2021

ANNUAL FINANCIAL REPORT

Salt Lake Community College

A Component Unit of
The State of Utah

CONTENT

SALT LAKE COMMUNITY COLLEGE
A Component Unit of The State of Utah
Annual Financial Report 2020-2021

PRESIDENT'S MESSAGE

Dear SLCC Stakeholders and Fellow Utahns,

As President of Salt Lake Community College, I am pleased to present this 2020-2021 Annual Financial Report. We are still in the midst of an unprecedented time that has brought both significant challenges and new opportunities. Our extraordinary faculty and staff continue to work tirelessly to ensure students can access critical services and have supported them through almost 18 months of remote or hybrid learning. I'm so proud that SLCC employees were committed to helping students navigate this often difficult and unpredictable time while still providing the excellent education and training for which we're known.

As Utah emerges from the global pandemic, SLCC is more committed than ever to preparing students for careers in high demand fields and those important to our state's economic success. We will continue to engage our business partners and major employers to ensure our curriculum is aligned with their most pressing needs.

We are also committed to providing both geographical and financial access to higher education and are thrilled to be expanding into areas of Salt Lake County that are poised for tremendous growth. Our new Juniper Building on our Herriman campus is set to open in 2023 and is the first of its kind to house two higher education institutions in the same building. With our remarkable partners at the University of Utah, we will offer both associate and bachelor's degrees in high demand fields including information technology, business, education and social work.

And as for financial access, we have created or strengthened several programs to ensure that the cost of college is never a barrier to students interested in pursuing their dreams. This year we stepped up to allocate millions in essential emergency funds from federal and private sources to help students in financial stress due to the pandemic and economic downturn. Our SLCC Promise scholarship program helps qualifying students cover tuition when federal grants fall short, and we have doubled the amount of private scholarships available to SLCC students. We have also increased the number of courses using free and/or low-cost online learning resources to alleviate the additional costs of textbooks. We believe higher education should be accessible to anyone who wishes to obtain it and will always be dedicated to making SLCC affordable for everyone.

We could not achieve our successes without your support. I appreciate your partnership and your willingness to help our students and their families improve their lives and achieve their dreams through higher education. We will continue to be trusted stewards of taxpayer dollars by prioritizing fiscal accountability and developing a workforce that ensures Utah's economic vibrancy. Thank you for being a friend to SLCC, especially now, and we look forward to continuing our work with you to make Utah the best it can be.

Go Bruins!

Deneece G. Huftalin

Deneece G. Huftalin, PhD
President
Salt Lake Community College

Salt Lake Community College

Independent Auditor's Report

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

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, 2021, 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 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 presented component unit foundation, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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 President's Message and the listing of the Governing Boards and Executive Cabinet are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Office of the
State Auditor

The President's Message and the listing of the Governing Boards and Executive Cabinet 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 September 23, 2021 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 the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor

September 23, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following discussion and analysis provides an overview of the financial position and fiscal activity of Salt Lake Community College (College) for the fiscal year ended June 30, 2021, 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.

About the College

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 Board of Higher Education.

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. As the community's College, it engages and supports students in educational pathways leading to successful transfer and meaningful employment.

The College fulfills its mission by:

- *Providing accessible instructional programs and student services.*
- *Providing access to students underrepresented in higher education.*
- *Supporting students to become successful and engaged learners.*
- *Preparing students with a foundation for success in continued studies.*
- *Preparing students with the knowledge and skills needed to meet current industry demand.*
- *Providing specialized training for business and industry.*

The College has two component units. The Grand Theatre Foundation 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 11 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 this management discussion and analysis.

Financial Statements Overview

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 the College at June 30, 2021, and includes all of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and residual 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 its 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, 2021	Restated June 30, 2020	Change	% Change
Assets				
Current Assets	$ 169,899,402	$ 123,402,867	$ 46,496,535	37.7%
Noncurrent Assets	31,062,122	61,900,439	(30,838,317)	(49.8%)
Capital Assets, Net	268,375,536	258,290,021	10,085,515	3.9%
Total Assets	469,337,060	443,593,327	25,743,733	5.8%
Deferred Outflows of Resources:				
Deferred Outflows of Resources	5,265,949	11,165,748	(5,899,799)	(52.8%)
Total Deferred Outflows of Resources	5,265,949	11,165,748	(5,899,799)	(52.8%)
Liabilities				
Current Liabilities	29,368,989	34,018,281	(4,649,292)	(13.7%)
Noncurrent Liabilities	12,921,760	22,709,235	(9,787,475)	(43.1%)
Total Liabilities	42,290,749	56,727,516	(14,436,767)	(25.4%)
Deferred Inflows of Resources:				
Deferred Inflows of Resources	10,983,809	6,125,225	4,858,584	79.3%
Total Deferred Inflows of Resources	10,983,809	6,125,225	4,858,584	79.3%
Net Position				
Net Investment in Capital Assets	258,790,975	247,406,963	11,384,012	4.6%
Restricted - Nonexpendable	841,456	853,412	(11,956)	(1.4%)
Restricted - Expendable	5,348,299	5,985,661	(637,362)	(10.6%)
Unrestricted	156,347,721	137,660,298	18,687,423	13.6%
Total Net Position	$ 421,328,451	$ 391,906,334	$ 29,422,117	7.5%

In fiscal year 2021, current assets increased by $46.5 million. This increase is primarily attributed to a $39.5 million shift from long term investments to cash and cash equivalents as low interest rates resulted in bonds being called and funds being held in the Public Treasurers' Investment Fund (PTIF). The College also experienced an increase in cash and cash equivalents related to a $2.1 million increase in State appropriations and $28.1 million increase in nonoperating grants and subsequent draws as a result of ongoing funds from the Department of Education authorized through the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act (ARPA) through the Higher Education Emergency Relief Funds (HEERF I, II, and III). Accounts receivable decreased by $1.7 million as a result of both decreased enrollment and the ability of the College to discharge student related debt or unpaid balances under the CARES Act, CRRSA, and ARPA. The College recognized a $10.1 million increase in capital assets primarily related to the completion of multiple large construction projects. Total assets increased by $25.7 million or 5.8%.

The College's overall decrease in liabilities is attributed to a $9.2 million decrease in the net pension liability and a $4.7 million reduction in accounts payable attributed to prior year accruals to the State of Utah Division of Facilities Construction and Management (DFCM). Total liabilities decreased by $14.4 million or 25.4%. At the end of the year, the College's current assets of $169.9 million was sufficient to cover current liabilities of $29.4 million. Also, at the end of fiscal year 2021, the College's total assets of $469.3 million was sufficient to cover total liabilities of $42.3 million. Changes to deferred outflows and inflows of resources are a result of GASB Statement 68, *Accounting and Financial Reporting for Pensions.* See Note 8 for additional information regarding changes to these line items.

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 2021, the College experienced an overall increase in its total net position of $29.4 million or 7.5% due to the factors described above.

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 operating and nonoperating revenues and expenses, and capital revenue 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. *Nonoperating revenues* are revenues received for which goods or services are not exchanged. For example, State appropriations are classified as nonoperating 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.

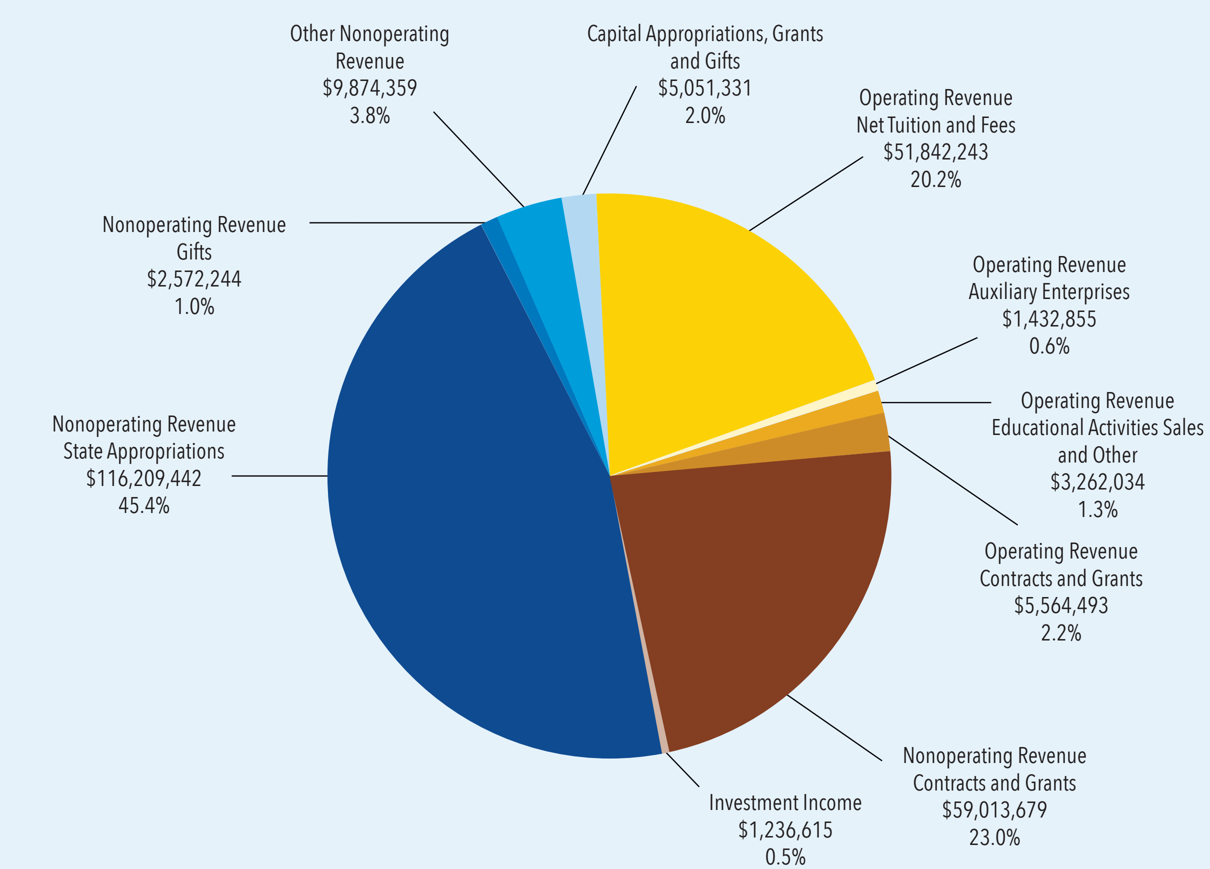
Condensed Statement of Revenues, Expenses and Changes in Net Position

	Year Ended June 30, 2021	Restated Year Ended June 30, 2020	Change	% Change
Operating Revenues				
Tuition and Fees, Net	$ 51,842,243	$ 52,576,660	$ (734,417)	(1.4%)
Contracts and Grants	5,564,493	6,235,816	(671,323)	(10.8%)
Auxiliary Enterprises	1,432,855	2,796,964	(1,364,109)	(48.8%)
Other Operating Revenues	3,262,034	4,797,097	(1,535,063)	(32.0%)
Total Operating Revenues	62,101,625	66,406,537	(4,304,912)	(6.5%)
Operating Expenses				
Salaries, Wages and Benefits	147,372,050	134,834,618	12,537,432	9.3%
Scholarships	22,418,243	20,839,638	1,578,605	7.6%
Depreciation	12,191,898	12,118,233	73,665	0.6%
Other Operating Expenses	40,488,647	41,992,270	(1,503,623)	(3.6%)
Total Operating Expenses	222,470,838	209,784,759	12,686,079	6.0%
Operating Loss	(160,369,213)	(143,378,222)	(16,990,991)	(11.9%)
Nonoperating Revenues (Expenses)				
State Appropriations	116,209,442	114,088,342	2,121,100	1.9%
Contracts and Grants	59,013,679	42,280,664	16,733,015	39.6%
Investment Income	1,236,615	3,646,101	(2,409,486)	(66.1%)
Other Nonoperating Revenues	12,446,603	7,496,530	4,950,073	66.0%
Other Nonoperating Expenses	(4,166,340)	(4,745,417)	579,077	(12.2%)
Net Nonoperating Revenues	184,739,999	162,766,220	21,973,779	13.5%
Income Before Other Revenues	24,370,786	19,387,998	4,982,788	25.7%
Capital Appropriations, Grants and Gifts	5,051,331	359,124	4,692,207	1,306.6%
Total Other Revenues	5,051,331	359,124	4,692,207	1,306.6%
Increase in Net Position	29,422,117	19,747,122	9,674,995	49.0%
Net Position - Beginning of Year as Originally Stated	391,468,739	371,788,867	19,679,872	5.3%
Net Position Restatement	437,595	370,345	67,250	18.2%
Net Position - Beginning of Year Restated	391,906,334	372,159,212	19,747,122	5.3%
Net Position - End of Year	$ 421,328,451	$ 391,906,334	$ 29,422,117	7.5%

The most significant source of operating revenue for the College is student tuition and fees, which decreased from the prior year by $0.7 million. This is a factor of decreased enrollments and challenges faced by at-risk students impacted by the novel Coronavirus. Auxiliary enterprise revenues decreased by $1.4 million or 48.8% as a result of the outsourcing of the College food service operations and continued decline in on campus activities and personnel resulting from the pandemic. Other operating revenues also decreased by $1.5 million as a result of a decline in on campus activities associated with conferencing, Grand Theatre operations, and service center sales. Overall operating revenues decreased by $4.3 million or 6.5% due to the above factors.

Net nonoperating revenues increased by $22.0 million or 13.5%. This is primarily attributed to a $16.7 million increase in HEERF related funding and a $3.9 million increase in associated indirect cost recoveries. The College did have some additional impairment losses and fire related expenses of $2.9 million as a result of the Applied Technology Building (ATC) fire. This is recognized as nonoperating revenue and expense.

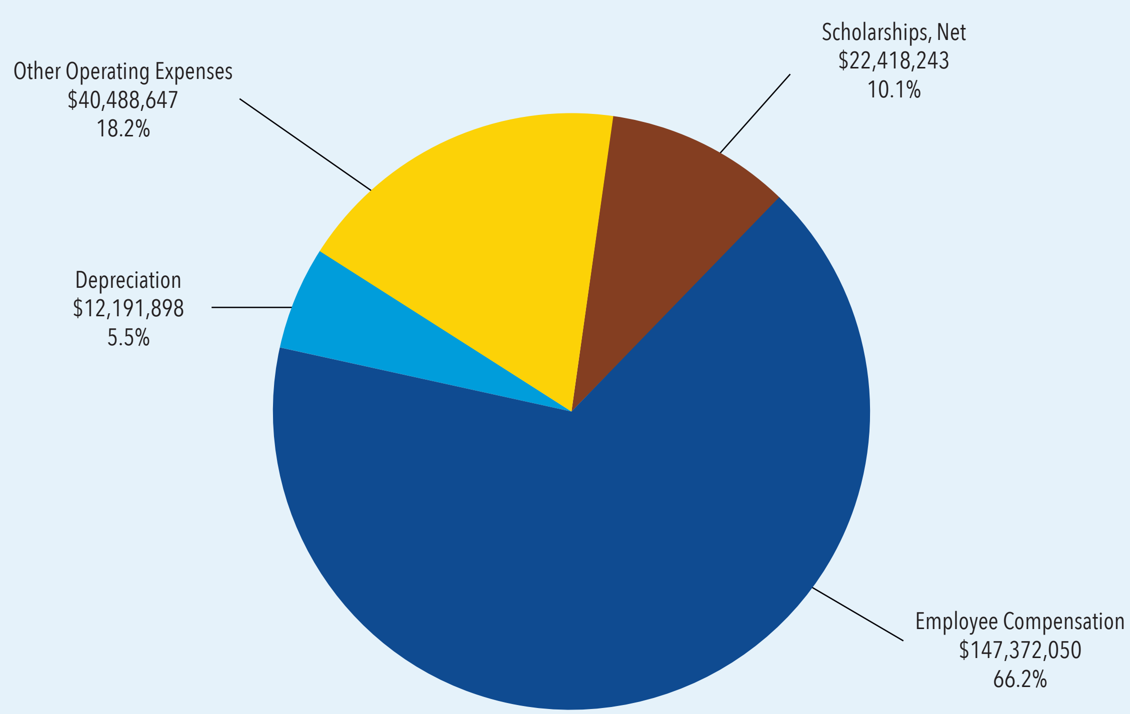
Revenue for Year Ended June 30, 2021 $256,059,295



Overall operating expenses increased by $12.7 million or 6.0%. This difference is attributed to salary and benefit related expenses as well as costs associated with the College's pension obligations.

Scholarships increased by $1.6 million as a result of increased HEERF funding for students, which was offset by the decrease of $1.5 million in other operating expenses.

Operating Expenses for Year Ended June 30, 2021
$222,470,838



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.

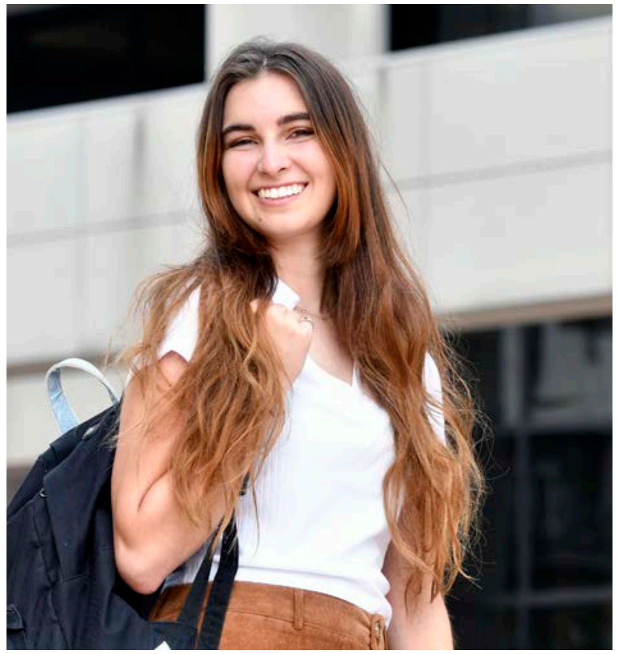
Condensed Statement of Cash Flows

	Year Ended June 30, 2021	Restated Year Ended June 30, 2020	Change	% Change
Cash Provided (Used) by				
Operating Activities	$ (155,108,337)	$ (133,577,994)	$ (21,530,343)	16.1%
Noncapital Financing Activities	181,785,266	154,065,908	27,719,358	18.0%
Capital and Related Financing Activities	(19,216,220)	(14,491,063)	(4,725,157)	32.6%
Investing Activities	26,608,210	47,011,031	(20,402,821)	43.4%
Net Change in Cash	34,068,919	53,007,882	(18,938,963)	(35.7%)
Cash - Beginning of Year	103,668,442	50,660,560	53,007,882	104.6%
Cash - End of Year	$ 137,737,361	$ 103,668,442	$ 34,068,919	32.9%

Capital Asset and Debt Activities

After two years of planning and construction, the Jordan Campus Student Center was completed in fiscal year 2021. This new facility will support students by providing essential services in a convenient southwest location of Salt Lake County. Funding for this building was provided through a bond issuance which will be repaid over 10 years with student building fees. As of June 30, 2021, the College capitalized $18.6 million related to this building. The College also completed a substantial remodel project on the Construction Trades building. The project was funded by a State appropriation of $3.5 million and College funds of $0.5 million. Finally, the College completed work on a new biology lab in the Science and Industry building. This $1.2 million project was funded by the College.

The College continued with the planning phase of the new Herriman Campus. This new campus is a partnership between Salt Lake Community College and the University of Utah. Students will be able to complete their associate level classes with Salt Lake Community College and transition to the University of Utah for their undergraduate coursework. The College broke ground on this building in July 2021. The College will fully own this building and has capitalized approximately $3.0 million related to the project.



Future Economic Outlook

The College relies heavily on the State of Utah and Legislative appropriations to keep tuition low and college education affordable. For Fiscal Year 2022, the Legislature appropriated $2.2 million in performance funding and $0.4 million for School of Applied Technology growth. Also, the Legislature appropriated a 3.0% increase in compensation and 4.3% increase in health insurance as well as covered the College's risk and liability insurance increases. Tuition is the other main source of revenue for the College. In March, the State Board of Higher Education approved a 2.0% tuition increase to cover the cost of the appropriated compensation, health insurance, and State of Utah Internal Service Fund (ISF) rate matches. The institution maintains a healthy budget, but the novel Coronavirus continues to impact the College, particularly student enrollments. Federal HEERF funding in several forms has been used to help bolster key areas. The College plans to use $27.0 million in remaining CRRSAA and ARPA funds over the next two fiscal years to sustain itself. With sound budgeting processes, new tax funds, and the influx of federal monies, the net impact continues to be an overall increase in funding for the College.

Strategically, College management strives to keep tuition affordable and for the past 5 years has had the lowest tuition increases in twenty years. The College also has utilized new appropriations to provide clearer educational pathways for students which will help bolster long-term student retention and greater student success. The College invests time and resources into strategic enrollment management in efforts to combat future enrollment declines. Overall, the College has applied its resources to be proactive in making budget adjustments when needed and demonstrating its flexibility to withstand enrollment fluctuations and other constraints.

BASIC FINANCIAL STATEMENTS

	Primary Institution	Component Unit College Foundation
Assets		
Current Assets		
Cash and Cash Equivalents (Notes 1, 3)	$ 135,377,909	$ 2,578,556
Short-Term Investments (Notes 1, 3)	22,428,136	20,585,472
Accounts Receivable, Net of $1,477,025 Allowance (Note 1)	5,554,023	-
Accounts Receivable from State of Utah	2,485,158	-
Pledges Receivable - Current Portion	-	466,205
Inventories (Note 1)	382,339	-
Prepaid Expenses (Note 1)	3,671,837	-
Cash Value of Life Insurance	-	47,014
Total Current Assets	169,899,402	23,677,247
Noncurrent Assets		
Restricted Cash and Cash Equivalents (Notes 1, 3)	2,359,452	-
Investments (Notes 1, 3)	19,764,651	-
Student Loans Receivable, Net of $0 Allowance (Note 1)	33,750	-
Pledges Receivable	-	609,235
Capital Assets, Net of $188,360,751 Accumulated Depreciation (Notes 1, 4)	268,375,536	-
Net Pension Asset (Note 8)	8,904,269	-
Total Noncurrent Assets	299,437,658	609,235
Total Assets	469,337,060	24,286,482
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	5,265,949	-
Total Deferred Outflows of Resources	5,265,949	-
Liabilities		
Current Liabilities		
Accounts Payable	2,940,416	145,259
Payable to State of Utah	869,923	-
Accrued Payroll Payable	9,363,394	-
Unearned Revenue (Note 1)	9,004,980	82,500
Accrued Interest Payable	144,417	-
Funds Held for Others	81,843	-
Notes Payable to State of Utah - Current Portion (Notes 5, 6)	75,018	-
Bonds Payable - Current Portion (Notes 5, 6)	1,246,822	-
Compensated Absences - Current Portion (Notes 1, 5)	4,489,269	-
Termination Benefits - Current Portion (Notes 1, 5)	1,147,246	-
Other Liabilities (Notes 1, 5)	5,661	-
Total Current Liabilities	29,368,989	227,759
Noncurrent Liabilities		
Note Payable to State of Utah	161,561	-
Bonds Payable	8,101,160	-
Compensated Absences	2,866,800	-
Termination Benefits	1,753,464	-
Net Pension Liability (Note 8)	38,775	-
Total Noncurrent Liabilities	12,921,760	-
Total Liabilities	42,290,749	227,759
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	10,983,809	-
Total Deferred Inflows of Resources	10,983,809	-
Net Position		
Net Investment in Capital Assets (Note 1)	258,790,975	-
Restricted for:		8,452,449
Nonexpendable Items (Note 1)		
Scholarship Endowments	241,456	-
Miller Campus Endowments	600,000	-
Expendable Items (Note 1)		12,701,370
Debt Service Reserves	1,517,996	-
Loans	287,900	-
Instructional Department Use	668,225	-
Herriman Campus Infrastructure	585,157	-
Other	2,289,021	-
Unrestricted (Note 1, 2)	156,347,721	2,904,904
Total Net Position	$ 421,328,451	$ 24,058,723

The accompanying Notes are an integral part of these Financial Statements.

	Primary Institution	Component Unit College Foundation
Operating Revenues		
Student Tuition and Fees, Net of Scholarship Allowances of $25,153,624 and Changes in the Allowance for Doubtful Accounts of $319,361	$ 51,842,243	$ -
Interest on Student Loans Receivable	283,800	-
Contracts and Grants	5,564,493	-
Sales and Services of Educational Activities	691,920	-
Auxiliary Enterprises	1,432,855	-
Gifts	-	6,534,846
Other Operating Revenue	2,286,314	-
Total Operating Revenues	62,101,625	6,534,846
Operating Expenses		
Salaries and Wages	111,710,157	-
Employee Benefits	38,231,391	-
Actuarial Calculated Pension Expense	(2,569,498)	-
Scholarships and Awards	22,418,243	-
Donations to College	-	3,491,049
Depreciation	12,191,898	-
Other Operating Expenses	40,488,647	523,136
Total Operating Expenses	222,470,838	4,014,185
Operating Income/(Loss)	(160,369,213)	2,520,661
Nonoperating Revenues (Expenses)		
State Appropriations	116,209,442	-
Contracts and Grants	59,013,679	-
Gifts	2,572,244	-
Investment Income	1,236,615	3,434,273
Interest on Capital Asset-Related Debt	(258,605)	-
Other Nonoperating Revenues	9,874,359	-
Other Nonoperating Expenses	(3,907,735)	-
Total Nonoperating Revenues	184,739,999	3,434,273
Income (Loss) Before Other Revenues	24,370,786	5,954,934
Other Revenues		
Capital Appropriations	3,460,020	-
Capital Grants and Gifts	1,591,311	-
Additions to Permanent Endowments	-	779,586
Total Other Revenue	5,051,331	779,586
Net Increase/(Decrease) in Net Position	29,422,117	6,734,520
Net Position - Beginning of Year as Originally Stated	391,468,739	17,324,203
Net Position - Prior Period Restatement	437,595	-
Net Position - Beginning of Year as Restated	391,906,334	-
Net Position at End of Year	$ 421,328,451	$ 24,058,723

The accompanying Notes are an integral part of these Financial Statements.

		Primary Institution
Cash Flows from Operating Activities		
Receipts from Tuition and Fees	$	51,806,433
Receipts from Grants and Contracts		6,949,449
Receipts from Auxiliary Enterprise Charges		1,518,941
Receipts from Sales and Services of Educational Activities		1,159,585
Receipts from Lease/Rental		946,532
Receipts from Fines		1,757
Interest Received on Loans to Students		286,885
Payments to Employees for Salaries and Benefits		(153,277,518)
Payments to Suppliers		(42,290,433)
Payments for Scholarships		(22,608,016)
Loans Disbursed to Students and Employees		(8,977)
Collection of Loans to Students and Employees		10,782
Other Operating Receipts		396,243
Net Cash Used by Operating Activities		(155,108,337)
Cash Flows from Noncapital Financing Activities		
Receipts from State Appropriations		113,440,438
Receipts from Grants and Contracts for Other Than Operating Purposes		59,013,679
Receipts from Gifts for Other Than Capital Purposes		2,680,287
Payments on Debt		(75,018)
Other Nonoperating Payments		6,725,880
Net Cash Provided by Noncapital Financing Activities		181,785,266
Cash Flows from Capital and Related Financing Activities		
Cash Paid for Capital Assets		(17,910,774)
Proceeds from Disposal of Capital Assets		193,554
Payments of Capital Debt		(1,015,000)
Interest Paid on Capital Debt		(484,000)
Net Cash Used by Capital and Related Financing Activities		(19,216,220)
Cash Flows from Investing Activities		
Purchases of Investments		(16,104,479)
Proceeds from Sales of Investments		41,000,000
Receipt of Interest and Dividends on Investments		1,712,689
Net Cash Provided by Investing Activities		26,608,210
Net Increase in Cash and Cash Equivalents		34,068,919
Cash and Cash Equivalents, Beginning of Year		103,668,442
Cash and Cash Equivalents, End of Year	$	137,737,361

		Primary Institution
Reconciliation of Operating Loss to Net Cash Used By Operating Activities		
Operating Loss	$	(160,369,213)
Difference Between Actuarial Calculated Pension Expense vs. Actual Pension Expense		(7,029,807)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation Expense		12,191,898
Donations of Supplies Received		129,649
Non Capital DFCM Expenditures Received		2,575,450
Income from Fines		1,757
Changes in Assets and Liabilities		
Accounts Receivable		1,658,205
Student Loans		3,746
Inventories		162,113
Prepaid Expenses		(596,986)
Accounts Payable and Accrued Expenses		(5,133,985)
Unearned Revenue		346,253
Compensated Absences		1,129,511
Termination Benefits		(176,928)
Net Cash Used by Operating Activities	$	(155,108,337)
Noncash Investing, Noncapital Financing and Capital Related Financing Transactions		
Change in Fair Value of Investments Recognized as Investment Income	$	(326,853)
Disposal of Fixed Assets		(663,836)
Impairment of Fixed Assets		2,607,115
Capital Gifts		1,591,311
Capital Appropriations		3,460,020
Total Noncash Investing, Capital and Financing Activities	$	6,667,757

The accompanying Notes are an integral part of the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

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 Annual Comprehensive 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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units-An Amendment of GASB Statement No. 14*.

The College's financial statements encompass all its operations, including auxiliary enterprises, both restricted and unrestricted funds, and two supporting Foundations. The Salt Lake Community College Foundation (Foundation) is a separate but affiliated nonprofit 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.

The Foundation issues separate financial statements which are audited by independent auditors. These statements follow the Financial Accounting Standards Board (FASB) guidelines. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the component unit's financial information included in the College's financial report. See Note 10 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 (Grand Theatre) is a separate but affiliated nonprofit 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, and because the Grand Theatre was established on behalf of and exclusively for the benefit of the College. See Note 11 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.

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 Flows, 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. At June 30, 2021, cash and cash equivalents consisted of:

	College	Foundation
Cash	$ (1,359,860)	$ 961,667
Money Market Account	182,042	116,180
Sweep Account	1,690,082	-
Money Market Mutual Funds	46,012	1,500,709
Utah Public Treasurers' Investment Fund	137,179,085	-
Total Cash and Cash Equivalents	$ 137,737,361	$ 2,578,556

Investments:

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The College distributes earnings quarterly from pooled investments based on the month end cash balance of each participating account.

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, 2021, net of estimated uncollectible amounts:

	Receivables from State of Utah	Receivables from Other
Tuition, Fees and Other	$ 799,053	$ 5,360,517
Due from DFCM	692,194	–
Grants and Contracts	993,911	1,402,171
Auxiliaries	–	88,700
Interest	–	59,532
From SLCC Foundation	–	120,128
Total Accounts Receivable	2,485,158	7,031,048
Less Allowance for Doubtful Accounts	–	(1,477,025)
Net Accounts Receivable	$ 2,485,158	$ 5,554,023

Student Loans Receivable:

The College has historically participated in the Federal Perkins Loan Program and other College loan programs. Loan 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. As of June 30, 2018, the Federal Perkins Loan Program ended. The College has relinquished outstanding receivables related to the Federal Perkins Loan Program to the Federal Department of Education and the remainder of the balance is related to other College loan programs.

Inventories:

All College inventories are valued at the lower of cost (first-in, first-out) or market.

Inventory consists of the following:

Costs of Project Houses Under Construction	$ 382,339

Prepaid Expenses:

Prepaid expenses at year end consist mostly of software subscription costs, which accounts for $3,626,833 of the $3,671,837 total at June 30, 2021.

Restricted Cash and Cash Equivalents:

Externally restricted nonexpendable endowment funds of $841,456 and $1,517,996 of unexpended bond proceeds and debt service reserves are classified as noncurrent assets in the Statement of Net Position.

Capital Assets:

Capital assets are recorded at historical cost at the date of acquisition, or acquisition 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 $250,000 or more and extend the useful life or increase capacity of the assets are capitalized. 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. Leasehold improvements are depreciated over the term of the lease.

Accounts Payable and Accrued Liabilities:

Accounts payable and accrued liabilities consist of the following at June 30, 2021:

Salaries and Benefits Payable	$ 9,363,394
Supplies and Services Payable	2,922,597
Student Related Payable	17,819
State of Utah Payable	869,923
Interest Payable	144,417
Total Accounts Payable and Accrued Liabilities	$ 13,318,150

Unearned Revenue:

Unearned revenue consists of the following at June 30, 2021:

Tuition and Fees Related to Future Terms	$ 6,283,559
Grants and Contracts	2,672,870
Food Service Unused Gift Cards	2,927
Grand Theatre Ticket/Rental Sales	17,660
Child Care Deposits	20,306
Other Deposits	7,658
Total Unearned Revenue	$ 9,004,980

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (Systems) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. 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 8 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, 2021 was $6,778,371.

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, 2021 was $577,698.

During fiscal year 2021, due to the ongoing novel Coronavirus pandemic and the inability to travel and utilize accrued vacation leave, the College granted an extension beyond the three-month grace period ending September 30 to use the days accumulated in excess of 40.

Accrued Termination Benefits:

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. 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 77% of the stipend in fiscal year 2021, 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, 2021 there were 52 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 6.0% 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 (0.81%) 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, 2021 totaled $2,900,710. The early retirement program expense for the year ended June 30, 2021 was $1,068,967.

Noncurrent Liabilities:

Noncurrent liabilities include obligations with maturities greater than one year, which include 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.

Deferred Outflows/Inflows of Resources:

In addition to assets and liabilities, financial statements will sometimes report a separate section for deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

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) federal, state and local contracts and grants; (3) sales and services of educational activities and auxiliary enterprises; 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 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.

2. PRIOR PERIOD ADJUSTMENT

Effective July 1, 2020, the College implemented GASB Statement No. 84, *Fiduciary Activities*. This implementation resulted in an increase in the College's net position of $437,595. This increase represents the reclassification of agency fund net position previously recognized as a liability and as funds held for others to unrestricted net position.

As part of this implementation, the College now also includes previously excluded agency fund revenue and expenses as part of the Statement of Revenues, Expenses and Changes in Net Position. The effect of the restatement on the 2020 financial statements is summarized as follows:

	Restated	As Originally Stated
Unrestricted Net Position	$ 137,660,298	$ 137,222,703
Net Positions at End of Year	$ 391,906,334	$ 391,468,739

3. DEPOSITS AND INVESTMENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act (Utah Code, Title 51, Chapter 7) that relate to the deposit and investment of public funds.

Except for endowment funds, the College follows the requirements of the Utah Money Management Act 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 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.

Deposits:

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 the Foundation do not have formal deposit policies for custodial credit risk. As of June 30, 2021, $1,486,007 of the College's bank balances of $1,918,050 and approximately $1,710,000 of the Foundation's bank balances of $2,741,951 were uninsured and uncollateralized.

Investments:

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); 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; reciprocal deposits and negotiable brokered certificates of deposit in accordance with the Act; and the Utah State Public Treasurers' Investment Fund.

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 and is not registered with the Securities and Exchange Commission (SEC) as an investment company. The PTIF is authorized and regulated by the Money Management Act. 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 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 SEC, 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.

Fair Value of Investments: The College and the Foundation measure and record its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, 2021, the College had the following recurring fair value measurements:

	TOTAL	Fair Value Measurements Using: Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Corporate Notes	$ 30,575,989	$ –	$ 30,575,989	$ –
U.S. Agencies	10,011,255	–	10,011,255	–
Mutual Bond Funds	109,253	109,253	–	–
Money Market Mutual Funds	46,012	46,012	–	–
Utah Public Treasurers' Investment Fund	137,179,085	–	137,179,085	–
Total Debt Securities	177,921,594	155,265	177,766,329	–
Equity Securities				
Mutual Equity Funds	911,134	911,134	–	–
Total Equity Securities	911,134	911,134	–	–
Total Investment by Fair Value Level	$ 178,832,728	$ 1,066,398	$ 177,766,329	$ –
Investments Measured at the Net Asset Value (NAV)				
Private Equity Real Estate Partnership	$ 585,157			
Total Investments Measured at the NAV	585,157			
Total Investments Measured at Fair Value	$ 179,417,885			

At June 30, 2021, the Foundation had the following recurring fair value measurements:

	TOTAL	Fair Value Measurements Using: Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
ETF Bond Funds	$ 6,273,971	$ 6,273,971	$ –	$ –
Money Market Mutual Funds	1,500,709	1,500,709	–	–
Total Debt Securities	7,774,680	7,774,680	–	–
Equity Securities				
ETF Equity Funds	13,888,629	13,888,629	–	–
Total Equity Securities	13,888,629	13,888,629	–	–
Total Investments by Fair Value Level	$ 21,663,309	$ 21,663,309	$ –	$ –

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Agencies: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2021 fair value factor, as calculated by the Utah State Treasurer, to the College's June 30 balance in the Fund.

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. 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, 2020, the company's fiscal yearend. The College's ownership interest at that time was valued at $585,157. The College is not aware of any factors that could negatively affect the valuation; therefore, the value recorded in the College's statements as of June 30, 2021 is the ownership interest. As of this date, this alternative investment is not redeemable and has no unfunded commitments.

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 for institutions of higher education. 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.

As of June 30, 2021, the College's investments had the following maturities:

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less than 1 Year	1–5 Years	6–10 Years
Corporate Notes	$ 30,575,989	$ 14,394,647	$ 16,181,342	$ –
U.S. Agencies	10,011,255	7,013,103 *	2,998,152	–
Mutual Bond Funds	109,253	–	–	109,253
Money Market Mutual Funds	46,012	46,012	–	–
Utah Public Treasurers' Investment Fund	137,179,085	137,179,085	–	–
Total Fair Value	$ 177,921,594	$ 158,632,847	$ 19,179,494	$ 109,253

** Includes three bonds totaling $5,000,248 that were subsequently called and one bond totaling $2,012,854 with a call date of December 20,2021 and a maturity date of December 20, 2023.*

As of June 30, 2021, the Foundation's investments had the following maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1 Year	1–5 Years	6–10 Years	Greater than 10 Years
ETF Bond Funds	$ 6,273,971	$ –	$ 2,344,917	$ 3,929,054	$ –
Money Market Mutual Funds	1,500,709	1,500,709	–	–	–
Total Fair Value	$ 7,774,680	$ 1,500,709	$ 2,344,917	$ 3,929,054	$ –

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 Foundation does not have a formal policy for credit risk.

At June 30, 2021, the College's investments had the following quality ratings:

		Quality Ratings			
Investment Type	Fair Value	AA	A	BBB	Unrated
Corporate Notes	$ 30,575,989	$ –	$ 17,471,159	$ 13,104,830	$ –
U.S. Agencies	10,011,255	7,998,400	–	–	2,012,855
Mutual Bond Funds	109,253	–	–	–	109,253
Money Market Mutual Funds	46,012	–	–	–	46,012
Utah Public Treasurers' Investment Fund	137,179,085	–	–	–	137,179,085
Total Fair Value	$ 177,921,594	$ 7,998,400	$ 17,471,159	$ 13,104,830	$ 139,347,205

At June 30, 2021, the Foundation's investments had the following quality ratings:

	Quality Ratings	
Investment Type	Fair Value	Unrated
ETF Bond Funds	$ 6,273,971	$ 6,273,971
Money Market Mutual Funds	1,500,709	1,500,709
Total Fair Value	$ 7,774,680	$ 7,774,680

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 at the time of purchase. 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 with a maximum of 3% in corporate stock listed on a major exchange (direct ownership). Rule 541 also limits investments in alternative investment funds to between 0% and 30% based on the size of the College's endowment fund. The Foundation does not have a formal policy for concentration of credit risk.

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 the Foundation do not have formal policies for custodial credit risk. As of June 30, 2021, the College had $30,575,989 in Corporate Notes and $10,011,255 in U.S. Agencies, which were held by the counterparty's trust department or agent but not in the College's name.

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 is summarized as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land	$ 35,636,975	$ 299,491	$ -	$ 35,936,466
Intangible Assets	22,500	-	-	22,500
Construction in Progress	12,659,646	12,602,856	(20,919,035)	4,343,467
Total Nondepreciable	48,319,121	12,902,347	(20,919,035)	40,302,433
Capital Assets Being Depreciated:				
Buildings	314,953,771	25,480,361	(1,292,862)	339,141,270
Leasehold Improvements	1,864,665	-	-	1,864,665
Land Improvements	34,799,643	12,915	(252,073)	34,560,485
Equipment and Motor Vehicles	35,420,488	5,096,798	(1,740,667)	38,776,619
Library Collections	2,038,100	352,173	(299,458)	2,090,815
Total Depreciable	389,076,667	30,942,247	(3,585,060)	416,433,854
Total Capital Assets	437,395,788	43,844,594	(24,504,095)	456,736,287
Less Accumulated Depreciation:				
Buildings	(123,038,068)	(7,807,367)	1,011,132	(129,834,303)
Leasehold Improvements	(1,864,665)	-	-	(1,864,665)
Land Improvements	(25,858,546)	(1,225,269)	252,073	(26,831,742)
Equipment and Motor Vehicles	(27,987,359)	(3,072,330)	1,563,525	(29,496,164)
Library Books and Software	(357,129)	(86,932)	110,184	(333,877)
Total Accumulated Depreciation	(179,105,767)	(12,191,898)	2,936,914	(188,360,751)
Total Capital Assets, Net of Depreciation	$ 258,290,021	$ 31,652,696	$ (21,567,181)	$ 268,375,536

On June 22, 2020, the Applied Technology Building (ATC) on the Taylorsville Redwood Campus was destroyed by fire. The Utah State Division of Facilities and Construction Management (DFCM) has decided that the building will be razed and a new building will be constructed.

The building was impaired in fiscal year 2020, but additional fire related expenses of $264,486 were incurred by the College during fiscal year 2021. These costs are recognized as other nonoperating expense on the Statement of Revenues, Expenses and Changes in Net Position. As of June 30, 2021, the College's insurance provider has agreed to cover some of the loses resulting from the fire. The College has recognized $796,256 as a receivable from the State of Utah on the statement of net position and as nonoperating revenue on the Statement of Revenues, Expenses and Changes in Net Position.

The College's insurance provider worked directly with DFCM to clean up the fire damage and secure the building until a determination was made on the final disposition of the building. The total cost of this cleanup was $2,607,145. This amount is recognized as a nonoperating revenue and nonoperating expense on the Statement of Revenues, Expenses and Changes in Net Position.

5. NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Bonds Payable					
Revenue Bonds Payable	$ 9,680,000	$ –	$ (1,015,000)	$ 8,665,000	$ 1,065,000
Unamortized Bond Premium	891,460	–	(208,478)	682,982	181,822
Total Bonds Payable	10,571,460	–	(1,223,478)	9,347,982	1,246,822
Compensated Absences					
Compensated Absences - Vacation	5,651,884	5,390,505	(4,264,018)	6,778,371	4,460,762
Compensated Absences - Sick Leave	574,674	26,924	(23,900)	577,698	28,507
Total Compensated Absences	6,226,558	5,417,429	(4,287,918)	7,356,069	4,489,269
Other Noncurrent Liabilities					
Termination Benefits - Early Retirement	3,077,638	1,186,558	(1,363,486)	2,900,710	1,147,246
Notes from Direct Borrowings Payable to the State of Utah	311,597	–	(75,018)	236,579	75,018
Net Pension Liability	9,224,916	5,885,167	(15,071,308)	38,775	–
Other Liabilities[1]	385,914	–	(380,253)	5,661	5,661
Total Other Noncurrent Liabilities	13,000,065	7,071,725	(16,890,065)	3,181,725	1,227,925
Total Long-Term Liabilities	$ 29,798,083	$ 12,489,154	$ (22,401,461)	$ 19,885,776	$ 6,964,016

[1] *Other Liabilities represent the reclassification of the Federal Capital Contribution from Restricted Net Position. This reclassification is in preparation of the relinquishment of the College's Federal Perkins Loan Program.*

6. BONDS AND NOTES PAYABLE

During 2017, the College obtained an interest free loan totaling $519,930 from the State to implement an energy efficiency project. Payments of $18,755 are due quarterly, with the final payment due September 30, 2024. In addition, in fiscal year 2018 the College issued bonds to provide funds for the construction and renovation of major capital facilities. The bond payments are due in annual installments with interest due semi-annually at a rate of 5%. The bonds are callable on March 1, 2025.

The final installment of interest and principle is due March 1, 2028 if the bonds are not called. The bonds are secured by proceeds from a student building fee and related interest earnings.

Neither the state energy loan nor the revenue bonds have any significant finance related consequences related to events of default or termination events. Neither debt instrument has subjective acceleration clauses. The College does not have any assets pledged as collateral for debt or any unused lines of credit.

Revenue bonds payable consisted of the following as of June 30, 2021:

Student Building Fee Revenue Bonds, Series 2018	
5% Callable 2025, Maturing 2028, Original Issue	$ 11,735,000

Future commitments for bonds and notes payable as of June 30, 2021 are as follows:

Fiscal Year and Type	Principal	Interest	Total
Bonds Payable			
2022	$ 1,065,000	$ 433,250	$ 1,498,250
2023	1,115,000	380,000	1,495,000
2024	1,175,000	324,250	1,499,250
2025	1,230,000	265,500	1,495,500
2026	1,295,000	204,000	1,499,000
2027–2028	2,785,000	210,500	2,995,500
Total Bonds Outstanding	8,665,000	1,817,500	10,482,500
Unamortized Bond Premium	682,982	–	682,982
Total Bonds Payable	$ 9,347,982	$ 1,817,500	$ 11,165,482
Notes Payable to State of Utah			
2022	$ 75,018	$ –	$ 75,018
2023	75,018	–	75,018
2024	75,018	–	75,018
2025	11,525	–	11,525
Total Notes Payable to State of Utah	$ 236,579	$ –	$ 236,579

7. PLEDGED BOND REVENUES

On June 20, 2018, the College issued student building fee revenue bonds to finance capital improvements to the Jordan Campus Student Center. In accordance with the general indentures of trust, certain student building fees and related interest income are pledged toward the payment of principal and interest. Total principal and interest remaining on the bond debt as of June 30, 2021 is $10,482,500. Payment requirements range from $1,495,000 to $1,499,250. See Note 6 for future payment amounts and call dates.

For fiscal year 2021, receipts and disbursements of pledged revenues were as follows:

	Building Fee Revenue Bond
Receipts*	
Student Building Fees	$ 1,860,272
Related Interest Income	76,360
Total Receipts	1,936,632
Disbursements	
Pledged Expenses	–
Excess of Pledged Receipts over Expenses	$ 1,936,632
Debt Service Principal and Interest Payments	$ 1,499,000
Debt Service Coverage Ratio	1.29

* *Revenues pledged toward debt service do not include lost revenue received through federal higher education emergency relief funds.*

8. 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 (FLSA) are covered by the Utah Retirement Systems. Eligible exempt employees, as defined by the FLSA, are covered by the Teachers Insurance and Annuity Association (TIAA) or Fidelity Investments.

Defined Benefit Plans:

Plan Description—Eligible plan participants are provided with pensions through the Utah Retirement Systems (Systems). The Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) and Public Employees Contributory Retirement System (Contributory System) are multiple employer, cost sharing, 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 Employees 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 Utah State Retirement Board (Board), whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds and are a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

The Systems issue a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

Benefits provided—Utah Retirement Systems provides retirement, disability, and death benefits.

Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage Per Year of Service	Cost-of-Living Adjustments (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 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year–all years	Up to 2.5%

* *Actuarial reductions are applied.*
** *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, the College is required to contribute certain percentages of salary and wages as authorized by statute and specified by the 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 for the pension portion of the plans for the year were as follows:

System	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Noncontributory System			
Higher Education Tier 1	N/A	N/A	22.19%
Contributory System			
Higher Education Tier 1	N/A	6.00%	17.70%
Higher Education Tier 2*	N/A	N/A	19.13%

* *Tier 2 rates include a required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.*

For fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 3,401,446	N/A
Contributory System	48,741	$ 16,522
Tier 2 Public Employees System	836,700	-
Total Contributions	$ 4,286,887	$ 16,522

Contributions reported are the Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2021, the College reported a net pension asset of $8,904,269 and a net pension liability of $38,775.

	(Measurement Date): December 31, 2020				
System	Proportionate Share	Net Pension Asset	Net Pension Liability	Proportionate Share December 31, 2019	Change (Decrease)
Noncontributory System	7.6836284%	$ 7,578,259	$ -	7.8013012%	(0.1176728%)
Contributory System	6.2421262%	1,326,010	-	5.3601065%	0.8820197%
Tier 2 Public Employees System	0.2695928%	-	38,775	0.3279328%	(0.0583400%)
		$ 8,904,269	$ 38,775		

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2021, the College recognized pension expense of ($2,569,498) for the defined benefit plans.

At June 30, 2021 the College reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,544,574	$ 132,809
Changes in assumptions	276,096	1,411
Net difference between projected and actual earnings on pension plan investments	–	10,792,096
Changes in proportion and differences between contributions and proportionate share of contributions	222,025	57,493
Contributions subsequent to the measurement date	2,223,254	–
Total	$ 5,265,949	$ 10,983,809

The College reported $2,223,254 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, 2020. 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,	Net Deferred Outflows/(Inflows) of Resources
2021	$ (576,886)
2022	(1,852,949)
2023	(3,802,394)
2024	(1,765,962)
2025	11,510
Thereafter	$ 45,566

Actuarial assumptions: The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.25–9.75% average, including inflation
Investment Rate of Return	6.95% net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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 and is applied consistently to each defined benefit pension plan. 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	37%	6.30%	2.33%
Debt Securities	20%	0.00%	0.00%
Real Assets	15%	6.19%	0.93%
Private Equity	12%	9.50%	1.14%
Absolute Return	16%	2.75%	0.44%
Cash & Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
		Inflation	2.50%
		Expected Arithmetic Nominal Return	7.34%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95%. 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 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. The discount rate remained unchanged from the prior measurement period at 6.95%.

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 liability calculated using the discount rate of 6.95%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	$ 13,647,236	$ (7,578,259)	$ (25,204,298)
Contributory System	(388,583)	(1,326,010)	(2,125,347)
Tier 2 Public Employees System	652,466	38,775	(430,683)
Total	$ 13,911,119	$ (8,865,494)	$ (27,760,328)

Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report.

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 Tier 2 Defined Contributions (DC) only participants. For employees participating in the Tier 2 DC Only defined contribution plan, the College is required to contribute 20.02% of the employees' salary, of which 10.00% is paid into a 401(k) plan while the remainder is contributed to the Tier 1 Systems, as required by law. Employees who participate in the State and School Noncontributory and Tier 2 Contributory Systems are also eligible to participate in deferred compensation 401(k) and 457 defined contribution plans. The College is required to contribute 0.89% to 1.50% of eligible employees' gross earnings to the eligible employee's 401(k) plan. College contributions to the 401(k) plan totaled $437,870 for the year ended June 30, 2021. Employee contributions to the 401(k) and 457 plans for the same year were $842,943.

Teachers Insurance and Annuity Association (TIAA) 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 Fidelity Investments from the date of employment and are not required to contribute to the fund. For the year ended June 30, 2021, the College was required to contribute 14.20% of the employees' annual covered salary to these defined contribution plans. The College's contributions into TIAA for the year ended June 30, 2021 were $5,662,513. The College has no further liability once annual contributions are made. Employee contributions for the same year were $1,069,635. The Fidelity Investments plan started in 2009, and the College's contributions into Fidelity Investments for the year ended June 30, 2021 were $3,254,804. Employee contributions for the same year were $590,844.

All College paid contributions to these defined contribution plans are reported as employee benefits expense in the financial statements.

9. 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 ten years with the longest lease terminating in the fiscal year 2031. 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.

During fiscal year 2021, the college entered into a new lease, due to the ATC fire at the end of fiscal year 2020. A private company's space has been leased to run a course from October 1, 2020 to December 31, 2023, or until the ATC building is reconstructed.

For the year ended June 30, 2021, operating lease expenses totaled $1,007,574. The future lease payments are as follows:

Fiscal Year	Amount
2022	$ 1,028,263
2023	1,034,548
2024	923,012
2025	773,900
2026	594,088
2027–2031	531,179
Total Future Payments	$ 4,884,990

10. 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.

During the year ended June 30, 2021, the Foundation transferred $3,491,049 to the College to enhance scholarships, awards, and other essential College programs.

The Foundation investments at year end are comprised of open-ended mutual funds, exchange traded funds, real estate investment funds, and corporate stocks.

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 Foundation's finance and investments committee reviews and approves the amounts to be distributed in the College's ensuing fiscal year.

11. GRAND THEATRE FOUNDATION

The Grand Theatre Foundation (Grand Theatre) is a nonprofit 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, 2021.

Condensed Statement of Net Position

	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Assets			
Current Assets			
Cash and Cash Equivalents	$ 578,290	$ (482,289)	$ 96,001
Short-Term Investments	190,270	–	190,270
Prepaid Expenses	36,578	–	36,578
Total Current Assets	805,138	(482,289)	322,849
Total Assets	805,138	(482,289)	322,849
Liabilities			
Current Liabilities			
Accounts Payable	8,121	–	8,121
Unearned Revenue	32,660	–	32,660
Total Current Liabilities	40,781	–	40,781
Total Liabilities	40,781	–	40,781
Net Position			
Unrestricted	764,357	(482,289)	282,068
Total Net Position	$ 764,357	$ (482,289)	$ 282,068

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Operating Revenues			
Rental of Facilities	$ 101,379	$ –	$ 101,379
Institutional Support from SLCC	234,603	(234,603)	–
Other Operating Revenue	6,562	–	6,562
Total Operating Revenues	342,544	(234,603)	107,941
Operating Expenses			
Salaries and Benefits	293,108	–	293,108
Other Operating Expenses	68,048	–	68,048
Total Operating Expenses	361,156	–	361,156
Operating Income (Loss)	(18,612)	(234,603)	(253,215)
Nonoperating Revenues			
Federal Grants	247,686	(247,686)	–
State and Local Grants	96,600	–	96,600
Donations	18,819	–	18,819
Investment Income	24,694	–	24,694
Total Nonoperating Revenues	387,799	(247,686)	140,113
Net Increase in Net Position	369,187	(482,289)	(113,102)
Net Position - Beginning of Year	395,170	–	395,170
Net Position - End of Year	$ 764,357	$ (482,289)	$ 282,068

Condensed Statement of Cash Flows

	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Net Cash Provided/(Used) By: Operating Activities	$ 319,404	$ (482,289)	$ (162,885)
Net Decrease in Cash and Cash Equivalents	319,404	–	(162,885)
Cash and Cash Equivalents - Beginning of Year	258,886	–	258,886
Cash and Cash Equivalents - End of Year	$ 578,290	$ (482,289)	$ 96,001

12. RISK MANAGEMENT

Liability and Property Insurance:

The College maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability through policies administered by the Utah State Risk Management Fund (the Fund).

The College also has either actual cash value or 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 $2,500 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, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, *Risk Financing Omnibus*, 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, 2021 is as follows:

	June 30, 2020	June 30, 2021
Estimated Claims Liability at Beginning of Year	$ 1,445,662	$ 3,009,197
Current Year Claims	20,905,260	20,660,963
Claim Payments, Including Related Legal and Administrative Expenses	(19,341,725)	(20,407,384)
Estimated Claims Liability at End of Year	$ 3,009,197	$ 3,262,776

The College has recorded the program assets and estimated liabilities of the health and dental care program at June 30, 2021 in the Statement of Net Position.

As part of the self-funded insurance program, the College has a stop-loss insurance policy to cover specific participant claims over $275,000 per term. The policy also covers aggregated claims exceeding 125 percent of expected claims up to $5 million.

13. CONTINGENT LIABILITIES

The College has received notice of various legal actions arising out of the normal course of business. The College is vigorously contesting all these matters and expects to prevail. However, in cases in which the College does not prevail, all damages likely will be paid by the Utah Division of Risk Management. 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(s). Such audits could lead to the grantor requesting reimbursement for any disallowed expenditures under the grant terms. Such program review disallowances, if any, should not be material.

14. CONSTRUCTION COMMITMENTS

The Utah State Division of Facilities Construction and Management (DFCM) administers most major construction and remodeling projects for state institutions. Unless direct supervisory authority is delegated to the College, DFCM administers projects over $100,000. DFCM maintains the accounting records and furnishes cost information to the College for the projects DFCM administers. State-funded construction projects administered by DFCM will not be recorded on the books of the College until the facility is available 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, 2021, the College has $3,653,086 in construction commitments to DFCM. Most of these commitments are related to the anticipated reconstruction of the Applied Technology Building and finishing work on the Jordan Campus Student Center. The remaining commitments are related to various smaller projects.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Pension Contributions for the Last Ten Fiscal Years
For the Year Ended June 30

Noncontributory System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	$ 3,401,446	$ 3,219,269	$ 3,501,046	$ 3,034,985	$ 3,283,873	$ 3,271,447	$ 3,628,042	$ 3,070,864	$ 2,768,316	$ 2,460,339
Contributions in Relation to the Contractually Required Contribution	(3,401,446)	(3,219,269)	(3,501,046)	(3,034,985)	(3,283,873)	(3,271,447)	(3,628,042)	(3,070,864)	(2,768,316)	(2,460,339)
Contribution Deficiency (excess)	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Covered Payroll	**$ 16,141,645**	**$ 15,342,646**	**$ 16,582,538**	**$ 14,602,338**	**$ 15,646,322**	**$ 15,041,712**	**$ 14,805,445**	**$ 14,157,101**	**$ 14,393,952**	**$ 14,842,533**
Contributions as a Percentage of Covered Payroll	21.07%	20.98%	21.11%	20.78%	20.99%	21.75%	24.50%	21.69%	19.23%	16.58%

Contributory System

	2021	2020	2019	2018	2017	2016	2015	2014	2012	2011
Contractually Required Contribution	$ 48,741	$ 48,025	$ 50,211	$ 44,647	$ 55,071	$ 74,567	$ 96,681	$ 298,284	$ 224,039	$ 131,886
Contributions in Relation to the Contractually Required Contribution	(48,741)	(48,025)	(50,211)	(44,647)	(55,071)	(74,567)	(96,681)	(298,284)	(224,039)	(131,886)
Contribution Deficiency (excess)	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Covered Payroll	**$ 275,370**	**$ 271,326**	**$ 283,681**	**$ 252,246**	**$ 312,153**	**$ 421,281**	**$ 407,938**	**$ 2,846,740**	**$ 2,034,632**	**$ 1,101,033**
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%	17.70%	17.64%	17.70%	23.70%	10.48%	11.01%	11.98%

Tier 2 Public Employees System*

	2021	2020	2019	2018	2017	2016	2015	2014[1]	2013[1]	2012[1]
Contractually Required Contribution	$ 836,700	$ 795,795	$ 912,380	$ 797,785	$ 913,065	$ 842,721	$ 273,518	N/A	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	(836,700)	(795,795)	(912,380)	(797,785)	(913,065)	(842,721)	(273,518)			
Contribution Deficiency (excess)	$ –	$ –	$ –	$ –	$ –	$	$ –			
Covered Payroll	**$ 4,373,749**	**$ 4,190,592**	**$ 4,835,075**	**$ 4,328,416**	**$ 5,023,311**	**$ 4,618,804**	**$ 3,283,537**			
Contributions as a Percentage of Covered Payroll	19.13%	18.99%	18.87%	18.43%	18.18%	18.25%	8.33%			

* *Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.*
[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.*

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability

Noncontributory System

	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Proportion of Net Pension Liability (Asset)	7.6836284%	7.8013012%	0.5684594%	0.5590681%	0.6183121%	0.5834378%	0.537856%
Proportionate Share of Net Pension Liability (Asset)	$ (7,578,259)	$ 9,151,161	$ 21,149,629	$ 13,671,240	$ 20,038,982	$ 18,327,452	$ 13,513,786
Covered Payroll	$ 15,682,927	$ 16,210,093	$ 15,468,360	$ 14,844,656	$ 15,823,387	$ 14,943,492	$ 14,172,883
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-48.32%	56.45%	136.73%	92.10%	126.64%	122.65%	95.35%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.70%	94.20%	84.10%	89.20%	84.90%	84.50%	87.20%

Contributory System

	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Proportion of Net Pension Liability (Asset)	6.2421262%	5.3601065%	1.3818834%	1.1294832%	1.4463568%	1.3301447%	1.1260354%
Proportionate Share of Net Pension Liability (Asset)	$ (1,326,010)	$ (302,220)	$ 981,143	$ 74,325	$ 792,542	$ 833,538	$ 123,468
Covered Payroll	$ 277,544	$ 278,544	$ 268,188	$ 256,990	$ 387,721	$ 421,359	$ 406,196
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-477.77%	-108.50%	365.84%	28.92%	204.41%	197.82%	30.40%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	113.10%	103.60%	91.40%	99.20%	93.40%	92.40%	98.70%

Tier 2 Public Employees System

	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Proportion of Net Pension Liability (Asset)	0.2695928%	0.3279328%	0.3822929%	0.4680321%	0.6300908%	0.6038448%	0.55499%
Proportionate Share of Net Pension Liability (Asset)	$ 38,775	$ 73,755	$ 163,728	$ 41,265	$ 70,286	$ (1,318)	$ (16,819)
Covered Payroll	$ 4,310,500	$ –	$ 4,462,947	$ 4,586,022	$ 5,167,224	$ 3,901,137	$ 2,722,591
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	0.90%	0.00%	3.67%	0.90%	1.36%	-0.03%	-0.62%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%	103.50%

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.

Office of the
State Auditor

Independent Auditor's Report

On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Salt Lake Community College (College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 23, 2021. Our report includes a reference to other auditors who audited the financial statements of Salt Lake Community College Foundation (Foundation), a discretely presented component unit of the College, as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less

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severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

Office of the State Auditor

Office of the State Auditor

September 23, 2021

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Salt Lake Community College

THIS REPORT IS PREPARED BY THE OFFICE OF JEFFREY J. WEST, VP FOR FINANCE AND ADMINISTRATION, CFO

FINANCIAL STATEMENTS AND CONTENT

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