



**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**A UTAH COLLEGE OF APPLIED TECHNOLOGY CAMPUS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2014**

**KAYSVILLE, UTAH**





# **DAVIS APPLIED TECHNOLOGY COLLEGE**

**A UTAH COLLEGE OF APPLIED TECHNOLOGY CAMPUS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2014**

**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, 2014**

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## INTRODUCTORY SECTION







September 23, 2014

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 has issued an unmodified (“clean”) opinion on the College Campus’ financial statements for the fiscal year ended June 30, 2014. 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 55% of revenues came from direct State appropriations in Fiscal Year 2014. 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,



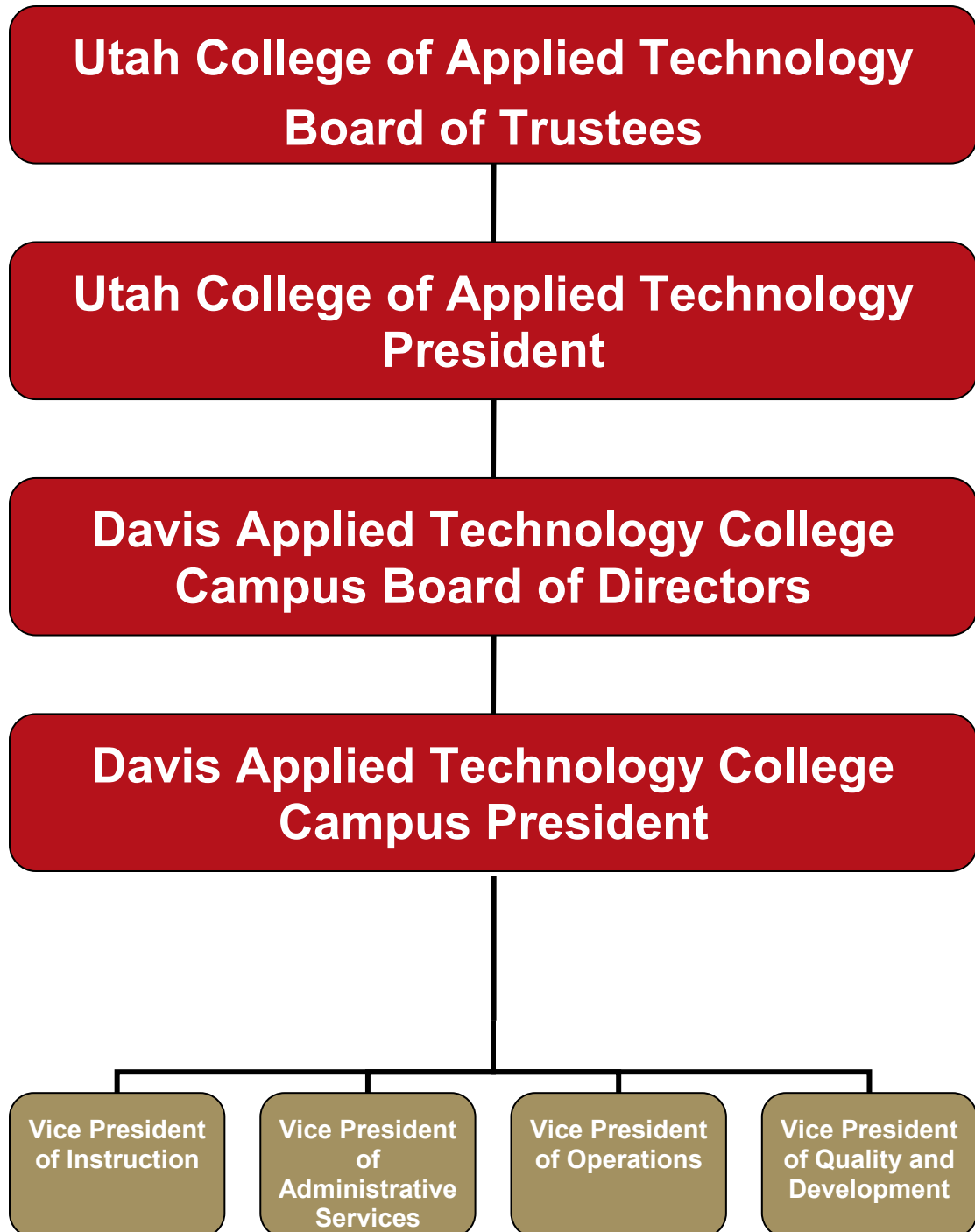
**Michael J. Bouwhuis**  
Campus President



**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  
Jody Hipwell  
Karen Fairbanks  
K.O. Murdock  
Brad Walters  
Stuart Eyring  
David S. Hansen  
Joy deLisser

### **Administration**

Michael J. Bouwhuis, Campus President and Chief Executive Officer  
Ann Mackin, Vice President of Instruction  
Russell S. Galt, MBA, CPA, Vice President of Administrative Services  
Brent V. Petersen, Vice President of Operations  
Kimberly Ziebarth, Vice President of Quality and Development

## 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, 2014, and the related notes to the financial statements, which collectively comprise the College's financial statements, as listed in the table of contents. The College is a regional college within the Utah College of Applied Technology (UCAT) which is a component unit of the State of Utah.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2014, 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, 2014, 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 7 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 an opinion on the financial statements that collectively comprise the College's financial statements. The other information, such as the introductory section on pages 1 through 4 and 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 September 23, 2014 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  
September 23, 2014



**DAVIS APPLIED TECHNOLOGY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2014**

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, 2014. 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 provides 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, 2014**

**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, 2014, and 2013:

<b>Davis Applied Technology College</b>	<b>Year Ended June 30, 2014</b>	<b>Year Ended June 30, 2013</b>	<b>Amount of Increase (Decrease)</b>
<b>Net Position</b>	<b>Amount</b>	<b>Amount</b>	
Current Assets	\$ 7,119,207	\$ 6,924,308	\$ 194,899
Noncurrent Assets	900,786	901,671	(885)
Capital Assets, net	29,216,171	29,015,988	200,183
Total Assets	37,236,164	36,841,967	394,197
Current Liabilities	1,467,779	1,351,392	116,387
Noncurrent Liabilities	443,677	449,217	(5,540)
Total Liabilities	1,911,456	1,800,609	110,847
Net Position:			
Net Investment in Capital Assets	29,216,171	29,015,988	200,183
Restricted	1,626,200	1,536,520	89,680
Unrestricted	4,482,337	4,488,850	(6,513)
Total Net Position	\$ 35,324,708	\$ 35,041,358	\$ 283,350

The Total Assets of the College Campus increased by \$394,197 during the fiscal year. An increase in Accounts Receivable of \$81,491 was the result of increased outstanding amounts for Federal Student Financial Aid of \$103,191 and Sponsored Student Receivables of \$21,012. These increases were offset by a reduction in amount due from the Utah Department of Corrections of \$57,887.

Inventories on the campus for the fiscal year increased by \$138,227 due to noncash donations of motorsports supplies which was offset by reduced inventory in the bookstore. The small increase in net Capital Assets for the year is the result of additions in assets and campus improvements being offset by the depreciation expense of \$2,062,220.

The Liabilities of the College Campus increased by \$130,847 during the fiscal year. Current liabilities increased by \$116,387 where increases in Accounts Payable to Vendors of \$216,149 and Accrued Termination Benefits of \$23,902 were offset by a reduction of \$115,838 in Accrued Compensation Liabilities.

**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2014**

The Total Net Position of the College Campus increased by \$283,350 from the previous fiscal year. The College Campus' net position at year end was \$35,324,708.

**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, 2014, and 2013:

<b>Davis Applied Technology College</b>	<b>Year Ended June 30, 2014</b>	<b>Year Ended June 30, 2013</b>	<b>Amount of Increase (Decrease)</b>
<b>Changes in Net Position</b>	<b>Amount</b>	<b>Amount</b>	
Operating Revenues	\$ 6,823,733	\$ 6,757,975	\$ 65,758
Operating Expenses	(19,796,113)	(19,049,873)	(746,240)
Operating Income (Loss)	(12,972,380)	(12,291,898)	(680,482)
Nonoperating Revenues	12,520,561	11,445,027	1,075,534
Net Nonoperating Revenues	12,520,561	11,445,027	1,075,534
Income Before Other Items	(451,819)	(846,871)	395,052
Other Revenues and Expenses	735,169	930,036	(194,867)
Increase (Decrease) in Net Position	283,350	83,165	200,185
Net Position - Beginning of Year	35,041,358	34,958,193	83,165
Total Net Position	<u>\$ 35,324,708</u>	<u>\$ 35,041,358</u>	<u>\$ 283,350</u>

The College Campus experienced a net operating loss of \$12,972,380. 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 2014, the State appropriation of \$10,963,000 was sufficient to offset all but \$2,009,380 of the amount shown on the financial statements as an operating loss. After considering nonoperating revenues and expenses, and other items, the College Campus had an increase in net position of \$283,350. Prior to recording depreciation expenses of \$2,062,220 the College had an increase in net position of \$2,345,570. The Other Revenues of the College consisted of \$735,169 in various capital projects on the campus completed by the State of Utah's Department of Facilities Construction and Management.

**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2014**

The following charts summarize total College Campus Revenues and total College Campus Expenses for Fiscal Year 2014.

**Revenues.** The following schedule presents a summary of College Campus revenues for the fiscal years ended June 30, 2014, and 2013:

<b>Davis Applied Technology College Revenues</b>	<b>Year Ended June 30, 2014 Amount</b>	<b>Percent of Total</b>	<b>Year Ended June 30, 2013 Amount</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent of Increase (Decrease)</b>
Operating Revenues:					
Student Tuition and Fees	\$ 2,373,117	11.82%	\$ 2,613,125	\$ (240,008)	(9.18%)
Federal Grants and Contracts	282,956	1.41%	364,541	(81,585)	(22.38%)
State Grants and Contracts	1,640,045	8.17%	1,319,735	320,310	24.27%
Local Grants and Contracts	43,178	0.22%	-	43,178	
Nongov Grants & Contracts	323,331	1.61%	260,008	63,323	24.35%
Sales & Services of Ed Depts	16,597	0.08%	11,305	5,292	46.81%
Auxiliary Enterprises	1,468,241	7.31%	1,531,938	(63,697)	(4.16%)
Other Operating Revenues	84,176	0.42%	68,435	15,741	23.00%
Independent Operations	592,092	2.95%	588,888	3,204	0.54%
Total Operating Revenues	<u>6,823,733</u>	<u>33.98%</u>	<u>6,757,975</u>	<u>65,758</u>	<u>0.97%</u>
Nonoperating Revenues:					
State Appropriations	10,963,000	54.60%	9,947,800	1,015,200	10.21%
Gifts	472,660	2.35%	347,971	124,689	35.83%
Investment Income	37,294	0.19%	44,141	(6,847)	(15.51%)
Federal Pell Grants	997,980	4.97%	1,093,603	(95,623)	(8.74%)
Other Nonoperating Revenues	50,511	0.25%	11,512	38,999	338.79%
Total Nonoperating Revenues	<u>12,521,445</u>	<u>62.36%</u>	<u>11,445,027</u>	<u>1,076,418</u>	<u>9.41%</u>
Other Revenues:					
Capital Grants	735,169	3.66%	930,036	(194,867)	(20.95%)
Total Other Revenues	<u>735,169</u>	<u>3.66%</u>	<u>930,036</u>	<u>(194,867)</u>	<u>(20.95%)</u>
Total Revenues	<u>\$ 20,080,347</u>	<u>100.00%</u>	<u>\$ 19,133,039</u>	<u>\$ 947,30:</u>	<u>4.95%</u>

The revenue comparison between Fiscal Year 2014 and Fiscal Year 2013 shows an increase in total revenues of \$947,30: . The largest factors in this increase were increases in State Appropriations of \$1,015,200, State Grants and Contracts of \$320,310, and Gifts of \$124,689.

**DAVIS APPLIED TECHNOLOGY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2014**

Student Tuition and Fee Revenues decreased by \$240,008 (net of scholarship allowances) as the economy has continued to improve and individuals are returning to the workforce, rather than continuing as students at the College Campus.

Federal Grants and Contracts decreased by 81,585 as grants related to Composites and Energy Technician Training completed in Fiscal Year 2013 were not renewed or supplanted by new Federal Funds.

State Grants and Contracts increased this year by \$320,310. A UCAP grant for the Injection Molding program accounts for \$204,176 of the increase and training for the Utah Department of Corrections increased \$119,211.

Local Grants and Contracts increased by \$43,178 as the College Campus received Authorizer Fees from the Career Path High Charter School.

Non-governmental Grants and Contracts increased \$63,323 with \$26,948 of the increase in revenue related from Private Training and \$20,206 in Private Company match funds related to the Custom Fit Program.

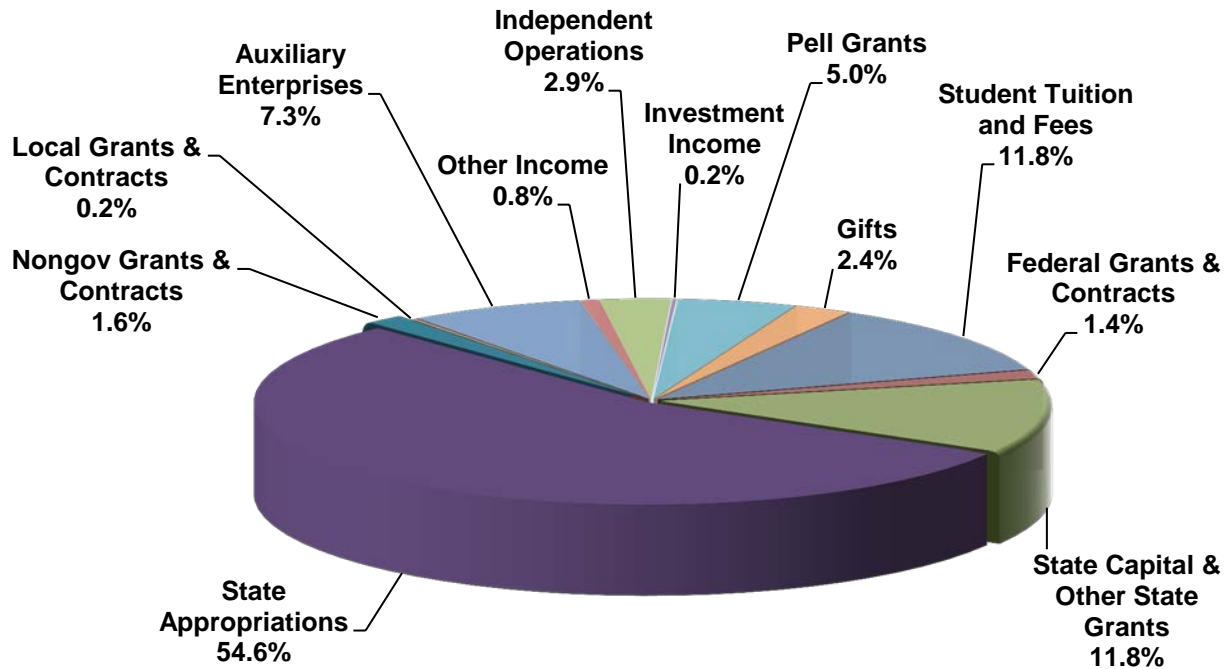
Auxiliary Enterprises revenues declined \$63,697 primarily because the Food Services Department's sales were lower by \$53,499.

Direct State Appropriations were increased by \$1,015,200 from the prior year with \$754,400 for capacity building and \$260,800 towards employee compensation. The increase in Gifts and Contributions of \$124,689 consisted largely of supplies and equipment to Campus programs.

Federal Pell Grants decreased \$95,623 from the Fiscal Year 2013 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, 2014**

**Total Revenues  
FY2014**



**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2014**

**Expenses.** The following schedule presents a summary of College Campus expenses for the fiscal years ended June 30, 2014, and 2013:

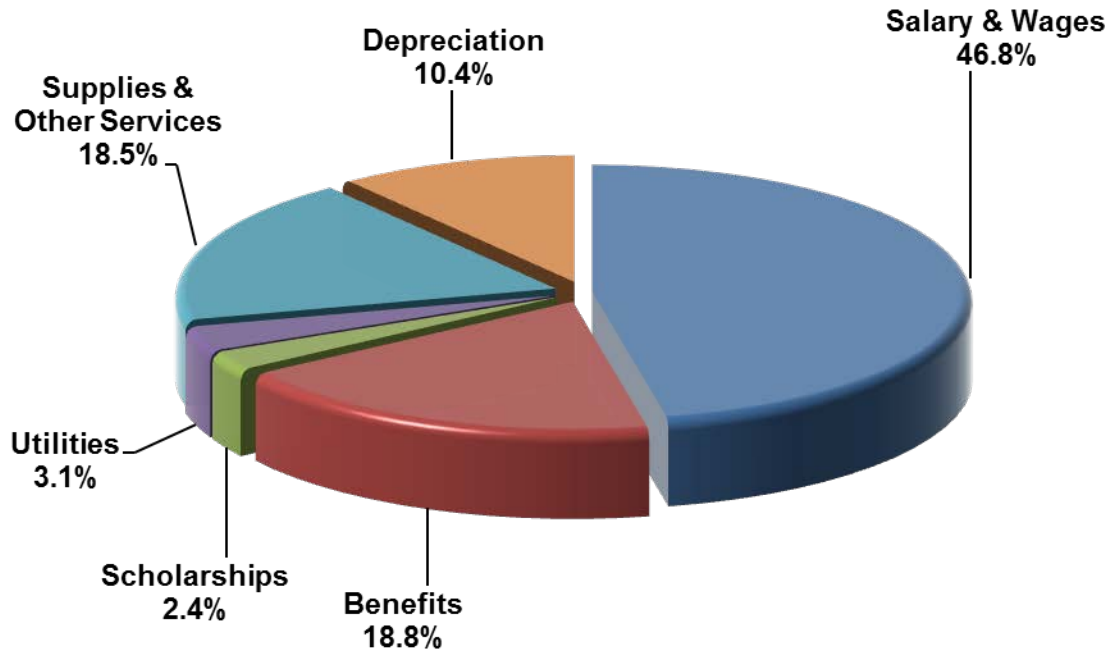
<b>Davis Applied Technology College Expenses</b>	<b>Year Ended June 30, 2014 Amount</b>	<b>Percent of Total</b>	<b>Year Ended June 30, 2013 Amount</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent of Increase (Decrease)</b>
Operating Expenses:					
Salaries and Wages	\$ 9,262,757	46.79%	\$ 8,974,269	\$ 288,488	3.21%
Benefits	3,725,521	18.82%	3,422,634	302,887	8.85%
Scholarships	476,781	2.41%	539,251	(62,470)	(11.58%)
Utilities	612,831	3.09%	553,906	58,925	10.64%
Supplies and Other Services	3,656,003	18.46%	3,682,578	(26,575)	(0.72%)
Depreciation	2,062,220	10.42%	1,877,235	184,985	9.85%
Total Operating Expenses	<u>19,796,113</u>	<u>99.99%</u>	<u>19,049,873</u>	<u>746,240</u>	<u>3.92%</u>
Nonoperating Expenses:					
Unrealized Loss on FMV of Investment	<u>884</u>	<u>0.01%</u>	<u>-</u>	<u>884</u>	
Total Nonoperating Expenses	<u>884</u>	<u>0.01%</u>	<u>-</u>	<u>884</u>	
Total Expenses	<u>\$ 19,796,997</u>	<u>100.00%</u>	<u>\$ 19,049,873</u>	<u>\$ 747,124</u>	<u>3.92%</u>

Operating Expenses for the year increased by \$746,240 from the prior year. Salaries and Wages expenses increased by \$288,488 due to Campus-wide cost-of-living adjustments and other increases in Student Services, Corrections, Facilities, and Nursing offset by decreases in Business and Composites. Benefits expenses increased by a net of \$302,887 over the prior year, with the largest component being the conversion of several adjunct faculty positions into full time positions with benefits.

Scholarship expenses decreased \$62,470 primarily due to a decrease in scholarships provided through Pell Grants. Utilities show an increase of \$58,925 from the prior year, reflecting the continued expansion of the Freeport West campus. The Depreciation Expenses for the campus increased as multiple leasehold improvements were completed during the year as well as the addition of other depreciable assets.

**DAVIS APPLIED TECHNOLOGY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2014**

**Total Operating Expenses  
FY2014**



**Capital Asset Administration**

**Capital Assets.** The College Campus' investment in capital assets as of June 30, 2014, amounts to \$29,216,171 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment. There was a net increase of \$2,262,403 in capital assets before depreciation during the fiscal year, of this amount, \$735,169 was for projects completed by the Division of Facilities Construction and Management (DFCM) on the Campus. The largest of which were for an air handler upgrade for \$332,991 and a roof replacement for \$191,970. Depreciation for the year was \$2,062,220. This resulted in a net increase in capital assets of \$200,183 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, 2014**

The following schedule presents a summary of College Campus Capital Assets for the fiscal years ended June 30, 2014, and 2013:

<b>Davis Applied Technology College Capital Assets (net of depreciation)</b>	<b>Year Ended June 30, 2014 Amount</b>	<b>Year Ended June 30, 2013 Amount</b>	<b>Amount of Increase (Decrease)</b>
Land	\$ 1,599,080	\$ 1,599,080	\$ -
Buildings and Improvements	25,738,864	26,019,652	(280,788)
Equipment	1,878,227	1,397,256	480,971
Total Capital Assets, net	<u>\$ 29,216,171</u>	<u>\$ 29,015,988</u>	<u>\$ 200,183</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 that opened 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 Campus 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 West Training Facility.** In the 2011 legislative session, funds were appropriated for the partial renovation of a warehouse building acquired by the Division of Facilities Construction and Management from the federal government. During the fiscal year, approximately twenty-five percent of the building was sufficiently remodeled to be utilized for industrial training purposes. The remainder of the building will see renovations as funding becomes available.

**State Economic Outlook.** The College receives a significant portion of its funding through legislative appropriations from the State of Utah, the general economic condition of the State has a direct impact on the College's ability to provide services to students and employers in the Davis and

**DAVIS APPLIED TECHNOLOGY COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2014**

Morgan County service areas. As Utah's economic activity has improved in recent years, the funds provided to the College through the legislative process have been increased in order to accommodate the growing needs of students and employers. It is anticipated that these annual increases in funding will continue as the State of Utah continues to experience revenue growth.

**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 30,2014**

**ASSETS**

Current Assets:

Cash and Cash Equivalents (Note 2)	\$ 6,002,705
Receivables (Note 3)	
Due from the State of Utah	198,192
Other	385,447
Inventories	477,098
Prepaid Expenses and Other Assets	55,765
Total Current Assets	<u>7,119,207</u>

Noncurrent Assets:

Cash Value of Life Insurance	64,370
Investments in Real Estate	836,416
Capital Assets, net (Note 4)	29,216,171
Total Noncurrent Assets	<u>30,116,957</u>
Total Assets	<u>37,236,164</u>

**LIABILITIES**

Current Liabilities:

Accounts Payable (Note 3)	
Due to the State of Utah	105,990
Other	880,594
Accrued Compensation Liabilities	278,789
Unearned Revenue	57,131
Funds Held in Custody for Others	57,708
Accrued Termination Benefits (Note 7)	87,567
Total Current Liabilities	<u>1,467,779</u>

Noncurrent Liabilities:

Notes Payable (Note 13)	7,000
Accrued Leave (Note 6)	355,346
Accrued Termination Benefits (Note 7)	81,331
Total Noncurrent Liabilities	<u>443,677</u>
Total Liabilities	<u>1,911,456</u>

**NET POSITION**

Net Investment in Capital Assets (Note 4)	29,216,171
Restricted For: (Note 17)	
Nonexpendable	836,416
Expendable:	
Scholarships	285,400
Grants, Contracts and Other	504,384
Unrestricted	4,482,337
Total Net Position	<u>\$ 35,324,708</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, 2014**

**REVENUES**

Operating Revenues:

Student Tuition and Fees (net of scholarship allowances of \$762,947)	\$ 2,373,117
Federal Grants and Contracts	282,956
State Grants and Contracts	1,640,045
Local Grants and Contracts	43,178
Nongovernmental Grants and Contracts	323,331
Sales and Services of Educational Departments	16,597
Auxiliary Enterprises (net of scholarship allowances of \$81,611)	1,468,241
Other Operating Revenues	84,176
Independent Operations	592,092
Total Operating Revenues	<u>6,823,733</u>

**EXPENSES**

Operating Expenses (Note 10):

Salaries and Wages	9,262,757
Benefits (Notes 6,7,8,9)	3,725,521
Scholarships	476,781
Utilities	612,831
Supplies and Other Services	3,656,003
Depreciation (Note 4)	2,062,220
Total Operating Expenses	<u>19,796,113</u>
Operating Income (Loss)	<u>(12,972,380)</u>

**NONOPERATING REVENUES (EXPENSES)**

State Appropriations	10,963,000
Gifts	472,660
Investment Income	37,294
Unrealized Loss on FMV of Investment	(884)
Federal Pell Grants	997,980
Other Nonoperating Revenues (Expenses)	50,511
Net Nonoperating Revenues	<u>12,520,561</u>
(Loss) Before Other Revenues and Expenses	<u>(451,819)</u>
Capital Grants	735,169
<b>Increase/(Decrease) in Net Position</b>	<u>283,350</u>

**NET POSITION**

Net Position - Beginning of Year	35,041,358
Net Position - End of Year	<u>\$ 35,324,708</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, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Tuition and Fees	\$ 2,359,536
Receipts from Tuition Grants and Contracts	2,208,019
Payments to Suppliers	(3,841,664)
Payments for Scholarships	(476,781)
Payments to Employees	(13,081,754)
Receipts from Tuition Auxiliary Enterprise Charges	1,468,241
Other Receipts	679,443
Net Cash Flow Provided (Used) by Operating Activities	<u>(10,684,960)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Appropriations	10,963,000
Private Gifts	76,873
Other Receipts	1,048,491
Net Cash Flow Provided (Used) by Noncapital Financing Activities	<u>12,088,364</u>

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

Reduction in Note Payable	(4,000)
Purchases of Capital Assets	(1,487,234)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,491,234)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Dividend Received From Investment in Real Estate	49,456
Interest on Investments	37,294
Net Cash Provided (Used) by Investing Activities	<u>86,750</u>

Net Increase/(Decrease) in Cash (1,080)

Cash - Beginning of Year 6,003,785

Cash - End of Year \$ 6,002,705

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, 2014**  
**(continued)**

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

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

Operating Income (Loss)	\$ (12,972,380)
Adjustments to Reconcile Net Position (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	2,062,220
In Kind Gifts Received and Expensed	306,332
Change in Assets and Liabilities:	
Receivables	(81,491)
Inventories	(138,227)
Prepaid Expenses and Other Assets	23,739
Accounts Payable	235,326
Accrued Compensation Liabilities	(115,838)
Unearned Revenue	(13,581)
Funds Held in Custody for Others	(13,422)
Accrued Leave	(2,828)
Accrued Early Termination Benefits	25,190
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (10,684,960)</u></u>

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

Construction projects transferred from State of Utah (DFCM)	\$ 735,169
Increase (Decrease) in Cash Value of Life Insurance	(884)
Donated Equipment or Other Assets	40,000
Total Noncash Investing, Capital, and Financing Activities	<u><u>\$ 774,285</u></u>

**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Estimates

Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Reporting Entity

The College 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, 2014**

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

Measurement Focus and Basis of Accounting- Continued

The College Campus distinguishes operating revenues and expenses from nonoperating 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 nonoperating 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, 2014**

**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 when incurred. 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, 2014**

**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, 2014, all of the College Campus' and Foundation bank balances totaling \$295,209 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, 2014**

**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 (PTIF).

The Utah State Treasurers' 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,. 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, 2014, the College Campus and Foundation had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah Public Treasurers' Investment Fund	\$5,726,881	\$5,726,881			

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, 2014**

**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, 2014, the College Campus and Foundation had the following investments and quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>	
		<u>AAA</u>	<u>Unrated</u>
State of Utah Public Treasurers' Investment Fund	\$5,726,881		\$5,726,881

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, 2014**

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

The following schedule presents the Accounts Receivable of the College as of June 30, 2014, and June 30, 2013:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Amounts due from the State of Utah:		
Student Tuition and Fees	\$ 11,259	\$ 7,571
Federal Grants and Contracts	-	42,156
State Grants and Contracts	125,448	186,514
Operations	30,303	20,526
Independent Operations	<u>31,182</u>	<u>29,625</u>
Total due from State of Utah	198,192	286,392
Amounts due from Others:		
Student Tuition and Fees	17,732	6,918
Federal Grants and Contracts	263,532	131,279
Nongovernmental Grants and Contracts	17,601	13,521
Operations	84,017	60,548
Independent Operations	<u>2,565</u>	<u>3,025</u>
Total due from Others	385,447	215,291
 Total Accounts Receivable	 <u><u>\$ 583,639</u></u>	 <u><u>\$ 501,683</u></u>

The following schedule presents the Accounts Payable of the College as of June 30, 2014, and June 30, 2013:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Amounts due to the State of Utah	\$ 105,990	\$ 103,429
Amounts due to Others:		
Students	195,843	187,601
Sponsors	8,837	1,308
Vendors	670,876	454,727
Employees	<u>5,038</u>	<u>4,193</u>
Total amounts due to Others	880,594	647,829
 Total Accounts Payable	 <u><u>\$ 986,584</u></u>	 <u><u>\$ 751,258</u></u>

**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2014**

**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).

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions from College	Additions from DFCM	Balance June 30, 2014
Capital Assets				
Buildings & Improvements	\$ 41,023,327	\$ 541,153	\$ 735,169	42,299,649
Equipment	6,505,035	986,081	-	7,491,116
Land	1,599,080	-	-	1,599,080
Total	49,127,442	1,527,234	735,169	51,389,845
Less Accumulated Depreciation				
Buildings & Improvements	15,003,675	1,557,110	-	16,560,785
Equipment	5,107,779	505,110	-	5,612,889
Total Accumulated Depreciation	20,111,454	2,062,220	-	22,173,674
Net Capital Assets	\$ 29,015,988	\$ (534,986)	\$ 735,169	29,216,171

**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, 2014 was \$45,677. Future minimum rental payments required are as follows:

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

**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2014**

**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 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, 2013	\$ 358,174
Additions to Accrued Leave	493,850
Accrued Leave Used	<u>(496,678)</u>
Balance at June 30, 2014	<u><u>\$ 355,346</u></u>
Amount due through June 30, 2015	\$ -

**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, 2013	\$ 91,799	\$ 51,909	\$ 143,708
Additions	55,204	35,107	90,311
Deletions (Payments)	(44,657)	(20,464)	(65,121)
Balance at June 30, 2014	<u><u>\$ 102,346</u></u>	<u><u>\$ 66,552</u></u>	<u><u>\$ 168,898</u></u>
Amount due through June 30, 2015	\$ 55,571	\$ 31,996	\$ 87,567

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, 2014**

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

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

Employees of the College 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 they become eligible for Medicare, or for the ten consecutive years following retirement, whichever occurs first. This enrollment is contingent upon the retirees contributing the balance of the premiums over that paid by the institution for the first three years, and the full premium the following seven years.

Two former employees are 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, 2014**

**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 20.46 percent of annual covered salary to the Noncontributory System for Tier I employees and 18.34 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 8.3 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, 2014, 2013, and 2012, were \$663,391, \$636,401, and \$571,270, respectively. The Campus contributions on behalf of post retired employees for the years ended June 30, 2014, 2013 and 2012 were \$8,217, \$6,343 and \$4,910, respectively. These contributions were equal to the required contributions for each year.

**NOTE 9 - DEFINED CONTRIBUTION 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, 2014, the college contributed \$76,220.

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

**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2014**

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

Employer's Social Security contribution. These contributions totaled \$427,351 for the Year ended June 30, 2014. 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, 2014, College Campus employees made voluntary contributions to the plan of \$222,498.

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, 2014, the College Campus contributed \$1,362 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, 2014, 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, 2014, the College Campus contributed \$525,153 to the plan and employees made voluntary contributions to the plan of \$64,192.

**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2014**

**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, 2014:

	Salary and Wages	Employee Benefits	Scholarships	Utilities	Supplies & Other	Depreciation	Total
Instruction	\$4,635,010	\$ 1,616,063	\$ -	\$ 1,178	\$1,072,177	\$ -	\$ 7,324,428
Academic Support	953,668	416,078	-	7,466	76,622	-	1,453,834
Student Services	1,150,474	493,918	-	4,223	260,648	-	1,909,263
Institutional Support	1,457,580	750,762	-	9,061	270,799	-	2,488,202
Operations and Maintenance	490,931	216,575	-	565,801	491,827	2,062,220	3,827,354
Scholarships	-	-	476,781	-	-	-	476,781
Auxiliary	430,923	154,823	-	24,112	1,209,676	-	1,819,534
Independent Operations	144,171	77,302	-	990	274,254	-	496,717
Total	\$9,262,757	\$ 3,725,521	\$ 476,781	\$612,831	\$3,656,003	\$2,062,220	\$ 19,796,113

**NOTE 11 – ENERGY COSTS**

Energy costs for the years ended June 30, 2014, and 2013 were as follows:

	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>
Electricity	\$ 339,019	\$ 311,183
Natural gas	<u>153,536</u>	<u>152,704</u>
Total energy costs	<u>\$ 492,555</u>	<u>\$ 463,887</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 as a blended component unit. During the year ended June 30, 2014, the Foundation distributed \$448,367 to the College Campus for both restricted and unrestricted purposes.

**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2014**

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

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.

<b>DAVIS APPLIED TECHNOLOGY COLLEGE FOUNDATION</b> <b>CONDENSED FINANCIAL STATEMENTS</b> <b>For the Fiscal Year Ended June 30, 2014</b>			
<b>Statement of Net Position</b>		<b>Statement of Revenues, Expenses, and Changes in Net Position</b>	
Assets		Operating Revenues:	
Current Assets		Gifts	\$ 383,205
Cash and Investments	\$ 190,247	Fund Raisers	71,676
Noncurrent Assets		Total Operating Revenues	454,881
Restricted Cash and Investments	448,173		
Other Non Current Assets	900,786		
Total Assets	1,539,206	Operating Expenses:	
		Staff Support	12,000
Liabilities and Net Assets		Scholarships	116,250
Current Liabilities	7,942	Equipment Donations	302,482
Unearned Revenue	27,350	Other Expenses	50,789
Total Liabilities and Unearned Revenue	35,292	Total Operating Expenses	481,521
		Operating Income	(26,640)
Net Position		Nonoperating Revenues:	
Restricted	1,355,025	Interest & Other Income	51,578
Unrestricted	148,889	Change in Net Position	24,938
		Net Position at beginning of year	1,478,976
Total Net Position	<u>\$1,503,914</u>	Net Position at end of year	<u>\$1,503,914</u>
<b>DAVIS APPLIED TECHNOLOGY COLLEGE FOUNDATION</b> <b>Statement of Cash Flows</b>			
Cash Flows From Operating Activities			
Cash received through contributions & fund raisers			\$ 125,975
Cash payments for operations			(47,678)
Cash payments for scholarships			(112,031)
Net Cash Provided by (Used in) Operating Activities			(33,734)
Cash Flows From Investing Activities			
Interest and Dividends			3,007
Real Estate income			49,455
Net Cash Provided by (Used in) Investing Activities			52,462
		Increase in Cash and Cash Equivalents	18,728
		Cash and Cash Equivalents at Beginning of Year	619,209
		Cash and Cash Equivalents at End of Year	<u>\$ 637,937</u>

**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 13 – NOTES PAYABLE**

In conjunction with the establishment of the Morgan Business Resource Center (MBRC), the College entered into a deferred loan/grant agreement in April 2011 with the Morgan City Redevelopment Agency (Agency) wherein the College 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. The reduction in the amount due for the fiscal year was \$4,000. As of June 30, 2014, the amount of that principle that would be owed, had operations ceased, was \$7,000.

**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 that opened in the fall of 2013. As Authorizer, the College fills a limited oversight role in the operation of the charter school as outlined in the Utah State Code 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.

**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 16 – RISK MANAGEMENT (continued)**

The 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, 2014, 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 Apartments	\$ 836,416
Expendable Assets:	
Scholarships	285,400
Other support	168,839
Cash value of life insurance	64,370
Contracts and Grants	<u>271,175</u>
Total Expendable:	<u>\$ 789,784</u>
 Total Restricted Net Assets	 <u><u>\$1,626,200</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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net Investment in Capital Assets	\$ 29,216,171	\$ 29,015,988	\$ 29,419,452	\$ 29,865,486
Restricted for:				
Scholarships	285,400	152,080	167,204	185,923
Grants, Contracts and Other	1,340,800	1,384,440	1,514,378	1,455,106
Unrestricted	4,482,337	4,488,850	3,857,159	3,375,883
Total Net Position	<u>\$ 35,324,708</u>	<u>\$ 35,041,358</u>	<u>\$ 34,958,193</u>	<u>\$ 34,882,398</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.

<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$ 30,982,477	\$ 31,223,742	\$ 18,480,567	\$ 17,504,128	\$ 18,219,745	\$ 16,695,399
156,386	171,439	184,793	185,189	166,484	151,892
1,622,239	1,515,420	1,891,188	1,967,677	1,285,987	2,887,637
2,359,674	1,690,315	1,153,553	1,115,262	1,253,168	1,242,636
<u>\$ 35,120,776</u>	<u>\$ 34,600,916</u>	<u>\$ 21,710,101</u>	<u>\$ 20,772,256</u>	<u>\$ 20,925,384</u>	<u>\$ 20,977,564</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>			
Operating Revenues:			
Student Tuition and Fees (net of scholarship allowances)	\$ 2,373,117	\$ 2,613,125	\$ 2,695,973
Federal Grants and Contracts	282,956	364,541	1,009,390
State Grants and Contracts	1,640,045	1,319,735	1,250,380
Local Grants and Contracts	43,178	-	108,327
Nongovernmental Grants and Contracts	323,331	260,008	323,620
Sales and Services of Educational Departments	16,597	11,305	14,340
Auxiliary Enterprises (net of scholarship allowances)	1,468,241	1,531,938	1,548,885
Other Operating Revenues	84,176	68,435	108,926
Independent Operations	592,092	588,888	616,739
Total Operating Revenues	<u>6,823,733</u>	<u>6,757,975</u>	<u>7,676,580</u>
<b>EXPENSES</b>			
Operating Expenses:			
Salaries and Wages	9,262,757	8,974,269	9,097,443
Benefits	3,725,521	3,422,634	3,448,057
Scholarships	476,781	539,251	650,654
Utilities	612,831	553,906	455,902
Supplies and Other Services	3,656,003	3,682,578	3,928,518
Depreciation	2,062,220	1,877,235	1,885,489
Total Operating Expenses	<u>19,796,113</u>	<u>19,049,873</u>	<u>19,466,063</u>
Operating Income (Loss)	<u>(12,972,380)</u>	<u>(12,291,898)</u>	<u>(11,789,483)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations	10,963,000	9,947,800	9,177,700
Gifts	472,660	347,971	296,454
Investment Income	37,294	44,141	263,298
Unrealized Loss on FMV of Investment	(884)	-	-
Disposal of Capital Assets	-	-	462
Federal Pell Grants	997,980	1,093,603	1,233,371
Other Nonoperating Revenues (Expenses)	50,511	11,512	17,829
Net Nonoperating Revenues	<u>12,520,561</u>	<u>11,445,027</u>	<u>10,989,114</u>
(Loss) Before Other Revenues and Expenses	<u>(451,819)</u>	<u>(846,871)</u>	<u>(800,369)</u>
Capital Grants	735,169	930,036	876,164
Capital Gifts	-	-	-
<b>Increase/(Decrease) in Net Position</b>	<u><u>\$ 283,350</u></u>	<u><u>\$ 83,165</u></u>	<u><u>\$ 75,795</u></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

2011		2010		2009		2008		2007		2006		2005	
\$	2,805,788	\$	2,646,854	\$	2,248,293	\$	1,837,637	\$	1,737,281	\$	1,454,446	\$	1,486,158
	914,365		1,225,706		543,319		294,301		450,336		915,812		983,220
	1,326,648		1,133,529		919,182		1,307,512		846,199		1,003,646		671,954
	48,312		77,137		100,453		99,093		293,411		233,994		246,549
	417,836		561,364		693,625		543,296		596,742		543,211		634,615
	23,846		20,869		20,713		19,294		22,108		16,967		16,125
	1,616,622		1,506,588		1,292,174		986,770		930,029		790,173		776,943
	58,666		60,300		82,983		91,500		82,295		97,551		11,388
	653,760		707,813		621,144		525,280		443,979		427,094		451,941
	<u>7,865,843</u>		<u>7,940,160</u>		<u>6,521,886</u>		<u>5,704,683</u>		<u>5,402,380</u>		<u>5,482,894</u>		<u>5,278,893</u>
	9,002,281		8,836,231		8,526,538		7,912,806		7,629,887		7,272,040		6,351,317
	3,261,672		2,787,631		3,193,265		3,107,235		2,886,614		2,862,314		2,350,499
	1,062,789		882,196		482,413		309,818		331,831		380,411		361,868
	486,862		467,607		435,733		382,612		372,272		376,798		336,240
	3,973,243		4,198,555		4,353,870		3,747,158		3,616,284		3,396,837		3,231,196
	1,845,523		1,821,106		1,508,994		1,160,657		1,124,543		1,062,034		1,039,281
	<u>19,632,370</u>		<u>18,993,326</u>		<u>18,500,813</u>		<u>16,620,286</u>		<u>15,961,431</u>		<u>15,350,434</u>		<u>13,670,401</u>
	<u>(11,766,527)</u>		<u>(11,053,167)</u>		<u>(11,978,928)</u>		<u>(10,915,603)</u>		<u>(10,559,051)</u>		<u>(9,867,540)</u>		<u>(8,391,508)</u>
	9,256,200		9,466,100		9,677,200		9,765,300		8,997,400		8,211,600		7,608,400
	166,863		358,792		579,257		598,606		1,076,802		647,331		60,391
	34,770		43,902		77,933		148,470		160,781		159,291		78,678
	-		-		-		-		-		-		-
	19,685		(220,252)		(24,248)		(5,431)		(145,875)		(10,801)		(7,844)
	1,576,204		1,144,642		494,061		302,472		302,472				
	34,343		17,119		15,171		20,023		(18,674)		(32,474)		38,151
	<u>11,088,065</u>		<u>10,810,302</u>		<u>10,819,374</u>		<u>10,829,440</u>		<u>10,372,906</u>		<u>8,974,947</u>		<u>7,777,776</u>
	<u>(678,462)</u>		<u>(242,864)</u>		<u>(1,159,553)</u>		<u>(86,163)</u>		<u>(186,145)</u>		<u>(892,593)</u>		<u>(613,732)</u>
	440,084		762,724		14,050,368		1,122,921		1,122,921		191,773		425,657
	-		-		-		-		-		-		37,040
\$	<u>(238,378)</u>	\$	<u>519,859</u>	\$	<u>12,890,815</u>	\$	<u>1,036,758</u>	\$	<u>936,776</u>	\$	<u>(700,820)</u>	\$	<u>(151,035)</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction	\$ 7,324,428	\$ 7,180,417	\$ 7,531,695	\$ 7,481,871
Academic Support	1,453,835	1,584,102	1,596,148	1,522,040
Student Services	1,909,263	1,803,791	1,749,448	1,759,478
Institutional Support	2,488,202	2,288,556	2,221,888	2,119,538
Operation and Maintenance of Plant	3,827,354	3,390,378	3,379,027	3,359,495
Scholarships	476,781	539,251	650,654	1,056,789
Auxiliary Enterprises	1,819,534	1,767,634	1,837,902	1,832,401
Independent Operations	496,716	495,744	499,301	500,758
Total Expenses	<u>\$ 19,796,113</u>	<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>

**(Percent of Total Expenses)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction	37.00%	37.69%	38.69%	38.11%
Academic Support	7.34%	8.32%	8.20%	7.75%
Student Services	9.64%	9.47%	8.99%	8.96%
Institutional Support	12.57%	12.01%	11.41%	10.80%
Operation and Maintenance of Plant	19.33%	17.80%	17.36%	17.11%
Scholarships	2.41%	2.83%	3.34%	5.38%
Auxiliary Enterprises	9.19%	9.28%	9.44%	9.33%
Independent Operations	2.52%	2.60%	2.57%	2.56%
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.

<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$ 7,743,952	\$ 7,278,910	\$ 6,891,222	\$ 6,575,231	\$ 6,115,514	\$ 5,531,114
1,213,917	1,376,076	1,364,656	1,230,226	1,408,689	1,001,416
1,747,483	2,057,298	1,908,572	1,889,789	2,035,324	1,860,390
1,940,786	1,938,846	1,954,614	1,891,096	1,640,091	1,414,605
3,215,148	3,358,435	2,407,119	2,261,359	2,314,700	2,180,694
882,196	482,413	307,550	330,110	380,411	361,868
1,759,978	1,541,248	1,365,496	1,408,402	1,075,731	968,814
489,866	467,589	430,298	375,218	379,974	351,500
<u>\$ 18,993,326</u>	<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>

<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
40.77%	39.06%	41.44%	41.19%	39.84%	40.46%
6.39%	7.38%	8.21%	7.71%	9.18%	7.33%
9.20%	11.04%	11.48%	11.84%	13.26%	13.61%
10.22%	10.40%	11.75%	11.85%	10.68%	10.35%
16.93%	18.02%	14.47%	14.17%	15.08%	15.95%
4.64%	3.30%	1.85%	2.07%	2.48%	2.65%
9.27%	8.27%	8.21%	8.82%	7.01%	7.09%
2.58%	2.52%	2.59%	2.35%	2.47%	2.57%
<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**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Salaries and Wages	\$ 9,262,757	\$ 8,974,269	\$ 9,097,443	\$ 9,002,281
Benefits	3,725,521	3,422,634	3,448,057	3,261,672
Scholarships	476,781	539,251	650,654	1,062,789
Utilities	612,831	553,906	455,902	486,862
Supplies and Other Services	3,656,003	3,682,578	3,928,518	3,973,243
Depreciation	2,062,220	1,877,235	1,885,489	1,845,523
Total Expenses	<u>\$ 19,796,113</u>	<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>

**(Percent of Total Expenses)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Salaries and Wages	46.79%	47.11%	46.73%	45.85%
Benefits	18.82%	17.97%	17.71%	16.61%
Scholarships	2.41%	2.83%	3.34%	5.41%
Utilities	3.10%	2.91%	2.34%	2.48%
Supplies and Other Services	18.47%	19.33%	20.18%	20.25%
Depreciation	10.42%	9.85%	9.70%	9.40%
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.



<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$ 8,836,231	\$ 8,526,538	\$ 8,064,098	\$ 7,629,887	\$ 7,272,040	\$ 6,351,317
2,787,631	3,193,265	3,165,894	2,886,614	2,862,314	2,350,499
882,196	482,413	309,818	331,831	380,411	361,868
467,607	435,733	382,612	372,272	376,798	336,240
4,198,555	4,353,870	3,546,448	3,616,284	3,396,837	3,231,196
1,821,106	1,508,994	1,160,657	1,124,543	1,062,034	1,039,281
<u>\$ 18,993,326</u>	<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>

<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
46.52%	45.75%	47.61%	47.80%	47.37%	46.46%
14.68%	17.14%	18.70%	18.08%	18.65%	17.19%
4.64%	3.31%	1.86%	2.08%	2.48%	2.65%
2.46%	2.34%	2.30%	2.33%	2.45%	2.46%
22.11%	23.36%	22.55%	22.66%	22.13%	23.64%
9.59%	8.10%	6.98%	7.05%	6.92%	7.60%
<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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating Revenues:				
Student Tuition and Fees	\$ 2,373,117	\$ 2,613,125	\$ 2,695,973	\$ 2,805,788
Federal Grants and Contracts	282,956	364,541	1,009,390	914,365
State Grants and Contracts	1,640,045	1,319,735	1,250,380	1,326,648
Local Grants and Contracts	43,178	-	108,327	48,312
Nongovernmental Grants & Contracts	323,331	260,008	323,620	417,836
Sales & Services of Educational Departments	16,597	11,305	14,340	23,846
Auxiliary Enterprises	1,468,241	1,531,938	1,548,885	1,616,622
Other Operating Revenues	84,176	68,435	108,926	58,666
Independent Operations	592,092	588,888	616,739	653,760
Total Operating Revenues	<u>6,823,733</u>	<u>6,757,975</u>	<u>7,676,580</u>	<u>7,865,843</u>
Nonoperating Revenues:				
State Appropriations	10,963,000	9,947,800	9,177,700	9,256,200
Gifts	472,660	347,971	296,454	166,863
Investment Income	37,294	44,141	263,298	34,770
Federal Pell Grants	997,980	1,093,603	1,233,371	1,576,204
Other Nonoperating Revenues	50,511	11,512	18,291	54,028
Total Nonoperating Revenues	<u>12,521,445</u>	<u>11,445,027</u>	<u>10,989,114</u>	<u>11,088,065</u>
Other Revenues:				
Capital Grants	735,169	930,036	876,164	440,084
Capital Gifts	-	-	-	-
Total Other Revenues	<u>735,169</u>	<u>930,036</u>	<u>876,164</u>	<u>440,084</u>
Total Revenues	<u>\$ 20,080,347</u>	<u>\$ 19,133,038</u>	<u>\$ 19,541,858</u>	<u>\$ 19,393,992</u>

**(Percent of Total Revenues)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating Revenues:				
Student Tuition and Fees	11.82%	13.66%	13.80%	14.47%
Federal Grants and Contracts	1.41%	1.91%	5.17%	4.71%
State Grants and Contracts	8.17%	6.90%	6.40%	6.84%
Local Grants and Contracts	0.21%	0.00%	0.55%	0.25%
Nongovernmental Grants & Contracts	1.61%	1.36%	1.66%	2.15%
Sales & Services of Educational Departments	0.08%	0.06%	0.07%	0.12%
Auxiliary Enterprises	7.31%	8.01%	7.93%	8.34%
Other Operating Revenues	0.42%	0.36%	0.56%	0.30%
Independent Operations	2.95%	3.08%	3.16%	3.35%
Total Operating Revenues	<u>33.98%</u>	<u>35.34%</u>	<u>39.30%</u>	<u>40.53%</u>
Nonoperating Revenues:				
State Appropriations	54.60%	51.99%	46.96%	47.73%
Gifts	2.35%	1.82%	1.52%	0.86%
Investment Income	0.19%	0.23%	1.35%	0.18%
Federal Pell Grants	4.97%	5.72%	6.31%	8.13%
Other Nonoperating Revenues	0.25%	0.06%	0.09%	0.28%
Total Nonoperating Revenues	<u>62.36%</u>	<u>59.82%</u>	<u>56.24%</u>	<u>57.18%</u>
Other Revenues:				
Capital Grants	3.66%	4.85%	4.47%	2.29%
Capital Gifts	0.00%	0.00%	0.00%	0.00%
Total Other Revenues	<u>3.66%</u>	<u>4.85%</u>	<u>4.47%</u>	<u>2.29%</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

2010	2009	2008	2007	2006	2005
\$ 2,646,854	\$ 2,248,293	\$ 1,837,637	\$ 1,737,281	\$ 1,454,446	\$ 1,486,158
1,225,706	543,319	294,301	450,336	522,910	593,627
1,133,529	919,182	1,313,192	846,199	1,003,646	671,954
77,137	100,453	99,093	293,411	233,994	246,549
561,364	693,625	543,296	596,742	543,211	634,615
20,869	20,713	19,294	22,108	16,967	16,125
1,506,588	1,292,174	986,770	930,029	790,173	776,943
60,300	82,983	91,500	82,295	97,551	11,388
707,813	621,144	525,280	443,979	427,094	451,941
7,940,160	6,521,886	5,710,363	5,402,380	5,089,992	4,889,300
9,466,100	9,677,200	9,765,300	8,997,400	8,211,600	7,608,400
358,792	579,257	598,606	1,076,802	647,331	60,391
43,902	77,933	148,470	160,781	159,291	78,678
1,144,642	494,061	302,472	335,489	392,902	389,593
17,119	15,171	20,023	-	-	38,151
11,030,555	10,843,622	10,834,871	10,570,472	9,411,124	8,175,213
762,724	14,050,368	1,122,921	-	191,773	425,657
-	-	-	-	-	37,040
762,724	14,050,368	1,122,921	-	191,773	462,697
\$ 19,733,439	\$ 31,415,876	\$ 17,668,155	\$ 15,972,852	\$ 14,692,889	\$ 13,527,210

2010	2009	2008	2007	2006	2005
13.41%	7.16%	10.40%	10.88%	9.90%	10.99%
6.21%	1.73%	1.67%	2.82%	3.56%	4.39%
5.74%	2.93%	7.43%	5.30%	6.83%	4.97%
0.39%	0.32%	0.56%	1.84%	1.59%	1.82%
2.84%	2.21%	3.08%	3.74%	3.70%	4.69%
0.11%	0.07%	0.11%	0.14%	0.12%	0.12%
7.63%	4.11%	5.59%	5.82%	5.38%	5.74%
0.31%	0.26%	0.52%	0.52%	0.66%	0.08%
3.57%	1.96%	2.95%	2.76%	2.91%	3.34%
40.24%	20.76%	32.32%	33.82%	34.64%	36.14%
47.97%	30.80%	55.27%	56.33%	55.89%	56.25%
1.82%	1.84%	3.39%	6.74%	4.41%	0.45%
0.22%	0.25%	0.84%	1.01%	1.08%	0.58%
5.80%	1.57%	1.71%	2.10%	2.67%	2.88%
0.09%	0.05%	0.11%	0.00%	0.00%	0.28%
55.90%	34.52%	61.32%	66.18%	64.05%	60.44%
3.87%	44.72%	6.36%	0.00%	1.30%	3.15%
0.00%	0.00%	0.00%	0.00%	0.00%	0.27%
3.87%	44.72%	6.36%	0.00%	1.30%	3.42%
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)**

<b>Fiscal Year</b>	<b>High School Student Hours</b>	<b>%</b>	<b>Adult Student Hours</b>	<b>%</b>	<b>Total Student Hours</b>	<b>Annual Growth</b>	<b>Weighted Average Tuition Rate</b>
2014	229,313	17%	1,094,704	83%	1,324,017	-5.84%	\$1.81
2013	206,604	15%	1,199,516	85%	1,406,120	-8.35%	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

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**

<b>Fiscal Year</b>	<b>Base Rate Per Hour</b>	<b>Tuition including Campus Fees</b>	<b>Full-time Annual Tuition</b>	<b>Annual Tuition Increase</b>	
				<b>Dollars</b>	<b>Percent</b>
2014	\$ 1.90	\$ 3,441	\$ 2,690	\$ 283	11.76%
2013	1.70	3,328	2,407	212	9.68%
2012	1.55	2,555	2,195	71	3.33%
2011	1.50	2,484	2,124	142	7.14%
2010	1.40	2,342	1,982	70	3.70%
2009	1.35	2,272	1,912	71	3.85%
2008	1.30	1,969	1,841	71	4.00%
2007	1.25	1,862	1,770	142	8.70%
2006	1.15	1,724	1,628	-	0.00%
2005	1.15	1,687	1,628	212	15.00%

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>External Sources of Tuition and Fees</b>				
Self Pay	\$ 1,797,449	\$ 1,821,026	\$ 2,041,998	\$ 1,974,753
Weber State University Contracts	228,935	252,154	237,173	204,955
Utah Department of Workforce Services <sup>1</sup>	-	-	-	-
Utah State Office of Rehabilitation	76,046	88,740	109,406	128,365
Other Sponsorships	270,687	451,205	307,396	497,715
Total External Tuition and Fees	<u>2,373,117</u>	<u>2,613,125</u>	<u>2,695,973</u>	<u>2,805,788</u>
 <b>Internal Sources of Tuition and Fees <sup>2</sup></b>				
DATC Foundation Scholarships	113,968	108,544	95,668	97,198
Pell Grants used for Tuition & Fees	510,102	537,767	550,828	528,777
Other Internal Sponsorships	297,090	177,664	162,588	161,088
Total Internal Tuition and Fees	<u>921,160</u>	<u>823,975</u>	<u>809,084</u>	<u>787,063</u>
 Total External/Internal Tuition & Fees	<u>\$ 3,294,277</u>	<u>\$ 3,437,100</u>	<u>\$ 3,505,056</u>	<u>\$ 3,592,851</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Self Pay	54.56%	52.98%	58.26%	54.96%
Weber State University Contracts	6.95%	7.34%	6.77%	5.70%
Department of Workforce Services	0.00%	0.00%	0.00%	0.00%
Office of Rehabilitation	2.31%	2.58%	3.12%	3.57%
Other Sponsorships	8.22%	13.13%	8.77%	13.85%
Internal Sources:				
Scholarships	3.46%	3.16%	2.73%	2.72%
Pell Grants	15.48%	15.65%	15.72%	14.73%
Other Sponsorships	9.02%	5.16%	4.63%	4.47%
Total Tuition and Fees	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

Note 1: Beginning in FY2009 DWS clients paid for services with a prepaid debit card and therefore are not shown separately here.

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

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 1,990,540	\$ 1,845,831	\$ 1,339,188	\$ 1,283,031	\$ 1,053,628	\$ 1,037,483
219,759	115,800	233,084	192,645	127,657	166,734
-	-	48,927	71,014	95,278	142,192
99,305	60,235	60,010	79,033	89,285	100,971
337,250	226,427	156,428	111,558	88,598	38,778
<u>2,646,854</u>	<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>

136,595	133,059	100,363	113,235	94,675	77,879
297,950	84,526	79,498	82,246	85,126	91,128
181,968	208,446	147,431	173,756	161,024	106,932
<u>616,513</u>	<u>426,031</u>	<u>327,292</u>	<u>369,237</u>	<u>340,825</u>	<u>275,939</u>
<u>\$ 3,263,367</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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
61.00%	69.02%	61.86%	60.91%	58.69%	58.88%
6.73%	4.33%	10.77%	9.15%	7.11%	9.46%
0.00%	0.00%	2.26%	3.37%	5.31%	8.07%
3.04%	2.25%	2.77%	3.75%	4.97%	5.73%
10.33%	8.47%	7.23%	5.30%	4.94%	2.20%
4.19%	4.98%	4.64%	5.38%	5.27%	4.42%
9.13%	3.16%	3.67%	3.90%	4.74%	5.17%
5.57%	7.78%	6.80%	8.24%	8.97%	6.07%
<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**

<b><u>Year</u></b>	<b><u>Expendable Net Position</u></b>	<b><u>Total Expenses</u></b>	<b><u>Primary Reserve Ratio</u></b>
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	5,188,954	19,049,873	0.272
2014	5,272,121	19,796,113	0.266

The *Primary Reserve Ratio* measures the financial strength of the College Campus by comparing expendable net assets to total expenses. Expendable Net Position 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 Position including operating and nonoperating expenses such as interest expense.

**Return on Net Position Ratio**

<b><u>Year</u></b>	<b><u>Change in Net Position</u></b>	<b><u>Total Net Position</u></b>	<b><u>Return on Net Position Ratio</u></b>
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
2014	283,350	35,324,708	0.008

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



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

**Net Operating Revenues Ratio**

	<b>Operating Income/(Loss)</b>	<b>Operating Revenues</b>	<b>Net Operating</b>
	<b>+ Net Nonoperating</b>	<b>+ Nonoperating</b>	<b>Revenues</b>
<b><u>Year</u></b>	<b><u>Revenues</u></b>	<b><u>Revenues</u></b>	<b><u>Ratio</u></b>
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
2014	(451,819)	19,344,294	-0.023

The *Net Operating Revenues Ratio* indicates whether total operating activities resulted in a surplus or deficit. Operating Income (Loss) plus Net Nonoperating Revenues (Expenses) is available from the Statement of Revenues, Expenses and Changes in Net Position. This includes nonoperating 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 Nonoperating Revenues is equal to total operating revenues plus total nonoperating 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**

<b>Year</b>	<b>Population</b>	<b>Personal Income (\$millions)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2013	322,094	na	na	4.20%
2012	315,781	\$11,724	\$37,124	5.0%
2011	311,812	\$11,142	\$35,727	6.2%
2010	307,778	\$10,394	\$33,762	7.3%
2009	303,266	\$10,217	\$33,837	7.0%
2008	297,840	\$10,282	\$34,762	3.2%
2007	296,029	\$9,888	\$34,305	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%

**Morgan County**

<b>Year</b>	<b>Population</b>	<b>Personal Income (\$millions)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2013	10,173	na	na	3.90%
2012	9,812	\$368	\$37,474	5.1%
2011	9,641	\$348	\$36,124	5.6%
2010	9,517	\$306	\$32,241	7.3%
2009	9,468	\$291	\$31,266	6.7%
2008	9,229	\$294	\$32,264	3.1%
2007	9,265	\$276	\$31,476	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%

Sources: Department of Workforce Services Website - Utah Economic Data Viewer  
Davis County 2013 - Comprehensive Annual Financial Report (CAFR)

**Davis Applied Technology College  
Schedule of Principal Employers  
Davis and Morgan Counties 2013**

**Davis 2013**

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Department of Defense (Hill Air Force Base)	10,000-14,999	1	11.1%
Davis County School District	7,000-9,999	2	7.4%
Smith's Food and Drug/Marketplace	1,000-1,999	3	1.5%
ATK Space Systems/Alliant	1,000-1,999	4	1.5%
Wal-Mart	1,000-1,999	5	1.5%
Lifetime Products	1,000-1,999	6	1.5%
Lagoon Corporation, Inc.	1,000-1,999	7	1.5%
Davis County	500-999	8	0.7%
Utility Trailer Manufacturing Co.	500-999	9	0.7%
Davis Hospital and Medical Center	500-999	10	0.7%

**Morgan 2013**

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

Source: Department of Workforce Services Website - Utah Economic Data Viewer  
Annual Profiles - Published 2013

**Davis Applied Technology College  
Operating Indicators and Employees  
Fiscal Years 2013 and 2014**

<b>Completers</b>	2013	2014
Program or Graduate Completers	1,241	1,000
Non-Graduate or Early Hire Completers	1,809	2,783
Total Completers	3,050	3,783

<b>Student Headcount</b>	6,222	5,869
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<b>Faculty</b>		
*Full Time	47	58
*Part Time	263	239
Total Faculty	310	297

<b>Average Annual Full Time Faculty Salary 2014</b>	\$55,120	\$57,404
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<b>Staff</b>		
*Full Time	79	77
*Part Time	82	80
Total Staff	161	157

<b>Membership Hours per Faculty/Staff</b>		
Membership Hours per Faculty	4530	4453
Membership Hours per Staff	8723	8424

<b>Completers per Faculty Staff</b>		
Completers per Faculty	10	13
Completers per Staff	19	24

<b>Students per Faculty/Staff</b>		
Students per Faculty	20	20
Students per Staff	39	37

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

\*Numbers for full and part time staff and faculty are as of June 30, 2014 and include Executives and Workstudies

**Davis Applied Technology College  
Building Information  
Fiscal Years June 30, 2013 and June 30, 2014**

<b><u>Location</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Main Campus	273,236	273,236
Freeport Y-16	10,800	10,800
Freeport West D-5	27,520	27,520
Warehouse Space Freeport West	88,000	75,680
Morgan BRC	2,100	2,100
Davis School District	864	864
Morgan School District	5,673	5,673
Nuames	1,027	0
Total Net Square Feet	409,220	395,873
 <b>Total Acres Main Campus</b>	 <b>65</b>	 <b>65</b>

Source: Physical Facilities DSD/DATC Space FY 2014

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**GOVERNMENT AUDIT SECTION**





**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL FUNDS RECEIVED**  
**For the Fiscal Year Ended June 30, 2014**

<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-P007A137112	\$ 37,572
Federal Work-Study Program (FWS)	84.033	E-P033A137112	16,988
Federal Pell Grant Program	84.063	E-P063P133839	<u>1,001,090</u>
Total U.S. Department of Education			1,055,650
 <b>Federal Pass-Through from State Agencies:</b>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	various	4,995
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	161,848
Davis County School District:			
Career and Technical Education: Basic Grants to States	84.048	various	21,604
Morgan School District:			
Career and Technical Education: Basic Grants to States	84.048	various	2,261
Weber School District:			
Career and Technical Education: Basic Grants to States	84.048	various	806
Total Pass-Through from State Agencies			<u>303,170</u>
Total Federal Expenses and Disbursements			<u>\$ 1,358,820</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 FUNDS RECEIVED**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 - PURPOSE OF THE SCHEDULE**

The accompanying Schedule of Expenses of Federal Funds Received (Schedule) is a supplementary schedule to the College Campus' financial statements and is presented for purposes of additional analysis.

**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, 2014.

**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL FUNDS RECEIVED**  
**(Continued)**  
**For the Fiscal Year Ended June 30, 2014**

**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	\$1,358,820
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Reconciling items:

Federal Pell Grants reported as Non Operating Revenue	(997,980)
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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>33,772</u>
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Total federal grants and contracts revenue per the Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 282,956</u>
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**DAVIS APPLIED TECHNOLOGY COLLEGE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL FUNDS RECEIVED**  
**(Continued)**  
**For the Fiscal Year Ended June 30, 2014**

**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, 2014, are identified below:

<u>Supplemental Educational Opportunity Grant Program</u>	
Student Grants	\$37,572
<u>Federal Work-Study Program</u>	
Federal Work-Study	\$16,988
<u>Federal Pell Grant Program</u>	
Student Grants	\$997,980
Administrative Cost Allowance	<u>3,110</u>
	\$1,001,090
 Grand Total	 <u><u>\$1,055,650</u></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, 2014, and the related notes to the financial statements, which collectively comprise the College's financial statements, and have issued our report thereon dated September 23, 2014.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

*Office of the Utah State Auditor*

Office of the Utah State Auditor  
September 23, 2014