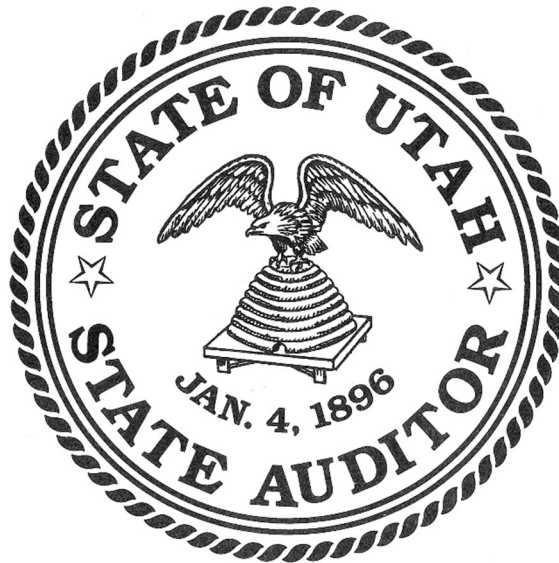


Uintah Basin Technical College

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. 22-28



Office of the State Auditor

AUDIT LEADERSHIP:

John Dougall, State Auditor

Bertha Lui, CPA, Audit Director

Caleb Tindall, CPA, Audit Supervisor

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OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

To the Board of Directors, Audit Committee
and
Aaron K. Weight, President
Uintah Basin Technical College

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Uintah Basin 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

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 received two separate gifts of closely held common stock in the Ute Distribution Corporation. Due to the gifts' complex nature and impacts on both current

and prior fiscal years, we consider them to be a key audit matter. We reviewed donor documents, management's estimate on the valuation, and applicable laws and rules related to College gifts to verify the gifts were valued, classified, and recorded appropriately.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 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
February 14, 2023

Uintah Basin Technical College

Management's Discussion and Analysis

For the Year Ended June 30, 2022

As management of the Uintah Basin Technical College (the 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.

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 are comprised 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 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 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.

Uintah Basin Technical College

Management's Discussion and Analysis

For the Year Ended June 30, 2022

Financial Analysis

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

Condensed Statement of Net Position

	As of June 30, 2022	As of June 30, 2021	Amount of Change	Percent Change
Assets				
Current Assets	\$ 5,598,251	\$ 5,645,903	\$ (47,652)	(.84%)
Capital Assets, Net	31,312,894	32,248,631	(935,737)	(2.90%)
Other Noncurrent Assets	3,397,486	1,530,873	1,866,613	121.93%
Total Assets	40,308,631	39,425,407	883,224	2.24%
Deferred Outflows of Resources	1,435,533	865,311	570,222	65.90%
Liabilities				
Current Liabilities	1,406,103	1,405,435	668	.05%
Noncurrent Liabilities	-	1,409,309	(1,409,309)	(100.00%)
Total Liabilities	1,406,103	2,814,744	(1,408,641)	(50.05%)
Deferred Inflows of Resources	3,133,138	1,461,798	1,671,340	114.33%
Net Position				
Net Investment in Capital Assets	31,312,894	32,248,002	(935,108)	(2.90%)
Restricted	2,603,272	1,530,873	1,072,399	70.05%
Unrestricted	3,288,757	2,235,302	1,053,455	47.13%
Total Net Position	\$ 37,204,923	\$ 36,014,177	\$ 1,190,746	3.31%

The College Net Position increased \$1,190,746, a direct result of overall revenues exceeding expenses. Significant shifting in net position categories were primarily due to the actuarial pension account adjustments by the Utah State Retirement System. The classification of non-current assets recorded an unprecedented net pension asset of \$794,214 to account for much of that increase. This also explains the lack of pension liability in the noncurrent liabilities classification at the end of the fiscal year. The changes in Deferred Outflows and Deferred Inflows of Resources are also a result of these actuarial adjustments determined by URS.

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

Uintah Basin Technical College

Management's Discussion and Analysis

For the Year Ended June 30, 2022

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	\$ 1,194,903	\$ 1,116,928	\$ 77,975	6.98%
Operating Expenses	13,914,258	13,201,834	712,424	5.40%
Operating Income (Loss)	(12,719,355)	(12,084,906)	(634,449)	(5.25%)
Nonoperating Revenues	13,642,359	12,486,987	1,155,372	9.25%
Other Revenues	267,742	11,530,218	(11,262,476)	(97.68%)
Increase (Decrease) in Net Position	1,190,746	11,932,299	(10,741,553)	(90.02%)
Net Position – Beginning of Year	36,014,177	24,081,878	11,932,299	49.55%
Net Position – End of Year	\$ 37,204,923	\$ 36,014,177	\$ 1,190,746	3.31%

The College experienced a net operating loss of \$12,719,355 comparable to the year before. Nonoperating Revenues increased \$1,155,372 primarily due to additional state appropriation and scholarship funds received. The changes in operating expenses are explained further on in the MD & A analysis.

The large decrease in Other Revenues is due to the prior year transfer of the remaining portion of the Vernal Campus that was held by the Uintah Impact Mitigation Special Service District (UIMSSD).

Uintah Basin Technical College

Management's Discussion and Analysis

For the Year Ended June 30, 2022

Revenues. The following schedule presents a summary of the College's revenues for the fiscal years ended June 30, 2022, and 2021 (as adjusted):

	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, Net	\$ 319,590	2.12%	\$ 289,416	\$ 30,174	10.43%
State and Local Grants and Contracts	455,117	3.01%	458,915	(3,798)	(.83%)
Auxiliary Enterprises	382,189	2.53%	355,010	27,179	7.66%
Other Operating Revenues	38,007	.25%	13,587	24,420	179.73%
Total Operating Revenues	<u>1,194,903</u>	<u>7.91%</u>	<u>1,116,928</u>	<u>77,975</u>	<u>6.98%</u>
Nonoperating Revenues					
State Appropriations	10,742,229	71.12%	9,968,575	773,654	7.76%
State Grants and Contracts	63,532	.42%	398,871	(335,339)	(84.07%)
Federal Grants and Contracts	1,036,162	6.86%	922,626	113,536	12.31%
PELL Financial Aid	119,123	.79%	188,542	(69,419)	(36.82%)
Scholarship Gift Revenue	1,558,558	10.32%	970,703	587,855	60.56%
Investment Income	122,755	.81%	37,670	85,085	225.87%
Total Nonoperating Revenues	<u>13,642,359</u>	<u>90.32%</u>	<u>12,486,987</u>	<u>1,155,372</u>	<u>9.25%</u>
Other Revenues					
Capital Appropriations	-	.00%	149,129	(149,129)	(100.00%)
Capital Grants & Gifts	10,000	.07%	11,380,206	(11,370,206)	(99.91%)
Additions to Permanent Endowment	218,226	1.44%	-	218,226	100.00%
Sale of Capital Assets	39,516	.26%	883	38,633	4375.20%
Total Other Revenues	<u>267,742</u>	<u>1.77%</u>	<u>11,530,218</u>	<u>(11,262,476)</u>	<u>(97.68%)</u>
Total Revenues	<u>\$15,105,004</u>	<u>100.00%</u>	<u>\$25,134,133</u>	<u>\$ (10,029,129)</u>	<u>(39.90%)</u>

The revenue comparison shows a decrease in total revenues of \$10,029,130. State appropriations increased by \$773,654 and scholarship revenue increased by \$587,855. The Learn and Work Grant administered through Utah System of Higher Education accounted for an additional \$591,095 in scholarship revenue. A gift of private stock valued at \$218,226 was a permanent addition.

The decrease in the Capital Grants and Gift revenue is due to a one-time event of the transfer of the Vernal Campus building from the UIMSSD in the previous fiscal year.

Uintah Basin Technical College

Management's Discussion and Analysis

For the Year Ended June 30, 2022

Expenses. The following schedule presents a summary of the College's 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					
Salaries and Wages	\$ 5,741,375	41.26%	\$ 5,410,060	\$ 331,315	6.12%
Benefits	1,997,993	14.36%	1,835,322	162,671	8.86%
Actuarial Pension	(87,021)	(.63%)	543,432	(630,453)	(116.01%)
Scholarships	592,826	4.26%	295,222	297,604	100.81%
Supplies and Services	3,764,925	27.06%	3,650,721	114,204	3.13%
Depreciation	1,904,160	13.68%	1,467,077	437,083	29.79%
Total Operating Expenses	\$ 13,914,258	100.00%	\$ 13,201,834	\$ 712,424	5.40%

Total operating expenses increased 5.4% or \$712,424. The 6% increase in Salaries & Wages and Benefits reflects additional instructional personnel hired for two additional programs and a 3% increase in state funding for compensation appropriated. Actuarial Pension expense decreased due to positive changes in actuarial pension conditions. Scholarship expense increased due to the Learn and Work Grant administered through the Utah System of Higher Education providing scholarships of \$335,741. Depreciation expense increased because in prior years a significant portion of Vernal campus depreciation was recorded as a debt reduction rather than a depreciation expense. The method of accounting ended in the previous fiscal year with the bond retirement by the Uintah Impact Mitigation Special Service District.

Capital Assets and Debt Administration

Capital Assets. The College's capital assets net of accumulated depreciation as of June 30, 2022, was \$31,312,894. This investment in capital assets includes land, buildings and improvements, and equipment. The decrease is explained by additional depreciation exceeding asset additions for the year. The following schedule reflects these changes.

	June 30, 2022 Amount	June 30, 2021 Amount	Amount of Change
Land	\$ 62,700	\$ 62,700	\$ -
Buildings and Improvements	29,179,769	30,591,448	(1,411,679)
Equipment	2,070,425	1,594,483	475,942
Total	31,312,894	32,248,631	(935,737)

Debt Administration. The College has no amounts outstanding on long-term debt obligations.

Uintah Basin Technical College

Management's Discussion and Analysis

For the Year Ended June 30, 2022

Factors Expected to Affect Net Position or Operations

Tuition Rate. Along with other regional colleges in the Utah System of Higher Education, the College's tuition rate for fiscal year 2022 was \$2.00 per hour. The rate effective July 1, 2022 (FY23), remains unchanged at \$2.00 per hour.

Economic Conditions. The College is expecting an uncertain oil and gas economy will continue throughout fiscal year 2023, which could potentially impact tuition and fee revenues from educational sources that relate to the energy industry.

In addition, with recent concerns about inflation, the State Legislature is cautious in appropriations strategy. Notwithstanding these concerns, state tax revenues remain strong.

Requests for Information

This financial report is designed to provide a general overview of the Uintah Basin Technical College's finances for all those with an interest in the College's finances and to show the College's accountability for the funding it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Operations Manager, Uintah Basin Technical College, 1100 East Lagoon, Roosevelt, Utah 84066.

Uintah Basin Technical College

Statement of Net Position

June 30, 2022

Assets

Current Assets:

Cash and Cash Equivalents (Note 2)	4,354,224
Receivables (Note 3)	634,868
Receivables - Related Party	145,393
Inventories	161,068
Investments	302,698
Total Current Assets	<u>5,598,251</u>

Noncurrent Assets:

Restricted Cash and Cash Equivalents	2,166,820
Restricted Investments	436,452
Net Pension Asset	794,214
Capital Assets, net (Note 4)	31,312,894
Total Non-Current Assets	<u>34,710,380</u>
Total Assets	<u>40,308,631</u>

Deferred Outflows of Resources

Deferred Outflows Relating to Pensions	1,435,533
Total Deferred Outflows of Resources	<u>1,435,533</u>

Liabilities

Current Liabilities

Accounts Payable	197,683
Salaries and Wages Payable	827,347
Deferred Revenue	20,050
Accrued Leave	361,023
Total Current Liabilities	<u>1,406,103</u>
Total Liabilities	<u>1,406,103</u>

Deferred Inflows of Resources

Deferred Inflows Relating to Pensions	3,133,138
Total Deferred Inflows of Resources	<u>3,133,138</u>

Net Position

Invested in Capital Assets	31,312,894
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Restricted for:

Expendable:

Scholarships	2,143,087
Other	23,733
Total Expendable	<u>2,166,820</u>

Non-Expendable

Scholarships	436,452
Total Non-Expendable	<u>436,452</u>

Unrestricted

Other	3,288,757
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Total Net Position	<u><u>37,204,923</u></u>
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The accompanying notes are an integral part of these financial statements.

Uintah Basin Technical College

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

Revenues

Operating Revenues:

Student Tuition and Fees	319,590
State Grants and Contracts	100,025
Local Grants and Contracts	355,092
Auxiliary Enterprises	382,189
Other Operating Revenues	38,007
Total Operating Revenues	<u>1,194,903</u>

Expenses

Operating Expenses

Salaries and Wages	5,741,375
Benefits	1,997,993
Actuarial Pension	(87,021)
Scholarships	592,826
Supplies and Services	3,764,925
Depreciation	1,904,160
Total Operating Expenses	<u>13,914,258</u>
Operating Income (Loss)	<u>(12,719,355)</u>

Nonoperating Revenues (Expenses)

State Appropriations	10,742,229
State Grants and Contracts	63,532
Federal Grants and Contracts	1,036,162
PELL Financial Aid	119,123
Scholarship Gift Revenue	1,558,558
Investment Income	122,755
Net Nonoperating Revenues	<u>13,642,359</u>
Income Before Other Revenues and Expenses	923,004

Total Other Revenues

Capital Grants & Gifts	10,000
Additions to Permanent Endowment	218,226
Sale of Capital Assets	39,516
Total Other Revenues	<u>267,742</u>
Increase/(Decrease) in Net Position	<u>1,190,746</u>

Net Position

Net Position - Beginning of Year	35,795,951
Prior Period Adjustment	<u>218,226</u>
Net Position - Beginning of Year As Adjusted	<u>36,014,177</u>
Net Position - End of Year	<u><u>37,204,923</u></u>

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

Uintah Basin Technical College

Statement of Cash Flows For the Year Ended June 30, 2022

Cash Flows From Operating Activities

Tuition and Fees	377,059
Grants and Contracts	443,689
Payments to Suppliers	(3,813,638)
Payments for Employees	(8,712,436)
Receipts from Auxiliary Enterprise Services	389,534
Other Receipts	38,007
Other Payments	(574,333)
Net Cash Flows Provided (Used) by Operating Activities	(11,852,118)

Cash Flows From Noncapital Financing Activities

State Appropriations	10,742,229
State Grants & Contracts	(55,856)
Grants & Contracts	460,265
PELL Financial Aid	119,123
Scholarship Gift Revenue	1,558,558
Net Cash Flows Provided (Used) by Noncapital Financing Activities	12,824,319

Cash Flows From Capital and Related Financing Activities

Capital Grants & Gifts	10,000
Proceeds Capital Asset Sale	40,353
Purchases of Capital Assets	(969,259)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(918,906)

Cash Flows From Investing Activities

Interest on Investments	122,755
Net Cash Flows Provided (Used) by Investing Activities	122,755

Net Increase (Decrease) in Cash 176,050

Cash - Beginning of Year 6,344,994

Cash - End of Year 6,521,044

Reconciliation of Net Operating Income (Loss) to

Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	(12,719,355)
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	1,904,160
Difference in Net Pension Liabilities-Benefit Expense	(1,102,405)
Changes in Assets and Liabilities:	
Receivables	57,469
Inventories	7,345
Accounts Payable	(48,713)
Salaries and Wages Payable	42,316
Deferred Revenue	(11,428)
Accrued Leave	27,473
Accrued Termination Benefits	(8,980)
Net Cash Flows Provided (Used) by Operating Activities	(11,852,118)

Noncash Investing, Capital and Financing Activities

In Kind Donation Stock Investment 218,226

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

Uintah Basin 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 Uintah Basin 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.

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.

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 on 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.

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

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.

Inventories

Inventory of the bookstore is valued using the retail inventory method which approximates the lower of cost or market. Inventories representing land and materials for housing projects are valued at cost.

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 for equipment, \$100,000 for buildings, and an estimated useful life in excess of two years. 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 improvement projects funded by the State of Utah Division of Facilities Construction and Management are recorded as capital assets or current expenses when the project is ready for its intended use and has been transferred from the State's books.

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

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

Assets	Years
Buildings	30-40
Building Improvements	20
Portable Classrooms	10
Equipment	5-10
Vehicles	5
Office Equipment	5-10
Computer Equipment	3

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems (Systems) Pension Plan and additions to/deductions from the Systems' fiduciary net position 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 and 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 and will not be recognized as an outflow of resources (expense) 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 and will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

A full-time employee with a twelve-month contract is eligible for ten days of paid vacation per year beginning the first year of employment at the College. After five years of service, an employee will earn an additional paid vacation day for each additional full year of service rendered thereafter, up to a maximum of twenty total vacation days. There is no requirement to use vacation days, but a maximum of forty days may be carried forward at the beginning of each fiscal year.

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

NOTE 2. Cash Equivalents & Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the Money Management Act (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 College funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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. The College does not have a formal deposit policy for custodial credit risk. As of June 30, 2022, \$858,997 of the College's bank balance of \$1,108,997 was uninsured and uncollateralized.

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

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

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 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 UPMIFA and Utah Board of Higher Education Rule 541, allow the College to invest endowment funds including gifts, devises, or bequests of property of any kind from any source in any of the above investments or any of the following, subject to satisfying certain criteria:

- Mutual funds registered with the SEC, investments sponsored by the Common Fund;
- Any investment made in accordance with the donor's directions in a written instrument;
- Investments in corporate stock listed on a major exchange (direct ownership); and
- any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital including venture capital and private equity, natural resources, and private real estate assets or absolute return and long/short hedge funds.

UPMIFA also permits institutions within the Utah System of Higher Education to accept and invest funds on behalf of other institutions. The College maintains an agreement with the University of Utah to invest in its unitized endowment pool (Pool).

The Pool is not registered with the SEC as an investment company and is not rated. The University of Utah invests funds in accordance with Rule 541, and University of Utah investment policies, as approved by the Utah Board of Higher Education. Deposits in the Pool are not insured or otherwise guaranteed by the University of Utah, and participants share proportionally in any realized gains or losses on investments.

The Pool operates and reports to participants on a fair market basis. The income, gains and losses, net of administration fees are allocated monthly on the ratio of the College's ending monthly balance to the total funds in the Pool.

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

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

The value of the College's investments in 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. The fair value of University of Utah Endowment Pool is determined as calculated by the University of Utah to the University's average quarterly balance in the fund. Common stock held by the College is valued at the net present value of discounted future cash flows. There are no market values or observable inputs available.

At June 30, 2022, the College's investments had the following valuations.

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
<u>Debt Securities</u>				
Public Treasurers' Investment Fund	\$ 5,510,570		5,510,570	
Total Debt Securities	\$ 5,510,570		5,510,570	
<u>Equity Securities</u>				
University of Utah Endowment Pool	\$ 302,698		302,698	
Common Stock	\$ 436,452			436,452
Total Equity Securities	\$ 739,150		302,698	436,452

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, 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. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

As of June 30, 2022, the College's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in years)
		Less than 1 year
<u>Debt Securities</u>		
Public Treasurers' Investment Fund	\$ 5,510,570	5,510,570
Total Debt Securities	\$ 5,510,570	5,510,570

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's policy for reducing its exposure to credit risk is to comply with the Act, as previously discussed. At June 30, 2022, the College's investments were all unrated.

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.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The College's policy for reducing its exposure to custodial credit risk is to comply with applicable provisions of the Act. As required by the Act, all applicable securities purchased were delivered versus payment and held in safekeeping by a bank.

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

NOTE 3. Accounts Receivable and Payable

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

Student Charged Tuition and Fees	\$ 18,918
Industry Sponsored Tuition and Fees	43,001
Related Party – State Government	145,393
Federal Government	<u>572,949</u>
Total Accounts Receivable	<u>\$ 780,261</u>

Accounts payable of \$197,683 at June 30, 2022 are primarily made up of obligations to vendors. Of this amount, \$29,116 is owed to state-governed related-party agencies.

NOTE 4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 62,700	\$ -	\$ -	\$ 62,700
Buildings and Improvements	47,272,174	-	-	47,272,174
Equipment	4,782,799	939,347	301,152	5,420,994
Total	<u>52,117,673</u>	<u>939,347</u>	<u>301,152</u>	<u>52,755,868</u>
Less Accumulated Depreciation:				
Buildings and Improvements	16,680,726	1,411,679	-	18,092,405
Equipment	3,188,316	492,482	330,229	3,350,569
Total Accumulated Depreciation	<u>19,869,042</u>	<u>1,904,161</u>	<u>330,229</u>	<u>21,442,974</u>
Net Capital Assets	<u><u>\$ 32,248,631</u></u>	<u><u>\$ (964,814)</u></u>	<u><u>\$ (29,077)</u></u>	<u><u>\$ 31,312,894</u></u>

NOTE 5. Long-Term Liabilities

The following is a summary of changes in long-term liabilities during the fiscal year:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued Termination Benefits	\$ 8,980	\$ -	\$ 8,980	\$ -	\$ -
Net Pension Liability	<u>1,409,309</u>	<u>-</u>	<u>1,409,309</u>	<u>-</u>	<u>-</u>
Total Long-Term Liabilities	<u><u>\$ 1,418,289</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,418,289</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

NOTE 6. Retirement Plans

Defined Benefit Plans

The College contributes to the Public Employees Noncontributory Retirement System and the Tier 2 Public Employees Contributory Retirement System, which are cost-sharing multiple-employer defined benefit pension plans administered by 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);
- 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 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 to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits Provided

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

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

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%

* Actuarial reductions are applied.

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

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Systems' Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the cost 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	N/A	22.19%
Tier 2 Public Employees System	N/A	19.40%

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

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

	College Contributions	Employee Contributions
Noncontributory System	\$ 501,622	\$ -
Tier 2 Public Employees System	438,818	-
Total Contributions	\$ 940,440	\$ -

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

Contributions reported are the Systems' Board-approved required contributions by system. Contributions in the Tier 2 systems are used to finance the unfunded liabilities in the Tier 1 systems.

As of June 30, 2022, the College reported a net pension asset of \$794,214 and a net pension liability of \$0.

	Net Pension Asset	Net Pension Liability	Proportionate Share 12/31/2021	Proportionate Share 12/31/2020	Change (Decrease)
Noncontributory System	\$ 745,048	\$ -	0.1090456%	0.1043698%	0.0046758%
Tier 2 Public Employees System	49,166	-	0.1161770%	0.1246786%	-0.0085016%
Total Net Pension Asset / Liability	<u>\$ 794,214</u>	<u>\$ -</u>			

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 (\$87,021). At June 30, 2022, the College's portion of the 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	\$ 470,796	\$ 6,335
Changes in assumptions	336,361	465
Net difference between projected and actual earnings on pension plan investments	-	3,126,338
Changes in proportion and differences between contributions and proportionate share of contributions	117,969	-
Contributions subsequent to the measurement date	510,408	-
Total	<u>\$ 1,435,534</u>	<u>\$ 3,133,138</u>

Of the amount reported as deferred outflows of resources to pensions, \$510,408 resulted from contributions made by the College prior to its fiscal year end, but subsequent to the measurement date of December 31, 2021. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

<u>Year Ending December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ (321,030)
2023	\$ (725,107)
2024	\$ (701,916)
2025	\$ (511,791)
2026	\$ 9,420
Thereafter	\$ 42,411

Actuarial Assumptions

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

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

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

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

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

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%	-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.

Discount Rate

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Systems' Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

Sensitivity of the Proportionate Share of the Net Pension (Asset)/Liability to Changes in the Discount Rate

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

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

share of the net pension (asset)/liability would be if it were calculated using a discount rate that is one percentage point lower (5.85 percent) or one percentage point higher (7.85 percent) than the current rate:

Proportionate Share of Net Pension (Asset) / Liability

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 2,675,724	\$ (745,048)	\$ (3,604,837)
Tier 2 Public Employees System	292,945	(49,166)	(311,837)
Total	<u>\$ 2,968,669</u>	<u>\$ (794,214)</u>	<u>\$ (3,916,674)</u>

Pension Plan Fiduciary Net Position

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

Defined Contribution Plans

The College participates in the 401(k) defined contribution system administered by the Systems. The plan is established and governed by Title 49 of the *Utah Code*. The 401(k) plan is a supplemental plan to basic retirement benefits of the Systems. The College is required by statute to contribute 1.5% of eligible employees' salaries which vests immediately. For employees participating in the Tier 2 Public Employees defined contribution (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 remainder is contributed to the Tier 1 Contributory Public Employee System as required by law.

In September 2011, the College employees voted to discontinue participation in the Social Security Administration. As a result, effective October 1, 2011, the College began contributing an additional 6.2% of eligible employee salaries into employees' 401(k) plans. Voluntary contributions may also be made into the plan by employees, subject to plan and internal revenue code limitations. During the year ended June 30, 2022, the College contributed \$446,851 to the plan and the employees made voluntary contributions to the plan of \$239,519.

NOTE 7. Natural and Functional Expense Classifications

The following is a summary of natural expense classifications with functional expense classifications for the year ended June 30, 2022:

Uintah Basin Technical College

Notes to the Financial Statements

For the Year Ended June 30, 2022

	Salary and Wages	Employee Benefits	Scholarships	Supplies and Services	Depreciation	Total
Instruction	\$ 3,279,498	\$ 1,702,979	\$ -	\$ 1,317,572	\$ -	\$ 6,300,049
Student Services	342,288	217,835	-	59,942	-	620,065
Institutional Support	1,617,812	785,455	-	1,000,206	-	3,403,473
Operation and Maintenance of Plant	459,225	303,445	-	1,085,402	1,904,160	3,752,232
Scholarships	-	-	592,826	24,945	-	617,771
Auxiliary Enterprises	42,552	3,664	-	276,858	-	323,074
Pension Adjustment & Actuary Expense		(1,102,406)				(1,102,406)
Totals	<u>\$ 5,741,375</u>	<u>\$ 1,910,972</u>	<u>\$ 592,826</u>	<u>\$ 3,764,925</u>	<u>\$ 1,904,160</u>	<u>\$ 13,914,258</u>

NOTE 8. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of a component unit of the State of Utah, the College participates in the State's Risk Management Fund along with other State funds, agencies, and public authorities of the State. The State Risk Management fund allocates the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each agency or public authority based on each organization's estimated current year liability and property values. The liability is determined using an independent actuarial study based on past, current, and estimated loss experience. The College has not had any losses or settlements that exceeded the risk management coverage for any of the last three years.

NOTE 9. Related Party Agreement

In December 2006, the College entered into a 99-year agreement with Utah State University for the land on which the Vernal campus building was built. The agreement does not convey ownership of the land to the College at the end of the agreement term, and the College does not have the option to purchase the land at the end of the agreement term. Consideration for the College's use of the land is the joint use of the Vernal campus by the College and Utah State University.

NOTE 10. Prior Period Adjustment

Prior to the beginning of the year, the College had not recorded a closely held common stock donation valued at \$218,226. To correct this oversight, this amount is recognized as an increase in beginning net position in the same amount.

Uintah Basin Technical College
Required Supplementary Information Schedules
For the Year Ended June 30, 2022

**Schedule of Uintah Basin 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	December 31,		2016	2015	2014
				2018	2017			
<i>Noncontributory System</i>								
Proportion of Net Pension Liability (Asset)	0.1090456%	0.1043698%	0.1035398%	0.0929923%	0.0901357%	0.0910951%	0.0918514%	0.1033149%
Proportionate Share of Net Pension Liability (Asset)	\$ (745,048)	\$ 1,391,377	\$ 2,300,346	\$ 3,459,794	\$ 2,204,144	\$ 2,952,316	\$ 2,885,316	\$ 2,595,816
Covered Payroll	\$ 2,174,007	\$ 1,950,950	\$ 1,900,461	\$ 1,925,952	\$ 1,944,937	\$ 2,090,630	\$ 2,120,187	\$ 2,593,606
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-34.27%	71.32%	121.04%	179.64%	113.33%	141.22%	136.09%	100.09%
Plan Fiduciary Net Position as a Percentage of Total Pension	102.70%	94.30%	90.10%	84.10%	89.20%	84.90%	84.50%	87.20%
<i>Tier 2 Public Employees System</i>								
Proportion of Net Pension Liability (Asset)	0.1161677%	0.1246786%	0.1330346%	0.1333377%	0.1349106%	0.1417378%	0.1779284%	0.1821832%
Proportionate Share of Net Pension Liability (Asset)	\$ (49,166)	\$ 17,932	\$ 29,920	\$ 57,106	\$ 11,895	\$ 15,811	\$ (388)	\$ (5,521)
Covered Payroll	\$ 2,156,186	\$ 1,993,632	\$ 1,849,335	\$ 1,555,664	\$ 1,320,723	\$ 1,162,363	\$ 1,149,513	\$ 894,627
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-2.28%	0.90%	1.62%	3.67%	0.90%	1.36%	-0.03%	-0.62%
Plan Fiduciary Net Position as a Percentage of Total Pension	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 plans' net pension liabilities (assets) is not available for periods prior to fiscal year 2015.

Uintah Basin Technical College
Required Supplementary Information Schedules
For the Year Ended June 30, 2022

**Schedule of Uintah Basin Technical College's Defined Benefit Pension Contributions
Noncontributory and Tier 2 Public Employees Systems of the Utah Retirement Systems
Last 10 Fiscal Years Ending June 30**

<i>Noncontributory System</i>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 501,622	\$ 442,575	\$ 420,159	\$ 439,031	\$ 422,103	\$ 441,133	\$ 454,839	\$ 493,734	\$ 616,265	\$ 595,425
Contributions in Relation to the Contractually Required Contribution	(501,622)	(442,575)	(420,159)	(439,031)	(422,103)	(441,133)	(454,839)	(493,734)	(616,265)	(595,425)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,283,673	\$ 2,024,681	\$ 1,912,699	\$ 1,979,785	\$ 1,905,540	\$ 1,999,857	\$ 2,116,055	\$ 2,302,595	\$ 2,778,037	\$ 3,048,031
Contributions as a Percentage of Covered Payroll	21.97%	21.86%	21.97%	22.18%	22.15%	22.06%	21.49%	21.44%	22.18%	19.53%
<i>Tier 2 Public Employees System¹</i>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 438,818	\$ 388,771	\$ 367,145	\$ 333,314	\$ 260,530	\$ 226,276	\$ 197,581	\$ 193,881	\$ 57,444	\$ 42,376
Contributions in Relation to the Contractually Required Contribution	(438,818)	(388,771)	(367,145)	(333,314)	(260,530)	(226,276)	(197,581)	(193,881)	(57,444)	(42,376)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,261,949	\$ 2,032,259	\$ 1,933,362	\$ 1,766,371	\$ 1,412,853	\$ 1,240,547	\$ 1,177,111	\$ 1,061,197	\$ 675,813	\$ 495,048
Contributions as a Percentage of Covered Payroll	19.40%	19.13%	18.99%	18.87%	18.44%	18.24%	16.79%	18.27%	8.50%	8.56%

¹ For employees participating in the Tier 2 Public Employees System, the College is required to contribute 18.24% of the employee's salary to the Systems. The College makes the required contributions by paying approximately 10% into the Tier 2 System while the remainder is contributed to the Tier 1 System as required by law. The amounts reported here reflect the contributions to the Tier 2 System rather than the total required.



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 Directors, Audit Committee
and
Aaron K. Weight, President
Uintah Basin 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 Uintah Basin 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 February 14, 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.



Office of the State Auditor
Salt Lake City, Utah
February 14, 2023