Bridgerland Technical College

A Component Unit of the State of Utah

Annual Financial Report
and
Government Auditing Standards Report
For the Year Ended June 30, 2022

Report No. 22-32

Office of the
State Auditor

AUDIT LEADERSHIP:
John Dougall, State Auditor
Bertha Lui, CPA, Audit Director
Caleb Crump, Audit Senior

Bridgerland Technical College

For The Year Ended June 30, 2022

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Office of the
State Auditor

Independent Auditor's Report

To the Governing Board, Audit Committee
and
K. Chad Campbell, President
Bridgerland Technical College

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Bridgerland Technical College (the College) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College's business-type activities and the College's fiduciary activities, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Key Audit Matters

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 College's Proportionate Share of the Net Pension Liability, and Schedule of College's Pension Contributions, as listed in the table of contents 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 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
April 10, 2023

Bridgerland Technical College

Management's Discussion and Analysis
For the Year Ended June 30, 2022

As management of the Bridgerland Technical College (College), we offer this narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2022, to the readers of the College's financial statements.

The College is one of 16 public colleges and universities within the Utah System of Higher Education. The College maintains a local Board of Trustees and is an independent technical college and component unit of the State of Utah.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the College's financial statements. The College's financial statements are comprised of five components: 1) the Statement of Net Position, 2) the Statement of Revenues, Expenses, and Changes in Net Position, 3) the Statement of Cash Flows, 4) the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, and 5) the Notes to the Financial Statements.

The **Statement of Net Position** provides information on the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the fiscal year, with the difference reported as net position. The information provided in the Statement of Net Position along with disclosures and other information contained in the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; and accompanying notes helps users assess, among other things, the College's liquidity and its ability to meet its obligations.

The **Statement of Revenues, Expenses, and Changes in Net Position** provides information to users both about the operating performance of the College and the effects of nonoperating transactions and events that change the amount of net position of the College. The information in this statement, together with information in the Statement of Net Position, the Statement of Cash Flows, and accompanying notes, should assist users of the College's financial statements in evaluating the College's performance during the fiscal year and how well management has discharged their stewardship responsibilities and other aspects of their duties.

The **Statement of Cash Flows** provides information about the cash receipts and cash payments of the College during the fiscal year. When used with related disclosures and information in other financial statements, a statement of cash flows should help financial statement report users assess the College's ability to generate future net cash flows; its ability to meet its obligations as they come due; the reasons for differences between operating income and the associated cash receipts and payments; and the effects on the College's financial position on both its cash and noncash investing, capital, and financing transactions during the fiscal year.

The **Statement of Fiduciary Net Position** and the **Statement of Changes in Fiduciary Net Position** provide information on the financial position of trust funds held by the College.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

Statement of Net Position. The following schedule presents a summary of the College's net position as of June 30, 2022 and 2021:

Net Position	June 30, 2022	June 30, 2021	Amount of Increase (Decrease)	Percent Increase (Decrease)
Current Assets	$ 10,343,450	$ 8,285,164	$ 2,058,286	24.84%
Noncurrent Assets:				
Other Noncurrent Assets	6,093,368	2,995,169	3,098,199	103.44%
Capital Assets, Net	19,821,729	19,115,824	705,905	3.69%
Total Assets	36,258,547	30,396,157	5,862,390	19.29%
Deferred Outflows of Resources	809,663	2,047,397	(1,237,734)	(60.45%)
Current Liabilities	1,984,429	1,516,804	467,625	30.83%
Noncurrent Liabilities	741,882	753,102	(11,220)	(1.49%)
Total Liabilities	2,726,311	2,269,906	456,405	20.11%
Deferred Inflows of Resources	7,998,032	5,850,747	2,147,285	36.70%
Net Position:				
Net Investment in Capital Assets	19,821,729	19,115,824	705,905	3.69%
Restricted for				
Nonexpendable – Scholarships	81,928	64,537	17,391	26.95%
Expendable – Scholarships and Other	449,521	302,156	147,365	48.77%
Expendable – Capital Gifts	1,171,010	993,660	177,350	17.85%
Unrestricted	4,819,679	3,846,724	972,955	25.29%
Total Net Position	$ 26,343,867	$ 24,322,901	$ 2,020,966	8.31%

Total assets of the College increased by $5,862,390 or 19.29 percent during the fiscal year. Current assets increased by $2,058,286, which consisted of an increase in cash of $1,336,353 due to various revenue sources in excess of expenses, an increase in accounts receivable of $90,170 due to an increase in grant receivables, an increase in due from State agencies in the amount of $416,659 related to scholarships and capital improvement projects, a decrease in inventory of $18,077 due to various factors including Building Technology program projects in progress, and an increase in prepaid expenses in the amount of $233,181 due to equipment and other expenses paid for in advance.

Other noncurrent assets increased by $3,098,199, due primarily to an increase in the net pension asset, which is provided by the Utah Retirement Systems (URS) and is based on estimates derived from actuarial calculations. See Note 8 for additional information.

The College's capital assets as of June 30, 2022, increased from $19,115,824 to $19,821,729 (net of accumulated depreciation) for a total change of $705,905. This investment in capital assets includes construction/implementation in progress, land, buildings and improvements, and equipment and software. Construction/implementation in progress increased by $23,480 as a result of progress toward the new Frederick Quinney Lawson Health Sciences Building. Buildings and improvements increased by $1,073,452 as a result of a new roof at West Building as well as improvements to HVAC systems. Equipment and software acquisitions (including donated assets) totaled $1,474,687. Depreciation expense for the College reduced the College's capital assets by $1,814,071. Additional information on the changes in the College's capital assets is shown in Note 4 of the Notes to the Financial Statements.

Deferred outflows of resources are derived from information provided by the URS as outlined by GASB 68. The decrease of $1,237,734 represents the net difference between expected and actual experience, changes in assumptions, and changes in proportion and differences between contributions and proportionate share of contributions. See Note 8 for additional information.

Total liabilities of the College increased by $456,405 or 20.11 percent during the fiscal year. Current liabilities increased by $467,625. Accounts payable increased by $282,547 due to the timing of when obligations were incurred and payments were paid. Due to State agencies increased by $101,722 primarily as a result of an operating and maintenance agreement payment for the Brigham City Campus Building. Unearned revenue increased by $177,362 as a result of student tuition paid in advance and scholarships held for future use. Termination benefits decreased by $65,703 as a result of fewer employees being approved for such benefits. Compensated absences and accrued payroll collectively decreased by $28,303.

Noncurrent liabilities decreased $11,220, due to a decrease in termination benefits, an increase in compensated absences, and a decrease in the net pension liability, which is provided by the URS and is based on estimates derived from actuarial calculations. See Note 8 for additional information.

Deferred inflows of resources are derived from information provided by the URS as outlined by GASB 68. The increase of $2,147,285 represents the net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between contributions and proportionate share of contributions. See Note 8 for additional information.

Statement of Revenues, Expenses, and Changes in Net Position. The following schedule presents a summary of changes in net position for the College for the fiscal years ended June 30, 2022 and 2021:

Net Position	Year Ended June 30, 2022 Amount	Year Ended June 30, 2021 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Operating Revenues	$ 4,685,190	$ 4,715,291	$ (30,101)	(.64%)
Operating Expenses	(25,208,938)	(21,113,189)	(4,095,749)	19.40%
Operating Income (Loss)	(20,523,748)	(16,397,898)	(4,125,850)	25.16%
Nonoperating Revenues	21,273,912	19,712,218	1,561,694	7.92%
Other Revenues	1,270,802	2,761,693	(1,490,891)	(53.98%)
Increase (Decrease) in Net Position	2,020,966	6,076,013	(4,055,047)	(66.74%)
Net Position – Beginning of Year	24,322,901	18,246,888	6,076,013	33.30%
Net Position – End of Year	$ 26,343,867	$ 24,322,901	$ 2,020,966	8.31%

The College experienced a net operating loss of $20,523,748 during the fiscal year. The College is a State institution and receives a large portion of its revenues from State appropriations. These appropriations are classified in the financial statements of the College as nonoperating revenues. State appropriations are anticipated as a means of covering a majority of the operating costs at the College. During fiscal year 2022, State appropriations, other nonoperating revenue, and other revenues were sufficient to offset the operating loss. The College will generally experience an increase in net position only in years where the Legislature appropriates funds for capital equipment purchases, capital improvement projects, or capital development and construction projects in an amount that exceeds the unfunded depreciation expense.

Revenues. The following schedule presents a summary of College revenues for the fiscal years ended June 30, 2022 and 2021:

Revenues	Year Ended June 30, 2022 Amount	Percent of Total Revenue	Year Ended June 30, 2021 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Revenues:					
Student Tuition and Fees	$ 1,899,916	6.98%	$ 1,834,795	$ 65,121	3.55%
Federal Grants and Contracts	280,596	1.03%	638,141	(357,545)	(56.03%)
State Grants and Contracts	18,394	.07%	16,152	2,242	13.88%
Local Grants and Contracts	883,494	3.24%	935,567	(52,073)	(5.57%)
Sales and Services of Educational Activities	1,072,081	3.94%	857,947	214,134	24.96%
Auxiliary Enterprises	530,709	1.95%	432,689	98,020	22.65%
Total Operating Revenues	4,685,190	17.21%	4,715,291	(30,101)	(.64%)
Nonoperating Revenues:					
State Appropriations	17,940,501	65.89%	15,871,176	2,069,325	13.04%
Federal Grants and Contracts	2,756,182	10.12%	2,542,252	213,930	8.41%
State Grants and Contracts	166,698	.61%	642,750	(476,052)	(74.06%)
Gifts	304,164	1.12%	338,386	(34,222)	(10.11%)
Investment Income	67,381	.25%	64,674	2,707	4.19%
Disposal of Capital Assets	38,986	.14%	252,980	(213,994)	(84.59%)
Total Nonoperating Revenues	21,273,912	78.13%	19,712,218	1,561,694	7.92%
Other Revenues:					
Capital Appropriations	1,073,452	3.94%	2,557,068	(1,483,616)	(58.02%)
Capital Gifts	177,350	.65%	184,625	(7,275)	(3.94%)
Additions to Quasi Endowments	20,000	.07%	20,000	-	.00%
Total Other Revenues	1,270,802	4.67%	2,761,693	(1,490,891)	(53.98%)
Total Revenues	$ 27,229,904	100.00%	$ 27,189,202	$ 40,702	.15%

The revenue comparison between fiscal year 2022 and fiscal year 2021 shows a total revenue increase in the amount of $40,702. Operating revenues decreased by $30,101. Student tuition and fees, State grants and contracts, sales and services of educational activities, and auxiliary enterprises all increased while federal grants and contracts and local grants and contracts both decreased.

Nonoperating revenues increased by a total of $1,561,694. State appropriations increased by $2,069,325 as a result of funding changes by the Utah State Legislature. Federal grants and contracts increased by $213,930, which was the result of federal funding received related to the COVID-19 global pandemic. State grants and contracts decreased by $476,052 as the result of receiving Custom Fit funding directly rather than through another State entity. Nonoperating revenues also included a $34,222 decrease in gifts, a $2,707 increase in investment income, and a $213,994 decrease in the disposal of capital assets due to land being used for the expansion of the corner of 1400 North and 600 West in fiscal year 2021.

Other revenues decreased by a total of $1,490,891, which is largely due to a decrease in Capital Appropriations from funding provided by the Utah Division of Facilities Construction and Management (DFCM) for capital improvement needs at the College. These capital improvement projects are transferred from DFCM to the College at the time of substantial completion of the project. Several major projects were completed in fiscal year 2021, whereas fewer projects were completed in fiscal year 2022.

Expenses. The following schedule presents a summary of College expenses for the fiscal years ended June 30, 2022 and 2021:

Expenses	Year Ended June 30, 2022 Amount	Percent of Total Expense	Year Ended June 30, 2021 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Expenses:					
Salaries and Wages	$ 10,238,313	40.61%	$ 9,731,382	$ 506,931	5.21%
Benefits	3,876,504	15.38%	3,591,185	285,319	7.94%
Actuarial Calculated Pension Expense	1,521,987	6.04%	(1,232,703)	2,754,690	223.47%
Professional and Technical Educational Services	1,025,859	4.07%	822,401	203,458	24.74%
Utilities	678,085	2.69%	661,517	16,568	2.50%
Scholarships and Grants in Aid	1,095,654	4.35%	1,251,414	(155,760)	(12.45%)
Depreciation	1,814,071	7.20%	1,622,248	191,823	11.82%
Other Operating Expenses	4,958,465	19.67%	4,665,745	292,720	6.27%
Total Operating Expenses	$ 25,208,938	100.00%	$ 21,113,189	$ 4,095,749	19.40%

Expenses for the year ended June 30, 2022, increased by $4,095,749 compared to fiscal year ended June 30, 2021, which represents a 19.40 percent increase. As derived from information provided by the URS, the actuarial calculated pension expense caused $2,754,690 of the increase. Salaries and wages increased by $506,931 and benefits increased by $285,319 due to a 1.50 percent cost of living adjustment as well as changes to enhance several programs with full-time benefits eligible employees. Scholarships and grants in aid decreased by $155,760. Professional and technical educational services increased by $203,458. Utilities and depreciation collectively increased by $208,391. Other operating expenses increased by $292,720 largely because of projects funded by federal funds received due to the COVID-19 global pandemic.

Debt Administration

The College’s debt consists of liabilities for compensated absences and termination benefits, which collectively decreased by $67,544 during fiscal year 2022. For additional information on these liabilities see Note 6.

Economic Outlook

Besides the continued effects of the COVID-19 global pandemic and the effect of unfunded depreciation, the College is not aware of any current facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations which have a global effect on virtually all types of business operations. The College continues to update facilities as budgets allow. Pending capital projects include continued infrastructure projects to update and modernize the College. In addition, the College is moving vigorously toward the completion of the new Frederick Quinney Lawson Health Sciences Building with expected completion by August 2023. The unfunded depreciation expenses are likely to have a significant negative impact on the Changes in Net Position. Overall, the College’s financial position is strong. The

College will maintain a close watch over resources to maintain the College's ability to respond to the pandemic as well as unknown internal and external issues.

Requests for Information

This financial report is designed to provide a general overview of the College's finances for all those with an interest in the College's finances and to show the College's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fiscal Services Office, Bridgerland Technical College, 1301 North 600 West, Logan, Utah 84321.

Bridgerland Technical College

Statement of Net Position

June 30, 2022

ASSETS	
Current Assets:	
Cash and Cash Equivalents (Notes 1 and 2)	$ 8,541,840
Accounts Receivable (Note 3)	286,874
Due From State Agencies (Note 3)	425,745
Inventories (Note 1)	847,932
Prepaid Expenses	241,059
Total Current Assets	10,343,450
Noncurrent Assets:	
Restricted Cash and Cash Equivalents (Notes 1 and 2)	1,252,938
Construction/Implementation in Progress (Note 4)	318,874
Land (Notes 1 and 4)	1,559,252
Buildings and Improvements (Notes 1 and 4)	37,045,109
Equipment and Software (Notes 1 and 4)	9,420,115
Less Accumulated Depreciation (Notes 1 and 4)	(28,521,621)
Net Pension Asset (Notes 1 and 8)	4,840,430
Total Noncurrent Assets	25,915,097
Total Assets	36,258,547
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Relating to Pensions (Notes 1 and 8)	809,663
Total Deferred Outflows of Resources	809,663
LIABILITIES	
Current Liabilities	
Accounts Payable (Note 3)	619,233
Due to State Agencies (Note 3)	131,497
Unearned Revenue	720,766
Accrued Payroll	141,978
Termination Benefits (Current Portion) (Notes 6 and 7)	146,593
Compensated Absences (Current Portion) (Notes 6 and 9)	224,362
Total Current Liabilities	1,984,429
Noncurrent Liabilities	
Termination Benefits (Notes 6 and 7)	194,801
Compensated Absences (Notes 6 and 9)	547,081
Total Noncurrent Liabilities	741,882
Total Liabilities	2,726,311
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Relating to Pensions (Notes 1 and 8)	7,998,032
Total Deferred Inflows of Resources	7,998,032
NET POSITION	
Net Investment in Capital Assets	19,821,729
Restricted for	
Nonexpendable – Scholarships	81,928
Expendable – Scholarships and Other	449,521
Expendable – Capital Gifts	1,171,010
Unrestricted	4,819,679
Total Net Position	$ 26,343,867

The accompanying notes are an integral part of these financial statements.

Bridgerland Technical College

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2022

REVENUES	
Operating Revenues (Note 1)	
Student Tuition and Fees (Net of Scholarship Allowances of $882,662)	$ 1,899,916
Federal Grants and Contracts	280,596
State Grants and Contracts	18,394
Local Grants and Contracts	883,494
Sales and Services of Educational Activities	1,072,081
Auxiliary Enterprises (Net of Scholarship Allowances of $8,317)	530,709
Total Operating Revenues	4,685,190
EXPENSES	
Operating Expenses (Note 1)	
Salaries and Wages	10,238,313
Benefits	3,876,504
Actuarial Calculated Pension Expense (Note 8)	1,521,987
Professional and Technical Educational Services	1,025,859
Utilities	678,085
Scholarships and Grants in Aid	1,095,654
Depreciation	1,814,071
Other Operating Expenses	4,958,465
Total Operating Expenses	25,208,938
Operating Loss	(20,523,748)
NONOPERATING REVENUES	
State Appropriations	17,940,501
Federal Grants and Contracts	2,756,182
State Grants and Contracts	166,698
Gifts	304,164
Investment Income	67,381
Disposal of Capital Assets	38,986
Net Nonoperating Revenues	21,273,912
OTHER REVENUES	
Capital Appropriations	1,073,452
Capital Gifts	177,350
Additions to Quasi Endowments	20,000
Total Other Revenues	1,270,802
Increase (Decrease) in Net Position	2,020,966
NET POSITION	
Net Position – Beginning of Year	24,322,901
Net Position – End of Year	$26,343,867

The accompanying notes are an integral part of these financial statements.

Bridgerland Technical College

Statement of Cash Flows

For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Tuition and Fees	$ 1,950,485
Receipts from Grants and Contracts	1,107,955
Receipts from Auxiliary Enterprise Charges	531,690
Receipts from Sales and Services of Educational Activities	1,030,917
Payments to Employees for Salaries and Benefits	(15,260,469)
Payments to Suppliers	(6,476,393)
Payments for Scholarships	(1,095,654)
Net Cash Used by Operating Activities	(18,211,469)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from State Appropriations	17,940,501
Receipts from Noncapital Contracts and Grants	2,538,291
Gifts Received	406,578
Additions to Quasi Endowments	20,000
Net Cash Provided by Noncapital Financing Activities	20,905,370
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash Paid for Capital Assets	(1,474,687)
Cash Paid for Construction/Implementation in Progress	(23,480)
Proceeds from Sale of Capital Assets	90,629
Gifts Received	177,350
Net Cash Used by Capital and Related Financing Activities	(1,230,188)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of Interest on Investments	67,381
Net Cash Provided by Investing Activities	67,381
Net Increase (Decrease) in Cash and Cash Equivalents	1,531,094
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	8,263,684
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 9,794,778

(continued next page)

Bridgerland Technical College

Statement of Cash Flows

For the Year Ended June 30, 2022

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$(20,523,748)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	1,814,071
In-kind Gifts Received and Expensed	24,189
Difference between Actuarial Calculated Pension Expense and Actual Contributions	476,670
Changes in Assets and Liabilities:	
Accounts Receivable/Due From State Agencies	(121,095)
Inventories	18,077
Prepaid Expenses	(233,181)
Accounts Payable/Due to State Agencies	384,269
Unearned Revenue	49,614
Accrued Payroll	(32,791)
Termination Benefits/Compensated Absences	(67,544)
Net Cash Used by Operating Activities	$ (18,211,469)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Capital Asset Additions through the State of Utah (DFCM)	$ 1,073,452

The accompanying notes are an integral part of these financial statements.

Bridgerland Technical College

Statement of Fiduciary Net Position

June 30, 2022

		Bridgerland Technical College 401(k) Plan
ASSETS		
Cash (Notes 1 and 2)	$	2,597
Investments (Note 2)		144,517
Participant Loans Receivable (Note 3)		8,023
Total Assets		155,137
LIABILITIES		
Liabilities		-
Total Liabilities		-
NET POSITION		
Restricted for		
Defined Contribution		155,137
Total Net Position	$	155,137

The accompanying notes are an integral part of these financial statements.

Bridgerland Technical College

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2022

		Bridgerland Technical College 401(k) Plan
ADDITIONS		
Contributions		
Participant	$	48,718
Employer		105,665
Total Contributions		154,383
Investment Earnings		
Increase (Decrease) in Fair Value of Instruments		754
Less Investment Costs		-
Net Investment Earnings		754
Total Additions		155,137
DEDUCTIONS		
Distributions		-
Total Deductions		-
Increase (Decrease) in Fiduciary Net Position		155,137
NET POSITION		
Net Position – Beginning of Year		-
Net Position – End of Year	$	155,137

The accompanying notes are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Bridgerland Technical College (College) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Reporting Entity

The College is an independent college within the Utah System of Higher Education and maintains a local Board of Trustees. It is included as a component unit of the State of Utah and is included in the State's *Annual Comprehensive Financial Report*. The College is considered a component unit because it was established under Utah statute, receives appropriations from the State, and is financially accountable to the State.

Funding for the College is received primarily from direct appropriations from the Utah State Legislature, as well as tuition and fees, and grants and contracts with federal, State, and local agencies.

Blended Component Unit

Bridgerland Technical College Continuing Education Foundation (Foundation) is a legally separate and tax-exempt organization that was formed to exclusively benefit the College and its students. The nature of the relationship between the Foundation and the College meets the requirements for the Foundation to be presented in the College's financial statements as a blended component unit. Further information and condensed financials for the Foundation can be found in Note 13.

Fiduciary Activities

Bridgerland Technical College 401(k) Plan (the Plan) is a legally separate entity with a year-end of December 31 that was created to exclusively benefit the College and its employees by providing an alternate 401(k) defined contribution plan. The nature of the relationship between the Plan and the College meets the requirements for the Plan to be considered a fiduciary component unit and accounted for as a fiduciary activity as outlined by GASB 84. Further information is provided in the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, and Note 8.

Measurement Focus and Basis of Accounting

The financial statements of the College are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues/additions are recorded when earned and expenses/deductions are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The College distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the College's principal mission of instruction. Operating expenses include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, the College uses restricted resources first and then unrestricted resources as they are needed.

Deposits and Investments

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and amounts invested with the Utah Public Treasurers' Investment Fund.

Cash and investments at the College are administered in accordance with the State of Utah Money Management Act (*Utah Code,* Title 51, Chapter 7).

Investments for the College are reported at fair value in accordance with GASB 72, *Fair Value Measurement and Application.* Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The College's quasi endowment is invested solely in the Utah Public Treasurers' Investment Fund.

Bridgerland Technical College 401(k) Plan includes cash as part of the mutual fund investments in order to provide the needed cash flow to operate those funds. Investments for the Plan are reported at fair value in accordance with GASB 72, *Fair Value Measurement and Application.*

Inventories

Inventories are carried at the lower of cost or market on either the first-in, first-out ("FIFO") basis or on the average cost basis.

Capital Assets

Capital assets include property, buildings and improvements, equipment, vehicles, and software with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the time of the donation.

The costs of normal maintenance and repairs that do not add to the capacity of the asset or materially extend assets lives are not capitalized. All land is capitalized and not depreciated.

Capital assets are depreciated over an estimated useful life using the straight-line method of depreciation. The estimated useful life of an asset is determined at acquisition based on guidelines provided in the State of Utah Fixed Assets Useful Life Table (FIACCT 09-17.01) and the professional judgment of the applicable department head. Typically assets have estimated useful lives as follows:

Assets	Years
Buildings and Improvements	20-40
Equipment, Vehicles, and Software	3-15

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 (Systems) Pension Plan and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents 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. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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.

Note 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 Money Management Act (*Utah Code*, Title 51, Chapter 7) that relate to the deposit and investment of public funds.

The College follows the requirements of the Utah Money Management Act (Act) in handling its depository and investment transactions. The Act requires the depositing of the College's 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.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a formal deposit policy for custodial credit risk. As of June 30, 2022, $122,304 of the College's bank balance of $412,839 was uninsured and uncollateralized.

As of December 31, 2021, Bridgerland Technical College 401(k) Plan held $2,597 in deposits that were uninsured and uncollateralized. The Plan does not have a formal deposit policy for custodial credit risk.

Investments

The Act defines the types of securities authorized as appropriate investments for the College's 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 or permitted 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 Act; reciprocal deposits and negotiable brokered certificates of deposit in accordance with the Act; and the Utah State Public Treasurers' Investment Fund (PTIF).

The Utah State Treasurer's Office operates the 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 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.

Bridgerland Technical College 401(k) Plan is governed by a trust agreement with the trustees as the legally authorized party. Based on coordination and recommendation from third party advisors, the trustees select available investment options from a variety of investment choices offered by Transamerica. Contributions by employees are invested in the investment choice they designate. Transamerica allocates contributions to the funds based on the underlying investments of each fund. Transamerica evaluates the investment choices using a detailed scorecard process. In addition, the trustees evaluate investment choices using information and recommendations from third party advisors. Available investment choices available to employees are updated as needed.

The College measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

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

At June 30, 2022, the College had $9,641,191 held in the PTIF. The College's investment in the PTIF was valued using Level 2 measurements by applying the June 30, 2022, fair value factor as calculated by the Utah State Treasurer, to its June 30 balance in the fund.

Bridgerland Technical College 401(k) Plan utilizes the same three-tiered fair value hierarchy for Level 1, 2, and 3 investments as the College (as shown above). As of December 31, 2021, the Plan's investments were valued as follows:

		Fair Value Measurements Using		
Investment Type	Fair Value	Level 1	Level 2	Level 3
Debt Securities				
Bond Mutual Funds	$ 20,438	-	$ 20,438	-
Equity Securities				
Equity Mutual Funds	118,914	-	118,914	-
Other	5,165	-	5,165	-
	$ 144,517	-	$ 144,517	-

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 Act. Section 51-7-11 of the 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. As of June 30, 2022, the average maturity of the College's investments was:

		Investment Maturities (in years)
Investment Type	Fair Value	Less than 1 year
Debt Securities - PTIF	$9,641,191	$9,641,191

Bridgerland Technical College 401(k) Plan uses weighted average to classify investment maturity. As of December 31, 2021, the average maturity of the Plan's bond mutual funds was:

		Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1 year	1-5	6-10	11-15	16-20	Greater than 20 years
Bond Mutual Funds	$20,438	$174	-	$10,028	$4,843	$4,925	$468

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 Act, as previously discussed. At June 30, 2022, the College's investments were all unrated.

Bridgerland Technical College 401(k) Plan invests in a variety of bond mutual funds. The following table presents the credit risk ratings as of December 31, 2021:

		Quality Rating				
Investment Type	Fair Value	AAA	AA	A	BBB	Not Rated
Bond Mutual Funds	$20,438	$75	$3	$185	$13	$20,162

Note 3. Accounts Receivable and Payable

<u>Accounts Receivable</u>

The following schedule presents accounts receivable at June 30, 2022, for the College:

Student Tuition and Fees	$	76,447
Federal Grants and Contracts		56,067
State and Local Grants and Contracts		157,837
Sales and Services of Educational Activities, Auxiliary Enterprises, Miscellaneous		11,523
Less Allowance for Doubtful Accounts		(15,000)
Total Accounts Receivable, net	$	286,874
Amounts Due From State Agencies	$	425,745
Total Due From State Agencies	$	425,745

In addition, accounts receivable for Bridgerland Technical College 401(k) Plan totaled $8,023 for participant 401(k) loans at December 31, 2021.

<u>Accounts Payable</u>

Accounts payable for the College at June 30, 2022, consisted of vendor payments totaling $619,233 and due to State agencies in the amount of $131,497.

Note 4. Capital Assets

Additions to capital assets include amounts paid by the College as well as additions paid for by the Utah Division of Facilities Construction and Management (DFCM). Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Construction/Implementation in Progress	$ 295,394	$ 23,480	$ -	$ 318,874
Land	1,559,252	-	-	1,559,252
Buildings and Improvements	35,971,657	1,073,452	-	37,045,109
Equipment and Software	8,213,380	1,474,687	267,952	9,420,115
Total	46,039,683	2,571,619	267,952	48,343,350
Less Accumulated Depreciation: Buildings, Improvements, Equipment, and Software	(26,923,859)	(1,814,071)	(216,309)	(28,521,621)
Net Capital Assets	$ 19,115,824	$ 757,548	$ 51,643	$ 19,821,729

Note 5. Leases

The College provides space to various entities affiliated with the College's Entrepreneurship & Innovation Center and has determined that these agreements are classified as short-term leases and do not meet the criteria for additional reporting required under the GASB 87 lease standard. In addition, the College has an annual operating and maintenance agreement for use of space at the Brigham City Campus. Further information regarding this agreement can be found in Note 12.

Note 6. Long-Term Liabilities

The following is a summary of the changes to the College's long-term liabilities during the fiscal year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Termination Benefits	$ 481,711	$ 26,223	$ 166,540	$ 341,394	$ 146,593
Compensated Absences	698,670	416,538	343,765	771,443	224,362
Net Pension Liability	4,891	-	4,891	-	-
Total Noncurrent Liabilities	$ 1,185,272	$ 442,761	$ 515,196	$ 1,112,837	$ 370,955

Note 7. Termination Benefits

In accordance with the College's Early Retirement Incentive Policy, benefits-eligible employees (1) whose accumulated age and years of service in the Utah Retirement Systems (URS) or Alternate Retirement Plan equal or exceed 75, (2) who have at least five years of service at the College, (3) who meet the eligibility requirements for retirement under rules established by the URS or are eligible to retire and withdraw funds from the Alternate Retirement Plan without an early withdrawal penalty as determined by IRS (typically age 59 ½), and (4) who actually retire prior to reaching the age of eligibility for unreduced social security benefits (typically age 65), may apply for participation in the College's Voluntary Early Retirement Incentive Program.

Entrance or participation in the Voluntary Early Retirement Incentive Program is strictly voluntary and is not a right or entitlement but is a privilege available to benefits-eligible, salaried employees who apply for and receive approval from the College's administration.

The Voluntary Early Retirement Incentive Program provides for two types of incentives: (1) a stipend incentive and (2) a health insurance coverage incentive. The College's administration has the option of approving the incentives independent of each other or may approve a mix of both incentives depending on the facts and circumstances of the individual situation consistent with the overall theory behind the availability of the incentives.

The incentive stipend, when approved, results in a lump-sum payment first as an employer-paid purchase of service credits to the URS if the employee is eligible and next as an employer-paid contribution directly to the employee's 401(k) and/or 457 up to approved IRS limitations. The incentive health insurance coverage is provided for a maximum of 60 months or when the employee reaches the age of eligibility for full Medicare coverage (presumably 65), whichever occurs first.

These benefits are funded by the College on a pay-as-you-go basis. At June 30, 2022, there were seven retirees approved for benefits under the Voluntary Early Retirement Incentive Program.

The College accrues and reports retirement incentive amounts equal to the projected total benefit obligation in the year in which the individual retires. These benefits are accrued as qualified employees apply for and are approved for this retirement option. The College has recorded a liability for the cost of these benefits at their current cost plus projected increases expected based on historical data for health care inflationary trends which has been estimated at 10.00 percent. The cumulative accrued retirement incentive plan liability as of June 30, 2022, totaled $341,394.

Note 8. Retirement Plans

The College provides retirement benefits to all benefits-eligible employees in accordance with the requirements of Title 49 of the *Utah Code*, Annotated, 1953, as amended. Employees participate in the Utah Retirement Systems (Systems) and/or an alternate defined contribution plan depending on hire date and employee classification.

Defined Benefit Plans

The Systems are comprised of the following pension trust funds, which are multiple-employer, cost-sharing public employee retirement systems:

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System).

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

The Systems are established and governed by the respective sections of Title 49 of the *Utah Code*. 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. The Systems 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 to the Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

<u>Benefits Provided</u>

The Systems provide 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 Percent per Year of Service	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% per year all years	Up to 4%
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%

* *with actuarial reductions*

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

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Systems' Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2022, are as follows:

	Paid by College for Employee	College Contribution Rate
Noncontributory System	N/A	22.19
Tier 2 Public Employees System	N/A	19.40

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

For fiscal year ended June 30, 2022, the employer and employee contributions to the Systems were as follows:

	College Contributions	Employee Contributions
Noncontributory System	$ 890,181	N/A
Tier 2 Public Employees System	116,020	-
Total Contributions	$ 1,006,201	$ -

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

At June 30, 2022, the College reported a net pension asset of $4,840,430 and a net pension liability of $0.

	Net Pension Asset	Net Pension Liability	Proportionate Share December 31, 2021	Proportionate Share December 31, 2020	Change (Decrease)
Noncontributory System	$ 4,827,082	$ -	1.9639043%	1.9639043%	.00%
Tier 2 Public Employees System	13,348	-	0.0315379%	0.0340092%	(0.0024713)%
Total Net Pension Asset / Liability	$ 4,840,430	$ -			

The net pension asset and liability were measured as of December 31, 2021. The total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021, and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2022, the College recognized pension expense of $1,521,987.

At June 30, 2022, the College's portion of the reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,485	$ 1,186,088
Changes in assumptions	249,045	126
Net difference between projected and actual earnings on pension plan investments	-	5,034,718
Changes in proportion and differences between contributions and proportionate share of contributions	28,342	1,777,100
Contributions subsequent to the measurement date	525,791	-
Total	**$ 809,663**	**$ 7,998,032**

Of the amount reported as deferred outflows of resources related to pensions, $525,791 resulted from contributions made by the College prior to its fiscal year end, but subsequent to the measurement date of December 31, 2021. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending December 31,	Deferred Outflows (Inflows) of Resources
2022	$ (3,541,349)
2023	$ (2,158,084)
2024	$ (1,225,459)
2025	$ (802,787)
2026	$ 2,535
Thereafter	$ 10,985

Actuarial Assumptions

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

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

Mortality rates were adopted from an actuarial experience dated January 1, 2020. The retired mortality tables are developed using Systems' retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80 percent of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employee Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2021, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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

Expected Return Arithmetic Basis

Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
37%	6.58%	2.43%
20%	(.28%)	(.06%)
15%	5.77%	0.87%
12%	9.85%	1.18%
16%	2.91%	0.47%
0%	(1.01%)	0.00%
100%		4.89%
Inflation		2.50%
Expected Arithmetic Nominal Return		7.39%

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

Changes in Assumptions

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a $509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

Discount Rate

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Systems' Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index

Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement period.

<u>Sensitivity of the Proportionate Share of the Net Pension (asset) / liability to Changes in the Discount Rate</u>

The following presents the proportionate share of the net pension (asset)/liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	$ 299,228	$ (4,827,082)	$ (9,114,298)
Tier 2 Public Employees System	79,530	(13,348)	(84,659)
Total	$ 378,758	$ (4,840,430)	$ (9,198,957)

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

Defined Contribution Plans

The College offers employees the choice between a 401(k) defined contribution plan through the Utah Retirement Systems (Systems) or an alternate 401(k) defined contribution plan. For fiscal year 2022, the College used the Utah Interlocal Educational Benefits Trust (UIEBT) for July 1, 2021 through September 30, 2021, as the alternate plan and then transitioned to the Bridgerland Technical College 401(k) Plan (the Plan) through Transamerica Retirement Solutions effective October 1, 2021.

In September of 2011, eligible employees voted to discontinue participation in Social Security Administration as allowed under the guidelines of Section 218 of the Social Security Act. As a result, beginning in October of 2011, the College began contributing an additional 6.20 percent of these eligible employees' salaries into their respective 401(k) accounts.

<u>Utah Retirement Systems (Systems)</u>

The College also contributes 1.50 percent of eligible employees' gross earnings to the respective contribution plan for Tier 1 and Tier 2 Systems' participants. Employees who participate in the Tier 2 plan have two options. The first option is the Hybrid Plan, which requires an employer to pay 20.02 percent, of which 19.40 percent is a retirement contribution and the balance of 0.62 percent is contributed to the employee's contribution plan. If the retirement contribution rises above 20.02 percent as published by the Systems each year, then there will not be a defined contribution and the employee is required to pay the difference for the retirement contribution. The second option is the Defined Contribution Only Plan, which requires the employer to pay 20.02 percent of which 10.02 percent is a retirement contribution and the remainder 10.00 percent is contributed to the employee's contribution plan. Tier 2 retirement rates include a statutory required contribution to finance the unfunded actuarial accrued liability of Tier 1 plans.

Employer contributions by the College to the Systems for the year ended June 30, 2022, totaled $426,251. Under certain IRS and plan restrictions, employees can make additional contributions. Contributions by College employees for the year ended June 30, 2022, totaled $313,078.

Employees may also participate in an IRS 457 deferred compensation plan offered through the Systems. Employee contributions toward this plan for the year ended June 30, 2022, totaled $37,921.

Utah Interlocal Educational Benefits Trust (UIEBT)

For employees covered by the alternate defined contribution plan, the College contributes 14.20 percent of eligible employees' gross earnings. Employer contributions toward this plan for the year ended June 30, 2022, totaled $96,983. Employee contributions toward this plan for the year ended June 30, 2022, totaled $26,773.

Bridgerland Technical College 401(k) Plan (the Plan)

The Plan is a defined contribution plan created for the sole purpose of providing an alternate 401(k) defined contribution plan to eligible staff and faculty at the College. The College is the only participating employer. The Plan is administered through a trust with the College President and Chief Financial Officer as trustees. The College has an obligation to make contributions, which vest at the time contributions are made. For employees covered by the alternate defined contribution plan, the College contributes 14.20 percent of eligible employees' gross earnings. As of June 30, 2022, there were 65 plan members. Employer contributions toward this plan for the year ended June 30, 2022, totaled $360,190. Employee contributions toward this plan for the year ended June 30, 2022, totaled $115,936.

Note 9. Compensated Absences

The College accrues and reports annual leave in the year earned. Benefits-eligible employees are eligible for one day (1.00) of paid annual leave per month for the first five years of employment, one and a quarter days (1.25) per month for the next five years of employment, and one and a half days (1.50) per month after that. Effective January 1, 2009, annual leave carryover without limit was suspended temporarily. Employees retained accumulated annual leave earned prior to this date. For fiscal year 2022, employees were allowed to accrue unused annual leave at a rate of 20.00 percent of the total amount of annual leave earned during the fiscal year.

Upon termination, the cash value of accumulated unused annual leave calculated by multiplying the employee's current hourly rate by the number of accrued hours of annual leave will be paid directly to the employee's 401(k)/457 plan account as an employer paid contribution, subject to the IRS rules and regulations and rules set by the respective defined contribution plan. Any excess or remaining benefit will be distributed to the employee as taxable compensation.

Note 10. 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 of these matters, but as of this date, it is not possible to estimate the outcome or the financial impact an adverse ruling on these actions would have upon the College. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect upon the College's financial position.

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

Note 11. Risk Management

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 replacement cost insurance on its buildings and contents against all insurable risks of direct physical loss or damage with the Fund. This all-risk insurance coverage provides for repair or replacement of damaged or stolen College property on a replacement cost basis subject to a $1,000 deductible per occurrence. All College employees are covered by workers compensation insurance administered by the Workers Compensation Fund of Utah.

Note 12. Related Parties

The College entered into an operating and maintenance agreement with the State of Utah, acting through the Utah Division of Facilities Construction and Management (DFCM) for the Brigham City Campus Building. This agreement is renewable on a yearly basis on June 30. As of June 30, 2022, the contract had been renewed effective until June 30, 2023. During fiscal year 2022, the College paid a total of $296,884 to DFCM under this agreement.

Note 13. Bridgerland Technical College Continuing Education Foundation

Bridgerland Technical College Continuing Education Foundation (Foundation) was granted a Certificate of Incorporation on October 12, 2021, under the 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 offer continuing education courses of interest and basic instruction necessary for student success in a chosen technical education or job-related program. The Foundation is a legally separate organization with the same governing Board of Trustees as the College. The College provides administrative resources for the daily operations of the Foundation. The Foundation is considered a component unit of the College and is presented in the College's financial statements as a blended component unit.

The following is a condensed version of the Foundation's financial statements for the fiscal year ended June 30, 2022:

Bridgerland Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

CONDENSED STATEMENT OF NET POSITION

	Continuing Education Foundation	Primary Government Eliminations	Total Net of Eliminations
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 160,006	$ (93,179)	$ 66,827
Accounts Receivable	360	-	360
Total Current Assets	160,366	(93,179)	67,187
LIABILITIES			
Current Liabilities			
Accounts Payable	16,356	-	16,356
Accrued Payroll	3,758	-	3,758
Total Current Liabilities	20,114	-	20,114
NET POSITION			
Unrestricted	140,252	(93,179)	47,073
Total Net Position	$ 140,252	$ (93,179)	$ 47,073

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Continuing Education Foundation	Primary Government Eliminations	Total Net of Eliminations
REVENUES			
Operating Revenues			
Student Fees	$ 352,511	$ (93,252)	$ 259,259
Total Operating Revenues	352,511	(93,252)	259,259
EXPENSES			
Operating Expenses			
Salaries and Wages	126,786	-	126,786
Benefits	20,371	-	20,371
Other Operating Expenses	65,102	(73)	65,029
Total Operating Expenses	212,259	(73)	212,186
Operating Income (Loss)	140,252	(93,179)	47,073
Increase (Decrease) in Net Position	140,252	(93,179)	47,073
NET POSITION			
Net Position – Beginning of Year	-	-	-
Net Position – End of Year	$ 140,252	$ (93,179)	$ 47,073

CONDENSED STATEMENT OF CASH FLOWS

	Continuing Education Foundation	Primary Government Eliminations	Total Net of Eliminations
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Cash Provided/(Used) by Operating Activities	$ 160,006	$ (93,179)	$ 66,827
Net Increase (Decrease) in Cash and Cash Equivalents	160,006	(93,179)	66,827
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	-	-	-
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 160,006	$ (93,179)	$ 66,827

Bridgerland Technical College

Required Supplementary Information

For the Year Ended June 30, 2022

Schedule of Bridgerland Technical College's Proportionate Share of the Net Pension Liability Noncontributory and Tier 2 Public Employees Systems of the Utah Retirement Systems

	December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Noncontributory System								
Proportion of Net Pension Liability (Asset)	1.9639043%	1.9639043%	0.1597078%	0.1559590%	0.1602861%	0.1660955%	0.1662583%	0.1541022%
Proportionate Share of Net Pension Liability (Asset)	$ (4,827,082)	$ (1,936,972)	$ 3,548,231	$ 5,802,481	$ 3,919,576	$ 5,383,017	$ 5,222,649	$ 3,871,862
Covered Payroll	$ 4,154,719	$ 4,220,827	$ 4,419,658	$ 4,526,501	$ 4,519,729	$ 4,775,084	$ 5,034,709	$ 4,757,349
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	(116.18%)	(45.89%)	80.28%	128.19%	86.72%	112.73%	103.73%	81.4%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	214.5%	199.0%	90.1%	84.1%	89.2%	84.9%	84.5%	87.2%
Tier 2 Public Employees System								
Proportion of Net Pension Liability (Asset)	0.0315379%	0.0340092%	0.0355827%	0.0389818%	0.0506540%	0.0541636%	0.0481371%	0.013412%
Proportionate Share of Net Pension Liability (Asset)	$ (13,348)	$ 4,891	$ 8,003	$ 16,695	$ 4,466	$ 6,042	$ (105)	$ (398)
Covered Payroll	$ 585,881	$ 543,807	$ 494,391	$ 455,813	$ 495,559	$ 444,186	$ 311,024	$ 65,086
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	(2.28%)	0.90%	1.62%	3.66%	0.90%	1.36%	(.03%)	(.60%)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.8%	98.3%	96.5%	90.8%	97.4%	95.1%	100.2%	103.5%

Note: The College implemented GASB Statement No. 68 and 71 in fiscal year 2015.
Information on the College's portion of the plans' net pension liability (asset) is not available for periods prior to fiscal year 2015.

Bridgerland Technical College

Required Supplementary Information

For the Year Ended June 30, 2022

Schedule of Bridgerland Technical College's Pension Contributions
Noncontributory and Tier 2 Public Employees Systems of the Utah Retirement Systems
Last 10 Fiscal Years for the Years Ended June 30

Noncontributory System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 890,181	$ 910,592	$ 930,930	$ 974,725	$ 975,074	$ 1,003,413	$ 1,062,448	$ 1,002,013	$ 877,560	$ 819,522
Contributions in Relation to the Contractually Required Contribution	(890,181)	(910,592)	(930,930)	(974,725)	(975,074)	(1,003,413)	(1,062,448)	(1,002,013)	(877,560)	(819,522)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 4,115,645	$ 4,218,304	$ 4,314,911	$ 4,498,114	$ 4,481,646	$ 4,599,870	$ 5,016,079	$ 4,869,256	$ 4,680,415	$ 4,754,290
Contributions as a Percentage of Covered Payroll	21.63%	21.59%	21.57%	21.67%	21.76%	21.81%	21.18%	20.58%	18.75%	17.24%

Tier 2 Public Employees System*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 116,020	$ 109,016	$ 101,900	$ 85,397	$ 92,955	$ 91,121	$ 70,625	$ 16,886	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	(116,020)	(109,016)	(101,900)	(85,397)	(92,955)	(91,121)	(70,625)	(16,886)		
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 598,042	$ 572,645	$ 536,597	$ 452,557	$ 505,951	$ 499,567	$ 387,198	$ 202,716		
Contributions as a Percentage of Covered Payroll	19.40%	19.04%	18.99%	18.87%	18.37%	18.24%	18.24%	8.33%	-	-

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

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

OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

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

To the Governing Board, Audit Committee
and
K. Chad Campbell, President
Bridgerland Technical 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 the business-type activities and fiduciary activities of the Bridgerland Technical College (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated April 10, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Office of the State Auditor

Office of the State Auditor
Salt Lake City, Utah
April 10, 2023