2022
ANNUAL FINANCIAL REPORT

Salt Lake Community College

A Component Unit of the State of Utah

CONTENTS

SALT LAKE COMMUNITY COLLEGE

A Component Unit of The State of Utah

Annual Financial Report 2021-2022

PRESIDENT'S MESSAGE

Dear SLCC Stakeholders and Fellow Utahns,

As President of Salt Lake Community College, I am pleased to present our 2021-2022 Annual Financial Report. The lingering impact of COVID-19 presented many challenges, but we continued to serve our students in effective and meaningful ways. As always, our exemplary faculty and staff worked to ensure that our students could access critical educational and social services, including tutoring, financial aid, health care, mental health counseling, childcare, and food pantry services, among others. I'm proud of the commitment our employees continually demonstrate toward our students, especially during this past year with its many economic and societal challenges.

SLCC also continued to prepare students for careers in industries considered essential to Utah's economy. We offered associate degrees and certificates in more than 130 academic and workforce programs, and we partnered with major employers to align our curriculum with their needs. We also maintained our partnerships with Utah's other higher education institutions to ensure seamless transfer for students pursuing undergraduate degrees.

In the coming year, SLCC will be celebrating 75 years of excellence. During the past three-quarters of a century, the college and its forerunners have empowered millions of Utahns to embark on vibrant, prosperous careers. Also during 2023, we will officially open the doors of our new Herriman Campus, where students will be able to earn associate degrees from SLCC and then pursue undergraduate degrees from the University of Utah, all from one location.

On behalf of the college, I thank you for your support and partnership. I deeply appreciate your role in helping our students achieve their dreams. We will continue to make education affordable and accessible to anyone who wishes to pursue it, and we will always provide good value to Utah's taxpayers through fiscal accountability and by developing a local workforce that fosters economic success. This coming year, we also look forward to celebrating our milestone anniversary with you as well as continuing to pursue our mutual goal of being a force for good in our community.

Kind regards,

Deneece G. Huftalin

Deneece G. Huftalin, PhD
President
Salt Lake Community College

Salt Lake Community College

OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the College and its discretely presented component unit foundation as of June 30, 2022, and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Salt Lake Community College Foundation's (the Foundation), the discretely presented component unit foundation, financial statements as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended were audited by other auditors. Their 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The Foundation's financial statements were not audited in accordance with *Government Auditing Standards*.

Utah State Capitol Complex, East Office Building, Suite E310 • Salt Lake City, Utah 84114-2310 • Tel: (801) 538-1025 • auditor.utah.gov

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional opinion, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters.

- The College entered into a 99-year lease with a related party, which we consider a significant unusual transaction. We reviewed the Ground Lease Agreement and compared the provisions to the College's accounting treatment to ensure the transaction was negotiated at arm's length and properly recorded. See Note 8 for further discussion.

- The accounting for the College's reconstruction of the Applied Technology Building includes monies from the College, from insurance recoveries, and from the State of Utah. Because the accounting treatment differs for these funding sources, we identified the amounts coming from each source, compared the amounts to supporting documentation, and reviewed the accounting treatment.

Emphasis of Matter

As described in Note 8, the College implemented Governmental Accounting Standards Board (GASB) Statement 87 *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Defined Pension Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB 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

Management is responsible for the other information included in the annual report. The other information is comprised of the President's Message and the listing of the Governing

Boards and Executive Cabinet but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

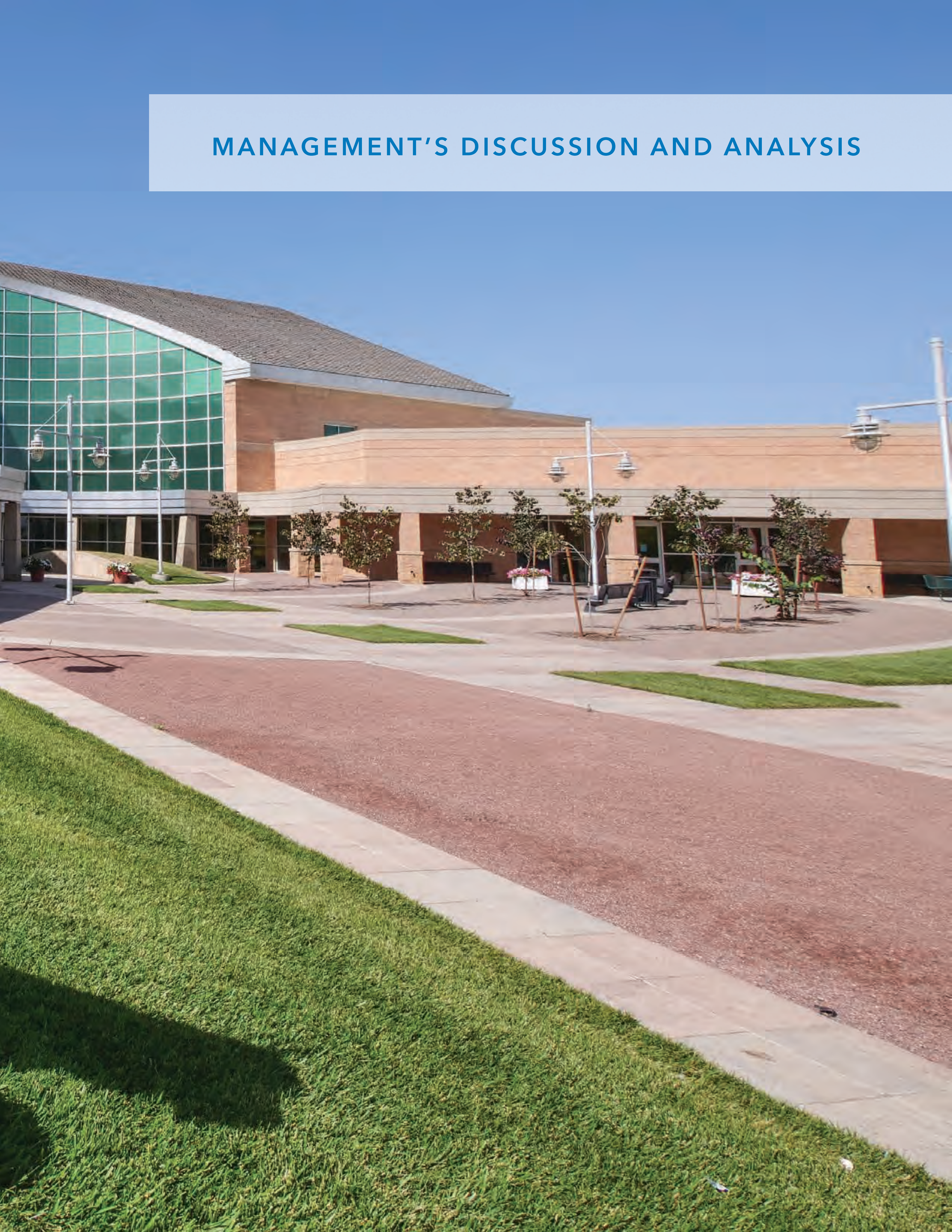
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 23, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
Salt Lake City, Utah
September 23, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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FAITH

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following discussion and analysis provide an overview of the financial position and fiscal activity of Salt Lake Community College (College) for the fiscal year ended June 30, 2022, 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, 2022, 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, 2022	Restated June 30, 2021	Change	% Change
Assets				
Current Assets	$ 123,973,905	$ 169,899,402	$ (45,925,497)	(27.0%)
Noncurrent Assets	121,287,252	31,062,122	90,225,130	290.5%
Capital Assets, Net	285,345,468	280,891,502	4,453,966	1.6%
Total Assets	530,606,625	481,853,026	48,753,599	10.1%
Deferred Outflows of Resources:				
Deferred Outflows of Resources	3,169,994	5,265,949	(2,095,955)	(39.8%)
Total Deferred Outflows of Resources	3,169,994	5,265,949	(2,095,955)	(39.8%)
Liabilities				
Current Liabilities	33,958,082	29,368,989	4,589,093	15.6%
Noncurrent Liabilities	19,784,435	22,830,581	(3,046,146)	(13.3%)
Total Liabilities	53,742,517	52,199,570	1,542,947	3.0%
Deferred Inflows of Resources:				
Deferred Inflows of Resources	45,910,828	10,983,809	34,927,019	318.0%
Total Deferred Inflows of Resources	45,910,828	10,983,809	34,927,019	318.0%
Net Position				
Net Investment in Capital Assets	268,277,180	261,398,120	6,879,060	2.6%
Restricted - Nonexpendable	842,755	841,456	1,299	0.2%
Restricted - Expendable	8,573,531	5,348,299	3,225,232	60.3%
Unrestricted	156,429,808	156,347,721	82,087	0.1%
Total Net Position	$ 434,123,274	$ 423,935,596	$ 10,187,678	2.4%

In fiscal year 2022, current assets decreased by $45.9 million. This decrease is primarily attributed to a $58.3 million shift from cash and cash equivalents to long term investments. An increase in interest rates prompted the purchase of various bonds and a subsequent reduction of funds being held in the Public Treasurers' Investment Fund (PTIF). The College also experienced an increase in funds available for investment related to a $5.2 million increase in State appropriations and a $7.7 million increase in nonoperating grants and subsequent draws from the Department of Education. These ongoing funds were authorized through the American Rescue Plan Act (ARPA) and Higher Education Emergency Relief Funds (HEERF I, II, and III). Grant-related receivables contributed to the overall increase in accounts receivables of $5.2 million or 64.5%

During the fiscal year, the College implemented GASB Statement No. 87, *Leases*, and as a result, recognized a lease receivable for $20.2 million primarily pertaining to a ground lease for the Meadowbrook campus. In addition, and as part of implementation of this standard, the College recognized a $9.0 million leased asset for property occupied by the College. In addition to the leased assets, capital assets increased by $8.0 million related to multiple large construction projects. The College's net pension asset also increased by $12.0 million due to changes in actuarial assumptions and a revision to the Utah Retirement Systems' (URS) Higher Education Division of the Noncontributory Retirement System's proportionate share. These changes are attributed to the increase in total assets of $48.8 million or 10.1%.

The College's overall increase in current liabilities is attributed to a $4.6 million increase in accruals for amounts owed to the State of Utah Division of Facilities Construction and Management (DFCM). Total liabilities increased by $1.5 million, or 3.0%, which can be attributed to the implementation of GASB Statement No. 87, *Leases*. At the end of the year, the College's current assets of $124.0 million were sufficient to cover current liabilities of $34.0 million. Also, at the end of fiscal year 2022, the College's total assets of $530.6 million were sufficient to cover total liabilities of $53.7 million. Changes to deferred outflows and inflows of resources are a result of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and also GASB Statement No. 87, *Leases*. See Notes 8 and 9 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 2022, the College experienced an overall increase in its total net position of $10.2 million or 2.4% due to the factors described above.

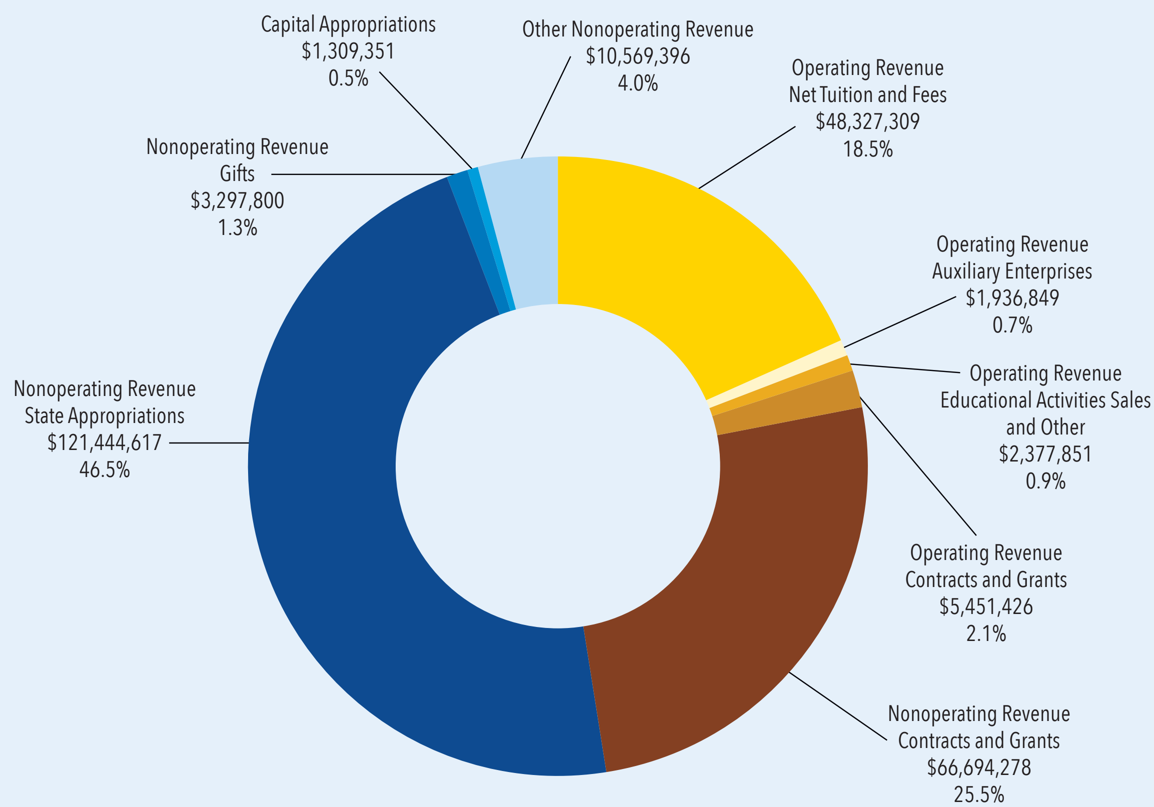
Statement of Revenues, Expenses and Changes in Net Position

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, 2022	Restated Year Ended June 30, 2021	Change	% Change
Operating Revenues				
Tuition and Fees, Net	$ 48,327,309	$ 51,842,243	$ (3,514,934)	(6.8%)
Contracts and Grants	5,451,426	5,564,493	(113,067)	(2.0%)
Auxiliary Enterprises	1,936,849	1,432,855	503,994	35.2%
Other Operating Revenues	2,377,851	3,262,034	(884,183)	(27.1%)
Total Operating Revenues	58,093,435	62,101,625	(4,008,190)	(6.5%)
Operating Expenses				
Salaries, Wages and Benefits	155,464,597	147,372,050	8,092,547	5.5%
Scholarships	33,373,037	22,418,243	10,954,794	48.9%
Depreciation and Amortization	13,042,332	12,191,898	850,434	7.0%
Other Operating Expenses	42,418,529	40,488,647	1,929,882	4.8%
Total Operating Expenses	244,298,495	222,470,838	21,827,657	9.8%
Operating Loss	(186,205,060)	(160,369,213)	(25,835,847)	(16.1%)
Nonoperating Revenues (Expenses)				
State Appropriations	121,444,617	116,209,442	5,235,175	4.5%
Contracts and Grants	66,694,278	59,013,679	7,680,599	13.0%
Investment Loss	(1,744,008)	1,236,615	(2,980,623)	(241.0%)
Other Nonoperating Revenues	13,867,196	12,446,603	1,420,593	11.4%
Other Nonoperating Expenses	(5,178,696)	(1,559,195)	(3,619,501)	232.1%
Net Nonoperating Revenues	195,083,387	187,347,144	7,736,243	4.1%
Income Before Other Revenues	8,878,327	26,977,931	(18,099,604)	(67.1%)
Capital Appropriations, Grants and Gifts	1,309,351	5,051,331	(3,741,980)	(74.1%)
Total Other Revenues	1,309,351	5,051,331	(3,741,980)	(74.1%)
Increase in Net Position	10,187,678	32,029,262	(21,841,584)	(68.2%)
Net Position - Beginning of Year as Originally Stated	421,328,451	391,468,739	29,859,712	7.6%
Net Position Restatement	2,607,145	437,595	2,169,550	495.8%
Net Position - Beginning of Year Restated	423,935,596	391,906,334	32,029,262	8.2%
Net Position - End of Year	$ 434,123,274	$ 423,935,596	$ 10,187,678	2.4%

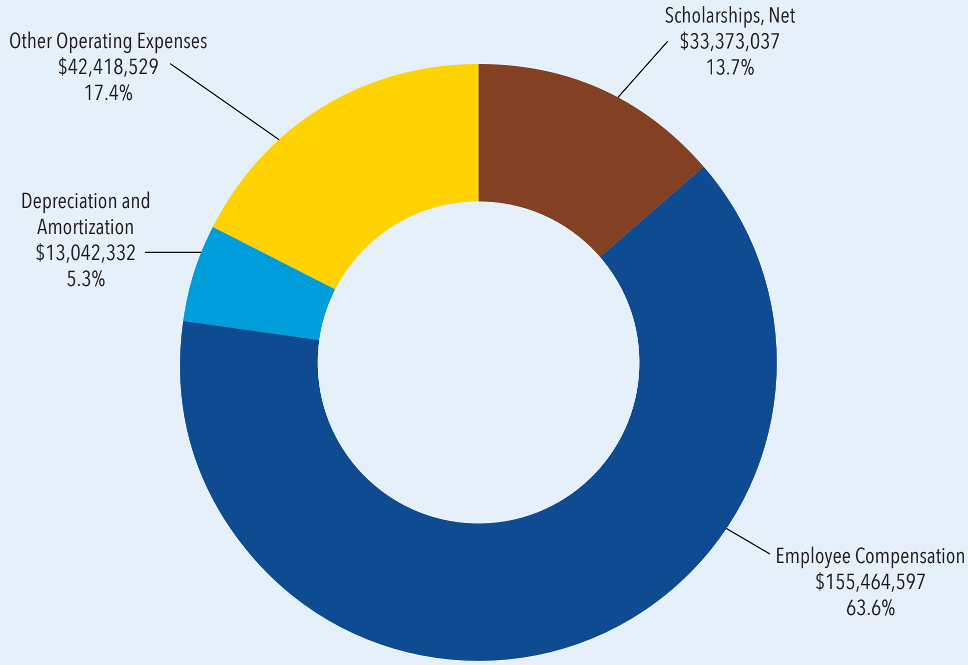
Revenue for Year Ended June 30, 2022
$261,480,877



The most significant source of operating revenue for the College is student tuition and fees, which decreased from the prior year by $3.5 million. This is a factor of decreased enrollments, changing demographics, and challenges faced by at-risk students. Auxiliary enterprise revenues increased by $0.5 million or 35.2% as a result of an increase in campus activities and personnel returning to campus as the pandemic continues to subside. Overall operating revenues decreased by $4.0 million or 6.5% due to the above factors.

Net nonoperating revenues increased by $7.7 million or 4.1%. This is primarily attributed to an increase in HEERF-related funding of $7.7 million.

Operating Expenses for Year Ended June 30, 2022
$244,298,495



Overall operating expenses increased by $22.0 million or 9.8%. This difference is attributed the College's increase in pension related expense of $12.0 million and an increase in HEERF student scholarships of $11.0 million.

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, 2022	Year Ended June 30, 2021	Change	% Change
Cash Provided (Used) by				
Operating Activities	$ (166,260,128)	$ (155,108,337)	$ (11,151,791)	7.2%
Noncapital Financing Activities	195,817,679	181,785,266	14,032,413	7.7%
Capital and Related Financing Activities	(20,819,899)	(19,216,220)	(1,603,679)	8.3%
Investing Activities	(62,697,939)	26,608,210	(89,306,149)	335.6%
Net Change in Cash	(53,960,287)	34,068,919	(88,029,206)	(258.4%)
Cash - Beginning of Year	137,737,361	103,668,442	34,068,919	32.9%
Cash - End of Year	$ 83,777,074	$ 137,737,361	$ (53,960,287)	(39.2%)

Capital Asset and Debt Activities

In fiscal year 2022 the College broke ground on the new Herriman Campus. This new campus is a partnership with the University of Utah and will provide convenient access to higher education for residents in the fast-growing southwest area of Salt Lake County. 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. Completion of this new building is anticipated in Fall 2023. The College also began a substantial upgrade to the Redwood Student Center building. This project will primarily upgrade the infrastructure of the building and bring it in compliance with current building code. Finally, the College completed a remodel of the High-Tech Building at the Jordan campus and the Library Testing Center at the Taylorsville Redwood campus. Each of these two projects were approximately $1 million and were funded by the College.

The College continued with the planning phase of the new Technical Arts Building, which will replace the Applied Technology Building that was destroyed by fire in 2020. Funding for this new building is coming from the College, insurance proceeds, and from the State of Utah. Anticipated completion is in Spring 2024. The College has capitalized $3.3 million related to this project.

Future Economic Outlook

The College has weathered the impacts and uncertainty presented by the COVID-19 pandemic well. In Fall 2021, the College returned to in-person instruction and has since maintained a strong focus on providing safe, full-campus operations, including in-person instruction. The College, like community colleges across the country, has experienced declines in enrollment that have been exacerbated by the impacts of the pandemic and an increasingly competitive higher education market. The College has been aggressively responding to these declines in enrollment by investing specifically in programs to support students to transition to higher education from high school. These initiatives include the PACE (Partnership for Accessing College Education) Scholarship Program. PACE is a scholarship program created to increase college participation and graduation rates for high school students. The project was created by a partnership between local high schools, businesses, and the College. Eligible high school freshmen at participating schools are invited to enroll in this four-year program which provides: six-semester scholarship to the College upon successful completion of the PACE Scholarship Program, ongoing advisor support and advocacy for students to ensure their academic success, opportunities for career exploration, and support developing college-readiness and executive functioning skills. Additionally, the College has rebranded its Career and Technical Education offerings this year as Salt Lake Technical College (SLTC) and has invested heavily in marketing SLTC programs across the Salt Lake Valley.

The College continues to receive strong support from the State of Utah. The high level of Legislative appropriations continues to allow the College to keep tuition low and college affordable while investing in new programs. For Fiscal Year 2023, the Legislature appropriated $3.2 million for performance, $0.3 million for operations and maintenance, $0.4 million for tech college growth, $0.2 million for student-athlete scholarships, $0.2 million for the Veteran

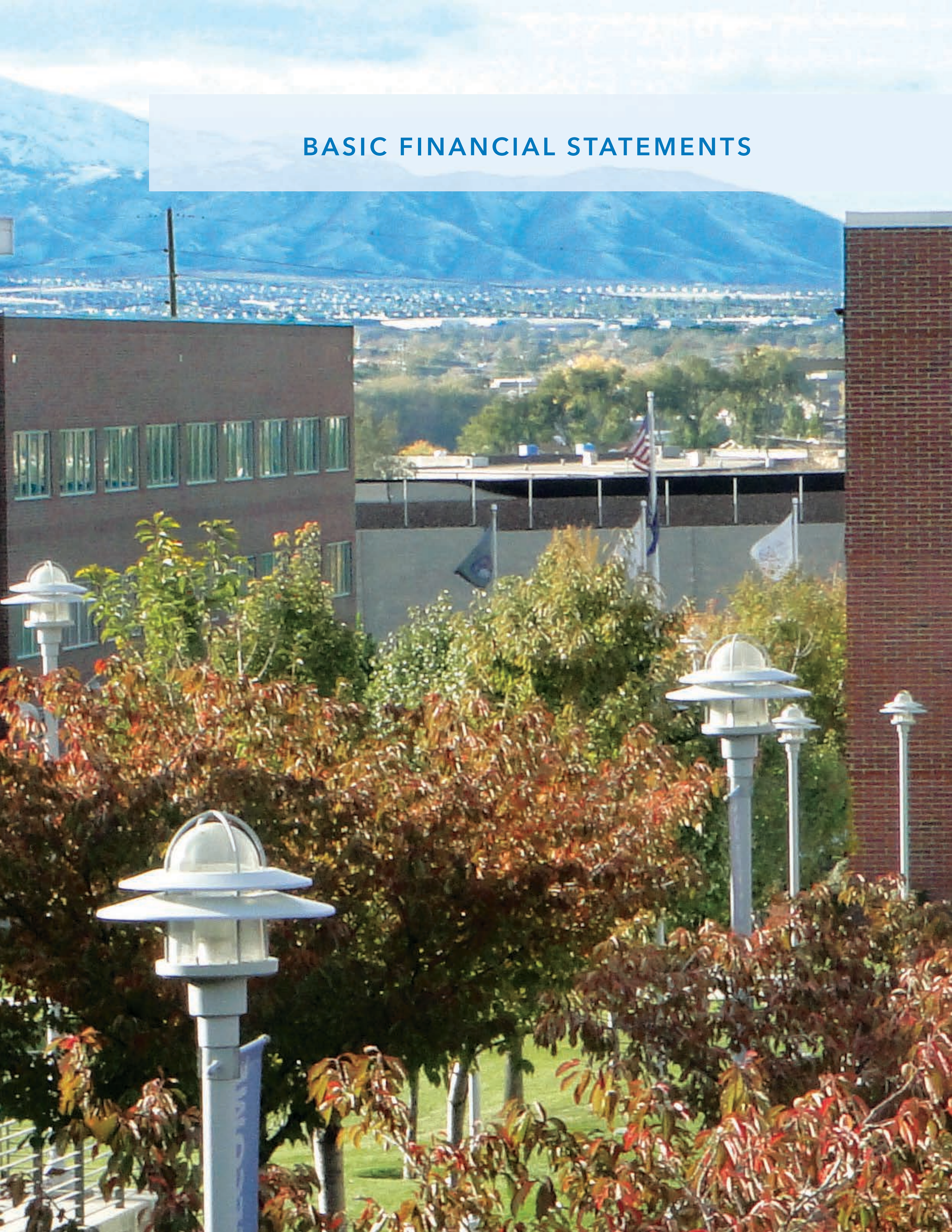
Business Resource Center, $0.2 million for Custom Fit training, and $1.2 million tuition offset to move programs to the renamed Salt Lake Technical College.

Tuition is another primary source of revenue for the College. In March, the State Board of Higher Education approved a 4.0% 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, balanced budget; however, student enrollment declines post-pandemic continue to impact the College. Federal HEERF funding in several forms has been used to help bolster critical areas. The College plans to use its remaining ARP funds to help sustain itself this fiscal year. With good 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.

While the economic indicators across the Salt Lake Valley remain strong with record low unemployment, the College has maintained prudent management of resources to respond to the changing needs of students and employers and prepare for potential future economic headwinds. Strategically, College leadership strives to keep tuition affordable. The College 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 to combat future 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 potential market adjustments.


KAREN GAIL MILLER
CONFERENCE CENTER

BASIC FINANCIAL STATEMENTS



	Primary Institution	Component Unit College Foundation
Assets		
Current Assets		
Cash and Cash Equivalents (Notes 1, 3)	$ 77,481,601	$ 2,888,860
Short-Term Investments (Notes 1, 3)	28,732,152	18,784,986
Accounts Receivable, Net of $1,547,980 Allowance (Note 1)	10,466,478	347,142
Accounts Receivable from State of Utah	2,756,537	–
Leases Receivable - Current Portion (Notes 1, 8)	196,763	–
Pledges Receivable - Current Portion	–	270,500
Inventories (Note 1)	761,370	–
Prepaid Expenses (Note 1)	3,579,004	–
Cash Value of Life Insurance	–	51,410
Total Current Assets	123,973,905	22,342,898
Noncurrent Assets		
Restricted Cash and Cash Equivalents (Notes 1, 3)	6,295,473	–
Investments (Notes 1, 3)	74,080,558	483,710
Student Loans Receivable, Net of $0 Allowance (Note 1)	37,818	–
Leases Receivable	20,017,967	–
Pledges Receivable	–	383,392
Capital Assets, Net of $193,364,671 Accumulated Depreciation and Amortization (Notes 1, 4, 8)	285,345,468	–
Net Pension Asset (Note 9)	20,855,436	–
Total Noncurrent Assets	406,632,720	867,102
Total Assets	530,606,625	23,210,000
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	3,169,994	–
Total Deferred Outflows of Resources	3,169,994	–
Liabilities		
Current Liabilities		
Accounts Payable	3,749,573	1,112,820
Payable to State of Utah	4,750,460	–
Accrued Payroll Payable	8,485,659	–
Unearned Revenue (Note 1)	8,617,065	65,000
Accrued Interest Payable	126,667	–
Funds Held for Others	75,478	–
Notes Payable to State of Utah - Current Portion (Notes 5, 6)	75,018	–
Bonds Payable - Current Portion (Notes 5, 6)	1,269,969	–
Leases Payable - Current Portion (Notes 1, 8)	724,935	–
Compensated Absences - Current Portion (Notes 1, 5)	5,054,151	–
Termination Benefits - Current Portion (Notes 1, 5)	1,029,107	–
Total Current Liabilities	33,958,082	1,177,820
Noncurrent Liabilities		
Note Payable to State of Utah	86,543	–
Bonds Payable	6,831,191	–
Leases Payable	8,480,446	–
Compensated Absences	2,585,224	–
Termination Benefits	1,801,031	–
Total Noncurrent Liabilities	19,784,435	–
Total Liabilities	53,742,517	1,177,820
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	25,696,098	–
Deferred Inflows Related to Leases	20,214,730	–
Total Deferred Inflows of Resources	45,910,828	–
Net Position		
Net Investment in Capital Assets (Note 1)	268,277,180	–
Restricted for:		9,015,723
Nonexpendable Items (Note 1)		
Scholarship Endowments	242,755	–
Miller Campus Endowments	600,000	–
Expendable Items (Note 1)		11,185,766
Debt Service Reserves	1,501,230	-
Capital Projects	3,951,488	-
Loans	347,200	-
Instructional Department Use	422,771	-
Herriman Campus Infrastructure	564,783	-
Other	1,786,059	-
Unrestricted (Note 1, 2)	156,429,808	1,830,691
Total Net Position	$ 434,123,274	$ 22,032,180

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 $25,280,393 and Changes in the Allowance for Doubtful Accounts of $70,955	$ 48,327,309	$ –
Interest on Student Loans Receivable	164,389	–
Contracts and Grants	5,451,426	–
Sales and Services of Educational Activities	68,480	–
Auxiliary Enterprises	1,936,849	–
Gifts	–	3,740,673
Other Operating Revenue	2,144,982	–
Total Operating Revenues	58,093,435	3,740,673
Operating Expenses		
Salaries and Wages	109,750,459	–
Employee Benefits	36,721,183	–
Actuarial Calculated Pension Expense	8,992,955	–
Scholarships and Awards	33,373,037	–
Donations to College	–	3,107,646
Depreciation and Amortization	13,042,332	–
Other Operating Expenses	42,418,529	453,777
Total Operating Expenses	244,298,495	3,561,423
Operating Income/(Loss)	(186,205,060)	179,250
Nonoperating Revenues (Expenses)		
State Appropriations	121,444,617	–
Contracts and Grants	66,694,278	–
Gifts	3,297,800	–
Investment Loss	(1,744,008)	(2,804,171)
Lease Income	857,477	–
Interest on Capital Asset-Related Debt	(233,678)	–
Interest Income Related to Leases	445,597	–
Other Nonoperating Revenues	9,266,322	–
Other Nonoperating Expenses	(4,945,018)	–
Total Nonoperating Revenues	195,083,387	(2,804,171)
Income (Loss) Before Other Revenues	8,878,327	(2,624,921)
Other Revenues		
Capital Appropriations	1,309,351	–
Additions to Permanent Endowments	–	598,378
Total Other Revenue	1,309,351	598,378
Net Increase/(Decrease) in Net Position	10,187,678	(2,026,543)
Net Position - Beginning of Year as Originally Stated	421,328,451	24,058,723
Net Position - Prior Period Restatement	2,607,145	–
Net Position - Beginning of Year as Restated	423,935,596	–
Net Position at End of Year	$ 434,123,274	$ 22,032,180

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

	Primary Institution
Cash Flows from Operating Activities	
Receipts from Tuition and Fees	$ 47,421,511
Receipts from Grants and Contracts	29,560
Receipts from Auxiliary Enterprise Charges	1,984,981
Receipts from Sales and Services of Educational Activities	68,480
Receipts from Lease/Rental	665,034
Interest Received on Loans to Students	164,023
Payments to Employees for Salaries and Benefits	(150,654,119)
Payments to Suppliers	(33,970,832)
Payments for Scholarships	(34,044,851)
Loans Disbursed to Students and Employees	64,767
Collection of Loans to Students and Employees	(4,499)
Other Operating Receipts	2,015,817
Net Cash Used by Operating Activities	(166,260,128)
Cash Flows from Noncapital Financing Activities	
Receipts from State Appropriations	117,622,691
Receipts from Grants and Contracts for Other Than Operating Purposes	66,694,278
Receipts from Gifts for Other Than Capital Purposes	3,096,419
Payments on Debt	(75,018)
Other Nonoperating Receipts	8,479,309
Net Cash Provided by Noncapital Financing Activities	195,817,679
Cash Flows from Capital and Related Financing Activities	
Cash Paid for Capital Assets	(20,427,552)
Proceeds from Disposal of Capital Assets	172,542
Proceeds from Capital Debt	857,477
Payments of Capital Debt	(1,065,000)
Interest Paid on Capital Debt	(433,250)
Other Receipts	75,884
Net Cash Used by Capital and Related Financing Activities	(20,819,899)
Cash Flows from Investing Activities	
Purchases of Investments	(92,317,491)
Proceeds from Sales of Investments	29,415,000
Receipt of Interest and Dividends on Investments	204,552
Net Cash Used by Investing Activities	(62,697,939)
Net Increase in Cash and Cash Equivalents	(53,960,287)
Cash and Cash Equivalents, Beginning of Year	137,737,361
Cash and Cash Equivalents, End of Year	$ 83,777,074

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

		Primary Institution
Reconciliation of Operating Loss to Net Cash Used By Operating Activities		
Operating Loss	$	(186,205,060)
Difference Between Actuarial Calculated Pension Expense vs Actual Pension Expense		4,818,302
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization Expense		13,042,332
Donations of Supplies Received		60,240
Non Capital DFCM Expenditures Received		3,028,313
Changes in Assets and Liabilities		
Accounts Receivable		(3,754,887)
Student Loans		25,484
Inventories		(379,031)
Prepaid Expenses		154,090
Accounts Payable and Accrued Expenses		3,108,518
Unearned Revenue		(371,163)
Compensated Absences		283,306
Termination Benefits		(70,572)
Net Cash Used by Operating Activities	$	(166,260,128)
Noncash Investing, Noncapital Financing and Capital Related Financing Transactions		
Change in Fair Value of Investments Recognized as Investment Loss	$	(2,282,569)
Disposal of Fixed Assets		4,260,839
Capital Appropriations		1,309,351
Total Noncash Investing, Capital and Financing Activities	$	$3,287,621

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 the Governmental Accounting Standards Board (GASB).

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

The Foundation issues separate financial statements that 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, 2022, cash and cash equivalents consisted of:

	College		Foundation	
Cash	$	1,852,211	$	1,879,491
Money Market Account		172,699		23
Sweep Account		3,297,476		–
Money Market Mutual Funds		55,128		1,009,346
Utah Public Treasurers' Investment Fund		78,399,560		–
Total Cash and Cash Equivalents	$	83,777,074	$	2,888,860

Investments

Investments are recorded at fair value in accordance with GASB. 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, 2022, net of estimated uncollectible amounts

	Receivables from State of Utah		Receivables from Other	
Tuition, Fees and Other	$	1,572	$	5,403,516
Due from DFCM		600,836		–
Grants and Contracts		2,154,129		5,547,267
Auxiliaries		–		40,568
Interest		–		764,190
From SLCC Foundation		–		258,917
Total Accounts Receivable		2,756,537		12,014,458
Less Allowance for Doubtful Accounts		–		(1,547,980)
Net Accounts Receivable	$	2,756,537	$	10,466,478

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	$	755,436
Other Inventory		5,934
		761,370

Prepaid Expenses

Prepaid expenses at year end consist mostly of software subscription costs, which accounts for$3,432,076 of the $3,579,004 total at June 30, 2022.

Restricted Cash and Cash Equivalents

Externally restricted nonexpendable endowment funds of $842,755, $1,501,230 of debt service reserves, and $3,951,488 of insurance proceeds 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. Leased assets are recorded at the present value of payments expected to be made during the lease term. The College uses a discount rate of 2.99%, which is based on the College's incremental borrowing rate.

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. Leased assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Lease Liabilities

Lease liabilities are also recorded at the present value of payments expected to be made during the lease term and are discounted using the College's incremental borrowing rate.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following at June 30, 2022:

Salaries and Benefits Payable	$	8,485,659
Supplies and Services Payable		3,578,193
Student Related Payable		171,380
State of Utah Payable		4,750,460
Interest Payable		126,667
Total Accounts Payable and Accrued Liabilities	$	17,112,359

Unearned Revenue

Unearned revenue consists of the following at June 30, 2022:

Tuition and Fees Related to Future Terms	$	6,014,071
Grants and Contracts		2,575,089
Food Service Unused Gift Cards		2,770
Grand Theatre Ticket/Rental Sales		16,366
Other Deposits		8,769
Total Unearned Revenue	$	8,617,065

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 9 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, 2022 was $7,062,820.

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, 2022 was $576,555.

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 69% of the stipend in fiscal year 2022, 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, 2022 there were 47 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 2.5% for stipends and 5.0% for medical and dental costs. The amount recognized on the financial statements was calculated at the discounted present value of the projected future costs. The discount rate used (2.99%) was based on the College's incremental borrowing rate. The cumulative accrued termination benefits liability as of June 30, 2022 totaled $2,830,138. The early retirement program expense for the year ended June 30, 2022 was $1,069,543.

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

Prior to fiscal year 2022, the College recognized a non-operating revenue and non-operating expense for costs incurred to clean up the Applied Technology Building (ATC) that was destroyed by fire. The College's insurance provider worked directly with DFCM to remediate the fire damage and secure the building until a determination was made on the final disposition of the building. The ATC building is now being rebuilt, so these costs must be capitalized into the cost of the new building. Consequently, the beginning of the year capital asset balance was increased by $2,607,145. The effect of the restatement on the 2021 financial statements is summarized below.

	Restated	As Originally Stated
Capital Assets, net of Accumulated Depreciation	$ 270,982,681	$ 268,375,536
Net Investment in Capital Assets	261,398,120	258,790,975
Net Position at End of Year	$ 423,935,596	$ 421,328,451

In fiscal year 2022, the College implemented GASB 87, *Leases*. Application of this standard did not affect beginning net position; however, beginning balances in Notes 4, 5, and 8 have been adjusted accordingly.

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 Higher Education 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, 2022, $3,120,914 of the College's bank balances of $3,543,613 and approximately $983,000 of the Foundation's bank balances of $1,882,249 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, 2022, the College had the following recurring fair value measurements:

		Fair Value Measurements Using		
	TOTAL	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Corporate Notes	$ 28,821,126	$ –	$ 28,821,126	$ –
U.S. Treasuries	38,746,126	–	38,746,126	–
U.S. Agencies	33,845,159	–	33,845,159	–
Mutual Bond Funds	98,485	98,485	–	–
Money Market Mutual Funds	55,128	55,128	–	–
Utah Public Treasurers' Investment Fund	78,399,560	–	78,399,560	–
Total Debt Securities	179,965,584	153,612	179,811,972	–
Equity Securities				
Mutual Equity Funds	737,031	737,031	–	–
Total Equity Securities	737,031	737,031	–	–
Total Investment by Fair Value Level	$ 180,702,615	$ 890,643	$ 179,811,972	$ –
Investments Measured at the Net Asset Value (NAV)				
Private Equity Real Estate Partnership	$ 564,783			
Total Investments Measured at the NAV	564,783			
Total Investments Measured at Fair Value	$ 181,267,398			

At June 30, 2022, the Foundation had the following recurring fair value measurements:

		Fair Value Measurements Using		
	TOTAL	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
U.S. Treasuries	$ 1,481,560	$ –	$ 1,481,560	$ –
ETF Bond Funds	5,911,565	5,911,565	–	–
Money Market Mutual Funds	1,009,346	1,009,346	–	–
Total Debt Securities	8,402,471	6,920,911	1,481,560	–
Equity Securities				
Common Stock	7,958,994	7,958,994	–	–
ETF Equity Funds	3,916,577	3,916,577	–	–
Total Equity Securities	11,875,571	11,875,571	–	–
Total Investments by Fair Value Level	$ 20,278,042	$ 18,796,482	$ 1,481,560	$ –

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, 2022 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 on December 31, 2021, the company's fiscal yearend. The College's ownership interest at that time was valued at $564,783. 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, 2022 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, 2022, 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	$ 28,821,126	$ 9,969,459	$ 18,851,667	$ –
U.S. Treasuries	38,746,126	17,927,178	20,818,948	–
U.S. Agencies	33,845,159	–	33,845,159	–
Mutual Bond Funds	98,485	–	–	98,485
Money Market Mutual Funds	55,128	55,128	–	–
Utah Public Treasurers' Investment Fund	78,399,560	78,399,560	–	–
Total Fair Value	$ 179,965,584	$ 106,351,325	$ 73,515,774	$ 98,485

As of June 30, 2022, 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
U.S.Treasuries	$ 1,481,560	$ 997,850	$ 483,710	$ –	$ –
ETF Bond Funds	5,911,565	–	706,753	5,204,812	–
Money Market Mutual Funds	1,009,346	1,009,346	–	–	–
Total Fair Value	$ 8,402,471	$ 2,007,196	$ 1,190,463	$ 5,204,812	$ –

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, 2022, the College's investments had the following quality ratings:

	Quality Ratings					
Investment Type	Fair Value	AA	A	BBB	Unrated	No Risk
Corporate Notes	$ 28,821,126	$ 2,716,273	$ 20,155,100	$ 5,949,753	$ –	$ –
U.S. Treasuries	38,746,126	–	–	–	–	38,746,126
U.S. Agencies	33,845,159	33,845,159	–	–	–	–
Mutual Bond Funds	98,485	–	–	–	98,485	–
Money Market Mutual Funds	55,128	–	–	–	55,128	–
Utah Public Treasurers' Investment Fund	78,399,560	–	–	–	78,399,560	–
Total Fair Value	$ 179,965,584	$ 36,561,432	$ 20,155,100	$ 5,949,753	$ 78,553,173	$ 38,746,126

At June 30, 2022, the Foundation's investments had the following quality ratings:

	Quality Ratings		
Investment Type	Fair Value	Unrated	No Risk
U.S. Treasuries	$ 1,481,560	$ –	$ 1,481,560
ETF Bond Funds	5,911,565	5,911,565	–
Money Market Mutual Funds	1,009,346	1,009,346	–
Total Fair Value	$ 8,402,471	$ 6,920,911	$ 1,481,560

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.

As of June 30, 2022, the College held more than 5% of total investments in securities of Federal Home Loan Bank and Federal Home Loan Mortgage Corporation. These investments represent 12% ($21,701,005) and 5.6% (10,185,437), respectively, of the College's total investments.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College and the Foundation do not have formal policies for custodial credit risk. As of June 30, 2022, the College had $28,821,126 in Corporate Notes, $38,746,126 in U.S. Treasuries, and $33,845,159 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, 2022 is summarized as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Capital Assets Not Being Depreciated:				
Land	$ 35,936,466	$ –	$ –	$ 35,936,466
Intangible Assets	22,500	–	–	22,500
Construction in Progress	6,950,612	16,414,032	(3,622,451)	19,742,193
Total Nondepreciable	42,909,578	16,414,032	(3,622,451)	55,701,159
Capital Assets Being Depreciated/Amortized:				
Buildings	339,141,270	4,183,145	(8,286,818)	335,037,597
Leased Buildings	9,908,821	–	(13,756)	9,895,065
Leasehold Improvements	1,864,665	864,217	–	2,728,882
Land Improvements	34,560,485	293,185	–	34,853,670
Equipment and Motor Vehicles	38,776,619	3,257,012	(3,658,626)	38,375,005
Library Collections	2,090,815	347,763	(319,818)	2,118,760
Total Depreciable	426,342,675	8,945,322	(12,279,018)	423,008,979
Total Capital Assets	469,252,253	25,359,354	(15,901,469)	478,710,138
Less Accumulated Depreciation/Amortization:				
Buildings	(129,834,303)	(7,819,847)	4,546,072	(133,108,078)
Leased Buildings	–	(903,347)	13,756	(889,591)
Leasehold Improvements	(1,864,665)	(172,037)	–	(2,036,702)
Land Improvements	(26,831,742)	(998,536)	–	(27,830,278)
Equipment and Motor Vehicles	(29,496,164)	(3,077,624)	3,367,263	(29,206,525)
Library Books and Software	(333,877)	(70,941)	111,321	(293,497)
Total Accumulated Depreciation	(188,360,751)	(13,042,332)	8,038,412	(193,364,671)
Total Capital Assets, Net of Depreciation	$ 280,891,502	$ 12,317,022	$ (7,863,057)	$ 285,345,468

On June 22, 2020, the Applied Technology Building (ATC) on the Redwood Campus was destroyed by fire and is currently being rebuilt. As of June 30, 2022, the College's insurance provider has agreed to cover some of the loses resulting from the fire. In fiscal year 2022 the College has recognized $4,937,171 in insurance recoveries as nonoperating revenue on the Statement of Revenues, Expenses, and Changes in Net Position.

5. NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Bonds Payable					
Revenue Bonds Payable	$ 8,665,000	$ –	$ (1,065,000)	$ 7,600,000	$ 1,115,000
Unamortized Bond Premium	682,982	–	(181,822)	501,160	153,969
Total Bonds Payable	9,347,982	–	(1,246,822)	8,101,160	1,268,969
Compensated Absences					
Compensated Absences - Vacation	6,778,371	6,162,061	(5,877,612)	7,062,820	5,026,112
Compensated Absences - Sick Leave	577,698	30,748	(31,891)	576,555	28,039
Total Compensated Absences	7,356,069	6,192,809	(5,909,503)	7,639,375	5,054,151
Other Noncurrent Liabilities					
Termination Benefits-Early Retirement	2,900,710	1,225,944	(1,296,515)	2,830,139	1,029,107
Notes from Direct Borrowings Payable to the State of Utah	236,579	–	(75,018)	161,561	75,018
Leases Payable	9,908,821	–	(703,440)	9,205,381	724,935
Net Pension Liability	38,775	135,106	(173,881)	–	–
Other Liabilities[1]	5,661	–	(5,661)	–	–
Total Other Noncurrent Liabilities	13,090,546	1,361,050	(2,254,515)	12,197,081	1,829,060
Total Long-Term Liabilities	$ 29,794,597	$ 7,553,859	$ (9,410,840)	$ 27,937,616	$ 8,152,180

[1] *Other Liabilties represent the reclassification of the Federal Capital Contribution from Restricted Net Position. This reclassification was part 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 principal 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, 2022:

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, 2022 are as follows:

Fiscal Year and Type	Principal	Interest	Total
Bonds Payable			
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	1,360,000	139,250	1,499,250
2028	1,425,000	71,250	1,496,250
Total Bonds Outstanding	7,600,000	1,384,250	8,984,250
Unamortized Bond Premium	501,160	–	501,160
Total Bonds Payable	$ 8,101,160	$ 1,384,250	$ 9,485,410
Notes from Direct Borrowings Payable to the State of Utah			
2023	$ 75,018	$ –	$ 75,018
2024	75,018	–	75,018
2025	11,525	–	11,525
Total Notes from Direct Borrowings Payable to the State of Utah	$ 161,561	$ –	$ 161,561

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, 2022 is $8,984,250. Payment requirements range from $1,495,000 to $1,499,250. See Note 6 for future payment amounts and call dates.

For fiscal year 2022, receipts and disbursements of pledged revenues were as follows:

	Building Fee Revenue Bond
Receipts*	
Student Building Fees	$ 1,894,327
Related Interest Income	81,520
Total Receipts	1,975,847
Disbursements	
Pledged Expenses	–
Excess of Pledged Receipts over Expenses	$ 1,975,847
Debt Service Principal and Interest Payments	$ 1,498,250
Debt Service Coverage Ratio	1.32

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

8. LEASES

Effective July 1, 2021, the College implemented GASB statement No. 87, *Leases*. As part of this implementation the College now recognizes leased assets and lease liabilities on the Statement of Net Position. This implementation has no effect on prior period net position.

The College has entered into several leases for the rental of various classroom and related facilities. The duration of these leases varies from five to ten years, with options to extend some of the lease terms. The College's lease liability measurement includes lease extensions that are reasonably certain to be exercised, with the longest lease extension terminating in fiscal year 2050.

Future commitments for leases payable as of June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
Leases Payable			
2023	$ 724,935	$ 265,261	$ 990,196
2024	623,619	245,115	868,734
2025	664,591	225,963	890,554
2026	704,950	205,492	910,442
2027	740,976	183,925	924,901
2028-2032	1,205,632	763,381	1,969,013
2033-2037	977,932	610,211	1,588,143
2038-2042	1,220,874	446,677	1,667,551
2043-2047	1,507,211	243,717	1,750,928
2048-2052	834,661	31,558	866,219
Total Leases Payable	$ 9,205,381	$ 3,221,300	$ 12,426,681

The College also leases real property to multiple entities, including exterior building space for cellular network equipment, land leases for construction staging, and classroom space for skills training. The duration of these leases varies from one to ten years, with options to extend some of the lease terms. The College's leases receivable includes lease extensions that are reasonably certain to be exercised, with the longest extension terminating in fiscal year 2043. Additionally, in fiscal year 2022 the College entered into a 99-year land lease agreement at the Meadowbrook campus. As part of this lease the tenant is allowed to demolish all or any portion of the existing improvements and construct new improvements to the property consisting of one or more buildings at the lessee's discretion. This lease terminates in fiscal year 2121, at which point the land and all improvements revert back to the College.

This lease is a related party transaction with a property development company and was negotiated at arm's length. The president of the company is a member of the College's Board of Trustees. As of June 30, 2022, $17,903,791 of the College's lease receivable and $369,713 of interest receivable are attributed to this agreement. In the current fiscal year, the College received $375,000 in lease payments from this company.

9. 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 systems.

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 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	19.40%

**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, 2022, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 3,153,360	N/A
Contributory System	37,815	$ –
Tier 2 Public Employees System	847,910	–
Total Contributions	$ 4,039,085	$ –

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, 2022, the College reported a net pension asset of $20,855,436 and a net pension liability of $0.

(Measurement Date): December 31, 2021					
System	Proportionate Share	Net Pension Asset	Net Pension Liability	Proportionate Share December 31, 2020	Change (Decrease)
Noncontributory System	7.6836284%	$ 18,885,596	$ –	7.6836284%	0.0000000%
Contributory System	6.6375133%	1,869,680	–	6.2421262%	0.3953871%
Tier 2 Public Employees System	0.2366513%	100,160	–	0.2695928%	(0.0329415%)
		$ 20,855,436	$ –		

The net pension asset and liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 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, 2022, the College recognized pension expense of $8,992,955 for the defined benefit plans.

At June 30, 2022, 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	$ 48,660	$ 4,646,655
Changes in assumptions	1,019,068	947
Net difference between projected and actual earnings on pension plan investments	–	21,045,083
Changes in proportion and differences between contributions and porportionate share of contributions	53,641	3,413
Contributions subsequent to the measurement date	2,048,625	–
Total	$ 3,169,994	$ 25,696,098

The College reported $2,048,625 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, 2021. 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	
2022	$	(8,809,297)
2023		(7,317,849)
2024		(5,159,776)
2025		(3,377,734)
2026		17,622
Thereafter	$	72,306

Actuarial assumptions: The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.25 - 9.25% average, including inflation
Investment Rate of Return	6.85% 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, 2021, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2020.

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%	6.58%	2.43%
Debt Securities	20%	(0.28%)	(0.06%)
Real Assets	15%	5.77%	0.87%
Private Equity	12%	9.85%	1.18%
Absolute Return	16%	2.91%	0.47%
Cash & Cash Equivalents	0%	(1.01%)	0.00%
Totals	100%		4.89%
		Inflation	2.50%
		Expected Arithmetic Nominal Return	7.39%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85%. 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 URS 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 does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

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 6.85%, 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 (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	$ 1,170,707	$ (18,885,596)	$ (35,659,010)
Contributory System	(893,524)	(1,869,680)	(2,707,961)
Tier 2 Public Employees System	596,773	(100,160)	(635,259)
Total	$ 873,956	$ (20,855,436)	$ (39,002,230)

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 $392,937 for the year ended June 30, 2022. Employee contributions to the 401(k) and 457 plans for the same year were $886,359.

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, 2022, 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, 2022, were $5,581,385. The College has no further liability once annual contributions are made. Employee contributions for the same year were $987,702. The Fidelity Investments plan started in 2009, and the College's contributions into Fidelity Investments for the year ended June 30, 2022, were $3,475,171. Employee contributions for the same year were $813,730.

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

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 Executive Director of Development and one current member of the College Board of Trustees.

During the year ended June 30, 2022, the Foundation transferred $3,107,646 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 4.0% 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, 2022.

Condensed Statement of Net Position

	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Assets			
Current Assets			
Cash and Cash Equivalents	$ 479,876	$ (166,029)	$ 313,847
Short-Term Investments	166,471	–	166,471
Prepaid Expenses	25,036	–	25,036
Total Current Assets	671,383	(166,029)	505,354
Total Assets	671,383	(166,029)	505,354
Liabilities			
Current Liabilities			
Accounts Payable	12,352	–	12,352
Unearned Revenue	51,366	–	51,366
Total Current Liabilities	63,718	–	63,718
Total Liabilities	63,718	–	63,718
Net Position			
Unrestricted	607,665	(166,029)	441,636
Total Net Position	$ 607,665	$ (166,029)	$ 441,636

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Operating Revenues			
Ticket Sales	$ 142,611	$ –	$ 142,611
Concessions	13,629	–	13,629
Rental of Facilities	43,206	–	43,206
Institutional Support from SLCC	166,029	(166,029)	–
Other Operating Revenue	12,149	–	12,149
Total Operating Revenues	377,624	(166,029)	211,595
Operating Expenses			
Salaries and Benefits	387,931	–	387,931
Other Operating Expenses	242,478	–	242,478
Total Operating Expenses	630,409	–	630,409
Operating Income (Loss)	(252,785)	(166,029)	(418,814)
Nonoperating Revenues (Expenses)			
Grants	86,875	–	86,875
Donations	32,895	–	32,895
Investment Income (Loss)	(23,677)	–	(23,677)
Total Nonoperating Revenues	96,093	–	96,093
Net Increase in Net Position	(156,692)	(166,029)	(322,721)
Net Position - Beginning of Year	764,357	–	764,357
Net Position - End of Year	$ 607,665	$ (166,029)	$ 441,636

Condensed Statement of Cash Flows

	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Net Cash Provided/(Used) By: Operating Activities	$ (98,415)	$ (166,029)	$ (264,444)
Net Decrease in Cash and Cash Equivalents	(98,415)	–	(264,444)
Cash and Cash Equivalents - Beginning of Year	578,291	–	578,291
Cash and Cash Equivalents - End of Year	$ 479,876	$ (166,029)	$ 313,847

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 are 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, 2022 is as follows:

	June 30, 2021	June 30, 2022
Estimated Claims Liability at Beginning of Year	$ 3,009,197	$ 3,262,776
Current Year Claims	20,660,963	18,012,925
Claim Payments, Including Related Legal and Administrative Expenses	(20,407,384)	(18,917,342)
Estimated Claims Liability at End of Year	$ 3,262,776	$ 2,358,359

The College has recorded the program assets and estimated liabilities of the health and dental care program at June 30, 2022 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 $5.0 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, 2022, the College has $24,842,988 in construction commitments to DFCM. These commitments are related to the construction of the Herriman Campus building, reconstruction of the Applied Technology Building, and renovation of the Redwood Campus Student Center.

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

Noncontributory System

	2022	2021	2020
Contractually Required Contribution	$ 3,153,360	$ 3,401,446	$ 3,219,269
Contributions in Relation to the Contractually Required contribution	(3,153,360)	(3,401,446)	(3,219,269)
Contribution Deficiency (excess)	$ –	$ –	$ –
Covered Payroll	**$ 14,918,618**	**$ 16,141,645**	**$ 15,342,646**
Contributions as a Percentage of Covered Payroll	21.14%	21.07%	20.98%

Contributory System

	2022	2022	2020
Contractually Required Contribution	$ 37,815	$ 48,741	$ 48,025
Contributions in Relation to the Contractually Required contribution	(37,815)	(48,741)	(48,025)
Contribution Deficiency (excess)	$ -	$ -	$ -
Covered Payroll	**$ 213,645**	**$ 275,370**	**$ 271,326**
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%

Tier 2 Public Employees System*

	2022	2021	2020
Contractually Required Contribution	$ 847,910	$ 836,700	$ 795,795
Contributions in Relation to the Contractually Required contribution	(847,910)	(836,700)	(795,795)
Contribution Deficiency (excess)	$ -	$ -	$ -
Covered Payroll	**$ 4,370,673**	**$ 4,373,749**	**$ 4,190,592**
Contributions as a Percentage of Covered Payroll	19.40%	19.13%	18.99%

* *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.*

2019	2018	2017	2016	2015	2014	2013
$ 3,501,046	$ 3,034,985	$ 3,283,873	$ 3,271,447	$ 3,628,042	$ 3,070,864	$ 2,768,316
(3,501,046)	(3,034,985)	(3,283,873)	(3,271,447)	(3,628,042)	(3,070,864)	(2,768,316)
$ –	$ –	$ –	$ –	$ –	$ –	$ –
$ 16,582,538	**$ 14,602,338**	**$ 15,646,322**	**$ 15,041,712**	**$ 14,805,445**	**$ 14,157,101**	**$ 14,393,952**
21.11%	20.78%	20.99%	21.75%	24.50%	21.69%	19.23%

2019	2018	2017	2016	2015	2014	2013
$ 50,211	$ 44,647	$ 55,071	$ 74,567	$ 96,681	$ 298,284	$ 224,039
(50,211)	(44,647)	(55,071)	(74,567)	(96,681)	(298,284)	(224,039)
$ –	$ –	$ –	$ –	$ –	$ –	$ –
$ 283,681	**$ 252,246**	**$ 312,153**	**$ 421,281**	**$ 407,938**	**$ 2,846,740**	**$ 2,034,632**
17.70%	17.70%	17.64%	17.70%	23.70%	10.48%	11.01%

2019	2018	2017	2016	2015	2014[1]	2013[1]
$ 912,380	$ 797,785	$ 913,065	$ 842,721	$ 273,518	N/A	N/A
(912,380)	(797,785)	(913,065)	(842,721)	(273,518)		
$ –	$ –	$ –	$	$ –		
$ 4,835,075	**$ 4,328,416**	**$ 5,023,311**	**$ 4,618,804**	**$ 3,283,537**		
18.87%	18.43%	18.18%	18.25%	8.33%		

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability

Noncontributory System

	12/31/2021	12/31/2020
Proportion of Net Pension Liability (Asset)	7.6836284%	7.6836284%
Proportionate Share of Net Pension Liability (Asset)	$ (18,885,596)	$ (7,578,259)
Covered Payroll	$ 15,715,154	$ 15,682,927
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-120.17%	-48.32%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	111.80%	104.70%

Contributory System

	12/31/2021	12/31/2020
Proportion of Net Pension Liability (Asset)	6.6375133%	6.2421262%
Proportionate Share of Net Pension Liability (Asset)	$ (1,869,680)	$ (1,326,010)
Covered Payroll	$ 240,578	$ 277,544
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-777.16%	-477.77%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	117.60%	113.10%

Tier 2 Public Employees System

	12/31/2021	12/31/2020
Proportion of Net Pension Liability (Asset)	0.2366513%	0.2695928%
Proportionate Share of Net Pension Liability (Asset)	$ (100,160)	$ 38,775
Covered Payroll	$ 4,395,401	$ 4,310,500
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-2.28%	0.90%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.80%	98.30%

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.

Changes in assumptions: The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the URS Board. In aggregate, this assumption changes resulted in a $509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 21, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
7.8013012%	0.5684594%	0.5590681%	0.6183121%	0.5834378%	0.537856%
$ 9,151,161	$ 21,149,629	$ 13,671,240	$ 20,038,982	$ 18,327,452	$ 13,513,786
$ 16,210,093	$ 15,468,360	$ 14,844,656	$ 15,823,387	$ 14,943,492	$ 14,172,883
56.45%	136.73%	92.10%	126.64%	122.65%	95.35%
94.20%	84.10%	89.20%	84.90%	84.50%	87.20%

12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
5.3601065%	1.3818834%	1.1294832%	1.4463568%	1.3301447%	1.1260354%
$ (302,220)	$ 981,143	$ 74,325	$ 792,542	$ 833,538	$ 123,468
$ 278,544	$ 268,188	$ 256,990	$ 387,721	$ 421,359	$ 406,196
-108.50%	365.84%	28.92%	204.41%	197.82%	30.40%
103.60%	91.40%	99.20%	93.40%	92.40%	98.70%

12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
0.3279328%	0.3822929%	0.4680321%	0.6300908%	0.6038448%	0.55499%
$ 73,755	$ 163,728	$ 41,265	$ 70,286	$ (1,318)	$ (16,819)
$ –	$ 4,462,947	$ 4,586,022	$ 5,167,224	$ 3,901,137	$ 2,722,591
0.00%	3.67%	0.90%	1.36%	-0.03%	-0.62%
96.50%	90.80%	97.40%	95.10%	100.20%	103.50%

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
Dr. 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 (the College) as of and for the year ended June 30, 2022, 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, 2022. Our report includes a reference to other auditors who audited the financial statements of Salt Lake Community College Foundation (the Foundation), as described in our report on the College's financial statements. The Foundation's financial statements 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.

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

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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 or significant deficiencies may exist that were not identified.

Report on 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
Salt Lake City, Utah

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THIS REPORT IS PREPARED BY THE OFFICE OF
CHRIS A. MARTIN, VP FOR FINANCE AND ADMINISTRATION, CFO

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Salt Lake Community College