



DAVIS APPLIED TECHNOLOGY COLLEGE
A UTAH COLLEGE OF APPLIED TECHNOLOGY CAMPUS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

KAYSVILLE, UTAH



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

KAYSVILLE, UTAH

Prepared by the Fiscal Services Office

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

Jeff Lund, MBA, Controller

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DAVIS APPLIED TECHNOLOGY COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

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**DAVIS APPLIED TECHNOLOGY COLLEGE
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INTRODUCTORY SECTION



October 3, 2013

To the Members of the Campus Board of Directors
Davis Applied Technology College:
A Utah College of Applied Technology Campus

The management of the Davis Applied Technology College: A Utah College of Applied Technology Campus (College Campus) 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 of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Office of the Utah State Auditor issued an unmodified (“clean”) opinion on the College Campus’ financial statements for the fiscal year ended June 30, 2013. The State 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 State Auditor’s report and provides a narrative introduction, overview, and analysis of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the College Campus

The College Campus was established effective July 1, 1978 by the Utah State Legislature to offer vocational and related instruction to secondary and adult students. Effective September 1, 2001, the Utah Legislature created the Utah College of Applied Technology (UCAT) which is composed of eight regional applied technology college campuses. The existing Davis Applied Technology Center (DATC) became one of these regional applied technology college campuses and became known as the Davis Applied Technology College: A Utah College of Applied Technology Campus.

Additional information on the College Campus’ relationship to UCAT can be found in Note 1 of the notes to the financial statements.

The institution offers individualized, open-entry/open-exit, competency based career and technical education on a year-round basis not tied to pre-set dates such as the traditional college quarter or semester. Instruction is available to both adult and secondary school students and is designed to provide appropriate licensing, certification, or other evidence of proficiency to qualify students for

specific employment in business and industry. This instruction features short term, intensive, task-specific instruction closely aligned with the needs of business and industry with competencies and length of training determined following consultation with business representatives on employer advisory committees. The College Campus 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 Campus, this report includes information related to the legally separate Davis Applied Technology College Foundation, Inc. Because the resources held by the Foundation can only be used by, or for the benefit of, the College Campus, the Foundation is considered a component unit of the College Campus 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 12).

The Board of Directors is required to adopt an annual budget. The budget is developed based upon revenues appropriated by the Utah State Legislature. The budget is revised by the Board as the need arises throughout the year.

Revenues come primarily from appropriations from the State of Utah. Nearly 52% of revenues came from direct State appropriations in Fiscal Year 2013. Therefore, the total State economy is important to the future outlook of the College Campus.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of Jeff Lund, the Controller, and the entire staff of the Fiscal Services Department. We wish to express appreciation to all members of the Fiscal Services Department who assisted and contributed to the preparation of this report. Credit also must be given to Campus Board Chair, Michael E. Jensen, and other members the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the College Campus' finances.

Respectfully submitted,



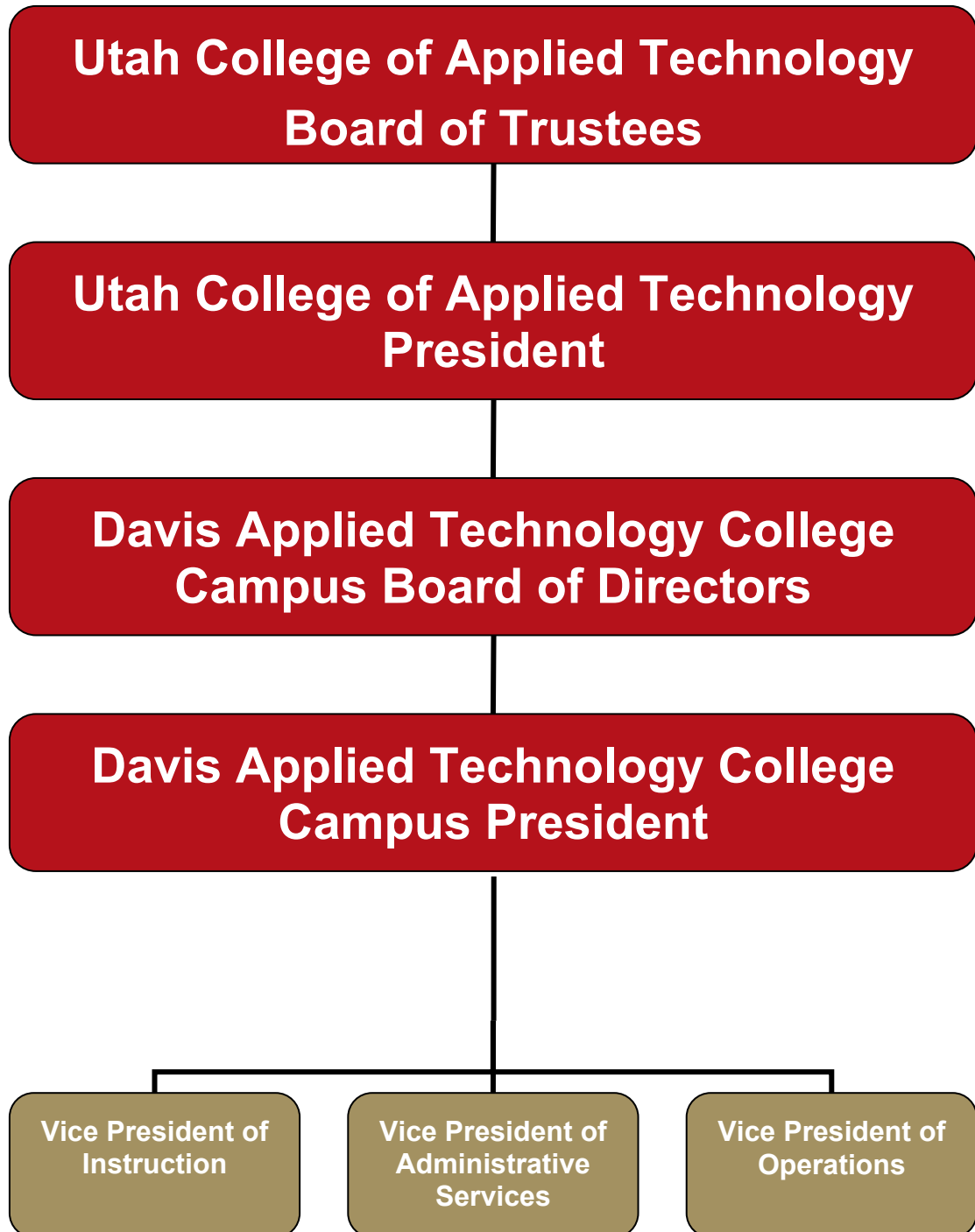
Michael J. Bouwhuis
Campus President



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



Organizational Chart



DAVIS APPLIED TECHNOLOGY COLLEGE

PRINCIPAL OFFICERS

Campus Governing Board of Directors

Michael E. Jensen, Chair
Michael Blair, Vice-Chair
Barbara Smith
David Lovato
Jody Hipwell
Karen Fairbanks
K.O. Murdock
Brad Walters
Susan D. Johnson
Stuart Eyring
David S. Hansen

Administration

Michael J. Bouwhuis, Campus President and Chief Executive Officer
Jay C. Greaves, Vice President of Instruction
Russell S. Galt, MBA, CPA, Vice President of Administrative Services
Brent V. Petersen, Vice President of Operations

FINANCIAL SECTION



OFFICE OF THE
UTAH STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Directors, Audit Committee
and
Michael J. Bouwhuis, President
Davis Applied Technology College

Report on the Financial Statements

We have audited the accompanying financial statements of the Davis Applied Technology College (the College), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's financial statements, as listed in the table of contents. The College is a regional college within the Utah College of Applied Technology (UCAT) which is a component unit of the State of Utah.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Davis Applied Technology College Foundation, a blended component unit of the College, which represents 4.13 percent of the assets, 4.22 percent of the net position, and 1.92 percent of the revenues of the College. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit foundation, is based solely on the report of the other auditors. 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 College'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 College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its component unit foundation, as of June 30, 2013, and the 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Davis Applied Technology College and do not purport to, and do not, present fairly the financial position of UCAT, as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements. The supplementary information on pages 38 through 62 is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2013 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Office of the Utah State Auditor

Office of the Utah State Auditor
October 3, 2013

**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2013**

As management of the Davis Applied Technology College: A Utah College of Applied Technology Campus (College Campus), we offer readers of the College Campus' financial statements this narrative overview and analysis of the financial activities of the College Campus for the fiscal year ended June 30, 2013. 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 Campus' 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 Campus' assets and liabilities at the end of the fiscal year, with the difference between the two 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 Campus' 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 provide information to users both about the operating performance of the College Campus and the effects of nonoperating transactions and events that change the amount of net position of the College Campus. 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 Campus' 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 Campus 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 Campus' 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 Campus' 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 APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2013**

Financial Analysis

Assets, Liabilities, and Net Position. The following schedule presents a summary of the College Campus' assets, liabilities, and net position as of June 30, 2013, and 2012:

Davis Applied Technology College	Year Ended June 30, 2013 Amount	Year Ended June 30, 2012 Amount	Amount of Increase (Decrease)
Net Position			
Current Assets	\$ 6,924,308	\$ 6,179,543	\$ 744,765
Noncurrent Assets	901,671	902,900	(1,229)
Capital Assets, net	29,015,988	29,419,452	(403,464)
Total Assets	<u>36,841,967</u>	<u>36,501,895</u>	<u>340,072</u>
Current Liabilities	1,351,392	1,169,926	181,466
Noncurrent Liabilities	449,217	373,776	75,441
Total Liabilities	<u>1,800,609</u>	<u>1,543,702</u>	<u>256,907</u>
Net Position:			
Invested in Capital Assets	29,015,988	29,419,453	(403,465)
Restricted	1,536,520	1,681,582	(145,062)
Unrestricted	4,488,850	3,857,158	631,692
Total Net Position	<u>\$ 35,041,358</u>	<u>\$ 34,958,193</u>	<u>\$ 83,165</u>

The Total Assets of the College Campus increased by \$340,072 during the fiscal year. Cash and cash equivalents increased by \$879,489 as the campus accelerated the collection of receivables, experienced growth in our auxiliary accounts, and postured ourselves for growth as the state recovers from the recent economic slump. A decrease in Accounts Receivable of \$107,493 was the result of reduced outstanding amounts from the Department of Health of \$79,080, the Department of Workforce Services of \$49,849, Davis County Department of Economic Development of \$39,115 and Tuition Receivables of \$39,231 offset by an increased amounts due from the Utah Department of Corrections of \$96,330. Inventories on campus for the composites program and bookstore decreased by \$70,859. The decrease in net Capital Assets for the year is the result of additions in assets being outweighed by the depreciation expense of \$1,877,235.

The Liabilities of the College Campus increased by \$256,907 during the fiscal year. Current liabilities increased by \$181,466. The increases were in Accounts Payable of \$29,159, Accrued Compensation Liabilities \$138,869, and Accrued Termination Benefits of \$82,434. Accrued Leave increased by \$25,026 as employees elected not to take as much leave as was accrued during the year.

The Total Net Position of the College Campus increased by \$83,165 from the previous fiscal year. The College Campus' net position at year end is \$35,041,358.

**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2013**

Changes in Net Position. The following schedule presents a summary of changes in Net Position for the College Campus for the fiscal years ended June 30, 2013, and 2012:

Davis Applied Technology College	Year Ended June 30, 2013 Amount	Year Ended June 30, 2012 Amount	Amount of Increase (Decrease)
Changes in Net Position			
Operating Revenues	\$ 6,757,975	\$ 7,676,580	\$ (918,605)
Operating Expenses	(19,049,873)	(19,466,063)	416,190
Operating Income (Loss)	(12,291,898)	(11,789,483)	(502,415)
Nonoperating Revenues	11,445,027	10,989,114	455,913
Net Nonoperating Revenues	11,445,027	10,989,114	455,913
Income Before Other Items	(846,871)	(800,369)	(46,502)
Other Revenues and Expenses	930,036	876,164	53,872
Increase (Decrease) in Net Position	83,165	75,795	7,370
Net Position - Beginning of Year	34,958,193	34,882,398	75,795
Total Net Position	\$ 35,041,358	\$ 34,958,193	\$ 83,165

The College Campus experienced a net operating loss of \$12,291,898 during the fiscal year. The College Campus 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 Campus as nonoperating revenues. The State appropriation is anticipated as a means of covering a majority of the costs of operating the College Campus. During Fiscal Year 2013, the State appropriation of \$9,947,800 was sufficient to offset all but \$2,344,098 of the amount shown on the financial statements as an operating loss. After considering non-operating revenues and expenses, and other items, the College Campus had an increase in net position of \$83,165. Prior to recording depreciation expenses of \$1,877,235 the College had an increase in net position of \$1,960,400. The Other Revenues of the College consisted of \$686,037 in various capital projects on the campus completed by the State of Utah's Department of Facilities and Construction Management and the transfer of the building that houses the Morgan Business Resource Center of \$244,000 from the City of Morgan to the College.

DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2013

The following charts summarize total College Campus Revenues and total College Campus Expenses for Fiscal Year 2013.

Revenues. The following schedule presents a summary of College Campus revenues for the fiscal years ended June 30, 2013, and 2012:

Davis Applied Technology College Revenues	Year Ended June 30, 2013 Amount	Percent of Total	Year Ended June 30, 2012 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Revenues:					
Student Tuition and Fees	\$ 2,613,125	13.66%	\$ 2,695,973	\$ (82,848)	(3.07%)
Federal Grants and Contracts	364,541	1.91%	1,009,390	(644,849)	(63.89%)
State Grants and Contracts	1,319,735	6.90%	1,250,380	69,355	5.55%
Local Grants and Contracts	-	0.00%	108,327	(108,327)	(100.00%)
Nongov Grants & Contracts	260,008	1.36%	323,620	(63,612)	(19.66%)
Sales & Services of Ed Depts	11,305	0.06%	14,340	(3,035)	(21.17%)
Auxiliary Enterprises	1,531,938	8.01%	1,548,885	(16,947)	(1.09%)
Other Operating Revenues	68,435	0.36%	108,926	(40,491)	(37.17%)
Independent Operations	588,888	3.08%	616,739	(27,851)	(4.52%)
Total Operating Revenues	<u>6,757,975</u>	<u>35.32%</u>	<u>7,676,580</u>	<u>(918,605)</u>	<u>(11.97%)</u>
Nonoperating Revenues:					
State Appropriations	9,947,800	51.99%	9,177,700	770,100	8.39%
Gifts	347,971	1.82%	296,454	51,517	17.38%
Investment Income	44,141	0.23%	263,298	(219,157)	(83.24%)
Disposal of Capital Assets	-	0.00%	462	(462)	(100.00%)
Federal Pell Grants	1,093,603	5.72%	1,233,371	(139,768)	(11.33%)
Other Nonoperating Revenues	11,512	0.06%	17,829	(6,317)	(35.43%)
Total Nonoperating Revenues	<u>11,445,027</u>	<u>59.82%</u>	<u>10,989,114</u>	<u>455,913</u>	<u>4.15%</u>
Other Revenues:					
Capital Grants	930,036	4.86%	876,164	53,872	6.15%
Total Other Revenues	<u>930,036</u>	<u>4.86%</u>	<u>876,164</u>	<u>53,872</u>	<u>6.15%</u>
Total Revenues	<u>\$ 19,133,038</u>	<u>100.00%</u>	<u>\$ 19,541,858</u>	<u>\$ (408,820)</u>	<u>-2.09%</u>

The revenue comparison between Fiscal Year 2013, and Fiscal Year 2012, shows a decrease in total revenues of \$408,820. The largest factors in this decrease were in Federal Grants and Contracts with a \$482,197 reduction from the Composites Grant and \$136,955 in federal Private Training.

Student Tuition and Fee Revenues decreased by \$82,848 (net of scholarship allowances) as the economy has continued to improve and individuals are returning to the workforce, rather than continue as students at the College Campus.

DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2013

State Grants and Contracts increased this year by \$69,355. The contract with the Utah Department of Corrections increased \$119,363 and was offset by a decrease of \$53,756 in Private Training for State entities.

Local Grants and Contracts decreased by \$108,327 as the Campus received no grants or contracts in the fiscal year from any local governments

Non-governmental Grants and Contracts decreased \$63,612 due to a \$44,378 decrease in revenue related to the Mack Volvo Contract. The remaining decrease was due to a reduction in Iasis funding of \$22,000.

Other Operating Revenues decreased \$40,491. Of that \$23,124 was through lower revenues in DATC Foundation fund raisers and \$16,812 in facility rental fee revenues.

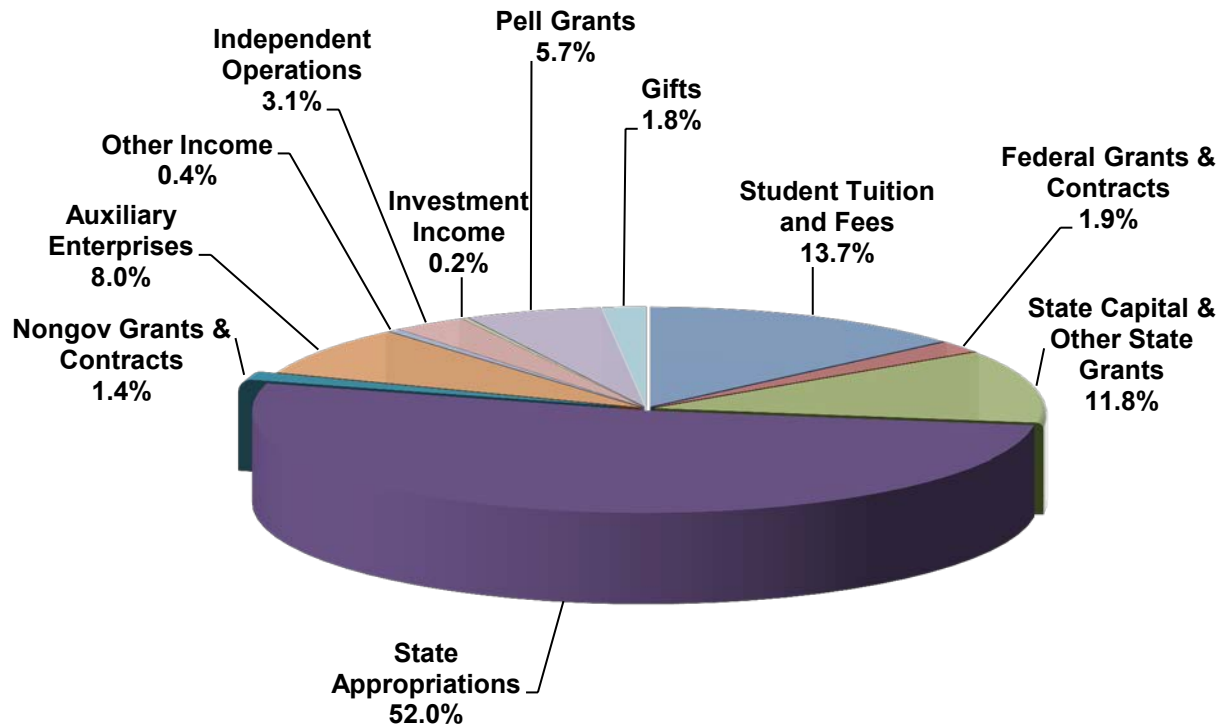
Independent Operations showed a decrease in revenues of \$27,851 in the Utah Nursing Assistant Registry for testing and renewal fees.

Direct State Appropriations were increased by \$770,100 from the prior year with \$330,000 for operations and maintenance for the Freeport West facility, \$350,400 for capacity building, and \$89,700 for employee compensation. The increase in Gifts and Contributions of \$51,517 consisted largely of supplies and equipment to Campus programs.

Investment Income included an increase of \$2,390 due to improving interest rate returns during the year and a reduction of \$220,410 in interest paid to the Campus related to a refund of interest on Social Security Taxes received in the prior fiscal year. Federal Pell Grants decreased \$139,768 from the Fiscal Year 2012 levels related to the decrease in Campus enrollments.

**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2013**

**Total Revenues
FY2013**



**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2013**

Expenses. The following schedule presents a summary of College Campus expenses for the fiscal years ended June 30, 2013, and 2012:

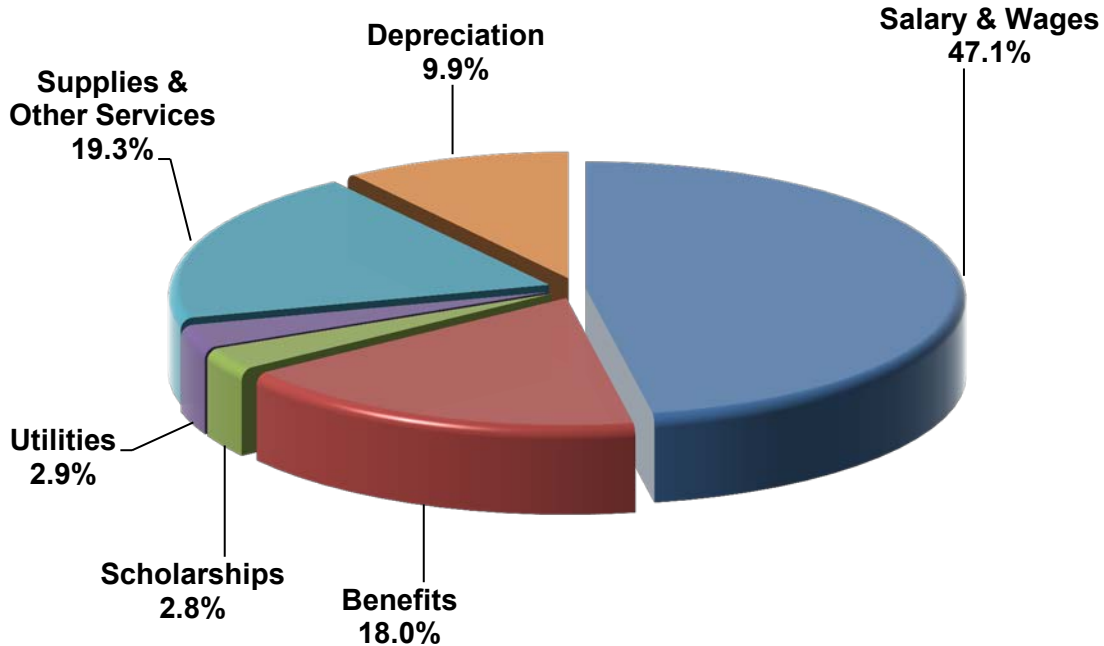
Davis Applied Technology College Expenses	Year Ended June 30, 2013 Amount	Percent of Total	Year Ended June 30, 2012 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Expenses:					
Salaries and Wages	\$ 8,974,269	47.11%	\$ 9,097,443	\$ (123,174)	(1.35%)
Benefits	3,422,634	17.97%	3,448,057	(25,423)	(0.74%)
Scholarships	539,251	2.83%	650,654	(111,403)	(17.12%)
Utilities	553,906	2.91%	455,902	98,004	21.50%
Supplies and Other Services	3,682,578	19.33%	3,928,518	(245,940)	(6.26%)
Depreciation	1,877,235	9.86%	1,885,489	(8,254)	(0.44%)
Total Operating Expenses	<u>19,049,873</u>	<u>100.00%</u>	<u>19,466,063</u>	<u>(416,190)</u>	<u>(2.14%)</u>
Total Expenses	<u>\$ 19,049,873</u>	<u>100.00%</u>	<u>\$ 19,466,063</u>	<u>\$ (416,190)</u>	<u>(2.14%)</u>

Expenses for the year decreased by \$416,190 from the prior year. Salaries and Wages expenses were reduced by \$123,174 with reductions in the Nurse Assistant, Diesel Mechanic, Composites Programs and facilities departments, offset by increases in the Esthetician and Welding Departments. Benefits expenses decreased by a net of \$25,423 over the prior year, with the largest components being the consolidation of multiple adjunct faculty positions into full time positions with benefits, that was offset by the reduction of \$210,410 worth of interest on Social Security Taxes being paid directly into employee's 401K accounts the prior fiscal year.

Scholarship expenses decreased \$111,403 primarily due to a decrease in scholarships provided through Pell Grants. Utilities show an increase of \$98,004 from the prior year, reflecting the addition of the Freeport West campus and Morgan Business Resource Center. Expenses for Supplies and Other Services were lower by \$245,940 related to the composites program and reduced costs in the bookstore. A factor in the reduction of expenses in the composites program was that the donations of composites materials and their subsequent expensing was lower than in the prior years.

**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2013**

**Total Expenses
FY2013**



Capital Asset Administration

Capital Assets. The College Campus' investment in capital assets as of June 30, 2013, amounts to \$29,015,988 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment. There was a net increase of \$1,473,771 in capital assets before depreciation during the fiscal year. Of this amount, \$686,036 was for six projects that were completed by the Division of Facilities and Construction Management (DFCM) on the Campus. The largest projects were an electrical systems upgrade for \$274,369 and the administrative computing area remodel for \$181,339. Depreciation for the year was \$1,877,235. This resulted in a net decrease in capital assets of \$403,464 for the fiscal year. Additional information on the College Campus' capital assets can be found in Note 4 of the notes to the financial statements.

**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2013**

The following schedule presents a summary of College Campus Capital Assets for the fiscal years ended June 30, 2013, and 2012:

Davis Applied Technology College Capital Assets (net of depreciation)	Year Ended June 30, 2013 Amount	Year Ended June 30, 2012 Amount	Amount of Increase (Decrease)
Land	\$ 1,599,080	\$ 1,599,080	\$ -
Buildings and Improvements	26,019,652	26,360,800	(341,148)
Equipment	1,397,256	1,459,572	(62,316)
Total Capital Assets, net	<u>\$ 29,015,988</u>	<u>\$ 29,419,452</u>	<u>\$ (403,464)</u>

Factors Effecting Net Position or Operations

Utah Career Path High. 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 opening for students in the fall of 2013. As Authorizer, the College does fill a limited oversight role in the operation of the charter school as outlined in the Utah State Code 53A-1a-521(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 & 39, as amended by GASB Statement 61.

Utah Department of Corrections Contract. In January of 2010, the College entered into a three year agreement with the Utah Department of Corrections to provide technical training to inmates at the Prison in Draper Utah. This contract is to provide training in automotive repair, machining, industrial maintenance, welding, culinary arts, and office technologies. This contract has subsequently been renewed through June 30, 2015.

Freeport Center Expansion. In the 2011 legislative session, funds were appropriated for the renovation of a building acquired by the Division of Facilities and Construction Management from the federal government. It is anticipated that once the renovation of this space is completed during Fiscal Year 2014, a portion of that space will be made available for the College to offer courses in this building and it will be known as the Freeport West Training Facility.

Morgan Entrepreneurship Center. Morgan City received a Community Development Block Grant (CDBG) to establish a Small Business Development Center (SBDC). The College is responsible for the daily operations of the center and in offering entrepreneurship counseling at the facility. The facility opened in May 2012 and ownership of the building was transferred from the City to the College in December 2012.

**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2013**

Social Security Referendum. In September of 2011, eligible employees of the Utah College of Applied Technology (UCAT) voted to discontinue their participation in Social Security Administration as allowed under the guidelines of Section 218 of the Social Security Act. As a result, beginning in October of 2011, the College began contributing 6.2% of these eligible employee's salaries into their respective URS 401(k) accounts in place of the Employer's Social Security contribution. The Social Security Administration also issued a refund of the Social Security Taxes withheld and paid by the Campus for the eligible employees, plus interest, for the period January 2008 through June 2011. This refund and interest was deposited into the 401(k) accounts of the eligible employees during Fiscal Year 2012 and was recorded as a benefits expense that was not repeated during the 2013 Fiscal Year.

Community-Based Job Training Grant. During Fiscal Year 2008, the College Campus applied for and was awarded a Community-Based Job Training Grant for \$2,271,000. The purpose of the grant was to develop and implement a plan to overcome the critical needs and training barriers that exist in the Composites industry in the State of Utah. The grant period and related expenses ended during the 2012 Fiscal Year and has created numerous variances when comparing it to the 2013 Fiscal Year.

State Economic Outlook. State Legislative Leadership has indicated that state tax revenues are improving as the general economy of the State recovers. As the school receives a large portion of its funding through the State of Utah, continued effects of the general economic conditions will have an impact on the College's ability to provide services to students and employers in the Davis and Morgan County service areas.

Requests for Information

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

DAVIS APPLIED TECHNOLOGY COLLEGE
STATEMENT OF NET POSITION
As of June 30,2013

ASSETS

Current Assets:

Cash and Cash Equivalents (Note 2)	\$ 6,003,785
Receivables (Note 3)	
Due from the State of Utah	286,392
Other	215,756
Inventories	338,871
Prepaid Expenses and Other Assets	79,504
Total Current Assets	<u>6,924,308</u>

Noncurrent Assets:

Cash Value of Life Insurance	65,255
Pledges Receivable (Note 3)	-
Investments in Real Estate	836,416
Capital Assets, net (Note 4)	29,015,988
Total Noncurrent Assets	<u>29,917,659</u>
Total Assets	<u>36,841,967</u>

LIABILITIES

Current Liabilities:

Accounts Payable (Note 3)	
Due to the State of Utah	103,429
Other	647,829
Accrued Compensation Liabilities	394,627
Unearned Revenue	70,712
Funds Held in Custody for Others	71,130
Accrued Termination Benefits (Note 7)	63,665
Total Current Liabilities	<u>1,351,392</u>

Noncurrent Liabilities:

Notes Payable (Note 13)	11,000
Accrued Leave (Note 6)	358,174
Accrued Termination Benefits (Note 7)	80,043
Total Noncurrent Liabilities	<u>449,217</u>
Total Liabilities	<u>1,800,609</u>

Net Position

Net Investment in Capital Assets (Note 4)	29,015,988
Restricted For: (Note 17)	
Nonexpendable	836,416
Expendable:	
Scholarships	292,220
Grants, Contracts and Other	407,884
Unrestricted	4,488,850
Total Net Position	<u>\$ 35,041,358</u>

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

DAVIS APPLIED TECHNOLOGY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013

REVENUES

Operating Revenues:

Student Tuition and Fees (net of scholarship allowances of \$709,419)	2,613,125
Federal Grants and Contracts	364,541
State Grants and Contracts	1,319,735
Nongovernmental Grants and Contracts	260,008
Sales and Services of Educational Departments	11,305
Auxiliary Enterprises (net of scholarship allowances of \$86,392)	1,531,938
Other Operating Revenues	68,435
Independent Operations	588,888
Total Operating Revenues	<u>6,757,975</u>

EXPENSES

Operating Expenses (Note 10):

Salaries and Wages	8,974,269
Benefits (Notes 6,7,8,9)	3,422,634
Scholarships	539,251
Utilities	553,906
Supplies and Other Services	3,682,578
Depreciation (Note 4)	1,877,235
Total Operating Expenses	<u>19,049,873</u>
Operating Income (Loss)	<u>(12,291,898)</u>

NONOPERATING REVENUES

State Appropriations	9,947,800
Gifts	347,971
Investment Income	44,141
Federal Pell Grants	1,093,603
Other Nonoperating Revenues	11,512
Net Nonoperating Revenues	<u>11,445,027</u>
(Loss) Before Other Revenues and Expenses	<u>(846,871)</u>
Capital Grants	<u>930,036</u>
Increase in Net Position	<u>83,165</u>

NET POSITION

Net Position - Beginning of Year	<u>34,958,193</u>
Net Position - End of Year	<u><u>35,041,358</u></u>

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

DAVIS APPLIED TECHNOLOGY COLLEGE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 2,597,866
Grants and Contracts	2,051,776
Payments to Suppliers	(4,719,346)
Payments to Employees	(12,150,574)
Auxiliary Enterprise Charges	1,531,938
Other Receipts	655,537
Net Cash Flow Provided (Used) by Operating Activities	<u>(10,032,803)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	9,947,800
Private Gifts	296,093
Other Receipts	1,105,118
Net Cash Flow Provided (Used) by Noncapital Financing Activities	<u>11,349,011</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds From Note Payable	11,000
Purchases of Capital Assets	(543,735)
Net Cash Used by Capital and Related Financing Activities	<u>(532,735)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Dividend Received From Investment in Real Estate	51,878
Interest on Investments	44,141
Net Cash Provided (Used) by Investing Activities	<u>96,019</u>

Net Increase/(Decrease) in Cash	879,492
Cash - Beginning of Year	<u>5,124,293</u>
Cash - End of Year	<u><u>\$ 6,003,785</u></u>

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

DAVIS APPLIED TECHNOLOGY COLLEGE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013
(continued)

Reconciliation of Net Operating Income (Loss) to

Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (12,291,898)
Adjustments to Reconcile Net Position (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	1,877,236
(Increase) Decrease in Cash Value of Life Insurance	1,229
Change in Assets and Liabilities:	
Receivables	107,493
Inventories	70,859
Prepaid Expenses and Other Assets	(43,629)
Accounts Payable	29,159
Accrued Compensation Liabilities	138,869
Unearned Revenue	(15,259)
Funds Held in Custody for Others	(14,322)
Accrued Leave	25,026
Accrued Early Termination Benefits	82,434
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (10,032,803)</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Construction projects transferred from State of Utah (DFCM)	\$ 686,036
Donated Equipment or Other Assets	244,000
Total Donated Equipment	<u><u>\$ 930,036</u></u>

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

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Davis Applied Technology College: A Utah College of Applied Technology Campus (College Campus) has 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 Campus is a campus within the Utah College of Applied Technology (UCAT). UCAT is considered a component unit of the State of Utah and is included in the State's Comprehensive Annual Financial Report.

The College Campus was established effective July 1, 1978, by the Utah State Legislature to offer vocational and related instruction to secondary and adult students. Effective September 1, 2001, the Legislature created the Utah College of Applied Technology which is composed of eight regional applied technology college campuses. The Davis Applied Technology College became one of these regional applied technology college campuses and became an institution within the Utah System of Higher Education. The College Campus is under the control of the UCAT Board of Trustees and is governed directly by the College Campus Board of Directors.

Funding for the College Campus 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 Applied Technology College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the College Campus and as such it is presented in the College Campus' financial statements as a blended component unit. Further information, as well as condensed financials for the Foundation, can be found in Note 12.

Measurement Focus and Basis of Accounting

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

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting- Continued

The College Campus distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College Campus' principal mission of instruction. The revenues of the Utah Nursing Assistant Registry are reported as independent operations, which is a part of the operating revenues of the College Campus. 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 non-operating revenues and expenses.

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

Deposits and Investments

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

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

Investments for the College Campus are reported at fair value.

Inventories

Bookstore and cosmetology inventories 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 Campus. 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

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Interest in Apartment Complex (continued)

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 Campus as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market 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
Portable Classrooms	25
Equipment	5-15
Vehicles	5-10
Furniture	10
Computer Equipment	3-5

Compensated Absences

It is the College Campus' policy to permit eligible employees to accumulate earned but unused vacation benefits. All vacation leave is accrued as it is earned. Employees accumulate vacation leave balances based upon their years of service and employee group. There is no requirement to use vacation leave, but a maximum of 200 hours of leave may be carried forward at the beginning of each fiscal year. Unused vacation leave is paid to employees upon termination.

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.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS

The College Campus 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 Campus 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 State of Utah Money Management 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 Campus' deposits may not be returned to it. The College Campus does not have a formal deposit policy for custodial credit risk. As of June 30, 2013, \$35,463 of the College Campus' bank balances of \$435,584 was uninsured and uncollateralized and all of the Foundation's \$7,498 bank balances were insured.

Investments

The Utah Money Management Act defines the types of securities authorized as appropriate investments for the College Campus 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 Campus 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), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie 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

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Utah Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Utah Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

As of June 30, 2013, the College Campus 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 Treasurer's Investment Fund	\$5,653,296	\$5,653,296			

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College Campus' policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days -15 months or less. In addition, variable

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk – (continued)

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College Campus' policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

At June 30, 2013, the College Campus 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 Treasurer's Investment Fund	\$5,653,296		\$5,653,296

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 Campus' 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 Campus 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 Campus does not have a formal policy for custodial credit risk.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 3 – ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

The following schedule presents the Accounts Receivable of the College as of June 30, 2013, and June 30, 2012:

	June 30, 2013	June 30, 2012
Amounts due from the State of Utah:		
Student Tuition and Fees	\$ 7,571	\$ 11,772
Federal Grants and Contracts	42,156	50,099
State Grants and Contracts	186,514	97,691
Operations	20,526	21,390
Independent Operations	29,625	102,705
Total due from State of Utah	<u>286,392</u>	<u>283,657</u>
Amounts due from Others:		
Student Tuition and Fees	6,918	20,016
Federal Grants and Contracts	131,279	141,033
Local Grants and Contract	-	39,215
Nongovernmental Grants and Contracts	13,521	27,490
Operations	60,548	97,636
Independent Operations	3,025	595
Total due from Others	<u>215,291</u>	<u>325,985</u>
 Total Accounts Receivable	 <u>\$ 501,683</u>	 <u>\$ 609,642</u>

The following schedule presents the Accounts Payable of the College as of June 30, 2013, and June 30, 2012:

	June 30, 2013	June 30, 2012
Amounts due to the State of Utah	\$ 103,429	\$ 137,301
Amounts do to Others:		
Students	187,601	331,449
Sponsors	1,308	-
Vendors	454,727	242,205
Employees	4,193	11,144
Total amounts due to Others	<u>647,829</u>	<u>584,798</u>
 Total Accounts Payable	 <u>\$ 751,258</u>	 <u>\$ 722,099</u>

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 4 – CAPITAL ASSETS

Additions to capital assets include amounts paid for by the College Campus as well as additions paid for by the Utah State Division of Facilities Construction and Management (DFCM), a transfer from Morgan City and assets contributed by the Davis Applied Technology College Foundation.

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions from College	Additions from Local Cities	Additions from DFCM	Balance June 30, 2013
Capital Assets					
Buildings & Improvements	\$ 39,929,106	\$ 164,185	\$ 244,000	\$ 686,036	41,023,327
Equipment	6,125,485	379,550	-	-	6,505,035
Land	1,599,080	-	-	-	1,599,080
Total	47,653,671	543,735	244,000	686,036	49,127,442
Less Accumulated Depreciation					
Buildings & Improvements	13,568,306	1,435,369		-	15,003,675
Equipment	4,665,913	441,866		-	5,107,779
Total Accumulated Depreciation	18,234,219	1,877,235		-	20,111,454
Net Capital Assets	\$ 29,419,452	\$ (1,333,500)	\$ 244,000	\$ 686,036	29,015,988

NOTE 5 - OBLIGATIONS UNDER OPERATING LEASES

The College Campus has entered into an operating lease for a building used for instructional purposes away from the main College Campus facility. This lease expires on November 30, 2015. Operating lease payments are recorded as expenses when paid or incurred. The total operating lease expense for the year ended June 30, 2013 was \$45,247. Future minimum rental payments required are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$45,480
2015	\$46,615
2016	\$19,585

NOTE 6 - ACCRUED LEAVE

The College Campus 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

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 6 - ACCRUED LEAVE (Continued)

employee group and years of service. Unused leave may be carried over into the next year, but may not exceed the amount earned during that year.

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

	<u>Accrued Leave</u>
Balance at June 30, 2012	\$ 333,148
Additions to Accrued Leave	396,064
Accrued Leave Used	<u>(371,038)</u>
Balance at June 30, 2013	<u>\$ 358,174</u>
Amount due through June 30, 2014	\$ -

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, 2012	\$ 30,599	\$ 30,674	\$ 61,273
Additions	72,102	31,195	103,297
Deletions (Payments)	<u>(10,902)</u>	<u>(9,960)</u>	<u>(20,862)</u>
Balance at June 30, 2013	<u>\$ 91,799</u>	<u>\$ 51,909</u>	<u>\$ 143,708</u>
Amount due through June 30, 2014	\$ 44,658	\$ 19,007	\$ 63,665

In accordance with the College Campus' Early Retirement Incentives Policy, employees who (1) have ten years of service, including five years of current service at the College Campus; (2) will retire prior to age 65 and (3) are of the following age and service may apply for early retirement incentive benefits:

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

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

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 age 65, whichever occurs first.

Employees of the College Campus earn sick leave at a rate of twelve days per year with no limit to the amount that can be accumulated. The College Campus does not reimburse employees for unused sick leave upon termination except employees approved under the incentive program prior to age 65. Sick leave is expended when used. If approved under the incentive program, the College Campus 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 annuity account.

Employees who retire under the incentive program continue to be enrolled in the College Campus' group medical and dental programs until age 65, or for the ten consecutive years following retirement, whichever occurs first. This enrollment is contingent upon the retirees contributing the balance of the premiums due over that paid by the institution for the first three years, and the full premium the following seven years.

One employee is currently receiving this benefit. Discount and inflation adjustments were considered immaterial.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

All eligible classified employees of the College Campus participate in the Utah Retirement System. Additionally, eligible Faculty and Professional/Administrative employees who were employed by the College Campus and enrolled in the Utah Retirement System on or before June 30, 2003, were allowed to elect to continue participation in the Utah Retirement System.

Plan Description

The College Campus contributes to the State and School Noncontributory Retirement System (Noncontributory System), a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement System (System). The System provides retirement benefits, annual cost of living allowances, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the Utah State Legislature.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement System and plans. Chapter 49 places the System, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System and plans. A copy of the report may be obtained by writing to the Utah Retirement System, 560 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy

The College Campus is required to contribute 18.76 percent of annual covered salary to the Noncontributory System for Tier I employees, 15.06 percent of annual covered salary for Tier II employees. Additionally, for employees of the College who are currently receiving retirement benefits from the Utah Retirement System a contribution of 6.5 percent is required from the Campus. These contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

College Campus contributions to the Noncontributory System for the years ended June 30, 2013, 2012, and 2011, were \$636,401, \$571,270, and \$557,871 respectively. The Campus contributions on behalf of post retired employees for the years ended June 30, 2013 and 2012 were \$6,343 and \$4,910 respectively. These contributions were equal to the required contributions for each year.

NOTE 9 - DEFINED CONTRIBUTION PENSION PLANS

Utah Retirement System

The College Campus participates in the 401(k) plan administered by the Utah Retirement System (URS). 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 the Utah Retirement System. The College Campus is required by statute to contribute 1.5 percent of eligible employee's salaries which vests immediately. During the year ended June 30, 2013, the college contributed \$50,466.

In September of 2011, eligible employees of the Utah College of Applied Technology (UCAT) voted to discontinue their participation in Social Security Administration as allowed under the guidelines of Section 218 of the Social Security Act.

As a result, beginning in October of 2011, the College began contributing 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 \$376,812 for the

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 9 - DEFINED CONTRIBUTION PENSION PLANS (continued)

year ended June 30, 2013. 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, 2013, College Campus employees made voluntary contributions to the plan of \$239,327.

Utah Interlocal Educational Benefits Trust

The College Campus also participates in the 401(k) plan administered by Utah Interlocal Educational Benefits Trust. This plan is a defined-contribution plan. The section of Chapter 49 of the Utah Code Annotated, 1953, as amended which establishes and governs the Utah Retirement Systems 401(k) allows for employees of the College Campus to elect not to participate in the Utah Retirement Systems 401(k) if a qualified alternate 401(k) is selected. Certain employees of the College Campus have elected to participate in the Utah Interlocal Educational Benefits Trust rather than the Utah Retirement Systems 401(k) plan. The College Campus is required by statute to contribute 1.5 percent of eligible employee's salaries for employees who have elected this plan. These contributions vest immediately. Voluntary contributions may be made into the plan by employees, subject to plan and internal revenue code limitations. During the year ended June 30, 2013, the College Campus contributed \$1,849 to the plan and College Campus employees made voluntary contributions to the plan of \$540.

Teachers Insurance and Annuity Association / College Retirement Equities Fund

Eligible Faculty and Professional/Administrative employees of the College Campus participate in the Teachers Insurance and Annuity Association / College Retirement Equities Fund (TIAA/CREF). Eligible College Faculty and Professional/Administrative employees who were employed by the College Campus and enrolled in the Utah State Retirement System on or before June 30, 2003, were allowed to elect to continue participation in the Utah Retirement System or to begin participation in TIAA/CREF.

TIAA-CREF 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/CREF is authorized by Chapter 49 of the Utah Code Annotated, 1953, as amended. Contributions by the College Campus 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, 2013, the College Campus' contribution to this defined contribution pension plan was 14.2% of the participating employees' annual salaries.

The College Campus has no further liability once contributions are made. During the year ended June 30, 2013, the College Campus contributed \$408,738 to the plan and employees made voluntary contributions to the plan of \$59,414.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

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, 2013:

	Salary and Wages	Employee Benefits	Scholarships	Utilities	Supplies & Other	Depreciation	Total
Instruction	\$4,534,047	\$ 1,416,795	\$ -	\$ 722	\$1,228,853	\$ -	\$ 7,180,417
Academic Support	1,059,495	452,523	-	6,706	65,378	-	1,584,102
Student Services	1,096,659	464,193	-	4,580	238,359	-	1,803,791
Institutional Support	1,296,198	673,956	-	6,780	311,622	-	2,288,556
O&M	415,703	181,564	-	510,151	405,725	1,877,235	3,390,378
Scholarships	-	-	539,251	-	-	-	539,251
Auxiliary	430,942	156,039	-	24,126	1,156,527	-	1,767,634
Independent Operations	141,225	77,564	-	841	276,114	-	495,744
Total	\$8,974,269	\$ 3,422,634	\$ 539,251	\$ 553,906	\$ 3,682,578	\$ 1,877,235	\$ 19,049,873

NOTE 11 – ENERGY COSTS

Energy costs for the years ended June 30, 2013, and 2012 were as follows:

	Fiscal Year <u>2013</u>	Fiscal Year <u>2012</u>
Electricity	\$ 311,183	\$ 275,959
Natural gas	<u>152,704</u>	<u>89,090</u>
Total energy costs	<u>\$ 463,887</u>	<u>\$ 365,049</u>

NOTE 12 – DATC FOUNDATION -Blended Presentation Component Unit

The Davis Applied Technology College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the College Campus. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College Campus 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 Campus by the donors. Additionally, the College Campus Board of Directors approves the individuals who are appointed to serve on the Foundation's separate Board of Trustees. These restricted resources held by the Foundation can only be used by, or for the benefit of, the College Campus. For these reasons the Foundation is considered a component unit of the College Campus and is presented in the College Campus' financial statements

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 12 – DATC FOUNDATION -Blended Presentation Component Unit (continued)

as a blended component unit. During the year ended June 30, 2013, the Foundation distributed \$177,925 to the College Campus for both restricted and unrestricted purposes.

The following is a condensed version of their 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 APPLIED TECHNOLOGY COLLEGE FOUNDATION CONDENSED FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2013			
Statement of Net Position		Statement of Revenues, Expenses, and Changes in Net Position	
Assets		Operating Revenues:	
Current Assets		Gifts	\$ 260,093
Cash and Investments	\$ 174,210	Fund Raisers	52,729
Non Current Assets		Total Operating Revenues	312,822
Restricted Cash and Investments	444,999		
Other Non Current Assets	901,671	Operating Expenses:	
Total Assets	1,520,880	Staff Support	12,000
Liabilities and Net Assets		Scholarships	108,544
Current Liabilities	3,504	Equipment Donations	37,824
Unearned Revenue	38,400	Other Expenses	39,132
Total Liabilities and Unearned Revenue	41,904	Total Operating Expenses	197,500
		Operating Income	115,322
Net Assets		Nonoperating Revenues:	
Restricted	1,350,565	Interest & Other Income	53,842
Unrestricted	128,411	Change in Net Position	169,164
		Net Position at beginning of year	1,309,812
Total Net Position	<u>\$1,478,976</u>	Net Position at end of year	<u>\$1,478,976</u>
DAVIS APPLIED TECHNOLOGY COLLEGE FOUNDATION Statement of Cash Flows			
Cash Flows From Operating Activities			
Cash received through contributions & fund raisers		\$ 268,078	
Cash payments for operations		(45,944)	
Cash payments for scholarships		(105,067)	
Net Cash Provided by (used in) Operating Activities		117,067	
Cash Flows From Investing Activities			
Interest and Dividends		1,964	
Real Estate income		51,878	
Net Cash Provided by (used in) Investing Activities		53,842	
		Increase in Cash and Cash Equivalents	170,909
		Cash and Cash Equivalents at beginning of year	448,300
		Cash and Cash Equivalents at end of year	<u>\$ 619,209</u>

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 13 – NOTES PAYABLE

In conjunction with the establishment of the Morgan Business Resource Center (MBRC) the College Campus entered into a deferred loan/grant agreement in April 2011 with the Morgan City Redevelopment Agency (Agency) wherein the College Campus would receive \$20,000 to be used towards necessary improvements to the MBRC building. The terms of the deferred loan/grant are that the MBRC remain in operation for five (5) years and at that time the Note Payable will be terminated with no repayment necessary. Should operations cease prior to that time, only a prorated principle amount will be due to the Agency. As of June 30, 2013 the amount of that principle that would be owed, had operations ceased, was \$11,000.

NOTE 14 – 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 opening for students in the fall of 2013. As Authorizer, the College will fill a limited oversight role in the operation of the charter school as outlined in the Utah State Code 53A-1a-521(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 & 39, as amended by GASB Statement 61. The CPH Governing Board is separate from the College Board of Directors, and the College may only appoint a minority of the members to that Governing Board.

NOTE 15 – 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 Campus expects such amounts, if any, to be immaterial.

NOTE 16 - RISK MANAGEMENT

The College Campus 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 Campus participates in the State's Risk Management Fund along with other State funds, agencies, and public authorities of the State. The State Risk Management Fund allocates the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each agency or public authority based on each organization's estimated current year liability and property values. The liability is determined using an independent actuarial study based on past, current, and estimated loss experience. The

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 16 - RISK MANAGEMENT- (continued)

College Campus has not had any losses or settlements that exceeded the risk management coverage for any of the last three years.

NOTE 17–RESTRICTIONS ON NET ASSETS

Restrictions on Net Assets

The restrictions on net assets at June 30, 2013, relate to donations received which are restricted for the construction of fixed assets, staff support, contract and grants, and various scholarships.

Restricted net assets are available for the following purposes:

Nonexpendable Assets:	
Interest in Skyline View Apartments	\$ 836,416
Expendable Assets:	
Scholarships	292,220
Other support	156,674
Cash value of life insurance	65,255
Contracts and Grants	<u>185,955</u>
Total Expendable:	700,104
 Total Restricted Net Assets	 <u><u>\$1,536,520</u></u>

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

STATISTICAL SECTION

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**DAVIS APPLIED TECHNOLOGY COLLEGE
SCHEDULE OF NET POSITION
Last Ten Fiscal Years**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Invested in Capital Assets	\$ 29,015,988	\$ 29,419,452	\$ 29,865,486	\$ 30,982,477	\$ 31,223,742
Restricted for:					
Scholarships	152,080	167,204	185,923	156,386	171,439
Grants, Contracts and Other	1,384,440	1,514,378	1,455,106	1,622,239	1,515,420
Unrestricted	4,488,850	3,857,159	3,375,883	2,359,674	1,690,315
Total Net Assets	<u>\$ 35,041,358</u>	<u>\$ 34,958,193</u>	<u>\$ 34,882,398</u>	<u>\$ 35,120,775</u>	<u>\$ 34,600,916</u>

Source: Annual Reports on Financial Statements for years presented.

Note 1: Due to the implementation of GASB 63 in FY13, the name of this schedule has been changed to Schedule of Net Position rather than Schedule of Net Assets.

Note 2: Fiscal Years beginning with 2006 reflect a blended presentation of the College Campus and the Foundation component unit. During FY04 & FY05 the Foundation's financials were a discrete presentation, they are combined with the College's net assets for the purpose of this schedule.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 18,480,567	\$ 17,504,128	\$ 18,219,745	\$ 16,695,399	\$ 16,939,619
184,793	185,189	166,484	151,892	90,026
1,891,188	1,967,677	1,285,987	2,887,637	1,138,731
1,153,553	1,115,262	1,253,168	1,242,636	1,111,118
<u>\$ 21,710,101</u>	<u>\$ 20,772,256</u>	<u>\$ 20,925,384</u>	<u>\$ 20,977,564</u>	<u>\$ 19,279,494</u>

**DAVIS APPLIED TECHNOLOGY COLLEGE
CHANGES IN NET POSITION
Last Ten Fiscal Years**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
REVENUES			
Operating Revenues:			
Student Tuition and Fees (net of scholarship allowances)	\$ 2,613,125	\$ 2,695,973	\$ 2,805,788
Federal Grants and Contracts	364,541	1,009,390	914,365
State Grants and Contracts	1,319,735	1,250,380	1,326,648
Local Grants and Contracts	-	108,327	48,312
Nongovernmental Grants and Contracts	260,008	323,620	417,836
Sales and Services of Educational Departments	11,305	14,340	23,846
Auxiliary Enterprises (net of scholarship allowances)	1,531,938	1,548,885	1,616,622
Other Operating Revenues	68,435	108,926	58,666
Independent Operations	588,888	616,739	653,760
Total Operating Revenues	<u>6,757,975</u>	<u>7,676,580</u>	<u>7,865,843</u>
EXPENSES			
Operating Expenses:			
Salaries and Wages	8,974,269	9,097,443	9,002,281
Benefits	3,422,634	3,448,057	3,261,672
Scholarships	539,251	650,654	1,062,789
Utilities	553,906	455,902	486,862
Supplies and Other Services	3,682,578	3,928,518	3,973,243
Depreciation	1,877,235	1,885,489	1,845,523
Total Operating Expenses	<u>19,049,873</u>	<u>19,466,063</u>	<u>19,632,370</u>
Operating Income (Loss)	<u>(12,291,898)</u>	<u>(11,789,483)</u>	<u>(11,766,527)</u>
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	9,947,800	9,177,700	9,256,200
Gifts	347,971	296,454	166,863
Investment Income	44,141	263,298	34,770
Disposal of Capital Assets	-	462	19,685
Federal Pell Grants	1,093,603	1,233,371	1,576,204
Other Nonoperating Revenues (Expenses)	11,512	17,829	34,343
Net Nonoperating Revenues	<u>11,445,027</u>	<u>10,989,114</u>	<u>11,088,065</u>
(Loss) Before Other Revenues and Expenses	<u>(846,871)</u>	<u>(800,369)</u>	<u>(678,462)</u>
Capital Grants	930,036	876,164	440,084
Capital Gifts	-	-	-
Increase/(Decrease) in Net Position	<u><u>\$ 83,165</u></u>	<u><u>\$ 75,795</u></u>	<u><u>\$ (238,378)</u></u>

Source: Annual Reports on Financial Statements for years presented.

Note 1: Due to the implementation of GASB 63 in FY13, the name of this schedule has been changed to Changes in Net Position rather than Changes In Net Assets.

Note 2: Fiscal Years beginning with 2006 reflect a blended presentation of the College Campus and Foundation component unit.

2010	2009	2008	2007	2006	2005	2004
\$ 2,646,854	\$ 2,248,293	\$ 1,837,637	\$ 1,737,281	\$ 1,454,446	\$ 1,486,158	\$ 1,450,080
1,225,706	543,319	294,301	450,336	915,812	983,220	988,885
1,133,529	919,182	1,307,512	846,199	1,003,646	671,954	702,252
77,137	100,453	99,093	293,411	233,994	246,549	251,596
561,364	693,625	543,296	596,742	543,211	634,615	488,516
20,869	20,713	19,294	22,108	16,967	16,125	11,806
1,506,588	1,292,174	986,770	930,029	790,173	776,943	707,237
60,300	82,983	91,500	82,295	97,551	11,388	16,852
707,813	621,144	525,280	443,979	427,094	451,941	511,039
7,940,160	6,521,886	5,704,683	5,402,380	5,482,894	5,278,893	5,128,263
8,836,231	8,526,538	7,912,806	7,629,887	7,272,040	6,351,317	5,897,027
2,787,631	3,193,265	3,107,235	2,886,614	2,862,314	2,350,499	2,333,503
882,196	482,413	309,818	331,831	380,411	361,868	415,178
467,607	435,733	382,612	372,272	376,798	336,240	348,697
4,198,555	4,353,870	3,747,158	3,616,284	3,396,837	3,231,196	3,061,538
1,821,106	1,508,994	1,160,657	1,124,543	1,062,034	1,039,281	1,044,340
18,993,326	18,500,813	16,620,286	15,961,431	15,350,434	13,670,401	13,100,283
(11,053,167)	(11,978,928)	(10,915,603)	(10,559,051)	(9,867,540)	(8,391,508)	(7,972,020)
9,466,100	9,677,200	9,765,300	8,997,400	8,211,600	7,608,400	7,183,900
358,792	579,257	598,606	1,076,802	647,331	60,391	58,314
43,902	77,933	148,470	160,781	159,291	78,678	44,563
(220,252)	(24,248)	(5,431)	(145,875)	(10,801)	(7,844)	(32,656)
1,144,642	494,061	302,472	302,472			
17,119	15,171	20,023	(18,674)	(32,474)	38,151	28,544
10,810,302	10,819,374	10,829,440	10,372,906	8,974,947	7,777,776	7,282,665
(242,864)	(1,159,553)	(86,163)	(186,145)	(892,593)	(613,732)	(689,355)
762,724	14,050,368	1,122,921	1,122,921	191,773	425,657	22,045
-	-	-	-	-	37,040	118,489
\$ 519,859	\$ 12,890,815	\$ 1,036,758	\$ 936,776	\$ (700,820)	\$ (151,035)	\$ (548,821)

**DAVIS APPLIED TECHNOLOGY COLLEGE
EXPENSES BY FUNCTION
Last Ten Fiscal Years**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Instruction	\$ 7,180,417	\$ 7,531,695	\$ 7,481,871	\$ 7,743,952
Academic Support	1,584,102	1,596,148	1,522,040	1,213,917
Student Services	1,803,791	1,749,448	1,759,478	1,747,483
Institutional Support	2,288,556	2,221,888	2,119,538	1,940,786
Operation and Maintenance of Plant	3,390,378	3,379,027	3,359,495	3,215,148
Scholarships	539,251	650,654	1,056,789	882,196
Auxiliary Enterprises	1,767,634	1,837,902	1,832,401	1,759,978
Independent Operations	495,744	499,301	500,758	489,866
Total Expenses	<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>	<u>\$ 18,993,326</u>

(Percent of Total Expenses)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Instruction	37.69%	38.69%	38.11%	40.77%
Academic Support	8.32%	8.20%	7.75%	6.39%
Student Services	9.47%	8.99%	8.96%	9.20%
Institutional Support	12.01%	11.41%	10.80%	10.22%
Operation and Maintenance of Plant	17.80%	17.36%	17.11%	16.93%
Scholarships	2.83%	3.34%	5.38%	4.64%
Auxiliary Enterprises	9.28%	9.44%	9.33%	9.27%
Independent Operations	2.60%	2.57%	2.56%	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.

Note 1: Fiscal Years beginning with 2006 reflect a blended presentation of the College Campus and Foundation component unit.

2009	2008	2007	2006	2005	2004
\$ 7,278,910	\$ 6,891,222	\$ 6,575,231	\$ 6,115,514	\$ 5,531,114	\$ 5,334,609
1,376,076	1,364,656	1,230,226	1,408,689	1,001,416	908,904
2,057,298	1,908,572	1,889,789	2,035,324	1,860,390	1,589,598
1,938,846	1,954,614	1,891,096	1,640,091	1,414,605	1,342,247
3,358,435	2,407,119	2,261,359	2,314,700	2,180,694	2,252,142
482,413	307,550	330,110	380,411	361,868	415,178
1,541,248	1,365,496	1,408,402	1,075,731	968,814	936,410
467,589	430,298	375,218	379,974	351,500	321,195
<u>\$ 18,500,813</u>	<u>\$ 16,629,527</u>	<u>\$ 15,961,431</u>	<u>\$ 15,350,434</u>	<u>\$ 13,670,401</u>	<u>\$ 13,100,283</u>

2009	2008	2007	2006	2005	2004
39.06%	41.44%	41.19%	39.84%	40.46%	40.72%
7.38%	8.21%	7.71%	9.18%	7.33%	6.94%
11.04%	11.48%	11.84%	13.26%	13.61%	12.13%
10.40%	11.75%	11.85%	10.68%	10.35%	10.25%
18.02%	14.47%	14.17%	15.08%	15.95%	17.19%
3.30%	1.85%	2.07%	2.48%	2.65%	3.17%
8.27%	8.21%	8.82%	7.01%	7.09%	7.15%
2.52%	2.59%	2.35%	2.47%	2.57%	2.45%
<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 APPLIED TECHNOLOGY COLLEGE
EXPENSES BY NATURAL CLASSIFICATION
Last Ten Fiscal Years**

	2013	2012	2011	2010
Salaries and Wages	\$ 8,974,269	\$ 9,097,443	\$ 9,002,281	\$ 8,836,231
Benefits	3,422,634	3,448,057	3,261,672	2,787,631
Scholarships	539,251	650,654	1,062,789	882,196
Utilities	553,906	455,902	486,862	467,607
Supplies and Other Services	3,682,578	3,928,518	3,973,243	4,198,555
Depreciation	1,877,235	1,885,489	1,845,523	1,821,106
Total Expenses	<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>	<u>\$ 18,993,326</u>

(Percent of Total Expenses)

	2013	2012	2011	2010
Salaries and Wages	47.11%	46.73%	45.85%	46.52%
Benefits	17.97%	17.71%	16.61%	14.68%
Scholarships	2.83%	3.34%	5.41%	4.64%
Utilities	2.91%	2.34%	2.48%	2.46%
Supplies and Other Services	19.33%	20.18%	20.25%	22.11%
Depreciation	9.85%	9.70%	9.40%	9.59%
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.

Note 1: Fiscal Years beginning with 2006 reflect a blended presentation of the College Campus and the Foundation component unit

2009	2008	2007	2006	2005	2004
\$ 8,526,538	\$ 8,064,098	\$ 7,629,887	\$ 7,272,040	\$ 6,351,317	\$ 5,897,027
3,193,265	3,165,894	2,886,614	2,862,314	2,350,499	2,333,503
482,413	309,818	331,831	380,411	361,868	415,178
435,733	382,612	372,272	376,798	336,240	348,697
4,353,870	3,546,448	3,616,284	3,396,837	3,231,196	3,061,538
1,508,994	1,160,657	1,124,543	1,062,034	1,039,281	1,044,340
<u>\$ 18,500,813</u>	<u>\$ 16,629,527</u>	<u>\$ 15,961,431</u>	<u>\$ 15,350,434</u>	<u>\$ 13,670,401</u>	<u>\$ 13,100,283</u>

2009	2008	2007	2006	2005	2004
45.75%	47.61%	47.80%	47.37%	46.46%	45.01%
17.14%	18.70%	18.08%	18.65%	17.19%	17.81%
3.31%	1.86%	2.08%	2.48%	2.65%	3.17%
2.34%	2.30%	2.33%	2.45%	2.46%	2.66%
23.36%	22.55%	22.66%	22.13%	23.64%	23.37%
8.10%	6.98%	7.05%	6.92%	7.60%	7.97%
<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 APPLIED TECHNOLOGY COLLEGE
REVENUES BY SOURCE
Last Ten Fiscal Years

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Revenues:				
Student Tuition and Fees	\$ 2,613,125	\$ 2,695,973	\$ 2,805,788	\$ 2,646,854
Federal Grants and Contracts	364,541	1,009,390	914,365	1,225,706
State Grants and Contracts	1,319,735	1,250,380	1,326,648	1,133,529
Local Grants and Contracts	-	108,327	48,312	77,137
Nongovernmental Grants & Contracts	260,008	323,620	417,836	561,364
Sales & Services of Educational Departments	11,305	14,340	23,846	20,869
Auxiliary Enterprises	1,531,938	1,548,885	1,616,622	1,506,588
Other Operating Revenues	68,435	108,926	58,666	60,300
Independent Operations	588,888	616,739	653,760	707,813
Total Operating Revenues	<u>6,757,975</u>	<u>7,676,580</u>	<u>7,865,843</u>	<u>7,940,160</u>
Nonoperating Revenues:				
State Appropriations	9,947,800	9,177,700	9,256,200	9,466,100
Gifts	347,971	296,454	166,863	358,792
Investment Income	44,141	263,298	34,770	43,902
Federal Pell Grants	1,093,603	1,233,371	1,576,204	1,144,642
Other Nonoperating Revenues	11,512	18,291	54,028	17,119
Total Nonoperating Revenues	<u>11,445,027</u>	<u>10,989,114</u>	<u>11,088,065</u>	<u>11,030,554</u>
Other Revenues:				
Capital Grants	930,036	876,164	440,084	762,724
Capital Gifts	-	-	-	-
Total Other Revenues	<u>930,036</u>	<u>876,164</u>	<u>440,084</u>	<u>762,724</u>
Total Revenues	<u>\$ 19,133,038</u>	<u>\$ 19,541,858</u>	<u>\$ 19,393,992</u>	<u>\$ 19,733,438</u>

(Percent of Total Rev)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Revenues:				
Student Tuition and Fees	13.66%	13.80%	14.47%	13.41%
Federal Grants and Contracts	1.91%	5.17%	4.71%	6.21%
State Grants and Contracts	6.90%	6.40%	6.84%	5.74%
Local Grants and Contracts	0.00%	0.55%	0.25%	0.39%
Nongovernmental Grants & Contracts	1.36%	1.66%	2.15%	2.84%
Sales & Services of Educational Departments	0.06%	0.07%	0.12%	0.11%
Auxiliary Enterprises	8.01%	7.93%	8.34%	7.63%
Other Operating Revenues	0.36%	0.56%	0.30%	0.31%
Independent Operations	3.08%	3.16%	3.35%	3.57%
Total Operating Revenues	<u>35.34%</u>	<u>39.30%</u>	<u>40.53%</u>	<u>40.24%</u>
Nonoperating Revenues:				
State Appropriations	51.99%	46.96%	47.73%	47.97%
Gifts	1.82%	1.52%	0.86%	1.82%
Investment Income	0.23%	1.35%	0.18%	0.22%
Federal Pell Grants	5.72%	6.31%	8.13%	5.80%
Other Nonoperating Revenues	0.06%	0.09%	0.28%	0.09%
Total Nonoperating Revenues	<u>59.82%</u>	<u>56.24%</u>	<u>57.18%</u>	<u>55.90%</u>
Other Revenues:				
Capital Grants	4.85%	4.47%	2.29%	3.87%
Capital Gifts	0.00%	0.00%	0.00%	0.00%
Total Other Revenues	<u>4.85%</u>	<u>4.47%</u>	<u>2.29%</u>	<u>3.87%</u>
Total Revenues	<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.

Note 1: Fiscal Years beginning with 2006 reflect a blended presentation of the College Campus and the Foundation component unit

2009	2008	2007	2006	2005	2004
\$ 2,248,293	\$ 1,837,637	\$ 1,737,281	\$ 1,454,446	\$ 1,486,158	\$ 1,450,080
543,319	294,301	450,336	522,910	593,627	522,138
919,182	1,313,192	846,199	1,003,646	671,954	702,252
100,453	99,093	293,411	233,994	246,549	251,596
693,625	543,296	596,742	543,211	634,615	488,516
20,713	19,294	22,108	16,967	16,125	11,806
1,292,174	986,770	930,029	790,173	776,943	707,237
82,983	91,500	82,295	97,551	11,388	16,852
621,144	525,280	443,979	427,094	451,941	511,039
6,521,886	5,710,363	5,402,380	5,089,992	4,889,300	4,661,516
9,677,200	9,765,300	8,997,400	8,211,600	7,608,400	7,183,900
579,257	598,606	1,076,802	647,331	60,391	58,314
77,933	148,470	160,781	159,291	78,678	44,563
494,061	302,472	335,489	392,902	389,593	466,747
15,171	20,023	-	-	38,151	28,544
10,843,622	10,834,871	10,570,472	9,411,124	8,175,213	7,782,068
14,050,368	1,122,921	-	191,773	425,657	22,045
-	-	-	-	37,040	118,489
14,050,368	1,122,921	-	191,773	462,697	140,534
\$ 31,415,876	\$ 17,668,155	\$ 15,972,852	\$ 14,692,889	\$ 13,527,210	\$ 12,584,118

venues)

2009	2008	2007	2006	2005	2004
7.16%	10.40%	10.88%	9.90%	10.99%	11.52%
1.73%	1.67%	2.82%	3.56%	4.39%	4.15%
2.93%	7.43%	5.30%	6.83%	4.97%	5.58%
0.32%	0.56%	1.84%	1.59%	1.82%	2.00%
2.21%	3.08%	3.74%	3.70%	4.69%	3.88%
0.07%	0.11%	0.14%	0.12%	0.12%	0.09%
4.11%	5.59%	5.82%	5.38%	5.74%	5.62%
0.26%	0.52%	0.52%	0.66%	0.08%	0.13%
1.96%	2.95%	2.76%	2.91%	3.34%	4.06%
20.76%	32.32%	33.82%	34.64%	36.14%	37.04%
30.80%	55.27%	56.33%	55.89%	56.25%	57.09%
1.84%	3.39%	6.74%	4.41%	0.45%	0.46%
0.25%	0.84%	1.01%	1.08%	0.58%	0.35%
1.57%	1.71%	2.10%	2.67%	2.88%	3.71%
0.05%	0.11%	0.00%	0.00%	0.28%	0.23%
34.52%	61.32%	66.18%	64.05%	60.44%	61.84%
44.72%	6.36%	0.00%	1.30%	3.15%	0.18%
0.00%	0.00%	0.00%	0.00%	0.27%	0.94%
44.72%	6.36%	0.00%	1.30%	3.42%	1.12%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**DAVIS APPLIED TECHNOLOGY COLLEGE
HISTORIC ENROLLMENT
Last Ten Fiscal Years**

**HISTORIC STUDENT MEMBERSHIP HOURS
(Unfactored)**

Fiscal Year	High School Student Hours	%	Adult Student Hours	%	Total Student Hours	Annual Growth	Weighted Average Tuition Rate
2013	206,592	15%	1,197,700	85%	1,404,292	-8.47%	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
2010	322,329	20%	1,302,707	80%	1,625,036	28.00%	1.52
2009	274,572	22%	995,020	78%	1,269,592	16.79%	1.56
2008	282,010	26%	805,080	74%	1,087,090	-3.44%	1.77
2007	328,789	29%	797,062	71%	1,125,851	-1.46%	2.07
2006	328,768	29%	813,776	71%	1,142,544	2.42%	1.81
2005	311,324	28%	804,252	72%	1,115,576	-4.37%	1.91
2004	414,985	36%	751,509	64%	1,166,494	-2.48%	2.01

Source: Membership hour reports audited or certified by the Utah State Office of Education, the Office of the Commissioner of Higher Education, and the Utah College of Applied Technology

**DAVIS APPLIED TECHNOLOGY COLLEGE
HISTORIC TUITION RATES
Last Ten Fiscal Years**

HISTORIC TUITION RATES

Fiscal Year	Base Rate Per Hour	Tuition including Campus Fees	Full-time Annual Tuition	Increase	
				Dollars	Percent
2013	\$ 1.70	\$ 3,328	\$ 2,968	\$ 773	9.68%
2012	1.55	2,555	2,195	71	3.33%
2011	1.50	2,484	2,124	142	7.14%
2010	1.40	2,342	1,982	71	3.70%
2009	1.35	2,272	1,912	63	3.85%
2008	1.30	1,969	1,849	107	4.00%
2007	1.25	1,862	1,742	102	8.70%
2006	1.15	1,724	1,640	25	0.00%
2005	1.15	1,687	1,615	217	15.00%
2004	1.00	1,458	1,398	67	5.26%

Source: College Campus Annual Catalogs

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

Note 2: The tuition base rate per hour is the base rate for a full-time student.

Note 3: The percent increase is calculated on the Base Rate Per Hour

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
External Sources of Tuition and Fees				
Self Pay	\$ 1,821,026	\$ 2,041,998	\$ 1,974,753	\$ 1,990,540
Weber State University Contracts	252,154	237,173	204,955	219,759
Utah Department of Workforce Services*	-	-	-	-
Utah Division of Rehabilitation	88,740	109,406	128,365	99,305
Other Sponsorships	451,205	307,396	497,715	337,250
Total External Tuition and Fees	<u>2,613,125</u>	<u>2,695,973</u>	<u>2,805,788</u>	<u>2,646,854</u>
 Internal Sources of Tuition and Fees*				
DATC Foundation Scholarships	108,544	95,668	97,198	136,595
Pell Grants used for Tuition & Fees	537,767	550,828	528,777	297,950
Other Internal Sponsorships	177,664	162,588	161,088	181,968
Total Internal Tuition and Fees	<u>823,975</u>	<u>809,084</u>	<u>787,063</u>	<u>616,513</u>
 Total External & Internal Tuition & Fees	<u>\$ 3,437,100</u>	<u>\$ 3,505,056</u>	<u>\$ 3,592,851</u>	<u>\$ 3,263,367</u>

(Percent of Total Tuition and Fees)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Self Pay	52.98%	58.26%	54.96%	61.00%
Weber State University Contracts	7.34%	6.77%	5.70%	6.73%
Department of Workforce Services	0.00%	0.00%	0.00%	0.00%
Division of Rehabilitation	2.58%	3.12%	3.57%	3.04%
Other Sponsorships	13.13%	8.77%	13.85%	10.33%
Internal Sources:				
Scholarships	3.16%	2.73%	2.72%	4.19%
Pell Grants	15.65%	15.72%	14.73%	9.13%
Other Sponsorships	5.16%	4.63%	4.47%	5.57%
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 Beginning in FY2009 DWS clients paid for services with a prepaid debit card and therefore are not shown separately here.

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

2009	2008	2007	2006	2005	2004
\$ 1,845,831	\$ 1,339,188	\$ 1,283,031	\$ 1,053,628	\$ 1,037,483	\$ 1,053,239
115,800	233,084	192,645	127,657	166,734	130,327
-	48,927	71,014	95,278	142,192	119,933
60,235	60,010	79,033	89,285	100,971	98,395
226,427	156,428	111,558	88,598	38,778	48,186
<u>2,248,293</u>	<u>1,837,637</u>	<u>1,737,281</u>	<u>1,454,446</u>	<u>1,486,158</u>	<u>1,450,080</u>

133,059	100,363	113,235	94,675	77,879	64,212
84,526	79,498	82,246	85,126	91,128	103,127
208,446	147,431	173,756	161,024	106,932	109,191
<u>426,031</u>	<u>327,292</u>	<u>369,237</u>	<u>340,825</u>	<u>275,939</u>	<u>276,530</u>
<u>\$ 2,674,324</u>	<u>\$ 2,164,929</u>	<u>\$ 2,106,518</u>	<u>\$ 1,795,271</u>	<u>\$ 1,762,097</u>	<u>\$ 1,726,610</u>

2009	2008	2007	2006	2005	2004
69.02%	61.86%	60.91%	58.69%	58.88%	61.00%
4.33%	10.77%	9.15%	7.11%	9.46%	7.55%
0.00%	2.26%	3.37%	5.31%	8.07%	6.95%
2.25%	2.77%	3.75%	4.97%	5.73%	5.70%
8.47%	7.23%	5.30%	4.94%	2.20%	2.79%
4.98%	4.64%	5.38%	5.27%	4.42%	3.72%
3.16%	3.67%	3.90%	4.74%	5.17%	5.97%
7.78%	6.80%	8.24%	8.97%	6.07%	6.32%
<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 APPLIED TECHNOLOGY COLLEGE
FINANCIAL RATIO ANALYSIS
Last Ten Fiscal Years

Fiscal years beginning with 2006, reflect a blended presentation of the College Campus and the Foundation component unit for all ratios shown below.

Primary Reserve Ratio

<u>Year</u>	<u>Expendable Net Assets</u>	<u>Total Expenses</u>	<u>Primary Reserve Ratio</u>
2004	1,014,010	13,100,283	0.077
2005	1,107,198	13,670,401	0.081
2006	2,705,639	15,350,434	0.176
2007	3,268,129	15,961,431	0.205
2008	3,229,534	16,620,286	0.194
2009	3,377,173	18,635,211	0.181
2010	4,138,299	18,993,326	0.218
2011	5,016,913	19,632,370	0.256
2012	5,538,741	19,466,064	0.285
2013	6,025,370	19,049,873	0.316

The *Primary Reserve Ratio* measures the financial strength of the College Campus by comparing expendable net assets to total expenses. Expendable Net Assets includes all unrestricted net assets and all expendable restricted net assets, excluding those to be invested in plant. Total Expenses comprises all expenses in the Statement of Revenues, Expenses and Changes in Net Assets including operating and non-operating expenses such as interest expense.

Return on Net Assets Ratio

<u>Year</u>	<u>Change in Net Assets</u>	<u>Total Net Assets</u>	<u>Return on Net Assets Ratio</u>
2004	(548,825)	17,953,633	-0.031
2005	(151,035)	17,802,598	-0.008
2006	3,122,785	20,925,384	0.149
2007	(153,128)	20,772,256	-0.007
2008	1,033,197	21,710,101	0.048
2009	12,890,815	34,600,916	0.373
2010	519,859	35,120,775	0.015
2011	(238,377)	34,882,398	-0.007
2012	75,795	34,958,193	0.002
2013	83,165	35,041,358	0.002

The *Return on Net Assets Ratio* determines whether the College Campus is financially better off than in previous years by measuring total economic return. The Change in Net Assets is the increase or decrease in net assets as found in the Statement of Revenues, Expenses and Changes in Net Assets. Total Net Assets is the beginning of the year total net assets.

DAVIS APPLIED TECHNOLOGY COLLEGE
FINANCIAL RATIO ANALYSIS (Continued)
Last Ten Fiscal Years

Net Operating Revenues Ratio

<u>Year</u>	Operating Income/(Loss) + Net Nonoperating <u>Revenues</u>	Operating Revenues + Nonoperating <u>Revenues</u>	Net Operating Revenues <u>Ratio</u>
2004	(689,355)	12,410,928	-0.056
2005	(613,732)	13,056,669	-0.047
2006	(892,593)	14,457,841	-0.062
2007	(186,145)	15,755,286	-0.012
2008	(86,163)	16,534,123	-0.005
2009	(1,159,553)	17,475,658	-0.066
2010	(242,864)	18,750,462	-0.013
2011	(678,462)	18,953,908	-0.036
2012	(800,369)	18,665,694	-0.043
2013	(846,871)	18,203,002	-0.047

The *Net Operating Revenues Ratio* indicates whether total operating activities resulted in a surplus or deficit. Operating Income (Loss) plus Net Non-operating Revenues (Expenses) is available from the Statement of Revenues, Expenses and Changes in Net Position. This includes non-operating revenues and expenses, including governmental appropriations, investment income, interest expenses on plant debt and operating gifts since these items support operating activities of the institution. Plant and endowment gifts and capital appropriations are excluded since these are not for operating activities. The amount also includes depreciation expense. Operating Revenues plus Non-operating Revenues is equal to total operating revenues plus total non-operating revenues, excluding capital appropriations and gifts and additions to permanent endowments.

As the College does not have any outstanding debt instruments, the Viability Ratio, Debt Burden Ratio, and Outstanding Debt Ratio are not presented within this section.

**Davis Applied Technology College
Demographic and Economic Information
Davis and Morgan Counties
Last Ten Calendar Years**

Davis County

Year	Population	Personal Income (\$millions)	Per Capita Personal Income	Unemployment Rate
2012	318,073	not available	not available	5.3%
2011	311,811	\$ 10,837	\$ 34,755	6.2%
2010	306,479	10,239	33,267	7.4%
2009	307,656	9,979	33,049	7.0%
2008	301,915	10,170	34,384	3.2%
2007	296,029	9,330	31,518	2.5%
2006	286,500	8,764	30,590	2.9%
2005	281,000	8,179	29,109	4.0%
2004	269,000	7,433	27,632	4.7%
2003	256,000	6,761	26,412	5.1%

Morgan County

Year	Population	Personal Income (\$millions)	Per Capita Personal Income	Unemployment Rate
2012	n/a	n/a	n/a	5.3%
2011	9,668	\$322	\$33,278	5.7%
2010	9,469	\$301	\$31,640	7.3%
2009	9,947	\$283	\$30,375	6.7%
2008	9,645	\$288	\$31,648	3.1%
2007	9,265	\$234	\$28,071	2.6%
2006	8,888	\$217	\$27,070	3.0%
2005	8,516	\$199	\$25,735	4.2%
2004	8,249	\$180	\$23,601	4.9%
2003	7,938	\$168	\$22,414	5.2%

Sources: Department of Workforce Services Website - Utah Economic Data Viewer
Davis County 2011 - Comprehensive Annual Financial Report
Quickfacts.census.gov

Note: Prior year information may contain revisions, as sources update their information.

**Davis Applied Technology College
Schedule of Principal Employers
Davis and Morgan Counties**

Davis 2012

Employer	Employees	Rank	Percentage of Total County Employment
Hill Air Force Base	10000-14999	1	11.1%
Davis County School District	7000-9999	2	7.4%
ATK Space Systems/Alliant	1000-1999	3	1.5%
Wal-Mart	1000-1999	4	1.5%
Lifetime Products Inc	1000-1999	5	1.5%
Lagoon Corporation Inc	1000-1999	6	1.5%
Davis County	1000-1999	7	1.5%
Smith's Distribution Center	500-999	8	0.7%
Smith's Food and Drug	500-999	9	0.7%
Utility Trailer Manufacturing Co.	500-999	10	0.7%

Morgan 2012

Employer	Employees	Rank	Percentage of Total County Employment
Morgan School District	250-499	1	9.7%
Great Salt Lake Brine Shrimp Cooper	100-249	2	4.5%
Holcim US Inc	100-249	3	4.5%
Browning	100-249	4	4.5%
Morgan County	50-99	5	1.9%
Ridley's Family Market	50-99	6	1.9%
Family Tree Assisted Living	20-49	7	0.9%
Taggarts Grill Inc	20-49	8	0.9%
Durrant Slate Plumbing, Inc.	20-49	9	0.9%
Wilkinson Construction Co Inc	20-49	10	0.9%

Source: Department of Workforce Services Website - Utah Economic Data Viewer
FirmFind - Published 2012

**Davis Applied Technology College
Operating Indicators and Employees**

		Fiscal Year	
		2012	2013
Completers			
Program Completers		1,435	1,241
Non-Graduate Completers		1,747	1,809
Total Completers		3,182	3,050
Student Headcount		7,579	6,222
Faculty			
*Full Time		45	47
*Part Time		319	263
Total Faculty		364	310
Average Annual Faculty Salary 2013		\$59,365	\$55,120
Staff			
*Full Time		77	79
*Part Time		93	82
Total Staff		170	161
Membership Hours per Faculty/staff			
Membership Hours per Faculty		4,215	4,530
Membership Hours per Staff		9,025	8,723
Completers per Faculty Staff			
Completers per Faculty		8	10
Completers per Staff		18	19
Students per Faculty/Staff			
Students per Faculty		21	20
Students per Staff		45	39

Source: UCAT Annual Report
College Campus Accounting Records
State Membership Hour Report

*Numbers for full and part time staff and faculty are as of June 30, 2013
and include Executives and Workstudies

Note: Prior year information may contain revisions, as sources update their information.

**Davis Applied Technology College
Building Information**

Location	2012*	2013*
Main Campus	273,236	273,236
Freeport Y-16	10,800	10,800
Freeport West D-5	n/a	27,520
Warehouse Space Freeport West	n/a	88,000
Morgan BRC	n/a	2,100
Davis School District	864	864
Morgan School District	5,673	5,673
Nuames	1,027	1,027
Total Square Feet	291,600	409,220
Total Acres Main Campus	65	65

Source: Physical Facilities DSD/DATC Space FY 2013

*All amounts reported in Net Square Feet

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GOVERNMENT AUDIT SECTION

DAVIS APPLIED TECHNOLOGY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

<u>Federal Department and Program</u>	<u>CFDA #</u>	<u>Federal Award #</u>	<u>Expenses</u>
U.S. Department of Education:			
Supplemental Educational Opportunity Grants (SEOG)	84.007	E-P007A127112	\$ 35,686
Federal Work-Study Program (FWS)	84.033	E-P033A127112	21,641
Federal Pell Grant Program	84.063	E-P063P123839	<u>1,095,218</u>
Total U.S. Department of Education			<u>1,152,545</u>
Department of Labor			
Community-Based Job Training Grant	17.282	TC-22549-11-60-A-49	41,906
Federal Pass-Through from State Agencies:			
Utah Department of Workforce Services	17.275	various	40,240
ARRA - DOL Energy Sector Partnership Grant			
Commission on Criminal and Juvenile Justice (CCJJ)	16.738	various	5,000
Security Grant			
Utah Department of Health:			
Medical Assistance Programs (Medicaid)	93.778	various	111,656
Utah College of Applied Technology			
Career and Technical Education: Basic Grants to States	84.048	various	164,968
Davis County School District:			
Career and Technical Education: Basic Grants to States	84.048	various	23,756
Morgan School District:			
Career and Technical Education: Basic Grants to States	84.048	various	1,527
Weber School District:			
Career and Technical Education: Basic Grants to States	84.048	various	562
Total Pass-Through from State Agencies			<u>347,709</u>
Total Federal Expenses and Disbursements			<u>\$ 1,542,160</u>

DUNS Number for the Davis Applied Technology College

19-399-5342

The accompanying notes are an integral part of the schedule.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

NOTE 1 - PURPOSE OF THE SCHEDULE

The accompanying Schedule of Expenses of Federal Awards (Schedule) is a supplementary schedule to the College Campus' financial statements and is presented for purposes of additional analysis. The Schedule is required by Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and by the State of Utah

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with OMB Circular A-133.

- Federal Financial Assistance - Pursuant to the Single Audit Act of 1984 (Public Law 98-502); the Single Audit Act Amendments of 1996 (Public Law 104-156); and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Accordingly, nonmonetary federal assistance is included in federal financial assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the State and Federal Government for which the Federal Government procures tangible goods or services are not considered to be federal financial assistance.
- Catalog of Federal Domestic Assistance – OMB Circular A-133 requires the Schedule to show the total expenses for each of the College Campus' federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number) which is reflected in the Schedule.

Reporting Entity

The College Campus reporting entity is fully described in Note 1 of the College Campus' financial statements. The Schedule includes all federal financial assistance programs administered by the College Campus for the year ended June 30, 2013.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Federal financial assistance programs included in the Schedule are reported in the College Campus' financial statements as federal grants and contracts. The Schedule is presented using the same basis of accounting as that used in reporting expenses in the College Campus' financial statements. The expenses in the Schedule are recognized as incurred based on the accrual basis of accounting as described in Note 1 of the College Campus' financial statements.

- Direct and Indirect (Pass-Through) Federal Financial Assistance - A portion of the College Campus' federal financial assistance is received directly from the granting federal agency (i.e., the College Campus is the primary recipient). However, some federal financial assistance, as identified on the Schedule, is passed through a separate entity prior to receipt by the College Campus (i.e., the College Campus is a subrecipient).

NOTE 3 - RECONCILIATION OF EXPENSES TO FEDERAL REVENUES

Expenses reported in the Schedule agree with the federal revenues reported in the College Campus' financial statements with the following reconciling items:

Total Federal Expenses from the Schedule	\$1,542,160
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Reconciling items:

Federal Pell Grants reported as Non-Operating Revenue	(1,093,603)
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Federal pass-through funding from the Utah Department of Health reported in the Schedule as Medical Assistance Programs (Medicaid) is reported as revenue from independent operations in the College Campus' financial statements	(111,656)
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Various training courses paid for by federal entities or agencies	<u>27,640</u>
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Total federal grants and contracts revenue per the Statement of Revenues, Expenses, and Changes in Net Assets	<u>\$ 364,541</u>
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DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
For the Fiscal Year Ended June 30, 2013

NOTE 4 – DEPARTMENT OF EDUCATION STUDENT FINANCIAL ASSISTANCE PROGRAMS

The total expenses and disbursement of each Department of Education Student Financial Assistance program for the fiscal year ended June 30, 2013, are identified below:

Supplemental Educational Opportunity Grant Program

Student Grants	\$32,462
Administrative Cost Allowance	2,280
Transfer Between Programs	<u>944</u>
	<u>\$35,686</u>

Federal Work-Study Program

Federal Work-Study	\$21,232
Administrative Cost Allowance	1,353
Transfer Between Programs	<u>(944)</u>
	<u>\$21,641</u>

Federal Pell Grant Program

Student Grants	\$1,093,603
Administrative Cost Allowance	<u>1,615</u>
	<u>\$1,095,218</u>



OFFICE OF THE
UTAH STATE AUDITOR

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

To the Board of Directors, Audit Committee
and
Michael J. Bouwhuis, President
Davis Applied Technology College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Davis Applied Technology College (the College), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's financial statements, and have issued our report thereon dated October 3, 2013. Our report includes a reference to other auditors who audited the financial statements of Davis Applied Technology College Foundation, a blended component unit of the College, as described in our report on the College's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Office of the Utah State Auditor

October 3, 2013