2015

ANNUAL FINANCIAL REPORT

Salt Lake Community College

A Component Unit of The State of Utah

CONTENTS


Celebrating
SLCC

As Salt Lake Community College (SLCC) enters a new strategic planning cycle, we are well poised nationally and locally to accomplish even more. Our strategic planning process is designed to help us improve student completion, strengthen our transfer pipelines and respond even better to industry needs. And we are committed to doing all of this with an eye toward equity and inclusion.

As a publicly funded, higher education institution in Utah, Salt Lake Community College is in good financial health as it grows and evolves to meet the needs of students and communities throughout the Salt Lake Valley.

This 2015 report highlights the College's overall financial well-being and the alignment of our resources to fulfill our mission.

SLCC continues to be a top 10 national leader in associate degrees awarded without sacrificing quality and smaller class sizes. We embrace our new vision to "be a model for inclusive and transformative education, strengthening the communities we serve through the success of our students."

Thank you for your continued support of the College and our students.

Most sincerely,

Deneece G. Huftalin

Deneece G. Huftalin, Ph.D.
President

OFFICE OF THE
UTAH STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and
Deneece Huftalin, President
Salt Lake Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Salt Lake Community College (the College), and its discretely presented component unit foundation, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents. The College is a component unit of the State of Utah.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Salt Lake Community College Foundation (the Foundation), a discretely presented component unit foundation. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely

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presented component unit foundation, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

For fiscal year 2015, the College implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result of these required changes in accounting principle, the College recorded a $13,861,743 reduction in beginning net position. The amounts reported for ending net position reflect the newly required net pension assets, deferred outflows of resources, net pension liabilities, and deferred inflows of resources related to the College's participation in defined benefit retirement systems. See Notes 2 and 7 for further information. Our opinions for the College are 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 8–16 and the College's Schedule of Defined Benefit Pension Contributions and Schedule of Proportionate Share of the Net Pension Liability on pages 44–46 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.

Other Information

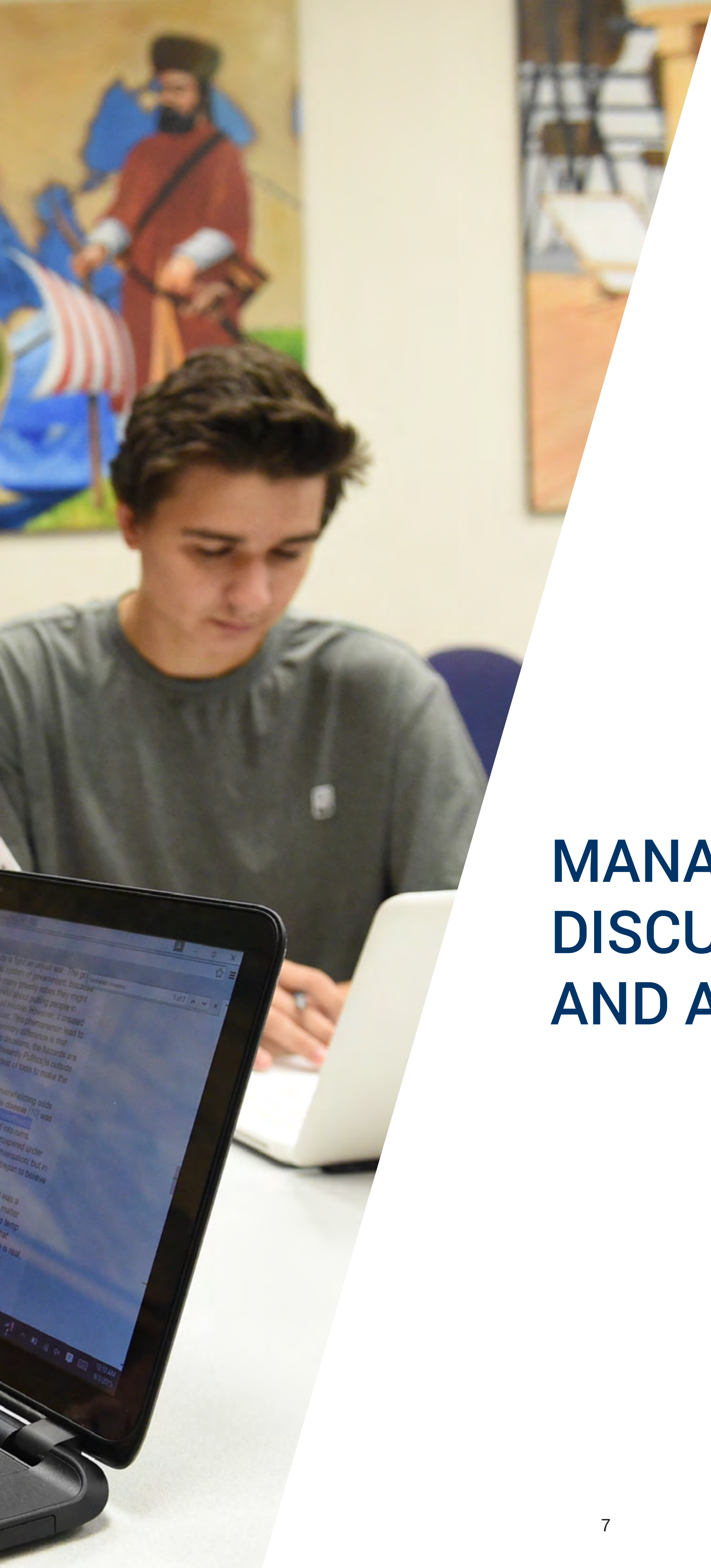
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Letter from the President and the listing of the governing boards and officers are presented for additional information and are not a required part of the basic financial statements. This message and the listing have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016 on our consideration of the College'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 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 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 College's internal control over financial reporting and compliance.

Office of the Utah State Auditor

Office of the Utah State Auditor
January 29, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

Salt Lake Community College (the College) is pleased to provide its basic financial statements for the fiscal year ended June 30, 2015. The following discussion provides an overview of the College's financial position and fiscal activity for the period, with selected comparative information from the previous fiscal year. This analysis was prepared by management and should be read in conjunction with the accompanying audited financial statements and footnotes.

The College first opened for classes on September 14, 1948. The College operates in accordance with Section 53B-2-101 of the Utah Code Annotated 1953, as amended, and falls under the direction and control of the Utah State Board of Regents.

The College is a public, open-access, comprehensive community college committed to serving the broader community. Its mission is to provide quality higher education and lifelong learning to people of diverse cultures, abilities, and ages, and to serve the needs of community and government agencies, business, industry and other employers.

The College fulfills its mission by:

> *Offering associate degrees, certificate programs, career and technical education, developmental education, transfer education and workforce training* to prepare individuals for career opportunities and an enriched lifetime of learning and growing;
>
> *Offering programs and student support services* that provide students opportunities to acquire knowledge and critical thinking skills, develop self-confidence, experience personal growth, and value cultural enrichment;
>
> *Maintaining an environment committed to teaching and learning, collegiality, and the respectful and vigorous dialogue* that nourishes active participation and service in a healthy democracy.

The College has two component units. The Grand Theatre Foundation (the Theatre) is reported as a blended component unit and is included in the condensed statements and analysis below. In addition, separately condensed financial statements for the Theatre are presented in Footnote 10 to the accompanying financial statements. The Salt Lake Community College Foundation (the Foundation) is reported discretely in a separate column and issues separately audited financial statements. A complete Foundation audit report can be obtained from the Salt Lake Community College Development Office at 801-957-4247. Because it is reported separately, the Foundation's balances and activities are not included in the following condensed statements and analysis.

The College's Annual Financial Report is prepared in accordance with Governmental Accounting Standards Board (GASB) Statements and related authoritative pronouncements. The annual report includes three primary financial statements, each providing information on the College as a whole: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position presents the financial position of Salt Lake Community College at June 30, 2015, the end of the College's fiscal year, and includes all of the assets, deferred outflows of resources, liabilities, deferred inflows of resources and balances attributable to the College.

From this information, readers are able to identify the nature and amount of assets available for continued operations, how much the College owes its vendors, lending institutions and bond holders, and finally, a picture of the net position and their availability for expenditure.

Net position is divided into three major categories: net investment in capital assets, restricted and unrestricted. The first category, net investment in capital assets, identifies the College's equity in the property, plant and capitalized equipment owned by the College. The second net position category is restricted, which is divided into two subcategories, nonexpendable and expendable. The corpus of nonexpendable net position is only available for investment purposes. Net position resources categorized as expendable restricted are available for expenditure by the College but only for purposes determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The third category is unrestricted net position which is available for expenditure for any lawful purpose of the College. Although this category is not subject to the same externally imposed requirements and stipulations as the restricted net position category, substantially all of the College's unrestricted net position resources have been designated for various academic, construction and technology initiatives.

CONDENSED STATEMENT OF NET POSITION

	June 30, 2015	June 30, 2014 *	Change	% Change
Assets				
Current Assets	$ 58,155,867	$ 70,133,517	$ (11,977,650)	(17.1%)
Noncurrent Assets	79,066,369	60,674,823	18,391,546	30.3%
Capital Assets, net	232,105,747	232,792,378	(686,631)	(0.3%)
Total Assets	369,327,983	363,600,718	5,727,265	1.6%
Deferred Outflows of Resources:				
Deferred Outflows of Resources	2,353,223	-	2,353,223	-
Total Deferred Outflows of Resources	2,353,223	-	2,353,223	-
Liabilities				
Current Liabilities	32,120,617	35,166,220	(3,045,603)	(8.7%)
Noncurrent Liabilities	20,565,231	8,086,788	12,478,443	154.3%
Total Liabilities	52,685,848	43,253,008	9,432,840	21.8%
Deferred Inflows of Resources:				
Deferred Inflows of Resources	1,284,991	-	1,284,991	-
Total Deferred Inflows of Resources	1,284,991	-	1,284,991	-
Net Position				
Net Investment in Capital Assets	230,875,551	230,355,149	520,402	0.2%
Restricted - Nonexpendable	830,992	828,523	2,469	0.3%
Restricted - Expendable	7,220,941	8,110,880	(889,939)	(11.0%)
Unrestricted	78,782,883	81,053,158	(2,270,275)	(2.8%)
Total Net Position	$ 317,710,367	$ 320,347,710	$ (2,637,343)	(0.8%)

* *The 2014 column presented here does not include the prior period adjustment discussed in Note 2 to the financial statements.*

Asset Changes

Total assets of Salt Lake Community College grew $5.7 million or 1.6% during the fiscal year ended June 30, 2015. *Current assets* decreased $12.0 million which is primarily the amount cash equivalents and short term investments decreased due to the College's current philosophy of purchasing longer term investments to realize a higher rate of return. Consequently, more investments were classified as noncurrent investments at year end than the prior year.

While current assets decreased, total *noncurrent assets* increased by $18.4 million, which is mostly attributed to an increase in long-term investments of $19.3 million. The investments increase at year end is the result of investing College cash resources in longer term investments as explained above.

Capital assets net of accumulated depreciation had a minor decrease of $.7 million. This is the net result of capital additions of $10.7 million less depreciation and capital asset disposals of $11.4 million.

Deferred Outflows of Resources

Deferred Outflows of nearly $2.4 million represents $2.1 million in contributions made by the College to the Utah Retirement Systems Pension Plan subsequent to their measurement date of December 31, 2014 and $.3 million as the net difference between projected and actual earnings on pension plan investments.

Liability Changes

College total liabilities at $52.7 million increased by $9.4 million or 21.8% from the prior year. The *current liabilities* portion decreased by $3.0 million. This change is primarily the result of a change in year end commitments to purchase investments. At the end of the prior year, the College had a $5.0 million commitment/payable to purchase an investment. At the end of fiscal year 2015, the College only had a $2.0 million payable to purchase an investment which purchase settled in the new year.

Noncurrent liabilities increased by $12.5 million or 154.3% which is mostly attributed to three actions. First, normal required principal and interest payments on bond and notes payable reduced the noncurrent portion of the liability by $1.8 million. Second, a new net pension liability of $13.6 million was added in 2015 as a result of implementing GASB Statements No. 68 and No. 71. Lastly, the number of persons granted early retirement benefits increased from 48 the prior year end to 58 at June 30, 2015 which resulted in an increase in the termination benefits liability of $.6 million.

The current ratio, which equals current assets divided by current liabilities ($58.2 million over $32.1 million), is 1.8 to 1 and represents the College's liquidity or ability to meet its current obligations. Also, total assets of $369.3 million were more than sufficient to meet the College's total liabilities of $52.7 million (debt ratio of .14).

Deferred Inflows of Resources

Deferred Inflows of $1.3 million represents $.8 million in the differences between expected and actual investments by the plans participants and $.5 million due to changes in assumptions used by the actuaries. The Utah Retirement Systems Pension Plan did not report any deferred inflows of resources at the prior year end.

Net Position Changes

Net investment in capital assets increased by $.5 million. This is the result of a $.7 million net decrease in capital asset acquisitions less depreciation and equipment disposals during the year, and decreased bond debt of $1.2 million due to normal repayments of principal.

Restricted-expendable net position decreased by nearly $.9 million or 11.0%. This change is the result of the following events. First, in the prior year, the College had $.5 million representing the unexpended loan proceeds from new debt with the State of Utah restricted for energy savings projects. Those funds were expended during fiscal year 2015. Second, net position restricted for student loans decreased by $.1 million due to loan cancellations. Lastly, net position decreases in restricted for instructional department use, Herriman Campus infrastructure and grants and contracts amounted to $.3 million.

Unrestricted net position decreased by $2.3 million, which is the result of unrestricted operating expenses exceeding related operating revenues. As previously mentioned, substantially all the unrestricted resources have been designated for various academic, facilities and technology purposes.

Over time, increases or decreases in total net position is one indicator of general financial well-being when considered along with other factors such as student satisfaction, enrollment patterns, appearance and condition of buildings and grounds and employee morale. In fiscal year 2015, the College had an overall decrease in its total net position of $2.6 million or .8%. Other conditions affecting net position are explained more fully in the following section.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position provides information regarding the College's revenues and expenses, operating and non-operating, and other capital revenues, expenses, gains and losses recognized during the year. In general, operating revenues are produced when goods or services are delivered to students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided, and to carry out the mission of the College. Non-operating revenues are revenues received for which goods or services are not exchanged. For example, State appropriations are classified as non-operating revenues because they are provided by the Legislature without the Legislature receiving direct commensurate goods or services in return. As will be clearly noted by the operating loss in the following Statement, without State appropriations and private gifts the College would not be able to sustain operations with existing tuition levels. These revenue sources are essential to the College's financial stability and directly impact the quality and success of its programs.

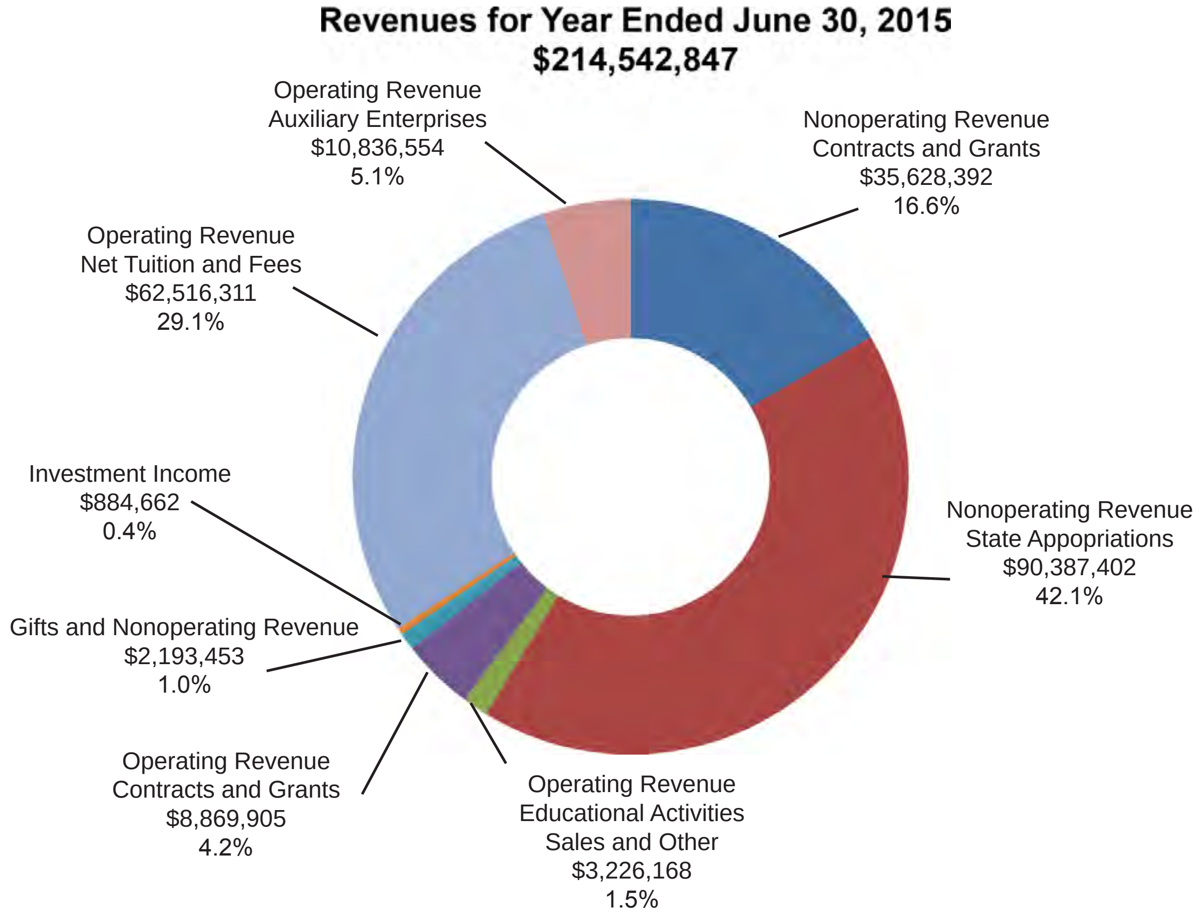
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year Ended June 30, 2015	Year Ended 6/30/2014 *	Change	% Change
Operating Revenues				
Tuition and Fees (Net)	$ 62,516,311	$ 66,839,102	$ (4,322,791)	(6.5%)
Contracts and Grants	8,869,905	9,873,939	(1,004,034)	(10.2%)
Auxiliary Enterprises	10,836,554	11,898,542	(1,061,988)	(8.9%)
Other	3,226,168	3,940,279	(714,111)	(18.1%)
Total Operating Revenues	85,448,938	92,551,862	(7,102,924)	(7.7%)
Operating Expenses				
Salaries, Wages, and Benefits	122,099,058	115,367,363	6,731,695	5.8%
Scholarships	19,420,579	22,842,975	(3,422,396)	(15.0%)
Depreciation	10,851,175	9,836,276	1,014,899	10.3%
Other Operating Expenses	50,545,420	57,421,874	(6,876,454)	(12.0%)
Total Operating Expenses	202,916,232	205,468,488	(2,552,256)	(1.2%)
Operating Loss	(117,467,294)	(112,916,626)	(4,550,668)	(4.0%)
Nonoperating Revenues (Expenses)				
State Appropriations	90,387,402	75,022,429	15,364,973	20.5%
Contracts and Grants	35,628,392	40,933,029	(5,304,637)	(13.0%)
Investment Income	884,662	1,011,985	(127,323)	(12.6%)
Other Nonoperating Revenues	758,995	754,927	4,068	0.5%
Other Non-operating Expenses	(402,215)	(1,093,139)	690,924	63.2%
Net Nonoperating Revenues	127,257,236	116,629,231	10,628,005	9.1%
Income Before Other Revenues	9,789,942	3,712,605	6,077,337	163.7%
Capital Appropriations, Grants, and Gifts	1,434,458	51,448,397	(50,013,939)	(97.2%)
Total Other Revenues	1,434,458	51,448,397	(50,013,939)	(97.2%)
Increase in Net Position	11,224,400	55,161,002	(43,936,602)	(79.7%)
Net Position - Beginning of Year	320,347,710	266,801,689	53,546,021	20.1%
Net Position Restatement	(13,861,743)	(1,614,981)	(12,246,762)	(758.3%)
Net Position - Beginning of Year Restated	306,485,967	265,186,708	41,299,259	15.6%
Net Position-End of Year	$ 317,710,367	$ 320,347,710	$ (2,637,343)	(0.8%)

* *The 2014 column presented here does not include the prior period adjustment discussed in Note 2 to the financial statements.*

<u>New Accounting Standard and Net Position Restatment</u>

In 2015, as a result of the College implementing GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Pensions - an amendment of GASB Statement No. 68, the beginning of year net position was restated. Footnote 2 to these financial statements contains additional information about this adjustment.



Operating Revenue Changes

Major categories of operating revenue for the College include tuition and fees (net), contracts and grants, auxiliary enterprises, sales and services of educational activities and other revenues.

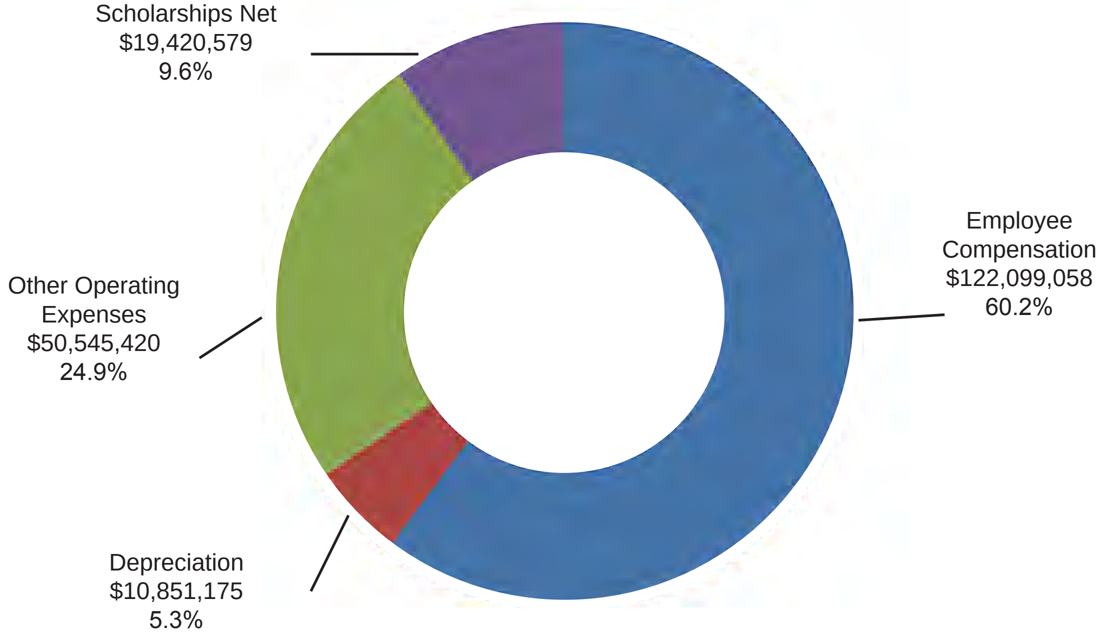
Total tuition and fees, net of related scholarship discounts, decreased by 6.5% or $4.3 million. The primary activities contributing to this change follows. 1) Although, the full-time tuition rate rose 4.0% to $1,519.75 from $1,462 in 2014 per semester, full-time student enrollment also dropped by approximately 5.3% (fall term 2014) so both factors contributed to an approximate $1.0 million decrease in tuition revenue. 2) Student participation in the Colleges' professional pilot/flight programs decreased significantly resulting in a $5.0 million decrease in course fees. 3) Tuition and fee revenue is adjusted down by a scholarship discount allowance that is eliminated from both revenue and expense. In 2015, this scholarship discount was $1.7 million less than the prior year primarily due to decreased financial aid disbursed to students during the year. GASB requires that scholarships applied to student accounts be eliminated from both tuition revenue and scholarship expense to avoid duplication of revenue in the financial statements.A scholarship discount or allowance is essentially the amount of financial aid received by the College, recorded as appropriations, grants or gifts revenue and subsequently awarded and applied as grants-in-aid or scholarships to student accounts to pay their related tuition and fees.

Operating contracts and grants decreased by $1.0 million, or 10.2%. This decrease is mainly attributed to the ending of one large digital arts jobs training grant in fiscal year 2014.

Net auxiliary revenues, after inter-fund eliminations, decreased $ 1.1 million compared to the prior year. A decrease in bookstore sales of $1.0 million accounts for the majority of this amount. A decrease in food service sales and parking permits account for the other $.1 million. The decrease in sales revenue is attributed to lower student enrollment compared to the prior year and the availability of other textbook options currently available to students.

Other operating revenues experienced a $.7 million decrease or 18.1% primarily due to the College discontinuing operation of the state capital food service and gift store operations in fiscal year 2014.

Operating Expenses for Year End June 30, 2015
$202,916,232



Operating Expenses Changes
Total operating expenses of $202.9 million decreased by $2.6 million or only 1.2% from last year. Employee compensation remains the largest expenditure category comprising $122.1 million or 60.2% of the operating expense total.

Employee salaries and wages increased by 6.0% or $5.1 million. At the start of the year, full time staff, part time staff, faculty and adjunct instructors received an average pay increase of 4.03%, 2.00%, 6.9% and 4.5% respectively.

Employee benefits combined with the actuarial calculated pension expense increased by 5.3% or $1.6 million. Although state retirement rates increased again this year, and the number of retirees receiving benefits under the College's early retirement programs increased by 20.8% or 10 retirees, these increases were offset by a net decrease of $1.3 million in state pension expenses, the net result of implementing GASB Statements No. 68 and No. 71.

Scholarship expense decreased by $3.4 million or 15.0%. Federal PELL grant awards to students decreased by $5.4 million attributed mainly to lower student enrollment and utilization by students. In addition, the scholarship discount amount that is eliminated from both scholarship expenses and tuition and fees revenue in accordance with generally accepted accounting principles (GAAP) decreased by $1.7 million.

Other operating expenses decreased by 12.0% or $6.9 million from the previous year. This category accounts for the general operating costs of the College such as supplies, services, utilities, non-capitalized equipment, travel, remodeling and repair costs. Although changes in operating costs are attributed to normal College growth and the purchasing needs of the College, there were multiple major construction projects that contained large amounts of non-capitalized furniture, fixtures and equipment over the past two fiscal years that are not part of this fiscal year. Therefore, plant fund operating expenses decreased by $7.4 million.

Nonoperating Revenue and Expense Changes

State appropriations to the College increased by $15.4 million or 20.5%. The College was fortunate to receive from the State Legislature an increase of nearly $18.0 million in the education and general appropriation (E&G appropriation). This increase was offset by a $2.2 million decrease in non-capital construction appropriations and a $.5 million decrease in the Board of Regents funding for certain initiatives. State funding for non-capital projects fluctuates from year to year based on State determination of pressing institution facility and infrastructure needs.

Non-operating contracts and grants revenue decreased by 13.0% or $5.3 million, which is primarily attributed to a decrease in federal PELL grants awarded to students.

Investment income decreased 12.6%, or $.1 million mostly due to two factors. Although, the rate of return the College realized on its investment portfolio increased from an average of 1.01% in 2014 to 1.09% in 2015, there was an unrealized loss in the investment portfolio's fair market value at year end of approximately $190,000.

Other nonoperating revenues had no significant changes and consist primarily of non-capital gifts and library fines, and nonoperating expenses consist of interest paid on outstanding College debt, losses on disposed fixed assets and student loan cancellations.

Nonoperating expenses decreased by $.7 million mainly due to events occurring in fiscal year 2014 but not in 2015. A strong effort managing student loans in 2014 resulted in a $.5 million increase in cancelled student loans in that year, which was not repeated in 2015. Additionally in 2014, the College reported a one-time higher loss on disposal of fixed assets; and this year, the loss was $.14 million less than the prior year.

Capital appropriations and gifts are for specific, one-time or limited events. In fiscal year 2014, the State transferred two large building projects to the College; the Academic and Administration Building on the Taylorsville-Redwood Campus and the Center for Arts and Media Building on the South City Campus. The state funded portion of these construction projects amounted to $51.4 million. In fiscal year 2015, the College received only $1.4 million for two projects: wrapping up the completion on the Academic and Administration Building and for the replacement of a main boiler in the heat plant.

Statement of Cash Flows

The final college-wide statement presented is the Statement of Cash Flows. This Statement presents detailed information about the cash activity of the institution during the fiscal year and gives a general picture of where the College obtains and spends its cash. The Statement is divided into five sections, each of which reflects cash activity based on different types of activities within the institution. The first section shows the cash required by the operations of the College. Since tuition and fees and other operating revenues normally do not cover the operations of a higher education institution, this section usually has more cash used than provided. The second section shows the cash received and spent in noncapital financing activities. This is where the College reports the State appropriations and gifts received that contribute to the funding of the institution's educational activities. The third section shows the cash activity related to capital and related financing activities. These activities also include cash received for capital gifts and the repayment of principal and interest on any capital debt. The fourth section shows the investing activities of the College including the purchase and sale of investments as well as any investment income received. The fifth and final section of the Statement reconciles the net operating loss from the Statement of Revenues, Expenses and Changes in Net Position to the cash used in operating activities in the first section of the Statement. The condensed statement below reconciles the change in cash to the Statement of Net Position.

CONDENSED STATEMENT OF CASH FLOWS				
	Year Ended June 30, 2015	Year Ended June 30, 2014	Change	% Change
Cash Provided (Used) by				
Operating Activities	$ (110,605,819)	$ (95,893,328)	$ (14,712,491)	(15.3%)
Noncapital Financing Activities	124,391,670	111,050,408	13,341,262	12.0%
Capital Financing Activities	(10,023,341)	(9,715,761)	(307,580)	(3.2%)
Investing Activities	(5,692,778)	2,331,328	(8,024,106)	(344.2%)
Net Change in Cash	(1,930,268)	7,772,647	(9,702,915)	(124.8%)
Cash, Beginning of Year	33,842,356	26,069,709	7,772,647	29.8%
Cash, End of Year	$ 31,912,088	$ 33,842,356	$ (1,930,268)	(5.7%)

There are many *operating activities that provide and use cash.* This year, net cash flows from operating activities decreased by $14.7 million. This is the net result of cash expenditures exceeding cash receipts during the year. The primary activities that experienced decreased cash flow or receipts during the year include the following: 1) Receipts related to tuition and fees decreased by $5.7 million. 2) Receipts from grants and contracts decreased by $3.4 million. 3) Receipts from auxiliary enterprise operations decreased by $1.1 million. There were two significant changes in activities that use cash during the year. First, payments to employees for salaries and benefits increased by $6.5 million; and secondly, payments for scholarships decreased by $3.5 million. The general reasons for these changes have been explained previously in this discussion.

Cash flows from noncapital financing activities increased by $13.3 million and is mostly attributed to two primary activities. First, the College was pleased to see receipts from state appropriations increase by $17.6 million in 2015. Secondly, receipts from grants and contracts decreased by $5.3 million mostly due to the decrease in PELL grant expenditures and associated receipts.

Cash used by capital and related financing activities increased slightly by $.3 million attributed mostly to a decrease in proceeds from the disposal of capital assets.

Changes in investing activities are based upon the amount of cash used to purchase investments and the cash received from the sale or maturity of investments during the year, as well as the change in investment income received due to interest rate changes and market conditions. In 2015, the College experienced a net cash outflow (cash used) for investing activities of $5.7 million. This is the result of cash used to purchase investments exceeding cash received from investment maturities by $7.2 million, plus investment income proceeds of $1.5 million.

Capital Asset and Debt Activities

Capital asset transactions were very few in 2015 when compared to previous years. Although the Academic and Administrative Building began to be occupied in the middle of the previous fiscal year, final touches were made to the building and costs capitalized at the beginning of this fiscal year. Additionally, the College entered into an operating lease for use of a building in West Valley City that will be the site of a new satellite campus named the West Valley Center. Renovation to ready the building space for instructional use has begun. Another substantial construction project that has begun is the new strength and fitness center that will be an addition to the Center for Arts and Media Building on the South City Campus. Costs for this fitness center and renovation of the West Valley City leased facility as of June 30, 2015 amount to $1.3 million which is recorded as construction in progress. Also, construction plans have started and land purchased (16.4 acres for $3.6 million) for a new career and technical education building at the Westpoint Center satellite campus located near the Salt Lake City International Airport. This future building project is pending final approval and funding by the Utah Legislature in their 2016 legislative session.

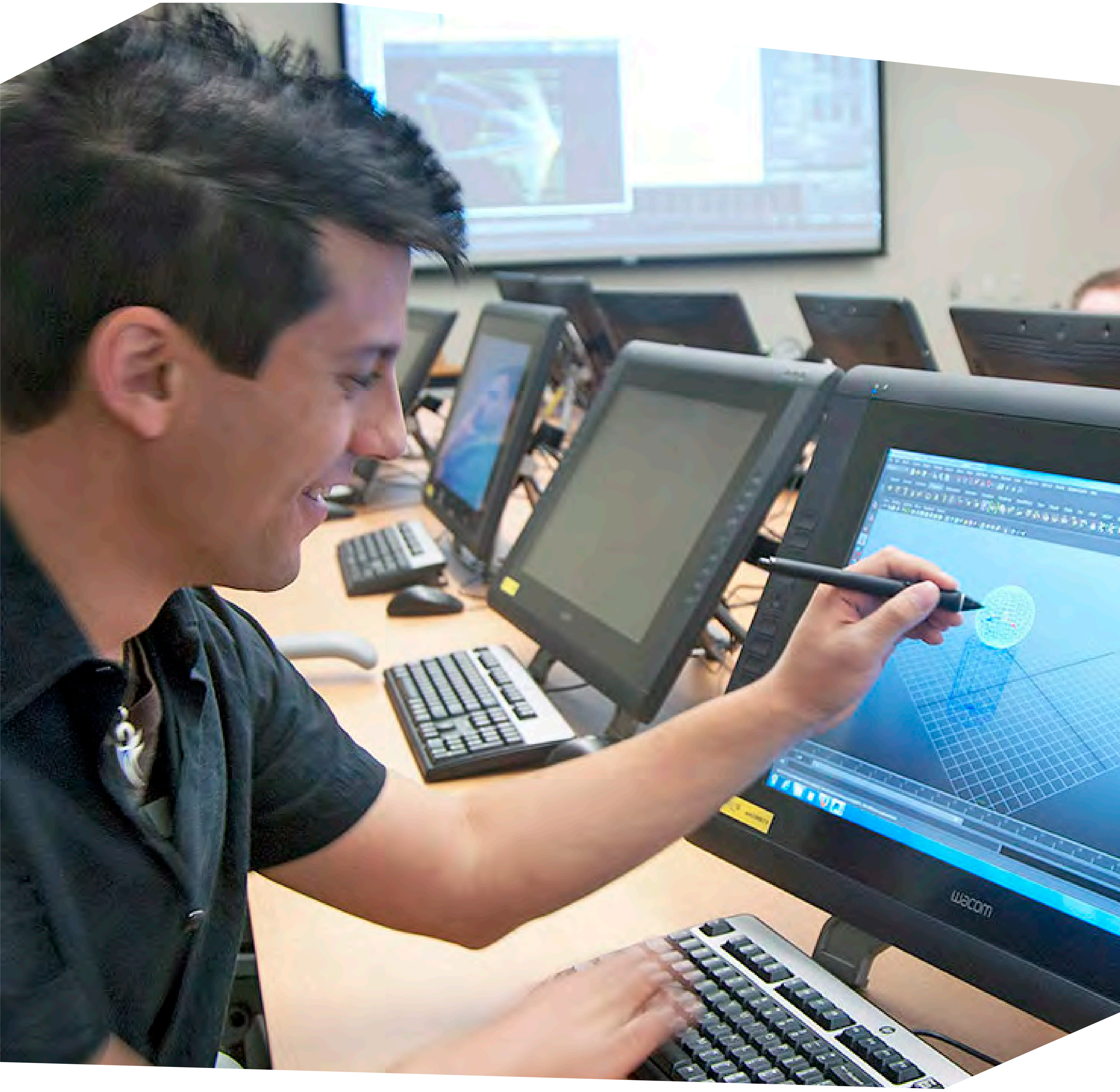
The College did not enter into any *long-term debt transactions* during the fiscal year. However, subsequent to the fiscal year end, in September 2015, the College paid off early the remaining notes payable balance of nearly $2.9 million.

Future Economic Outlook

During the 2015 General Session, the State Legislature appropriated funds to support an increase in employee compensation and anticipated cost increases in employee medical costs effective July 1, 2015 for both the College's Education and General and School of Applied Technology line items. Consequently, the two line items for fiscal year 2016 increased $1.6 million to $82.8 and $.3 million to $6.3 million respectively. Also, the State Board of Regence (Regents) approved a 3% first-tier tuition increase which the College determined would be used to support employee performance-based (merit) and equity salary adjustments. Additionally, the legislature appropriated both new ongoing and one-time performance-mission based funding to the Regents of which the College was allocated nearly $1.0 million for ongoing use and $.3 million for one-time use. The Legislature also provided one-time funding of up to $4.3 million for Capital Improvement projects, and one-time funding of $3.0 million for planning and design of the College's proposed new career and technical education building to be located on the WestPoint Campus.

College enrollment decreased in the first two terms of fiscal year 2016 compared to the same terms in 2015. The summer 2015 term headcount declined by 636 or 5.4% (FTE dropped 445 FTE or 8.9%) and the Fall 2015 term third week headcount declined by 422 or 1.7% (FTE dropped 210 or 1.5%). The enrollment declines are generally attributed to a strong economy and low unemployment rate where potential students may be choosing to work rather than furthering their education. To offset the negative impact on tuition revenue, the College will utilize revenue generated by the 2015 tuition rate increase and new appropriated tax funds to support the College's mission and serve the existing student population.

College management believes that with a diverse source of revenues, including significant state support, the College remains fiscally sound and able to accomplish its education mission. Management is cautious in light of the recent enrollment declines and continues to take steps to ensure the institution remains fully operational and will maintain close vigilance over student enrollment, revenue streams, and relate obligations to ensure its ability to respond quickly and appropriately to financial fluctuations and constraints.



BASIC FINANCIAL STATEMENTS

	Primary Institution	Component Unit College Foundation
Assets		
Current Assets		
Cash and Cash Equivalents (Notes 1, 3)	$ 31,069,305	$ 134,519
Short-Term Investments (Notes 1, 3)	15,559,257	821,547
Accounts Receivable, Net of $1,731,080 Allowance (Note 1)	7,196,773	205,768
Accounts Receivable from State of Utah	1,246,643	
Student Loans Receivable - Current Portion, Net of $73,246 Allowance (Note 1)	541,619	
Inventories (Note 1)	2,328,723	
Prepaid Expenses (Note 1)	213,547	
Total Current Assets	58,155,867	1,161,834
Noncurrent Assets		
Restricted Cash and Cash Equivalents (Notes 1, 3)	842,783	969,513
Investments (Notes 1, 3)	73,322,026	6,934,002
Alternative Investments	1,200,552	
Student Loans Receivable, Net of $474,157 Allowance (Note 1)	3,506,139	
Pledges Receivable		97,175
Capital Assets, Net of $134,396,423 Accumulated Depreciation (Notes 1, 4)	232,105,747	
Net Pension Asset (Note 7)	16,819	
Other Assets (Note 1)	178,050	
Total Noncurrent Assets	311,172,116	8,000,690
Total Assets	369,327,983	9,162,524
Deferred Outflows of Resources:		
Deferred Outflows related to Pensions	2,353,223	
Total Deferred Outflows of Resources	2,353,223	
Liabilities		
Current Liabilities		
Accounts Payable	8,865,399	389,216
Payable to State of Utah	1,243,091	
Accrued Payroll Payable	6,909,858	
Unearned Revenue (Note 1)	8,166,771	30,500
Accrued Interest Payable	73,900	
Funds Held for Others	659,224	
Notes Payable - Current Portion (Notes 5, 6)	383,902	
Notes Payable to State of Utah - Current Portion	136,890	
Bonds Payable - Current Portion (Notes 5, 6)	1,230,196	
Compensated Absences - Current Portion (Note 1)	3,309,000	
Termination Benefits - Current Portion (Note 1)	1,142,386	
Total Current Liabilities	32,120,617	419,716
Noncurrent Liabilities (Note 1)		
Notes Payable	2,521,606	
Notes Payable to State of Utah	528,400	
Bonds Payable	-	
Compensated Absences	1,633,864	
Termination Benefits	2,244,107	
Net Pension Liability (Note 7)	13,637,254	
Total Noncurrent Liabilities	20,565,231	-
Total Liabilities	52,685,848	419,716
Deferred Inflows of Resources:		
Deferred Inflows related to Pensions	1,284,991	
Total Deferred Inflows of Resources	1,284,991	
Net Position		
Net Investment in Capital Assets (Note 1)	230,875,551	
Restricted for:		
Nonexpendable Items (Note 1)		
Scholarship Endowments	230,992	3,490,444
Miller Campus Endowments	600,000	
Expendable Items (Note 1)		
Scholarships	3,332	4,296,298
Loans	4,025,584	
Instructional Department Use	632,295	
Herriman Campus Infrastructure	1,200,552	
Other	1,359,178	
Unrestricted (Note 1)	78,782,883	956,066
Total Net Position	$ 317,710,367	$ 8,742,808

The accompanying Notes are an intergral part of these Financial Statements

	Primary Institution	Component Unit College Foundation
Operating Revenues		
Student Tuition and Fees, Net of Scholarship Allowances of $20,138,368 and Changes in the Allowance for Doubtful Accounts of ($179,822)	$ 62,516,311	
Interest on Student Loans Receivable	276,324	
Federal Contracts and Grants	5,867,486	
State and Local Contracts and Grants	997,400	
Nongovernmental Contracts and Grants	2,005,019	
Sales and Services of Educational Activities	258,702	
Auxiliary Enterprises	10,836,554	
Gifts		$ 1,753,066
Other Operating Revenue	2,691,142	
Total Operating Revenues	85,448,938	1,753,066
Operating Expenses		
Salaries and Wages	89,679,683	
Employee Benefits	29,739,596	
Actuarial Calculated Pension Expense	2,679,779	
Scholarships and Awards	19,420,579	
Donations to College	-	1,295,468
Depreciation	10,851,175	
Other Operating Expenses	50,545,420	253,070
Total Operating Expenses	202,916,232	1,548,538
Operating Loss	(117,467,294)	204,528
Nonoperating Revenues (Expenses)		
State Appropriations	90,387,402	
Federal Contracts and Grants	34,966,314	
State and Local Contracts and Grants	662,078	
Gifts	755,767	
Investment Income	884,662	165,249
Interest on Capital Asset-Related Debt	(32,659)	
Other Nonoperating Revenues	3,228	
Other Nonoperating Expenses	(369,556)	
Total Nonoperating Revenues	127,257,236	165,249
Income Before Other Revenues	9,789,942	369,777
Other Revenues		
Capital Appropriations	1,425,983	
Capital Grants and Gifts	8,475	
Total Other Revenue	1,434,458	0
Net Increase in Net Position	11,224,400	369,777
Net Position - Beginning of Year as Originally Stated	320,347,710	8,373,031
Net Position Prior Period Restatement	(13,861,743)	
Net Position - Beginning of Year as Restated	306,485,967	
Net Position at End of Year	$ 317,710,367	$ 8,742,808

The accompanying Notes are an intergral part of these Financial Statements

	Primary Institution
Cash Flows from Operating Activities	
Receipts from Tuition and Fees	$ 61,840,867
Receipts from Grants and Contracts	8,136,862
Receipts from Auxiliary Enterprise Charges	10,778,076
Receipts from Sales and Services of Educational Activities	258,700
Receipts from Lease/Rental	640,109
Receipts from Fines	3,228
Interest Received on Loans to Students	343,085
Payments to Employees for Salaries and Benefits	(121,447,307)
Payments to Suppliers	(53,443,174)
Payments for Scholarships	(19,429,214)
Loans Disbursed to Students and Employees	(852,264)
Collection of Loans to Students and Employees	632,367
Other Operating Receipts	1,932,846
Net Cash Used by Operating Activities	(110,605,819)
Cash Flows from Noncapital Financing Activities	
Receipts from State Appropriations	89,505,728
Receipts from Grants and Contracts for Other Than Operating Purposes	35,628,391
Receipts from Gifts for Other Than Capital Purposes	747,959
Payments on Debt	(484,219)
Interest Paid on Debt	(84,997)
Agency Receipts	25,175,470
Agency Payments	(26,101,360)
Other Nonoperating Payments	4,698
Net Cash Provided by Noncapital Financing Activities	124,391,670
Cash Flows from Capital and Related Financing Activities	
Cash Paid for Capital Assets	(8,900,345)
Proceeds from Disposal of Capital Assets	128,110
Payments of Capital Debt	(1,185,000)
Interest Paid on Capital Debt	(66,106)
Net Cash Used by Capital and Related Financing Activities	(10,023,341)
Cash Flows from Investing Activities	
Purchases of Investments	(89,179,714)
Proceeds from Sales of Investments	81,972,308
Receipt of Interest and Dividends on Investments	1,514,628
Net Cash Used by Investing Activities	(5,692,778)
Net Decrease in Cash and Cash Equivalents	(1,930,268)
Cash and Cash Equivalents, Beginning of Year	33,842,356
Cash and Cash Equivalents, End of Year	$ 31,912,088

The accompanying Notes are an intergral part of these Financial Statements

		Primary Institution
Reconciliation of Operating Loss to Net Cash Used		
By Operating Activities		
Operating Loss	$	(117,467,294)
Difference Between Actuarial Calculated Pension Expense vs Actual Pension Expense		(1,309,540)
Adjustments to Reconcile Operating Loss to Net Cash Used		
by Operating Activities		
Depreciation Expense		10,851,175
Donations of Supplies Received		63,137
Non Capital DFCM Expenditures Received		759,451
Income from Fines		3,228
Changes in Assets and Liabilities		
Accounts Receivable		(269,593)
Student Loans		(79,704)
Inventories		526,051
Prepaid Expenses		(196,274)
Other Assets		118,700
Accounts Payable and Accrued Expenses		(3,898,382)
Unearned Revenue		(785,482)
Compensated Absences		172,610
Termination Benefits		906,098
Net Cash Used by Operating Activities	$	(110,605,819)
Noncash Investing, Noncapital Financing, and Capital		
Related Financing Transactions		
Change in Fair Value of Investments Recognized as Investment Income	$	(239,844)
Disposal of Fixed Assets		(170,259)
Capital Gifts		8,475
Capital Appropriations		1,425,983
Investment Purchases (Unsettled)		2,000,000
Total Noncash Investing, Capital, and Financing Activities	$	3,024,355

The accompanying Notes are an intergral part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1
Summary of Significant Accounting Policies

Reporting Entity: The College is a component unit of the State of Utah. It is considered a component unit because it was established under Utah statute, receives funding appropriations from the State and is financially accountable to the State. The financial activity of the College is included in the State's Comprehensive Annual Financial Report, as required by Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, and GASB Statement No. 61, The Financial Reporting Entity: Omnibus.

The College's financial statements encompass all of its operations, including auxiliary enterprises, both restricted and unrestricted funds, and two supporting Foundations. The Salt Lake Community College Foundation (the SLCC Foundation) is a separate but affiliated non-profit entity, incorporated under Utah law in 1982. This Foundation is reported discretely in the financial statements under the heading "Component Unit-College Foundation." A discrete component unit is an entity which is legally separate from the College. However, the Foundation's economic resources are used for the direct benefit of the College and its relationship with the College is such that excluding it would cause the College's financial statements to be misleading or incomplete. See Note 9 for additional disclosures related to the Foundation. A copy of the Foundation's independent audit report may be obtained from the College's Development Office at 801-957-4247.

The Grand Theatre Foundation is a separate but affiliated not-for-profit entity incorporated under Utah law in 2001. It is included in the financial statements as a blended component unit because the College has day-to-day operational management responsibility, the College has a financial benefit or burden relationship with the Grand Theatre Foundation, and because the Grand Theatre Foundation was established on behalf of and exclusively for the benefit of the College. See Note 10 for Condensed Statement of Net Position, Condensed Statement of Revenues, Expenses, and Changes in Net Position, and Condensed Statement of Cash Flows for the Grand Theatre Foundation.

Basis of Accounting: The accounting and reporting policies of the College conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Under GASB provisions, public colleges and universities in Utah have elected to report as special purpose government units engaged solely in business-type activities (BTA). BTA reporting includes the basic financial statements and required supplementary information established for an enterprise fund. This includes a Management's Discussion and Analysis, a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, a Statement of Cash Flow, Notes to the Financial Statements and Required Supplementary Information. The required financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Cash and Cash Equivalents: The College considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Funds invested with the Utah Public Treasurers' Investment Fund are also considered cash equivalents. At June 30, 2015, cash and cash equivalents consisted of:

	College	Foundation
Cash	$ (268,057)	$ 1,104,032
Gold International Sweep Account	544,392	
Utah Public Treasurers' Investment Fund	31,635,753	
Total Cash and Cash Equivalents	$ 31,912,088	$ 1,104,032

Investments: The College accounts for all investments at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Changes in unrealized gains (losses) on the carrying value of investments are included as a component of Investment Income in the Statement of Revenues, Expenses and Changes in Net Position.

Alternative Investments: In December, 2012, the College became a partner in a limited liability company called HTC Communities, LLC and was gifted a capital interest in the company. The most recent valuation of owner equity occurred at December 31, 2014, the company's fiscal year end. The College's ownership interest at that time was valued at $1,200,552. Because no equity distributions have taken place since that time, and the College is not aware of any other factors that could negatively affect the valuation, this is the value recorded in the College's statements as of June 30, 2015. This is recorded as an alternative investment, because unlike traditional investments, this does not have a readily obtainable market value and maturity.

Accounts Receivable: Accounts receivable consists of amounts owed to the College from individuals and entities external to the College. Receivables due from the State of Utah or from one of its component units are reported separately on the Statement of Net Position. The following schedule presents receivables at June 30, 2015, net of estimated uncollectible amounts:

	Receivables From State of Utah	Receivables From Other
Tuition, Fees and Other	$ 222,277	$ 6,621,846
Grants and Contracts	1,024,366	1,441,989
Auxiliaries		253,837
Interest		220,965
SLCC Foundation		389,216
Total Accounts Receivable	1,246,643	8,927,853
Less Allowance for Doubtful Accounts	0	(1,731,080)
Net Accounts Receivable	$ 1,246,643	$ 7,196,773

Student Loans Receivable: The College participates in the Federal Perkins Loan Program and other College loan programs. During the fiscal year, a net $697,540 was distributed for student loans from the Perkins Loan Program and $7,860 from College loans. These distributions and related loan repayments are not included as expenses or revenues, but are accounted for on the Statement of Net Position as either current student loans receivable (amounts due within one year), net of estimated uncollectible amounts, or noncurrent student loans receivable (amounts due after one year), net of estimated uncollectible amounts.

Inventories: The College Store inventory is recorded at cost using the last-in, first-out method. All other inventories are valued at the lower of cost (first-in, first-out) or market. Inventory consists of the following:

College Store	$ 2,056,914
Food Services	71,920
Costs of Project Houses Under Construction	199,889
Total Inventory	$ 2,328,723

The College is holding auto parts merchandise on consignment valued at $25,234. This amount is not included on the Statement of Net Position as the College does not own the merchandise.

Prepaid Expenses: Prepaid expenses at year end consist of $11,772 in mail service postage meter balances, a Grand Theatre security deposit of $1,775 and a prepayment of $200,000 for capital equipment.

Restricted Cash and Cash Equivalents: Externally restricted non-expendable endowment funds of $830,992 and externally restricted proceeds from notes payable to the State of Utah of $11,791 are classified as noncurrent assets in the Statement of Net Position.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment and motor vehicles, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. All Library collections are capitalized. Renovations to buildings, infrastructure, and land improvements with a cost of $50,000 or more and extend the useful life of the assets were capitalized prior to fiscal year 2015. In 2015, the cost changed to $250,000. Routine repairs, maintenance and remodeling are charged to operating expense in the year in which the expense is incurred. All land and water rights (intangible assets) are capitalized and not depreciated.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets: 40 years for buildings; 20 years for infrastructure, land improvements and library collections; and 3 to 10 years for equipment and motor vehicles.

Other Noncurrent Assets: The College has purchased subdivision lots that are reserved for use in developing future project houses. Construction of houses, which are subsequently sold to the public, is an ongoing educational activity of the College. The cost of this land is $178,050.

Accounts Payable and Accrued Liabilities: Accounts payable and accrued liabilities consist of the following at June 30, 2015:

Salaries and Benefits Payable	$ 6,909,858
Supplies and Services payable	3,938,976
Student Related Payable	2,926,423
State of Utah Payable	1,243,091
Interest Payable	73,900
Investments Purchase Payable	2,000,000
Total Accounts Payable	$ 17,092,248

Unearned Revenue: Unearned revenue consists of the following at June 30, 2015:

Tuition and Fees Related to Future Terms	$ 6,292,282
Grants and Contracts	1,656,352
Facilities Lease Advance O&M	112,026
Bookstore and Food Service Unused Gift Cards	56,513
Grand Theatre Ticket/Rental Sales	41,173
Child Care	8,425
Total Unearned Revenue	$ 8,166,771

Pensions and Related Deferred Inflows and Outflows of Resources:
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 Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. 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. Refer to Note 7 for additional information on pension plans.

Compensated Absences Liability:
Vacation Leave Benefit: The College accrues and reports annual vacation leave in the year earned. Non-academic full-time and certain part-time College employees earn vacation leave for each month worked at a rate between 12 and 24 days per year. Vacation time may be used as it is earned or accumulated for future use. A maximum of 40 days may be carried over into the next accounting year which begins each July 1. Upon termination, no more than 30 days plus the current year's earned and unused vacation is payable to the employee. The cumulative accrued vacation leave liability for the year ended June 30, 2015 was $4,253,367.
Sick Leave Benefit: Full-time employees upon regular or early retirement from the College are eligible to receive a sick leave cash payment up to a maximum of $2,500 under the following condition. To be eligible, a retiring employee must have accumulated 100 days of unused sick leave (800 hours). The cash payout is calculated at $100 for every day of earned and unused sick leave accumulated above the 100 days up to a maximum of 25 days or $2,500. The College accrues and reports the estimated sick leave payout in the year earned. The cumulative accrued sick leave benefits liability for the year ended June 30, 2015 was $689,497.

Accrued Termination Benefits: In addition to the pension benefits described in Footnote No. 7 the College provides an early retirement option, as approved by the Board of Trustees, for qualified employees who have attained the age of 57 with at least 15 years of service and whose combined total of age and years of service is 75 or greater. For just the month of January 2009, the College adopted a one-time modification to the early retirement program. During this short window of opportunity, the minimum age was reduced to 55 with at least 13 years of full-time service, and whose combined total of age and years of service is 71 or greater. The early retirement benefit includes a stipend of between 14.3% and 20.5% of the retiree's final salary for a maximum period of seven years, or until the employee reaches Full Retirement Age with Social Security, whichever comes first. Health and dental benefits, which averaged about 99.6% of the stipend in fiscal year 2015, have also been extended for up to seven years or age 65, whichever comes first. Participation in the early retirement program is not an entitlement or right available to all employees. These benefits are recorded as qualified employees apply for and are approved for this retirement option. The benefits are funded by the College on a pay-as-you-go basis. At June 30, 2015 there were 58 retirees receiving benefits under these early retirement programs.

The projected future cost of these stipends and medical and dental insurance benefits have been calculated based on the known amount to be paid out in the next fiscal year, plus projected annual increases of 2.0% for stipends and 5.0% for medical and dental costs. The amount recognized on the financial statements was calculated at the discounted present value of the projected future costs.

The discount rate used (1.09%) was based on the average rate earned on the investments of the College during the year. The cumulative accrued termination benefits liability as of June 30, 2015 totaled $3,386,493. The early retirement program expense for the year ended June 30, 2015 was $1,929,037.

Noncurrent Liabilities: Noncurrent liabilities include obligations with maturities greater than one year, which include revenue bonds payable, notes payable, estimated amounts for accrued compensated absences and termination benefits (obligations to early retirees) that will not be paid within the next fiscal year and net pension liability.

Net Position: The College's net position is classified as follows:

Net Investment in Capital Assets: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those assets.

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

Restricted for Expendable Items: Expendable restricted net position includes resources for which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external parties.

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, State appropriations, earnings from the beneficial investment of available cash balances, sales and services of educational departments and auxiliary enterprises. These resources are used to accomplish the core mission and activities relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet any lawful College-related purpose. This classification also includes quasi-endowments created from unrestricted resources.

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as they are needed.

Classification of Revenues and Expenses: Revenues and expenses have been classified as either operating or nonoperating according to the following criteria:

Operating revenues and expenses: The College's operating revenues and expenses are for activities that support the education mission and priorities of the College and have characteristics of exchange transactions. Operating revenues include (1) student tuition and fees; (2) sales and services of educational activities and auxiliary enterprises; (3) federal, state, and local contracts and grants; and (4) interest on institutional student loans. Operating expenses are those expenses incurred to acquire goods or produce services to carry out the mission of the College. The Foundation's operating activities include gift revenue and investment income and all expenses to support the mission of the Foundation.

Nonoperating revenues and expenses: The College's nonoperating activities have characteristics of nonexchange transactions. Nonoperating revenues include (1) State appropriations; (2) certain federal, state and local contracts and grants; (3) gifts and contributions; and (4) investment income. Nonoperating expenses include disposal of capital assets, interest paid on capital related debt, and cancellation of student loans.

Internal transactions between service centers and departments are eliminated from the financial statements.

Note 2
Prior Period Adjustment

Effective July 1, 2014 the College implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. This implementation resulted in the reduction of net position of the College of $13,861,743. The reduction represents the College's $15,541,243 share of the beginning net pension liability less the College's $4,273 share of the beginning net pension asset, and the College's $1,675,227 of contributions made between January 1 and June 30, 2014, for its current and former employees through its pension provider: the Utah Retirement Systems. Of the $15,541,243 beginning net pension liability, $15,537,906 is attributable to the Public Employees Noncontributory System and $3,337 is attributable to the Tier 2 Public Employees Contributory Retirement System. Further information on pension reporting is found in Note 7. The effect of the restatement on the 2014 financial statements is summarized as follows:

	Restated	As Originally Stated
Unrestricted Net Position	$ 67,191,415	$ 81,053,158
Net Position at End of Year	$ 306,485,967	$ 320,347,710

Note 3
Deposits and Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, to promote measures and rules that will assist in strengthening the banking and credit structure of the State, and to review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

Except for endowment funds, Salt Lake Community College follows the requirements of the Utah Money Management Act (Utah Code, Title 51, and Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of College funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

For endowment funds, the College follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541).

The SLCC Foundation is required by its bylaws to deposit funds in depositories approved by the Foundation's Board of Trustees or Executive Committee. The Foundation can invest in any category deemed prudent and approved by its Board.

<u>Deposits:</u>
Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the College's or Foundation's deposits may not be returned to it. The College and Foundation do not have formal deposit policies for custodial credit risk. As of June 30, 2015, $593,903 of the College's bank balances of $843,903 and $854,032 of the Foundation's bank balances of $1,104,032 were uninsured and uncollateralized.

<u>Investments:</u>
The Money Management Act defines the types of securities authorized as appropriate investments for the College's non-endowment funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the College to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

The UPMIFA and Rule 541 allow the College to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any of the above investments or any of the following subject to satisfying certain criteria: mutual funds registered with the Securities and Exchange Commission, investments sponsored by the Common Fund; any investment made in accordance with the donor's directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, and Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of June 30, 2015, the College had the following debt investments and maturities:

	Investment Maturities (In Years)		
Investment Type	Fair Value	Less than 1 Year	1-5 Years
Commercial Paper	$ 3,972,978	$ 3,972,978	$ -
Corporate Notes	23,657,369	11,082,446	12,574,923
Municipal Bonds	2,199,968	-	2,199,968
U.S. Agencies	58,547,135	-	58,547,135
Mutual Bond Funds	39,700	-	39,700
Utah Public Treasurers' Investment Fund	31,635,753	31,635,753	-
Total Fair Value	$ 120,052,903	$ 46,691,177	$ 73,361,726

As of June 30, 2015, the SLCC Foundation had the following debt investments and maturities:

	Investment Maturities (In Years)				
Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	Greater than 10 Years
Mutual Bond Funds	$ 3,271,912	$ -	$ 2,668,935	$ 547,665	$ 55,312
Corporate Notes	43,261	43,261	-	-	-
Total Fair Value	$ 3,315,173	$ 43,261	$ 2,668,935	$ 547,665	$ 55,312

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 10 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years. For endowment funds, Rule 541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the endowments and by exercising reasonable care, skill, and caution. The Foundation does not have a formal policy for interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, the UPMIFA, and Rule 541, as previously discussed. The SLCC Foundation does not have a formal policy for credit risk. The College's and Foundation's rated debt investments at June 30, 2015, were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale. Securities rated less than "A" met the investment criteria at the time of purchase.

At June 30, 2015, the College had the following investments and quality ratings:

		Quality Ratings				
Investment Type	Fair Value	AAA/A-1*	AA	A	BBB	Unrated
Commercial Paper	$ 3,972,978	$ 3,972,978	$ -	$ -	$ -	$ -
Corporate Notes	23,657,369	-	-	19,433,701	4,223,668	-
Municipal Bonds	2,199,968	-	1,000,280	1,199,688	-	-
U.S. Agencies	58,547,135	-	47,566,760	-	-	10,980,375
Mutual Bond Funds	39,700	-	-	-	-	39,700
Utah Public Treasurers' Investment Fund	31,635,753	-	-	-		31,635,753
Total Fair Value	$ 120,052,903	$ 3,972,978	$ 48,567,040	$ 20,633,389	$ 4,223,668	$ 42,655,828

* A-1 is a Commercial Paper rating

At June 30, 2015, the SLCC Foundation had the following investments and quality ratings:

	Quality Ratings		
Investment Type	Fair Value	BB	Unrated
Mutual Bond Funds	$ 3,271,912	$ -	$ 3,271,912
Corporate Notes	43,261	43,261	-
Total Fair Value	$ 3,315,173	$ 43,261	$ 3,271,912

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council or the UPMIFA and Rule 541, as applicable. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. For endowment funds, Rule 541 requires that a minimum of 25% of the overall endowment portfolio be invested in fixed income or cash equivalents. Also, the overall endowment portfolio cannot consist of more than 75% equity investments. Rule 541 also limits investments in alternative investment funds, as allowed by Rule 541, to between 0% and 30% based on the size of the College's endowment fund. The SLCC Foundation does not have a formal policy for concentration of credit risk.

At June 30, 2015, the College held more than 5 percent of total investments in securities of the Federal Agricultural Mortgage Corporation, Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments represent 9.02% ($10,980,375), 13.10% ($15,944,047), 7.76% ($9,448,461), 12.31% ($14,984,394), and 5.91% ($7,190,159), respectively, of the College's total investments.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College and Foundation do not have formal policies for custodial credit risk. As of June 30, 2015, the College had $3,972,978 in Commercial Paper, $23,657,369 in Corporate Notes, $2,199,968 in Municipal Bonds, and $56,547,135 in U.S. Agencies, which were held by the counterparty's trust department or agent but not in the College's name. As of June 30, 2015, the College had purchased $2,000,000 in U.S. Agencies which did not settle until July 2015, at which time the U.S. Agencies were held by the counterparty's trust department or agent but not in the College's name.

Note 4
Capital Assets

Capital assets activity for the year ended June 30, 2015 is summarized as follows:

Description	2014 Book Value	Additions	Disposals	2015 Book Value
Capital Assets Not Being Depreciated:				
Land	$ 31,480,586	$ 3,598,065	$ -	$ 35,078,651
Water Rights	22,500	-	-	22,500
Construction in Progress	38,565	1,695,231	(368,825)	1,364,971
Total Nondepreciable	31,541,651	5,293,296	(368,825)	36,466,122
Capital Assets Being Depreciated:				
Buildings	261,969,384	1,474,335	(178,657)	263,265,062
Land Improvements	32,609,291	320,472	-	32,929,763
Equipment and Motor Vehicles	29,260,808	3,410,649	(1,706,640)	30,964,817
Library Collections	2,877,915	204,875	(206,384)	2,876,406
Total Depreciable	326,717,398	5,410,331	(2,091,681)	330,036,048
Total Capital Assets	358,259,049	10,703,627	(2,460,506)	366,502,170
Less Accumulated Depreciation:				
Buildings	(86,171,324)	(6,150,615)	178,657	(92,143,282)
Land Improvements	(18,198,863)	(1,341,704)	-	(19,540,567)
Equipment and Motor Vehicles	(20,457,880)	(3,225,279)	1,655,368	(22,027,791)
Library Collections	(638,604)	(133,577)	87,398	(684,783)
Total Accumulated Depreciation	(125,466,671)	(10,851,175)	1,921,423	(134,396,423)
Total Capital Assets, Net of Depreciation	$ 232,792,378	$ (147,548)	$ (539,083)	$ 232,105,747

Total interest expense on capital asset-related debt was $32,659 during the year.

Note 5
Bonds and Notes Payable

During 2014, the College obtained two interest free energy loans totaling $790,000 with the State to implement several energy efficiency projects. The payments are due quarterly and range from $1,250 to $34,223 combined. The final payment is due June 30, 2021. In July 2011, the College entered into a ten-year debt financing agreement to fund various energy saving projects. The principal amount financed was $4,000,000 at a fixed interest rate of 2.5916%. In addition, the College has issued bonds to provide funds for the construction and renovation of major capital facilities. The bonds payable are due in annual installments with interest due semi annually a rate of 2.50%, the final installment of interest and principal being due in the year 2016. The bonds are secured by net auxiliary operation revenues, proceeds from a student building fee and related interest earnings.

Revenue bonds payable consisted of the following at June 30, 2015:

Auxiliary System and Student Fee Revenue Refunding Bonds, Series 2010 2.50% Maturing 2016	$ 1,210,000

Future commitments for bonds and notes payable as of June 30, 2015, are as follows:

Fiscal Year and Type	Principal	Interest	Total
Bonds Payable			
2016	$ 1,210,000	$ 30,250	$ 1,240,250
Total Bonds Outstanding	1,210,000	30,250	1,240,250
Unamortized Bond Premium	20,196	0	20,196
Total Bonds Payable	$ 1,230,196	$ 30,250	$ 1,260,446
Notes Payable			
2016	$ 383,902	$ 75,299	$ 459,201
2017	393,851	65,350	459,201
2018	404,058	55,143	459,201
2019	414,530	44,671	459,201
2020	425,272	33,929	459,201
2021-2022	883,895	34,507	918,402
Total Notes payable	$ 2,905,508	$ 308,899	$ 3,214,407
Notes Payable to State of Utah			
2016	$ 136,890	$ 0	$ 136,890
2017	124,025	0	124,025
2018	107,500	0	107,500
2019	107,500	0	107,500
2020	107,500	0	107,500
2021	81,875	0	81,875
Total Notes Payable to State of Utah	$ 665,290	$ 0	$ 665,290

Note 6
Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

	2014 Balance	Additions	Reductions	2015 Balance	Amounts Due Within One Year
Revenue Bonds Payable	$ 2,395,000	$ -	$ (1,185,000)	$ 1,210,000	$ 1,210,000
Unamortized Bond Premium	42,228	-	(22,032)	20,196	20,196
Total Bonds Payble	2,437,228	-	(1,207,032)	1,230,196	1,230,196
Compensated Absences-Vacation	4,057,669	3,559,240	(3,363,542)	4,253,367	3,270,000
Compensated Absences-Sick Leave	712,586	29,111	(52,200)	689,497	39,000
Total Compensated Absences	4,770,255	3,588,351	(3,415,742)	4,942,864	3,309,000
Termination Benefits-Early Retirement	2,480,395	1,868,145	(962,047)	3,386,493	1,142,386
Notes Payable	3,279,712	-	(374,204)	2,905,508	383,902
Notes Payable to State of Utah	775,305	-	(110,015)	665,290	136,890
Net Pension Liability	15,541,243	-	(1,903,989)	13,637,254	-
Total Long-Term Liabilities	$ 29,284,138	$ 5,456,496	$ (7,973,029)	$ 26,767,605	$ 6,202,374

Note 7
Pension Plans and Retirement Benefits

As required by state law, eligible non-exempt employees of the College, as defined by the U.S. Fair Labor Standards Act (FLSA), are covered by the Utah Retirement Systems. Eligible exempt employees, as defined by FLSA, are covered by the Teachers Insurance and Annuity Association (TIAA) and/or College Retirement Equities Fund (CREF).

<u>Defined Benefit Plans:</u>

Plan Descriptions - Eligible plan participants are provided with pensions through the following systems:

- Public Employees Noncontributory Retirement System (Noncontributory System) and Public Employees Contributory Retirement System (Contributory System) are multiple employer, cost sharing, public employees retirement systems.

- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employees retirement system.

The Tier 2 Public Employee System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board whose members are appointed by the Governor. The Systems issued a publicly available financial report that can be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits provided – Utah Retirement Systems provides retirement, disability, and death benefits. Retirement benefits are as follows:

	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	Cost of Living Adjustment (COLA **)
Noncontributory System				
	Highest 3 years	30 years any age 25 years any age * 20 years age 60 * 10 years age 62 * 4 years age 65	2.0% per year-all years	Up to 4.0%
Contributory System				
	Highest 5 years	30 years any age 20 years age 60 * 10 years age 62 * 4 years age 65	1.25% per year to June 1975; 2.0% per year July 1975 to present	Up to 4.0%
Tier 2 Employees System				
	Highest 5 years	35 years any age 20 years and age 60 * 10 years age 62 * 4 years age 65	1.5% per year-all years	Up to 2.5%

* With actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit. The cost-of-living adjustments are also limited to the actual Consumer Price index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Systems' Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
12-State and School Division Tier 1	N/A	6.00%	17.70%
112-State and School Division Tier 2	N/A	N/A	18.27%
Noncontributory System			
16-State and School Division Tier 1	N/A	N/A	22.19%

<u>Pension Assets, Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.</u>

At December 31, 2014, the College reported a net pension asset of $16,819 and a net pension liability of $13,637,254.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.5378560%	$ -	$ 13,513,786
Contributory system	1.1260354%	-	123,468
Tier 2 Public Employees System	0.5549900%	16,819	-
Total Net Pension Asset / Liability		$ 16,819	$ 13,637,254

The net pension asset and liability were measured as of December 31, 2014. The total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportions of the net pension asset and liability were based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending 2014.

For the year ended December 31, 2014, the College recognized a pension expense of $2,679,779. At December 31, 2014, the College's portion of the reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 829,306
Changes in assumptions	-	455,685
Net difference between projected and actual earnings on pension plan investments	263,186	-
Changes in proportion and differences between contributions and porportionate share of contributions	-	-
Contributions subsequent to the measurement date	2,090,037	-
Total	$ 2,353,223	$ 1,284,991

The College reported $2,090,037 as deferred outflows of resources related to pensions resulting from contributions made prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. 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 December 31,	Deferred Outflows/(Inflows of Resources
2015	$ (262,233)
2016	$ (262,233)
2017	$ (262,233)
2018	$ (216,721)
2019	$ (2,942)
Thereafter	$ (15,446)

Actuarial assumptions: The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %	
Salary Increases	3.50 - 10.75 %	Average, including inflation
Investment Rate of Return	7.50 %	Net of pension plan investment expense, including inflation

Active mortality rates are a function of the participant's gender, occupation, and age and are developed based upon plan experience.

Retiree mortality assumptions are highlighted in the table below.

Retired Participant Mortality	Class of Participant	
Educators	Men EDUM (90%)	Women EDUF (100%)
Public Employees	Men RP 2000mWC (100%)	Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage
EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage
RP 2000mWC = RP 2000 Combined mortality tables for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 – December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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:

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private Equity	9%	11.30%	1.02%
Absolute Return	18%	3.15%	0.57%
Cash & Cash Equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.75%
	Expected Arithmetic Nominal Return		7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Systems' Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension (asset)/liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate Share of Net Pension (Asset)/Liability			
Contributory System	$ 1,035,866	$ 123,468	$ (648,270)
Noncontributory System	26,923,990	13,513,786	2,282,718
Tier 2 Public Employees System	123,689	(16,819)	(122,767)
Total	$ 28,083,545	$ 13,620,435	$ 1,511,681

Defined Contribution Plans:

Retirement plan employees are also eligible to participate in a deferred compensation 401(k) defined contribution plan. Employees may also elect to participate in an IRS 457 deferred compensation plan offered through the Systems. These plans are available as supplemental plans to the basic retirement benefits of the Systems and a primary retirement plan for some Tier 2 participants. Employer contributions may be made into the 401(k) and 457(b) plans at rates determined by the employers and according to Utah Title 49. For the Tier 2 Public Employees System, the College is required to contribute 1.5% to 1.78% of an employee's gross earnings into the 401(k) or 457(b). Under certain IRS and plan restrictions, employees can make additional contributions. The Defined Contribution Plans account balances are fully vested to the participants at the time of deposit except for Tier 2 required employer contributions and associated earnings during the first four years of employment. Such contributions totaled $360,664, $293,357, and $263,340, for the years ended June 30, 2015, 2014 and 2013, respectively. Employee contributions to the 401(k) and 457 plans for the same years were $606,695, $527,001, and $519,207.

Teachers Insurance and Annuity Association (TIAA) and/or College Retirement Equities Fund (CREF) and Fidelity Investments also provide individual retirement fund contracts with each participating employee. Benefits provided to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement, and are fully vested from the date of employment.

Employees are eligible to participate in TIAA and/or CREF and Fidelity Investments from the date of employment and are not required to contribute to the fund. For the year ended June 30, 2015, the College was required to contribute 14.2% of the employees' annual covered salary to these defined contribution plans. The College's contributions into TIAA and/or CREF for the years ended June 30, 2015, 2014 and 2013 were $5,244,611, $4,973,577, and $5,123,119, respectively. The College has no further liability once annual contributions are made. Employee contributions for the same years were $976,456, $1,110,456, and $1,161,520. The Fidelity Investments plan started in 2009, and the College's contributions into Fidelity Investments for the years ended June 30, 2015, 2014 and 2013 were $1,364,476, $1,060,364, and $921,479 respectively. Employee contributions for the same years were $210,400, $199,038, and $226,826.

Note 8
Operating Leases

The College has entered into several leases for rental of various classroom and related facilities. The duration of these leases varies from one to nine years with the longest lease terminating in the fiscal year 2022. Although the lease terms vary, most leases are subject to funds being appropriated to continue the lease obligations and most have options to extend the lease term. As funding is reasonably assured, the leases are considered noncancellable for financial reporting purposes. Operating lease payments are recorded as expenses when paid or incurred. For the year ended June 30, 2015, operating lease expenses totaled $1,288,597. The future lease payments are as follows:

Fiscal Year	Amount
2016	$ 1,476,481
2017	1,514,786
2018	1,124,986
2019	448,175
2020	213,504
2021-2022	302,674
Total Future Payments	$ 5,080,606

Note 9
Salt Lake Community College Foundation

The Salt Lake Community College Foundation (Foundation) was granted a Certificate of Incorporation on July 15, 1982, under laws of the State of Utah and is recognized as a “Section 501(c)3” Corporation by the Internal Revenue Service. The Foundation exists to further the charitable, cultural, scientific and educational purposes of the College. The Foundation Board of Trustees includes the College President, the College Director of Development and one current member of the College Board of Trustees.

The Foundation investments at year end are comprised of fixed income securities, open end mutual funds and preferred/fixed rate cap securities and these are included in this report at fair value and approximate published market quotations as of June 30, 2015.

During the year ended June 30, 2015, the Foundation transferred $1,295,468 to the College to enhance scholarships, awards and other essential College programs.

According to the Uniform Prudent Management of Institutional Funds Act, Title 51, Chapter 8, of the Utah Code Annotated 1953, as amended, the governing board may appropriate for expenditure for the purposes for which an endowment is established, as much of the net appreciation, realized and unrealized, of the fair value of the assets of an endowment over the historic dollar value as is prudent under the facts and circumstances prevailing at the time of the action or decision. The Foundation’s endowment spending plan is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to 4% of the asset value of the endowment fund. The asset value is defined as the average of the most recent four quarter-ending asset values for each endowment fund within the investment pool. At the beginning of each calendar year, the Foundations finance and investments committee reviews and approves the amounts to be distributed in the College’s ensuing fiscal year.

Note 10
Grand Theatre Foundation

The Grand Theatre Foundation, Inc. is a not-for-profit component unit of the College for which the College has day-to-day operational management responsibility. It has been consolidated in these financial statements as a blended component unit. The Grand Theatre was incorporated in the State of Utah on February 15, 2001, and was established to operate as a community theatre providing musical theatre dramatic presentations and other entertainment programs on behalf of and exclusively for the benefit of the College.

The Grand Theatre annually publishes audited financial statements. A copy of the audited financial statements can be obtained from the Grand Theatre at 801-957-3322. The following is a condensed version of The Grand Theatre's financial statements for the fiscal year ended June 30, 2015.

Condensed Statement of Net Position

Assets	
Current Assets	
Cash and Cash Equivalents	$ 129,041
Short-Term Investments	128,024
Accounts Receivable	3,548
Prepaid Expenses	1,775
Total Current Assets	262,388
Total Assets	262,388
Liabilities	
Current Liabilities	
Accounts Payable	3,496
Unearned Revenue	41,097
Total Current Liabilities	44,593
Total Liabilities	44,593
Net Position	
Unrestricted	217,795
Total Net Position	$ 217,795

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

Operating Revenues	
Ticket Sales	$ 100,745
Concessions	8,995
Nongovernmental Grants	0
Rental of Facilities	71,652
Institutional Support from SLCC	185,436
Other Operating Revenue	23,100
Total Operating Revenues	389,928
Operating Expenses	
Salaries and Benefits	305,107
Other Operating Expenses	210,033
Total Operating Expenses	515,140
Operating Income (Loss)	(125,212)
Nonoperating Revenues	
State and Local Grants	70,655
Private Grants	50,000
Donations	54,474
Investment Income	1,198
Total Nonoperating Revenues	176,327
Net Increase in Net Position	51,115
Net Position - Beginning of Year	166,680
Net Position - End of Year	$ 217,795

Condensed Statement of Cash Flows

Net Cash Provided/(Used) By:	
Operating Activities	$ 81,146
Investing Activities	0
Net Decrease in Cash and Cash Equivalents	81,146
Cash and Cash Equivalents - Beginning of Year	47,895
Cash and Cash Equivalents - End of Year	$ 129,041

Note 11
Risk Management

General Liability Insurance:
The College maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty and malpractice liability up to $10.0 million per occurrence through policies administered by the Utah State Risk Management Fund (the Fund).

The College also has replacement cost insurance on its buildings and contents against all insurable risks of direct physical loss or damage with the Fund. This all-risk insurance coverage provides for repair or replacement of damaged or stolen College property on a replacement cost basis subject to a $1,000 deductible per occurrence.

All College employees are covered by worker’s compensation insurance administered by the Worker’s Compensation Fund of Utah.

Self-funded Insurance Program:
On July 1, 2005, the College established a self-funded employee health and dental insurance program. GASB Statement No. 10 requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements. The liability for benefit claims includes actuarial estimates of the ultimate cost of claims that have been reported but not settled and claims that have been incurred but not reported. A provision for inflation is implicit in the calculation of estimated costs for future claims because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to the benefit claims liability for changes in estimates is charged or credited to expense in the period in which it is made. The College’s estimated self-funded insurance claims liability at June 30, 2015 is as follows:

Estimated Claims Liability at Beginning of Year	$	1,589,000
Current Year Claims		15,528,952
Claim Payments, Including Related Legal and Administrative Expenses		(15,974,586)
Estimated Claims Liability at End of Year	$	1,143,366

The College has recorded the program assets and estimated liabilities of the health and dental care program at June 30, 2015 in the Statement of Net Position.

Note 12
Contingent Liabilities

The College continues to be a party in one lawsuit this year. The lawsuit involves a claim by a former employee alleging the right to a contractual termination hearing was not received. The claim against the College has been dismissed. The Plaintiff has filed a notice of appeal and a briefing schedule should be entered shortly. A second lawsuit involved a claim by a former student that she was forced out of her program of study. The entire lawsuit was dismissed on December 30, 2015. Plaintiff may still appeal. In addition to the lawsuits, the College is also defending four charges of discrimination, three of which are in the investigation stage and one of which is proceeding to an evidentiary hearing. A fifth charge of discrimination was recently found to be without merit and has been closed. The College also has two claims for minor injuries filed that are pending, and one claim for minor property damage that is pending.

The College is vigorously defending all these legal actions and expects to prevail. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect upon the College’s financial position.

The College participates in certain Federal grant programs that are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to the grantor agency requesting reimbursement for any disallowed expenditures under the grant terms. Management believes such program review disallowances, if any, will not be material.

Note 13
Pollution Remediation Obligation

In 1984 the State of Utah sold property on the southwest corner of 400 South and 600 East in Salt Lake City that was then occupied by the College and known as Utah Technical College. The purchaser subsequently discovered ground contamination that resulted in an environmental site assessment and a Site Management Plan (SMP) approved by the Utah Division of solid and Hazardous Waste. The SMP requires periodic ground water monitoring to ensure that found contaminates do not exceed acceptable limits.

Quarterly monitoring tests started in 1985 and because test results have been below acceptable limits, the State Division of Solid and Hazardous Waste reduced required monitoring to semi-annual testing events beginning in the year 2000. The College is a voluntary participating responsible party to the event and is paying for the monitoring tests. Because test results have been consistently below acceptable limits for 20 years, the likelihood for additional future financial obligations beyond the annual testing expense is considered remote. Therefore, the College has not recorded a pollution remediation liability at year end.

Note 14
Construction Commitments

The Utah State Division of Facilities Construction and Management (DFCM) administers major construction and remodeling projects for all state institutions. For College projects over $100,000, DFCM maintains the accounting records and furnishes cost information to the College. Costs incurred during fiscal year 2015 for projects funded by State appropriations are not recorded on the College's books until the projects are completed and turned over to the College for use or occupancy. Costs incurred during the fiscal year for projects funded by the College are included as capital assets in the accompanying Statement of Net Position. As of June 30, 2015, the College has construction commitments to DFCM of approximately $4.0 million. The majority of these commitments are due to the construction of a new strength and fitness center on the South City Campus.

Note 15
Pledged Bond Revenues

The College has outstanding bonded indebtedness to finance capital projects of its auxiliary enterprises. In accordance with the General Indentures of Trust, certain student building fees, related interest income and net auxiliary operating revenues are pledged toward the payment of principal and interest. Total principal and interest remaining on the bond debt as of June 30, 2015 is $1,240,250, with annual payment requirements of $1,240,250 in the final year of 2016. For fiscal year 2015, receipts and disbursements of pledged revenues were as follows:

	Auxiliary Revenue Bond System
Receipts	
Student Building Fees	$ 2,517,996
Pledged Auxiliary Operating Revenues	11,965,326
Related interest Income	105,737
Total Receipts	14,589,059
Disbursements	
Pledged Auxiliary Operating Expenses	12,581,894
Excess of Pledged Receipts over Expenses	$ 2,007,165
Debt Service Principal and interest Payments	$ 1,240,250
Debt Service Coverage Ratio	1.62

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Schedule of Pension Contributions for the Last Ten Fiscal Years

Noncontributory System

	2015	2014	2013	2012
Contractually Required Contribution	$ 3,628,042	$ 3,070,864	$ 2,768,316	$ 2,460,339
Contributions in Relation to the Contractually Required contribution	(3,628,042)	(3,070,864)	(2,768,316)	(2,460,339)
Contribution Deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Covered Employee Payroll	$ 14,805,445	$ 14,157,101	$ 14,393,952	$ 14,842,533
Contributions as a Percentage of Covered-Employee Payroll	24.50%	21.69%	19.23%	16.58%

Contributory System

	2015 [2]	2014 [1]	2013 [1]	2012 [1]
Contractually Required Contribution	$ 96,681	$ 298,284	$ 224,039	$ 131,886
Contributions in Relation to the Contractually Required contribution	(96,681)	(298,284)	(224,039)	(131,886)
Contribution Deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Covered Employee Payroll	$ 407,938	$ 2,846,740	$ 2,034,632	$ 1,101,033
Contributions as a Percentage of Covered-Employee Payroll	23.70%	10.48%	11.01%	11.98%

Tier 2 Public Employees System

	2015 [2]	2014 [1]	2013 [1]	2012 [1]
Contractually Required Contribution	$ 273,518	N/A	N/A	N/A
Contributions in Relation to the Contractually Required contribution	(273,518)			
Contribution Deficiency (excess)	$ 0			
Covered Employee Payroll	$ 3,283,537			
Contributions as a Percentage of Covered-Employee Payroll	8.33%			

1 Contractually Required Contributions, Contributions, and Covered Payroll include information for Tier 2 employees. The Tier 2 Public Employees System was created in fiscal year 2011. Prior to the implementation of GASB Statement No. 68, Tier 2 information was not separately available.

2 For employees participating in the Public Employees Tier 2 systems, the College is required to contribute 18.27 % of the employee's salaries to the Systems. The College makes the required contributions by paying approximately 8% into the Tier 2 Systems while the remainder is contributed to the Tier 1 Contributory System as required by law. The amounts reported here reflect the contributions to the Tier 2 systems rather than the total required.

2011	2010	2009	2008	2007	2006
$ 2,443,566	$ 1,972,908	$ 1,986,660	$ 1,917,598	$ 1,790,899	$ 1,594,531
(2,443,566)	(1,972,908)	(1,986,660)	(1,917,598)	(1,790,899)	(1,594,531)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 15,073,589	$ 13,874,179	$ 13,970,923	$ 13,485,217	$ 12,594,230	$ 11,916,374
16.21%	14.22%	14.22%	14.22%	14.22%	13.38%

2011 [1]	2010	2009	2008	2007	2006
$ 79,289	$ 66,902	$ 89,379	$ 90,681	$ 84,656	$ 77,685
(79,289)	(66,902)	(89,379)	(90,681)	(84,656)	(77,685)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 444,697	$ 425,315	$ 568,209	$ 576,480	$ 538,183	$ 521,726
17.83%	15.73%	15.73%	15.73%	15.73%	14.89%

2011 [1]	2010 [1]	2009 [1]	2008 [1]	2007 [1]	2006 [1]
N/A	N/A	N/A	N/A	N/A	N/A

Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability

	December 31, 2014		
	Noncontributory System	Contributory System	Tier 2 Public-Employee System
Proportion of Net Pension Liability (Asset)	0.53785600%	1.12603540%	0.55499000%
Proportionate Share of Net Pension Liability (Asset)	$ 13,513,786	$ 123,468	$ (16,819)
Covered Employee Payroll	$ 14,172,883	$ 406,196	$ 2,722,591
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	95.3%	30.4%	-0.6%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.2%	98.7%	103.5%

*Note:
The college implemented GASB Statement No. 68 in fiscal year 2015. Information on the College's portion of the plan's net pension liabilities (assets) is not available for periods prior to fiscal year 2015

Governing Boards and Executive Cabinet

SLCC EXECUTIVE CABINET
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Barbara Grover, Vice President for Institutional Effectiveness
Dennis R. Klaus, Vice President for Business Services
Roderic Land, Special Assistant to the President
Charles Lepper, Vice President for Student Affairs
Alison McFarlane, Vice President for Institutional Advancement
Clifton Sanders, Provost for Academic Affairs
Timothy Sheehan, Vice President for Government and Community Relations

SLCC FACULTY AND STAFF LEADERS
Lois Bown, President, Faculty Association
Julia Ellis, President, Staff Association
Lois Oestreich, President, Faculty Senate

THIS REPORT IS PREPARED BY THE OFFICE OF DENNIS R. KLAUS
VICE PRESIDENT FOR BUSINESS SERVICES

FINANCIAL STATEMENTS AND CONTENT
Douglas M. Hansen, CPA, Controller/Business Manager
John E. Ruell, CPA, Treasurer/Assistant Controller
Nathan G. Millward, Assistant Controller
Debra L. Glenn, CPA, Grants & Restricted Funds Accountant
Judy Boretsky, Administrative Assistant

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