as well as what the Business Council’s proportionate share of the collective total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Non-Medicare	6.60%	7.60%	8.60%
Medicare	7.10%	8.10%	9.10%
Proportionate share of the collective total OPEB liability	\$ 1,458,860	\$ 1,733,616	\$ 2,105,180

Note 8. RETIREMENT COMMITMENT – DEFERRED COMPENSATION PLAN

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, accounted for by the State and available to all Business Council employees, permits employees to defer a portion of their compensation until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All compensation and earnings deferred are held in trust or custodial accounts for the exclusive benefit of program participants and their beneficiaries.

Investments are managed and controlled by the deferred compensation plan’s trustee, not the Business Council, under various investment options. The employee chooses the investment option(s) and the contribution amount when participating in the deferred compensation plan. These investments and the related liability to the employees are not included in the Business Council’s financial statements as an agency since the deferred compensation plan is managed on a statewide basis.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Wyoming State Statutes require matching contributions to the plan for each participating employee. Currently, the match established and appropriated by the Legislature for each participating employee is \$20 per month. Matching contributions made by the Business Council to the deferred compensation plan for the years ended June 30, 2018, 2017, and 2016 totaled \$8,427, \$8,820, and \$8,900, respectively.

Note 9. RISK MANAGEMENT

State self-insurance – The Business Council participates in the State self-insurance program that was created to handle property, casualty, and liability insurance claims brought against the State. The State generally does not maintain reserves; losses are covered by a combination of appropriations from the State's General Fund in the year in which the payment occurs and by assessing State agencies for specific types of claims for the fiscal year. The Business Council was not assessed any amount for the year ended June 30, 2018.

Employee medical, life, long-term disability, vision, and dental insurance – The Business Council's employees participate in the State's Group Insurance plan. Under this plan, the State co-administers employee medical insurance with a third-party administrator. The State self-insures medical costs and assumes all the risk for claims incurred by plan participants. The Business Council does not retain any risk of loss for the life, long-term disability, vision and dental insurance plans as the insurance providers assume all the risk for claims incurred by the participants.

During the year ended June 30, 2018, the Business Council contributed up to \$833, \$1,267, \$1,660, and \$1,900 (for single, dependent, married, and family coverage, respectively) per month for insurance premiums, plus 90% of the monthly premiums in excess of these amounts for each covered participant towards these plans, excluding long-term disability and vision premiums. Participants are responsible for paying premium charges in excess of this amount plus long-term disability and vision premiums. Total group insurance premiums paid by the Business Council for the year ended June 30, 2018 were \$732,052.

Workers' compensation – Wyoming State Statute 27-14-101 created the Wyoming Workers' Compensation Act (the "Act"). The Act requires all employers engaged in extra-hazardous employment to obtain liability coverage for the payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. Eligible employers that comply with the provisions of the Act are generally protected from suit by employees. Employers not required by the Act to participate in this program may elect to do so at their option. For the year ended June 30, 2018, the Business Council's contributions to the Workers' Compensation Fund were \$51,770.

Unemployment compensation – The Business Council does not carry unemployment insurance but pays the cost of actual claims incurred. The Business Council paid no unemployment claims for the year ended June 30, 2018.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

**Note 10. TRANSACTIONS WITH THE STATE, UNIVERSITY OF WYOMING,
AND WYOMING OFFICE OF TOURISM**

The Business Council pays for services provided by the State for certain phone service, computer processing, motor pool vehicles, State plane usage, loan exam services, and central mail. Total amounts expended for these services for the year ended June 30, 2018 were \$149,429.

The Wyoming Office of Tourism pays the Business Council for certain support services in the areas of fiscal and contract compliance, human resources, payroll and information technology. The total amount received for these services for the year ended June 30, 2018 was \$78,000.

The Business Council has entered into several agreements with the University of Wyoming (UW) to fund various projects which include the Market Research Center, Research Product Center, Manufacturing-Works, Small Business Development Centers, Small Business Innovation Research-Small Business Technology Transfer, Procurement Technical Assistance Center, and Technology Business Center programs. Total amounts expended to UW for the year ended June 30, 2018 were \$2,423,966, of which \$1,387,144 is included in accounts payable as of June 30, 2018. The Business Council is committed for amounts remaining under these agreements in the amount of \$570,311 as of June 30, 2018.

Note 11. COMMITMENTS AND CONTINGENCIES

Relationship with primary government – The Business Council receives a significant portion of its revenues directly from the State of Wyoming and the continued operation of the Business Council is dependent upon actions of the Legislature.

Federal grants – Grant monies received and disbursed by the State are for specific purposes and are subject to audit by the grantor agency. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Business Council does not believe that such disallowances, if any, would have a material effect on the financial position or results of operations of the Business Council.

Loans – Loans approved by the Business Council’s Board of Directors but undistributed as of June 30, 2018 totaled \$2,818,930. These will be funded by a combination of State appropriations and restricted net position.

Other commitments and contingencies – The Business Council has contracted and/or committed funds for various projects, services or other items arising in the normal course of operations. The amounts remaining to complete these commitments totaled \$31,274,845 as of June 30, 2018. These commitments will be funded by a combination of restricted net position, State appropriations, and Federal revenues.

Encumbrances – The Business Council utilizes encumbrance accounting to identify fund obligations. The table below shows encumbrances in total by major fund in aggregate of the governmental funds as of June 30, 2018.

General Fund	\$ 28,594,239
Economic Development Fund	\$ 97,471
Business Ready Communities Fund	\$ 20,195

WYOMING BUSINESS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 12. SUBSEQUENT EVENTS

The Business Council has entered into various agreements subsequent to June 30, 2018, primarily with local governments for economic development infrastructure projects effective through December 1, 2022. These agreements are valued at up to but no more than \$1,147,411. These agreements will be funded by a combination of State appropriations and Federal revenues.

Subsequent to June 30, 2018, a loan totaling \$3,000,000 was approved under the provisions of the Business Ready Communities Grant and Loan program. This loan will be distributed out of State appropriations.

Subsequent to June 30, 2018, 2 loans totaling \$467,294 were approved under the provisions of the Economic Development fund for loans.

REQUIRED SUPPLEMENTARY INFORMATION

WYOMING BUSINESS COUNCIL
BUDGETARY COMPARISON STATEMENTS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

General Fund

	Budgeted Amounts		Actual	Encumbrances	Total	Variance with Final Budget
	Original	Final			Actual and Encumbrances	
REVENUES						
Revenue from primary government	\$ 28,048,533	\$ 60,138,010	\$ 23,392,028	\$ -	\$ 23,392,028	\$ (36,745,982)
Federal revenue	3,118,016	5,809,568	2,040,038	-	2,040,038	(3,769,530)
Investment income	-	150,840	108,566	-	108,566	(42,274)
Revenue from others	300,162	1,504,513	1,038,885	-	1,038,885	(465,628)
Charges for sales and services	-	-	58,125	-	58,125	58,125
Total revenues	31,466,711	67,602,931	26,637,642	-	26,637,642	(40,965,289)
EXPENDITURES						
Administration	2,165,266	2,829,226	2,377,864	176,213	2,554,077	275,149
Business and industry	4,801,672	5,488,677	2,665,047	2,449,922	5,114,969	373,708
Regional offices	1,021,351	961,848	824,844	17,035	841,879	119,969
Investment-ready communities	23,478,422	58,323,180	20,769,887	25,951,069	46,720,956	11,602,224
Total expenditures	31,466,711	67,602,931	26,637,642	28,594,239	55,231,881	12,371,050
(Deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ (28,594,239)	\$ (28,594,239)	\$ (28,594,239)

Continued

WYOMING BUSINESS COUNCIL

**BUDGETARY COMPARISON STATEMENTS (Continued)
ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

Economic Development Fund

	Budgeted Amounts		Actual	Encumbrances	Total	Variance with Final Budget
	Original	Final			Actual and Encumbrances	
REVENUES						
Revenue from primary government	\$ -	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -
Federal revenue	-	-	-	-	-	-
Investment income	115,438	115,438	1,018,471	-	1,018,471	903,033
Revenue from others	455,000	5,455,000	5,887,574	-	5,887,574	432,574
Charges for sales and services	-	-	8,269	-	8,269	8,269
Total revenues	570,438	30,570,438	31,914,314	-	31,914,314	1,343,876
EXPENDITURES						
Administration	-	-	-	-	-	-
Business and industry	570,438	13,582,517	11,513,043	97,471	11,610,514	1,972,003
Regional offices	-	-	-	-	-	-
Investment-ready communities	-	-	-	-	-	-
Total expenditures	570,438	13,582,517	11,513,043	97,471	11,610,514	1,972,003
Excess (deficiency) of revenues over expenditures	\$ -	\$ 16,987,921	\$ 20,401,271	\$ (97,471)	\$ 20,303,800	\$ 3,315,879

Continued

WYOMING BUSINESS COUNCIL

BUDGETARY COMPARISON STATEMENTS (Continued)

RURAL REHABILITATION FUND

FOR THE YEAR ENDED JUNE 30, 2018

Rural Rehabilitation Fund

	Budgeted Amounts		Actual	Encumbrances	Total Actual and Encumbrances	Variance with Final Budget
	Original	Final				
REVENUES						
Revenue from primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal revenue	-	-	-	-	-	-
Investment income	-	-	105,752	-	105,752	105,752
Revenue from others	-	-	-	-	-	-
Charges for sales and services	-	-	-	-	-	-
Total revenues	-	-	105,752	-	105,752	105,752
EXPENDITURES						
Administration	-	-	-	-	-	-
Agribusiness	-	317,890	48,131	-	48,131	269,759
Business and industry	-	-	-	-	-	-
Regional offices	-	-	-	-	-	-
Investment-ready communities	-	-	-	-	-	-
Total expenditures	-	317,890	48,131	-	48,131	269,759
Excess (deficiency) of revenues over expenditures	\$ -	\$ (317,890)	\$ 57,621	\$ -	\$ 57,621	\$ 375,511

WYOMING BUSINESS COUNCIL

**EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS
AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES
GENERAL FUND, ECONOMIC DEVELOPMENT FUND,
AND RURAL REHABILITATION FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Economic Development Fund	Rural Rehabilitation Fund
Sources/inflows of resources:			
Actual amounts "available for appropriation" from the Budgetary Comparison Schedules	\$ 26,637,642	\$ 31,914,314	\$ 105,752
Differences in accrual basis revenues and cash basis budgetary amounts	<u>(14,983,557)</u>	6,180,743	47,867
Total revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 41,621,199</u>	<u>\$ 25,733,571</u>	<u>\$ 57,885</u>
Uses/outflows of resources:			
Actual amounts "charged to appropriations" from the Budgetary Comparison Schedules	\$ 55,231,881	\$ 11,610,514	\$ 48,131
Differences in accrual basis expenditures and cash basis budgetary amounts	15,189,830	(10,326,988)	-
Encumbrances	<u>(28,594,239)</u>	(97,471)	-
Total expenditures reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 41,827,472</u>	<u>\$ 1,186,055</u>	<u>\$ 48,131</u>

See Notes to Required Supplementary Information.

WYOMING BUSINESS COUNCIL

**SCHEDULE OF THE BUSINESS COUNCIL'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Public Employee Pension Plan
Last Five (5) Fiscal Years***

	Business Council's proportion of the net pension liability	Business Council's proportionate share of the net pension liability	Business Council's covered payroll	Business Council's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.1780020440%	\$ 2,706,344	\$ 3,071,787	88.10%	81.10%
2015	0.1756957922%	3,100,490	3,105,431	99.84%	79.08%
2016	0.1672581167%	3,896,023	2,993,370	130.16%	73.40%
2017	0.1571502750%	3,799,108	3,045,573	124.74%	73.42%
2018	0.1635561589%	3,728,002	2,878,864	129.50%	76.35%

** 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.

WYOMING BUSINESS COUNCIL

**SCHEDULE OF THE BUSINESS COUNCIL'S
CONTRIBUTIONS**

**Public Employee Pension Plan
Last Five (5) Fiscal Years***

	Statorily required contribution	Contributions in relation to the statorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll pension liability
2014	\$ 214,638	\$ 214,638	\$ -	\$ 3,014,582	7.12%
2015	235,816	235,816	-	3,094,695	7.62%
2016	247,089	247,089	-	2,952,081	8.37%
2017	239,037	239,037	-	2,855,879	8.37%
2018	229,039	229,039	-	2,736,429	8.37%

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

See Notes to Required Supplementary Information.

WYOMING BUSINESS COUNCIL

**SCHEDULE OF THE BUSINESS COUNCIL'S
PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
AND RELATED RATIOS
For the Year Ended June 30, 2018***

	Business Council's proportion of the total OPEB liability	Business Council's proportionate share of the total OPEB liability	Business Council's covered payroll	Business Council's proportionate share of the total OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.21917%	\$ 1,733,616	N/A	N/A	0.00%

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

See Notes to Required Supplementary Information.

WYOMING BUSINESS COUNCIL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

Note 1. BASIS OF PRESENTATION – BUDGETARY COMPARISON STATEMENTS

The Business Council adopts a biennial budget that is approved by the State Legislature. The Business Council allocates the biennial budget to an annual budget for internal management purposes. These annualized budgets are presented in the accompanying Budgetary Comparison Statements. Additionally, these Budgetary Comparison Statements are prepared using encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded as expenditures and liabilities in order to reserve that portion of the applicable appropriation.

Note 2. EXPLANATION OF DIFFERENCES – BUDGETARY COMPARISON STATEMENTS

The statement on page 39 is an explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures for the General Fund, Economic Development Fund, and the Rural Rehabilitation Fund for the year ended June 30, 2018.

Note 3. PENSION PLAN

Changes in benefit terms – There were no changes in benefit terms between the December 31, 2016 measurement date and the December 31, 2017 measurement date.

Changes in assumptions – There were economic and demographic changes in assumptions between the December 31, 2016 measurement date and the December 31, 2017 measurement date.

Note 4. OPEB COMMITMENT

Changes in benefit terms: There were no changes in benefit terms since the prior valuation.

Changes in assumptions: The valuation reflects the following assumption changes from the June 30, 2016 measurement date to the June 30, 2017 measurement date.

- Discount rate changed from 2.85% to 3.58%.
- Health care trend rates were changed.
- The following assumptions were updated based on the December 31, 2016 actuarial experience study for the Wyoming Retirement System:
 - Mortality rates
 - Retirement rates
 - Withdrawal rates
 - Disability rates
 - Salary increase rates

OTHER GOVERNMENTAL FUNDS

The Business Council's non-major governmental funds are described below:

Business Ready Communities Fund – used to account for the community facilities program that provides funding to assist communities preserve former school and government facilities for existing or future community uses.

Wyoming Business Council Fund – used primarily to account for revenues of the Wyoming First program, telephone commissions, and net profits from sales of promotional merchandise.

Economic and Workforce Development Fund – used to account for activities of Wyoming Economic and Workforce Development, Inc. (the “WEWD”), a not-for-profit corporation. The WEWD was formed to support the Business Council's economic development, expansion, and workforce training efforts in the State of Wyoming by soliciting funds through a combination of fees, private contributions and grants.

WYOMING BUSINESS COUNCIL

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Business Ready Communities Fund	Wyoming Business Council Fund	Economic and Workforce Development Fund	Total
ASSETS				
Deposits with State Treasurer	\$ 20,089	\$ 257,396	\$ -	\$ 277,485
Deposits in bank	-	-	29,232	29,232
Accounts receivable	457	5,835	-	6,292
Interest receivable	-	613	-	613
Total assets	\$ 20,546	\$ 263,844	\$ 29,232	\$ 313,622
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 599	\$ 7,660	\$ -	\$ 8,259
Due to primary government	-	24,413	-	24,413
Total liabilities	599	32,073	-	32,672
Fund Balance				
Committed	20,194	-	-	20,194
Assigned	(247)	231,771	29,232	260,756
Total fund balance	19,947	231,771	29,232	280,950
Total liabilities and fund balances	\$ 20,546	\$ 263,844	\$ 29,232	\$ 313,622

WYOMING BUSINESS COUNCIL

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business Ready Communities Fund	Wyoming Business Council Fund	Economic and Workforce Development Fund	Total
REVENUES				
Interest income	\$ -	\$ 5,306	\$ 2	\$ 5,308
Net increase (decrease) in the fair market value of investments	103	(1,887)	-	(1,784)
Total revenues	103	3,419	2	3,524
EXPENDITURES				
Administration	-	33,036	-	33,036
Business and industry	-	(487)	-	(487)
Investment-ready communities	28,936	-	-	28,936
Total expenditures	28,936	32,549	-	61,485
Excess (deficiency) of revenues revenues over expenditures	(28,833)	(29,130)	2	(57,961)
OTHER FINANCING SOURCES				
Transfers in	-	20,077	-	20,077
Total other financing sources	-	20,077	-	20,077
Net change in fund balances	(28,833)	(9,053)	2	(37,884)
Fund balances, beginning	48,780	240,824	29,230	318,834
Fund balances, ending	\$ 19,947	\$ 231,771	\$ 29,232	\$ 280,950

WYOMING BUSINESS COUNCIL

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>DIRECT FUNDING:</u>				
U.S. Department of Housing and Urban Development Community Development Block Grant Program	14.228	N/A	\$ 2,463,597	\$ 2,352,206
<i>Total U.S. Department of Housing and Urban Development</i>			<u>2,463,597</u>	<u>2,352,206</u>
U.S. Small Business Administration State Trade Expansion Program	59.061	N/A	81,339	17,478
<i>Total U.S. Small Business Administration</i>			<u>81,339</u>	<u>17,478</u>
U.S. Department of Energy State Energy Program	81.041	N/A	220,842	122,722
<i>Total U.S. Department of Energy</i>			<u>220,842</u>	<u>122,722</u>
Total Expenditures of Federal Awards			<u>\$ 2,765,778</u>	<u>\$ 2,492,406</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal award activity of the Wyoming Business Council under programs of the Federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Wyoming Business Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Wyoming Business Council.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Wyoming Business Council has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

To the Board of Directors
Wyoming Business Council
Cheyenne, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wyoming Business Council (the "Business Council"), a component unit of the State of Wyoming, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Business Council's basic financial statements, and have issued our report thereon dated December 3, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Business Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Business Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming

December 3, 2018



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

To the Board of Directors
Wyoming Business Council
Cheyenne, Wyoming

Report on Compliance for Each Major Federal Program

We have audited the Wyoming Business Council's (the "Business Council") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Business Council's major Federal program for the year ended June 30, 2018. The Business Council's major Federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Business Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a significant deficiency.

The Business Council's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan (Exhibit I). The Business Council's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

McGee, Hearne & Paig, LLP

Cheyenne, Wyoming
December 3, 2018

WYOMING BUSINESS COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major Federal programs:

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

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

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

Identification of major Federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

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

Auditee qualified as low-risk auditee? Yes No

WYOMING BUSINESS COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

II. FINANCIAL STATEMENT FINDINGS

None.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2018-001: Reporting

Catalog of Federal Assistance (CFDA) Number and Title: CFDA #14.228 Community Development Block Grant
Federal Agency Name: U.S. Department of Housing and Urban Development
Pass-Through Entity Name (if applicable): N/A

Criteria: Per 24 CFR 135.90, where a program providing Section 3 covered assistance requires submission of an annual performance report, the Section 3 report will be submitted with that annual performance report.

Condition/Context: During our review of the Section 3 report (HUD Form 60002), we noted the report was not filed timely, as it was filed on November 26, 2018 and the related performance annual report was filed as of December 31, 2017.

The above did not result in a compliance finding or questioned costs as the report was submitted and therefore, not in violation of compliance requirements.

Questioned Costs: None.

Effect: If a non-Federal entity fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award, the Federal awarding agency may impose additional conditions, which include requiring payments as reimbursements rather than advance payments, withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance, require additional, more detailed financial reports, require additional project monitoring, require the non-Federal entity to obtain technical or management assistance, and establish additional prior approvals. If the Federal awarding agency determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency may take one or more of the following actions, as appropriate in the circumstances: (a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency. (b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance. (c) Wholly or partly suspend or terminate the Federal award. (d) Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency). (e) Withhold further Federal awards for the project or program. (f) Take other remedies that may be legally available.

Cause: The Business Council does not currently have a control system in place to ensure required reports are being submitted timely.

WYOMING BUSINESS COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Identification as a Repeat Finding: No.

Recommendation: We recommend the Business Council review and revise current control systems to require that all reports are being submitted in accordance with Federal regulations and, therefore, submitted on a timely basis.

Views of Responsible Officials: Management concurs with the finding.

Planned Corrective Action: See Exhibit I.

WYOMING BUSINESS COUNCIL
SUMMARY SCHEDULE OF PRIOR YEAR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

There were no findings in 2017.

**EXHIBIT I:
CORRECTIVE ACTION PLAN**



214 W. 15th Street
Cheyenne, WY 82002
T: 307.777.2800
F: 307.777.2837

www.wyomingbusiness.org

Date: December 3, 2018
To: McGee, Hearne & Paiz, LLP
From: Amy Grenfell, Chief Operations Officer, Wyoming Business Council
Re: Wyoming Business Council Audit – Fiscal Year 2018

The following is the corrective action plan for the *Schedule of Findings and Questioned Costs* reported in the June 30, 2018 Compliance Report for the Wyoming Business Council.

2018-001: Reporting

Condition/Context: The Business Council failed to submit the Section 3 (HUD Form 60002) in a timely manner.

Recommendation: We recommend that the Business Council review and revise the current control systems to require that all reports are being submitted in accordance with Federal regulations and therefore, submitted on a timely basis.

Corrective Action Planned: Moving forward the CDBG Program Managers will include Section 3 reports as a part of the Annual Performance Report due to HUD by March 30, 2018. The WBC's Grant Management Internal Controls and Monitoring Procedures will be updated accordingly and a calendar item will be added to the Project Managers' calendars and the Director's calendar as a reminder of the due date.

More specifically, a request for information from contractors (who performed work on CDBG-funded projects during the previous calendar year) will be sent no later than December 31st with a response requested by February 15th. The Section 3 report will be filed by March 30 each year.

Contact: Julie Kozlowski, Community Development Director

Anticipated Completion Date: Effective immediately.