

# Tooele Technical College

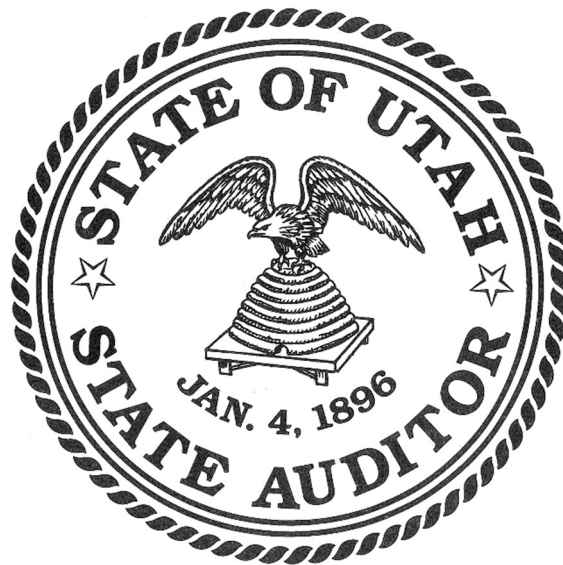
A Component Unit of the State of Utah

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

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Report No. 22-35



## Office of the State Auditor

AUDIT LEADERSHIP:

John Dougall, State Auditor

Doug Seager, CPA, Audit Director

Andrew Driggs, CPA, Audit Supervisor

# Tooele Technical College

*For The Year Ended June 30, 2022*

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OFFICE OF THE  
**STATE AUDITOR**

## Independent Auditor's Report

To the Board of Trustees, Audit Committee  
and  
Paul Hacking, President  
Tooele Technical College

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the accompanying financial statements of Tooele 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, 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 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.

### **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 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 required supplementary information, such as management's discussion and analysis, the

Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Pension Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 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  
Salt Lake City, Utah  
April 12, 2023

# Tooele Technical College

## Management's Discussion and Analysis

### *For the Year Ended June 30, 2022*

The Tooele Technical College (the College) is proud to present its financial statements for the fiscal year ended June 30, 2022. This discussion is an overview of the College's financial activities for the year and is based on the comparative data presented.

Prior to fiscal year 2021, the College was a member of the Utah System of Technical Colleges (USTC), with system governance provided by the USTC Board of Trustees, and local governance provided by the College's Board of Directors. On July 1, 2020, as a result of changes in state statute, the colleges governed by USTC were placed under the governance of the Utah Board of Higher Education. All public colleges and universities are members of the Utah System of Higher Education. The College maintains a local Board of Trustees and remains an independent technical college and component unit of the State of Utah.

The Federal and State stimulus as a result of the COVID pandemic had significant but lessening impacts on the financial reporting during FY2022 as compared to FY2021. The State of Utah legislature provided funding for scholarships which is demonstrated in the larger-than-normal tuition allowances. The Federal CARES Act, the CRRSAA Act, and the American Rescue Plan Act, funded the Higher Education Emergency Relief Fund (HEERF). Together they had significant impacts on the financial statements by providing funding to cover lost revenue and income, additional student aid, and funding to cover costs incurred to manage the effects of the pandemic. During FY22, the College finished disbursing the HEERF funds to students and to cover allowable costs. The College disbursed all these funds prior to the end of the fiscal year.

#### **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 comprise 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 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.

**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

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

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.

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

**Financial Analysis**

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

**Condensed Statement of Net Position**

	June 30, 2022 Amount	June 30, 2021 Amount	Amount of Change	Percent Change
<b>Assets</b>				
Current Assets	\$ 2,775,682	\$ 2,527,310	\$248,372	9.83%
Noncurrent Assets				
Capital Assets	13,486,068	13,394,076	91,992	0.69%
Other Assets	309,490	-	309,490	100.00%
<b>Total Assets</b>	<u>16,571,240</u>	<u>15,921,386</u>	<u>649,854</u>	<u>4.08%</u>
 <b>Deferred Outflows of Resources</b>	 <u>530,426</u>	 <u>404,038</u>	 <u>126,388</u>	 <u>31.28%</u>
 <b>Liabilities</b>				
Current Liabilities	464,141	352,155	111,986	31.80%
Noncurrent Liabilities	56,913	678,782	(621,869)	(91.62%)
<b>Total Liabilities</b>	<u>521,054</u>	<u>1,030,937</u>	<u>(509,883)</u>	<u>(49.46%)</u>
 <b>Deferred Inflows of Resources</b>	 <u>1,275,692</u>	 <u>631,456</u>	 <u>644,236</u>	 <u>102.02%</u>
 <b>Net Position</b>				
Net Investment in Capital Assets	13,486,068	13,394,076	91,992	0.69%
Restricted	55,000	-	55,000	100.00%
Unrestricted	1,763,852	1,268,955	494,897	39.00%
<b>Total Net Position</b>	<u><u>\$15,304,920</u></u>	<u><u>\$ 14,663,031</u></u>	<u><u>\$ 641,889</u></u>	<u><u>4.38%</u></u>

The total assets of the College increased by \$649,854 during the fiscal year. The increase in current assets of \$248,372 consists of an increase in cash and cash equivalents of \$140,872, primarily due to an increase in state appropriations. An increase in Accounts Receivable in the amount of \$96,583, due in large part from a Federal Perkins grant and a capital donation for a planned building expansion.

The College's capital assets (net of accumulated depreciation) as of June 30, 2022, amount to \$13,486,068. The net increase of \$91,992 is due in part to projects funded by capital appropriations from the State of Utah Legislature to maintain the campus and other



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*For the Year Ended June 30, 2022*

equipment purchases. Capitalization of new assets recorded in 2022 amounts to \$677,023, less depreciation of \$585,031, net of disposal of assets.

Other Assets of \$309,490 is the Net Pension Asset, which was calculated by an actuary. For additional information regarding the net pension asset and the GASB 68 requirement, see Note 6.

Deferred Outflows of Resources represents a consumption of net position that applies to a future period(s), this is an actuarially calculated amount, for this reporting period the amount increased by \$126,388.

Total liabilities of the College decreased by \$509,883 for the fiscal year 2022. Current liabilities increased by \$111,986 due to an increase in Accrued Leave Payable of \$44,185 as the result of additional leave earned and employees taking fewer vacation days. Also, Unearned Revenue increased by \$63,340 due to sponsorship funds received but not yet recognized as revenue.

Noncurrent liabilities decreased by \$621,869. Of this amount, Net Pension Liability, which is an actuarially calculated amount, was decreased by \$620,159. For additional information regarding the net pension liability and the GASB 68 requirement, see Note 6.

Deferred Inflows of Resources represents an acquisition of net position that applies to a future period(s), this is an actuarially calculated amount, for this reporting period the amount increased by \$644,236.

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

**Condensed Statement of Revenues, 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	\$ 909,583	\$ 1,074,763	\$(165,180)	(15.4%)
Operating Expenses	8,259,851	8,055,412	204,439	2.5%
Operating Income (Loss)	(7,350,268)	(6,980,649)	(369,619)	5.3%
Nonoperating Revenues	7,682,263	7,197,242	485,021	6.7%
Income (Loss) Before Other Items	331,995	216,593	115,402	53.3%
Other Revenues	309,894	576,671	(266,777)	(46.3%)
Increase (Decrease) in Net Position	641,889	793,264	(151,375)	(19.1%)
Net Position – Beginning of Year	14,663,031	13,869,767	793,264	5.7%
Net Position – End of Year	\$15,304,920	\$14,663,031	\$ 641,889	4.4%

# Tooele Technical College

## Management's Discussion and Analysis

### For the Year Ended June 30, 2022

The College experienced a net operating loss of \$7,350,268 during the fiscal year. The College receives a significant portion of its revenues from State appropriations. These appropriations are classified in the financial statements as nonoperating revenues. State appropriations are anticipated as a means of covering a majority of the costs of operating the College. State appropriations during fiscal year 2022 were \$5,997,300. Included in nonoperating revenues, the College received Federal and State Grants of \$1,379,761, and Federal Pell Grants of \$208,620.

After considering nonoperating revenues and other items, the College had a increase in net position of \$641,889.

**Revenues.** The following schedule presents a summary of 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
<b>Operating Revenues</b>					
Student Tuition and Fees	\$ 326,259	3.67%	\$ 346,420	\$ (20,161)	(5.82%)
Grants and Contracts	-	.00%	150,022	(150,022)	(100.00%)
Corporate Training Fees	245,783	2.76%	239,386	6,397	2.67%
Sales and Services of Educational Activities	109,552	1.23%	70,755	38,797	54.83%
Bookstore Sales	141,969	1.59%	176,352	(34,383)	(19.50%)
Other Operating Revenues	86,020	0.97%	91,828	(5,808)	(6.32%)
<b>Total Operating Revenues</b>	<b>909,583</b>	<b>10.22%</b>	<b>1,074,763</b>	<b>(165,180)</b>	<b>(15.37%)</b>
<b>Nonoperating Revenues</b>					
State Appropriations	5,997,300	67.37%	4,928,100	1,069,200	21.70%
Grants and Contracts	1,379,761	15.50%	1,926,472	(546,711)	(28.38%)
Federal Pell Grants	208,620	2.34%	313,110	(104,490)	(33.37%)
Gifts	80,691	0.91%	14,300	66,391	464.27%
Interest Earnings	15,891	0.18%	15,260	631	4.13%
<b>Total Nonoperating Revenues</b>	<b>7,682,263</b>	<b>86.30%</b>	<b>7,197,242</b>	<b>485,021</b>	<b>6.74%</b>
<b>Other Revenues (Expenses)</b>					
Capital Appropriations	275,694	3.10%	576,871	(301,177)	(52.21%)
Gain (Loss) on Asset Disposal	34,200	0.38%	(200)	34,400	(17200.00%)
<b>Total Other Revenues</b>	<b>309,894</b>	<b>3.48%</b>	<b>576,671</b>	<b>(266,777)</b>	<b>(46.26%)</b>
<b>Total Revenues</b>	<b>\$8,901,740</b>	<b>100.00%</b>	<b>\$ 8,848,676</b>	<b>\$ 53,064</b>	<b>.60%</b>

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

The revenue comparison between the fiscal years 2022 and 2021 shows an increase in total revenues of \$53,064.

Total operating revenues decreased by \$165,180, due to a decrease in Grants and Contracts and bookstore sales as a result of fewer enrollments in training programs that require books and supplies.

Nonoperating revenue increased by \$485,021. State Appropriations increased by \$1,069,200. Grants and contracts decreased \$546,711 due to a phase out of Federal stimulus related to COVID-19 relief. Federal Pell Grant revenue decreased by \$104,490, as students had other scholarship options available. Contributions for gifts increased by \$66,391, due to donations for a Capital Development project.

Other revenues, decreased by \$266,777 from the previous year. Capital appropriations which are State of Utah funded projects for capital improvement, decreased by \$301,177, as fiscal year 2021 had a larger than normal capital appropriation due to a land and building acquisition.

**Expenses.** The following schedule presents a summary of College operating 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
<b>Operating Expenses</b>					
Cost of Goods Sold	\$ 229,454	2.78%	\$ 199,183	\$ 30,271	15.20%
Salaries and Wages	3,780,887	45.77%	3,481,229	299,658	8.61%
Employee Benefits	1,272,657	15.41%	1,082,462	190,195	17.57%
Actuarial Calculated Pension Expense	(54,634)	(0.66%)	257,599	(312,233)	(121.21%)
Scholarships	705,325	8.54%	723,659	(18,334)	(2.53%)
Services and Supplies	1,230,086	14.89%	1,142,426	87,660	7.67%
Lease Expense	13,046	0.16%	11,777	1,269	10.78%
Depreciation	585,032	7.08%	576,893	8,139	1.41%
Non-Capitalized Equipment Purchases	133,489	1.62%	243,288	(109,799)	(45.13%)
Utilities and Maintenance	176,783	2.14%	173,156	3,627	2.09%
Other Operating Expenses	187,726	2.27%	163,740	23,986	14.65%
<b>Total Operating Expenses</b>	<b>\$8,259,851</b>	<b>100.00%</b>	<b>\$8,055,412</b>	<b>\$204,439</b>	<b>2.54%</b>

Total operating expenses for the year were \$204,439 higher than the prior year. Salaries and wages increased by \$299,658 due to the hiring of new faculty and staff along with merit increases for existing employees. Employee benefits increased by \$190,195 as a result of Health Insurance cost increases. The actuarial calculated pension expense decreased by \$312,233 from the prior period. Services and supplies expense increased by \$87,660. Non-capitalized equipment purchases, the cost of which was below the capitalization level of

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*For the Year Ended June 30, 2022*

\$5,000 for an individual asset, decreased by \$109,799 due to returning to normal purchasing without the Federal HEERF funds.

**Economic Outlook**

The College receives a significant portion of its funding through legislative appropriations from the State of Utah; therefore, the general economic condition of the State has a direct impact on the College's ability to provide services to students and employers in Tooele County. During the global COVID-19 pandemic, the College received Federal Funding from the Higher Education Emergency Relief Fund (HEERF) which helped offset reductions in revenue and provide scholarships for students. With the Federal Stimulus funds expiring, the College will return to more normal levels of expenditures. The College anticipates that normal State of Utah appropriations will continue.

**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, Tooele Technical College, 88 South Tooele Blvd., Tooele, Utah 84074.

# Tooele Technical College

## Statement of Net Position

*For the Year Ended June 30, 2022*

### Assets

#### Current Assets:

Cash and Cash Equivalents (Note 2)	\$ 2,545,881
Accounts Receivable (Note 3)	
From Primary Government	62,223
From Others	52,201
Inventory (Note 1)	42,877
Prepaid Expense	72,500
Total Current Assets	<u>\$ 2,775,682</u>

#### Noncurrent Assets

Net Pension Asset (Note 6)	309,490
Capital Assets (Note 4)	
Land	237,008
Buildings	15,866,436
Equipment	1,839,098
Less Accumulated Depreciation	(4,456,474)
Total Noncurrent Assets	<u>\$ 13,795,558</u>

Total Assets	<u>\$ 16,571,240</u>
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### Deferred Outflows of Resources

Deferred Outflows Relating to Pensions (Note 6)	<u>\$ 530,426</u>
Total Deferred Outflows of Resources	<u>\$ 530,426</u>

### Liabilities

#### Current Liabilities:

Accounts Payable (Note 3)	
To Primary Government	\$ 79,079
To Others	49,701
Salaries and Benefits Payable	33,812
Accrued Leave Payable (Note 5)	238,209
Unearned Revenue	63,340
Total Current Liabilities	<u>\$ 464,141</u>

#### Noncurrent Liabilities:

Accrued Leave Payable (Note 5)	<u>\$ 56,913</u>
Total Noncurrent Liabilities	<u>\$ 56,913</u>

Total Liabilities	<u>\$ 521,054</u>
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### Deferred Inflows of Resources

Deferred Inflows Relating to Pensions (Note 6)	<u>1,275,692</u>
Total Deferred Inflows of Resources	<u>1,275,692</u>

### Net Position

Net Investment in Capital Assets	13,486,068
Restricted	55,000
Unrestricted	<u>1,763,852</u>
Total Net Position	<u>\$ 15,304,920</u>

*The accompanying notes are an integral part of the financial statements.*

# Tooele Technical College

## Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2022

### Operating Revenues

Student Tuition and Fees (Net of Allowance of \$512,568)	\$	326,259
Corporate Training Fees		245,783
Sales and Services of Educational Activities		109,552
Bookstore Sales		141,969
Other Operating Revenue		86,020
Total Operating Revenues	\$	909,583

### Operating Expenses

Cost of Goods Sold		229,454
Salaries and Wages		3,780,887
Employee Benefits		1,272,657
Actuarial Calculated Pension Expense (Note 6)		(54,634)
Scholarships		705,325
Services and Supplies		1,230,086
Lease Expense		13,046
Depreciation		585,032
Non-Capitalized Equipment Purchases		133,489
Utilities and Maintenance		176,783
Other Operating Expenses		187,726
Total Operating Expenses	\$	8,259,851
Operating Income (Loss)	\$	(7,350,268)

### Nonoperating Revenues

State Appropriations		5,997,300
Grants and Contracts		1,379,761
Federal Pell Grants		208,620
Gifts		80,691
Interest Earnings		15,891
Total Nonoperating Revenues		7,682,263

Increase (Decrease) in Net Position

Before Other Revenues 331,995

### Other Revenues and Expenses

Capital Appropriations		275,694
Gain (Loss) on Asset Disposal		34,200
Total Other Revenues	\$	309,894

Increase (Decrease) in Net Position 641,889

Net Position – Beginning of Year		14,663,031
Net Position – End of Year	\$	15,304,920

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

# Tooele Technical College

## Statement of Cash Flows

*For the Year Ended June 30, 2022*

### Cash Flows from Operating Activities

Receipts from Tuition and Fees	\$ 272,089
Receipts from Grants and Contracts	(42,413)
Receipts from Bookstore Sales	141,969
Receipts from Sales and Services of Educational Activities	355,335
Receipts from Other Operating Activities	86,020
Payments to Employees for Salaries and Benefits	(5,365,291)
Payments to Students and Suppliers	(2,685,310)
Net Cash Provided (Used) by Operating Activities	<u>\$ (7,237,602)</u>

### Cash Flows from Noncapital Financing Activities

Receipts from Grants and Contracts	1,657,721
Receipts from State Appropriations	5,997,300
Receipts from Gifts for Other than Capital Purposes	80,691
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ 7,729,712</u>

### Cash Flows from Capital and Related Financing Activities

Purchases of Capital Assets	(401,330)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (401,330)</u>

### Cash Flows from Investing Activities

Receipt from Sale of Fixed Assets	34,200
Receipt of Interest on Investments	15,891
Net Cash Provided (Used) by Investing Activities	<u>50,091</u>
Net Increase (Decrease) in Cash and Cash Equivalents	140,872

### Cash and Cash Equivalents – Beginning of Year

\$ 2,405,009

### Cash and Cash Equivalents – End of Year

2,545,881

### Reconciliation of Operating Income (Loss) to

#### Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)	\$ (7,350,268)
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	585,032
Changes in Assets and Liabilities	
(Increase) Decrease in Receivables	(96,583)
(Increase) Decrease in Inventories	(545)
(Increase) Decrease Prepaid Expenses	(10,370)
Increase (Decrease) in Accounts Payable	1,514
Increase (Decrease) in Accrued Liabilities	45,420
Increase (Decrease) in Pension Liabilities	(411,800)
Net Cash Provided (Used) by Operating Activities	<u>\$ (7,237,602)</u>

### Noncash Investing, Capital, and Financing Activities

Noncash Capital Appropriations	\$ 275,694
Total Noncash Investing, Capital, and Financing Activities	<u>275,694</u>

*The accompanying notes are an integral part of the financial statements.*

# Tooele Technical College

## Notes to the Financial Statements

*For the Year Ended June 30, 2022*

### **Note 1. Summary of Significant Accounting Policies**

The accompanying financial statements of the Tooele 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 considered 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.

The College was established, by the Utah State Legislature, to offer career and technical education to secondary and adult students. On July 1, 2020, as a result of changes in state statute, the College was placed under the governance of the Utah Board of Higher Education. The College maintains a local Board of Trustees, is a body politic and corporate, and a component unit of the State of Utah.

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

The College's financial statements encompass all of its operations, including auxiliary enterprises, restricted and unrestricted funds, and the Tooele ATC Foundation (Foundation). The Foundation is a component unit and, as such, is presented in the College's financial statements as a blended component unit. Further information can be found in 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 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



# Tooele Technical College

## Notes to the Financial Statements

*For the Year Ended June 30, 2022*

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 are recorded at fair value in accordance with GASB Statement 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.

### *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 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 the life of the asset 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 the College's adopted policies and the professional judgment of the applicable department head.

# Tooele Technical College

## Notes to the Financial Statements

For the Year Ended June 30, 2022

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

<u>Assets</u>	<u>Years</u>
Buildings	25-40
Improvements	5-40
Equipment and Vehicles	3-15

During fiscal year 2022, the College implemented GASB Statement No. 87 *Leases* which reclassified capital and operating leases and changed leased asset and long-term debt accounting and reporting. The College recorded and reported only short-term leases since its evaluation of lease transactions did not identify any long-term liabilities.

### *Pensions*

For the 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 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 State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act (the Act) that relate to the deposit and investment of public funds.

# Tooele Technical College

## Notes to the Financial Statements

*For the Year Ended June 30, 2022*

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.

### *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, the College's bank balance was \$107,847, which was all insured by 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 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 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

## Tooele Technical College

### Notes to the Financial Statements

For the Year Ended June 30, 2022

the State of Utah, and participants share proportionally in any realized gains or losses on investments.

#### *Fair Value of 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 the following recurring fair value measurements. The investments were valued using level 2 measurements and were unrated.

Investment Type	Level	Fair Value	Investment Maturities (in
			Less than 1 year
Public Treasurers' Investment Fund	2	\$ 2,460,304	\$ 2,460,304

The value of the College's investment in the PTIF is calculated by applying the June 30, 2022 fair value factor, as calculated by the Utah State Treasurer, to the College's June 30, 2022 balance in the fund.

#### *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.

# Tooele Technical College

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### 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.

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio at the time of purchase. The Foundation does not have a formal policy for concentration of credit risk.

### Note 3. Accounts Receivable and Accounts Payable

Accounts receivable at June 30, 2022 consisted of amounts due from a Perkins Grant and other receivables. Other receivables consist mainly of unpaid student tuition/fee charges and a Capital Donation pledge. Accounts receivable are reported net of estimated uncollectible amounts of \$76. See chart below for a breakout of receivables:

Amounts Due from Primary Government	\$ 62,223
<b>Total Due from Primary Government</b>	<u><u>\$ 62,223</u></u>
Amounts Due from Others:	
Other Receivables – Tuition and Fees	\$ 52,277
Less Allowance for Doubtful Accounts	<u>(76)</u>
<b>Total Due from Others</b>	<u><u>\$ 52,201</u></u>

The following schedule presents the accounts payable of the College as of June 30, 2022:

Amounts Due to Primary Government:	
Supplies and Contracted Services	\$ 79,079
<b>Total Due to Primary Government</b>	<u><u>\$ 79,079</u></u>
Amounts Due to Others:	
Vendors for Supplies and Services	\$ 49,701
<b>Total Due to Others</b>	<u><u>\$ 49,701</u></u>

## Tooele Technical College

### Notes to the Financial Statements

*For the Year Ended June 30, 2022*

#### Note 4. Capital Assets

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

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 237,008	\$ -	\$ -	237,008
Buildings	15,546,852	346,083	26,499	15,866,436
Equipment	1,565,193	330,940	57,035	1,839,098
Total	17,349,053	677,023	83,534	17,942,542
Less Accumulated Depreciation:				
Buildings	(3,074,848)	(403,507)	(26,499)	(3,451,856)
Equipment	(880,129)	(181,525)	(57,035)	(1,004,619)
Total Accumulated Depreciation	(3,954,977)	(585,032)	(83,534)	(4,456,475)
Net Capital Assets	\$13,394,076	\$ 91,991	\$ -	\$ 13,486,067

During Fiscal year 2022, the College was appropriated \$24,749,000 from the State of Utah Legislature to complete a building expansion to meet the needs of students as enrollment growth has occurred. The construction project will be managed by the Division of Facilities and Capital Management. Construction is expected to begin during Summer 2023.

#### 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 Leave Payable	\$ 252,647	\$ 270,625	\$228,150	\$ 295,122	\$ 238,209
Termination Benefits Payable	5,602	-	5,602	-	-
Net Pension Liability	620,159	-	620,159	-	-
Total Long-Term Liabilities	\$ 878,408	\$ 270,625	\$ 853,911	\$ 295,122	\$ 238,209

# Tooele Technical College

## Notes to the Financial Statements

*For the Year Ended June 30, 2022*

### **Note 6. Retirement Plans**

#### **Defined Benefit Plans**

Eligible plan participants are provided with pensions through the Utah Retirement Systems (Systems). The Systems comprise several pension trust funds, the following in which employees of the College participate:

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple-employer, cost-sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple-employer, cost-sharing, public employee retirement 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 Utah State Retirement Office Act in Title 49 provides for the administration of the Systems and plans under the direction of the Utah State Retirement Board (Systems Board), whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds and a component unit of the State of Utah. Title 49 of the *Utah Code* grants the authority to establish and amend the benefit terms.

The Systems issue a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102, by calling 1-800-365-8772, or visiting the website: [www.urs.org](http://www.urs.org).

# Tooele Technical College

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### Summary of Benefits by System

The Systems provide retirement benefits, disability, and death benefits to plan members and beneficiaries in accordance with the retirement statutes. 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	2.0% 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.

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:

	Employee Contributions	College Contribution Rates
Noncontributory System	N/A	22.19%
Tier 2 Contributory 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 the fiscal year ended June 30, 2022, the employer and employee contributions to the System were as follows:

	College Contributions	Employee Contributions
Noncontributory System	\$ 235,416	N/A
Tier 2 Public Employees System	105,469	-
Total Contributions	\$ 340,885	\$ -



## Tooele Technical College

### Notes to the Financial Statements

For the Year Ended June 30, 2022

#### *Pension Assets, Liabilities, Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2022, the College reported a net pension asset of \$309,490 and a net pension liability of \$0.

(Measurement Date): December 31, 2021

	Net Pension Asset	Net Pension Liability	Proportionate Share December 31, 2021	Proportionate Share December 31, 2020	Change
Noncontributory System	\$ 299,200	\$ -	0.0437911%	0.0462945%	(0.0025034)%
Tier 2 Public Employees System	10,290	-	0.0243117%	0.0208295%	0.0034822 %
Total Net Pension Asset / Liability	<u>\$309,490</u>	<u>\$ -</u>			

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

For the year ended June 30, 2022, the College recognized pension expense of (\$54,634).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 184,472	\$ 1,326
Changes in assumptions	126,261	97
Net difference between projected and actual earnings on pension plan investments	-	1,232,129
Changes in proportion and differences between contributions and proportionate share of contributions	48,386	42,140
Contributions subsequent to the measurement date	171,307	-
<b>Total</b>	<b>\$ 530,426</b>	<b>\$ 1,275,692</b>

Contributions of \$171,307 made prior to the College's fiscal year end but subsequent to the measurement date of December 31, 2021 are reported by the College as deferred outflows of resources related to pensions.

## Tooele Technical College

### Notes to the Financial Statements

*For the Year Ended June 30, 2022*

These contributions will be recognized as a reduction of 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:

<u>Year Ending December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	(127,751)
2023	(312,134)
2024	(284,680)
2025	(203,203)
2026	1,955
Thereafter	9,240

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

## Tooele Technical College

### Notes to the Financial Statements

For the Year Ended June 30, 2022

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term
			Expected Portfolio Real Rate of Return
Equity Securities	37%	6.58%	2.43%
Debt Securities	20%	-28.00%	-0.06%
Real Assets	15%	5.77%	0.87%
Private Equity	12%	9.85%	1.18%
Absolute Return	16%	2.91%	0.47%
Cash and Cash Equivalents	0%	-1.01%	0.00%
<b>Totals</b>	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 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 date.

## Tooele Technical College

### Notes to the Financial Statements

For the Year Ended June 30, 2022

*Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate.*

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

#### Sensitivity of Proportionate Share of Net Pension (Asset) / Liability

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 1,074,531	\$(299,200)	\$ (1,447,649)
Tier 2 Public Employees System	61,308	(10,290)	(65,262)
Total	\$ 1,135,839	\$(309,490)	\$ (1,512,911)

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

#### **Defined Contribution Plans**

##### *401(k) Plan*

The College participates in a 401(k) defined contribution plan as administered by the Systems. The College is required by statute to contribute 1.5% of eligible employees' salaries for employees in the Noncontributory System and 0.62% for employees in the Tier 2 Public Employees System. For employees participating in the Tier 2 Public Employees defined contributions (Tier 2 DC) plan, the College is required to contribute 20.02% of the employees' salaries, of which 10% is paid into a 401(k)/457 plan while the remaining is contributed to the unfunded liabilities in the Tier 1 Systems as required by law.

Employees who are eligible for retirement benefits voted in a referendum on September 6, 2011 to opt out of participating in the Federal Social Security system, as permitted under Internal Revenue Service regulations. As a result Tooele Technical College, will not participate in the Federal Social Security system retroactively effective January 1, 2008, with the exception of the 1.45% of wages paid toward Medicare benefits. Beginning in October 2011, the College began contributing 6.2% of these eligible employees' salaries into their respective System-administered 401(k) accounts in place of the employer's social security contribution. During the year ended June 30 2022, College contributions totaled \$190,877.

Under certain IRS and plan restrictions, employees can make additional 401(k), Roth IRA, and 457B contributions. Employee contributions for the same period totaled \$130,909.

# Tooele Technical College

## Notes to the Financial Statements

*For the Year Ended June 30, 2022*

Plan assets are held by the Systems and all plan funds are fully vested to the employees at the time of deposit.

### *Teachers Insurance and Annuity Association*

Eligible faculty and professional/administrative employees of the College participate in the Teachers Insurance and Annuity Association Fund (TIAA). Eligible faculty and professional/ administrative employees who were employed by the College and enrolled in the Systems on or before April 29, 2005 were allowed to elect to continue participation in the Systems or to begin participation in TIAA.

TIAA provides individual retirement fund contracts with each participating employee. Benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement. Participation in TIAA is authorized by Title 49 of the *Utah Code*. Contributions by the College to the employee's contract become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. For the year ended June 30, 2022, the College's contribution to this defined contribution pension plan was 14.2% of the employees' annual salaries. The College has no further liability once contributions are made. During the year ended June 30, 2022, the College contributed \$179,313 to the plan and employees did not make any voluntary contributions to the plan.

### **Note 7. 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 employers liability through the Workers Compensation Fund of Utah.

### **Note 8. Tooele ATC Foundation**

The Tooele ATC Foundation, (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation was organized as an Internal Revenue Code Section 501(c)(3) organization and is operated exclusively as a tax-exempt organization to support the educational purposes of the College. The majority of the resources or income the Foundation holds and invests is restricted to the activities of the College by the donors. Additionally, the officers of the Foundation are the College President, College Vice-President of Finance and Operations, and a member of the College Board. These resources held by the Foundation can only be used by, or for the benefit of, the College. For these reasons, the Foundation is considered a blended component unit of the College and is presented in the College's financial statements.

# Tooele Technical College

## Notes to the Financial Statements

For the Year Ended June 30, 2022

Elimination of internal balances and transactions between Tooele Technical College and the Tooele ATC Foundation and a presentation of eliminating balances and transactions in a separate column is required by GASB Statement 34. However, because there are no such internal balances and transactions, the following is a single-column, condensed version of the Foundation financial statements for fiscal year ended June 30, 2022.

Statement of Net Position		Statement of Revenues, Expenses, and Changes in Net Position	
Assets		Operating Revenues	
Current Assets		Gifts	\$ 80,692
Cash	\$ 108,683	Fundraisers	-
Pledge Receivable	-	Total Operating Revenues	80,692
Total Current Assets	108,683	Operating Expenses	
Noncurrent Assets	-	Scholarships	6,353
Total Assets	\$ 108,683	Capital Donations to College	-
Liabilities		Other Expenses	7,055
Payable to College	\$ -	Total Operating Expenses	13,408
Total Liabilities	\$ -	Operating Income	\$ 67,284
Net Position			
Restricted	55,000	Change in Net Position	\$ 67,284
Unrestricted	53,683	Net Position at beginning of year	41,399
Total Net Position	\$ 108,683	Net Position at end of year	\$ 108,683

### Statement of Cash Flows

#### Cash flow from Operating Activities

Cash received through contributions and fundraisers	\$ 80,692
Cash payments for scholarships	(6,353)
Cash payments for other expenses	(7,055)
Net Cash provided by Operating Activities	\$ 67,284

Increase in Cash and Cash Equivalents	\$ 67,284
Cash and Cash Equivalents at beginning of year	41,399
Cash and Cash Equivalents at end of year	\$ 108,683

**Tooele Technical College**  
Required Supplementary Information  
*For the Year Ended June 30, 2022*

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

	2021	2020	2019	2018	2017	2016	2015	2014
<b><i>Noncontributory System</i></b>								
Proportion of Net Pension Liability (Asset)	0.043791%	0.046295%	0.043511%	0.036837%	0.033987%	0.032005%	0.003132%	0.002769%
Proportionate Share of Net Pension Liability (Asset)	\$ (299,200)	\$ 617,162	\$ 966,680	\$ 1,370,519	\$ 831,098	\$ 1,037,110	\$ 983,889	\$ 695,830
Covered Payroll	\$ 1,161,212	\$ 1,247,614	\$ 1,112,867	\$ 965,007	\$ 881,980	\$ 821,093	\$ 781,163	\$ 670,725
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-25.77%	49.47%	86.86%	142.02%	94.23%	126.31%	125.95%	103.74%
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%
<b><i>Tier 2 Public Employees System</i></b>								
Proportion of Net Pension Liability (Asset)	0.02431170%	0.02028295%	0.02320097%	0.027335%	0.021414%	0.021538%	0.025153%	0.393419%
Proportionate Share of Net Pension Liability (Asset)	\$ (10,290)	\$ 2,996	\$ 5,220	\$ 11,707	\$ 1,888	\$ 2,403	\$ (55)	\$ (1,192)
Covered Payroll	\$ 450,123	\$ 332,994	\$ 322,714	\$ 318,095	\$ 209,285	\$ 176,628	\$ 162,492	\$ 192,654
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-2.29%	0.90%	1.62%	3.68%	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%

\* The College implemented GASB Statements 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.

**Tooele Technical College**  
Required Supplementary Information  
For the Year Ended June 30, 2022

**Schedule of Tooele Technical College's Defined Benefit Pension Contributions**  
**Utah Retirement System**  
**Last 10 Fiscal Years Ending June 30**

<i>Noncontributory System</i>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 235,416	\$ 262,562	\$ 248,097	\$ 221,793	\$200,607	\$189,830	\$ 172,031	\$ 170,314	\$ 119,026	\$ 95,985
Contributions in Relation to the Contractually Required Contribution	235,416	262,562	248,097	221,793	200,607	189,830	172,031	170,314	119,026	95,985
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,110,204	\$ 1,236,800	\$ 1,172,012	\$ 1,051,511	\$904,653	\$855,475	\$775,263	\$767,525	\$ 581,750	\$474,607
Contributions as a Percentage of Covered Payroll	21.20%	21.23%	21.17%	21.09%	22.18%	22.19%	22.19%	22.19%	20.46%	20.22%
<i>Tier 2 Public Employees System*</i>										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 105,469	\$ 66,444	\$ 60,216	\$ 67,334	\$ 46,712	\$ 31,633	\$ 31,743	\$ 30,023	\$ 34,605	\$ 8,818
Contributions in Relation to the Contractually Required Contribution	105,469	66,444	60,216	67,334	46,712	31,633	31,743	30,023	34,605	8,818
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 543,655	\$ 347,329	\$ 317,093	\$ 356,832	\$ 253,318	\$ 173,428	\$174,030	\$164,327	\$206,597	\$103,012
Contributions as a Percentage of Covered Payroll	19.40%	19.13%	18.99%	18.87%	18.44%	18.24%	18.24%	18.27%	16.75%	8.56%

\* Tier 2 rates include a 9.94% required contribution to finance the unfunded actuarial accrued liability of the Tier 1 systems.

\*\*The Tier 2 Contributory System began enrollments in fiscal year 2012. Prior to the implementation of GASB Statements No. 68 and 71, Tier 2 information was not separately available.

**Note to Tooele Technical College's Schedule of Contributions:**

***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,



## Tooele Technical College

### Required Supplementary Information

*For the Year Ended June 30, 2022*

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 on the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.



OFFICE OF THE  
**STATE AUDITOR**

## Independent Auditor's Report

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

To the Board of Trustees, Audit Committee  
and  
Paul Hacking, President  
Tooele 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 Tooele 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 12, 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 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.

A handwritten signature in cursive script that reads "Office of the State Auditor".

Office of the State Auditor  
Salt Lake City, Utah  
April 12, 2023