Ogden-Weber 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. 22-08

Office of the
State Auditor

AUDIT LEADERSHIP:
John Dougall, State Auditor
Jason Allen, CPA, Audit Director
Abby Potter, CPA, Audit Supervisor/Senior

Ogden-Weber Technical College

For The Year Ended June 30, 2022

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Independent State Auditor's Report

To the Board of Trustees, Audit Committee
and
Jim Taggart, President
Ogden-Weber Technical College

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ogden-Weber 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, 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 as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinion

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

Key Audit Matters

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

- The College's ongoing implementation of the new capital asset tracking system and issues the College has had regarding the improper recording of capital assets was considered a key audit matter. Additional audit procedures were performed to ensure the proper recording and classification of capital assets in the new system and in the financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 management's discussion and analysis, the Schedule of College's Proportionate Share of the Net Pension Liability, and the Schedule of College's 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 September 7, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the College's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor
Salt Lake City, Utah
September 7, 2022

Ogden-Weber Technical College

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

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

The College is one of sixteen 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 discussion and analysis is intended to serve as an introduction to the College's financial statements. The College's financial statements comprise of four components: 1) the Statement of Net Position, 2) the Statement of Revenues, Expenses, and Changes in Net Position, 3) the Statement of Cash Flows, and 4) the Notes to the Financial Statements.

Statement of Net Position. The Statement of Net Position provides information on the College's assets, deferred outflows, liabilities, and deferred inflows 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.

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

Statement of Cash Flows. 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 of both its cash and noncash investing, capital, and financing transactions during the fiscal year.

Notes to the Financial Statements. 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 assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2022, and 2021:

Condensed Statement of Net Position

	Year Ended June 30, 2022 Amount	Adj. Year End June 30, 2021 Amount	Amount of Change	Percent Change
Assets				
Current Assets	$ 11,844,832	$ 9,071,839	$ 2,772,993	30.57%
Noncurrent Assets	550,977	-	$ 550,977	100.00%
Capital Assets, Net	39,050,838	39,571,044	(520,206)	(1.31%)
Total Assets	51,446,647	48,642,883	2,803,764	5.76%
Deferred Outflows of Resources	889,343	563,067	326,276	57.95%
Liabilities				
Current Liabilities	2,488,948	1,596,136	892,812	55.94%
Noncurrent Liabilities	345,296	1,654,156	(1,308,860)	(79.13%)
Total Liabilities	2,834,244	3,250,292	(416,048)	(12.80%)
Deferred Inflows of Resources	2,683,573	1,605,432	1,078,141	67.16%
Net Position				
Net Investment in Capital Assets	39,050,838	39,571,044	(520,206)	(1.31%)
Unrestricted	7,767,335	5,356,083	2,411,252	45.02%
Total Net Position	$ 46,818,173	$ 44,927,127	$ 1,891,046	4.21%

Total assets of the College increased by $2,803,764, or 5.76%, during the fiscal year. The increase in current assets of $2,772,993 consists of an increase in cash and cash equivalents of $2,166,259 due to higher balances in cash accounts; an increase in receivables of $572,422 due to amounts owed for federal grants; an increase in prepaid expenses of $100,255 due to invoices paid for equipment that was not delivered until the first few months of FY23; an increase for lease receivables of $80,800 to adhere to GASB 87 and recognize lease payments to be received for original contract terms and the option to extend (see note 7 in the Notes to the Financial Statements for additional information); and decreases in inventory balances totaling $146,743 at the College Store, Cosmetology program, and Culinary Arts program.

The increase in noncurrent assets of $550,977 consists of a net pension asset reported by Utah Retirement Systems, as required for GASB 68, at June 30,2022.

The College's capital assets (net of accumulated depreciation) as of June 30, 2022, amount to $39,050,838. This investment in capital assets includes land, construction in progress, buildings, improvements, and equipment. The net decrease of $520,206 include a decrease in accumulated depreciation of $1,017,789, a decrease in improvements of $418,685, a decrease in equipment of $1,876,170, and an increase in construction in progress of $756,860 for progression payments made on projects not substantially completed by end of year.

Deferred outflows are derived from information provided by the Utah Retirement System (URS) as outlined by GASB 68. The increase of $326,276 represents contributions made by the College to URS prior to the fiscal year end, but after the measurement date of December 31, 2021, and the net difference between projected and actual earnings on pension plan investments. See Note 7 for additional information.

Total liabilities of the College decreased by $416,048, or 12.80%, during the fiscal year. Current liabilities increased by $892,812 due to increases in payables of $435,630, accrued sick leave of $38,574, unearned revenue of $536,023; and decreases in vacation liability of $26,867 and accrued payroll of $90,548. Noncurrent liabilities decreased by $1,308,860 due to a decrease in the net pension liability of $1,241,083 and a net decrease of $67,777 for long term accrued sick and vacation liabilities. The net pension liability is provided by URS and is based on estimates derived from their actuarial calculation.

Deferred inflows are derived from information provided by URS as outlined in GASB 68 and calculations based on current and probable extensions of lease contracts as outlined in GASB 87. The increase of $1,078,141 represents an increase of $997,341 for the difference between expected and actual returns on investments and changes in assumptions used by the actuaries for GASB 68 and an increase of $80,800 for lease contracts for GASB 87. See Notes 6 & 7 for additional information.

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:

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

	Year Ended June 30, 2022 Amount	Year Ended June 30, 2021 Amount	Amount of Change	Percent Change
Operating Revenues	$ 5,714,851	$ 5,512,754	$ 202,097	3.67%
Operating Expenses	27,974,273	24,060,695	3,913,578	16.27%
Operating Income (Loss)	(22,259,422)	(18,547,941)	(3,711,481)	(20.01%)
Nonoperating Revenues	24,270,114	19,839,380	4,430,734	22.33%
Income (Loss) Before Other Items	2,010,692	1,291,439	719,253	55.69%
Other Revenues and Expenses	457,255	1,939,109	(1,481,854)	(76.42%)
Increase (Decrease) in Net Position	2,467,947	3,230,548	(762,601)	(23.61%)
Net Position – Beginning of Year	44,927,127	41,696,579	3,230,548	7.75%
Prior Period Adjustment (Note 4)	(576,901)	-	(576,901)	(100.00%)
Net Position – Beginning of Year (Restated	44,350,226	41,696,579	2,653,647	6.36%
Net Position – End of Year	$ 46,818,173	$ 44,927,127	$ 1,891,046	4.21%

The College experienced a net operating loss of $22,259,422 during the fiscal year. The College is a state institution and receives most of its funding from State appropriations. These appropriations are classified in the financial statements as nonoperating revenues. The State appropriation is anticipated as a means of covering most of the costs of operating the College. During fiscal year 2022, the State appropriation of $19,717,500 was sufficient to offset all but $2,541,922 of the amount shown on the financial statements as an operating loss. The remaining nonoperating revenues and other revenues of the College consisted mostly of federal grants of $3,805,811; state and local grants of $454,077; gifts of $400,063 transferred to the College from the Foundation; other revenue for capital appropriations of $457,255; investment income of $56,831; and a loss on disposals of capital assets of $164,168.

After considering nonoperating revenues, expenses, and a prior year adjustment, the College had an increase in net position of $1,891,045.

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

	Year Ended June 30, 2022 Amount	Percent of Total Revenue	Year Ended June 30, 2021 Amount	Amount of Change	Percent Change
Operating Revenues					
Student Tuition and Fees	$ 2,559,432	8.41%	$ 2,282,723	$ 276,709	12.12%
Federal Grants and Contracts	754,974	2.48%	592,854	162,120	27.35%
State Grants and Contracts	336,655	1.11%	869,920	(533,265)	(61.30%)
Sales and Services of Educational Activities	1,106,524	3.63%	787,843	318,681	40.45%
Auxiliary Enterprises	957,266	3.14%	979,414	(22,148)	(2.26%)
Total Operating Revenues	5,714,851	18.77%	5,512,754	202,097	16.36%
Nonoperating Revenues					
State Appropriations	19,717,500	64.77%	17,424,375	2,293,125	13.16%
Federal Grants and Contracts	3,805,811	12.50%	1,677,376	2,128,435	126.89%
State Grants and Contracts	454,077	1.49%	505,330	(51,253)	(10.14%)
Gifts	400,063	1.31%	383,879	16,184	4.22%
Investment Income	56,831	.19%	47,656	9,175	19.25%
Loss on Sale of Capital Assets	(164,168)	(.54%)	(199,236)	35,068	(17.60%)
Total Nonoperating Revenues	24,270,114	79.73%	19,839,380	4,430,734	22.33%
Other Revenues					
Capital Appropriations	457,255	1.50%	1,939,109	(1,481,854)	(76.42%)
Total Other Revenues	457,255	1.50%	1,939,109	(1,481,854)	(76.42%)
Total Revenues	$ 30,442,220	100.00%	$ 27,291,243	$ 3,150,977	11.55%

The revenue comparison between fiscal year 2022 and fiscal year 2021 shows an increase in total revenue of $3,150,977, the vast majority of which is attributable to an increase in state appropriation funding and an increase in federal grants for CARES and Pell funding.

Operating revenues increased by $202,097 from last year. Tuition and Fee revenue increased by $276,709 due to an increase of 43,905 adult membership hours and 233 adult head counts. Federal Grants and Contracts increased by $162,120 due to receiving Perkin's formula funding in current fiscal year. State Grants and Contracts decreased by $533,265 due to the change of including custom fit funding with the appropriation funding and not recognizing as a state grant and contract. Sales and Services of Educational Activities increased by $318,681 due to an increase in private training through Custom Fit. Finally, the Auxiliary Enterprises revenue decreased by $22,148 due to less revenue coming in for the college store.

Nonoperating revenues increased by $4,430,734. State appropriations increased by $2,293,125. Federal Grants and Contracts increased by $2,128,435 due to CARES grant funding. State grant and contracts decreased by $51,253 due to using all the CARES funding from UEN, Weber County, and USHE for COVID testing yet replacing with other grants such as Learn and Work and Re-Engagement. Gift revenue increased by $16,184. Investment income increased by $9,175 as interest rates raised slightly. There was another loss this year for capital assets in the amount of $164,168 which is a $35,068 decrease from last year.

Other revenues for capital appropriations are attributable to DFCM capital improvement projects. Capital appropriations funding decreased by $1,481,854 due to DFCM transfers of substantially completed projects to the College being lower this year due to hold on some projects waiting for materials.

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

	Year Ended June 30, 2022 Amount	Percent of Total Expense	Year Ended June 30, 2021 Amount	Amount of Change	Percent Change
Operating Expenses					
Cost of Goods Sold	$ 1,118,375	4.00%	$ 922,403	$ 195,972	21.25%
Salaries and Wages	10,604,640	37.91%	9,960,928	643,712	6.46%
Employee Benefits	3,538,855	12.65%	3,384,087	154,768	4.57%
Actuarial Calculated Pension Expense	(488,302)	(1.75%)	56,397	(544,699)	(965.83%)
General	7,508,977	26.84%	5,493,761	2,015,216	36.68%
Financial Aid	2,620,034	9.37%	940,716	1,679,318	178.51%
Non-capitalized Equipment Purchases	804,967	2.88%	686,857	118,110	17.20%
Travel	34,335	.12%	7,037	27,298	387.92%
Depreciation	2,232,392	7.98%	2,608,509	(376,117)	(14.42%)
Total Operating Expenses	$ 27,974,273	100.00%	$ 24,060,695	$ 3,913,578	16.27%

Total operating expenses for the year increased by $3,913,578 from the prior year. Salaries and wages increased by $643,712 due to increases in compensation and positions being filled from vacancies of normal separations and retirements in the prior year. Employee benefits increased by $154,768 due to filling positions. The actuarial calculated pension expense is derived from information provided by the Utah Retirement System and showed a change resulting a decrease of $544,699. General expense increased by $2,015,216 due in large part to the additional purchases the CARES funding covered for PP&E and the costs to transition to distance learning and accommodate COVID restraints. Depreciation expense decreased by $376,117 and non-capitalized equipment purchases increased by $118,110. Additional changes were increases in cost of goods sold for $195,972, financial aid for $1,679,318 and travel for $27,298. Travel has been slowly increasing as more conferences and meeting are being held in person.

Economic Outlook

Traditionally, companies looking to expand often are unable to find enough employees with the appropriate skills needed for employment. To meet this demand the College is focusing on increasing access for secondary students and working to provide training to underemployed adults. Stackable credentials and pathways streamline the time to completion for both secondary and adult students. Evening programs and apprenticeship opportunities help meet the needs of working adults. When an individual completes a certificate, they find it much easier to obtain related employment and in the long term will better withstand changes in the labor market.

Requests for Information

This financial report is designed to provide a general overview of 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, Ogden-Weber Technical College, 200 North Washington Blvd., Ogden, Utah 84404.

The College's Foundation is reported discretely in the financial statements under the heading "Foundation." A copy of the Foundation's independent audit report may be obtained from the same location listed above.

Ogden-Weber Technical College

Statement of Net Position

For the Year Ended June 30, 2022

	College	Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents (Notes 1 and 2)	$ 10,059,716	$ 420,951
Investments (Notes 1 and 2)	-	3,063,835
Pledges Receivable, net	-	10,000
Accounts Receivable, net (Note 3)		10,000
Related Party	157,631	-
Other	1,182,859	-
Lease Receivable, net (Notes 3 and 6)	80,800	
Prepaid Expenses	103,217	-
Inventories (Note 1)	260,609	-
Total Current Assets	11,844,832	3,504,786
Noncurrent Assets		
Net Pension Asset (Notes 1 and 7)	550,977	-
Land (Notes 1 and 4)	453,128	
Construction in Progress (Note 4)	756,860	
Buildings (Notes 1 and 4)	41,499,172	-
Improvements (Notes 1 and 4)	18,709,091	-
Equipment (Notes 1 and 4)	10,782,232	-
Less Accumulated Depreciation (Notes 1 and 4)	(33,149,645)	-
Total Noncurrent Assets	39,601,815	-
Total Assets	51,446,647	3,504,786
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Relating to Pensions (Note 7)	889,343	-
Total Deferred Outflows of Resources	889,343	-
LIABILITIES		
Current Liabilities		
Accounts Payable (Note 3)		
Related Party	14,330	81,184
Other	984,850	-
Accrued Payroll	263,578	
Unearned Revenue	1,011,029	-
Accrued Sick Leave (Notes 5 and 10)	59,532	-
Accrued Compensated Absences (Notes 5 and 9)	155,629	-
Total Current Liabilities	2,488,948	81,184
Noncurrent Liabilities		
Accrued Sick Leave (Notes 5 and 10)	29,322	-
Accrued Compensated Absences (Notes 5 and 9)	315,974	-
Total Noncurrent Liabilities	345,296	-
Total Liabilities	2,834,244	81,184
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Relating to Pensions (Note 7)	2,602,773	-
Deferred Inflows Relating to Lease Receivables (Note 6)	80,800	-
Total Deferred Inflows of Resources	2,683,573	-
NET POSITION		
Net Investment in Capital Assets	39,050,838	-
Restricted	-	1,703,153
Unrestricted	7,767,335	1,720,449
Total Net Position	$ 46,818,173	$ 3,423,602

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

Ogden-Weber Technical College

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2022

	College	Foundation
REVENUES		
Operating Revenues (Note 1)		
Student Tuition and Fees (Net of Scholarship Allowance of $654,571)	$ 2,559,432	$ -
Federal Grants and Contracts	754,974	-
State Grants and Contracts	336,655	-
Sales and Services of Educational Activities	1,106,524	-
Auxiliary Enterprises:		
Bookstore (Net of Scholarship Allowance of $100,243)	589,631	-
Other	367,635	-
Gifts	-	335,699
Other Revenue	-	136,655
Investment Income	-	65,056
Net Realized Gain on Investments	-	414,885
Net Unrealized (Loss) on Investments	-	(11,223)
Total Operating Revenues	5,714,851	941,072
EXPENSES		
Operating Expenses (Note 1)		
Cost of Goods Sold	1,118,375	-
Salaries and Wages	10,604,640	-
Employee Benefits	3,538,855	-
Actuarial Calculated Pension Expense (Note 7)	(488,302)	-
General	7,508,977	-
Financial Aid	2,620,034	-
Non-capitalized Equipment Purchases	804,967	-
Travel	34,335	-
Depreciation (Note 4)	2,232,392	-
Scholarships and Awards	-	270,465
Donations to the College	-	66,709
Support Services	-	73,798
Total Operating Expenses	27,974,273	410,972
Operating (Loss) Income	(22,259,422)	530,100
NONOPERATING REVENUES		
State Appropriations	19,717,500	-
Federal Grants and Contracts	3,805,811	-
State Grants and Contracts	454,077	-
Gifts	400,063	-
Investment Income	56,831	-
Loss on Disposal of Capital Assets	(164,168)	-
Total Nonoperating Revenues	24,270,114	-
OTHER REVENUES		
Capital Appropriations	457,255	-
Total Other Revenues	457,255	-
Increase (Decrease) in Net Position	2,467,947	530,100
NET POSITION		
Net Position – Beginning of Year	44,927,127	2,893,502
Prior Period Adjustment (Note 4)	(576,901)	
Net Position – Beginning of Year (Restated)	44,350,226	
Net Position – End of Year	$ 46,818,173	$ 3,423,602

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

Ogden-Weber Technical College

Statement of Cash Flows

For the Year Ended June 30, 2022

		College
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tuition and Fees	$	3,095,455
Receipts from Grants and Contracts		1,091,629
Receipts from Auxiliary Enterprise Charges		957,266
Receipts from Sales and Services of Educational Activities		1,106,524
Payments to Employees for Salaries and Benefits		(14,922,806)
Payments to Students and Suppliers		(11,720,159)
Net Cash Used by Operating Activities		(20,392,091)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations		19,717,500
Nonoperating Grants and Contracts		3,755,443
Gifts for Other than Capital Purposes		447,678
Net Cash Provided by Noncapital Financing Activities		23,920,621
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets		(1,419,101)
Capital Grants and Gifts		-
Capital Appropriations		-
Loss on Sale of Capital Assets		-
Repayments of Capital Leases		-
Net Cash Used by Capital and Related Financing Activities		(1,419,101)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments		56,831
Net Cash Provided by Investing Activities		56,831
Net Increase in Cash and Cash Equivalents		2,166,260
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR		7,893,457
CASH AND CASH EQUIVALENTS – END OF YEAR	$	10,059,717
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$	(22,259,422)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation Expense		2,232,392
Difference between Actuarial Calculated Pension Expense and Actual Contributions		671,065
Changes in Assets and Liabilities		
Accounts Receivable		(666,566)
Prepaid Expenses		(100,255)
Inventories		146,743
Accounts Payable		345,082
Penson Liability		(1,241,083)
Sick Leave		25,345
Compensated Absences		(81,415)
Unearned Revenue		536,023
Net Cash Used by Operating Activities	$	(20,392,091)
NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Disposal of Fixed Assets	$	3,481,085
Capital Appropriations		457,255
Total Noncash Investing, Capital, and Financing Activities	$	3,938,340

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

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of Ogden-Weber 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. 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.

The College's financial statements encompass all its operations, including auxiliary enterprises, restricted and unrestricted funds, and Ogden-Weber Technical College Foundation (Foundation). The Foundation is a discrete component unit reported in a separate column labeled "Foundation" to emphasize that it is legally separate from the College. The Foundation's economic resources are used for the direct benefit of the College and the close financial relationship between the College and Foundation is such that excluding the Foundation would cause the College's financial statements to be misleading or incomplete.

The Foundation has a year ending December 31 and 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. A copy of the Foundation's independent audit report may be obtained from the College. See Note 11 for further information about the Foundation.

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 are recorded when earned and expenses 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, it is the College's policy to use restricted resources first, 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 investment management at the College is 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 No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The College distributes earnings from pooled investments based on the average daily investment of each participating account; or for endowments, distributes according to the College's spending policy.

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, improvements, and equipment. Capital assets are defined by the College as assets with an initial, individual cost of more than $5,000 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 date of 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 being depreciated over their estimated useful lives using the straight-line method of depreciation. The estimated useful life of an asset is determined at acquisition based on guidelines of the Utah System of Higher Education, GASB Statement No. 34, and the professional judgment of the applicable department head.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25-40
Improvements	5-40
Equipment and Vehicles	3-15

Pensions

For purposes of measuring the net pension asset/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 are now determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are now 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 Utah 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 Utah Money Management Act (*Utah Code,* Title 51, Chapter 7) (the Act) that relate to the deposit and investment of public funds.

The College follows the requirements of the 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 Money Management Council.

The Foundation is required by its bylaws to deposit funds in depositories approved by the Foundation's Board of Trustees. The Foundation can invest in any investment type deemed prudent and approved by the Board.

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 and Foundation do not have a formal deposit policy for custodial credit risk. As of June 30, 2022, the College held a bank balance of $171,060 which would be insured by the FDIC. As of December 31, 2021, the Foundation's bank balance of $188,430 would be insured by the FDIC.

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 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 Act; reciprocal deposits and negotiable brokered certificates of deposit in accordance with the Act; and the Utah 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 Utah 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 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 $10,809,320 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.

At December 31, 2021, the Foundation had the following investments, all of which were valued using Level 1 measurements:

Investment Type	Fair Value
Money Market	$ 123,972
Mutual Funds	722,076
Fixed Income	573,368
Equities	1,764,556
Total Investments	$ 3,183,972

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. The Foundation does not have a formal policy for interest rate risk. At June 30, 2022, the College's investment's average maturity was:

		Investment Maturities (in years)
Investment Type	Fair Value	Less than 1 year
Debt Securities – PTIF	$ 10,809,320	$ 10,809,320

At December 31, 2021, the Foundation's investments had the following average maturities:

		Investment Maturities (in years)
Investment Type	Fair Value	Less than 1 year
Debt Securities – Money Market	$ 123,972	$ 123,972

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. The Foundation does not have a formal policy for credit risk. The College and Foundation's related debt investments at June 30, 2022 and December 31, 2021, respectively, were all unrated.

Note 3. Receivables and Payables

Accounts receivable at June 30, 2022, consisted of tuition, fees, grants and other receivables. Tuition and fee receivables consist mainly of unpaid student tuition/fee charges. Grant and contract receivables consist of monies owed from federal, state, and other grants. Accounts Receivable are reported net of estimated uncollectible amounts of $26,400. See chart below for a breakout of receivables:

Accounts Receivable Breakout:	
Outside vendor uninvoiced balance	$ 27
Grant Receivables	1,079,567
Other Receivables - Tuition, Auxiliary, Misc	260,896
Total Accounts Receivable	$ 1,340,490

In accordance with GASB 87 for leases, the College recognizes a lease receivable to account for three leases where the College is the lessor and therefore shows an amount due of $80,800 for the remainder of the original terms of the lease and the extension of time offered in the contracts. More information is available in note 6.

Accounts payable at June 30, 2022, were primarily made up of payments to vendors and included a total related party amount of $14,330.

Note 4. Capital Assets

The College integrated two separate asset tracking systems and did a complete review of the list from both systems to verify the proper coding of asset category, useful lives, and validity of assets on campus. This review showed a need to reclass some assets between categories, make a change to useful lives, dispose of items no longer in the College's possession, and make adjustments to prior period beginning balances. The prior period beginning net position was reduced by $576,901.

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

	Adj. Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 453,128	$ -	$ -	$ 453,128
Construction in Progress	$ -	$ 756,860	$ -	$ 756,860
Buildings and Improvements	41,499,172	-	-	$ 41,499,172
Site Improvements	19,127,776	889,254	1,307,939	$ 18,709,091
Equipment	12,658,402	296,977	2,173,146	$ 10,782,233
Total	73,738,478	1,943,091	3,481,085	72,200,484
Less Accumulated Depreciation:				
Buildings and Improvements and Equipment	(34,167,434)	(2,299,129)	(3,316,917)	$ (33,149,645)
Net Capital Assets	$ 39,571,044	$ (356,038)	$ 164,168	$ 39,050,838

Note 5. 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
Accrued Compensated Absences	$ 553,018	$ 110,776	$ 192,192	$ 471,602	$ 155,629
Accrued Sick Leave	63,509	40,221	14,876	88,854	59,532
Net Pension Liability	1,241,083	-	1,241,083	-	-
Total Long-term Liabilities	$ 1,857,610	$ 150,997	$ 1,448,151	$ 560,456	$ 215,161

Note 6. Leases

The College identified three lease contracts where the College is the lessor. Per GASB 87 statement, the amount of $80,800 has been included in the Statement of Net Position to recognize a lease receivable and deferred inflow of resources relating to lease receivables. The three leases comprise of the following:

Ogden-Weber Community Action Partnership/Headstart

- The lease agreement is for a one-story building on the college campus that is approximately 4,750 square feet and is known as the children school north building. The building will remain in the College's possession and will not include any non-exclusive rights-of-way. No improvements are allowed by the lessee and must be approved by the College to comply with laws, statues, and codes set forth by DFCM, State of Utah.

- All operating expenses are paid for by the College which includes utilities, supplies, insurance, services of independent contractors, and compensation of all persons who perform duties connected with the maintenance, repair, or improvement of the building, snow and trash removal, cost of equipment to conserve energy, license, permit, and inspection fees, etc.
- The terms are for one year starting on September 1, 2021, and ending on August 31, 2022, with a lessee option to extend for one additional period of one year. The basic annual rent amount of $40,314.00 annually, or $3,359.50 monthly, was agreed upon and the lessee chose to make monthly payments.
- The total amount of lease revenue recorded for FY22 was $33,595 to cover the period of September to June.
- $48,242 of the $80,800 recognized as deferred inflows of lease receivables is for this lease agreement for the dates after FY22 to the end of the original lease term and extension period as it is reasonably certain that the lessee and lessor will exercise the option.
- The agreement is terminated at the end of the lease unless lessee gives notice of intent to extend at least three months prior to the end of the agreement, at which time a new lease agreement will be drawn up with new terms and a 3% increase in the basic annual rent amount.

Weber Adult Education

- The lease agreement is for a one-story building on the college campus that is approximately 2,580 square feet and is known as the seminary building. The building will remain the College's possession and will not include any non-exclusive rights-of-way. No improvements are allowed by the lessee and must be approved by the College to comply with laws, statues, and codes set forth by DFCM, State of Utah.
- The terms are for one year starting on January 10, 2022, and ending on January 9, 2023, with a lessee option to extend for one additional period of one year. The basic annual rent amount of $21,000 annually, $1,750 monthly, along with a $2,000 security deposit was agreed upon and the tenant chose to pay for the full lease and deposit up-front.
- The total amount of rent revenue and security deposit was booked in FY22 as rent revenue collected in advance. An entry of $10,500 was made from the rent revenue collected in advance to recognize as rent revenue during FY22 for the periods of January to June.
- $21,630 of the $80,800 recognized as deferred inflows of lease receivables is for this lease agreement for the dates after FY22 to the end of the original lease term and extension period as it is reasonably certain that the lessee and lessor will exercise the option.
- The agreement is terminated at the end of the lease unless lessee gives notice of intent to extend at least three months prior to the end of the agreement, at which time a new lease agreement will be drawn up with new terms and a 3% increase in the basic annual rent amount.

Reagan Outdoor Advertising

- The lease agreement is for exclusive rights to use property owned by the College for the purpose of operating, maintaining, and servicing an outdoor advertising structure. The property will remain the College's possession and will not be sold to the lessee at the end of the agreement. No improvements are allowed by the lessee and must be approved by the College to comply with laws, statues, and codes set forth by DFCM, State of Utah.
- The terms are for ten years starting on October 1, 2011, and ending on September 30, 2021, with a lessee option to renew for five additional years. The basic annual rent amount of $2,000 annually, paid monthly, or three times advertising in lieu of rent per year, with an increase of 7% every three years for the term of the lease. The monthly payment amount was agreed upon.
- The total amount of rent revenue that was booked prior to FY22 was $21,127, the amount booked in FY22 was $2,450 to cover the dates of July to June.
- $10,928 of the $80,800 recognized as deferred inflows of lease receivables is for this lease agreement to cover the dates after FY22 to the end of the five-year renewal term which ends on September 30, 2026.
- The College or the lessee has the right to terminate the agreement when giving notice at least ninety (90) days prior to the end of the term then in existence. The College will be seeking to terminate the agreement at the end of the five-year renewal period.

Note 7. Retirement Plans

As required by State law, eligible nonexempt employees (as defined by the U.S. Fair Labor Standards Act) of the College are covered by either the Utah State and School Contributory or Noncontributory Retirement Systems (Systems) and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association–College Retirement Equities Fund (TIAA).

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);
- Public Employees Contributory Retirement System (Contributory 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 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.

The Systems provide retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	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%

* *Actuarial reductions are applied*

***All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding 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, 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 are as follows:

	Paid by College for Employee	College Contribution Rates
Noncontributory System		
State and School Division Tier 1	N/A	22.19
Contributory System		
State and School Division Tier 1	6.00	17.70
State and School Division Tier 2	N/A	19.4
Tier 2 DC Only		
State and School	N/A	10.02

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

	College Contributions	Employee Contributions
Noncontributory System	$ 516,080	N/A
Tier 2 Public Employees System	107,951	-
Tier 2 DC Only System	8,888	N/A
Total Contributions	$ 632,919	$ -

Contributions reporteed 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 $550,977 and a net pension liability of $0.00.

	Net Pension Asset	Net Pension Liability	Proportionate Share Dec. 31, 2021	Proportionate Share Dec. 31, 2020	% Change
Noncontributory System	$ 540,918	$ -	0.0791691%	0.0928472%	-0.0136781%
Contributory System	-	-	0.0000000%	0.0000000%	0.0000000%
Tier 2 Public Employees System	10,059	-	0.0237671%	0.0230617%	0.0007054%
Total Net Pension Asset / Liat	$ 550,977	$ -			

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 a pension expense of $(488,302).

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	$ 329,352	$ 1,296
Changes in assumptions	220,300	95
Net difference between projected and actual earnings on pension plan investments	-	2,206,434
Changes in proportion and differences between contributions and proportionate share of contributions	6,038	394,948
Contributions subsequent to the measurement date	333,653	-
Total	**$ 889,343**	**$ 2,602,773**

Of the amount reported as deferred outflows of resources related to pensions, $333,653 resulted from contributions made by the College prior to their 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	$ (494,894)
2023	$ (673,271)
2024	$ (525,191)
2025	$ (365,131)
2026	$ 1,992
Thereafter	$ 9,413

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 - 9.75 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 study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% 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 Employees 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Expected Return Arithmetic Basis		
Asset Class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term Expected Portfolio Real Rate of Return**
Equity Securities	37%	6.58%	2.43%
Debt Securities	20%	-0.28%	-0.06%
Real Assets	15%	5.77%	0.87%
Private Equity	12%	9.85%	1.18%
Absolute Return	16%	2.91%	0.47%
Cash & Cash Equivalents	0%	-1.01%	0.00%
Totals	100%		4.89%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.39%

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

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 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 was reduced from 6.95% to 6.85% from the prior measurement date.

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 liability (asset) 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:

Proportionate Share of Net Pension (Asset) / Liability

	1% Decrease or (5.85%)	Discount Rate of (6.85%)	1% Increase or (7.85%)
Noncontributory System	$ 1,942,625	$ (540,918)	$ (2,617,178)
Contributory System	-	-	-
Tier 2 Public Employees System	59,934	(10,059)	(63,800)
Total	$ 2,002,559	$ (550,977)	$ (2,680,978)

Detailed information about the fiduciary net position of the pension plans is available in the separately issued URS financial report.

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, the 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.

Defined Contribution Plans

The College offers employees the choice between Utah Retirement Systems (URS) and Teachers Insurance and Annuity Association (TIAA) for individual retirement funds.

Employees who participate in the State and School Noncontributory and Tier 2 pension plans also participate in qualified contributory 401(k) and 457 savings plans administered by the Systems. The College contributes 1.5% and 1.15%, respectively, of participating employees' annual salaries to a 401(k)-plan administered by the Systems. For employees participating in the Tier 2 Public Employees defined contribution plan, the College is required to contribute 20.02% of the employee's salary, of which 10% is paid into the 401(k) or 457 plan while the remainder is contributed to the Tier 1 Public Employees System, as required by law. In September 2011, the Utah System of Technical Colleges (USTC) voted to discontinue participation in Social Security Administration. As a result, beginning October 2011, the College began contributing an additional 6.2% of State Retirement-eligible employees' salaries into their respective 401(k) accounts. Employees may also elect to participate in an IRS 457 deferred compensation plan offered through the Systems.

During the year ended June 30, 2022, the College's contributions totaled $632,693, which was included in the pension expense, and the participating employees' voluntary contributions totaled $456,226 to their 401(k) plans and $11,677 to their 457 plans and $31,317 to their IRA/Roth, respectively. Detailed information regarding plan provisions is available in the separately issued Utah Retirement Systems financial report.

TIAA also provides 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 from the date of employment and are not required to contribute to the fund. For the year ended June 30, 2022, the College was required to contribute 14.2% of the employees' annual covered salary to this defined contribution plan. The College's contributions for the year ended June 30, 2022, were $703,389. The College has no further liability once annual contributions are made.

Note 8. Accrued Termination Benefits

In addition to the pension benefits described in Note 7, the College may provide a one-time payment option, as approved by the College's Board of Directors and administration. This benefit is only for qualified employees that are 55 years old with

30 years of service OR 60 years old with 10 years of service AND are approved to receive retirement benefits with URS or TIAA-CREF AND retire prior to becoming eligible for full social security benefits. The benefit includes a stipend of up to 30% of the retiree's final salary, pro-rate based on the number of months the employee has remaining until they are eligible for full social security benefits. These benefits are not a guarantee and are funded by the College's general account. The College paid out termination benefits of $16,971 for fiscal year 2022.

Note 9. Compensated Absences

The College accrues and reports annual vacation leave in the year earned. Full-time, benefits-eligible employees earn vacation leave for each pay period worked at a rate between 15 and 22 days per year. There is a maximum accumulation of 240 hours adjusted each year after pay period 13 of 26. All accumulated hours above 240 are lost if not used prior to that time. Upon separation from the College, the cash value of accumulated unused annual leave, not to exceed the 240-hour limit, is 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, subject to the IRS rules and regulations as taxable compensation.

Note 10. Sick Leave

Employees of the College earn sick leave at a rate of twelve days per year and may accrue a maximum limit of 960 hours (6 months). Sick leave is expended when used. In the event of separation or retirement, no payment shall be made for unused sick leave, unless the employee meets specific retirement criteria. If approved, the College will pay eligible employees up to a maximum of 75% of the employee's accumulated sick leave based on years of full-time service with the College. Eligibility requirements for payout of sick leave include the following:

- Be at least 55 years old with 30 years of service with the College or 60 years old with 10 years of service with the College.
- Retire as a salaried employee of the College.
- To be deemed to have retired, an employee at the time of termination of service must be eligible for benefits as a retiree under URS or TIAA.
- Unused sick leave shall be paid to qualifying retirees in a lump sum within 30 days following such qualifying employees' last day of work.

Note 11. Foundation

The Foundation was granted a Certificate of Incorporation on March 24, 1983 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 and educational purposes of the College.

As required by GASB Statement No. 31, equity securities held by the Foundation are included in this report at fair value and approximate published market quotations as of December 31, 2021.

During the fiscal year ended June 30, 2022, the Foundation transferred $310,618 to the College to enhance scholarships, awards, and other essential College programs and $21,143 for in-kind gifts. In addition, the Foundation transferred $68,302 for supplies in various College programs.

Note 12. Foundation Endowment

The Foundation's endowment consists of individual funds established primarily for scholarships. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on existence of or absence of donor-imposed restrictions.

The State of Utah has adopted laws based on the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as permanently restricted net assets a) the original value of the gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. There were no donor-imposed restrictions requiring the preservation of the original market value of the original gifts.

In accordance with the State adoption of the UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund.
2) The purposes of the Foundation and the donor-restricted endowment fund.
3) General economic conditions.
4) The possible effect of inflation and deflation.
5) The expected total return from income and the appreciation or depreciation of investments.

6) Other resources of the Foundation.
7) The investment policies of the Foundation.

The Foundation has reflected the allocated decrease in the market value of the assets in the endowments accordingly.

Note 13. Risk Management

The College maintains insurance coverage for commercial general liability, automobile, errors and omissions, and property (buildings and equipment) through policies administered by the Utah State Risk Management Fund. Employees of the College and authorized volunteers are covered by workers' compensation and employees' liability through the Workers Compensation Fund of Utah.

Note 14. Contingent Liabilities

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.

Ogden-Weber Technical College

Required Supplementary Information

For the Year Ended June 30, 2022

Schedule of Ogden-Weber Technical College's Proportionate Share of the Net Pension Liability
Noncontributory, Contributory, and Tier 2 Public Employees Systems of the Utah Retirement Systems

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Noncontributory System								
Proportion of Net Pension Liability (Asset)	0.0791691%	0.0928472%	0.1056136%	0.1040858%	0.1086631%	0.1184041%	0.1299879%	0.13074380%
Proportionate Share of Net Pension Liability (Asset)	$ (540,918)	$ 1,237,766	$ 2,346,419	$ 3,872,530	$ 2,657,206	$ 3,837,378	$ 4,083,292	$ 3,284,975
Covered Payroll	$ 2,370,588	$ 2,701,717	$ 3,051,059	$ 3,165,782	$ 3,237,321	$ 3,522,896	$ 3,792,433	$ 3,762,689
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-22.82%	45.81%	76.91%	122.32%	82.08%	108.93%	107.67%	87.30%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.70%	94.30%	90.10%	84.10%	89.20%	84.90%	84.50%	87.20%
Contributory System								
Proportion of Net Pension Liability (Asset)	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.3861244%	0.6381009%	0.5181869%	0.44662970%
Proportionate Share of Net Pension Liability (Asset)	$ -	$ -	$ -	$ -	$ 25,409	$ 349,652	$ 324,723	$ 48,972
Covered Payroll	$ -	$ -	$ -	$ -	$ 87,854	$ 171,054	$ 164,150	$ 160,900
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	28.92%	204.41%	197.82%	30.44%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	0.00%	0.00%	0.00%	0.00%	99.20%	93.40%	84.50%	98.70%
Tier 2 Public Employees System								
Proportion of Net Pension Liability (Asset)	0.0237671%	0.0230617%	0.0211963%	0.0216246%	0.0202805%	0.0139258%	0.0165954%	0.0204380%
Proportionate Share of Net Pension Liability (Asset)	$ (10,059)	$ 3,317	$ 4,767	$ 9,261	$ 1,788	$ 1,554	$ (36)	$ (619)
Covered Payroll	$ 440,904	$ 369,086	$ 294,534	$ 252,729	$ 198,220	$ 114,203	$ 107,212	$ 100,241
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%	-0.03%	-0.62%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%	103.50%

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

Schedule of Ogden-Weber Technical College's Contributions
Noncontributory, Contributory, and Tier 2 Public Employees Systems of the Utah Retirement Systems
Last 10 Fiscal Years [1]

Noncontributory System [1]

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 516,080	$ 513,390	$ 644,681	$ 661,736	$ 676,631	$ 706,558	$ 811,582	$ 805,576	$ 771,953	$ 668,212
Contributions in Relation to the Contractually Required Contribution	(516,080)	(513,390)	(644,681)	(661,736)	(676,631)	(706,558)	(811,582)	(805,576)	(771,953)	(668,212)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 2,432,826	$ 2,407,160	$ 3,011,510	$ 3,117,959	$ 3,188,614	$ 3,317,236	$ 3,765,657	$ 3,730,301	$ 3,910,121	$ 3,661,071
Contributions as a Percentage of Covered Payroll [2]	21.21%	21.33%	21.41%	21.22%	21.22%	21.30%	21.55%	21.60%	19.74%	18.25%

Contributory System [1]

	2022	2021	2020	2019	2018	2017	2016	2015	2014 [3]	2013 [3]
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -	$ 31,100	$ 29,453	$ 28,656	$ 23,792	$ 29,211
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	(31,100)	(29,453)	(28,656)	(23,792)	(29,211)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ -	$ -	$ -	$ -	$ -	$ 175,708	$ 166,400	$ 161,900	$ 148,914	$ 173,431
Contributions as a Percentage of Covered Payroll [2]	0.00%	0.00%	0.00%	0.00%	0.00%	17.70%	17.70%	17.70%	15.98%	16.84%

Tier 2 Public Employees System [1] [4]

	2022	2021	2020	2019	2018	2017	2016	2015	2014 [3]	2013 [3]
Contractually Required Contribution	$ 107,951	$ 70,302	$ 68,585	$ 49,768	$ 43,184	$ 26,933	$ 18,977	$ 8,432		
Contributions in Relation to the Contractually Required Contribution	(107,951)	(70,302)	(68,585)	(49,768)	(43,184)	(26,933)	(18,977)	(8,432)		
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Covered Payroll	$ 556,451	$ 367,280	$ 361,174	$ 263,949	$ 234,358	$ 146,688	$ 104,027	$ 100,241		
Contributions as a Percentage of Covered Payroll [2]	19.40%	19.14%	18.99%	18.86%	18.43%	18.36%	18.24%			

[1] Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI.

[2] Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative issues.

[3] Contractually Required Contributions, Contributions, and Covered Payroll include information for Tier 2 Employees.

[4] Contributions in Tier 2 include an amortization rate to help fund the unfunded liabililites in the Tier 1 systems.

[5] 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.

OFFICE OF THE
STATE AUDITOR

Independent State 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
Jim Taggart, President
Ogden-Weber 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 Ogden-Weber 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 September 7, 2022. Our report includes a reference to other auditors who audited the financial statements of the Ogden-Weber Technical College Foundation (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 7, 2022