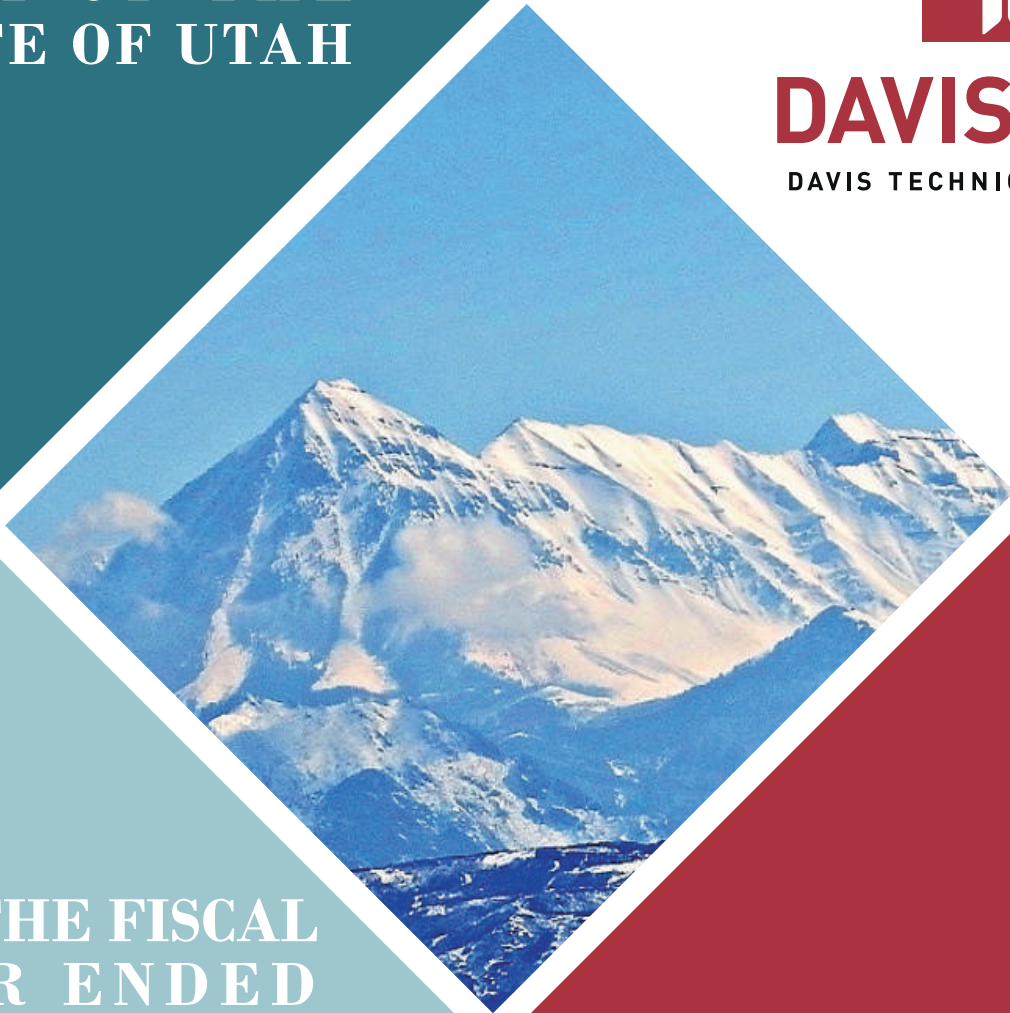


**A COMPONENT  
UNIT OF THE  
STATE OF UTAH**



**DAVISTECH**

DAVIS TECHNICAL COLLEGE



**FOR THE FISCAL  
YEAR ENDED  
JUNE 30, 2020**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**2020**

**KAYSVILLE, UTAH**



# DAVIS TECHNICAL COLLEGE

A COMPONENT UNIT OF THE STATE OF UTAH



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

Prepared by the Fiscal Services Office

Russell S. Galt, MBA, CPA, Vice President of Administrative Services

Jeff Lund, MBA, Controller

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**DAVISTECH**  
DAVIS TECHNICAL COLLEGE

# Introduction

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September 25, 2020

To the Members of the College Board of Trustees  
Davis Technical College

Management of the Davis Technical College (College), a technical college within the Utah System of Higher Education and a component unit of the State of Utah, assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The firm Hinton Burdick CPAs and Advisors, under contract with the Utah State Auditor's Office, has issued an unmodified ("clean") opinion on the College's financial statements for the fiscal year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the College**

The College was established effective July 1, 1978 by the Utah State Legislature to offer vocational and related instruction to secondary and adult students. The institution was originally known as the Davis Area Vocational Center (DAVC). Over time, the institution's name changed to the Davis Applied Technology Center (DATC), then the Davis Applied Technology College (DATC). Effective July 1, 2017, the Utah Legislature passed legislation which renamed the College as the Davis Technical College. The College operates as an institution of the Utah System of Higher Education and is governed by the Utah Board of Higher Education, with appropriate responsibilities and authority delegated to the College Board of Trustees. Information on the College's relationship to the Utah System of Higher Education can be found in Note 1 of the notes to the financial statements.

The institution meets the needs of Utah employers for technically skilled workers and promotes local and statewide economic development by providing market-driven technical education to secondary and post-secondary students. Programs lead to institutional certificates and industry credentials, where applicable, but do not include general education. The institution delivers competency-based instruction, allowing students to progress quickly and affordably with recognition of prior education, skill, and experience. Articulation agreements are in place with secondary education partners to reduce the duplication of course work for students. Pathway agreements with postsecondary college and university partners also provide opportunities for students to progress in their education. The College primarily provides services to the geographical area encompassing Davis County and Morgan County, but also accepts students from other areas both from within and out of the State.

In addition to the activities of the College, this report includes information related to the legally separate Davis Technical College Foundation, Inc. (Foundation). Because the resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is included

in these financial statements. Additional information on the Foundation can be found in the notes to the financial statements (See Notes 1 and 11).

The Board of Trustees is required to adopt an annual budget. The budget is developed based upon revenues appropriated by the Utah State Legislature, tuition and fees, and various other sources. The budget is revised by the Trustees as the need arises throughout the year.

### **Local Economy**

In March 2020, Utah began to feel the effects of the worldwide COVID-19 (Coronavirus) pandemic. On April 16, 2020 the Utah Legislature approved House Joint Resolution 301, Joint Resolution Urging Fiscal Responsibility. Among other things that resolution "... urges state agencies, ... including ... technical colleges to:

- limit expenditures to essential costs during the remainder of the [current] fiscal year ...
- avoid unnecessary spending during the remainder of [current] fiscal year ...
- refrain from committing to new or expanded expenditures for the [upcoming] fiscal year ... , notwithstanding current budgets;
- begin planning for a budget for the [upcoming] fiscal year ... that may be equal to or less than the previous year's budget; and
- assume fixed state funding levels included in the 2020 General Session base budget bills ... when making initial budget and spending allocations for the [upcoming] fiscal year ..."

This resolution was followed up in June 2020 as the Legislature cut 2.5% of the Fiscal Year 2021 budgets for most state agencies, including technical colleges. The College has tightened budgets and has prepared to respond appropriately to the reductions in appropriations.

In Fiscal Year 2020, over 67% of revenues came from direct appropriations from the State of Utah. Therefore, the total state economy is important to the future outlook of the College. While the state took an economic hit from the pandemic, according to Robert Spendlove, Economic and Public Policy Officer for Zions Bank, "Utah's economy continued its comeback in June, with the state adding 35,600 jobs month to month. ... Utah's unemployment rate also improved in June, dropping to 5.1% - the 2<sup>nd</sup> lowest in the nation."

### **Long-term Financial Planning**

In 2018, the Utah Legislature appropriated \$34,364,500 for an 85,000 square foot building. Additionally, the College and Foundation have pledged \$1,332,000 towards this project from fund-raising efforts, bringing the funding for the project to \$35,696,500. The building will be known as the Michael J. Bouwhuis Allied Health Building, in honor of the recently retired College President.

Construction on the building is nearly complete for the two-story building which will house all of the College's medical programs, including Practical Nurse, Nurse Assistant, Medical Assistant, Dental Assistant, Radiology Practical Technician, Phlebotomy, Surgical Technology, Pharmacy Technician, Medical Office Administration, Firefighter, and Emergency Medical Technician. Weber State University will also teach Registered Nursing classes in the building to Davis Technical College practical nursing graduates. Method Studio is the architectural firm for the project and Layton Construction is the contractor. A temporary certificate of occupancy was issued in August 2020. Construction punch list items are currently being worked through. It is expected that classes will be held in the new building beginning in September 2020.

In fiscal years 2020 and 2021, the College has budgeted several new employee positions to assist with the growth expected with this new Allied Health Building and the effort to maintain the building. These new positions include additional Practical Nursing faculty, staff for the new nursing simulation lab, new Dental Assisting and Pharmacy Technician faculty, as well as an IT engineer, an HVAC engineer, general building maintenance staff and additional custodians.

Talks have begun with the Church of Jesus Christ of Latter-day Saints to explore the possibility of the College obtaining the building and land at the north end of campus which was originally built as a seminary and

institute building for the Church. The building is not frequently used. These talks are in the early stages, but the College hopes to obtain this building and land for future growth.

### **Relevant Financial Policies**

The direct appropriation from the State of Utah for Fiscal Year 2020 was \$18,822,800 or 67.38% of total revenues. Other revenues that come from various other state funding sources are recorded in the financial statements as state grants and contracts, rather than state appropriations, due to the fact that these additional state funds are appropriated to other agencies first and then come to the College in the form of a grant or contract. State grants and contracts for Fiscal Year 2020 was \$2,984,580 or 9.64% of total revenues. The grants and contracts were from various state sources including, a contract with the Utah Department of Corrections, Strategic Workforce Initiative (SWI) funds, Talent Ready Utah funds, and flow-through funds from the former Utah System of Technical Colleges (UTech).

The College strives to maintain policies which are relevant and based on current standards and regulations. During this fiscal year, the College updated various accounting policies and procedures, including the travel reimbursement policy, and policies related to purchase requisitions and procurement.

### **New Statewide Higher Education Governance**

During the 2020 General Session of the Utah Legislature, the Legislature passed Senate Bill 111, Higher Education Amendments. This bill combined the Utah System of Higher Education and UTech. The Utah Board of Higher Education was formed as a new governing body to oversee all higher education within the State of Utah. Dr. David Woolstenhulme was appointed as the Commissioner of Higher Education. Dr. Woolstenhulme had been serving as the Interim Commissioner of Higher Education and had previously served as the Commissioner of UTech.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the College for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the second year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the College had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of Jeff Lund, Controller, and the entire staff of the Fiscal Services Department. We wish to thank all members of the Fiscal Services Department for their assistance in the preparation of this report. Credit also is due to College Board Chair, Stuart Eyring, and other members of the Board of Trustees for their unfailing support for maintaining the highest standards of professionalism in the management of the College's finances.

Respectfully submitted,



**Darin Brush**  
President



**Russell S. Galt, MBA, CPA**  
Vice President of Administrative Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Davis Technical College  
Utah**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrell*

Executive Director/CEO

# DAVIS TECHNICAL COLLEGE

## ORGANIZATIONAL CHART

Utah System of Higher Education  
Board of Higher Education

Commissioner of Higher Education

Davis Technical College  
Board of Trustees

Stuart Eyring, Chair  
Troy Wood, Vice-Chair  
Justin Atkinson  
Lindsay Bayuk  
Shawn Bucher  
Amanda Covington  
Brigit Gerrard  
Michael Henry  
Scot Merrihew  
Tucker Morgan  
Adam Toone



Davis Technical College  
President

**Darin Brush**  
President and Chief Executive Officer



Vice President of Instruction  
Leslie Mock, M.S.N., RN



Vice President of Administrative Services  
Russell S. Galt, M.B.A., C.P.A.



Vice President of Quality and Development  
Julie Blake

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**DAVISTECH**  
DAVIS TECHNICAL COLLEGE

# Financial



## Independent Auditors' Report

Board of Directors, Audit Committee  
And Darin Brush, Campus President  
Davis Technical College  
Kaysville, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of Davis Technical College (the College) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. The College 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 opinions 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 opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Davis Technical College, as of June 30, 2020, and the respective changes in financial



position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020, on our consideration of Davis Technical 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 the 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 Davis Technical College's internal control over financial reporting and compliance.



HintonBurdick, PLLC  
St. George, Utah  
September 25, 2020



**DAVIS TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020**

As management of the Davis Technical College (College), a component unit of the State of Utah, we offer readers of the College's financial statements this narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the College's financial statements. The 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, 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 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.

**DAVIS TECHNICAL COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Financial Analysis**

The impact of the COVID-19 Pandemic is reflected throughout the College financial statements as the College experienced impacts on multiple revenue streams, as well as reduced expenses directly related to the reduction of the number of students and employees on campus from March through June. The College remained open for students by offering a new mixture of online instruction and scheduled lab times. Following the guidance of House Joint Resolution 301 passed by the Utah State Legislature on April 16, 2020, the College restricted spending to necessities. Major projects were deferred as state tax revenues were determined to be uncertain. Specifically, readers will notice unusual changes in the financial statements as current assets increased while several revenue streams, expenses, and liabilities decreased.

**Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position.** The following schedule presents a summary of the College's assets, deferred outflows, liabilities, deferred inflows, and net position as of June 30, 2020 and 2019:

<b>Net Position</b>	<b>Year Ended June 30, 2020 Amount</b>	<b>Year Ended June 30, 2019 Amount</b>	<b>Amount of Increase (Decrease)</b>
Current Assets	\$ 11,625,844	\$ 10,032,563	\$ 1,593,281
Noncurrent Assets	1,383,377	2,193,593	(810,216)
Capital Assets, net	26,314,818	26,465,459	(150,641)
Total Assets	39,324,039	38,691,615	632,424
Deferred Outflows of Resources	(88,145)	1,941,761	(2,029,906)
Current Liabilities	1,919,542	1,787,109	132,433
Noncurrent Liabilities	3,949,302	5,502,937	(1,553,635)
Total Liabilities	5,868,844	7,290,046	(1,421,202)
Deferred Inflows of Resources	56,766	73,831	(17,065)
Net Position:			
Net Investment in Capital Assets	26,314,818	26,465,459	(150,641)
Restricted	2,181,119	2,587,807	(406,688)
Unrestricted	4,814,347	4,216,233	598,114
Total Net Position	\$ 33,310,284	\$ 33,269,499	\$ 40,785

The Total Assets of the College increased by \$632,424 during the fiscal year.

Current Assets increased by \$1,593,281 as the College experienced increases in Cash and Cash Equivalents of \$1,694,454 from regular operations, Accounts Receivable of \$52,770 from various

**DAVIS TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2020**

state agencies and operations, offset by decreases in Prepaid Expenses of \$126,892, and a decrease in inventories of \$13,238 in the bookstore and various program supply inventories.

Noncurrent Assets decreased \$960,857 as restricted cash decreased as the Foundation made several large payments totaling \$855,327 towards the construction expenses of the new Allied Health Building. The primary costs for design and construction of the building were appropriated by the State Legislature the Division of Facilities and Construction Management (DFCM). DFCM pays the construction costs and will turn the building over to the College upon completion.

The decrease in net Capital Assets of \$150,641 for the year is the result of additions in assets and campus improvements of \$1,632,381 and Construction in Progress increasing \$855,327 on the Allied Health Building being offset by depreciation expense of \$2,638,348.

Deferred Outflows decreased by \$2,029,906 to a negative \$88,145. This includes a decrease of \$1,749,602 to the Net Pension Liability resulting from increases of \$1,769,560 to the net difference between projected and actual earnings on pension plan investments, \$309,396 due to changes in assumptions used by the actuaries and \$80,196 in changes in proportionate share and other differences between contributions and the proportionate share of contributions.

The Total Current Liabilities of the College increased by \$132,433 as total Accounts Payable decreased \$335,481 which was offset by increases in Accrued Compensation Liabilities of \$266,645, Unearned Revenue of \$89,949, and Accrued Termination Benefits of \$111,356.

Noncurrent Liabilities decreased by \$1,553,635 as the College recorded a decrease of \$1,749,602 in Net Pension Liabilities and Accrued Leave for employees increased by \$191,240.

Deferred Inflows related to pensions decreased by \$17,065 to \$56,766. The differences between expected and actual experience decreased the liability \$48,611 as well as \$14,435 due to a change in the net difference between projected and actual earnings on investments being offset by \$46,028 in changes in proportionate share and other differences between contributions and the proportionate share of contributions.

The Total Net Position of the College increased by \$40,785 from the previous fiscal year. Restricted Assets decreased \$406,688 to \$2,181,119, the changes in restricted funds resulted from the Foundation's payments towards the Allied Health Building and an increase in scholarship balances and do not have an impact on the availability of resources for future College needs. The College's net position at year-end was \$33,310,284.

**DAVIS TECHNICAL COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**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, 2020 and 2019:

<b>Changes in Net Position</b>	<b>Year Ended June 30, 2020 Amount</b>	<b>Year Ended June 30, 2019 Amount</b>	<b>Amount of Increase (Decrease)</b>
Operating Revenues	\$ 9,279,980	\$ 9,455,912	\$ (175,932)
Operating Expenses	(30,924,286)	(28,001,389)	(2,922,897)
Operating Income (Loss)	(21,644,306)	(18,545,477)	(3,098,829)
Nonoperating Revenues	20,927,111	18,203,592	2,723,519
Nonoperating Expenses	(3,998)	(96,579)	92,581
Nonoperating Income (Loss)	20,923,113	18,107,013	2,816,100
Income Before Other Items	(721,193)	(438,464)	(282,729)
Other Revenues and Expenses	761,978	55,936	706,042
Increase (Decrease) in Net Position	40,785	(382,528)	423,313
Net Position - Beginning of Year	33,269,499	33,652,027	(382,528)
Total Net Position	\$ 33,310,284	\$ 33,269,499	\$ 40,785

The College experienced a net operating loss of \$21,644,306. 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. The state appropriation is anticipated as a means of covering a majority of the costs of operating the College. During fiscal year 2020, the State appropriation of \$18,822,800 was sufficient to offset all but \$2,821,506 of the amount shown on the financial statements as an operating loss.

After considering nonoperating revenues and expenses, and other items, the College had an increase in Total Net Position of \$40,785. Prior to recording depreciation expenses of \$2,638,349, the College had an increase in net position of \$2,679,134. The Other Revenues of the College consisted of \$586,978 in capital projects on the campus completed by the State of Utah's Division of Facilities Construction and Management and \$175,000 in equipment donated to the College through the Foundation.

**DAVIS TECHNICAL COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Revenues.** The following schedule presents a summary of College revenues for the fiscal years ended June 30, 2020, and 2019:

Revenues	Year Ended June 30, 2020 Amount	Percent of Total	Year Ended June 30, 2019 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Revenues:					
Student Tuition and Fees	\$ 2,175,573	7.02%	\$ 2,326,290	\$ (150,717)	(6.48%)
Federal Grants and Contracts	272,312	0.88%	377,681	(105,369)	(27.90%)
State Grants and Contracts	2,984,580	9.64%	2,920,834	63,746	2.18%
Local Grants and Contracts	11,791	0.04%	11,373	417	3.67%
Nongov Grants & Contracts	933,406	3.01%	708,445	224,961	31.75%
Sales & Services of Ed Depts	13,466	0.04%	26,553	(13,087)	(49.29%)
Auxiliary Enterprises	1,984,414	6.41%	2,116,893	(132,478)	(6.26%)
Other Operating Revenues	88,104	0.28%	133,036	(44,932)	(33.77%)
Independent Operations	816,334	2.64%	834,807	(18,473)	(2.21%)
Total Operating Revenues	<u>9,279,980</u>	<u>29.96%</u>	<u>9,455,912</u>	<u>(175,932)</u>	<u>(1.86%)</u>
Nonoperating Revenues:					
State Appropriations	18,822,800	60.78%	16,164,800	2,658,000	16.44%
Gifts	568,955	1.84%	707,953	(138,998)	(19.63%)
Investment Income	238,834	0.77%	309,147	(70,313)	(22.74%)
Federal Pell Grants	939,712	3.03%	943,324	(3,612)	(0.38%)
Federal CARES Act: HEERF Grants	57,752	0.19%	-	57,752	
Other Nonoperating Revenues	299,058	0.96%	78,368	220,690	281.61%
Total Nonoperating Revenues	<u>20,927,111</u>	<u>67.57%</u>	<u>18,203,592</u>	<u>2,723,519</u>	<u>14.96%</u>
Other Revenues:					
Capital Grants	586,978	1.90%	55,936	531,042	949.37%
Capital Gifts	175,000	0.57%	-	175,000	
Total Other Revenues	<u>761,978</u>	<u>2.47%</u>	<u>55,936</u>	<u>706,042</u>	<u>1,262.23%</u>
Total Revenues	<u>\$ 30,969,069</u>	<u>100.00%</u>	<u>\$ 27,715,440</u>	<u>\$ 3,253,629</u>	<u>11.74%</u>

The revenue comparison between fiscal year 2020 and fiscal year 2019 shows an increase in total revenues of \$3,253,629 or 11.74% over the prior year. The largest factor in this increase was an increase in State Appropriations of \$2,658,000 for employee compensation, equipment, programmatic expansion, and performance funding.

An increase in Capital Grants for building and infrastructure upgrades to the campus of \$531,042 were provided by the State of Utah's Division of Facilities Construction and Management (DFCM). The amount of these upgrades vary from year to year based on the needs of the College and available funding through DFCM.

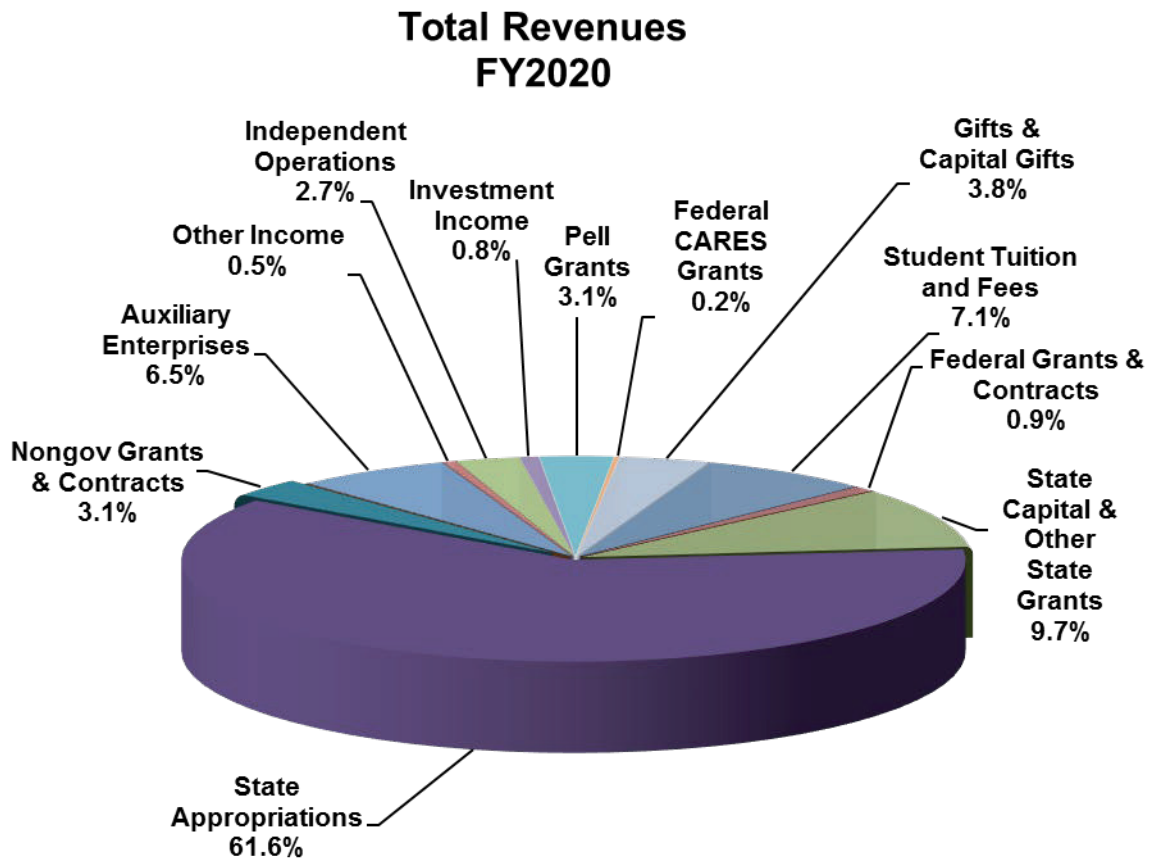
Non-Governmental Grants and Contracts increased \$224,961 that included \$248,540 from the Manufacturing Engineering Education Program (MEEP) being offset by reductions in other contracts. The increase in Other Nonoperating Revenues of \$220,690 included a refund of medical insurance premiums from the Public Employees Health Program of \$218,247.



**DAVIS TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2020**

Tuition and Fee revenues decreased \$150,717 as the College reduced adult student campus fees rates 8% from the prior year resulting in a reduction of \$127,587. Reductions of many other revenues were due directly to the reduced numbers of students on Campus during the last four months of the year. For example, in Auxiliary Services revenues were reduced \$132,478 with sales in the Cosmetology Salon decreasing \$119,258 and Food Services \$22,042.

Investment Income fell \$70,313 as interest rates decreased from 2.86% in July 2019 to only 0.94% in June 2020.



**DAVIS TECHNICAL COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Expenses.** The following schedule presents a summary of College expenses for the fiscal years ended June 30, 2020 and 2019:

Expenses	Year Ended June 30, 2020 Amount	Percent of Total	Year Ended June 30, 2019 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Expenses:					
Salaries and Wages	\$ 14,449,285	46.72%	\$ 12,770,403	\$ 1,678,882	13.15%
Benefits	5,459,677	17.65%	4,662,407	797,271	17.10%
Actuarial Calculated Pension Expense	1,352,363	4.37%	1,247,878	104,485	8.37%
Scholarships	520,691	1.68%	423,753	96,937	22.88%
Utilities	558,204	1.80%	576,830	(18,626)	(3.23%)
Supplies and Other Services	5,945,718	19.23%	5,544,415	401,303	7.24%
Depreciation	2,638,348	8.54%	2,775,703	(137,355)	(4.95%)
Total Operating Expenses	30,924,286	99.99%	28,001,389	2,922,897	10.44%
Nonoperating Expenses:					
Disposal of Capital Assets	-	0.00%	93,613	(93,613)	(100.00%)
Unrealized Loss on FMV of Investment	3,998	0.01%	2,966	1,032	34.79%
Total Nonoperating Expenses	3,998	0.01%	96,579	(92,581)	
Total Expenses	\$ 30,928,284	100.00%	\$ 28,097,968	\$ 2,830,316	10.07%

Total Expenses for the year increased by \$2,830,316 from the prior year. Salaries and Wages expenses increased by \$1,678,882. Full time instructors were added in Practical Nurse, Electrical Apprentice, Dental Assistant, Pharmacy Technician, Architectural and Engineering Design, Information Technology, and Welding Technology. New full-time staff positions included several administrative assistants, a network administrator and a medical simulation lab support technician.

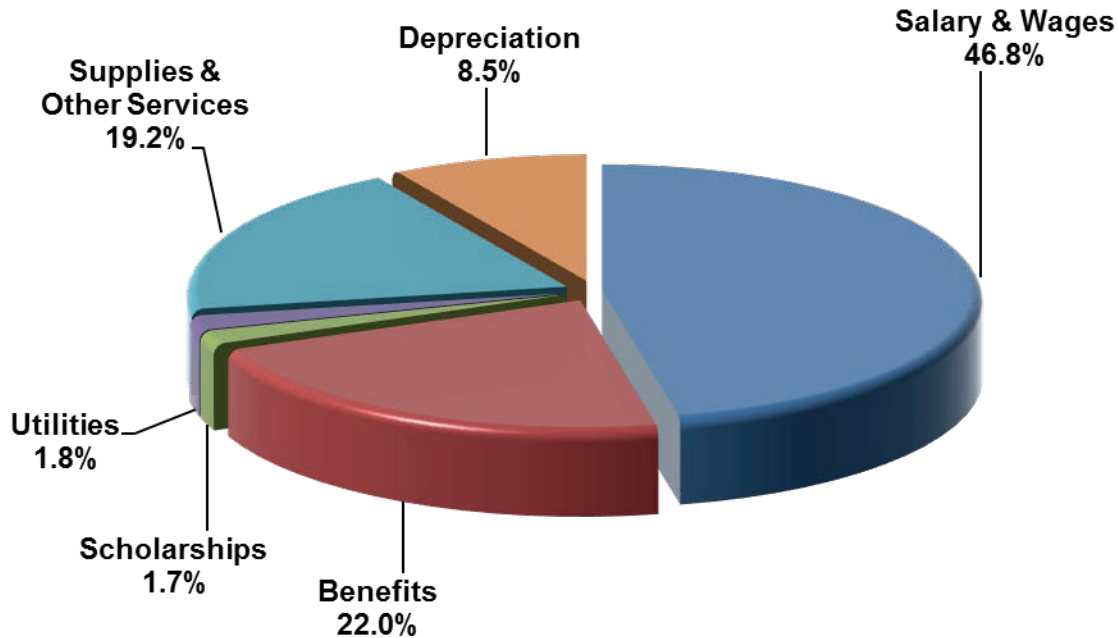
Benefits expenses increased by \$797,271 from the prior year, with \$281,868 in additional health insurance premiums, \$316,366 in retirement related expenses and an increase in accrued leave benefits of \$143,444. The Actuarial Calculated Pension Expense increased by \$104,485 as required by the reporting requirements of GASB 68. Additional information on this standard can be found in Note 8 of the Notes to the Financial Statements.

Supplies and Other Services increased \$401,303, with \$172,439 in expenses incurred under a contract with the Governor's Office of Economic Development Utah Works initiative, \$88,257 in increased expenses related to the Davis School District Strategic Workforce Initiative (SWI). The College also improved the Welding shops at Northridge and Syracuse High Schools for \$78,683.



**DAVIS TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2020**

**Total Operating Expenses  
FY2020**



**Capital Asset Administration**

**Capital Assets.** The College's investment in capital assets as of June 30, 2020 amounts to \$26,314,818 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment. There were additions of \$2,487,708 before depreciation during the fiscal year. Of this amount, \$586,978 was for projects completed at the College by the State Division of Facilities Construction and Management (DFCM). Currently DFCM is constructing an allied health building funded by the State of Utah on the College campus with a projected completion in September of 2020. Over the last two years the Foundation has provided a total of \$945,305 towards this building that has been recorded as Construction in Process.

The College retired \$920,782 in assets during the year, all of which had been fully depreciated. Depreciation for the year was \$2,638,349. This resulted in a net decrease in capital assets of \$150,641 for the fiscal year. Additional information on the College's capital assets can be found in Note 4 of the Notes to the Financial Statements.

**DAVIS TECHNICAL COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

The following schedule presents a summary of College Capital Assets for the fiscal years ended June 30, 2020 and 2019:

<b>Capital Assets</b> <b>(net of depreciation)</b>	<b>Year Ended</b> <b>June 30, 2020</b> <b>Amount</b>	<b>Year Ended</b> <b>June 30, 2019</b> <b>Amount</b>	<b>Amount of</b> <b>Increase</b> <b>(Decrease)</b>
Land	\$ 1,599,080	\$ 1,599,080	\$ -
Buildings and Improvements	21,582,183	22,607,265	(1,025,082)
Equipment	2,188,250	2,169,138	19,112
Construction in Progress	945,305	89,976	855,329
Total Capital Assets, net	<u>\$ 26,314,818</u>	<u>\$ 26,465,459</u>	<u>\$ (150,641)</u>

### **Factors Effecting Net Position or Operations**

**Utah Department of Corrections Contract.** Since 2010, the College has provided technical training to the inmates at the Utah State Prison in Draper, Utah, under a contract with the Utah Department of Corrections. The training includes automotive technology, machining, welding technology, culinary arts, and office technologies. This contract was renewed in June 2018 and will expire on June 30, 2023.

**State Economic Outlook.** The College receives a significant portion of its funding through legislative appropriations from the State of Utah; therefore, the general economic condition of the State has a direct impact on the College's ability to provide services to students and employers in the Davis and Morgan County service areas. In spite of the pandemic, Utah's economic position is still one of the strongest in the nation with recent annual employment losses of only 2.7% and an overall unemployment rate of 5.1%. We anticipate that as the College provides vital short term occupational training that the State will continue to increase funding to the College in order to accommodate the growing needs of students and employers.

### **Requests for Information**

This financial report is designed to provide a general overview of the Davis Technical College's finances for all those with an interest in the College's finances and to show the 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, Davis Technical College, 550 East 300 South, Kaysville, Utah 84037.

**DAVIS TECHNICAL COLLEGE**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

**ASSETS**

Current Assets:

Cash and Cash Equivalents (Note 2)	\$ 10,173,003
Receivables (Note 3)	
Due from the State of Utah	627,680
Other	379,744
Inventories	384,811
Prepaid Expenses and Other Assets	60,606
Total Current Assets	<u>11,625,844</u>

Noncurrent Assets:

Restricted Cash and Cash Equivalents (Note 2)	495,476
Cash Value of Life Insurance	51,485
Investments in Real Estate	836,416
Capital Assets, net (Note 4)	26,314,818
Total Noncurrent Assets	<u>27,698,195</u>
Total Assets	<u>39,324,039</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Pensions (Note 8)	<u>(88,145)</u>
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**LIABILITIES**

Current Liabilities:

Accounts Payable (Note 3)	
Due to the State of Utah	110,291
Other	348,875
Accrued Compensation Liabilities	1,156,870
Unearned Revenue	148,313
Funds Held in Custody for Others	8,460
Accrued Termination Benefits (Note 7)	146,733
Total Current Liabilities	<u>1,919,542</u>

Noncurrent Liabilities:

Net Pension Liability (Note 8)	3,048,524
Accrued Leave (Note 6)	858,546
Accrued Termination Benefits (Note 7)	42,232
Total Noncurrent Liabilities	<u>3,949,302</u>
Total Liabilities	<u>5,868,844</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions (Note 8)	<u>56,766</u>
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**NET POSITION**

Net Investment in Capital Assets (Note 4)	26,314,818
Restricted For (Note 15):	
Nonexpendable	836,416
Expendable:	
Scholarships	461,668
Grants, Contracts and Other	883,035
Unrestricted	4,814,347
Total Net Position	<u>\$ 33,310,284</u>

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

**DAVIS TECHNICAL COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2020**

**REVENUES**

Operating Revenues:

Student Tuition and Fees (net of scholarship allowances of \$1,051,102)	\$ 2,175,573
Federal Grants and Contracts	272,312
State Grants and Contracts	2,984,580
Local Grants and Contracts	11,791
Nongovernmental Grants and Contracts	933,406
Sales and Services of Educational Departments	13,466
Auxiliary Enterprises (net of scholarship allowances of \$74,665)	1,984,414
Other Operating Revenues	88,104
Independent Operations	816,334
Total Operating Revenues	<u>9,279,980</u>

**EXPENSES**

Operating Expenses (Note 10):

Salaries and Wages	14,449,285
Benefits (Notes 6,7,8,9)	5,459,677
Actuarial Calculated Pension Expense (Note 8)	1,352,363
Scholarships	520,691
Utilities	558,204
Supplies and Other Services	5,945,718
Depreciation (Note 4)	2,638,348
Total Operating Expenses	<u>30,924,286</u>
Operating Income (Loss)	<u>(21,644,306)</u>

**NONOPERATING REVENUES (EXPENSES)**

State Appropriations	18,822,800
Gifts	568,955
Investment Income	238,834
Unrealized Loss on FMV of Investment	(3,998)
Federal Pell Grants	939,712
Federal CARES Act: Higher Education Emergency Relief Funds	57,752
Other Nonoperating Revenues (Expenses)	299,058
Total Nonoperating Revenues (Expenses)	<u>20,923,113</u>
Income (Loss) Before Capital Grants and Contributions	<u>(721,193)</u>

Capital Grants	586,978
Capital Gifts	175,000
Change in Net Position	<u>40,785</u>

**NET POSITION**

Net Position - Beginning of Year	33,269,499
Net Position - End of Year	<u><u>\$ 33,310,284</u></u>

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

**DAVIS TECHNICAL COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Tuition and Fees	\$ 2,265,522
Receipts from Sponsors, Grants, and Contracts	4,163,132
Gifts and Contributions	-
Payments to Suppliers	(7,623,666)
Payments for Scholarships	(520,691)
Payments to Employees	(20,424,120)
Receipts from Auxiliary Enterprise Charges	1,984,414
Other Receipts	917,868
Net Cash Flow Provided (Used) by Operating Activities	<u>(19,237,541)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Appropriations	18,822,800
Gifts and Grants Received for Other Than Capital Purposes:	
Private Gifts	577,906
Other Receipts	1,238,771
Net Cash Flow Provided (Used) by Noncapital Financing Activities	<u>20,639,477</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchases of Capital Assets	<u>(812,650)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(812,650)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Dividend Received From Investment in Real Estate	60,116
Interest on Investments	238,834
Net Cash Provided (Used) by Investing Activities	<u>298,950</u>

Net Increase/(Decrease) in Cash	\$ 888,236
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**CASH - BEGINNING OF YEAR**

Cash and Cash Equivalents	\$ 8,478,549
Restricted Cash	1,301,694
Total Cash Beginning of Year	<u>9,780,243</u>

**CASH - END OF YEAR**

Cash and Cash Equivalents	\$ 10,173,003
Restricted Cash	495,476
Total Cash End of Year	<u>\$ 10,668,479</u>

(continued)

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

**DAVIS TECHNICAL COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2020**  
**(continued)**

**RECONCILIATION OF NET OPERATING INCOME (LOSS) TO:**

**Net Cash Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ (21,644,306)
Difference between Actuarial Calculated Pension Expense and Actual Contributions	263,239
Adjustments to Reconcile Net Position (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	2,638,348
(Increase) Decrease in Cash Value of Life Insurance	
In-Kind Gifts Received and Expensed	(924,394)
Change in Assets and Liabilities:	
Receivables	(38,957)
Inventories	13,238
Prepaid Expenses and Other Assets	126,892
Accounts Payable	(335,481)
Accrued Compensation Liabilities	266,645
Unearned Revenue	89,949
Funds Held in Custody for Others	(36)
Accrued Leave	191,240
Accrued Early Termination Benefits	116,082
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (19,237,541)</u></u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

Construction projects transferred from State of Utah (DFCM)	\$ 586,978
Increase (Decrease) in Cash Value of Life Insurance	(3,998)
Donated Equipment or Other Assets	175,000
Total Noncash Investing, Capital, and Financing Activities	<u><u>\$ 757,980</u></u>

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Davis Technical College (College) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Estimates

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 component unit of the State of Utah and is included in the State's *Comprehensive Annual Financial Report*.

The College was established July 1, 1978, by the Utah State Legislature to offer vocational and related instruction to secondary and adult students. The College operates in accordance with Section 53B-2-101 of the Utah Code Annotated 1953, as amended, as a member of the Utah System of Higher Education and is governed by the Utah Board of Higher Education with appropriate responsibilities and authority delegated to the College Board of Trustees.

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.

Blended Presentation Component Unit

The Davis Technical College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the College and, as such, it is presented in the College's financial statements as a blended component unit. Further information, as well as condensed financials for the Foundation, can be found in Note 11.

Measurement Focus and Basis of Accounting

For financial reporting purposes, the College is considered a special purpose government entity engaged only in business-type activities. Accordingly, the College's financial statements have been presented 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.

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. Certain grants and contracts that are aligned with College's principal mission are included in operating revenue and expenses. The revenues of the Utah Nursing Assistant Registry are reported as independent operations, which is a part of the operating revenues of the College. 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 generally the College's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash & Cash Equivalents and Investments

The College's cash and cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Cash and investment management at the College is administered in accordance with the Utah Money Management Act (Section 51-7, Utah Code Annotated, 1953, as amended).

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.

Inventories

Inventories of supplies are recorded at cost. The Bookstore, Cosmetology Salon, and Print Center inventories held for resale are carried at the lower of cost or market utilizing an average cost basis.

Income Taxes

The component unit Foundation is a not-for-profit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

Equity Interest in Apartment Complex

On April 24, 2002, the Foundation was gifted an equity interest in an apartment complex. The gift was made with the understanding that at least 25% of the income each year would be used for needed scholarships and to keep existing students enrolled at the College.



**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Equity Interest in Apartment Complex (continued)

The apartments are HUD properties and are thus subject to significant governmental regulation and control. These regulations limit the control that the Foundation and other investors have over the apartments. The interest in the apartments is being accounted for using the cost method of accounting due to the limited control over the investment.

Capital Assets

Capital assets include property, buildings and equipment. Capital assets are defined by the College as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	1-30
Equipment	5-15
Vehicles	5-10
Furniture	10
Computer Equipment	3-5

Compensated Absences

It is the College's policy to permit eligible employees to accumulate earned but unused vacation benefits with a maximum accrual of 280 hours. All vacation leave is accrued when earned. Employees accumulate vacation leave balances based upon their years of service and employee group. There is no requirement to use vacation leave, but leave is no longer accrued once an employee has accumulated 280 hours. Vacation leave which has accrued and is yet unused, is paid to employees upon termination.

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 Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit 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 related to pension liabilities. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Prior Year's Presentation

The financial statement notes and Management's Discussion and Analysis include partial prior year information. Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The College follows the requirements of the Utah Money Management Act (the Act) (Section 51-7, Utah Code Annotated, 1953, as amended) in handling its depository and investment transactions. The Act requires the depositing of College funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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 Act that relate to the deposit and investment of public funds.

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, 2020, \$768,773 of the College's bank balances of

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

\$1,018,773 was uninsured and uncollateralized. All of the Foundation's \$5,052 bank balances were insured.

Investments

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

Statutes authorize the College to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac) and Federal National Mortgage Association (Fannie Mae), bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the 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 and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Section 51-7, Utah Code Annotated, 1953, as amended). 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.

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

Investments (continued)

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.

The debt and equity securities classified in Level 2 are valued using the application of the June 30, 2020 fair value factor, as calculated by the Utah State Treasurer, to the College's ending balance in the Fund.

At June 30, 2020, the College and Foundation had the following recurring fair value measurements.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
State of Utah Public Treasurers' Investment Fund	\$9,276,598	-	\$9,276,598	-

Interest Rate Risk

Interest rate risk is the risk that the value of an investment will be adversely affected by changes in market investment rates. The College manages exposure to declining value by investing primarily in the PTIF and by complying with the Act. The Act requires the remaining term to maturity of investments may not exceed the period of the availability of the funds to be invested. The Act further limits the remaining time to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 265 days or less.

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

Interest Rate Risk (continued)

As of June 30, 2020, the College and Foundation had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
State of Utah Public Treasurers' Investment Fund	\$9,276,598	\$9,276,598	-	-	-

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 State's Money Management Act as previously discussed.

As of June 30, 2020, the College and Foundation had the following investments and quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>	
		<u>AAA</u>	<u>Unrated</u>
State of Utah Public Treasurers' Investment Fund	\$9,276,598	-	\$9,276,598

Concentration of Credit Risk

Concentration of Credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a formal policy for custodial credit risk.

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 3 – ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE**

**Schedule of Accounts Receivable**

	<u>June 30, 2020</u>
Amounts due from the State of Utah	
Student Tuition and Fees	\$ 9,670
State Grants and Contracts	321,264
Operations	218,562
Independent Operations	78,184
Total due from the State of Utah	<u>627,680</u>
Amounts due from Others	
Student Tuition and Fees	113,309
Federal Grants and Contracts	65,592
Nongovernmental Grants and Contracts	292
Operations	198,606
Independent Operations	1,945
Total due from Others	<u>379,744</u>
 Total Accounts Receivable	 <u>\$ 1,007,424</u>

**Schedule of Accounts Payable**

	<u>June 30, 2020</u>
Amounts due to the State of Utah	110,291
Amounts due to Others:	
Students	39,590
Sponsors	-
Vendors	307,128
Employees	2,157
Total amounts due to Others	<u>348,875</u>
 Total Accounts Payable	 <u>\$ 459,166</u>

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 4 – CAPITAL ASSETS**

Additions to capital assets include amounts paid for by the College as well as additions paid for by the State Division of Facilities Construction and Management (DFCM).

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions from College	Additions from DFCM	Retirements	Balance June 30, 2020
Capital Assets					
Buildings & Improvements	\$ 47,722,203	\$ 164,288	\$ 586,978	\$ -	\$ 48,473,469
Construction in Progress	89,978	855,327	-	-	945,305
Equipment	9,688,977	881,115	-	920,782	9,649,310
Land	1,599,080	-	-	-	1,599,080
Total	<u>59,100,238</u>	<u>1,900,730</u>	<u>586,978</u>	<u>920,782</u>	<u>\$ 60,667,164</u>
Less Accumulated Depreciation					
Buildings & Improvements	25,114,938	1,776,348	-	-	26,891,286
Equipment	<u>7,519,841</u>	<u>862,001</u>	<u>-</u>	<u>(920,782)</u>	<u>7,461,060</u>
Total Accumulated Depreciation	<u>32,634,779</u>	<u>2,638,349</u>	<u>-</u>	<u>(920,782)</u>	<u>34,352,346</u>
Net Capital Assets	<u>\$ 26,465,459</u>	<u>\$ (737,619)</u>	<u>\$ 586,978</u>	<u>\$ -</u>	<u>\$ 26,314,818</u>

**NOTE 5 - OBLIGATIONS UNDER OPERATING LEASES**

The College entered into an operating lease for a building used for instructional purposes away from the main College facility. This lease expired on June 30, 2020 and will not be renewed. Operating lease payments are recorded as expenses when paid or incurred. The total operating lease expense for the year ended June 30, 2020 was \$55,651 and there are no further obligations.

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 6 - ACCRUED LEAVE**

The College accrues amounts for leave in the year in which the leave is earned. Accrued leave consists of only vacation leave. Employees earn leave based upon their employee group and years of service. Unused leave may be carried over into the next year, but the maximum accrual per employee at any time is 280 hours.

The following is a summary of changes in accrued leave during the fiscal year:

	<u>Accrued Leave</u>
Balance at June 30, 2019	\$ 667,306
Additions to Accrued Leave	1,000,007
Accrued Leave Used	<u>(808,767)</u>
Balance at June 30, 2020	<u>\$ 858,546</u>
Amount due through June 30, 2021	\$ -

**NOTE 7 - ACCRUED TERMINATION BENEFITS**

The following is a summary of changes in accrued termination benefits during the fiscal year:

	<u>Stipends</u>	<u>Medical Insurance</u>	<u>Total</u>
Balance at June 30, 2019	\$ -	\$ 72,883	\$ 72,883
Additions	82,283	72,530	154,813
Deletions (Payments)	-	(38,731)	(38,731)
Balance at June 30, 2020	<u>\$ 82,283</u>	<u>\$ 106,682</u>	<u>\$ 188,965</u>
Amount due through June 30, 2020	\$ 82,283	\$ 64,450	\$ 146,733

In accordance with the College's Early Retirement Incentives Policy, employees who (1) Were hired into a full-time position with the College prior to December 1, 2004, (2) have ten years of service, (3) retire prior to the time they become eligible to receive unreduced social security benefits, and (4) are of the following age and service may apply for early retirement incentive benefits:

- A) Age 62 with at least 10 years of service
- B) Age 60 with at least 20 years of service
- C) Any age with at least 25 years of service



**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 7 - ACCRUED TERMINATION BENEFITS (Continued)**

Administrative approval is required to participate in the incentive program. It is the intent of management that the incentive program is not to be considered an entitlement nor a right automatically available to employees who meet the eligibility criteria. Employees who retire under the incentive program receive a stipend of fifteen percent of their annual salary per year for three consecutive years, or until they become eligible to receive unreduced social security benefits, whichever occurs first.

Employees of the College earn sick leave at a rate of 96 hours per year and accumulate a maximum accrual of 800 hours. The College does not reimburse employees for unused sick leave upon termination, except those employees approved under the incentive program. Sick leave is expended when used. If approved under the incentive program, the College will pay eligible employees 20 percent of the employee's accumulated sick leave for leave accumulated prior to June 30, 2004. The employee may use the 20 percent sick leave amount to acquire health insurance during retirement or apply the amount towards a retirement account.

Employees who retire under the incentive program continue to be enrolled in the College's group medical and dental programs until they become eligible for Medicare, or for the ten consecutive years following retirement, whichever occurs first. This enrollment is contingent upon the retirees contributing the balance of the premiums over that paid by the institution for the first three years, and the full premium the following seven years.

Three former employees received benefits under this policy during the period. Discount and inflation adjustments were considered immaterial.

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

As required by state law, eligible non-exempt employees (as defined by the U.S. Fair Labor Standards Act) of the College are covered by the Utah State Retirement Systems (Systems or URS) and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association (TIAA). Eligible College Faculty and Professional/Administrative employees who were employed by the College and enrolled in the Systems on or before June 30, 2003 were allowed to elect to continue participation in the Systems or to begin to participate in TIAA.

Plan Description

The Systems are comprised of the following trust funds which are multiple-employer, cost-sharing public employee retirement systems:

Public Employees Noncontributory Retirement System (Noncontributory System)

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

Plan Description (Continued)

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 Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. 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. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

Benefits Provided

Utah Retirement Systems provides retirement, disability, and death benefits. Retirement benefits are as follows:

**Summary of Benefits by System**

	<b>Final Average Salary</b>	<b>Years of service required and/or age eligible for benefit</b>	<b>Benefit percent per year of service</b>	<b>COLA**</b>
<b>Noncontributory System</b>				
	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%
<b>Tier 2 Public Employees System</b>				
	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\* Actuarial reductions are applied.

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

Funding Policy

As a condition of participation in the Systems, the College is required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that 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 for the pension portion of the plans for the year were as follows:

	Employer Contribution <u>Rates</u>	Employer Rate for <u>401K Plan</u>
Noncontributory System	22.19%	1.50%
Noncontributory System, Post Retired Amortization	9.94%	0%
Tier 2 Public Employees System*	18.99%	1.03%
Tier 2 Public Employees System DC Only*	10.02%	10.00%

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

Contributions recorded by the Systems are detailed in the following chart and were equal to the required contributions for each year. Due to timing differences between the College and the Systems' fiscal years, and the Systems' recognition policies, these amounts may not match the College's expenses for the period.

	Employer <u>Contributions</u>	Employee <u>Contributions</u>
Noncontributory System	\$ 788,198	N/A
Tier 2 Public Employees System*	254,648	-
Tier 2 Public Employees System DC Only*	<u>46,723</u>	N/A
Total Contributions	\$1,089,569	

\*Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

At June 30, 2020, the College reported a net pension asset of \$0 and a net pension liability of \$3,048,524. The net pension liability decreased \$1,749,602 from the June 30, 2019 balance of \$4,798,125. None of this is due within the next fiscal year.

	Measurement Date: December 31, 2019			December 31, 2018	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	Change (Decreases)
Noncontributory System	\$0	\$3,030,833	0.1364194%	0.1281333%	0.0082861%
Tier 2 Public Employees System	0	17,691	0.0786608%	0.0721595%	0.0065013%
	<u>\$0</u>	<u>\$3,048,524</u>			

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the College'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, 2020 the College recognized a pension expense of \$1,352,363.

At June 30, 2020, 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	\$ 52,068	\$ 24,665
Changes in assumptions	183,240	508
Net difference between projected and actual earnings on pension plan investments	-	951,928
Changes in proportion and differences between contributions and proportionate share of contributions	69,812	46,028
Contributions subsequent to the measurement date	573,100	-
Total	<u>\$878,220</u>	<u>\$ 1,023,129</u>

The College reported \$573,100 as deferred outflows of resources related to pensions results from contributions made prior to the fiscal year end, but subsequent to the measurement date of December 31, 2019. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2020	(\$122,200)
2021	(\$254,192)
2022	\$8,287
2023	(\$362,561)
2024	\$1,830
Thereafter	\$10,826

Actuarial assumptions: The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %
Salary increases	3.25 % - 9.75 % average, including inflation
Investment rate of return	6.95 %, 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 in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

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:

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.5% and a real return of 4.45% that is net of investment expense.

Discount rate

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

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate (continued)

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Proportionate share of Net Pension (asset)/liability			
Noncontributory System	\$6,837,206	\$3,030,832	\$(159,871)
Tier 2 Public Employees System	<u>152,561</u>	<u>17,691</u>	<u>(86,538)</u>
	\$6,989,767	\$3,048,523	\$(246,409)

Pension Plan Fiduciary Net Position

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

**NOTE 9 - DEFINED CONTRIBUTION PLANS**

Utah Retirement Systems

The College participates in the 401(k) plan administered by the Utah Retirement Systems (Systems). This plan is a defined contribution plan. The plan is established and governed by Chapter 49 of the Utah Code Annotated, 1953, as amended. The 401(k) plan is a supplemental plan to basic retirement benefits of URS. The College is required by statute to contribute 1.5% of eligible employees' salaries which vests immediately. During the year ended June 30, 2020, the College contributed \$113,552.

For employees participating in the Tier 2 Public Employees defined contribution plan (Tier 2 DC), the College is required to contribute 20.05% of the employees' salaries, of which 10 percent is paid into a 401(k)/457 plan while the remainder is contributed to the Tier 2 Contributory Public Employee System, as required by law.

In September of 2011, eligible employees of the College voted to not participate in the Social Security system 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 6.2% of these eligible employee's salaries into their respective URS 401(k) accounts in place of the Employer's Social Security contribution. These contributions totaled \$736,750 for the year ended June 30, 2020. Voluntary contributions may also be made into the plan by employees, subject to plan and internal revenue code limitations. During the year ended June 30, 2020, College employees made voluntary contributions to the plan of \$348,257.



**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 9 - DEFINED CONTRIBUTION PLANS (Continued)**

Teachers Insurance and Annuity Association

Eligible Faculty and Professional/Administrative employees of the College participate in the Teachers Insurance and Annuity Association (TIAA). Eligible College Faculty and Professional/Administrative employees who were employed by the College and enrolled in the Utah State Retirement Systems on or before June 30, 2003 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. The 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 Chapter 49 of the Utah Code Annotated, 1953, as amended. 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, 2020, the College's contribution to this defined contribution retirement plan was 14.2% of the participating employees' annual salaries. The College has no further liability once contributions are made. During the year ended June 30, 2020, the College contributed \$996,300 to the plan, and employees made voluntary contributions to the plan of \$206,612.

**NOTE 10 - NATURAL AND FUNCTIONAL EXPENSE CLASSIFICATIONS**

The following is a summary of natural expense classifications with functional expense classifications for the year ended June 30, 2020

	Salary and Wages	Employee Benefits*	Scholarships	Utilities	Supplies & Other	Depreciation	Total
Instruction	\$ 6,835,705	\$ 2,823,562	\$ -	\$ -	\$ 2,255,996	\$ -	\$ 11,915,263
Academic Support	1,770,721	968,779	-	-	102,366	-	2,841,866
Student Services	1,785,940	1,007,908	-	70	630,895	-	3,424,813
Institutional Support	2,263,527	1,146,274	-	26,690	415,925	-	3,852,416
Operations and Maintenance	942,299	482,755	-	507,997	556,278	2,638,348	5,127,677
Scholarships	-	-	520,691	-	-	-	520,691
Auxiliary	664,548	270,609	-	23,447	1,571,393	-	2,529,997
Independent Operations	186,545	112,153	-	-	412,865	-	711,563
Total	\$ 14,449,285	\$ 6,812,040	\$ 520,691	\$ 558,204	5,945,718	\$ 2,638,348	\$ 30,924,286

\* Employee Benefits includes the Actuarial Calculated Pension Expense

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 11 – DAVIS TECH FOUNDATION -Blended Presentation Component Unit**

The Davis Technical College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. 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 College Board of Trustees approves the individuals who are appointed to serve on the Foundation's separate Board of Trustees.

The following is a condensed version of the Foundation's audited financial statements for the fiscal year. Separately issued audited financial statements for the Foundation can be obtained from the Foundation at 550 East 300 South, Kaysville, Utah 84037.

DAVIS TECHNICAL COLLEGE FOUNDATION CONDENSED FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2020			
Statement of Net Position		Statement of Revenues, Expenses, and Changes in Net Position	
Assets		Operating Revenues:	
Current Assets		Gifts	\$ 508,839
Cash and Investments	\$ 469,361	Fund Raisers	24,300
Accounts Receivable	7,748	Total Operating Revenues	533,139
Noncurrent Assets		Operating Expenses:	
Restricted Cash and Investments	495,476	Staff Support	12,000
Other Non Current Assets	887,901	Scholarships	223,343
Total Assets	1,860,486	Equipment Donations	280,933
Liabilities and Net Assets		Other Expenses	907,611
Current Liabilities	20,454	Total Operating Expenses	1,423,887
Total Liabilities and Unearned Revenue	20,454	Operating Income	(890,748)
Net Position		Nonoperating Revenues:	
Nonexpendable	836,416	Interest & Other Income	85,642
Expendable	804,331	Change in Net Position	(805,106)
Unrestricted	199,285	Net Position at beginning of year	2,645,138
Total Net Position	<u>\$ 1,840,032</u>	Net Position at end of year	<u>\$ 1,840,032</u>
DAVIS TECHNICAL COLLEGE FOUNDATION Statement of Cash Flows			
Cash Flows From Operating Activities			
Cash received through contributions & fundraisers			\$ 327,834
Cash payments for operations			(919,511)
Cash payments for scholarships			(223,343)
Net Cash Provided by (Used in) Operating Activities			(815,020)
Cash Flows From Investing Activities			
Interest and Dividends			29,524
Real Estate income			60,116
Net Cash Provided by (Used in) Investing Activities			89,640
Increase in Cash and Cash Equivalents			
			(725,380)
Cash and Cash Equivalents at Beginning of Year			1,690,217
Cash and Cash Equivalents at End of Year			<u>\$ 964,837</u>

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 11 – DAVIS TECH FOUNDATION - Blended Presentation Component Unit (Continued)**

The restricted 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 component unit of the College and is presented in the College's financial statements as a blended component unit. During the year ended June 30, 2020, the Foundation distributed \$516,229 to the College for both restricted and unrestricted purposes.

**NOTE 12 - UTAH CAREER PATH HIGH CHARTER SCHOOL**

The College is the Authorizer for Utah Career Path High (CPH) which is a legally separate, state-funded, early-college charter school located on the College campus that opened in the fall of 2013. As Authorizer, the College fills a limited oversight role in the operation of the charter school as outlined in the Utah State Code 53G-5-306(7). The relationship between the entities does not meet the requirements that would necessitate their inclusion in the College financial statements as a Component Unit or Related Organization according to GASB Statements 14 and 39, as amended by GASB Statement 61. The CPH Governing Board is separate from the College Board of Trustees, and the College may only appoint a minority of the members to that Governing Board.

**NOTE 13 – CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses that may be disallowed by the grantor cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

**NOTE 14 – RISK MANAGEMENT**

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 15 - RESTRICTIONS ON NET POSITION**

The restrictions on net position at June 30, 2020 relate to specific College appropriations, contracts and grants, Foundation donations of partnership interest, cash value of life insurance, capital projects, and various scholarships.

Restricted net position is available for the following purposes:

Nonexpendable Assets:	
Interest in Skyline Apartments	\$ 836,416
Expendable Assets:	
Scholarships	461,667
Capital Projects	656,625
Cash value of life insurance	51,485
Contracts and Grants	174,926
Total Expendable:	<u>\$ 1,344,703</u>
Total Restricted Net Position	<u>\$2,181,119</u>

All contributions made to the Foundation are allocated to their restricted purpose, if restricted by a donor.

**NOTE 16 – RELATED PARTY TRANSACTIONS**

Results Group LLC employs Kristen Toone as a trainer and facilitator. She is the spouse of Adam Toone, who sits on the College Board of Trustees as a representative of the Morgan School District. During the fiscal year, the College contracted with Results Group LLC for executive training services totaling \$1,225. As of June 30, 2020, there were no outstanding amounts due to or from Results Group LLC to the College.

**NOTE 17 – SUBSEQUENT EVENT**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus (“COVID-19”) and on March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic. The COVID-19 pandemic has triggered volatility in financial markets and has had a significant impact on the global economy. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. For the fiscal year end June 30, 2020, the College has evaluated subsequent events for the potential recognition and disclosure through September 25, 2020, the date the financial statements were available for issuance. There were no events other than those described above believed to have a material impact on the financial statements.

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**DAVISTECH**  
DAVIS TECHNICAL COLLEGE

# Required Supplementary Information



**DAVIS TECHNICAL COLLEGE**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY\***

	<u>Dec 31, 2019</u>	<u>Dec 31, 2018</u>	<u>Dec 31, 2017</u>
<b>Noncontributory System</b>			
Proportion of the net pension liability (asset)	0.1364194%	0.1281333%	0.1247564%
Proportionate share of the net pension liability (asset)	\$ 3,030,832	\$ 4,767,221	\$ 3,050,746
Covered payroll	\$ 3,370,813	\$ 3,443,177	\$ 3,345,420
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	89.91%	138.45%	91.19%
Plan fiduciary net position as a percentage of the total pension liability	90.10%	84.10%	89.20%
<b>Tier 2 Public Employees System</b>			
Proportion of the net pension liability (asset)	0.0786608%	0.0721595%	0.0704864%
Proportionate share of the net pension liability (asset)	\$ 17,691	\$ 30,904	\$ 6,215
Covered payroll	\$ 1,092,836	\$ 843,444	\$ 689,162
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.62%	3.66%	0.90%
Plan fiduciary net position as a percentage of the total pension liability	96.50%	90.80%	97.40%

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

\*Information provided by the Utah Retirement Systems, based on their fiscal year ending December 31.



<u>Dec 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Dec 31, 2014</u>
0.1222902%	0.1157513%	0.1120223%
\$ 3,963,324	\$ 3,636,080	\$ 2,814,592
\$ 3,320,678	\$ 3,194,598	\$ 3,154,934
119.35%	113.82%	89.20%
84.90%	84.50%	87.20%
0.0645909%	0.0325978%	0.0218031%
\$ 7,205	\$ (71)	\$ (661)
\$ 529,700	\$ 210,680	\$ 106,918
1.36%	-0.03%	-0.60%
95.10%	100.20%	103.50%

**DAVIS TECHNICAL COLLEGE**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**Last Ten Fiscal Years**

	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
<b>Noncontributory System</b>			
Actuarial determined contributions	\$ 788,198	\$ 741,409	\$ 767,461
Contributions in relation to the contractually required contribution	(788,198)	(741,409)	(767,461)
Contribution deficiency (excess)	-	-	-
 Covered payroll	 \$ 3,597,519	 \$ 3,385,798	 \$ 3,497,896
Contributions as a percentage of covered payroll ***	21.91%	21.90%	21.94%
 <b>Tier 2 Public Employees System**</b>			
Actuarial determined contributions	\$ 254,648	\$ 173,523	\$ 151,029
Contributions in relation to the contractually required contribution	(254,648)	(173,523)	(151,029)
Contribution deficiency (excess)	-	-	-
 Covered payroll	 \$ 1,340,960	 \$ 919,565	 \$ 819,032
Contributions as a percentage of covered payroll ***	18.99%	18.87%	18.44%
 <b>Tier 2 Public Employees DC Only System</b>			
Actuarial determined contributions	\$ 46,723	\$ 38,773	\$ 25,989
Contributions in relation to the contractually required contribution	(46,723)	(38,773)	(25,989)
Contribution deficiency (excess)	-	-	-
 Covered payroll	 \$ 466,297	 \$ 386,958	 \$ 259,374
Contributions as a percentage of covered payroll ***	10.02%	10.02%	10.02%

\* Information provided by Utah Retirement Systems

\*\* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 Systems. Tier 2 systems were created effective July 1, 2011.

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

<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 723,411	\$ 696,334	\$ 688,592	\$ 640,328	\$ 610,106	\$ 567,237	\$ 557,874
(723,411)	(696,334)	(688,592)	(640,328)	(610,106)	\$ (567,237)	\$ (557,874)
-	-	-	-	-	-	-
\$ 3,288,343	\$ 3,171,667	\$ 3,138,607	\$ 3,250,820	\$ 3,242,164	\$ 3,364,397	\$ 3,417,958
22.00%	21.95%	21.94%	19.70%	18.81%	16.86%	16.32%
\$ 107,799	\$ 66,622	\$ 24,537	\$ 20,541	\$ 24,078	\$ 4,033	
(107,799)	(66,622)	(24,537)	(20,541)	(24,078)	(4,033)	
-	-	-	-	-	-	
\$ 591,005	\$ 365,251	\$ 134,302	\$ 122,633	\$ 159,880	\$ 31,657	
18.24%	18.24%	18.27%	16.75%	15.06%	12.74%	
\$ 18,997	\$ 18,145	\$ 16,510	\$ 10,739			
(18,997)	(18,145)	(16,510)	(10,739)			
-	-	-	-			
\$ 189,588	\$ 181,088	\$ 164,283	\$ 128,764			
10.02%	10.02%	10.05%	8.34%			

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2020**

**CHANGES IN ASSUMPTIONS**

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.



**DAVISTECH**  
DAVIS TECHNICAL COLLEGE

# Statistics

**DAVIS TECHNICAL COLLEGE  
SCHEDULE OF NET POSITION  
Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Investment in Capital Assets	\$ 26,314,818	\$ 26,465,459	\$ 28,191,599	\$ 28,090,605
Restricted for:				
Scholarships	461,668	383,273	385,332	382,003
Grants, Contracts and Other	1,719,451	2,204,534	2,048,096	1,259,911
Unrestricted	4,814,347	4,216,233	3,027,000	3,208,622
Total Net Position	<u>\$ 33,310,284</u>	<u>\$ 33,269,499</u>	<u>\$ 33,652,027</u>	<u>\$ 32,941,141</u>

Source: Annual Reports on Financial Statements for years presented.

<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
\$ 27,246,745	\$ 28,313,502	\$ 29,216,171	\$ 29,015,988	\$ 29,419,452	\$ 29,865,486
395,324	318,799	285,400	152,080	167,204	185,923
1,099,471	915,990	1,340,800	1,384,440	1,514,378	1,455,106
2,903,431	2,928,900	4,482,337	4,488,850	3,857,159	3,375,883
<u>\$ 31,644,971</u>	<u>\$ 32,477,191</u>	<u>\$ 35,324,708</u>	<u>\$ 35,041,358</u>	<u>\$ 34,958,193</u>	<u>\$ 34,882,398</u>



**DAVIS TECHNICAL COLLEGE**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

	2020	2019	2018	2017
<b>REVENUES</b>				
Operating Revenues:				
Student Tuition and Fees (net of scholarship allowances)	\$ 2,175,573	\$ 2,326,290	\$ 2,229,088	\$ 2,119,972
Federal Grants and Contracts	272,312	377,681	343,463	335,954
State Grants and Contracts	2,984,580	2,920,834	1,602,973	2,002,345
Local Grants and Contracts	11,791	11,373	13,255	13,461
Nongovernmental Grants and Contracts	933,406	708,445	660,439	635,743
Sales and Services of Educational Departments	13,466	26,553	15,215	13,054
Auxiliary Enterprises (net of scholarship allowances)	1,984,414	2,116,893	1,967,093	1,899,262
Other Operating Revenues	88,104	133,036	186,761	168,681
Independent Operations	816,334	834,807	835,394	753,778
Total Operating Revenues	<u>9,279,980</u>	<u>9,455,912</u>	<u>7,853,681</u>	<u>7,942,250</u>
<b>EXPENSES</b>				
Operating Expenses:				
Salaries and Wages	14,449,285	12,770,403	11,735,925	10,998,624
Benefits	5,459,677	4,662,407	4,101,567	3,889,530
Actuarial Calculated Pension Expense	1,352,363	1,247,878	880,599	971,235
Scholarships	520,691	423,753	589,718	494,747
Utilities	558,204	576,830	594,620	604,269
Supplies and Other Services	5,945,718	5,544,415	5,592,083	5,055,197
Depreciation	2,638,348	2,775,703	2,766,424	2,601,821
Total Operating Expenses	<u>30,924,286</u>	<u>28,001,389</u>	<u>26,260,936</u>	<u>24,615,423</u>
Operating Income (Loss)	<u>(21,644,306)</u>	<u>(18,545,477)</u>	<u>(18,407,255)</u>	<u>(16,673,173)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State Appropriations	18,822,800	16,164,800	15,405,100	14,197,000
Gifts	568,955	707,953	819,276	589,322
Investment Income	238,834	309,147	161,738	96,584
Unrealized Loss on FMV of Investment	(3,998)	(2,966)	(2,221)	(1,655)
Disposal of Capital Assets	-	(93,613)	14,007	(2,453)
Federal Pell Grants	939,712	943,324	1,181,163	994,082
Federal CARES Act: Higher Education Emergency Relief Fund	57,752	-	-	-
Other Nonoperating Revenues (Expenses)	299,058	78,368	122,328	80,711
Net Nonoperating Revenues	<u>20,923,113</u>	<u>18,107,013</u>	<u>17,701,391</u>	<u>15,953,591</u>
(Loss) Before Other Revenues and Expenses	<u>(721,193)</u>	<u>(438,464)</u>	<u>(705,864)</u>	<u>(719,582)</u>
Capital Grants	586,978	55,936	1,336,689	1,947,752
Capital Gifts	175,000	-	80,061	68,000
Increase/(Decrease) in Net Position	<u>\$ 40,785</u>	<u>\$ (382,528)</u>	<u>\$ 710,886</u>	<u>\$ 1,296,170</u>

Source: Annual Reports on Financial Statements for years presented.

2016	2015	2014	2013	2012	2011
\$ 2,217,755	\$ 2,453,525	\$ 2,373,117	\$ 2,613,125	\$ 2,695,973	\$ 2,805,788
338,165	272,487	282,956	364,541	1,009,390	914,365
1,607,378	1,586,187	1,640,045	1,319,735	1,250,380	1,326,648
6,511	63,444	43,178	-	108,327	48,312
468,177	499,071	323,331	260,008	323,620	417,836
17,914	19,913	16,597	11,305	14,340	23,846
1,849,584	1,624,744	1,468,241	1,531,938	1,548,885	1,616,622
91,737	92,370	84,176	68,435	108,926	58,666
621,601	583,756	592,092	588,888	616,739	653,760
7,218,822	7,195,497	6,823,733	6,757,975	7,676,580	7,865,843
10,527,131	9,919,412	9,262,757	8,974,269	9,097,443	9,002,281
3,540,069	3,402,631	3,725,521	3,422,634	3,448,057	3,261,672
704,293	1,247,878	-	-	-	-
491,318	489,401	476,781	539,251	650,654	1,062,789
593,245	582,174	612,831	553,906	455,902	486,862
4,507,499	4,142,065	3,656,003	3,682,578	3,928,518	3,973,243
2,455,459	2,565,252	2,062,220	1,877,235	1,885,489	1,845,523
22,819,014	21,589,225	19,796,113	19,049,873	19,466,063	19,632,370
(15,600,192)	(14,393,728)	(12,972,380)	(12,291,898)	(11,789,483)	(11,766,527)
13,057,900	12,183,800	10,963,000	9,947,800	9,177,700	9,256,200
294,912	300,797	432,660	321,971	296,454	166,863
88,136	37,134	37,294	44,141	263,298	34,770
(1,189)	(857)	(884)	-	-	-
5,000	4,200	-	-	462	19,685
1,043,185	1,017,606	997,980	1,093,603	1,233,371	1,576,204
-	-	-	-	-	-
18,233	24,068	50,511	11,512	17,829	34,343
14,506,177	13,566,748	12,480,561	11,419,027	10,989,114	11,088,065
(1,094,015)	(826,980)	(491,819)	(872,871)	(800,369)	(678,462)
117,482	707,292	735,169	930,036	876,164	440,084
144,313	59,173	40,000	26,000	-	-
\$ (832,220)	\$ 56,821	\$ 283,350	\$ 83,165	\$ 75,795	\$ (238,378)

**DAVIS TECHNICAL COLLEGE**  
**EXPENSES BY FUNCTION**  
**Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Instruction	\$ 11,740,263	\$ 10,362,149	\$ 9,625,903	\$ 9,118,888
Academic Support	2,841,866	2,394,963	2,081,348	1,861,234
Student Services	3,424,813	3,003,448	2,619,788	2,306,475
Institutional Support	3,852,416	3,575,514	3,544,327	3,276,783
Operation and Maintenance of Plant	5,127,677	5,003,168	4,842,920	4,696,769
Scholarships	520,691	423,753	589,718	494,747
Auxiliary Enterprises	2,529,997	2,503,049	2,280,343	2,225,179
Independent Operations	711,563	735,345	676,589	635,348
Total Expenses	<u>\$ 30,749,286</u>	<u>\$ 28,001,389</u>	<u>\$ 26,260,936</u>	<u>\$ 24,615,423</u>

**(Percent of Total Expenses)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Instruction	38.18%	37.01%	36.65%	37.05%
Academic Support	9.24%	8.55%	7.93%	7.56%
Student Services	11.14%	10.73%	9.98%	9.37%
Institutional Support	12.53%	12.77%	13.50%	13.31%
Operation and Maintenance of Plant	16.68%	17.87%	18.44%	19.08%
Scholarships	1.69%	1.51%	2.25%	2.01%
Auxiliary Enterprises	8.23%	8.94%	8.68%	9.04%
Independent Operations	2.31%	2.62%	2.57%	2.58%
Total Expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: Annual Reports on Financial Statements for years presented.

2016	2015	2014	2013	2012	2011
\$ 8,441,434	\$ 8,343,883	\$ 7,324,428	\$ 7,180,417	\$ 7,531,695	\$ 7,481,871
1,832,580	1,569,816	1,453,835	1,584,102	1,596,148	1,522,040
2,145,745	1,828,804	1,909,263	1,803,791	1,749,448	1,759,478
3,278,226	2,646,253	2,488,202	2,288,556	2,221,888	2,119,538
3,934,867	4,356,732	3,827,354	3,390,378	3,379,027	3,359,495
491,318	489,401	476,781	539,251	650,654	1,056,789
2,153,987	1,821,343	1,819,534	1,767,634	1,837,902	1,832,401
540,857	532,993	496,716	495,744	499,301	500,758
<u>\$ 22,819,014</u>	<u>\$ 21,589,225</u>	<u>\$ 19,796,113</u>	<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>

2016	2015	2014	2013	2012	2011
36.99%	38.65%	37.00%	37.69%	38.69%	38.11%
8.03%	7.27%	7.34%	8.32%	8.20%	7.75%
9.40%	8.47%	9.64%	9.47%	8.99%	8.96%
14.37%	12.26%	12.57%	12.01%	11.41%	10.80%
17.24%	20.18%	19.33%	17.80%	17.36%	17.11%
2.15%	2.27%	2.41%	2.83%	3.34%	5.38%
9.44%	8.44%	9.19%	9.28%	9.44%	9.33%
2.38%	2.46%	2.52%	2.60%	2.57%	2.56%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**DAVIS TECHNICAL COLLEGE**  
**EXPENSES BY NATURAL CLASSIFICATION**  
**Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Salaries and Wages	\$ 14,449,285	\$ 12,770,403	\$ 11,735,925	\$ 10,998,624
Benefits	5,459,677	4,662,407	4,101,567	3,889,530
Actuarial Calculated Pension Expense	1,352,363	1,247,878	880,599	971,235
Scholarships	520,691	423,753	589,718	494,747
Utilities	558,204	576,830	594,620	604,269
Supplies and Other Services	5,945,718	5,544,415	5,592,083	5,055,197
Depreciation	2,638,348	2,775,703	2,766,424	2,601,821
Total Expenses	<u>\$ 30,924,286</u>	<u>\$ 28,001,389</u>	<u>\$ 26,260,936</u>	<u>\$ 24,615,423</u>

**(Percent of Total Expenses)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Salaries and Wages	46.72%	45.61%	44.69%	44.68%
Benefits	17.65%	16.65%	15.62%	15.80%
Actuarial Calculated Pension Expense	4.37%	4.46%	3.35%	3.95%
Scholarships	1.68%	1.51%	2.25%	2.01%
Utilities	1.81%	2.06%	2.26%	2.45%
Supplies and Other Services	19.23%	19.80%	21.29%	20.54%
Depreciation	8.54%	9.91%	10.54%	10.57%
Total Expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: Annual Reports on Financial Statements for years presented.

2016	2015	2014	2013	2012	2011
\$ 10,527,131	\$ 9,919,412	\$ 9,262,757	\$ 8,974,269	\$ 9,097,443	\$ 9,002,281
3,540,069	3,402,631	3,725,521	3,422,634	3,448,057	3,261,672
704,293	488,290	-	-	-	-
491,318	489,401	476,781	539,251	650,654	1,062,789
593,245	582,174	612,831	553,906	455,902	486,862
4,507,499	4,142,065	3,656,003	3,682,578	3,928,518	3,973,243
2,455,459	2,565,252	2,062,220	1,877,235	1,885,489	1,845,523
<u>\$ 22,819,014</u>	<u>\$ 21,589,225</u>	<u>\$ 19,796,113</u>	<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>

2016	2015	2014	2013	2012	2011
46.13%	45.95%	46.79%	47.11%	46.73%	45.85%
15.51%	15.76%	18.82%	17.97%	17.71%	16.61%
3.09%	2.26%	0.00%	0.00%	0.00%	0.00%
2.15%	2.27%	2.41%	2.83%	3.34%	5.41%
2.60%	2.70%	3.10%	2.91%	2.34%	2.48%
19.75%	19.19%	18.47%	19.33%	20.18%	20.25%
10.77%	11.87%	10.41%	9.85%	9.70%	9.40%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**DAVIS TECHNICAL COLLEGE**  
**REVENUES BY SOURCE**  
**Last Ten Fiscal Years**

	2020	2019	2018	2017
Operating Revenues:				
Student Tuition and Fees	\$ 2,175,573	\$ 2,326,290	\$ 2,229,088	\$ 2,119,972
Federal Grants and Contracts	272,312	377,681	343,463	335,954
State Grants and Contracts	2,984,580	2,920,834	1,602,973	2,002,345
Local Grants and Contracts	11,791	11,373	13,255	13,461
Nongovernmental Grants & Contracts	933,406	708,445	660,439	635,743
Sales & Services of Educational Departments	13,466	26,553	15,215	13,054
Auxiliary Enterprises	1,984,414	2,116,893	1,967,093	1,899,262
Other Operating Revenues	88,104	133,036	186,761	168,681
Independent Operations	816,334	834,807	835,394	753,778
Total Operating Revenues	9,279,980	9,455,912	7,853,681	7,942,250
Nonoperating Revenues:				
State Appropriations	18,822,800	16,164,800	15,405,100	14,197,000
Gifts	568,955	707,953	819,276	589,322
Investment Income	238,834	309,147	161,738	96,584
Federal Pell Grants	939,712	943,324	1,181,163	994,082
Federal CARES Act: HEERF Grants	57,752			
Other Nonoperating Revenues	299,058	78,368	136,335	80,711
Total Nonoperating Revenues	20,927,111	18,203,592	17,703,612	15,957,699
Other Revenues:				
Capital Grants	586,978	55,936	1,336,689	1,947,752
Capital Gifts	175,000	-	80,061	68,000
Total Other Revenues	761,978	55,936	1,416,750	2,015,752
Total Revenues	\$ 30,969,069	\$ 27,715,440	\$ 26,974,043	\$ 25,915,700

**(Percent of Total Revenues)**

	2020	2019	2018	2017
Operating Revenues:				
Student Tuition and Fees	7.02%	8.39%	8.26%	8.18%
Federal Grants and Contracts	0.88%	1.36%	1.27%	1.30%
State Grants and Contracts	9.64%	10.54%	5.94%	7.73%
Local Grants and Contracts	0.04%	0.04%	0.05%	0.05%
Nongovernmental Grants & Contracts	3.01%	2.56%	2.45%	2.45%
Sales & Services of Educational Departments	0.04%	0.10%	0.06%	0.05%
Auxiliary Enterprises	6.41%	7.64%	7.29%	7.33%
Other Operating Revenues	0.28%	0.48%	0.69%	0.65%
Independent Operations	2.64%	3.01%	3.10%	2.91%
Total Operating Revenues	29.96%	34.12%	29.11%	30.65%
Nonoperating Revenues:				
State Appropriations	60.78%	58.32%	57.11%	54.78%
Gifts	1.84%	2.55%	3.04%	2.27%
Investment Income	0.77%	1.12%	0.60%	0.37%
Federal Pell Grants	3.03%	3.40%	4.38%	3.84%
Federal CARES Act: HEERF Grants	0.19%	0.00%	0.00%	0.00%
Other Nonoperating Revenues	0.97%	0.28%	0.51%	0.31%
Total Nonoperating Revenues	67.58%	65.67%	65.64%	61.57%
Other Revenues:				
Capital Grants	1.89%	0.21%	4.95%	7.52%
Capital Gifts	0.57%	0.00%	0.30%	0.26%
Total Other Revenues	2.46%	0.21%	5.25%	7.78%
Extraordinary Items:	0.00%	0.00%	0.00%	0.00%
Total Revenues	100.00%	100.00%	100.00%	100.00%

Source: Annual Reports on Financial Statements for years presented.



2016	2015	2014	2013	2012	2011
\$ 2,217,755	\$ 2,453,525	\$ 2,373,117	\$ 2,613,125	\$ 2,695,973	\$ 2,805,788
338,165	272,487	282,956	364,541	1,009,390	914,365
1,607,378	1,586,187	1,640,045	1,319,735	1,250,380	1,326,648
6,511	63,444	43,178	-	108,327	48,312
468,177	499,071	323,331	260,008	323,620	417,836
17,914	19,913	16,597	11,305	14,340	23,846
1,849,584	1,624,744	1,468,241	1,531,938	1,548,885	1,616,622
91,737	92,370	84,176	68,435	108,926	58,666
621,601	583,756	592,092	588,888	616,739	653,760
7,218,822	7,195,497	6,823,733	6,757,975	7,676,580	7,865,843
13,057,900	12,183,800	10,963,000	9,947,800	9,177,700	9,256,200
294,912	300,797	432,660	321,971	296,454	166,863
88,136	37,134	37,294	44,141	263,298	34,770
1,043,185	1,017,606	997,980	1,093,603	1,233,371	1,576,204
23,233	24,068	50,511	11,512	18,291	54,028
14,507,366	13,563,405	12,481,445	11,419,028	10,989,114	11,088,065
117,482	707,292	735,169	930,036	876,164	440,084
144,313	59,173	40,000	26,000	-	-
261,795	766,465	775,169	956,036	876,164	440,084
\$ 21,987,983	\$ 21,642,703	\$ 20,080,347	\$ 19,133,039	\$ 19,541,858	\$ 19,393,992

2016	2015	2014	2013	2012	2011
10.09%	11.34%	11.82%	13.66%	13.80%	14.47%
1.54%	1.26%	1.41%	1.91%	5.17%	4.71%
7.31%	7.33%	8.17%	6.90%	6.40%	6.84%
0.03%	0.29%	0.22%	0.00%	0.55%	0.25%
2.13%	2.31%	1.61%	1.36%	1.66%	2.15%
0.08%	0.09%	0.08%	0.06%	0.07%	0.12%
8.41%	7.51%	7.31%	8.01%	7.93%	8.34%
0.42%	0.43%	0.42%	0.36%	0.56%	0.30%
2.83%	2.70%	2.95%	3.08%	3.16%	3.35%
32.84%	33.26%	33.99%	35.34%	39.30%	40.53%
59.39%	56.30%	54.60%	51.99%	46.96%	47.73%
1.34%	1.39%	2.15%	1.68%	1.52%	0.86%
0.40%	0.17%	0.19%	0.23%	1.35%	0.18%
4.74%	4.70%	4.97%	5.72%	6.31%	8.13%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.11%	0.11%	0.25%	0.06%	0.09%	0.28%
65.98%	62.67%	62.16%	59.68%	56.24%	57.18%
0.53%	3.27%	3.66%	4.86%	4.47%	2.29%
0.65%	0.27%	0.19%	0.12%	0.00%	0.00%
1.18%	3.54%	3.85%	4.98%	4.47%	2.29%
0.00%	0.54%	0.00%	0.00%	0.00%	0.00%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**DAVIS TECHNICAL COLLEGE  
TUITION AND FEES BY SOURCE  
Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>External Sources of Tuition and Fees</b>				
Self Pay	\$ 1,635,887	\$ 1,951,270	\$ 2,038,909	\$ 1,809,546
Weber State University Contracts <sup>1</sup>	-	-	-	-
Utah State Office of Rehabilitation	33,811	33,619	20,321	26,660
Other Sponsorships	505,875	341,401	169,858	283,766
Total External Tuition and Fees	<u>2,175,573</u>	<u>2,326,290</u>	<u>2,229,088</u>	<u>2,119,972</u>

<b>Internal Sources of Tuition and Fees <sup>2</sup></b>				
Davis Tech Foundation Scholarships	213,812	173,608	145,148	138,025
Pell Grants used for Tuition & Fees	467,544	543,121	577,578	483,068
Other Internal Sponsorships	622,408	524,718	523,103	417,143
Total Internal Tuition and Fees	<u>1,303,764</u>	<u>1,241,447</u>	<u>1,245,829</u>	<u>1,038,236</u>
Total External/Internal Tuition & Fees	<u>\$ 3,479,337</u>	<u>\$ 3,567,737</u>	<u>\$ 3,474,917</u>	<u>\$ 3,158,208</u>

**(Percent of Total Tuition and Fees)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Self Pay	47.02%	54.69%	58.68%	57.30%
Weber State University Contracts	0.00%	0.00%	0.00%	0.00%
Office of Rehabilitation	0.97%	0.94%	0.58%	0.84%
Other Sponsorships	14.54%	9.57%	4.89%	8.99%
Internal Sources:				
Scholarships	6.15%	4.87%	4.18%	4.37%
Pell Grants	13.44%	15.22%	16.62%	15.30%
Other Sponsorships	17.88%	14.71%	15.05%	13.20%
Total Tuition and Fees	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: Annual Reports on Financial Statements for years presented and accounting records

Note 1: The contract with Weber State University related to the Registered Nursing Program expired June 30, 2015.

Note 2: Internal Sources of Tuition and Fees represent transfers within the College which are eliminated in the preparation of the comprehensive financial statements.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,856,740	\$ 1,871,807	\$ 1,797,449	\$ 1,821,026	\$ 2,041,998	\$ 1,974,753
-	307,011	228,935	252,154	237,173	204,955
17,162	47,688	76,046	88,740	109,406	128,365
343,853	227,019	270,687	451,205	307,396	497,715
<u>2,217,755</u>	<u>2,453,525</u>	<u>2,373,117</u>	<u>2,613,125</u>	<u>2,695,973</u>	<u>2,805,788</u>

125,163	107,277	113,968	108,544	95,668	97,198
529,131	513,987	510,102	537,767	550,828	528,777
308,253	348,069	297,090	177,664	162,588	161,088
<u>962,547</u>	<u>969,333</u>	<u>921,160</u>	<u>823,975</u>	<u>809,084</u>	<u>787,063</u>
<u>\$ 3,180,302</u>	<u>\$ 3,422,858</u>	<u>\$ 3,294,277</u>	<u>\$ 3,437,100</u>	<u>\$ 3,505,056</u>	<u>\$ 3,592,851</u>

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
58.38%	54.69%	54.56%	52.98%	58.26%	54.96%
0.00%	8.97%	6.95%	7.34%	6.77%	5.70%
0.54%	1.39%	2.31%	2.58%	3.12%	3.57%
10.81%	6.63%	8.22%	13.13%	8.77%	13.85%
3.94%	3.13%	3.46%	3.16%	2.73%	2.72%
16.64%	15.02%	15.48%	15.65%	15.72%	14.73%
9.69%	10.17%	9.02%	5.16%	4.63%	4.47%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**DAVIS TECHNICAL COLLEGE  
HISTORIC ENROLLMENT  
Last Ten Fiscal Years**

**HISTORIC STUDENT MEMBERSHIP HOURS**

<b>Fiscal Year</b>	<b>High School Student Hours</b>	<b>%</b>	<b>Adult Student Hours</b>	<b>%</b>	<b>Total Student Hours</b>	<b>Annual Growth</b>	<b>Weighted Average Tuition Rate</b>
2020	399,991	27%	1,089,776	73%	1,489,767	-0.61%	\$1.89
2019	409,735	27%	1,089,183	73%	1,498,918	-0.04%	1.83
2018	395,295	26%	1,104,218	74%	1,499,513	5.77%	1.82
2017	368,834	26%	1,048,844	74%	1,417,678	-2.33%	1.75
2016	355,730	25%	1,095,761	75%	1,451,491	2.39%	1.80
2015	251,798	18%	1,165,779	82%	1,417,577	7.19%	2.00
2014	229,301	17%	1,093,240	83%	1,322,541	-5.83%	1.81
2013	206,592	15%	1,197,770	85%	1,404,362	-8.46%	1.65
2012	219,937	14%	1,314,258	86%	1,534,195	-10.19%	1.54
2011	263,040	15%	1,445,298	85%	1,708,338	5.13%	1.52

Source: Membership hour reports are certified by the Davis Technical College President, the Davis Technical College Board of Trustees, and the Utah System of Technical Colleges Board of Trustees.

**DAVIS TECHNICAL COLLEGE  
HISTORIC TUITION RATES  
Last Ten Fiscal Years**

**HISTORIC TUITION RATES**

<b>Fiscal Year</b>	<b>Base Rate Per Hour</b>	<b>Tuition including Campus Fees</b>	<b>Full-time Annual Tuition</b>	<b>Annual Tuition Increase</b>	
				<b>Dollars</b>	<b>Percent</b>
2020	\$ 2.10	\$ 3,469	\$ 2,974	\$ -	0.00%
2019	2.10	3,767	2,974	-	0.00%
2018	2.10	3,696	2,974	71	2.50%
2017	2.05	3,540	2,903	71	2.50%
2016	2.00	3,441	2,832	-	0.00%
2015	2.00	3,441	2,832	142	5.28%
2014	1.90	3,441	2,690	283	11.76%
2013	1.70	3,328	2,407	212	9.68%
2012	1.55	2,555	2,195	71	3.33%
2011	1.50	2,484	2,124	142	7.14%

Source: College Annual Catalogs

Note 1: The amounts shown above reflect tuition and campus fees only and do not include any student course fees.

**DAVIS TECHNICAL COLLEGE  
DEMOGRAPHIC AND ECONOMIC INFORMATION  
DAVIS AND MORGAN COUNTIES  
Ten Calendar Years**

**Davis County**

Year	Population	Personal Income (\$millions)	Per Capita Personal Income	Unemployment Rate
2019	355,481	*n/a	*n/a	2.4%
2018	351,713	\$16,279	\$46,286	2.9%
2017	347,637	\$15,332	\$44,106	3.1%
2016	342,281	\$14,149	\$41,339	3.3%
2015	336,043	\$13,441	\$40,000	3.3%
2014	329,692	\$12,782	\$38,770	3.6%
2013	322,094	\$12,359	\$38,372	4.2%
2012	315,809	\$11,724	\$37,124	5.0%
2011	312,603	\$10,864	\$34,755	6.2%
2010	306,479	\$10,364	\$33,817	7.3%

**Morgan County**

Year	Population	Personal Income (\$millions)	Per Capita Personal Income	Unemployment Rate
2019	12,124	*n/a	*n/a	2.5%
2018	12,045	\$631	\$52,426	2.8%
2017	11,873	\$583	\$49,013	2.9%
2016	11,437	\$523	\$45,755	3.1%
2015	11,065	\$496	\$44,916	3.1%
2014	10,608	\$457	\$43,111	3.4%
2013	10,198	\$430	\$42,187	4.1%
2012	9,913	\$403	\$41,160	5.0%
2011	9,668	\$348	\$36,124	5.8%
2010	9,469	\$306	\$32,241	6.9%

Sources: Department of Workforce Services Website - Quick Facts; Utah Economic Data Viewer; Wages & Income  
Davis County Comprehensive Annual Financial Report (CAFR) 2018  
U.S Census Bureau QuickFacts Morgan population  
\* Note: 2019 Personal Income and Per Capita Income information were not available at the time the CAFR and Workforce Services reports were released.

**DAVIS TECHNICAL COLLEGE  
SCHEDULE OF PRINCIPLE EMPLOYERS  
DAVIS AND MORGAN COUNTIES**

**Davis 2018**

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total</b>
			<b>County Employment</b>
Department of Defense (Hill Air Force Base)	10000-14999	1	8.8%
Davis County School District	7000-9999	2	5.9%
ATK Space Systems / Alliant	2000-2999	3	1.8%
Kroger Group Cooperative	2000-2999	4	1.8%
Lifetime Products	1000-1999	5	1.2%
Wal-Mart Associates	1000-1999	6	1.2%
Ralcorp Frozen Bakery Products	1000-1999	7	1.2%
Lagoon Corporation	1000-1999	8	1.2%
Utility Trailer & Manufacturing Co.	1000-1999	9	1.2%
Davis Hospital & Medical Center	500-999	10	0.6%

**Morgan 2018**

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total</b>
			<b>County Employment</b>
Morgan School District	250-499	1	9.7%
Morgan County	100-249	2	4.5%
Holcim US, Inc.	100-249	3	4.5%
Browning	100-249	4	4.5%
Ridley's Family Market	50-99	5	1.9%
Wardell Brothers Construction	50-99	6	1.9%
Pinnacle Construction	20-49	7	0.9%
Taggarts Grill, Inc.	20-49	8	0.9%
Young Chevrolet Co.	20-49	9	0.9%
Skylake Enterprises	20-49	10	0.9%

Source: Department of Workforce Services Website - Annual Profiles

\* Note: 2019 Personal Income and Per Capita Income information were not available at the time the CAFR and Workforce Services reports were released.

**DAVIS TECHNICAL COLLEGE OPERATING  
INDICATORS AND EMPLOYEES Fiscal Years  
2019 and 2020**

<b>Enrollment Objective</b>	2019	2020
Certificate Seeking	1,156	1,139
Secondary	370	374
Total	1,526	1,368
<b>Student Headcount**</b>	5,839	6,271
<b>Faculty</b>		
Full Time*	76	83
Part Time*	208	200
Total Faculty	284	283
<b>Average Annual Faculty Salary</b>	\$63,763	\$66,577
<b>Staff</b>		
Full Time*	94	114
Part Time*	66	66
Total Staff	160	180
<b>Membership Hours per Faculty/Staff</b>		
Membership Hours per Faculty	5,279	5,264
Membership Hours per Staff	9,370	8,277
<b>Students per Faculty/Staff</b>		
Students per Faculty	21	22
Students per Staff	36	35

Source: College Campus Statistics from Quality & Development and Human Resource Divisions

\*Numbers for full and part time staff and faculty are as of June 30 and include Executives and Workstudies

\*\*Unduplicated headcount



**DAVIS TECHNICAL COLLEGE  
BUILDING INFORMATION  
Fiscal Years 2019 and 2020**

<b><u>Location</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Main Campus	303,431	303,431
Freeport Extension (Y-16)	12,000	12,000
Freeport West Extension (D-5)	32,000	32,000
Warehouse Space Freeport West Extension	88,000	88,000
Morgan Business Resource Center	2,592	2,592
Utah Department of Corrections Instructional Service Center	17,260	17,260
Clearfield Job Corps Instructional Service Center	1,969	1,969
Farmington High School	2,025	2,025
Morgan High School	4,908	4,908
Northridge High School		400
Syracuse High School	1,200	1,200
Total Gross Square Feet	465,385	465,785
<b>Total Acres Main Campus</b>	<b>65</b>	<b>65</b>

Source: Physical Facilities Morgan School District/Davis Tech Space FY 2020  
All amounts reported in Gross Square Ft

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# RC WILLEY and WILLIAM H. CHILD



**DAVISTECH**  
DAVIS TECHNICAL COLLEGE

# Government Audit



**Independent Auditors' 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***

Board of Directors, Audit Committee  
And Darin Brush, Campus President  
Davis Technical College  
Kaysville, UT

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 Davis Technical College, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Davis Technical College's basic financial statements, and have issued our report thereon dated September 25, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Davis Technical 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Davis Technical College's internal control. Accordingly, we do not express an opinion on the effectiveness of Davis Technical 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 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 Davis Technical 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.



HintonBurdick, PLLC  
St. George, Utah  
September 25, 2020

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