TOOELE APPLIED TECHNOLOGY COLLEGE

A Regional College within the
Utah College of Applied Technology,
A Component Unit of the State of Utah

Annual Financial Report
and
Government Auditing Standards Report
For the Year Ended June 30, 2017

Report No. 17-35

OFFICE OF THE
STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Jason Allen, CPA, CFE, Senior Audit Manager
Chantel Wixon, Audit Senior

TOOELE APPLIED TECHNOLOGY COLLEGE

FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

OFFICE OF THE
STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Directors, Audit Committee
and
Paul Hacking, President
Tooele Applied Technology College

Report on the Financial Statements

We have audited the accompanying financial statements of the Tooele Applied Technology College (College) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's financial statements as listed in the table of contents. The College is a regional college within the Utah College of Applied Technology (UCAT) which is a component unit of the State of Utah.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2017, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the College and do not purport to, and do not, present fairly the financial position of UCAT as of June 30, 2017, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3–8 and the College's Schedule of Proportionate Share of the Net Pension Liability and Schedule of Deferred Benefit Contribution on pages 28 and 29 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 13, 2018 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor
February 13, 2018

TOOELE APPLIED TECHNOLOGY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
(Unaudited)

The Tooele Applied Technology College (the College) is proud to present its financial statements for the fiscal year ended June 30, 2017. This discussion is an overview of the College's financial activities for the year and is based on the comparative data presented.

The College is part of a system of higher education located in the State of Utah. The Utah College of Applied Technology (UCAT) is the governing body of that system of higher education, which is composed of eight regional applied technology colleges. Additional information on the College's relationship to UCAT can be found in Note 1 of the Notes to the Financial Statements.

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 statements in evaluating the College's performance during the fiscal year and how well management has discharged their stewardship responsibilities and other aspects of their duties.

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

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

Financial Analysis

Condensed Statement of Net Position. The following schedule presents a summary of the College's net position as of June 30, 2017, and 2016:

Condensed Statement of Net Position

	June 30, 2017 Amount	June 30, 2016 Amount	Amount of Change	Percent Change
Assets				
Current Assets	$ 1,221,781	$ 1,130,536	$ 91,245	8.07%
Noncurrent Assets				
Net Pension Asset	-	55	(55)	(100.00%)
Capital Assets	13,818,650	13,859,396	(40,746)	(.29%)
Total Assets	15,040,431	14,989,987	50,444	.34%
Deferred Outflows of Resources	487,683	438,810	48,873	11.14%
Liabilities				
Current Liabilities	245,169	125,764	119,405	94.94%
Noncurrent Liabilities	1,076,778	1,044,331	32,447	3.11%
Total Liabilities	1,321,947	1,170,095	151,852	12.98%
Deferred Inflows of Resources	127,054	97,591	29,463	30.19%
Net Position				
Net Investment in Capital Assets	13,816,010	13,852,556	(36,546)	(.26%)
Unrestricted	263,103	308,556	(45,453)	(14.73%)
Total Net Position	$ 14,079,113	$ 14,161,112	$ (81,999)	(.58%)

The total assets of the College increased by $50,444 during the fiscal year. The increase in current assets of $91,245 consists of an increase in cash and cash equivalents of $106,675, a decrease in receivables of $592, a decrease in inventory of $4,887, and a decrease in prepaid expenses of $9,950. The net pension asset decreased by $55.

TOOELE APPLIED TECHNOLOGY COLLEGE

The College's capital assets (net of accumulated depreciation) as of June 30, 2017, amount to $13,818,650. The $40,746 net decrease in capital assets is due to capitalization of $429,220 in new assets recorded in the fiscal year 2017 less depreciation of $469,966. Additional information on the changes in the College's capital assets can be found in Note 4 of the Notes to the Financial Statements.

Deferred outflows relating to pensions increased $48,873.

Total liabilities of the College increased by $151,852 for the fiscal year 2017. Current liabilities increased by $119,405, mainly due to an increase in accounts payable of $70,126 and a one-time charge of $52,949 resulting from a change in policy allowing faculty members to carry forward vacation time. As a component of noncurrent liabilities, net pension liability increased by $55,624. For additional information regarding the net pension liability and the GASB 68 requirement, see Note 8.

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, 2017, and 2016.

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

	Year Ended June 30, 2017 Amount	Year Ended June 30, 2016 Amount	Amount of Change	Percent Change
Operating Revenues	$ 711,310	$ 807,508	$ (96,198)	(11.9%)
Operating Expenses	4,986,837	4,262,143	724,694	17.0%
Operating Income (Loss)	(4,275,527)	(3,454,635)	(820,892)	23.8%
Nonoperating Revenues	3,947,886	3,362,843	585,043	17.4%
Income (Loss) Before Other Items	(327,641)	(91,792)	(235,849)	256.9%
Other Revenues	245,642	25,000	220,642	882.6%
Increase (Decrease) in Net Position	(81,999)	(66,792)	(15,207)	22.8%
Net Position – Beginning of Year	14,161,112	14,227,904	(66,792)	(0.5%)
Net Position – End of Year	$ 14,079,113	$ 14,161,112	$ (81,999)	(0.6%)

The College experienced a net operating loss of $4,275,527 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 2017 were $3,378,400. Other revenues were from 1) the State of Utah Division of Facilities Construction and Management (DFCM) capital appropriations of $245,642 and $0 for fiscal years 2017 and 2016, respectively, and 2) capital gifts of $0 and $25,000 for fiscal years 2017 and 2016, respectively.

After considering nonoperating revenues and other items, the College had a decrease in net position of $81,999.

Revenues. The following schedule presents a summary of College revenues for the fiscal years ended June 30, 2017 and 2016:

	Year Ended June 30, 2017 Amount	Percent of Total Revenue	Year Ended June 30, 2016 Amount	Amount of Change	Percent Change
Operating Revenues					
Student Tuition and Fees	$ 337,547	6.88%	$ 325,404	$ 12,143	3.73%
Grants and Contracts	51,132	1.04%	187,095	(135,963)	(72.67%)
Corporate Training Fees	117,801	2.40%	147,132	(29,331)	(19.94%)
Sales and Services of Educational Activities	48,889	1.00%	52,435	(3,546)	(6.76%)
Bookstore Sales	91,907	1.87%	85,765	6,142	7.16%
Other Operating Revenues	64,034	1.31%	9,677	54,357	561.71%
Total Operating Revenues	711,310	14.50%	807,508	(96,198)	(11.91%)
Nonoperating Revenues					
State Appropriations	3,378,400	68.88%	3,065,100	313,300	10.22%
Grants and Contracts	446,200	9.10%	276,300	169,900	61.49%
Federal Pell Grants	93,035	1.90%	-	93,035	
Gifts	13,688	.28%	12,095	1,593	13.17%
Interest Earnings	16,563	.34%	9,348	7,215	77.18%
Total Nonoperating Revenues	3,947,886	80.49%	3,362,843	585,043	17.40%
Other Revenues					
Capital Appropriations	245,642	5.01%	-	245,642	100.00%
Capital Gifts and Grants	-	.00%	25,000	(25,000)	(100.00%)
Total Other Revenues	245,642	5.01%	25,000	220,642	882.57%
Total Revenues	$ 4,904,838	100.00%	$ 4,195,351	$ 709,487	16.91%

The revenue comparison between fiscal year 2017 and 2016 shows an increase in total revenues of $709,487.

Total operating revenues decreased by $96,198 due to a decrease in corporate training fees of $29,331 and a decrease in state grants of $135,963. Bookstore sales increased by $6,142. Tuition and fees increased by $12,143. Other operating revenues increased by $54,357; $45,000 of that increase came from Tooele City, Grantsville City, and Tooele County for the operation of the Business Resource Center.

Nonoperating revenue increased by $585,043 due to an increase in State appropriations of $313,300 granted by the Utah State Legislature and nonoperating grants of $169,900. Fiscal year 2017 was the first year the College was eligible to offer Federal Pell Grants. During the year, the College recognized $93,035 as Pell Grant revenue.

Expenses. The following schedule presents a summary of College operating expenses for the fiscal years ended June 30, 2017, and 2016:

	Year Ended June 30, 2017 Amount	Percent of Total Expense	Year Ended June 30, 2016 Amount	Amount of Change	Percent Change
Operating Expenses					
Cost of Goods Sold	$ 92,848	1.86%	$ 80,765	$ 12,083	14.96%
Salaries and Wages	2,199,780	44.11%	1,961,934	237,846	12.12%
Employee Benefits	783,795	15.72%	595,506	188,289	31.62%
Actuarial Calculated Pension Expense	266,876	5.35%	214,702	52,174	24.30%
Scholarships	62,451	1.25%	-	62,451	
Services and Supplies	563,513	11.30%	507,893	55,620	10.95%
Operating Leases	26,017	.52%	24,206	1,811	7.48%
Depreciation	469,966	9.42%	447,087	22,879	5.12%
Non-Capitalized Equipment Purchases	201,052	4.03%	113,821	87,231	76.64%
Utilities and Maintenance	161,649	3.24%	174,936	(13,287)	(7.60%)
Other Operating Expenses	158,890	3.19%	141,293	17,597	12.45%
Total Operating Expenses	$ 4,986,837	100.00%	$ 4,262,143	$ 724,694	17.00%

Total operating expenses for the year were $724,694 higher than the prior year. Salaries and wages increased by $237,846 due to the hiring of new faculty and staff along with merit increases for existing employees. Employee benefits increased by $188,289 as a result of new employees' health insurance costs and retirement benefits. An additional actuarial calculated pension expense of $52,174 was added to the financial statements as a result of the GASB 68 requirement. Scholarship expense for the year amounted to $62,451. Services and supplies expense increased by $55,620. Operating leases increased by $1,811. Non-capitalized equipment purchases, the cost of which was below the capitalization level of $5,000 for an individual asset, increased by $87,231 due to increased spending on equipment costs for existing programs. Utilities and maintenance expense decreased by $13,287. Depreciation increased by $22,879 as a result of new equipment.

Economic Outlook

The Utah State Legislature increased appropriations for the College by 10% for fiscal year 2018 which will help ensure a strong financial position for the College. The State continues to enjoy a strong economy with low unemployment. Tooele County is projecting continued population growth as families look for affordable housing. The College is well positioned to meet the local needs for technical education as the community continues to grow. The College continually assesses the business needs and adjusts educational programs based on current and projected needs.

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 Applied Technology College, 88 South Tooele Blvd., Tooele, Utah 84074.

TOOELE APPLIED TECHNOLOGY COLLEGE

STATEMENT OF NET POSITION
JUNE 30, 2017

Assets	
Current Assets	
Cash and Cash Equivalents (Note 2)	$ 1,124,817
Accounts Receivable (Note 3)	
From Primary Government	30,322
From Others	34,732
Inventory (Note 1)	28,834
Prepaid Expense	3,076
Total Current Assets	1,221,781
Noncurrent Assets	
Net Pension Asset (Note 8)	-
Capital Assets	
Buildings (Note 4)	14,973,225
Equipment (Note 4)	746,566
Less Accumulated Depreciation (Note 4)	(1,901,141)
Total Noncurrent Assets	13,818,650
Total Assets	15,040,431
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions (Note 8)	487,683
Total Deferred Outflows of Resources	487,683
Liabilities	
Current Liabilities	
Accounts Payable (Note 3)	
To Primary Government	23,651
To Others	71,970
Salaries and Benefits Payable	14,080
Accrued Leave Payable (Note 6)	119,025
Termination Benefits Payable (Notes 6 and 9)	13,803
Capital Leases Payable (Note 5)	2,640
Total Current Liabilities	245,169
Noncurrent Liabilities:	
Accrued Leave Payable (Note 6)	16,599
Termination Benefits Payable (Notes 6 and 9)	20,666
Capital Leases Payable (Note 5)	-
Net Pension Liability (Note 8)	1,039,513
Total Noncurrent Liabilities	1,076,778
Total Liabilities	1,321,947
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions (Note 8)	127,054
Total Deferred Inflows of Resources	127,054
Net Position	
Net Investment in Capital Assets	13,816,010
Unrestricted	263,103
Total Net Position	$ 14,079,113

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

TOOELE APPLIED TECHNOLOGY COLLEGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

Operating Revenues	
Student Tuition and Fees (Net of Allowance of $60,771)	$ 337,547
Grants and Contracts	51,132
Corporate Training Fees	117,801
Sales and Services of Educational Activities	48,889
Bookstore Sales	91,907
Other Operating Revenue	64,034
Total Operating Revenues	711,310
Operating Expenses	
Cost of Goods Sold	92,848
Salaries and Wages	2,199,780
Employee Benefits	783,795
Actuarial Calculated Pension Expense (Note 8)	266,876
Scholarships	62,451
Services and Supplies	563,513
Operating Leases (Note 7)	26,017
Depreciation	469,966
Non-Capitalized Equipment Purchases	201,052
Utilities and Maintenance	161,649
Other Operating Expenses	158,890
Total Operating Expenses	4,986,837
Operating Income (Loss)	(4,275,527)
Nonoperating Revenues	
State Appropriations	3,378,400
Grants and Contracts	446,200
Federal Pell Grants	93,035
Gifts	13,688
Interest Earnings	16,563
Total Nonoperating Revenues	3,947,886
Increase (Decrease) in Net Position Before Other Revenues	(327,641)
Other Revenues	
Capital Appropriations	245,642
Total Other Revenues	245,642
Increase (Decrease) in Net Position	(81,999)
Net Position – Beginning of Year	14,161,112
Net Position – End of Year	$ 14,079,113

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

TOOELE APPLIED TECHNOLOGY COLLEGE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities	
Receipts from Tuition and Fees	$ 334,784
Receipts from Grants and Contracts	54,487
Receipts from Bookstore Sales	91,906
Receipts from Sales and Services of Educational Activities	166,690
Receipts from Other Operating Activities	64,034
Payments to Employees for Salaries and Benefits	(3,217,494)
Payments to Students and Suppliers	(1,181,456)
Net Cash Provided (Used) by Operating Activities	(3,687,049)
Cash Flows from Noncapital Financing Activities	
Receipts from Grants and Contracts	539,236
Receipts from State Appropriations	3,378,400
Receipts from Gifts for Other than Capital Purposes	13,688
Net Cash Provided (Used) by Noncapital Financing Activities	3,931,324
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(149,962)
Repayments of Capital Leases	(4,201)
Net Cash Provided (Used) By Capital and Related Financing Activities	(154,163)
Cash Flows from Investing Activities	
Receipt of Interest Earnings	16,563
Net Cash Provided (Used) by Investing Activities	16,563
Net Increase (Decrease) in Cash and Cash Equivalents	106,675
Cash and Cash Equivalents – Beginning of Year	1,018,142
Cash and Cash Equivalents – End of Year	$ 1,124,817
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	$ (4,275,527)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	469,966
Changes in Assets and Liabilities	
(Increase) Decrease in Receivables	592
(Increase) Decrease in Inventories	4,887
(Increase) Decrease Prepaid Expenses	9,950
Increase (Decrease) in Accounts Payable	70,126
Increase (Decrease) in Accrued Liabilities	32,957
Net Cash Provided (Used) by Operating Activities	$ (3,687,049)
Noncash Investing, Capital, and Financing Activities	
Noncash Capital Appropriations	$ 245,642

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

TOOELE APPLIED TECHNOLOGY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Tooele Applied Technology 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 a regional college within the Utah College of Applied Technology (UCAT). UCAT is considered a component unit of the State of Utah and is included in the State's *Comprehensive Annual Financial Report.* UCAT 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. Effective September 1, 2001, the Legislature created UCAT which is composed of eight regional applied technology colleges. The College became one of these regional applied technology colleges and became subject to the authority of the Utah System of Higher Education. The College is under the control of the UCAT Board of Trustees and is governed directly by the College's local Board of Directors.

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

The College's financial statements encompass all of its operations, including auxiliary enterprises, restricted and unrestricted funds, and the Tooele Applied Technology College 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 12.

Measurement Focus and Basis of Accounting

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

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

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

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

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

Investments 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 estimated fair 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 guidelines of the Utah System of Higher Education and the professional judgment of the applicable department head.

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

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

Pensions

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

The College follows the requirements of the Act in handling its depository and investment transactions. The Act requires the depositing of the College's funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council.

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, 2017, the College's bank balance of $180,364 was 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.

The Act authorizes the College to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; 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 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, 2017 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 Years) Less than 1 year
PTIF	2	$ 969,720	$969,720

The value of the College's investment in the PTIF is calculated by applying the June 30, 2017 fair value factor, as calculated by the Utah State Treasurer, to the College's June 30, 2017 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.

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. The Foundation does not have a formal policy for concentration of credit risk.

TOOELE APPLIED TECHNOLOGY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Accounts receivable at June 30, 2017 consisted of amounts due from the State of Utah for sponsored students and other receivables. Other receivables consist mainly of unpaid student tuition/fee charges. Accounts receivable are reported net of estimated uncollectible amounts of $2,640. See chart below for a breakout of receivables:

Amounts Due from Primary Government	$ 30,322
Total Due from Primary Government	$ 30,322
Amounts Due from Others:	
Other Receivables –Tuition and Fees	$ 37,372
Less Allowance for Doubtful Accounts	(2,640)
Total Due from Others	$ 34,732

The following schedule presents the accounts payable of the College as of June 30, 2017:

Amounts Due to Primary Government:	
Supplies and Contracted Services	$ 23,651
Total Due to Primary Government	$ 23,651
Amounts Due to Others:	
Vendors for Supplies and Services	$ 71,970
Total Due to Others	$ 71,970

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, 2017 was as follows:

	Beginning Balance	**Additions**	**Reductions**	**Ending Balance**
Buildings	$ 14,598,432	$ 374,793	$ -	$ 14,973,225
Equipment	725,755	54,427	33,616	746,566
Total	15,324,187	429,220	33,616	15,719,791
Less Accumulated Depreciation:				
Buildings	1,113,556	382,470	-	1,496,026
Equipment	351,235	87,496	33,616	405,115
Total Accumulated Depreciation	1,464,791	469,966	33,616	1,901,141
Net Capital Assets	$ 13,859,396	$ (40,746)	$ -	$ 13,818,650

TOOELE APPLIED TECHNOLOGY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5. CAPITAL LEASE OBLIGATIONS

The College has incurred capital lease obligations for the purchase of certain equipment. The cost of such equipment held under capital leases and related accumulated depreciation totaled $19,243 and $17,068, respectively, as of June 30, 2017. The future minimum lease payments for all capital leases as of June 30, 2017, were as follows:

Fiscal Year	Principal	Interest	Total
2018	$ 2,640	$ 76	$ 2,716
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023-2027	-	-	-
Total Capital Leases	$ 2,640	$ 76	$ 2,716

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of the changes to the College's long-term liabilities during the fiscal year ended June 30, 2017.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued Leave Payable	$ 87,657	$ 153,688	$ 105,721	$ 135,624	$ 119,025
Termination Benefits Payable	48,241	-	13,772	34,469	13,803
Capital Leases	6,841	-	4,201	2,640	2,640
Net Pension Liability	983,889	55,624	-	1,039,513	-
Total Long-Term Liabilities	$ 1,126,628	$ 209,312	$ 123,694	$ 1,212,246	$ 135,468

NOTE 7. OPERATING LEASES

During the year the College had operating leases for general office space and for training facilities. Leases are subject to funds being appropriated to continue the lease obligations. As funding is reasonably assured, the leases are considered non-cancelable for financial reporting purposes. Operating lease payments are recorded as expenses when incurred. For the year ended June 30, 2017, operating lease expenses totaled $26,017. All of the operating lease agreements have terms ending in fiscal year 2018. The future lease payments are as follows:

Fiscal Year	Principal	Interest	Total
2018	$ 2,550	$ -	$ 2,550
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023-2027	-	-	-
Total Operating Leases	$ 2,550	$ -	$ 2,550

NOTE 8. 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 provide refunds, retirement benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries in accordance with the retirement statutes. 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.

Summary of Benefits by System

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 any 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 actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

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

	Paid by College for Employee	College Contribution Rates
Noncontributory System	N/A	22.19%
Tier 2 Public Employees System	N/A	18.24%

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, 2017, the employer and employee contributions to the System were as follows:

	College Contributions	Employee Contributions
Noncontributory System	$ 189,830	N/A
Tier 2 Public Employees System	31,633	-
Total Contributions	$ 221,463	$ -

TOOELE APPLIED TECHNOLOGY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

At June 30, 2017, the College reported a net pension asset of $0 and a net pension liability of $1,039,513.

	Net Pension Asset	Net Pension Liability	Proportionate Share December 13, 2016	Proportionate Share December 13, 2015	Change
Noncontributory System	$ -	$ 1,037,110	0.0320005%	0.0313212%	0.0006793 %
Tier 2 Public Employees System	-	2,403	0.0215377%	0.0251525%	(0.0036148)%
Total Net Pension Asset / Liability	$ -	$ 1,039,513			

The net pension asset and liability were measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 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, 2017, the College recognized pension expense of $266,876.

At June 30, 2017, 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	$ -	$ 57,942
Changes in assumptions	111,526	13,082
Net difference between projected and actual earnings on pension plan investments	195,183	56,030
Changes in proportion and differences between contributions and proportionate share of contributions	67,515	-
Contributions subsequent to the measurement date	113,459	-
Total	**$ 487,683**	**$ 127,054**

Contributions of $133,459 made prior to the College's fiscal year end but subsequent to the measurement date of December 31, 2016 are reported by the College as deferred outflows of resources related to pensions. 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:

Year Ending December 31,	Deferred Outflows (Inflows) of Resources
2017	$ 79,699
2018	82,407
2019	90,911
2020	(6,516)
2021	45
Thereafter	615

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.35 – 10.35 percent, average, including inflation
Investment Rate of Return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used for January 1, 2016, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2013.

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

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

	Expected Return Arithmetic Basis		
Asset Class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term Expected Portfolio Real Rate of Return**
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private Equity	9%	11.30%	1.02%
Absolute Return	18%	3.15%	0.57%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.60%
	Expected Arithmetic Nominal Return		7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

The discount rate used to measure the total pension liability was 7.20 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 to 7.20 percent from 7.50 percent from the prior measurement period.

Sensitivity of the proportionate share of the new 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 7.20 percent, as well as what the proportionate share of the net pension liability would be if calculated using a discount rate that is one percentage point lower (6.20%) or one percentage higher (8.20%) than the current rate:

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	$ 1,901,559	$ 1,037,110	$ 312,616
Tier 2 Public Employees System	16,353	2,403	(8,210)
Total	$ 1,917,912	$ 1,039,513	$ 304,406

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

Defined Contribution Plans

IRS 401(k) Plan

The College participates in an IRS 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 1.78% 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 Tier 1 Contributory Public Employee System as required by law.

Employees of all campuses in the Utah College of Applied Technology (UCAT) 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, UCAT campuses, including the 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 2017, College contributions totaled $139,093. Under certain IRS and plan restrictions, employees can make additional contributions. Employee contributions for the same period totaled $96,438. 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, 2017, 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, 2017, the College contributed $96,438 to the plan and employees did not make any voluntary contributions to the plan.

NOTE 9. TERMINATION BENEFITS

In February 2004, the College entered into a termination agreement with a former Campus President. The termination agreement provides health care benefits for the former President through March 2022. The College has recorded a liability for the cost of these benefits at their net present value using a discount rate of 1.18% and an inflationary factor of 2.86% to account for estimated future increases in health care costs.

NOTE 10. 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 11. RELATED PARTIES

In November 2011 the College entered into a 99-year lease agreement with Utah State University for the land on which the main campus building sits. The lease does not convey ownership of the land to the College at the end of the lease term, and the College does not have the option to purchase the land at the end of the lease term.

NOTE 12. TOOELE APPLIED TECHNOLOGY COLLEGE FOUNDATION

The Tooele Applied Technology College Foundation, Inc. (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 APPLIED TECHNOLOGY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Following are the Foundation's condensed financial statements for fiscal year 2017:

Statement of Net Position

Assets	
Current Assets	
Cash	$ 13,500
Pledge Receivable	-
Total Current Assets	13,500
Noncurrent Assets	-
Total Assets	$ 13,500
Liabilities	
Payable to College	$ -
Total Liabilities	$ -
Net Position	
Restricted	-
Unrestricted	13,500
Total Net Position	$ 13,500

Statement of Revenues, Expenses, and Changes in Net Position

Operating Revenues	
Gifts	$ 13,500
Fundraisers	-
Total Operating Revenues	13,500
Operating Expenses	
Scholarships	3,457
Capital Donations to College	-
Other Expenses	2,763
Total Operating Expenses	6,220
Operating Income	$ 7,280
Change in Net Position	$ 7,280
Net Position at beginning of year	6,220
Net Position at end of year	$ 13,500

Statement of Cash Flows

Cash flow from Operating Activities	
Cash received through contributions and fundraisers	$ 13,500
Cash payments for operations	(2,763)
Cash payments for scholarships	(3,457)
Cash payments for capital donations	-
Net Cash used in Operating Activities	$ 7,280
Increase in Cash and Cash Equivalents	$ 7,280
Cash and Cash Equivalents at beginning of year	6,220
Cash and Cash Equivalents at end of year	$ 13,500

NOTE 13. SUBSEQUENT EVENTS

In August 2017, the Utah Retirement Systems Board approved to change the discount rate used to calculate the net pension liability from 7.20% to 6.95%. This reduction will increase both the collective net pension liability to be calculated as of December 31, 2017 and the College's share of this liability. However, the monetary effect of this change is not known.

TOOELE APPLIED TECHNOLOGY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Schedule of Tooele ATC's Proportionate Share of the Net Pension Liability
Utah Retirement Systems
Last 3 Years*

	December 31, 2016	December 31, 2015	December 31, 2014
Noncontributory System			
Proportion of Net Pension Liability (Asset)	0.032005%	0.003132%	0.002769%
Proportionate Share of Net Pension Liability (Asset)	$ 1,037,110	$ 983,889	$ 695,830
Covered Payroll	$ 821,093	$ 781,163	$ 670,725
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	126.3%	126.0%	103.7%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.9%	84.5%	87.2%
Tier 2 Public Employees System			
Proportion of Net Pension Liability (Asset)	0.021538%	0.025153%	0.393419%
Proportionate Share of Net Pension Liability (Asset)	$ 2,403	$ (55)	$ (1,192)
Covered Payroll	$ 176,628	$ 162,492	$ 192,654
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	1.36%	-0.03%	-0.6%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.1%	100.2%	103.5%

* The College implemented GASB Statement No. 68 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.

TOOELE APPLIED TECHNOLOGY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Schedule of Tooele ATC's Defined Benefit Pension Contributions
Utah Retirement System
Last 8 Fiscal Years (the College was established in fiscal year 2010)

Noncontributory System	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution	$ 189,830	$ 172,031	$ 170,314	$ 119,026	$ 95,985	$ 73,773	$ 93,544	$ 63,826
Contributions in Relation to the Contractually Required Contribution	189,830	172,031	170,314	119,026	95,985	73,773	93,544	63,826
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 855,475	$ 775,263	$ 767,525	$ 581,750	$ 474,607	$ 437,561	$ 500,645	$ 448,846
Contributions as a Percentage of Covered Payroll	22.19%	22.19%	22.19%	20.46%	20.22%	16.86%	18.68%	14.22%

*Tier 2 Public Employees System**	2017	2016	2015	2014	2013	2012	2011**	2010**
Contractually Required Contribution	$ 31,633	$ 31,743	$ 30,023	$ 34,605	$ 8,818	$ 3,776	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	31,633	31,743	30,023	34,605	8,818	3,776		
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -		
Covered Payroll	$ 173,428	$ 174,030	$ 164,327	$ 206,597	$ 103,012	$ 49,750		
Contributions as a Percentage of Covered Payroll	18.24%	18.24%	18.27%	16.75%	8.56%	7.59%		

* 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.

OFFICE OF THE
UTAH STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors, Audit Committee
and
Paul Hacking, President
Tooele Applied Technology College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tooele Applied Technology College (the College), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's financial statements, and have issued our report thereon dated February 13, 2017.

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 may exist that have not been identified.

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.

Office of the State Auditor

Office of the State Auditor
February 13, 2018