

2024

Annual Financial Report

TECHNICAL ARTS BUILDING



A Component Unit of
the State of Utah

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SALT LAKE COMMUNITY COLLEGE

A Component Unit of the State of Utah

Annual Financial Report 2023-24



ACADEMIC & ADMINISTRATION BUILDING

PRESIDENT'S MESSAGE



Dear SLCC Stakeholders and Utah Taxpayers,

As the new president at Salt Lake Community College, I'm pleased to present the institution's 2023-2024 Annual Financial Report. SLCC's goal is to empower students through education, enabling them to quickly launch rewarding careers or pursue additional education. On behalf of the College, I want to express our deepest appreciation for your support and partnership in this cause.

Since our founding in 1948, SLCC has been a prudent steward of taxpayer funds, and this past fiscal year has been no exception as SLCC maintained its budget while offering one of the lowest tuition rates for any higher education institution in the state. Our more than 50,000 students, most of whom pursued associate's degrees or certificates, could choose from 190 programs of study.

SLCC's excellent faculty and staff also worked to ensure our students had access to essential support services including financial aid, health care, mental health counseling, childcare, and food pantry services, among others. This effort helped fulfill the needs for our most underserved students, allowing them to persist while attending SLCC.

Again, thanks for another year of support and partnership. Because of you, SLCC is a place where students can find success and pursue prosperity for themselves and their families. We look forward to continuing this work and ensure that SLCC will always be a place for Utahns to pursue a bright future.

Warm regards,

A handwritten signature in blue ink, appearing to read 'G. Peterson', with a horizontal line extending to the right.

Gregory F. Peterson, EdD
President
Salt Lake Community College





OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

To the Board of Trustees, Audit Committee
and

Dr. Gregory F. Peterson, 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 (College) and its discretely presented component unit foundation, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the College and its discretely presented component unit foundation as of June 30, 2024, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Salt Lake Community College Foundation (Foundation), a discretely presented component unit, as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

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 opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

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 twelve 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 the Proportionate Share of the Net Pension Liability, and the Schedule of 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 the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 comprises 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 24, 2024 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 24, 2024



MANAGEMENT'S DISCUSSION AND ANALYSIS





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, 2024, 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. In addition, separately condensed financial statements for the Theatre are presented in Footnote 10 to the accompanying financial statements. The Salt Lake Community College Foundation (the Foundation) is reported discretely in a separate column and issues separately audited financial statements. A complete Foundation audit report can be obtained from the Salt Lake Community College Development Office at 801-957-4247. Because it is reported separately, the Foundation's balances and activities are not included in 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, 2024, 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 can 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 or leased 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 the College's unrestricted net position resources have been designated for various academic, construction, and technology initiatives.

Condensed Statement of Net Position

	June 30, 2024	June 30, 2023	Change	% Change
Assets				
Current Assets	\$ 73,263,688	\$ 96,760,487	\$ (23,496,799)	(24.3)%
Noncurrent Assets	135,031,817	117,518,002	17,513,815	14.9 %
Capital Assets, Net	355,619,461	310,873,849	44,745,612	14.4 %
Total Assets	563,914,966	525,152,338	38,762,628	7.4 %
Deferred Outflows of Resources:				
Deferred Outflows of Resources	6,317,367	5,991,131	326,236	5.4 %
Total Deferred Outflows of Resources	6,317,367	5,991,131	326,236	5.4 %
Liabilities				
Current Liabilities	38,814,226	43,175,288	(4,361,062)	(10.1)%
Noncurrent Liabilities	16,758,909	21,714,026	(4,955,117)	(22.8)%
Total Liabilities	55,573,135	64,889,314	(9,316,179)	(14.4)%
Deferred Inflows of Resources:				
Deferred Inflows of Resources	19,912,402	20,234,004	(321,602)	(1.6)%
Total Deferred Inflows of Resources	19,912,402	20,234,004	(321,602)	(1.6)%
Net Position				
Net Investment in Capital Assets	340,473,984	291,450,772	49,023,212	16.8 %
Restricted - Nonexpendable	860,733	850,420	10,313	1.2 %
Restricted - Expendable	6,890,817	9,411,488	(2,520,671)	(26.8)%
Unrestricted	146,521,262	144,307,471	2,213,791	1.5 %
Total Net Position	\$ 494,746,796	\$ 446,020,151	\$ 48,726,645	10.9 %

In fiscal year 2024, current assets decreased by \$23.5 million. This decrease is primarily attributed to various capital expenditures. During the fiscal year, the College paid \$20.5 million for capital assets. The College also had a \$15.9 million shift from cash and cash equivalents and short-term investments to noncurrent long-term investments. The continued 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). These decreases were partially offset by a \$3.0 million increase in inventory. Additionally, the College added \$44.7 million to net capital assets for the completion of its Juniper and Technical Arts buildings. These changes are attributed to the increase in total assets of \$38.8 million or 7.4%.

The College experienced an overall reduction in current liabilities of \$4.4 million, primarily due to a \$3.2 million decrease in payroll-related accruals. This change is attributed to the early retirement incentive offered at the end of the previous fiscal year, which was not repeated this year. Additionally, there was a \$1.2 million decrease in the accrual for the self-insurance liability. Also, there was a \$4.5 million reduction in accruals for amounts owed to the State of Utah Division of Facilities Construction and Management (DFCM). Unearned revenue increased by \$3.0 million, driven by higher tuition and fees from increased Fall 2024 enrollment, and \$1.6 million in unused grant and contract funds that will be carried forward to FY25. Noncurrent liabilities decreased \$5.0 million due to reductions of \$1.3 million in bonds payable and \$2.5 million in leases payable. The decrease in leases payable was primarily due to the College exercising the early termination of the Library Square lease. These changes attributed to the decrease in total liabilities by \$9.3 million, or 14.4%.

At the end of the year, the College's current assets of \$73.3 million were sufficient to cover current liabilities of \$38.8 million. Also, at the end of fiscal year 2024, the College's total assets of \$563.9 million were sufficient to cover total liabilities of \$55.6 million. Changes to deferred outflows and inflows of resources are a result of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 87, *Leases*. See Note 7 and Note 8 for additional information regarding changes

to these line items. Over time, increases or decreases in total net position are 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 2024, the College experienced an overall increase in its total net position of \$48.7 million or 10.9% due to the factors described above.



Statement of Revenues, Expenses and Changes in Net Position

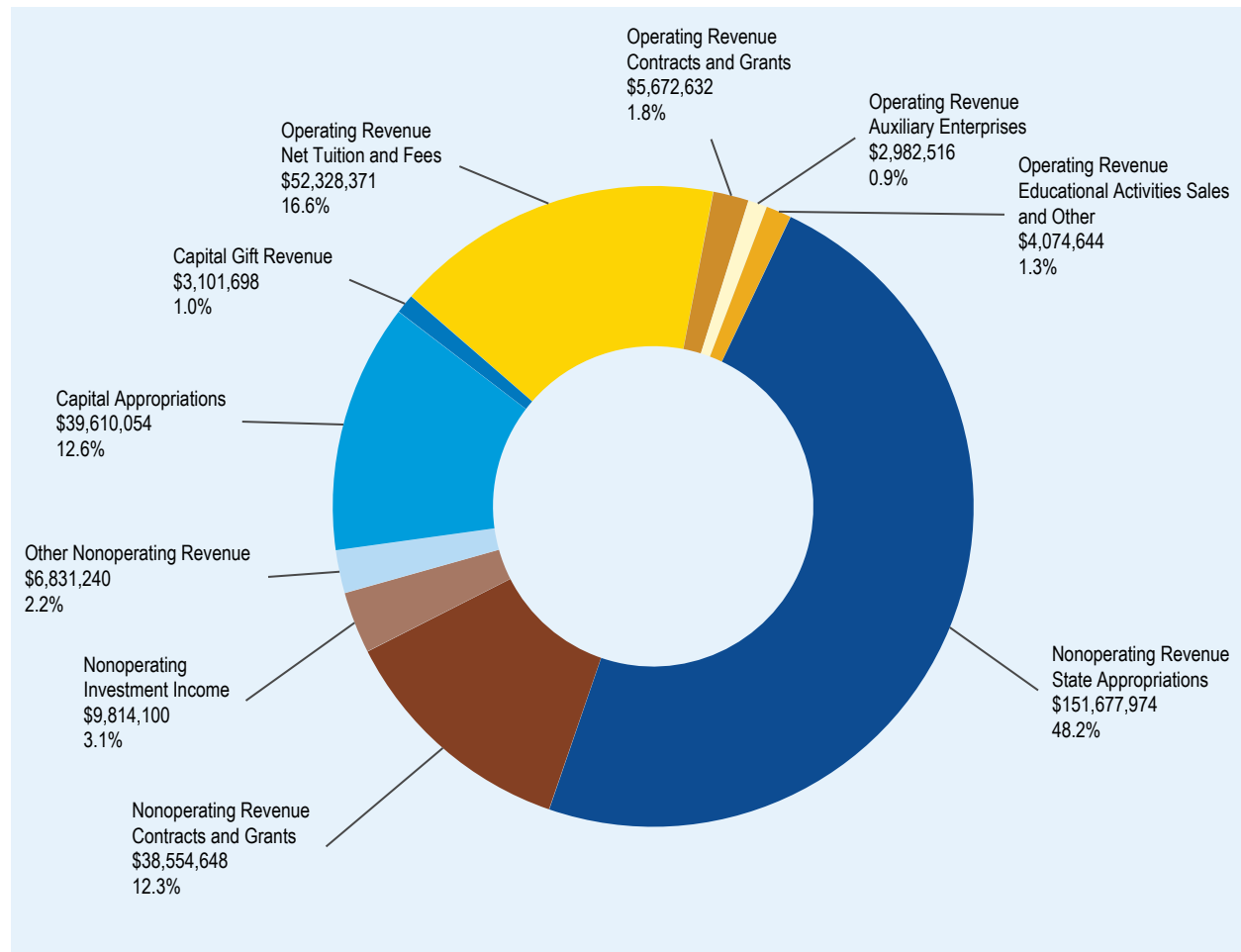
The Statement of Revenues, Expenses and Changes in Net Position provides information regarding the College's operating and nonoperating revenues and expenses, and capital revenue recognized during the year. In general, operating revenues are produced when goods or services are delivered to students, 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, 2024	Year Ended June 30, 2023	Change	% Change
Operating Revenues				
Tuition and Fees, Net	\$ 52,328,371	\$ 50,685,993	\$ 1,642,378	3.2 %
Contracts and Grants	5,672,632	9,078,831	(3,406,199)	(37.5)%
Auxiliary Enterprises	2,982,516	2,449,223	533,293	21.8 %
Other Operating Revenues	4,074,644	3,725,302	349,342	9.4 %
Total Operating Revenues	65,058,163	65,939,349	(881,186)	(1.3)%
Operating Expenses				
Salaries, Wages, and Benefits	166,122,999	162,863,337	3,259,662	2.0 %
Scholarships	24,265,292	18,469,921	5,795,371	31.4 %
Depreciation and Amortization	17,495,259	15,175,851	2,319,408	15.3 %
Other Operating Expenses	55,749,531	52,766,143	2,983,388	5.7 %
Total Operating Expenses	263,633,081	249,275,252	14,357,829	5.8 %
Operating Loss	(198,574,918)	(183,335,903)	(15,239,015)	(8.3)%
Nonoperating Revenues (Expenses)				
State Appropriations	151,677,974	138,954,743	12,723,231	9.2 %
Contracts and Grants	38,554,648	37,432,200	1,122,448	3.0 %
Investment Income	9,814,100	4,708,978	5,105,122	108.4 %
Other Nonoperating Revenues	6,831,240	13,644,998	(6,813,758)	(49.9)%
Other Nonoperating Expenses	(2,288,151)	(1,140,904)	(1,147,247)	100.6 %
Net Nonoperating Revenues	204,589,811	193,600,015	10,989,796	5.7 %
Income Before Other Revenues	6,014,893	10,264,112	(4,249,219)	(41.4)%
Capital Appropriations, Grants, and Gifts	42,711,752	1,632,765	41,078,987	2,515.9 %
Total Other Revenues	42,711,752	1,632,765	41,078,987	2,515.9 %
Increase in Net Position	48,726,645	11,896,877	36,829,768	309.6 %
Net Position - Beginning of Year	446,020,151	434,123,274	11,896,877	2.7 %
Net Position - End of Year	\$ 494,746,796	\$ 446,020,151	\$ 48,726,645	10.9 %

Revenue for Year Ended June 30, 2024
\$314,647,877

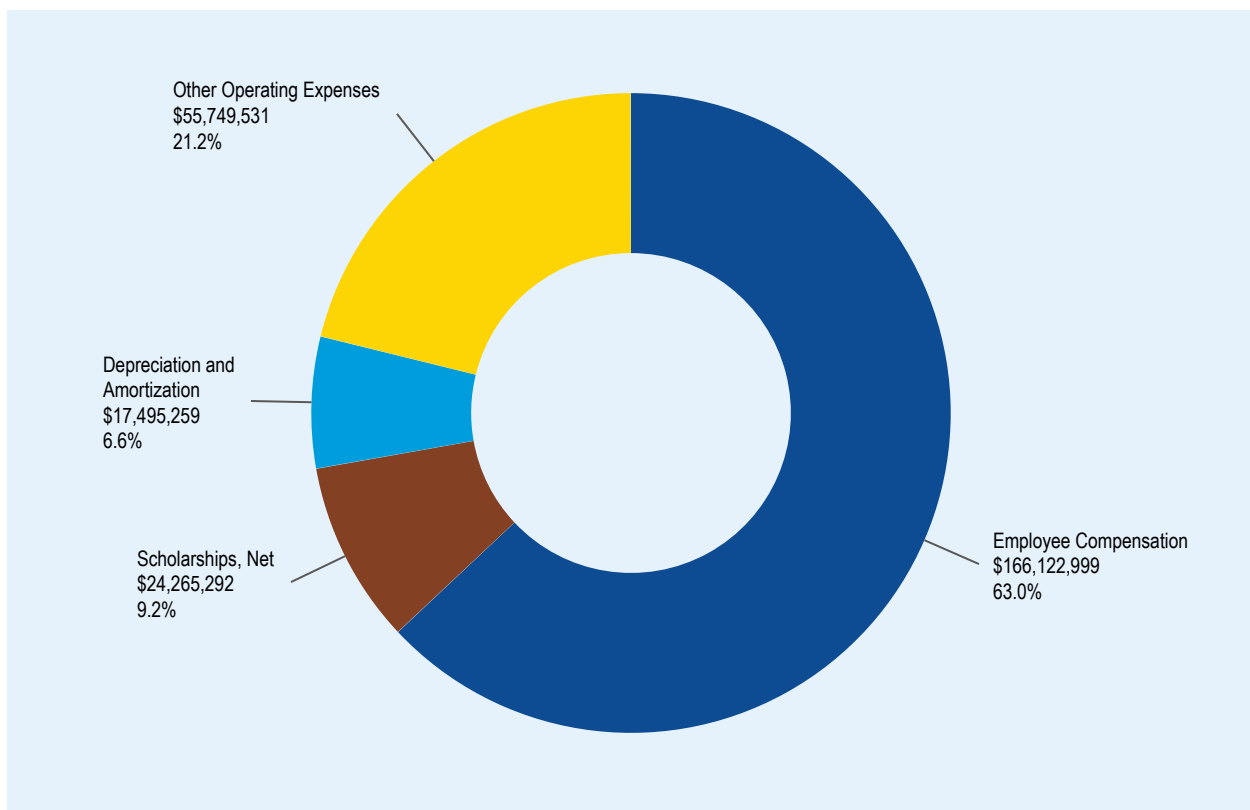


The most significant source of operating revenue for the College is student tuition and fees, which increased from the prior year by \$1.6 million. This is a factor of increased enrollment of 3% for the 2023-2024 school year. Operating grants and contracts decreased by \$3.4 million due to decreased federal, state, and local grant awards related to various programs. Auxiliary enterprise revenues increased by \$0.5 million because of an increase in student enrollment, campus activities, and personnel returning to campus. Overall operating revenues decreased by \$0.9 million or 1.3% due to the above factors.

Conversely, the College's net nonoperating revenues rose by \$11.0 million or 5.7%. This increase is mainly due to a \$12.7 million rise in State appropriations, and a \$5.1 million increase in investment income driven by favorable market conditions. However, these gains were partially offset by a \$6.8 million decrease in other nonoperating revenue, primarily driven by a reduction in capital construction funding and lower collections of indirect costs from the Higher Education Emergency Relief Funds (HEERF). Additionally, gift revenue increased by \$1.7 million.



Operating Expenses for Year Ended June 30, 2024 \$263,633,081



The College's overall operating expenses increased by \$14.4 million or 5.8%. This increase was driven by a \$3.3 million rise in salary, wage, and benefit expenses due to employee raises. Additionally, student scholarships from various sources increased by \$5.8 million. The College also saw a \$3.0 million increase in other operating expenses, primarily due to inflationary factors that elevated non-capital and general operation spending.



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, 2024	Year Ended June 30, 2023	Change	% Change
Cash Provided (Used) by				
Operating Activities	\$ (190,924,228)	\$ (161,193,098)	\$ (29,731,130)	18.4 %
Noncapital Financing Activities	191,045,403	182,455,248	8,590,155	4.7 %
Capital and Related Financing Activities	(23,089,392)	(34,387,981)	11,298,589	(32.9)%
Investing Activities	(9,984,474)	(25,561,344)	15,576,870	60.9 %
Net Change in Cash	(32,952,691)	(38,687,175)	5,734,484	(14.8)%
Cash, Beginning of Year	45,089,899	83,777,074	(38,687,175)	(46.2)%
Cash, End of Year	<u>\$ 12,137,208</u>	<u>\$ 45,089,899</u>	<u>\$ (32,952,691)</u>	<u>(73.1)%</u>

Capital Asset and Debt Activities

In fiscal year 2024, the college successfully completed construction on two significant buildings. The first, the Juniper Building at the Herriman campus, is a collaborative effort with the University of Utah. This facility will enhance access to higher education for residents in the rapidly growing southwest area of Salt Lake County. Students can complete their associate degrees at Salt Lake Community College and seamlessly transition to the University of Utah for their undergraduate studies. The total cost of this project was \$56.0 million, funded by the College, the University of Utah, and the State of Utah.

The second building, the Technical Arts Building, replaces the Applied Technology Building that was destroyed by fire in 2020. This new facility offers state-of-the-art learning environments for our HVAC and Welding programs, among others. The project cost \$20.1 million, financed by the State of Utah, the College, and insurance proceeds from the fire.

Additionally, the college completed several smaller projects, including a newly remodeled space for the surgical tech program at the Jordan campus, new turf for the Redwood campus softball field, and a new storage building at the Westpointe campus. These projects were all funded by the College.

Construction also continued on several major projects. The Redwood campus student center remodel aims to upgrade infrastructure and bring it into compliance with current codes, ensuring a safe and modern environment for students. Improvements at Cate Field at the Jordan campus will enhance athletic facilities, providing better amenities for both athletes and spectators. The Alder Plaza was completely redesigned and is now an outdoor gathering space, revitalizing the area for various events and activities. Additionally, the virtual production studio at the South City campus will offer cutting-edge technology for students in media and film programs. All these projects are funded by the College, demonstrating our commitment to providing top-tier facilities and resources for our students and community.



Future Economic Outlook

While the Utah economy continues to be a national leader with record low unemployment, the College has continued efforts to increase enrollment through attracting new students to the college and retaining more students year to year. For fiscal year 2025, the college met our performance funding metric for high-yield graduates, receiving additional ongoing funding of \$471,300 for SLCC and \$68,200 for SLTC.

In July 2024, the college welcomed our ninth president, Dr. Gregory F. Peterson. Dr. Peterson has begun his tenure working with the Board of Trustees to establish an aggressive vision directed at impacting the future of SLCC around three key strategic objectives:

- Engage: Enroll and retain more Salt Lake County residents.
- Complete: Increase timely certificate and degree completion leading to transfer and meaningful employment.
- Thrive: Increase job obtainment and starting wage for SLCC graduates.

These three key objectives will allow the college time to jump-start a renewed focus on the key priority areas related to relevance, time, cost, and completion and lay the groundwork for the development of a new strategic plan. The college believes these efforts will positively impact enrollment and education, providing increased tuition and fee revenue.

While the college continues to receive stable and generous support from the Legislature, the college is closely watching the vote for Constitutional Amendment A in November 2024, which would allow income tax funds to be used for all state needs, while prioritizing public education funding for changes in enrollment and inflation. This constitutional amendment, if passed, makes a significant change to the existing funding of public education, expanding the use of income tax funds which could have impacts to higher education funding in the long-term.





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BASIC FINANCIAL STATEMENTS



Statement of Net Position

As of June 30, 2024

	Primary Institution	Component Unit College Foundation
Assets		
Current Assets		
Cash and Cash Equivalents (Notes 1, 2)	\$ 9,670,203	\$ 7,932,734
Short-Term Investments (Notes 1, 2)	44,450,627	23,667,481
Accounts Receivable, Net of \$2,944,375 Allowance (Note 1)	10,220,233	—
Accounts Receivable from State of Utah	3,435,805	—
Leases Receivable - Current Portion (Notes 1, 7)	111,760	—
Pledges Receivable - Current Portion	—	1,165,872
Inventories (Note 1)	3,699,878	—
Prepaid Expenses (Note 1)	1,675,182	—
Cash Value of Life Insurance	—	57,866
Total Current Assets	<u>73,263,688</u>	<u>32,823,953</u>
Noncurrent Assets		
Restricted Cash and Cash Equivalents (Notes 1, 2)	2,467,005	—
Investments (Notes 1, 2)	106,823,122	8,574,190
Leases Receivable	19,780,654	—
Pledges Receivable	—	67,937
Capital Assets, Net of \$220,525,830 Accumulated Depreciation and Amortization	355,619,461	—
Net Pension Asset (Note 8)	5,961,036	—
Total Noncurrent Assets	<u>490,651,278</u>	<u>8,642,127</u>
Total Assets	<u>563,914,966</u>	<u>41,466,080</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	6,317,367	—
Total Deferred Outflows of Resources	<u>6,317,367</u>	<u>—</u>
Liabilities		
Current Liabilities		
Accounts Payable	4,695,350	917,281
Payable to State of Utah	1,535,720	—
Accrued Payroll Payable	9,651,465	—
Unearned Revenue (Note 1)	11,444,371	112,000
Accrued Interest Payable	88,500	—
Funds Held for Others	88,735	—
Notes Payable to State of Utah - Current Portion (Notes 4, 5)	11,525	—
Bonds Payable - Current Portion (Notes 4, 5)	1,326,351	—
Leases and Software Subscriptions Payable - Current Portion (Notes 1, 7)	1,929,166	—
Compensated Absences - Current Portion (Notes 1, 4)	6,529,167	—
Termination Benefits - Current Portion (Notes 1, 4)	1,513,876	—
Total Current Liabilities	<u>38,814,226</u>	<u>1,029,281</u>
Noncurrent Liabilities		
Bonds Payable	4,205,458	—
Leases and Software Subscriptions Payable	7,672,977	—
Compensated Absences	1,744,125	—
Termination Benefits	2,757,374	—
Net Pension Liability (Note 8)	378,975	—
Total Noncurrent Liabilities	<u>16,758,909</u>	<u>—</u>
Total Liabilities	<u>55,573,135</u>	<u>1,029,281</u>
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	19,987	—
Deferred Inflows Related to Leases	19,892,415	—
Total Deferred Inflows of Resources	<u>19,912,402</u>	<u>—</u>
Net Position		
Net Investment in Capital Assets (Note 1)	340,473,984	—
Restricted for:		
Nonexpendable Items (Note 1)		11,582,635
Scholarship Endowments	260,733	—
Miller Campus Endowments	600,000	—
Expendable Items (Note 1)		24,317,571
Debt Service Reserves	1,606,272	—
Instructional Department Use	148,235	—
Herriman Campus Infrastructure	1,124,123	—
Other	4,012,187	—
Unrestricted (Note 1)	146,521,262	4,536,593
Total Net Position	<u>\$ 494,746,796</u>	<u>\$ 40,436,799</u>

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

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2024

	<u>Primary Institution</u>	<u>Component Unit College Foundation</u>
Operating Revenues		
Student Tuition and Fees, Net of Scholarship Allowances of \$27,611,304 and Changes in the Allowance for Doubtful Accounts of \$1,191,761	\$ 52,328,371	\$ —
Interest on Student Accounts Receivable	380,989	—
Contracts and Grants	5,672,632	—
Sales and Services of Educational Activities	779,710	—
Auxiliary Enterprises	2,982,516	—
Gifts	—	6,575,957
Other Operating Revenue	2,913,945	—
Total Operating Revenues	<u>65,058,163</u>	<u>6,575,957</u>
Operating Expenses		
Salaries and Wages	128,609,083	—
Employee Benefits	39,199,498	—
Actuarial Calculated Pension Expense	(1,685,582)	—
Scholarships and Awards	24,265,292	—
Donations to College	—	6,780,505
Depreciation and Amortization	17,495,259	—
Other Operating Expenses	55,749,531	1,126,660
Total Operating Expenses	<u>263,633,081</u>	<u>7,907,165</u>
Operating Income/(Loss)	<u>(198,574,918)</u>	<u>(1,331,208)</u>
Nonoperating Revenues (Expenses)		
State Appropriations	151,677,974	—
Contracts and Grants	38,554,648	—
Gifts	5,105,844	—
Investment Income	9,814,100	3,199,750
Lease Income	125,552	—
Interest on Capital Asset-Related Debt	(179,284)	—
Interest Income Related to Leases	710,212	—
Other Nonoperating Revenues	889,632	—
Other Nonoperating Expenses	(2,108,867)	—
Total Nonoperating Revenues	<u>204,589,811</u>	<u>3,199,750</u>
Income (Loss) Before Other Revenues	<u>6,014,893</u>	<u>1,868,542</u>
Other Revenues		
Capital Appropriations	39,610,054	—
Capital Grants and Gifts	3,101,698	—
Additions to Permanent Endowments	—	2,151,827
Total Other Revenue	<u>42,711,752</u>	<u>2,151,827</u>
Net Increase/(Decrease) in Net Position	<u>48,726,645</u>	<u>4,020,369</u>
Net Position - Beginning of Year	<u>446,020,151</u>	<u>36,416,430</u>
Net Position at End of Year	<u>\$ 494,746,796</u>	<u>\$ 40,436,799</u>

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

Statement of Cash Flows



For the Year Ended June 30, 2024

	<u>Primary Institution</u>
Cash Flows from Operating Activities	
Receipts from Tuition and Fees	\$ 53,078,868
Receipts from Grants and Contracts	8,005,071
Receipts from Auxiliary Enterprise Charges	2,917,978
Receipts from Sales and Services of Educational Activities	779,710
Receipts from Lease/Rental	840,148
Interest Received on Loans to Students	379,402
Payments to Employees for Salaries and Benefits	(177,574,623)
Payments to Suppliers	(57,026,368)
Payments for Scholarships	(24,363,584)
Other Operating Receipts	2,039,170
Net Cash Used by Operating Activities	<u>(190,924,228)</u>
Cash Flows from Noncapital Financing Activities	
Receipts from State Appropriations	146,766,532
Receipts from Grants and Contracts for Other Than Operating Purposes	38,554,648
Receipts from Gifts for Other Than Capital Purposes	5,188,517
Payments on Debt	(75,018)
Agency Payments	(25,406)
Other Nonoperating Receipts	636,130
Net Cash Provided by Noncapital Financing Activities	<u>191,045,403</u>
Cash Flows from Capital and Related Financing Activities	
Cash Paid for Capital Assets	(20,466,069)
Proceeds from Disposal of Capital Assets	423,677
Payment of Capital Debt and Leases	(3,285,025)
Interest Paid on Capital Debt	(324,250)
Other Receipts	562,275
Net Cash Used by Capital and Related Financing Activities	<u>(23,089,392)</u>
Cash Flows from Investing Activities	
Purchases of Investments	(70,221,175)
Proceeds from Sales of Investments	53,966,000
Receipt of Interest and Dividends on Investments	6,270,701
Net Cash Used by Investing Activities	<u>(9,984,474)</u>
Net Decrease in Cash and Cash Equivalents	(32,952,691)
Cash and Cash Equivalents, Beginning of Year	45,089,899
Cash and Cash Equivalents, End of Year	<u>\$ 12,137,208</u>

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

STATEMENT OF CASH FLOWS (CONTINUED)



For the Year Ended June 30, 2024

	<u>Primary Institution</u>
Reconciliation of Operating Loss to Net Cash Used By Operating Activities	
Operating Loss	\$ (198,574,918)
Difference Between Actuarial Calculated Pension Expense vs Actual Pension Expense	(6,135,993)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation and Amortization Expense	17,495,259
Donations of Supplies Received	75,548
Non Capital DFCM Expenditures Received	5,807,776
Income from Fines	(155,660)
Changes in Assets and Liabilities	
Accounts Receivable	504,593
Inventories	(3,043,363)
Prepaid Expenses	1,067,343
Accounts Payable and Accrued Expenses	(9,473,424)
Unearned Revenue	2,718,131
Compensated Absences	768,926
Termination Benefits	(1,978,446)
Net Cash Used by Operating Activities	<u>\$ (190,924,228)</u>
Noncash Investing, Noncapital Financing, and Capital Related Financing Transactions	
Change in Fair Value of Investments Recognized as Investment Gain	\$ 2,530,847
Disposal of Fixed Assets	231,027
Capital Gifts	3,101,698
Capital Appropriations	39,610,054
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 45,473,626</u>

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

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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 which are audited by independent auditors. These statements follow the Financial Accounting Standards Board (FASB) guidelines. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the component unit's financial information included in the College's financial report. See Note 9 for additional disclosures related to the Foundation. A copy of the Foundation's independent audit report may be obtained from the College's Development Office at 801-957-4247.

The Grand Theatre Foundation (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 10 for Condensed Statement of Net Position, Condensed Statement of Revenues, Expenses, and Changes in Net Position, and Condensed Statement of Cash Flows for the Grand Theatre.

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, 2024, cash and cash equivalents consisted of:

	College	Foundation
Cash	\$ (1,906,177)	\$ 919,567
Money Market Account	155,039	1,131,129
Sweep Account	3,791,565	1,211,498
Money Market Mutual Funds	66,305	4,670,540
Utah Public Treasurers' Investment Fund	10,030,476	—
Total Cash and Cash Equivalents	<u>\$ 12,137,208</u>	<u>\$ 7,932,734</u>

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 one of its component units are reported separately on the Statement of Net Position.

The following schedule presents receivables at June 30, 2024, net of estimated uncollectible amounts:

	Receivables From State of Utah	Receivables From Other
Tuition, Fees and Other	\$ 25,026	\$ 9,206,224
Due from DFCM	1,927,967	—
Grants and Contracts	1,482,812	65,993
Auxiliaries	—	98,184
Interest	—	2,855,032
From SLCC Foundation	—	939,175
Total Accounts Receivable	<u>3,435,805</u>	<u>13,164,608</u>
Less Allowance for Doubtful Accounts	—	(2,944,375)
Net Accounts Receivable	<u>\$ 3,435,805</u>	<u>\$ 10,220,233</u>

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	\$	3,674,192
Other Inventory		25,686
	\$	<u>3,699,878</u>

Prepaid Expenses

Prepaid expenses at year end consist mostly of software subscriptions with a term of less than 12 months. These costs account for \$1,630,359 of the \$1,675,182 total at June 30, 2024.

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. Art and special collections held by the College are capitalized and not depreciated. Leased assets and software-based information technology arrangements (SBITA) are recorded at the present value of payments expected to be made during the lease term.

Lease Liabilities

Lease liabilities are 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.

Restricted Cash and Cash Equivalents

Externally restricted nonexpendable endowment funds of \$860,733, and \$1,606,272 of debt service reserves are classified as noncurrent assets in the Statement of Net Position.

The College uses a discount rate between 2.73% and 3.04%, which is based on the College's incremental borrowing rate at the time of the lease or SBITA inception.

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 and subscription-based information technology arrangements are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Subscription-Based Information Technology Arrangements

SBITA liabilities are recorded at the present value of payments expected to be made during the agreement 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, 2024:

Salaries and Benefits Payable	\$	9,651,465
Supplies and Services Payable		4,654,359
Student Related Payable		40,991
State of Utah Payable		1,535,720
Interest Payable		88,500
Total Accounts Payable and Accrued Liabilities	\$	<u>15,971,035</u>

Unearned Revenue

Unearned revenue consists of the following at June 30, 2024:

Tuition and Fees Related to Future Terms	\$	7,249,145
Grants and Contracts		4,020,648
Grand Theatre Ticket/Rental Sales		111,430
Other Deposits		63,148
Total Unearned Revenue	\$	<u>11,444,371</u>



Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (Systems) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Refer to Note 8 for additional information on pension plans.

Compensated Absences Liability

Vacation Leave Benefit

The College accrues and reports annual vacation leave in the year earned. Non-academic full-time and certain part-time College employees earn vacation leave for each month worked at a rate between 12 and 24 days per year. Vacation time may be used as it is earned or accumulated for future use. A maximum of 40 days may be carried over into the next accounting year which begins each July 1. Upon termination, no more than 30 days plus the current year's earned and unused vacation is payable to the employee. The cumulative accrued vacation leave liability for the year ended June 30, 2024, was \$7,742,147.

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. 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, 2024, was \$531,145.

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 2024, 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, 2024 there were 57 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 5% for stipends and 7% 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 (3.04%) was based on the College's incremental borrowing rate. The cumulative accrued termination benefits liability as of June 30, 2024, totaled \$4,271,250. The early retirement program expense for the year ended June 30, 2024, was \$1,171,468.

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; and (3) sales and services of educational activities and auxiliary enterprises. 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 and interest paid on capital related debt.

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

2. 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, 2024, \$3,565,489 of the College's bank balances of \$3,970,528 and \$1,212,851 of the Foundation's bank balances of \$3,266,029 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 input

At June 30, 2024, the College had the following recurring fair value measurements:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Corporate Notes	\$ 11,006,411	\$ —	\$ 11,006,411	\$ —
U.S. Treasuries	50,291,473	—	50,291,473	—
U.S. Agencies	87,652,679	—	87,652,679	—
Mutual Bond Funds	115,441	115,441	—	—
Money Market Mutual Funds	66,305	66,305	—	—
Utah Public Treasurers' Investment Fund	10,030,476	—	10,030,476	—
Total Debt Securities	159,162,785	181,746	158,981,039	—
Equity Securities				
Mutual Equity Funds	1,083,763	—	1,083,763	—
Total Equity Securities	1,083,763	—	1,083,763	—
Total Investments by Fair Value Level	\$ 160,246,548	\$ 181,746	\$ 160,064,802	\$ —
Investments Measured at the Net Asset Value (NAV)				
Private Equity Real Estate Partnership	\$ 1,124,123			
Total Investments Measured at the NAV	1,124,123			
Total Investments Measured at Fair Value	\$ 161,370,671			



At June 30, 2024, the Foundation had the following recurring fair value measurements:

	TOTAL	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
U.S. Treasuries	\$ 9,010,800	\$ —	\$ 9,010,800	\$ —
ETF Bond Funds	8,574,190	8,574,190	—	—
Money Market Mutual Funds	4,670,540	4,670,540	—	—
Total Debt Securities	22,255,530	13,244,730	9,010,800	—
Equity Securities				
Common Stock	10,549,149	10,549,149	—	—
ETF Equity Funds	4,107,533	4,107,533	—	—
Total Equity Securities	14,656,682	14,656,682	—	—
Total Investments by Fair Value Level	\$ 36,912,212	\$ 27,901,412	\$ 9,010,800	\$ —

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. Treasuries & 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, 2024, 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, 2023, the company's fiscal year end. The College's ownership interest at that time was valued at \$1,124,123. 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, 2024, 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, 2024, the College's investments had the following maturities:

Investment Type	Investment Maturities (In Years)			
	Fair Value	Less than 1 Year	1-5 Years	6-10 Years
Corporate Notes	\$ 11,006,411	\$ 999,440	\$ 10,006,971	\$ —
U.S. Treasuries	50,291,473	17,915,977	32,375,496	—
U.S. Agencies	87,652,679	24,336,147	63,316,532	—
Mutual Bond Funds	115,441	—	115,441	—
Money Market Mutual Funds	66,305	66,305	—	—
Utah Public Treasurers' Investment Fund	10,030,476	10,030,476	—	—
Total Fair Value	<u>\$ 159,162,785</u>	<u>\$ 53,348,345</u>	<u>\$ 105,814,440</u>	<u>\$ —</u>

As of June 30, 2024, the Foundation's investments had the following maturities:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	Greater than 10 Years
U.S. Treasuries	\$ 9,010,800	\$ 9,010,800	\$ —	\$ —	\$ —
ETF Bond Funds	8,574,190	—	8,574,190	—	—
Money Market Mutual Funds	4,670,540	4,670,540	—	—	—
Total Fair Value	<u>\$22,255,530</u>	<u>\$13,681,340</u>	<u>\$ 8,574,190</u>	<u>\$ —</u>	<u>\$ —</u>



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, 2024, the College’s investments had the following quality ratings:

Investment Type	Quality Ratings					
	Fair Value	AA	A	BBB	Unrated	No Risk
Corporate Notes	\$ 11,006,411	\$ 1,976,323	\$ 6,059,194	\$ 2,970,894	\$ —	\$ —
U.S. Treasuries	50,291,473	—	—	—	—	50,291,473
U.S. Agencies	87,652,679	79,759,551	—	—	7,893,128	—
Mutual Bond Funds	115,441	—	—	—	115,441	—
Money Market Mutual Funds	66,305	—	—	—	66,305	—
Utah Public Treasurers' Investment Fund	10,030,476	—	—	—	10,030,476	—
Total Fair Value	\$159,162,785	\$ 81,735,874	\$ 6,059,194	\$ 2,970,894	\$ 18,105,350	\$ 50,291,473

At June 30, 2024, the Foundation’s investments had the following quality ratings:

Investment Type	Quality Ratings		
	Fair Value	Unrated	No Risk
U.S. Treasuries	\$ 9,010,800	\$ —	\$ 9,010,800
ETF Bond Funds	8,574,190	8,574,190	—
Money Market Mutual Funds	4,670,540	4,670,540	—
Total Fair Value	\$ 22,255,530	\$ 13,244,730	\$ 9,010,800

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, 2024, the College held more than 5% of total investments in securities of Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Federal Agricultural Mortgage Corporation. These investments represent 27.4% (\$40,834,105), 15.3% (\$22,839,917), 9.5% (\$14,105,470), and 5.3% (\$7,893,128) 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, 2024, the College had \$11,006,411 in Corporate Notes, \$50,291,473 in U.S. Treasuries, and \$87,652,679 in U.S. Agencies, which were held by the counterparty's trust department or agent but not in the College's name.



3. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024, is summarized as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Capital Assets Not Being Depreciated:				
Land	\$ 35,280,795	\$ —	\$ (3,746)	\$ 35,277,049
Intangible Assets	22,500	—	—	22,500
Art and Special Collections	—	1,750,489	—	1,750,489
Construction in Progress	41,042,091	17,810,707	(40,491,314)	18,361,484
Total Nondepreciable	76,345,386	19,561,196	(40,495,060)	55,411,522
Capital Assets Being Depreciated/Amortized:				
Buildings	340,972,846	78,781,987	—	419,754,833
Leased Buildings	10,248,246	53,396	(2,531,913)	7,769,729
SBITA	5,439,704	1,256,434	(350,395)	6,345,743
Leasehold Improvements	2,728,882	—	—	2,728,882
Land Improvements	36,288,335	1,208,417	(480,634)	37,016,118
Equipment and Motor Vehicles	43,923,433	3,706,014	(2,540,854)	45,088,593
Library Collections	1,957,852	367,293	(295,275)	2,029,870
Total Depreciable	441,559,298	85,373,541	(6,199,071)	520,733,768
Total Capital Assets	517,904,684	104,934,737	(46,694,131)	576,145,290
Less Accumulated Depreciation/Amortization:				
Buildings	(141,061,943)	(9,738,129)	—	(150,800,072)
Leased Buildings	(1,785,324)	(506,237)	843,971	(1,447,590)
SBITA	(1,244,887)	(1,818,189)	290,601	(2,772,475)
Leasehold Improvements	(2,413,521)	(315,361)	—	(2,728,882)
Land improvements	(28,617,386)	(955,608)	480,634	(29,092,360)
Equipment and Motor Vehicles	(31,669,204)	(4,060,996)	2,304,366	(33,425,834)
Library Books and Software	(238,570)	(100,739)	80,693	(258,616)
Total Accumulated Depreciation	(207,030,835)	(17,495,259)	4,000,265	(220,525,829)
Total Capital Assets, Net of Depreciation	<u>\$ 310,873,849</u>	<u>\$ 87,439,478</u>	<u>\$ (42,693,866)</u>	<u>\$ 355,619,461</u>

The Applied Technology Building (ATC) on the Redwood Campus was destroyed by fire on June 22, 2020. It has since been rebuilt as the Technical Arts Building (TAB), with construction completed in Spring 2024.

In fiscal year 2024, the College recognized \$278,432 in insurance recoveries related to the fire as nonoperating revenue on the Statement of Revenues, Expenses, and Changes in Net Position.



4. NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2024 is summarized as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds Payable					
Revenue Bonds Payable	\$ 6,485,000	\$ —	\$ (1,175,000)	\$ 5,310,000	\$ 1,230,000
Unamortized Bond Premium	347,192	—	(125,383)	221,809	96,351
Total Bonds Payable	<u>6,832,192</u>	<u>—</u>	<u>(1,300,383)</u>	<u>5,531,809</u>	<u>1,326,351</u>
Compensated Absences					
Compensated Absences- Vacation	6,990,792	7,081,076	(6,329,721)	7,742,147	6,489,429
Compensated Absences-Sick Leave	513,576	32,569	(15,000)	531,145	39,738
Total Compensated Absences	<u>7,504,368</u>	<u>7,113,645</u>	<u>(6,344,721)</u>	<u>8,273,292</u>	<u>6,529,167</u>
Other Noncurrent Liabilities					
Termination Benefits-Early Retirement	6,249,696	15,615	(1,994,061)	4,271,250	1,513,876
Notes from Direct Borrowings Payable to the State of Utah	86,543	—	(75,018)	11,525	11,525
Leases Payable	8,816,223	53,396	(2,182,320)	6,687,299	402,469
SBITA Payable	3,285,746	1,772,533	(2,143,436)	2,914,843	1,526,698
Net Pension Liability	228,224	154,435	(3,684)	378,975	—
Total Other Noncurrent Liabilities	<u>18,666,432</u>	<u>1,995,979</u>	<u>(6,398,519)</u>	<u>14,263,892</u>	<u>3,454,568</u>
Total Noncurrent Liabilities	<u>\$ 33,002,992</u>	<u>\$ 9,109,624</u>	<u>\$ (14,043,623)</u>	<u>\$ 28,068,993</u>	<u>\$ 11,310,086</u>

5. 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, 2024:

Student Building Fee Revenue Bonds, Series 2018 5% Callable 2025, Maturing 2028, Original Issue	\$ 11,735,000
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Future commitments for bonds and notes payable as of June 30, 2024, are as follows:

Fiscal Year and Type	Principal	Interest	Total
Bonds Payable			
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	5,310,000	680,000	5,990,000
Unamortized Bond Premium	221,809	—	221,809
Total Bonds Payable	<u>\$ 5,531,809</u>	<u>\$ 680,000</u>	<u>\$ 6,211,809</u>
Notes from Direct Borrowings Payable to the State of Utah			
2025	\$ 11,525	\$ —	\$ 11,525
Total Notes from Direct Borrowings Payable to the State of Utah	<u>\$ 11,525</u>	<u>\$ —</u>	<u>\$ 11,525</u>



6. 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, 2024, is \$5,990,000. Payment requirements range from \$1,495,500 to \$1,499,250. See Note 5 for future payment amounts and call dates.

For fiscal year 2024, receipts and disbursements of pledged revenues were as follows:

	Building Fee Revenue Bond
Receipts	
Student Building Fees	\$ 2,144,657
Related Interest Income	246,872
Total Receipts	<u>2,391,529</u>
Disbursements	
Pledged Expenses	—
Excess of Pledged Receipts over Expenses	\$ 2,391,529
Debt Service Principal and interest Payments	\$ 1,499,250
Debt Service Coverage Ratio	1.60

7. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

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, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
Leases Payable			
2025	\$ 402,469	\$ 192,951	\$ 595,420
2026	259,288	183,366	442,654
2027	267,156	175,498	442,654
2028	260,407	168,087	428,494
2029	268,763	159,731	428,494
2030-2034	1,037,302	693,982	1,731,284
2035-2039	1,072,225	546,882	1,619,107
2040-2044	1,332,209	367,853	1,700,062
2045-2049	1,638,895	146,170	1,785,065
2050-2054	148,585	762	149,347
Total Leases Payable	<u>\$ 6,687,299</u>	<u>\$ 2,635,282</u>	<u>\$ 9,322,581</u>

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.

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 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, 2024, \$17,903,791 of the College's lease receivable and \$907,340 of interest receivable are attributed to this agreement. In the current fiscal year,

the College received \$375,000 in lease payments from this company.

In fiscal year 2024, the college entered into a 50-year land use agreement with the Utah Transit Authority (UTA), a component unit of the State of Utah. This agreement, which is not classified as a lease under GASB 87, grants UTA the rights to construct and operate a Bus Rapid Transit center on the southeast corner of the college's Redwood campus. The college is providing the land rights to UTA at no cost. As UTA is a component unit of the State of Utah, this agreement is considered a related party transaction. Facilities constructed on the land will be owned and operated by UTA. This agreement will automatically renew for an additional 50 years in fiscal year 2074 unless either party states that it does not intend to renew.

The College has entered into several subscription-based information technology arrangements (SBITA) agreements for the use of various software programs. The duration of these agreements varies from one to five years, with options to extend some of the lease terms. The College’s SBITA liability measurement includes extensions that are reasonably certain to be exercised, with the longest extension terminating in fiscal year 2028.

Future commitments for SBITA payables as of June 30, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
SBITA Payable			
2025	\$ 1,526,698	\$ 55,621	\$ 1,582,319
2026	844,730	27,688	872,418
2027	487,862	9,487	497,349
2028	55,553	504	56,057
Total SBITA Payable	<u>\$ 2,914,843</u>	<u>\$ 93,300</u>	<u>\$ 3,008,143</u>





8. PENSION PLANS AND RETIREMENT BENEFITS

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

Defined Benefit Plans:

Plan Description

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

- Public Employees Noncontributory Retirement System (Noncontributory System) and Public Employees Contributory Retirement System (Contributory System) are multiple employer, cost sharing, retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employees retirement 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 Adjustment (COLA **)
Noncontributory System	Highest 3 years	30 years any age 25 years any age * 20 years age 60 * 10 years age 62 * 4 years age 65	2.0% per year-all years	Up to 4.0%
Contributory System	Highest 5 years	30 years any age 20 years age 60 * 10 years age 62 * 4 years age 65	1.25% per year to June 1975; 2.0% per year July 1975 to present	Up to 4.0%
Tier 2 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	—	—	22.19%
Contributory System			
Higher Education Tier 1	—	6.00%	17.70%
Higher Education Tier 2*	—	—	19.84%

* 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, 2024, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 3,153,122	\$ —
Contributory System	192,399	—
Tier 2 Public Employees System	1,103,299	—
Total Contributions	<u>\$ 4,448,820</u>	<u>\$ —</u>

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, 2024, the College reported a net pension asset of \$5,961,036 and a net pension liability of \$378,975.

(Measurement Date): December 31, 2023					
System	Proportionate Share	Net Pension Asset	Net Pension Liability	Proportionate Share December 31, 2022	Change (Decrease)
Noncontributory System	7.1972547%	\$ 5,696,450	\$ —	7.5216967%	(0.3244420)%
Contributory system	3.8543362%	264,586	—	7.0246501%	(3.1703139)%
Tier 2 Public Employees System	0.1947074%	—	378,975	0.2095921%	(0.0148847)%
		<u>\$ 5,961,036</u>	<u>\$ 378,975</u>		





The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 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, 2024, the College recognized pension expense of (1,685,582) for the defined benefit plans.

At June 30, 2024, 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	\$ 1,309,983	\$ 6,206
Changes in assumptions	835,638	300
Net difference between projected and actual earnings on pension plan investments	1,811,138	—
Changes in proportion and differences between contributions and proportionate share of contributions	90,067	13,481
Contributions subsequent to the measurement date	2,270,541	—
Total	<u>\$ 6,317,367</u>	<u>\$ 19,987</u>



The College reported \$2,270,541 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, 2023. 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	
2024	\$	648,025
2025		413,291
2026		3,508,996
2027		(743,528)
2028		34,823
Thereafter	\$	165,231

Actuarial assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%	
Salary Increases	3.5 - 9.5% average, including inflation	
Investment Rate of Return	6.85% net of pension plan investment expense, including inflation	

Changes in assumptions

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

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, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	35%	6.87%	2.40%
Debt Securities	20%	1.54%	0.31%
Real Assets	18%	5.43%	0.98%
Private Equity	12%	9.80%	1.18%
Absolute Return	15%	3.86%	0.58%
Cash & Cash Equivalents	—%	0.24%	—%
Totals	100%		5.45%
		Inflation	2.50%
		Expected Arithmetic Nominal Return	7.95%

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.

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	\$ 14,443,497	\$ (5,696,450)	\$ (22,604,432)
Contributory System	256,564	(264,586)	(714,703)
Tier 2 Public Employees System	1,302,103	378,975	(336,911)
Total	\$ 16,002,164	\$ (5,582,061)	\$ (23,656,046)

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 \$411,000 for the year ended June 30, 2024. Employee contributions to the 401(k) and 457 plans for the same year were \$930,852.

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, 2024, 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, 2024, were \$6,137,883. The College has no further liability once annual contributions are made. Employee contributions for the same year were \$1,156,620. The Fidelity Investments plan started in 2009, and the College's contributions into Fidelity Investments for the year ended June 30, 2024, were \$4,768,243. Employee contributions for the same year were \$662,191.

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

9. SALT LAKE COMMUNITY COLLEGE FOUNDATION

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

During the year ended June 30, 2024, the Foundation transferred \$6,780,505 to the College to enhance scholarships, awards, capital projects, and other essential College programs.

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

According to the Uniform Prudent Management of Institutional Funds Act, Title 51, Chapter 8, of the Utah Code Annotated 1953, as amended,

the governing board may appropriate for expenditure for the purposes for which an endowment is established, as much of the net appreciation, realized and unrealized, of the fair value of the assets of an endowment over the historic dollar value as is prudent under the facts and circumstances prevailing at the time of the action or decision.

The Foundation’s endowment spending plan is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to 4% of the asset value of the endowment fund. The asset value is defined as the average of the most recent four quarter-ending asset values for each endowment fund within the investment pool. At the beginning of each calendar year, the Foundation’s finance and investments committee reviews and approves the amounts to be distributed in the College’s ensuing fiscal year.



10. 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, 2024.

Condensed Statement of Net Position			
	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 323,061	\$ (310,529)	\$ 12,532
Short-Term Investments	192,274	—	192,274
Prepaid Expenses	9,146	—	9,146
Total Current Assets	524,481	(310,529)	213,952
Total Assets	524,481	(310,529)	213,952
Liabilities			
Current Liabilities			
Accounts Payable	10,028	—	10,028
Unearned Revenue	121,430	—	121,430
Total Current Liabilities	131,458	—	131,458
Total Liabilities	131,458	—	131,458
Net Position			
Unrestricted	393,023	(310,529)	82,494
Total Net Position	\$ 393,023	\$ (310,529)	\$ 82,494



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

	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Operating Revenues			
Ticket Sales	\$ 208,835	\$ —	\$ 208,835
Concessions	14,298	—	14,298
Rental of Facilities	68,704	—	68,704
Institutional Support from SLCC	310,529	(310,529)	—
Other Operating Revenue	34,340	—	34,340
Total Operating Revenues	<u>636,706</u>	<u>(310,529)</u>	<u>326,177</u>
Operating Expenses			
Salaries and Benefits	502,305	—	502,305
Other Operating Expenses	356,446	—	356,446
Total Operating Expenses	<u>858,751</u>	<u>—</u>	<u>858,751</u>
Operating Income (Loss)	<u>(222,045)</u>	<u>(310,529)</u>	<u>(532,574)</u>
Nonoperating Revenues (Expenses)			
Grants	98,368	—	98,368
Donations	70,631	—	70,631
Investment Income (Loss)	16,663	—	16,663
Total Nonoperating Revenues	<u>185,662</u>	<u>—</u>	<u>185,662</u>
Net Increase in Net Position	(36,383)	(310,529)	(346,912)
Net Position - Beginning of Year	429,406	—	429,406
Net Position - End of Year	<u>\$ 393,023</u>	<u>\$ (310,529)</u>	<u>\$ 82,494</u>

Condensed Statement of Cash Flows

	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Net Cash Provided/(Used) By:			
Operating Activities	\$ 41,468	\$ (310,529)	\$ (269,061)
Net Increase in Cash and Cash Equivalents	41,468	(310,529)	(269,061)
Cash and Cash Equivalents - Beginning of Year	281,593	—	281,593
Cash and Cash Equivalents - End of Year	<u>\$ 323,061</u>	<u>\$ (310,529)</u>	<u>\$ 12,532</u>



11. RISK MANAGEMENT

Liability and Property Insurance:

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

The College also has either actual cash value or replacement cost insurance on its buildings and contents against all insurable risks of direct physical loss or damage with the Fund.

This all-risk insurance coverage provides for repair or replacement of damaged or stolen College property on a replacement cost basis subject to a \$2,500 deductible per occurrence.

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

Self-funded Insurance Program:

On July 1, 2005, the College established a self-funded employee health and dental insurance program. GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, *Risk Financing Omnibus*, requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements. The liability for benefit claims includes actuarial estimates of the ultimate cost of claims that have been reported but not settled and claims that have been incurred but not reported.

A provision for inflation is implicit in the calculation of estimated costs for future claims because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to the benefit claims liability for changes in estimates is charged or credited to expense in the period in which it is made. The College’s estimated self-funded insurance claims liability at June 30, 2024 is as follows:

	June 30, 2024	June 30, 2023
Estimated Claims Liability at Beginning of Year	\$ 3,631,505	\$ 2,358,359
Current Year Claims	18,377,095	23,525,546
Claim Payments, Including Related Legal and Administrative Expenses	(19,612,495)	(22,252,400)
Estimated Claims Liability at End of Year	<u>\$ 2,396,105</u>	<u>\$ 3,631,505</u>

The College has recorded the program assets and estimated liabilities of the health and dental care program at June 30, 2024 in the Statement of Net Position.

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

12. 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.

13. 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, 2024, the College has \$1,889,400 in construction commitments to DFCM. These commitments are related to the construction of the Juniper Building at the Herriman Campus, reconstruction of the Technical Arts Building, and renovation of the Redwood Campus Student Center.



REQUIRED SUPPLEMENTARY INFORMATION

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

Noncontributory System

	2024	2023	2022
Contractually Required Contribution	\$ 3,153,122	\$ 3,148,340	\$ 3,153,360
Contributions in Relation to the Contractually Required contribution	(3,153,122)	(3,148,340)	(3,153,360)
Contribution Deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll	\$ 15,219,211	\$ 14,967,379	\$ 14,918,618
Contributions as a Percentage of Covered Payroll	20.72%	21.03%	21.14%

Contributory System

	2024	2023	2022
Contractually Required Contribution	\$ —	\$ 40,912	\$ 37,815
Contributions in Relation to the Contractually Required contribution	—	(40,912)	(37,815)
Contribution Deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll	\$ —	\$ 231,142	\$ 213,645
Contributions as a Percentage of Covered Payroll	—%	17.70%	17.70%

Tier 2 Public Employees System*

	2024	2023	2022
Contractually Required Contribution	\$ 1,103,299	\$ 945,154	\$ 847,910
Contributions in Relation to the Contractually Required contribution	(1,103,299)	(945,154)	(847,910)
Contribution Deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll	\$ 5,568,202	\$ 4,777,180	\$ 4,370,673
Contributions as a Percentage of Covered Payroll	19.81%	19.78%	19.40%

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.

	2021	2020	2019	2018	2017	2016	2015
\$	3,401,446	\$ 3,219,269	\$ 3,501,046	\$ 3,034,985	\$ 3,283,873	\$ 3,271,447	\$ 3,628,042
	(3,401,446)	(3,219,269)	(3,501,046)	(3,034,985)	(3,283,873)	(3,271,447)	(3,628,042)
\$	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$	16,141,645	\$ 15,342,646	\$ 16,582,538	\$ 14,602,338	\$ 15,646,322	\$ 15,041,712	\$ 14,805,445
	21.07%	20.98%	21.11%	20.78%	20.99%	21.75%	24.50%

	2021	2020	2019	2018	2017	2016	2015
\$	48,741	\$ 48,025	\$ 50,211	\$ 44,647	\$ 55,071	\$ 74,567	\$ 96,681
	(48,741)	(48,025)	(50,211)	(44,647)	(55,071)	(74,567)	(96,681)
\$	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$	275,370	\$ 271,326	\$ 283,681	\$ 252,246	\$ 312,153	\$ 421,281	\$ 407,938
	17.70%	17.70%	17.70%	17.70%	17.64%	17.70%	23.70%

	2021	2020	2019	2018	2017	2016	2015
\$	836,700	\$ 795,795	\$ 912,380	\$ 797,785	\$ 913,065	\$ 842,721	\$ 273,518
	(836,700)	(795,795)	(912,380)	(797,785)	(913,065)	(842,721)	(273,518)
\$	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$	4,373,749	\$ 4,190,592	\$ 4,835,075	\$ 4,328,416	\$ 5,023,311	\$ 4,618,804	\$ 3,283,537
	19.13%	18.99%	18.87%	18.43%	18.18%	18.25%	8.33%

Schedule of the Proportionate Share of the Net Pension Liability

For the Year Ended December 31

Noncontributory System			
	2023	2022	2021
Proportion of Net Pension Liability (Asset)	7.1972547 %	7.5216967 %	7.6836284 %
Proportionate Share of Net Pension Liability (Asset)	\$ (5,696,450)	\$ (131,671)	\$ (18,885,596)
Covered Payroll	\$ 14,702,421	\$ 14,896,711	\$ 15,715,154
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	(38.74)%	(0.88)%	(120.17)%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.46%	100.10%	111.80%
Contributory System			
	2023	2022	2021
Proportion of Net Pension Liability (Asset)	3.8543362 %	7.0246501 %	6.6375133 %
Proportionate Share of Net Pension Liability (Asset)	\$ (264,586)	\$ (64,907)	\$ (1,869,680)
Covered Payroll	\$ 112,767	\$ 225,991	\$ 240,578
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	(234.63)%	(28.72)%	(777.16)%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.40%	100.60%	117.60%
Tier 2 Public Employees System			
	2023	2022	2021
Proportion of Net Pension Liability (Asset)	0.1947074 %	0.2095921 %	0.2366513 %
Proportionate Share of Net Pension Liability (Asset)	\$ 378,975	\$ 228,224	\$ (100,160)
Covered Payroll	\$ 5,050,204	\$ 4,577,301	\$ 4,395,401
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	7.50%	4.99%	(2.28)%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.58%	92.30%	103.80%

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.

	2020	2019	2018	2017	2016	2015	2014
	7.6836284 %	7.8013012 %	0.5684594 %	0.5590681 %	0.6183121 %	0.5834378 %	0.537856 %
\$	(7,578,259)	\$ 9,151,161	\$ 21,149,629	\$ 13,671,240	\$ 20,038,982	\$ 18,327,452	\$ 13,513,786
\$	15,682,927	\$ 16,210,093	\$ 15,468,360	\$ 14,844,656	\$ 15,823,387	\$ 14,943,492	\$ 14,172,883
	(48.32)%	56.45%	136.73%	126.64%	122.65%	122.65%	95.35%
	104.70%	94.20%	84.10%	89.20%	84.90%	84.50%	87.20%
	2020	2019	2018	2017	2016	2015	2014
	6.2421262 %	5.3601065 %	1.3818834 %	1.1294832 %	1.4463568 %	1.3301447 %	1.1260354 %
\$	(1,326,010)	\$ (302,220)	\$ 981,143	\$ 74,325	\$ 792,542	\$ 833,538	\$ 123,468
\$	277,544	\$ 278,544	\$ 268,188	\$ 256,990	\$ 387,721	\$ 421,359	\$ 406,196
	(477.77)%	(108.50)%	365.84%	204.41%	197.82%	197.82%	30.40%
	113.10%	103.60%	91.40%	99.20%	93.40%	92.40%	98.70%
	2020	2019	2018	2017	2016	2015	2014
	0.2695928 %	0.3279328 %	0.3822929 %	0.4680321 %	0.6300908 %	0.6038448 %	0.55499 %
\$	38,775	\$ 73,755	\$ 163,728	\$ 41,265	\$ 70,286	\$ (1,318)	\$ (16,819)
\$	4,310,500	\$ —	\$ 4,462,947	\$ 4,586,022	\$ 5,167,224	\$ 3,901,137	\$ 2,722,591
	0.90%	—%	3.67%	1.36%	(0.03)%	(0.03)%	(0.62)%
	98.30%	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. Gregory F. Peterson, President
Salt Lake Community College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Salt Lake Community College (College), as of and for the year ended June 30, 2024, 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 24, 2024. 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 financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

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.

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
Salt Lake City, Utah
September 24, 2024

GOVERNING BOARDS AND EXECUTIVE CABINET

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SLCC FACULTY AND STAFF LEADERS

Brandi Mair, President, Staff Association
Rachel Marcial, President, Faculty Association
Gabe Byars, President, Faculty Senate



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

FINANCIAL STATEMENTS AND CONTENT

Travis Kartchner, CPA, Assoc. VP for Business Services / Controller

Sean Clayton, Associate Controller / Treasurer

Ben Booth, Assistant Controller

K. Brooke Jensen, Internal Control Analyst

Michelle Cahoon, Senior Accountant

David J. Schafler, Administrative Support & Report Design