BRIDGERLAND 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, 2015

Report No. 15-25

OFFICE OF THE
UTAH STATE AUDITOR

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AUDIT LEADERSHIP:
Jason Allen, CPA, CFE Audit Supervisor
Stephen Miller, CPA, Audit Senior

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

ANNUAL FINANCIAL REPORT
and
GOVERNMENT AUDITING STANDARDS REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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OFFICE OF THE
UTAH STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Directors, Audit Committee
and
K. Chad Campbell, President
Bridgerland Applied Technology College

Report on the Financial Statements

We have audited the accompanying financial statements of Bridgerland Applied Technology College (College) as of and for the year ended June 30, 2015, 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, 2015, and the changes in its financial position and cash

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flows thereof for the year then ended in conformity 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, 2015, 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.

For fiscal year 2015, the College implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result of these required changes in accounting principle, the College recorded a $4,012,060 reduction in beginning net position. The amounts reported for ending net position reflect the newly required net pension assets, deferred outflows of resources, net pension liabilities, and deferred inflows of resources related to the College's participation in defined benefit retirement systems. See Notes 1 and 8 for further information. Our opinion for the College 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 Pension Contributions on pages 25–26 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 November 13, 2015 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 Utah State Auditor

Office of the Utah State Auditor
November 13, 2015

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(Unaudited)

As management of the Bridgerland Applied Technology College (College), we offer this narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2015, to the readers of the College's financial statements.

Effective September 1, 2001, the Utah State Legislature created the Utah College of Applied Technology (UCAT) which is composed of eight regional applied technology colleges. The former Bridgerland Applied Technology Center became one of these regional applied technology colleges and was named Bridgerland Applied Technology College. With this change, the College became an institution within and subject to the authority of the Utah System of Higher Education. Effective July 1, 2009, UCAT and the College were moved out from under the jurisdiction of the Utah State Board of Regents and were placed under the governance of the UCAT Board of Trustees. The legislation making this change in governance left UCAT as an Institution under the Utah System of Higher Education but changed the direct governance from the Board of Regents to the UCAT Board of Trustees. Additional information on the College's relationship to UCAT can be found in Note 1 of the Notes to the Financial Statements or in *Utah Code,* Title 53B, Chapter 2a.

Overview of the Financial Statements

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

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

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

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

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(Unaudited)

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

Financial Analysis

Statement of Net Position. The following schedule presents a summary of the College's net position for the fiscal years ended June 30, 2015 and 2014:

	Year Ended June 30, 2015 Amount	Year Ended June 30, 2014 Amount*	Amount of Increase (Decrease)	Percent Increase (Decrease)
Current Assets	$ 3,377,089	$ 2,524,097	$ 852,992	33.79%
Noncurrent Assets:				
Net Pension Asset	398	-	398	100.00%
Capital Assets	16,684,299	16,551,713	132,586	.80%
Total Assets	20,061,786	19,075,810	985,976	5.17%
Deferred Outflows	585,253	-	585,253	100.00%
Current Liabilities	1,206,839	789,359	417,480	52.89%
Noncurrent Liabilities	4,527,954	622,260	3,905,694	627.66%
Total Liabilities	5,734,793	1,411,619	4,323,174	306.26%
Deferred Inflows	360,240	-	360,240	100.00%
Net Position:				
Net Investment in Capital Assets	16,684,299	16,551,713	132,586	.80%
Restricted Expendable	123,904	110,335	13,569	12.30%
Unrestricted	(2,256,197)	1,002,143	(3,258,340)	(325.14%)
Total Net Position	$ 14,552,006	$ 17,664,191	$ (3,112,185)	(17.62%)

*The 2014 amounts presented here have not been changed for the prior period adjustment discussed in Note 1.

Total assets of the College increased by $985,976 or 5.17% during the fiscal year. Current assets increased by $852,992, which consisted of an increase in cash of $516,965, an increase in trade accounts receivable of $343,794, a decrease in due from state agencies (related parties) in the amount of $43,445, and an increase in inventory in the amount of $35,678. The $516,965 increase in cash was primarily the result of the College’s budget management in order for revenues to exceed expenses. In past years, cash had decreased due to the implementation of a new fiscal system, Jenzabar. This year, the College worked hard to replenish the funds used to implement that system. The $343,794 increase in trade accounts receivable is the result of a $149,271 increase due to trade grants, a $90,058 increase in Pell Grants, a $48,998 increase in student and third party receivables, a $45,014 increase in class project accounts receivable due to a portable classroom that was built, and a $10,453 overall increase in miscellaneous receivables.

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(Unaudited)

A Net Pension Asset of $398 was added to the financial statements as part of the new GASB 68 standard. See Note 8.

The College's capital assets as of June 30, 2015, increased from $16,551,713 to $16,684,299 (net of accumulated depreciation) for a total change of $132,586. This investment in capital assets includes land, buildings and improvements, and equipment and software. New equipment acquisitions (including donated assets) totaled $479,375. Buildings increased by $853,719 and consisted of capital improvements to College HVAC systems, restroom remodels, and improvements of the water hammer issue at West Campus. Depreciation expense for the College reduced the College's capital assets by $1,200,508, and there was no loss on the disposition of capital assets during fiscal year 2015. 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 of $585,253 were added to the financial statements and are related to the new GASB 68 standard that was implemented this year. See Note 8.

The liabilities of the College increased by $4,323,174 or 306.26% during the fiscal year. Current liabilities increased by $417,480. Accounts Payable increased $129,720 due to the timing of when obligations are incurred and when payments on these obligations are made. Accrued Salaries and Wages Payable increased $186,571 due to addition of faculty and staff, cost-of-living adjustments, and money being remitted in July 2015 to the Utah Retirement Systems for obligations arising in June pertaining to employee pension and contribution plans. Unearned revenue increased $118,241 as the result of implementing a change in how student tuition and fees are collected using payment plans. Noncurrent liabilities increased $3,905,694, primarily due to a net pension liability of $3,871,862 that was added to the financial statements due to implementing the new GASB 68 standard. Due to this liability, unrestricted net position was reduced by this amount resulting in a negative unrestricted net position. See Note 8.

Deferred Inflows of $360,240 were added to the financial statements and are related to the new GASB 68 standard that was implemented this year. See Note 8.

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, 2015 and 2014:

	Year Ended June 30, 2015 Amount	Year Ended June 30, 2014 Amount*	Amount of Increase (Decrease)	Percent Increase (Decrease)
Operating Revenues	$ 3,790,274	$ 3,787,378	$ 2,896	.08%
Operating Expenses	(16,497,212)	(16,157,826)	(339,386)	2.10%
Operating Income (Loss)	(12,706,938)	(12,370,448)	(336,490)	2.72%
Nonoperating Revenues	12,589,014	11,650,897	938,117	8.05%
Other Revenues	1,017,799	778,456	239,343	30.75%
Increase in Net Position	899,875	58,905	840,970	1427.67%
Net Position – Beginning of Year	17,664,191	17,605,286	58,905	.33%
Prior Period Adjustment	(4,012,060)	-	(4,012,060)	100.00%
Net Position – Beginning of Year (Restated)	13,652,131	-	-	100.00%
Net Position – End of Year	$ 14,552,006	$ 17,664,191	$ (3,112,185)	(17.62%)

*The 2014 amounts presented here have not been changed for the prior period adjustment discussed in Note 1.

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(Unaudited)

The College experienced a net operating loss of $12,706,938 during the fiscal year. The College is a State institution and receives a large portion of its revenues from State appropriations. These appropriations are classified in the financial statements of the College as nonoperating revenues. State appropriations are anticipated as a means of covering a majority of the operating costs at the College. During fiscal year 2015, State appropriations, other nonoperating revenue, and other revenues were sufficient to offset the operating loss. The College will generally experience an increase in net position only in years where the Legislature appropriates funds for capital equipment purchases, capital improvement projects, or capital development and construction projects in an amount that exceeds the unfunded depreciation expense.

Revenues. The following schedule presents a summary of College revenues for the fiscal years ended June 30, 2015 and 2014:

Revenues	Year Ended June 30, 2015 Amount	Percent of Total Revenue	Year Ended June 30, 2014 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Revenues:					
Student Tuition and Fees	$ 1,705,828	9.81%	$ 1,732,095	$ (26,267)	(1.52%)
Federal Grants and Contracts	231,948	1.33%	268,032	(36,084)	(13.46%)
State Grants and Contracts	126,759	.73%	207,697	(80,938)	(38.97%)
Local Grants and Contracts	380,058	2.18%	302,624	77,434	25.59%
Sales and Services of Educational Activities	739,644	4.25%	706,342	33,302	4.71%
Auxiliary Enterprises	606,037	3.48%	570,588	35,449	6.21%
Total Operating Revenues	3,790,274	21.79%	3,787,378	2,896	.08%
Nonoperating Revenues:					
State Appropriations	11,089,600	63.74%	10,263,700	825,900	8.05%
Federal Grants and Contracts (Pell Grant)	988,380	5.68%	909,978	78,402	8.62%
State Grants and Contracts	410,000	2.36%	376,000	34,000	9.04%
Gifts	82,296	.47%	83,903	(1,607)	(1.92%)
Investment Income	18,738	.11%	17,316	1,422	8.21%
Total Nonoperating Revenues	12,589,014	72.36%	11,650,897	938,117	8.05%
Other Revenues:					
Capital Appropriations - State Sources	1,017,799	5.85%	778,456	239,343	30.75%
Total Other Revenues	1,017,799	5.85%	778,456	239,343	30.75%
Total Revenues	$ 17,397,087	100.00%	$ 16,216,731	$ 1,180,356	7.28%

The revenue comparison between fiscal year 2015 and fiscal year 2014 shows a total revenue increase in the amount of $1,180,356. Operating revenue increased by $2,896 while nonoperating revenue increased by $938,117 and other revenue increased by $239,343. Under operating revenue, student tuition and fees, federal grants and contracts, and state grants and contracts all decreased while local grants and contracts, sales and services of educational activities, and auxiliary enterprises increased.

Nonoperating revenue increased by a total of $938,117, which is comprised of a $825,900 increase in State appropriations, a $78,402 increase in Pell Grant revenue, a $34,000 increase in state contracts and grants, and a $185 overall decrease in gifts and investment income.

Other revenues increased by a total of $239,343, which is comprised entirely of an increase in Capital Appropriations–State Sources from funding provided by the State of Utah Division of Facilities Construction and Management (DFCM) and the State Building Board for various capital improvement projects at the College. Fiscal year 2015 projects were primarily related to capital improvements to College HVAC systems, restroom remodels, and improvements of the water hammer issue at West Campus. These capital improvement projects are transferred from DFCM to the College at the time of substantial completion of the project.

Expenses. The following schedule presents a summary of College expenses for the fiscal years ended June 30, 2015 and 2014:

Expenses	**Year Ended June 30, 2015 Amount**	**Percent of Total Expense**	**Year Ended June 30, 2014 Amount***	**Amount of Increase (Decrease)**	**Percent of Increase (Decrease)**
Operating Expenses:					
Salaries and Wages	$ 7,123,314	43.18%	$ 6,775,104	$ 348,210	5.14%
Benefits	2,326,189	14.10%	3,141,195	(815,006)	(25.95%)
Actuarial Calculated Pension Expense	665,210	4.03%	-	665,210	100.00%
Professional and Technical Education	497,258	3.01%	410,534	86,724	21.12%
Utilities	612,191	3.71%	653,273	(41,082)	(6.29%)
Scholarships and Grants in Aid	1,018,051	6.17%	933,091	84,960	9.11%
Depreciation	1,200,508	7.28%	1,021,623	178,885	17.51%
Other Operating Expenses	3,054,491	18.52%	3,223,006	(168,515)	(5.23%)
Total Operating Expenses	$ 16,497,212	100.00%	$ 16,157,826	$ 339,386	2.10%

*The 2014 amounts presented here have not been changed for the prior period adjustment discussed in Note 1.

Expenses for the year ended June 30, 2015, increased by $339,386 compared to fiscal year ended June 30, 2014, which represents a 2.10% increase. Salaries and wages increased by $348,210 as a result of a cost-of-living adjustment along with the addition of some faculty and staff to help reduce wait times and implement new programs or expansions to existing programs. Benefits had a net decrease of $815,006 as the result of a $1,030,819 adjustment made by the Utah Retirement Systems as part of implementing the GASB 68 standard and a $215,813 increase in the retirement rate and cost of health insurance. An additional actuarial calculated pension expense of $665,210 was added to the financial statements as a result of the GASB 68 standard. Scholarship and grants increased by $84,960. Depreciation increased by $178,885. Other operating expenses decreased by $168,515 as the result of a decrease in the number of computers replaced and supplies used during fiscal year 2015.

Debt Administration

The College's only debt is the liabilities for compensated absences. The College’s total debt increased by $23,772 during fiscal year 2015.

Economic Outlook

The College is not aware of any current facts, decisions, or conditions, other than the effect of unfunded depreciation described below, that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations which have a global effect on virtually all types of business operations. The College has initiated the request process for a new Health Science and Technology building that may be started during the upcoming fiscal year dependent on funding. The College is also seeking land bank requests that have a possibility of funding. Other capital projects most likely will include future infrastructure projects for a pharmacy tech lab upgrade and continued HVAC upgrades. The unfunded depreciation expenses are likely to have a significant negative impact on the Changes in Net Position. Other than the issue of unfunded depreciation, the College's overall financial position is strong. The College anticipates the current fiscal year will be similar to the last and will maintain a close watch over resources to maintain the College's ability to react to unknown internal and external issues.

Requests for Information

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

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS		
Current Assets:		
Cash and Cash Equivalents (Notes 1 and 2)	$	2,172,919
Accounts Receivable (Note 3)		467,818
Due From State Agencies (Note 3)		234,983
Inventories (Note 1)		501,369
Total Current Assets		3,377,089
Noncurrent Assets:		
Net Pension Asset (Note 8)		398
Land (Notes 1 and 4)		1,580,000
Buildings & Improvements (Notes 1 and 4)		28,395,412
Equipment & Software (Notes 1 and 4)		6,431,227
Less Accumulated Depreciation (Notes 1 and 4)		(19,722,340)
Total Noncurrent Assets		16,684,697
Total Assets		20,061,786
Deferred Outflows of Resources		
Deferred Outflows Relating to Pensions (Note 8)		585,253
Total Deferred Outflows of Resources		585,253
LIABILITIES		
Current Liabilities		
Accounts Payable (Note 3)		449,375
Due to State Agencies (Note 3)		10,750
Unearned Revenue		182,152
Deposits		2,492
Accrued Salaries and Wages Payable		331,009
Compensated Absences (Current Portion) (Note 9)		231,061
Total Current Liabilities		1,206,839
Noncurrent Liabilities		
Net Pension Liability (Notes 6 and 8)		3,871,862
Compensated Absences (Notes 6 and 9)		656,092
Total Noncurrent Liabilities		4,527,954
Total Liabilities		5,734,793
Deferred Inflows of Resources		
Deferred Inflows Relating to Pensions (Note 8)		360,240
Total Deferred Inflows of Resources		360,240
NET POSITION		
Net Investment in Capital Assets		16,684,299
Restricted Expendable		123,904
Unrestricted (Note 1)		(2,256,197)
Total Net Position	$	14,552,006

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

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

REVENUES	
Operating Revenues (Note 1)	
Student Tuition and Fees (Net of Scholarship Allowance of $96,787)	$ 1,705,828
Federal Grants and Contracts	231,948
State Grants and Contracts	126,759
Local Grants and Contracts	380,058
Sales and Services of Educational Activities	739,644
Auxiliary Enterprises	606,037
Total Operating Revenues	3,790,274
EXPENSES	
Operating Expenses (Note 1)	
Salaries and Wages	7,123,314
Benefits	2,326,189
Actuarial Calculated Pension Expense (Note 8)	665,210
Professional and Technical Educational Services	497,258
Utilities	612,191
Scholarships and Grants in Aid	1,018,051
Depreciation	1,200,508
Other Operating Expenses	3,054,491
Total Operating Expenses	16,497,212
Operating Loss	(12,706,938)
NONOPERATING REVENUES	
State Appropriations	11,089,600
Federal Grants and Contracts (Pell Grant)	988,380
State Grants and Contracts	410,000
Gifts	82,296
Investment Income	18,738
Net Nonoperating Revenues	12,589,014
OTHER REVENUES	
Capital Appropriations – State Sources	1,017,799
Total Other Revenues	1,017,799
Increase (Decrease) in Net Position	899,875
NET POSITION	
Net Position − Beginning of Year	17,664,191
Prior Period Adjustment (Note 1)	(4,012,060)
Net Position − Beginning of Year (Restated)	13,652,131
Net Position − End of Year	$ 14,552,006

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

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Tuition and Fees	$ 1,790,219
Receipts from Grants and Contracts	598,685
Receipts from Auxiliary Enterprise Charges	612,912
Receipts from Sales and Services of Educational Activities	694,230
Payments to Employees for Salaries and Benefits	(10,269,979)
Payments to Suppliers	(4,041,543)
Payments for Scholarships	(1,018,051)
Net Cash Used by Operating Activities	(11,633,527)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from State Appropriations	11,089,600
Receipts from Noncapital Contracts and Grants	1,308,321
Gifts Received	59,953
Fiscal Agent Funds Receipts	1,191,262
Fiscal Agent Funds Payments	(1,202,088)
Net Cash Provided by Noncapital Financing Activities	12,447,048
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash Paid for Capital Assets	(315,294)
Net Cash Used by Capital and Related Financing Activities	(315,294)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of Interest on Investments	18,738
Net Cash Provided by Investing Activities	18,738
Net Increase (Decrease) in Cash and Cash Equivalents	516,965
CASH AND CASH EQUIVALENTS − BEGINNING OF YEAR	1,655,954
CASH AND CASH EQUIVALENTS − END OF YEAR	$ 2,172,919

(continued next page)

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

(continued)

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (12,706,938)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	1,200,508
In-kind Gifts Received and Expensed	24,521
Difference between Actuarial Calculated Pension Expense and Actual Contributions	(365,609)
Changes in Assets and Liabilities:	
Accounts Receivable	(212,469)
Inventories	(35,678)
Accounts Payable and Accrued Expenses	320,125
Unearned Revenue	118,241
Compensated Absences and Termination Benefits	23,772
Net Cash Used by Operating Activities	$ (11,633,527)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Capital Asset Additions through the State	$ 1,017,799

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

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Bridgerland 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 vocational and related instruction to secondary and adult students. Effective September 1, 2001, the Legislature created UCAT which is composed of eight regional applied technology colleges. The Bridgerland Applied Technology College became one of these regional applied technology colleges and became an institution within and subject to the authority of the Utah System of Higher Education and the Utah State Board of Regents. Effective July 1, 2009, the Utah State Legislature removed the Board of Regents from the governance structure over UCAT and placed the College directly under the control of the UCAT Board of Trustees and the College's Board of Directors. UCAT and the College remain under the Utah System of Higher Education.

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.

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.

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 land, buildings and improvements, and equipment and software. 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. Capital 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 assets lives are not capitalized. All land is capitalized and not depreciated.

Capital assets are being depreciated over their estimated useful lives using the straight-line method of depreciation. The estimated useful life of an asset is determined at acquisition based on guidelines of the Utah System of Higher Education 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 and Improvements	20-40
Equipment and Software	3-10

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.

Adjustment to Beginning Net Position

Effective July 1, 2014, the College implemented GASB Statement Number 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, beginning net position was reduced by $4,012,060. This reduction reflects the College's $4,451,876 share of the beginning net pension liability in the Noncontributory and Contributory Systems, the College's $0 share of the beginning net pension asset in the Tier 2 Public Employee System, and the College's $439,816 of contributions made to the Systems between January 1 and June 30, 2014.

The net pension liability recorded in the Statement of New Position required by GASB Statements No. 68 and 71 caused the College to have a deficit unrestricted net position at the end of fiscal year 2015. See Note 8 for further information on pension reporting.

NOTE 2. DEPOSITS AND INVESTMENTS

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

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

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a formal deposit policy for custodial credit risk. As of June 30, 2015, the College's bank balances were $250,425, of which $0 was uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the College's non-endowment funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

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

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The Act established the Utah 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.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participants' average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of June 30, 2015, the College had $2,009,581 invested in the PTIF. The entire balance had a maturity of less than one year.

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 State's Money Management Act. Section 51-7-11 of the Money Management 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. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

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 Money Management Act, as previously discussed. At June 30, 2015, the College's investments were 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, as applicable. 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.

NOTE 3. ACCOUNTS RECEIVABLE AND PAYABLE

Accounts receivable of $467,818 at June 30, 2015, consist of tuition and fee charges to students of $96,864; grant trade accounts receivable of $149,271; charges for class project services of $52,624; Custom Fit trade account receivables of $28,662; auxiliary enterprise services provided to students, faculty, and staff of $4,650, the majority of each residing in the State of Utah; and $135,747 for Pell Grant. Due from State agencies in the amount of $234,983 includes amounts due from State agencies in connection with reimbursement of allowable expenses made pursuant to the College's grants and contracts. Accounts payable at June 30, 2015, consist of vendor payments totaling $449,375 and due to State agencies in the amount of $10,750.

NOTE 4. CAPITAL ASSETS

Additions to Capital Assets include amounts paid by the College as well as assets transferred to the College by the Utah State Division of Facilities Construction and Management. Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 1,580,000	$ -	$ -	$ 1,580,000
Buildings and Improvements	27,541,693	853,719	-	28,395,412
Equipment and Software	6,161,709	479,375	209,857	6,431,227
Total	35,283,402	1,333,094	209,857	36,406,639
Less Accumulated Depreciation	(18,731,689)	(1,200,508)	(209,857)	(19,722,340)
Net Capital Assets	$ 16,551,713	$ 132,586	$ -	$ 16,684,299

NOTE 5. LEASE OBLIGATIONS

The College did not have any capital leases as of June 30, 2015.

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, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Termination Benefits	$ 17,070	$ -	$ 17,070	$ -	$ -
Compensated Absences	846,311	335,764	294,922	887,153	231,061
Net Pension Liability	4,451,876 *		580,014	3,871,862	-
Total Noncurrent Liabilities	$ 5,315,257	$ 335,764	$ 892,006	$ 4,759,015	$ 231,061

*See Note 1 "Adjustment to Beginning Net Position"

NOTE 7. TERMINATION BENEFITS

In accordance with the College's Early Retirement Incentive Policy, employees (1) whose accumulated age and years of service equal or exceed 75, (2) who have at least ten years of service at the College, and (3) who will retire prior to reaching the age of eligibility for unreduced social security benefits (typically 65), may apply for participation in the College's Voluntary Early Retirement Incentive Program.

Entrance or participation in the early retirement incentive program is strictly voluntary and is not a right or entitlement but is a privilege available to benefits-eligible, salaried employees who apply for and receive approval from the College's administration.

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

The incentive stipend, when approved, results in a lump-sum payment directly to the employee's 401(k) and/or 457 up to approved IRS limitations. Because the lump-sum is paid out in the fiscal year in which the incentive is approved, no accrual amount is necessary.

The incentive health insurance coverage is provided for 60 months or when the employee reaches the age of eligibility for full Medicare coverage (presumably 65), whichever occurs first.

These benefits are funded by the College on a pay-as-you-go basis. At June 30, 2015, there were zero retirees receiving benefits under the retirement incentive program.

The College accrues and reports retirement incentive amounts equal to the projected total benefit obligation in the year in which the individual retires. These benefits are accrued as qualified employees apply for and are approved for this retirement option. The College has recorded a liability for the cost of these benefits at their current cost plus projected increases expected based on historical data for health care inflationary trends which has been estimated at 10%. The cumulative accrued retirement incentive plan liability as of June 30, 2015, totaled $0. The retirement incentive program expense for the year ended June 30, 2015, was $17,070.

NOTE 8. RETIREMENT PLANS

Plan Description

The College contributes to the Public Employees Noncontributory Retirement System and the Tier 2 Public Employees System, which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems).

The Systems are comprised of the following pension trust funds:

- 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. The Systems are a component unit of the State of Utah. Title 49 of the *Utah Code* grants the authority to establish and amend the benefit terms.

The Systems issue a publicly available financial report that can be obtained by writing to the Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits Provided

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefits	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 4.0%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

** with actuarial reductions*

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

Contributions

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

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Noncontributory System			
16 - State and School Division Tier 1	N/A	N/A	22.190%
Contributory System			
112 - State and School Division Tier 2	N/A	N/A	18.270%

At December 31, 2014, the College reported a net pension asset of $398 and a net pension liability of $3,871,862.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.1541022%	$ -	$ 3,871,862
Tier 2 Public Employees System	0.0131412%	398	-
Total Net Pension Asset / Liability		$ 398	$ 3,871,862

The net pension asset and liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability were based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, the College recognized pension expense of $665,210. At December 31, 2014, the College's 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	$ -	$ 231,521
Changes in assumptions	-	128,719
Net difference between projected and actual earnings on pension plan investments	66,466	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	518,787	-
Total	**$ 585,253**	**$ 360,240**

Of the amount reported as deferred outflows of resources related to pensions, $518,787 resulted from contributions made by the College prior to their fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2015	$ (76,594)
2016	$ (76,594)
2017	$ (76,594)
2018	$ (63,554)
2019	$ (70)
Thereafter	$ (366)

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary Increases	3.50 - 10.75 percent, average, including inflation
Investment Rate of Return	7.50 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Retired Member Mortality

Class of Member	
Educators	
Men	EDUM (90%)
Women	EDUF (100%)
Public Employees	
Men	RP 2000mWC (100%)
Women	EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage
EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage
RP 2000mWC = RP 2000 Combined mortality tables for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five-year period of January 1, 2008 – December 31, 2013.

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

	Expected Return Arithmetic Basis		
Asset Class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term Expected Portfolio Real Rate of Return**
Equity Securities	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 & Cash Equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.75%
	Expected Arithmetic Nominal Return		7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 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.

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 7.50 percent, as well as what the proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

Proportionate Share of Net Pension (Asset)/Liability

	Decrease (6.50%)	Rate (7.50%)	Increase (8.50%)
Noncontributory System	$ 7,714,046	$ 3,871,862	$ 654,026
Tier 2 Public Employees System	$ 2,929	$ (398)	$ (2,907)

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

Noncontributory retirement plan employees are also eligible to participate in a deferred compensation 401(k) defined contribution plan administered by the Utah Retirement Systems. The College is required to contribute 1.5% of eligible employees' gross earnings to the plan. In September of 2011, eligible employees of the Utah College of Applied Technology (UCAT) voted to discontinue their participation in Social Security Administration as allowed under the guidelines of Section 218 of the Social Security Act. As a result, beginning in October of 2011, the College began contributing an additional 6.2% of these eligible employees' salaries into their respective 401(k) accounts. Employer contributions by the College for the years ended June 30, 2015, 2014, and 2013 totaled $411,211, $379,710, $1,213,502, respectively. Under certain IRS and plan restrictions, employees can make additional contributions. Contributions by College employees for the years ended June 30, 2015, 2014, and 2013 totaled $446,784, $422,839, and $481,511, respectively.

Employees may also elect to participate in an IRS 457 deferred compensation plan offered through the Systems. Employee contributions toward this plan for the years ended June 30, 2015, 2014, and 2013 totaled $63,068, $72,430, and $78,020, respectively.

NOTE 9. COMPENSATED ABSENCES

The College accrues and reports annual vacation leave in the year earned. Full-time, benefits-eligible employees are eligible for one day (1.00) of paid vacation per month for the first five years of employment, one and a quarter days (1.25) per month for the next five years of employment, and one and a half days (1.50) per month after that. There is no requirement to use vacation days, and they may be carried forward without limit. Upon termination, the cash value of accumulated unused annual leave calculated by multiplying the employee's current hourly rate by the number of accrued hours of annual leave will be paid directly to the employee's 401(k)/457 plan account as an employer paid contribution, subject to the IRS rules and regulations and rules set by the Utah Retirement Systems. Any excess or remaining benefit will be distributed to the employee as taxable compensation.

NOTE 10. CONTINGENT LIABILITIES

The College has received notice of various legal actions arising out of the normal course of business. The College is vigorously contesting all of these matters, but as of this date, it is not possible to estimate the outcome or the financial impact an adverse ruling on these actions would have upon the College. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect upon the College's financial position.

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

NOTE 11. RISK MANAGEMENT

The College maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty and malpractice liability through policies administered by the Utah State Risk Management Fund (the Fund). The College also has replacement cost insurance on its buildings and contents against all insurable risks of direct physical loss or damage with the Fund. This all-risk insurance coverage provides for repair or replacement of damaged or stolen College property on a replacement cost basis subject to a $1,000 deductible per occurrence. All College employees are covered by workers compensation insurance administered by the Workers Compensation Fund of Utah.

NOTE 12. RELATED PARTIES

The College entered into an operation, maintenance, and rental agreement with the State of Utah, acting through the State of Utah Division of Facilities Construction and Management (DFCM) for the rental of the Brigham City Campus building. This rental agreement is renewable on a yearly basis on June 30th. As of June 30, 2015, the contract had been renewed effective until June 30, 2016. During fiscal year 2015, the College paid a total of $138,731 in rental payments to DFCM.

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

Schedule of Bridgerland ATC's Proportionate Share of the Net Pension Liability

Noncontributory and Tier 2 Public Employees Systems of the Utah Retirement Systems

	Dec. 31, 2014	
	Noncontributory System	Tier 2 Public Employees System
Proportion of Net Pension Liability (Asset)	0.1541022%	0.013412%
Proportionate Share of Net Pension Liability (Asset)	$ 3,871,862	$ (398)
Covered Employee Payroll	$ 4,757,349	$ 65,086
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	81.4%	(0.6%)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.2%	103.5%

*Note: 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.

BRIDGERLAND APPLIED TECHNOLOGY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

Schedule of Bridgerland ATC's Pension Contributions

Noncontributory and Tier 2 Public Employees Systems of the Utah Retirement Systems
Last 10 Fiscal Years

Noncontributory System

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	$ 1,002,013	$ 877,560	$ 819,522	$ 743,862	$ 723,118	$ 651,930	$ 710,278	$ 736,019	$ 630,190	$ 550,570
Contributions in Relation to the Contractually Required Contribution	(1,002,013)	(877,560)	(819,522)	(743,862)	(723,118)	(651,930)	(710,278)	(736,019)	(630,190)	(550,570)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 4,869,256	$ 4,680,415	$ 4,754,290	$ 4,773,136	$ 4,430,868	$ 4,584,596	$ 4,994,917	$ 5,175,942	$ 4,431,716	$ 4,114,873
Contributions as a Percentage of Covered-Employee Payroll	20.58%	18.75%	17.24%	15.58%	16.32%	14.22%	14.22%	14.22%	14.22%	13.38%

Tier 2 Public Employees System*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	$ 16,886	$ -	$ -	$ -	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	(16,886)									
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -						
Covered Employee Payroll	$ 202,716	$ -	$ -	$ -						
Contributions as a Percentage of Covered-Employee Payroll	8.33%									

*The Tier 2 Public Employees System began enrollments in fiscal year 2012. The College did not have any employees enrolled in the Tier 2 Public Employees System prior to fiscal year 2015.

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
K. Chad Campbell, President
Bridgerland 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 Bridgerland Applied Technology College (the College) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's financial statements, and have issued our report thereon dated November 13, 2015.

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 Utah State Auditor

Office of the Utah State Auditor
November 13, 2015