2023

ANNUAL FINANCIAL REPORT

Salt Lake Community College

A Component Unit of the State of Utah

CONTENTS


SLCC
SALT LAKE COMMUNITY COLLEGE

PRESIDENT'S MESSAGE

Dear SLCC Stakeholders and Fellow Utahns,

I am honored to present the 2022-2023 Annual Financial Report for Salt Lake Community College (SLCC). We are currently celebrating our 75th year of providing exceptional education to anyone who wishes to pursue it, and I want to express my deepest appreciation for your continued support and partnership in this cause.

Since our opening day in 1948, SLCC has remained unwavering in our mission of empowering students to quickly launch rewarding and prosperous careers or to pursue additional education. Most importantly, throughout our history we've fulfilled our mission by being a prudent financial steward of taxpayer funds, and this year is no exception.

This has also been a year where SLCC has made remarkable progress in advancing educational accessibility. Our high school Partnerships for Accessing College Education (PACE) program is flourishing and encourages secondary education students to consider college as a viable path. We also keep college financially accessible by having one of Utah's lowest tuition rates and by offering curriculum that uses open educational resources, resulting in an impressive $21 million in textbook savings for our students since 2014.

In July 2023, we marked one of our most notable achievements with the opening of the Juniper Building at the Herriman Campus. This innovative facility allows students to seamlessly transition from SLCC to the University of Utah, all within one location. Not only does the campus provide increased college access for residents in southwestern Salt Lake County, but it also supports employers located in one of Utah's fastest-growing areas.

On behalf of SLCC, I thank you for another year of support and partnership. Because of you, we can be a place where our students find success and achieve prosperity and stability for themselves and their families. We look forward to continuing to work with you to keep Utah as a place where dreams take flight, and all are welcome to pursue a bright future.

Sincerely,

Deneece G. Huftalin

Deneece G. Huftalin, PhD
President
Salt Lake Community College

Salt Lake Community College

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Salt Lake Community College (the College) and its discretely presented component unit foundation, as of and for the year ended June 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the College and its discretely presented component unit foundation as of June 30, 2023, and the 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.

The Salt Lake Community College Foundation's (the Foundation), the discretely presented component unit foundation, financial statements as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended were audited by other auditors. Their report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation is based solely on the report of the other auditors.

Basis for Opinions

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

Key Audit Matters

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

Emphasis of Matter

As described in Note 7, the College implemented Governmental Accounting Standards Board (GASB) Statement 96 *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 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 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.

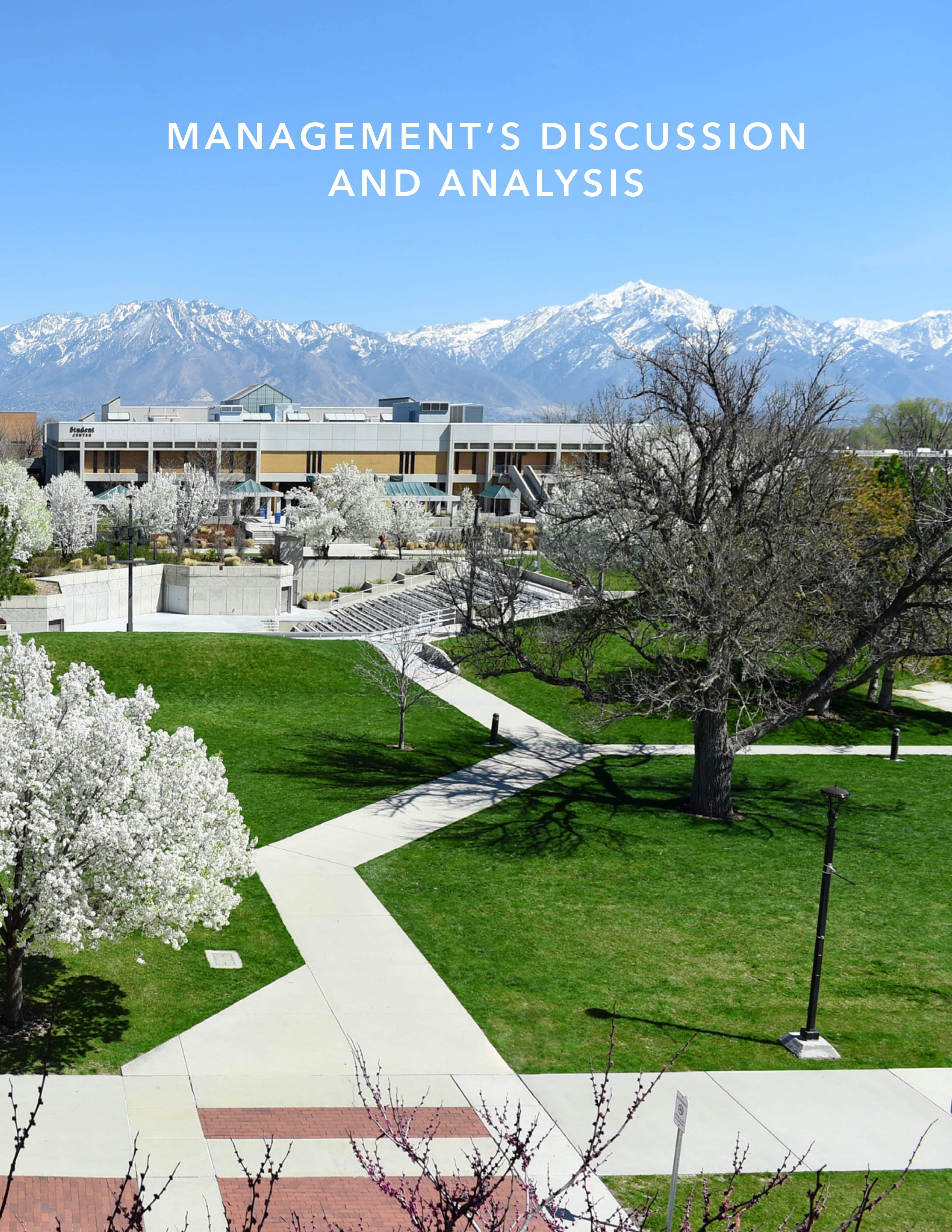
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023 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 27, 2023

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, 2023, with selected comparative information from the previous fiscal year. This analysis was prepared by management and should be read in conjunction with the accompanying audited financial statements and footnotes.

About the College

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

The College is a public, open-access, comprehensive community college committed to serving the broader community. Its mission is to provide quality higher education and lifelong learning to people of diverse cultures, abilities, and ages, and to serve the needs of community and government agencies, business, industry, and other employers. As the community's College, it engages and supports students in educational pathways leading to successful transfer and meaningful employment.

The College fulfills its mission by:

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

The College has two component units. The Grand Theatre Foundation is reported as a blended component unit and is included in the condensed statements and analysis below. In addition, separately condensed financial statements for the Theatre are presented in Footnote 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, 2023, 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 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, 2023	June 30, 2022	Change	% Change
Assets				
Current Assets	$ 96,760,487	$ 123,973,905	$ (27,213,418)	(22.0%)
Noncurrent Assets	117,518,002	121,287,252	(3,769,250)	(3.1%)
Capital Assets, Net	310,873,849	288,783,294	22,090,555	7.6%
Total Assets	525,152,338	534,044,451	(8,892,113)	(1.7%)
Deferred Outflows of Resources:				
Deferred Outflows of Resources	5,991,131	3,169,994	2,821,137	89.0%
Total Deferred Outflows of Resources	5,991,131	3,169,994	2,821,137	89.0%
Liabilities				
Current Liabilities	43,175,288	34,218,053	8,957,235	26.2%
Noncurrent Liabilities	21,714,026	22,962,290	(1,248,264)	(5.4%)
Total Liabilities	64,889,314	57,180,343	7,708,971	13.5%
Deferred Inflows of Resources:				
Deferred Inflows of Resources	20,234,004	45,910,828	(25,676,824)	(55.9%)
Total Deferred Inflows of Resources	20,234,004	45,910,828	(25,676,824)	(55.9%)
Net Position				
Net Investment in Capital Assets	291,450,772	268,277,180	23,173,592	8.6%
Restricted - Nonexpendable	850,420	842,755	7,665	0.9%
Restricted - Expendable	9,411,488	8,573,531	837,957	9.8%
Unrestricted	144,307,471	156,429,808	(12,122,337)	(7.7%)
Total Net Position	$ 446,020,151	$ 434,123,274	$ 11,896,877	2.7%

In fiscal year 2023, current assets decreased by $27.2 million. This decrease is primarily attributed to continued construction on three large building projects and multiple smaller projects. During the fiscal year the College paid $26.5 million for capital construction projects. The College also had a $17.0 million shift from cash and cash equivalents and short-term investments to 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).

During the fiscal year, the College implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) and, as a result, recognized a $5.4 million capital asset for IT software used by the College. Non SBITA related capital assets increased by $20.1 million related to multiple large construction projects. The College's net pension asset also decreased by $20.7 million due to a revision to the Utah Retirement Systems' (URS) Higher Education Division of the Noncontributory and Contributory Retirement System's proportionate shares. These changes are attributed to the decrease in total assets of $8.9 million or 1.7%.

The College's overall increase in current liabilities is attributed to a $4.4 million increase in payroll related accruals owed to employees opting for the early retirement initiative at the end of the fiscal year. Also, an increase of $1.3 million in accruals for amounts owed to the State of Utah Division of Facilities Construction and Management (DFCM). Total liabilities increased by $7.7 million, or 13.5%, which can be attributed to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (SBITA) and the recognition of a software subscription payable of $3.3 million. At the end of the year, the College's current assets of $96.8 million were sufficient to cover current liabilities of $43.2 million. Also, at the end of fiscal year 2023, the College's total assets of $525.2 million were sufficient to cover total liabilities of $64.9 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 2023, the College experienced an overall increase in its total net position of $11.9 million or 2.7% due to the factors described above.

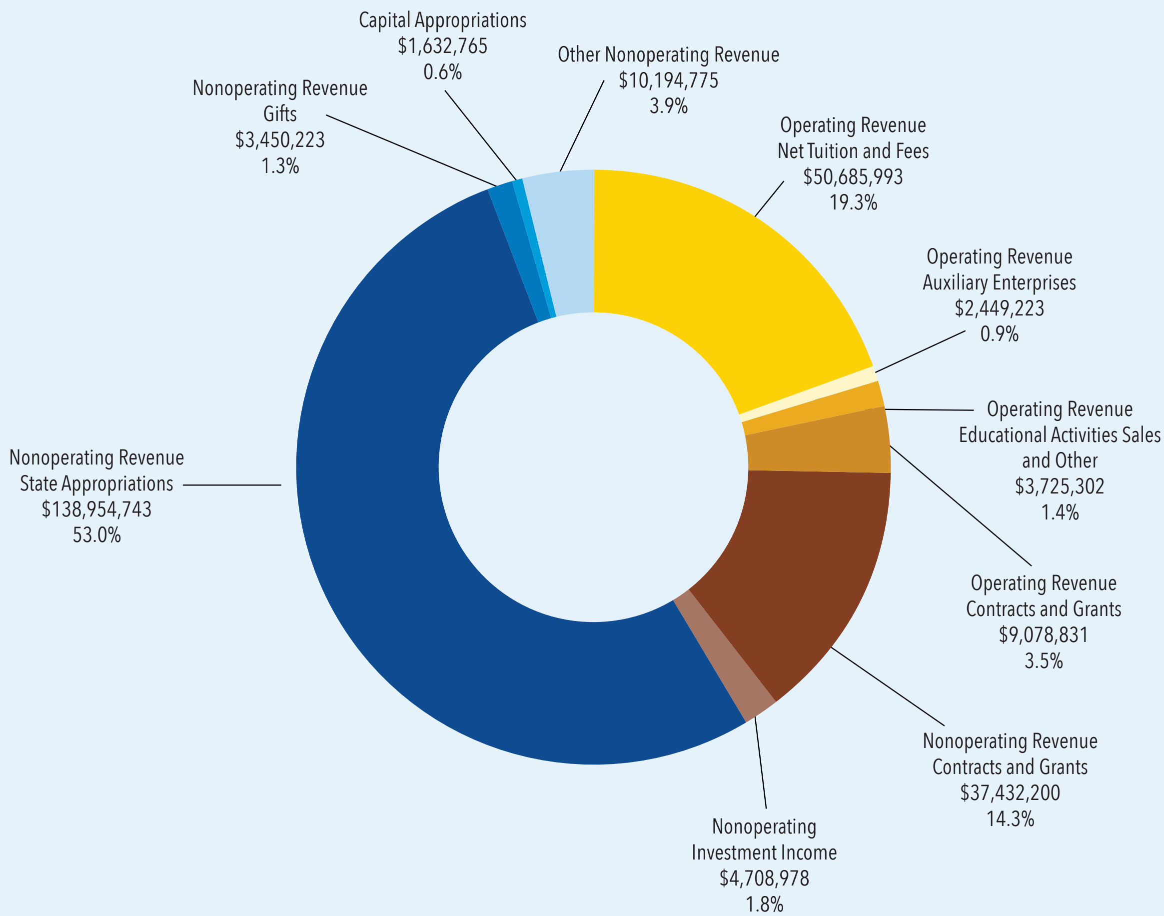
Statement of Revenues, Expenses and Changes in Net Position

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, 2023	Year Ended June 30, 2022	Change	% Change
Operating Revenues				
Tuition and Fees, Net	$ 50,685,993	$ 48,327,309	$ 2,358,684	4.9%
Contracts and Grants	9,078,831	5,451,426	3,627,405	66.5%
Auxiliary Enterprises	2,449,223	1,936,849	512,374	26.5%
Other Operating Revenues	3,725,302	2,377,851	1,347,451	56.7%
Total Operating Revenues	65,939,349	58,093,435	7,845,914	13.5%
Operating Expenses				
Salaries, Wages and Benefits	162,863,337	155,464,597	7,398,740	4.8%
Scholarships	18,469,921	33,373,037	(14,903,116)	(44.7%)
Depreciation and Amortization	15,175,851	13,042,332	2,133,519	16.4%
Other Operating Expenses	52,766,143	42,418,529	10,347,614	24.4%
Total Operating Expenses	249,275,252	244,298,495	4,976,757	2.0%
Operating Loss	(183,335,903)	(186,205,060)	2,869,157	1.5%
Nonoperating Revenues (Expenses)				
State Appropriations	138,954,743	121,444,617	17,510,126	14.4%
Contracts and Grants	37,432,200	66,694,278	(29,262,078)	(43.9%)
Investment Income	4,708,978	(1,744,008)	6,452,986	(370.0%)
Other Nonoperating Revenues	13,644,998	13,867,196	(222,198)	(1.6%)
Other Nonoperating Expenses	(1,140,904)	(5,178,696)	4,037,792	(78.0%)
Net Nonoperating Revenues	193,600,015	195,083,387	(1,483,372)	(0.8%)
Income Before Other Revenues	10,264,112	8,878,327	1,385,785	15.6%
Capital Appropriations, Grants and Gifts	1,632,765	1,309,351	323,414	24.7%
Total Other Revenues	1,632,765	1,309,351	323,414	24.7%
Increase in Net Position	11,896,877	10,187,678	1,709,199	16.8%
Net Position - Beginning of Year	434,123,274	423,935,596	10,187,678	2.4%
Net Position - End of Year	$ 446,020,151	$ 434,123,274	$ 11,896,877	2.7%

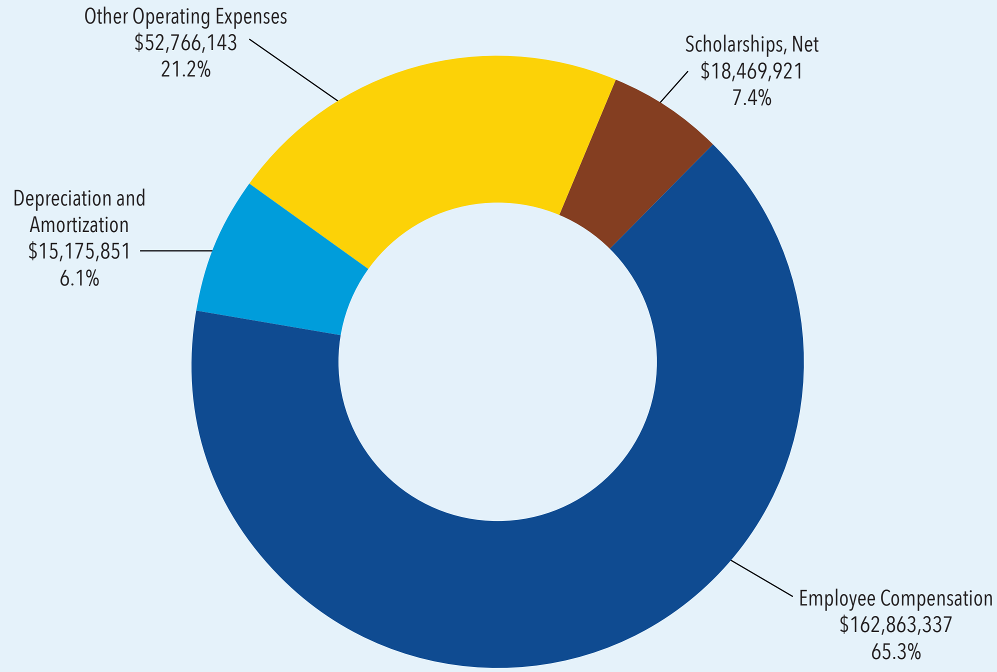
Revenue for Year Ended June 30, 2023
$262,313,033



The most significant source of operating revenue for the College is student tuition and fees, which increased from the prior year by $2.4 million. This is a factor of a tuition increase of 4% for the 2022-2023 school year, and increased enrollments as the pandemic continues to subside. Operating grant and contracts increased by $3.6 million due to increased federal and state grant awards related to various programs. Auxiliary enterprise revenues increased by $0.5 million because of an increase in campus activities and personnel returning to campus. Overall operating revenues increased by $7.8 million or 13.5% due to the above factors.

On the other hand, the College's net nonoperating revenues decreased by $1.5 million or 0.8%. This is primarily attributed to an increase in State appropriations of $17.5 million, a decrease in pandemic-related funding of $29.3 million, an increase of $6.5 million in investment gains due to favorable market conditions, and a decrease in other nonoperating expenses of $4.0 million due to lower losses on sale or disposal of assets occurred during the fiscal year.

Operating Expenses for Year Ended June 30, 2023
$249,275,252



The College's overall operating expenses increased by $5.0 million or 2.0%. This increase was due to a $19.5 million increase in salary, wage, and benefit expenses related to employee raises and early retirement costs. Additionally, there was a decrease of $12.1 million in Higher Education Emergency Relief Funds (HEERF) student scholarships as HEERF funding has ended. The College also experienced an increase of $10.3 million in other operating expenses primarily due to a $3.4 million increase in non-capital construction spending, the return of pre-pandemic level travel, and inflationary factors. Finally, there was a decrease of $12.1 million in pension-related expenses. For more information on pension-related expenses, please refer to Note 8.

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, 2023	Year Ended June 30, 2022	Change	% Change
Cash Provided (Used) by				
Operating Activities	$ (161,193,098)	$ (166,260,128)	$ 5,067,030	(3.0%)
Noncapital Financing Activities	182,455,248	195,817,679	(13,362,431)	(6.8%)
Capital and Related Financing Activities	(34,387,981)	(20,819,899)	(13,568,082)	65.2%
Investing Activities	(25,561,344)	(62,697,939)	37,136,595	59.2%
Net Change in Cash	(38,687,175)	(53,960,287)	15,273,112	(28.3%)
Cash - Beginning of Year	83,777,074	137,737,361	(53,960,287)	(39.2%)
Cash - End of Year	$ 45,089,899	$ 83,777,074	$ (38,687,175)	(46.2%)

Capital Asset and Debt Activities

In fiscal year 2023, the College began construction of the new Technical Arts Building, which will replace the Applied Technology Building that was destroyed by fire in 2020. Funding for this new building is coming from the College, insurance proceeds, and from the State of Utah. Anticipated completion is Spring 2024. The College has capitalized $8.4 million related to this project. The College is also undergoing a substantial upgrade to the Taylorsville Redwood Campus Student Center Building. This project will primarily upgrade the infrastructure of the building and bring it in compliance with current building code. Finally, the College completed a remodel of classroom space at the South City Campus to house programs formerly at the Library Square leased building. This project was approximately $2 million. The College also completed construction of a soccer field at the Taylorsville Redwood Campus for approximately $1 million. Both projects were funded by the College.

In fiscal year 2023, construction continued on the Juniper Building, the first building at the Herriman Campus. The new building is a partnership with the University of Utah and will provide convenient access to higher education for residents in the fast-growing southwest area of Salt Lake County. Students will be able to complete their associate level classes with Salt Lake Community College and transition to the University of Utah for their undergraduate coursework. This capital development project was funded by the College, the University of Utah, and the State of Utah.

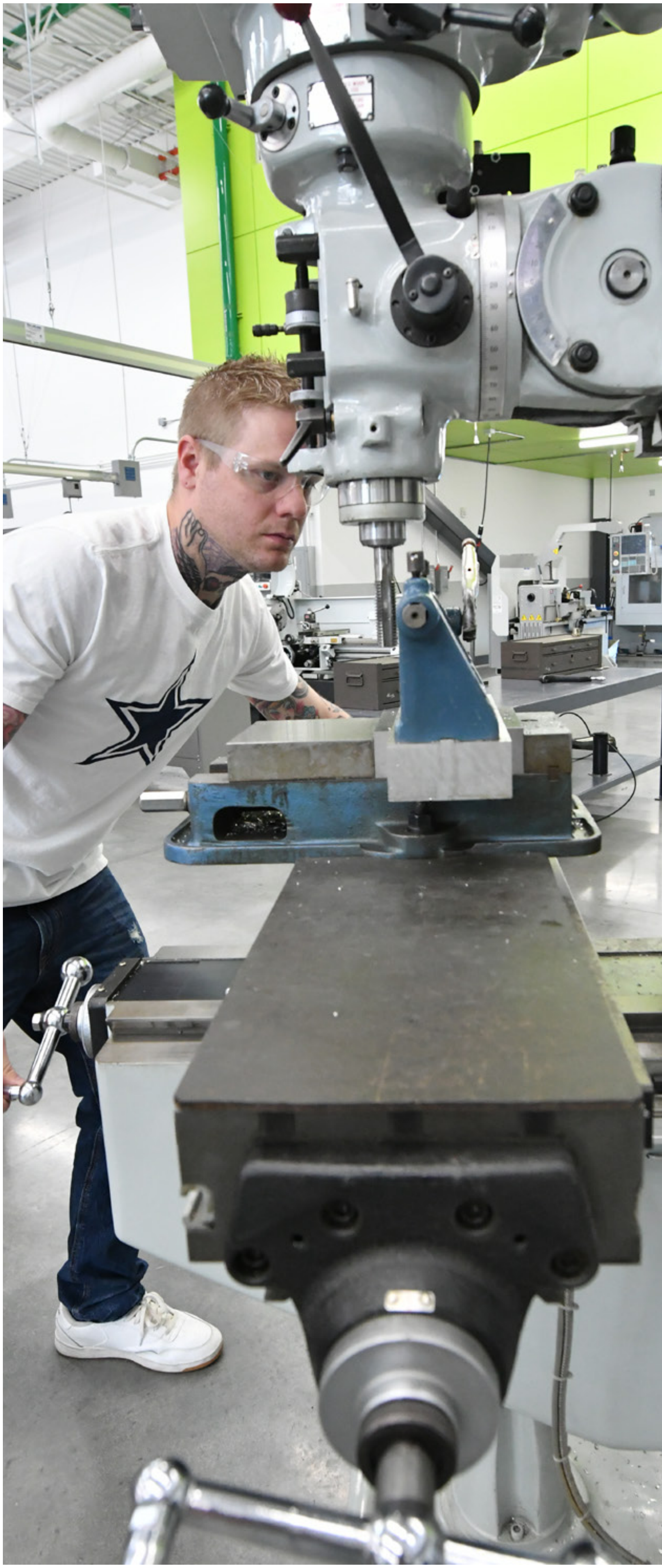
Future Economic Outlook

The economic outlook in the State of Utah continues to be promising. The Utah working population continues to increase which in turn brings in additional tax revenues that directly benefit public higher education. The College relies heavily on the State of Utah and legislative tax appropriations to keep tuition low and college affordable. For fiscal year 2024, the Legislature appropriated $3,758,000 one-time, for performance funding. Of this amount, about $3,000,000 is expected to be in our base funds for fiscal year 2025. In addition, the College received $767,400 for operations and maintenance for the new Business Building expansion. For the Salt Lake Technical College, we received $211,600 in Talent-Ready Utah funds, $786,600 for college growth, and $250,000 for scholarships. Also, the Legislature appropriated an 8.75% compensation increase, an 8.1% increase in health and dental insurance, and covered most of the College's risk and liability insurance increases.

Tuition is another primary source of revenue for the College. In March, the State Board of Higher Education voted for a 0% tuition and general student fee increase for the 2023-2024 school year. Usually, the tuition would help cover the cost of the appropriated compensation, health insurance, and internal service fund rate matches, but the Legislature provided additional base tax funds to keep tuition from increasing. The institution maintains a healthy, balanced budget. Enrollment declines have steadied, and the College is working hard to increase student

enrollment in fiscal year 2024. With good budgeting processes and new state tax funds, the net impact continues to be an overall increase in funding for the College.

Strategically, College management strives to keep tuition affordable. The College has utilized new appropriations to provide clearer educational pathways for students, which will help bolster long-term student retention and greater student success. The College invests time and resources into strategic planning to combat enrollment challenges. Overall, the College has applied its resources to be proactive in making budget adjustments when needed and demonstrating its flexibility to withstand budgetary dilemmas.



BASIC FINANCIAL STATEMENTS

Salt Lake Community College
Statement of Net Position
As of June 30, 2023

	Primary Institution	Component Unit College Foundation
Assets		
Current Assets		
Cash and Cash Equivalents (Notes 1, 2)	$ 38,590,190	$ 6,255,727
Short-Term Investments (Notes 1, 2)	41,558,426	20,831,291
Accounts Receivable, Net of $1,752,614 Allowance (Note 1)	8,364,738	-
Accounts Receivable from State of Utah	5,238,640	-
Leases Receivable - Current Portion (Notes 1, 7)	125,552	-
Pledges Receivable - Current Portion	-	643,324
Inventories (Note 1)	656,515	-
Prepaid Expenses (Note 1)	2,226,426	-
Cash Value of Life Insurance	-	53,930
Total Current Assets	96,760,487	27,784,902
Noncurrent Assets		
Restricted Cash and Cash Equivalents (Notes 1, 2)	6,499,709	-
Investments (Notes 1, 2)	90,929,301	8,673,200
Leases Receivable	19,892,414	-
Pledges Receivable	-	352,632
Capital Assets, Net of $207,030,835 Accumulated Depreciation and Amortization (Notes 1, 3, 7)	310,873,849	-
Net Pension Asset (Note 8)	196,578	-
Total Noncurrent Assets	428,391,851	9,025,832
Total Assets	525,152,338	36,810,734
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	5,991,131	-
Total Deferred Outflows of Resources	5,991,131	-
Liabilities		
Current Liabilities		
Accounts Payable	4,418,022	316,579
Payable to State of Utah	6,013,817	-
Accrued Payroll Payable	12,840,479	-
Unearned Revenue (Note 1)	8,425,879	77,725
Accrued Interest Payable	108,083	-
Funds Held for Others	80,043	-
Notes Payable to State of Utah - Current Portion (Notes 4, 5)	75,018	-
Bonds Payable - Current Portion (Notes 4, 5)	1,300,383	-
Leases and Software Subscriptions Payable - Current Portion (Notes 1, 7)	1,909,021	-
Compensated Absences - Current Portion (Notes 1, 4)	6,046,641	-
Termination Benefits - Current Portion (Notes 1, 4)	1,957,902	-
Total Current Liabilities	43,175,288	394,304
Noncurrent Liabilities		
Note Payable to State of Utah	11,525	-
Bonds Payable	5,531,809	-
Leases and Software Subscriptions Payable	10,192,948	-
Compensated Absences	1,457,726	-
Termination Benefits	4,291,794	-
Net Pension Liability (Note 8)	228,224	-
Total Noncurrent Liabilities	21,714,026	-
Total Liabilities	64,889,314	394,304
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	216,037	-
Deferred Inflows Related to Leases	20,017,967	-
Total Deferred Inflows of Resources	20,234,004	-
Net Position		
Net Investment in Capital Assets (Note 1)	291,450,772	-
Restricted for:		
Nonexpendable Items (Note 1)		10,005,901
Scholarship Endowments	250,420	-
Miller Campus Endowments	600,000	-
Expendable Items (Note 1)		23,165,741
Debt Service Reserves	1,555,167	-
Capital Projects	4,094,122	-
Instructional Department Use	368,458	-
Herriman Campus Infrastructure	606,825	-
Other	2,786,916	-
Unrestricted (Note 1)	144,307,471	3,244,788
Total Net Position	$ 446,020,151	$ 36,416,430

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

	Primary Institution	Component Unit College Foundation
Operating Revenues		
Student Tuition and Fees, Net of Scholarship Allowances of $25,042,115 and Changes in the Allowance for Doubtful Accounts of $233,250	$ 50,685,993	$ –
Interest from Student Accounts Receivable	247,644	–
Contracts and Grants	9,078,831	–
Sales and Services of Educational Activities	781,722	–
Auxiliary Enterprises	2,449,223	–
Gifts	–	5,319,439
Other Operating Revenue	2,695,936	–
Total Operating Revenues	65,939,349	5,319,439
Operating Expenses		
Salaries and Wages	120,877,487	–
Employee Benefits	45,087,569	–
Actuarial Calculated Pension Expense	(3,101,719)	–
Scholarships and Awards	18,469,921	–
Donations to College	–	3,507,448
Depreciation and Amortization	15,175,851	–
Other Operating Expenses	52,766,143	569,502
Total Operating Expenses	249,275,252	4,076,950
Operating Income/(Loss)	(183,335,903)	1,242,489
Nonoperating Revenues (Expenses)		
State Appropriations	138,954,743	–
Contracts and Grants	37,432,200	–
Gifts	3,450,223	–
Investment Income	4,708,978	2,151,583
Lease Income	196,763	–
Interest on Capital Asset-Related Debt	(207,448)	–
Interest Income Related to Leases	705,055	–
Other Nonoperating Revenues	9,292,957	–
Other Nonoperating Expenses	(933,456)	–
Total Nonoperating Revenues	193,600,015	2,151,583
Income (Loss) Before Other Revenues	10,264,112	3,394,072
Other Revenues		
Capital Appropriations	1,427,765	–
Capital Grants and Gifts	205,000	10,000,000
Additions to Permanent Endowments	–	990,178
Total Other Revenue	1,632,765	10,990,178
Net Increase/(Decrease) in Net Position	11,896,877	14,384,250
Net Position - Beginning of Year	434,123,274	22,032,180
Net Position at End of Year	$ 446,020,151	$ 36,416,430

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

	Primary Institution
Cash Flows from Operating Activities	
Receipts from Tuition and Fees	$ 49,870,288
Receipts from Grants and Contracts	13,359,050
Receipts from Auxiliary Enterprise Charges	2,456,144
Receipts from Sales and Services of Educational Activities	781,722
Receipts from Lease/Rental	717,800
Interest Received on Loans to Students	247,644
Payments to Employees for Salaries and Benefits	(162,889,913)
Payments to Suppliers	(49,031,416)
Payments for Scholarships	(18,436,225)
Other Operating Receipts	1,731,808
Net Cash Used by Operating Activities	(161,193,098)
Cash Flows from Noncapital Financing Activities	
Receipts from State Appropriations	132,401,347
Receipts from Grants and Contracts for Other Than Operating Purposes	37,432,200
Receipts from Gifts for Other Than Capital Purposes	3,576,599
Payments on Debt	(75,018)
Other Nonoperating Receipts	9,120,120
Net Cash Provided by Noncapital Financing Activities	182,455,248
Cash Flows from Capital and Related Financing Activities	
Cash Paid for Capital Assets	(34,102,864)
Proceeds from Disposal of Capital Assets	572,204
Payments of Capital Debt	(1,115,000)
Interest Paid on Capital Debt	(380,000)
Other Receipts	637,679
Net Cash Used by Capital and Related Financing Activities	(34,387,981)
Cash Flows from Investing Activities	
Purchases of Investments	(68,156,111)
Proceeds from Sales of Investments	37,058,000
Receipt of Interest and Dividends on Investments	5,536,767
Net Cash Used by Investing Activities	(25,561,344)
Net Increase in Cash and Cash Equivalents	(38,687,175)
Cash and Cash Equivalents, Beginning of Year	83,777,074
Cash and Cash Equivalents, End of Year	$ 45,089,899

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

		Primary Institution
Reconciliation of Operating Loss to Net Cash Used By Operating Activities		
Operating Loss	$	(183,335,903)
Difference Between Actuarial Calculated Pension Expense vs Actual Pension Expense		(7,414,116)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization Expense		15,175,851
Donations of Supplies Received		44,025
Non Capital DFCM Expenditures Received		3,780,331
Changes in Assets and Liabilities		
Accounts Receivable		2,782,730
Student Loans		(23,364)
Inventories		104,855
Prepaid Expenses		1,445,411
Accounts Payable and Accrued Expenses		3,153,720
Unearned Revenue		(191,186)
Compensated Absences		(135,009)
Termination Benefits		3,419,557
Net Cash Used by Operating Activities	$	(161,193,098)
Noncash Investing, Noncapital Financing and Capital Related Financing Transactions		
Change in Fair Value of Investments Recognized as Investment Loss	$	(1,362,677)
Disposal of Fixed Assets		694,021
Capital Gifts		205,000
Capital Appropriations		1,427,765
Total Noncash Investing, Capital and Financing Activities	$	964,109

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The College is a Component Unit of the State of Utah. It is considered a component unit because it was established under Utah statute, receives funding appropriations from the State, and is financially accountable to the State. The financial activity of the College is included in the State's Annual Comprehensive Financial Report, as required by the Governmental Accounting Standards Board (GASB).

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

The Foundation issues separate financial statements 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, 2023, cash and cash equivalents consisted of:

	College	Foundation
Cash	$ 3,753,696	$ 2,288,990
Money Market Account	41,405	1,377,755
Sweep Account	3,362,030	-
Money Market Mutual Funds	57,341	2,588,982
Utah Public Treasurers' Investment Fund	37,875,427	-
Total Cash and Cash Equivalents	$ 45,089,899	$ 6,255,727

Investments

Investments are recorded at fair value in accordance with GASB. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The College distributes earnings quarterly from pooled investments based on the month end cash balance of each participating account.

Accounts Receivable

Accounts receivable consists of amounts owed to the College from individuals and entities external to the College. Receivables due from the State of Utah or from one of its component units are reported separately on the Statement of Net Position. The following schedule presents receivables at June 30, 2023, net of estimated uncollectible amounts:

	Receivables from State of Utah	Receivables from Other
Tuition, Fees and Other	$ 2,079	$ 7,235,996
Due from DFCM	3,135,302	-
Grants and Contracts	2,101,259	979,631
Auxiliaries	-	37,895
Interest	-	1,568,436
From SLCC Foundation	-	295,394
Total Accounts Receivable	5,238,640	10,117,352
Less Allowance for Doubtful Accounts	-	(1,752,614)
Net Accounts Receivable	$ 5,238,640	$ 8,364,738

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	$	642,245
Other Inventory		14,270
	$	656,515

Prepaid Expenses

Prepaid expenses at year end consist mostly of software subscriptions with a term of less than 12 months. These costs account for $2,096,802 of the $2,226,426 total at June 30, 2023.

Restricted Cash and Cash Equivalents

Externally restricted nonexpendable endowment funds of $850,420, $1,555,167 of debt service reserves, and $4,094,122 of insurance proceeds are classified as noncurrent assets in the Statement of Net Position.

Capital Assets

Capital assets are recorded at historical cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment and motor vehicles, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. All library collections are capitalized. Renovations to buildings, infrastructure, and land improvements with a cost of $250,000 or more and extend the useful life or increase capacity of the assets are capitalized. Routine repairs, maintenance, and remodeling are charged to operating expense in the year in which the expense is incurred. All land and water rights (intangible assets) are capitalized and not depreciated. Leased assets and software-based information technology arrangements (SBITA) are recorded at the present value of payments expected to be made during the lease term. The College uses a discount rate between 2.73% and 2.99%, 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.

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.

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, 2023:

Salaries and Benefits Payable	$	12,840,479
Supplies and Services Payable		4,370,786
Student Related Payable		47,236
State of Utah Payable		6,013,817
Interest Payable		108,083
Total Accounts Payable and Accrued Liabilities	$	23,380,401

Unearned Revenue

Unearned revenue consists of the following at June 30, 2023:

Tuition and Fees Related to Future Terms	$	5,976,260
Grants and Contracts		2,416,410
Food Service Unused Gift Cards		2,770
Grand Theatre Ticket/Rental Sales		21,673
Other Deposits		8,766
Total Unearned Revenue	$	8,425,879

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, 2023, was $6,990,792.

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, 2023, was $513,576.

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. In December 2022, the College adopted a one-time modification to the early retirement program. During this short window of opportunity, the minimum age was reduced to 55 with at least 13 years of full-time service and whose combined total age and years of service is 68 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 2023, 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, 2023 there were 73 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 (2.85%) was based on the College's incremental borrowing rate. The cumulative accrued termination benefits liability as of June 30, 2023, totaled $6,249,696. The early retirement program expense for the year ended June 30, 2023, was $4,576,069, which includes $4,315,508 of expense associated with the one-time modification previously described.

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, 2023, $3,726,082 of the College's bank balances of $4,017,487 and $1,582,476 of the Foundation's bank balances of $3,926,127 were uninsured and uncollateralized.

Investments

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

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

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the Securities and Exchange Commission (SEC) as an investment company. The PTIF is authorized and regulated by the Money Management Act. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

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

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

At June 30, 2023, the College had the following recurring fair value measurements:

		Fair Value Measurements Using		
	TOTAL	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Corporate Notes	$ 25,852,265	$ –	$ 25,852,265	$ –
U.S. Treasuries	38,363,434	–	38,363,434	–
U.S. Agencies	66,673,738	–	66,673,738	–
Mutual Bond Funds	105,359	105,359	–	–
Money Market Mutual Funds	57,341	57,341	–	–
Utah Public Treasurers' Investment Fund	37,875,427	–	37,875,427	–
Total Debt Securities	168,927,564	162,700	168,764,864	–
Equity Securities				
Mutual Equity Funds	886,106	886,106	–	–
Total Equity Securities	886,106	886,106	–	–
Total Investment by Fair Value Level	$ 169,813,670	$ 1,048,806	$ 168,764,864	$ –
Investments Measured at the Net Asset Value (NAV)				
Private Equity Real Estate Partnership	$ 606,825			
Total Investments Measured at the NAV	606,825			
Total Investments Measured at Fair Value	$ 170,420,495			

At June 30, 2023, the Foundation had the following recurring fair value measurements:

		Fair Value Measurements Using		
	TOTAL	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
U.S. Treasuries	$ 9,658,780	$ –	$ 9,658,780	$ –
ETF Bond Funds	6,952,068	6,952,068	–	–
Money Market Mutual Funds	2,588,982	2,588,892	–	–
Total Debt Securities	19,199,830	9,541,050	9,658,780	–
Equity Securities				
Common Stock	9,549,718	9,549,718	–	–
ETF Equity Funds	3,344,555	3,344,555	–	–
Total Equity Securities	12,894,273	12,894,273	–	–
Total Investments by Fair Value Level	$ 32,094,103	$ 22,435,323	$ 9,658,780	$ –

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, 2023 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, 2022, the company's fiscal yearend. The College's ownership interest at that time was valued at $606,825. 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, 2023 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, 2023, the College's investments had the following maturities:

	Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1 Year	1–5 Years	6–10 Years
Corporate Notes	$ 25,852,265	$ 13,916,238	$ 11,936,027	$ –
U.S. Treasuries	38,363,434	20,766,090	17,597,344	–
U.S. Agencies	66,673,738	5,884,633	60,789,105	–
Mutual Bond Funds	105,359	–	105,359	–
Money Market Mutual Funds	57,341	57,341	–	–
Utah Public Treasurers' Investment Fund	37,875,427	37,875,427	–	–
Total Fair Value	$ 168,927,564	$ 78,499,729	$ 90,427,835	$ –

As of June 30, 2023, the Foundation's investments had the following maturities:

	Investment Maturities (in Years)				
Investment Type	Fair Value	Less than 1 Year	1–5 Years	6–10 Years	Greater than 10 Years
U.S.Treasuries	$ 9,658,780	$ 985,580	$ 8,673,200	$ –	$ –
ETF Bond Funds	6,952,068	–	6,201,802	750,266	–
Money Market Mutual Funds	2,588,982	2,588,982	–	–	–
Total Fair Value	$ 19,199,830	$ 3,574,562	$ 14,875,002	$ 750,266	$ –

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, 2023, the College's investments had the following quality ratings:

	Quality Ratings					
Investment Type	Fair Value	AA	A	BBB	Unrated	No Risk
Corporate Notes	$ 25,852,265	$ 1,960,331	$ 18,937,621	$ 4,954,313	$ –	$ –
U.S. Treasuries	38,363,434	–	–	–	–	38,363,434
U.S. Agencies	66,673,738	66,673,738	–	–	–	–
Mutual Bond Funds	105,359	–	–	–	105,359	–
Money Market Mutual Funds	57,341	–	–	–	57,341	–
Utah Public Treasurers' Investment Fund	37,875,427	–	–	–	37,875,427	–
Total Fair Value	$ 168,927,564	$ 68,634,069	$ 18,937,621	$ 4,954,313	$ 38,038,127	$ 38,363,434

At June 30, 2023, the Foundation's investments had the following quality ratings:

	Quality Ratings		
Investment Type	Fair Value	Unrated	No Risk
U.S. Treasuries	$ 9,658,780	$ –	$ 9,658,780
ETF Bond Funds	6,952,068	6,952,068	–
Money Market Mutual Funds	2,588,982	2,588,982	–
Total Fair Value	$ 19,199,830	$ 9,541,050	$ 9,658,780

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, 2023, the College held more than 5% of total investments in securities of Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank. These investments represent 20.1% ($34,173,864), 10.4% ($17,783,376) and 6.3% (10,774,625), 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, 2023, the College had $25,852,265 in Corporate Notes, $38,363,434 in U.S. Treasuries, and $66,673,738 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, 2023 is summarized as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Capital Assets Not Being Depreciated:				
Land	$ 35,936,466	$ –	$ (655,671)	$ 35,280,795
Intangible Assets	22,500	–	–	22,500
Construction in Progress	19,742,193	27,451,996	(6,152,098)	41,042,091
Total Nondepreciable	55,701,159	27,451,996	(6,807,769)	76,345,386
Capital Assets Being Depreciated/Amortized:				
Buildings	335,037,597	5,935,249	–	340,972,846
Leased Buildings	9,895,065	353,181	–	10,248,246
SBITA	3,437,826	2,261,849	(259,971)	5,439,704
Leasehold Improvements	2,728,882	–	–	2,728,882
Land Improvements	34,853,670	1,662,595	(227,930)	36,288,335
Equipment and Motor Vehicles	38,375,005	6,492,267	(943,839)	43,923,433
Library Collections	2,118,760	293,331	(454,239)	1,957,852
Total Depreciable	426,446,805	16,998,472	(1,885,979)	441,559,298
Total Capital Assets	482,147,964	44,450,468	(8,693,748)	517,904,684
Less Accumulated Depreciation/Amortization:				
Buildings	(133,108,078)	(7,953,865)	–	(141,061,943)
Leased Buildings	(889,591)	(895,733)	–	(1,785,324)
SBITA	–	(1,504,859)	259,972	(1,244,887)
Leasehold Improvements	(2,036,702)	(376,819)	–	(2,413,521)
Land Improvements	(27,830,278)	(969,452)	182,344	(28,617,386)
Equipment and Motor Vehicles	(29,206,525)	(3,391,897)	929,218	(31,669,204)
Library Books and Software	(293,497)	(83,226)	138,153	(238,570)
Total Accumulated Depreciation	(193,364,671)	(15,175,851)	1,509,687	(207,030,835)
Total Capital Assets, Net of Depreciation	$ 288,783,293	$ 29,274,617	$ (7,184,061)	$ 310,873,849

On June 22, 2020, the Applied Technology Building (ATC) on the Redwood Campus was destroyed by fire and is currently being rebuilt. As of June 30, 2023, the College's insurance provider has covered some of the losses resulting from the fire. In fiscal year 2023 the College has recognized $4,407,892 in insurance recoveries 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, 2023 was as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds Payable					
Revenue Bonds Payable	$ 7,600,000	$ –	$ (1,115,000)	$ 6,485,000	$ 1,175,000
Unamortized Bond Premium	501,160	–	(153,968)	347,192	125,383
Total Bonds Payable	8,101,160	–	(1,268,968)	6,832,192	1,300,383
Compensated Absences					
Compensated Absences - Vacation	7,062,820	6,621,889	(6,693,917)	6,990,792	6,004,678
Compensated Absences - Sick Leave	576,555	14,841	(77,820)	513,576	41,963
Total Compensated Absences	7,639,375	6,636,730	(6,771,737)	7,504,368	6,046,641
Other Noncurrent Liabilities					
Termination Benefits-Early Retirement	2,830,139	4,331,360	(911,803)	6,249,696	1,957,902
Notes from Direct Borrowings Payable to the State of Utah	161,561	–	(75,018)	86,543	75,018
Leases Payable	9,205,381	317,067	(706,225)	8,816,223	785,642
SBITA Payable	3,437,826	2,261,849	(2,413,929)	3,285,746	1,123,379
Net Pension Liability	–	228,224	–	228,224	–
Total Other Noncurrent Liabilities	15,634,907	7,138,500	(4,106,975)	18,666,432	3,941,941
Total Long-Term Liabilities	$ 31,375,442	$ 13,775,230	$ (12,147,680)	$ 33,002,992	$ 11,288,965

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, 2023:

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

Future commitments for bonds and notes payable as of June 30, 2023 are as follows:

Fiscal Year and Type	Principal	Interest	Total
Bonds Payable			
2024	$ 1,175,000	$ 324,250	$ 1,499,250
2025	1,230,000	265,500	1,495,500
2026	1,295,000	204,000	1,499,000
2027	1,360,000	139,250	1,499,250
2028	1,425,000	71,250	1,496,250
Total Bonds Outstanding	6,485,000	1,004,250	7,489,250
Unamortized Bond Premium	347,192	–	347,192
Total Bonds Payable	$ 6,832,192	$ 1,004,250	$ 7,836,442
Notes from Direct Borrowings Payable to the State of Utah			
2024	$ 75,018	$ –	$ 75,018
2025	11,525	–	11,525
Total Notes from Direct Borrowings Payable to the State of Utah	$ 86,543	$ –	$ 86,543

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, 2023 is $7,489,250. Payment requirements range from $1,495,500 to $1,499,250. See Note 5 for future payment amounts and call dates.

For fiscal year 2023, receipts and disbursements of pledged revenues were as follows:

	Building Fee Revenue Bond
Receipts	
Student Building Fees	$ 1,923,476
Related Interest Income	381,197
Total Receipts	2,304,673
Disbursements	
Pledged Expenses	–
Excess of Pledged Receipts over Expenses	$ 2,304,673
Debt Service Principal and Interest Payments	$ 1,495,000
Debt Service Coverage Ratio	1.54

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, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
Leases Payable			
2024	$ 785,642	$ 251,210	$ 1,036,852
2025	822,814	226,356	1,049,170
2026	706,633	203,809	910,442
2027	742,747	182,154	924,901
2028	260,408	168,087	428,495
2029-2033	1,124,017	726,131	1,850,148
2034-2038	1,025,406	578,219	1,603,625
2039-2043	1,277,129	406,678	1,683,807
2044-2048	1,573,687	194,309	1,767,996
2049-2050	497,740	10,043	507,783
Total Leases Payable	$ 8,816,223	$ 2,946,996	$ 11,763,219

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, 2023, $17,903,791 of the College's lease receivable and $633,852 of interest receivable are attributed to this agreement. In the current fiscal year, the College received $375,000 in lease payments from this company.

Effective July 1, 2022, the College implemented GASB statement No. 96, *Subscription-Based Information Technology Arrangements.* As part of this implementation, the College now recognizes subscription-based information technology arrangements on the Statement of Net Position. This implementation has no effect on prior period net position.

The College has entered into several 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 2027.

Future commitments for SBITA payables as of June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
SBITA Payable			
2024	$ 1,123,379	$ 63,204	$ 1,186,583
2025	1,257,814	37,181	1,294,995
2026	503,709	18,176	521,885
2027	400,844	7,037	407,881
Total SBITA Payable	$ 3,285,746	$ 125,598	$ 3,411,344

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 Adjustments (COLA**)
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year–all years	Up to 4.0%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.0% per year July 1975 to present	Up to 4.0%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year–all years	Up to 2.5%

* *Actuarial reductions are applied.*

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

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

Contribution rates for pension portion of the plans for the year were as follows:

System	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Noncontributory System			
Higher Education Tier 1	N/A	N/A	22.19%
Contributory System			
Higher Education Tier 1	N/A	6.00%	17.70%
Higher Education Tier 2*	N/A	N/A	19.84%

**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, 2023, the employer and employee contributions to the Systems were as follows:

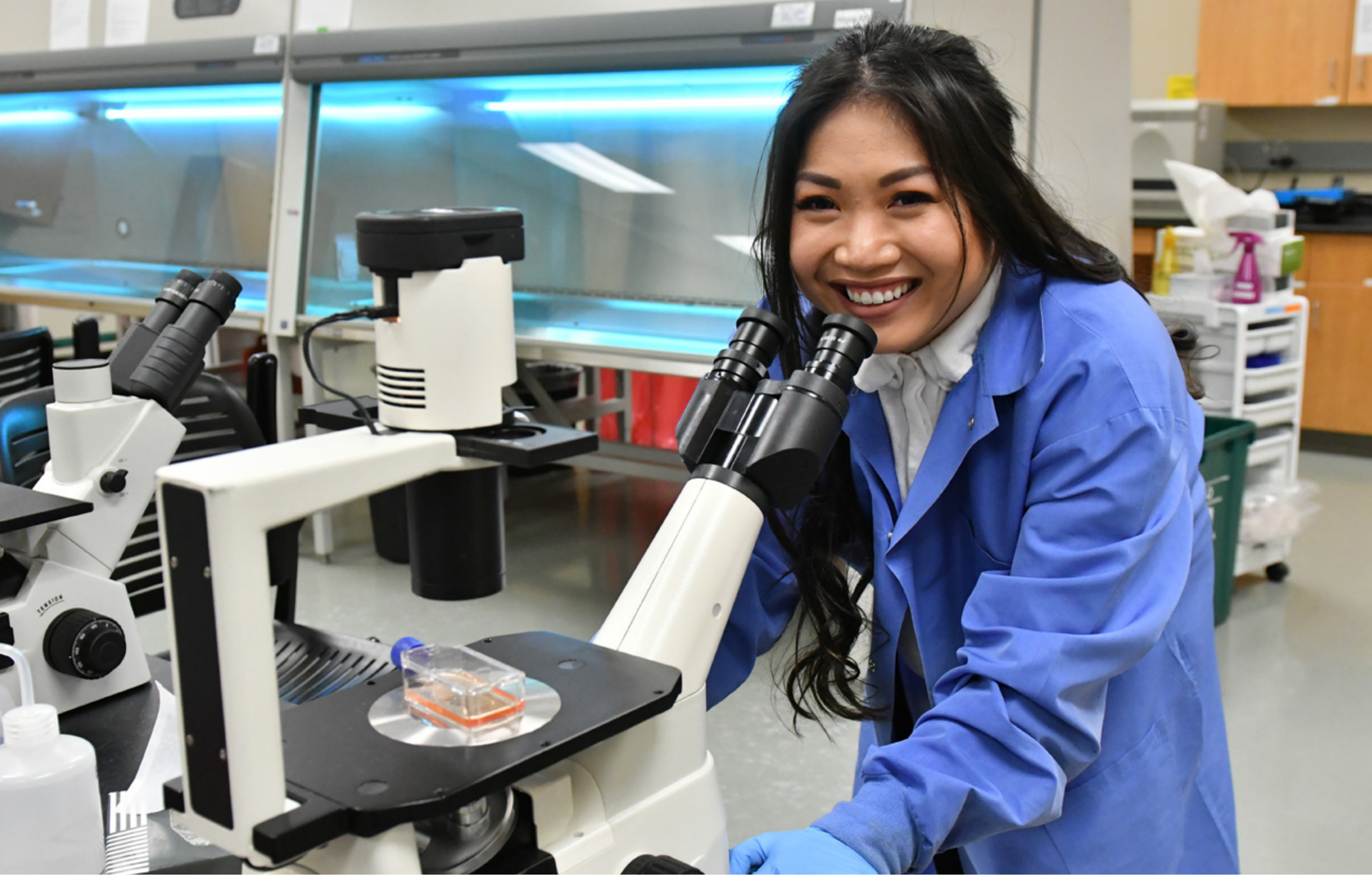
System	Employer Contributions	Employee Contributions
Noncontributory System	$ 3,148,340	N/A
Contributory System	40,912	$ 13,868
Tier 2 Public Employees System	945,154	–
Total Contributions	$ 4,134,406	$ 13,868

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, 2023, the College reported a net pension asset of $196,578 and a net pension liability of $228,224.

(Measurement Date): December 31, 2022					
System	Proportionate Share	Net Pension Asset	Net Pension Liability	Proportionate Share December 31, 2020	Change (Decrease)
Noncontributory System	7.5216967%	$ 131,671	$ –	7.6836284%	(0.1619317%)
Contributory System	7.0246501%	64,907	–	6.6375133%	0.3871368%
Tier 2 Public Employees System	0.2095921%	–	228,224	0.2366513%	(0.0270592%)
		$ 196,578	$ 228,224		



The net pension asset and liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 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, 2023, the College recognized pension expense of ($3,101,719) for the defined benefit plans.

At June 30, 2023, 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	$ 990,664	$ 153,890
Changes in assumptions	102,894	581
Net difference between projected and actual earnings on pension plan investments	2,768,613	–
Changes in proportion and differences between contributions and portionate share of contributions	26,912	61,566
Contributions subsequent to the measurement date	2,102,048	–
Total	$ 5,991,131	$ 216,037

The College reported $2,102,048 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, 2022. 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	
2023	$	(1,751,422)
2024		(499,274)
2025		1,252,997
2026		4,590,391
2027		17,467
Thereafter	$	62,887

Actuarial assumptions: The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.25 - 9.25% average, including inflation
Investment Rate of Return	6.85% net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2022, valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	35%	6.58%	2.30%
Debt Securities	20%	1.08%	0.22%
Real Assets	18%	5.72%	1.03%
Private Equity	12%	9.80%	1.18%
Absolute Return	15%	2.91%	0.44%
Cash & Cash Equivalents	0%	(0.11%)	0.00%
Totals	100%		5.17%
		Inflation	2.50%
		Expected Arithmetic Nominal Return	7.67%

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	$ 20,039,679	$ (131,671)	$ (17,031,074)
Contributory System	905,269	(64,907)	(900,346)
Tier 2 Public Employees System	997,212	228,224	(364,184)
Total	$ 21,942,160	$ 31,646	$ (18,295,604)

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 $402,031 for the year ended June 30, 2023. Employee contributions to the 401(k) and 457 plans for the same year were $1,381,194.

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, 2023, 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, 2023, were $6,235,811. The College has no further liability once annual contributions are made. Employee contributions for the same year were $2,017,624. The Fidelity Investments plan started in 2009, and the College's contributions into Fidelity Investments for the year ended June 30, 2023, were $3,985,667. Employee contributions for the same year were $868,695.

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, 2023, the Foundation transferred $3,507,448 to the College to enhance scholarships, awards, and other essential College programs.

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

According to the Uniform Prudent Management of Institutional Funds Act, Title 51, Chapter 8, of the Utah Code Annotated 1953, as amended, the governing board may appropriate for expenditure for the purposes for which an endowment is established, as much of the net appreciation, realized and unrealized, of the fair value of the assets of an endowment over the historic dollar value as is prudent under the facts and circumstances prevailing at the time of the action or decision.

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

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, 2023.

Condensed Statement of Net Position

	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Assets			
Current Assets			
Cash and Cash Equivalents	$ 281,593	$ (180,123)	$ 101,470
Short-Term Investments	176,384	–	176,384
Prepaid Expenses	1,821	–	1,821
Total Current Assets	459,798	(180,123)	279,675
Total Assets	459,798	(180,123)	279,675
Liabilities			
Current Liabilities			
Accounts Payable	1,719	–	1,719
Unearned Revenue	28,673	–	28,673
Total Current Liabilities	30,392	–	30,392
Total Liabilities	30,392	–	30,392
Net Position			
Unrestricted	429,406	(180,123)	249,283
Total Net Position	$ 429,406	$ (180,123)	$ 249,283

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Operating Revenues			
Ticket Sales	$ 144,257	$ –	$ 144,257
Concessions	10,170	–	10,170
Rental of Facilities	40,968	–	40,968
Institutional Support from SLCC	180,123	(180,123)	–
Other Operating Revenue	11,420	–	11,420
Total Operating Revenues	386,938	(180,123)	206,815
Operating Expenses			
Salaries and Benefits	443,778	–	443,778
Other Operating Expenses	329,884	–	329,884
Total Operating Expenses	773,662	–	773,662
Operating Income (Loss)	(386,724)	(180,123)	(566,847)
Nonoperating Revenues (Expenses)			
Grants	97,000	–	97,000
Donations	100,978	–	100,978
Investment Income (Loss)	10,487	–	10,487
Total Nonoperating Revenues	208,465	–	208,465
Net Increase in Net Position	(178,259)	(180,123)	(358,382)
Net Position - Beginning of Year	607,665	–	607,665
Net Position - End of Year	$ 429,406	$ (180,123)	$ 249,283

Condensed Statement of Cash Flows

	Grand Theatre Total	Primary Government Eliminations	Total Net of Eliminations
Net Cash Provided/(Used) By: Operating Activities	$ (198,283)	$ (180,123)	$ (378,406)
Net Decrease in Cash and Cash Equivalents	(198,283)	–	(378,406)
Cash and Cash Equivalents - Beginning of Year	479,876	–	479,876
Cash and Cash Equivalents - End of Year	$ 281,593	$ (180,123)	$ 101,470

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, 2023 is as follows:

	June 30, 2022	June 30, 2023
Estimated Claims Liability at Beginning of Year	$ 3,262,776	$ 2,358,359
Current Year Claims	18,012,925	23,525,546
Claim Payments, Including Related Legal and Administrative Expenses	(18,917,342)	(22,252,400)
Estimated Claims Liability at End of Year	$ 2,358,359	$ 3,631,505

The College has recorded the program assets and estimated liabilities of the health and dental care program at June 30, 2023 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, 2023, the College has $6,040,642 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.

14. SUBSEQUENT EVENTS

On July 28, 2023, the College completed the construction of the new Juniper building at the Herriman Campus. The total cost for this building is estimated to be $57,074,800. Funded $32,674,800 by the State and $24,400,000 by the College. As of June 30, 2023, the College has capitalized $22,615,940 related to this building. The State funded portion will be recognized as an increase to capital assets in the fiscal year 2024 financial statements.

In July 2023, the College exercised its termination right to end its lease agreement for the office space located at Library Square in Salt Lake City. The lease was originally scheduled to expire on June 30, 2027. The College bought out the remainder of its lease and paid $1,718,804 to the landlord, as required by the lease contract. The College will recognize a loss on lease termination in the fiscal year 2024 financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

Noncontributory System

	2023	2022	2021
Contractually Required Contribution	$ 3,148,340	$ 3,153,360	$ 3,401,446
Contributions in Relation to the Contractually Required contribution	(3,148,340)	(3,153,360)	(3,401,446)
Contribution Deficiency (excess)	$ –	$ –	$ –
Covered Payroll	**$ 14,967,379**	**14,918,618**	**$ 16,141,645**
Contributions as a Percentage of Covered Payroll	21.03%	21.14%	21.07%

Contributory System

	2023	2022	2022
Contractually Required Contribution	$ 40,912	$ 37,815	$ 48,741
Contributions in Relation to the Contractually Required contribution	(40,912)	(37,815)	(48,741)
Contribution Deficiency (excess)	$ –	$ -	$ -
Covered Payroll	**$ 231,142**	**213,645**	**$ 275,370**
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%

Tier 2 Public Employees System*

	2023	2022	2021
Contractually Required Contribution	$ 945,154	$ 847,910	$ 836,700
Contributions in Relation to the Contractually Required contribution	(945,154)	(847,910)	(836,700)
Contribution Deficiency (excess)	$ –	$ -	$ -
Covered Payroll	**$ 4,777,180**	**$ 4,370,673**	**$ 4,373,749**
Contributions as a Percentage of Covered Payroll	19.78%	19.40%	19.13%

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

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

	2020	2019	2018	2017	2016	2015	2014
	$ 3,219,269	$ 3,501,046	$ 3,034,985	$ 3,283,873	$ 3,271,447	$ 3,628,042	$ 3,070,864
	(3,219,269)	(3,501,046)	(3,034,985)	(3,283,873)	(3,271,447)	(3,628,042)	(3,070,864)
	$ –	$ –	$ –	$ –	$ –	$ –	$ –
	$ 15,342,646	**$ 16,582,538**	**$ 14,602,338**	**$ 15,646,322**	**$ 15,041,712**	**$ 14,805,445**	**$ 14,157,101**
	20.98%	21.11%	20.78%	20.99%	21.75%	24.50%	21.69%

	2020	2019	2018	2017	2016	2015	2014
	$ 48,025	$ 50,211	$ 44,647	$ 55,071	$ 74,567	$ 96,681	$ 298,284
	(48,025)	(50,211)	(44,647)	(55,071)	(74,567)	(96,681)	(298,284)
	$ -	$ –	$ –	$ –	$ –	$ –	$ –
	$ 271,326	**$ 283,681**	**$ 252,246**	**$ 312,153**	**$ 421,281**	**$ 407,938**	**$ 2,846,740**
	17.70%	17.70%	17.70%	17.64%	17.70%	23.70%	10.48%

	2020	2019	2018	2017	2016	2015	2014[1]
	$ 795,795	$ 912,380	$ 797,785	$ 913,065	$ 842,721	$ 273,518	N/A
	(795,795)	(912,380)	(797,785)	(913,065)	(842,721)	(273,518)	
	$ -	$ –	$ –	$ –	$	$ –	
	$ 4,190,592	**$ 4,835,075**	**$ 4,328,416**	**$ 5,023,311**	**$ 4,618,804**	**$ 3,283,537**	
	18.99%	18.87%	18.43%	18.18%	18.25%	8.33%	

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability

Noncontributory System

	12/31/2022	12/31/2021	12/31/2020
Proportion of Net Pension Liability (Asset)	7.5216967%	7.6836284%	7.6836284%
Proportionate Share of Net Pension Liability (Asset)	$ (131,671)	$ (18,885,596)	$ (7,578,259)
Covered Payroll	$ 14,896,711	$ 15,715,154	$ 15,682,927
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-0.88%	-120.17%	-48.32%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.10%	111.80%	104.70%

Contributory System

	12/31/2022	12/31/2021	12/31/2020
Proportion of Net Pension Liability (Asset)	7.0246501%	6.6375133%	6.2421262%
Proportionate Share of Net Pension Liability (Asset)	$ (64,907)	$ (1,869,680)	$ (1,326,010)
Covered Payroll	$ 225,991	$ 240,578	$ 277,544
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-28.72%	-777.16%	-477.77%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.60%	117.60%	113.10%

Tier 2 Public Employees System

	12/31/2022	12/31/2021	12/31/2020
Proportion of Net Pension Liability (Asset)	0.2095921%	0.2366513%	0.2695928%
Proportionate Share of Net Pension Liability (Asset)	$ 228,224	$ (100,160)	$ 38,775
Covered Payroll	$ 4,577,301	$ 4,395,401	$ 4,310,500
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	4.99%	-2.28%	0.90%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.30%	103.80%	98.30%

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

12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
7.8013012%	0.5684594%	0.5590681%	0.6183121%	0.5834378%	0.53785600%
$ 9,151,161	$ 21,149,629	$ 13,671,240	$ 20,038,982	$ 18,327,452	$ 13,513,786
$ 16,210,093	$ 15,468,360	$ 14,844,656	$ 15,823,387	$ 14,943,492	$ 14,172,883
56.45%	136.73%	92.10%	126.64%	122.65%	95.35%
94.20%	84.10%	89.20%	84.90%	84.50%	87.2%

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

12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
0.3279328%	0.3822929%	0.4680321%	0.6300908%	0.6038448%	0.5549900%
$ 73,755	$ 163,728	$ 41,265	$ 70,286	$ (1,318)	$ (16,819)
$ –	$ 4,462,947	$ 4,586,022	$ 5,167,224	$ 3,901,137	$ 2,722,591
0.00%	3.67%	0.90%	1.36%	-0.03%	-0.62%
96.50%	90.80%	97.40%	95.10%	100.20%	103.50%

Independent Auditor's Report

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Salt Lake Community College (the College) as of and for the year ended June 30, 2023, 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 27, 2023. 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 opinion 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

Office of the State Auditor
Salt Lake City, Utah
September 27, 2023

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

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