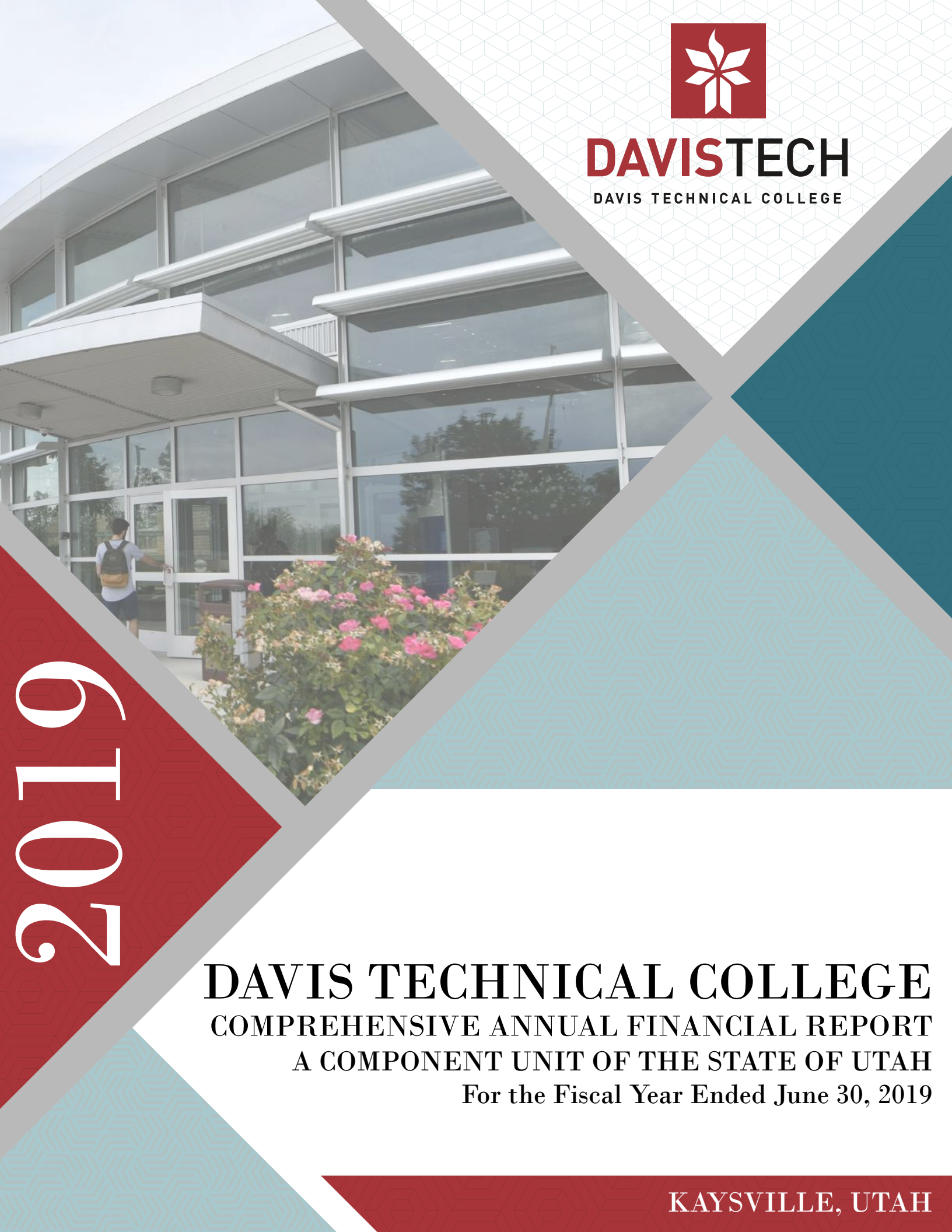




DAVISTECH

DAVIS TECHNICAL COLLEGE



2019

DAVIS TECHNICAL COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
A COMPONENT UNIT OF THE STATE OF UTAH
For the Fiscal Year Ended June 30, 2019

KAYSVILLE, UTAH

DAVIS TECHNICAL COLLEGE

A COMPONENT UNIT OF THE STATE OF UTAH



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

Prepared by the Fiscal Services Office

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

Jeff Lund, MBA, Controller

This page intentionally left blank.

Table of Contents

Introduction

Letter of Transmittal.....	2
Organizational Chart.....	5


Financial

Independent Auditor's Report.....	7
Management's Discussion and Analysis.....	9
Basic Financial Statements:	
Statement of Net Position.....	17
Statement of Revenues, Expenses, and Changes in Net Position.....	18
Statement of Cash Flows.....	19
Notes to the Financial Statements.....	21

Required Supplementary Information


Proportionate Share of the Net Pension Liability.....	44
Pension Contributions: Last Ten Fiscal Years.....	46

Statistics



Schedule of Net Position: Last Ten Fiscal Years.....	50
Changes in Net Position: Last Ten Fiscal Years.....	52
Expenses by Function: Last Ten Fiscal Years.....	54
Expenses by Natural Classification: Last Ten Fiscal Years.....	56
Revenues by Source: Last Ten Fiscal Years.....	58
Tuition and Fees by Source: Last Ten Fiscal Years.....	60
Historic Enrollment: Last Ten Fiscal Years.....	62
Historic Tuition Rates: Last Ten Fiscal Years.....	63
Demographic and Economic Information: Last Ten Calendar Years.....	64
Schedule of Principal Employers: Last Ten Fiscal Years.....	65
Operating Indicators and Employees.....	66
Building Information.....	67

Government Audit



Independent Auditor's Report on Internal Control Over.....	69
Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Gouvernement Auditing Standards</i>	



DAVISTECH
DAVIS TECHNICAL COLLEGE

Introduction

This page intentionally left blank.



October 1, 2019

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

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

The firm Hinton Burdick CPAs and Advisors, under contract with the Utah State Auditor's Office, has issued an unmodified ("clean") opinion on the College's financial statements for the fiscal year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the College

The College was established effective July 1, 1978 by the Utah State Legislature to offer vocational and related instruction to secondary and adult students. Effective September 1, 2001, the Legislature created the Utah College of Applied Technology which was composed of eight regional colleges. At that time, the existing Davis Applied Technology Center became one of these regional colleges and became known as the Davis Applied Technology College. Effective July 1, 2017, the Legislature passed legislation which created the Utah System of Technical Colleges (UTech) and renamed the College the Davis Technical College. Additional Information on the College's relationship to UTech 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 primarily provides services to the geographical area encompassing Davis County and Morgan County, but also accepts students from other areas both from within and out of the State.

In addition to the activities of the College, this report includes information related to the legally separate Davis Technical College Foundation, Inc. (Foundation). Because the resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is included in these financial statements. Additional information on the Foundation can be found in the notes to the financial statements (See Notes 1 and 11).

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

Local Economy

In Fiscal Year 2019, over 58% of revenues came from direct appropriations from the State of Utah. Therefore, the total state economy is important to the future outlook of the College. According to Robert Spendlove, Economic and Public Policy Officer for Zions Bank, "Utah's labor market remains one of the best in the nation despite the moderation in employment growth in recent months. In June, the state's year-over year employment growth was the 3rd highest in the country at 2.7 percent. Utah's job creation appears to be constrained by the state's very low unemployment rate, which declined from 2.9 percent to 2.8 percent in June. This is the lowest unemployment rate in Utah since 2007 and is making it more difficult for employers to find qualified labor. Despite this, every major industry added jobs over the past year ... Inflation along the Wasatch Front declined for the third month in a row to 3.0 percent."

Long-term Financial Planning

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

Construction on the building is underway for the two-story building which will house all of the College's medical programs, including Practical Nurse, Nurse Assistant, Medical Assistant, Dental Assistant, Radiology Practical Technician, Phlebotomy, Surgical Technology, Pharmacy Technician, Medical Office Administration, Firefighter, and Emergency Medical Technician. Weber State University will also teach Registered Nursing classes in the building. Method Studio is the architectural firm for the project and Layton Construction is the contractor. Construction is expected to be completed in August 2020.

In Fiscal Year 2020, the College has budgeted several new employee positions to assist with the growth expected with this new allied health building and the effort to maintain the building. These new positions include additional Practical Nursing faculty, staff for the new nursing simulation lab, new Dental Assisting and Pharmacy Technician faculty, as well as an IT engineer and an HVAC engineer. The budget request for Fiscal Year 2021 also includes requests for additional faculty in Medical Assisting as well as other health professions faculty.

Additionally, with the growth and expansion related to the new allied health building, the College is in the process of adding three new parking lots. These lots will be located directly east of, and adjacent to, the new building. The new parking lots are located in the south east portion of the campus and will provide additional parking for all existing buildings, as well as for an expanded student population.

Talks have begun with the Church of Jesus Christ of Latter-day Saints to explore the possibility of the College obtaining the building and land at the north end of campus which was originally built as a seminary and institute building for the Church. The building is not frequently used. These talks are in the early stages, but the College hopes to obtain this building and land for future growth.

Talks have also begun with Career Path High regarding a new building. Career Path High is a charter school authorized by the College. It is a separate entity with a separate funding stream through the state of Utah public education system. The talks are to determine the feasibility of building a separate building on the college campus which would house Career Path High as well as various College student support functions.

Relevant Financial Policies

The direct appropriation from the State of Utah for fiscal year 2019 was \$16,164,800 or 58.3% of total revenues. Other revenues that come from various other state funding sources are recorded in the financial statements as state grants and contracts, rather than state appropriations, due to the fact that these additional state

funds are appropriated to other agencies first and then come to the College in the form of a grant or contract. State grants and contracts for Fiscal Year 2019 was \$2,920,834 or 10.54% of total revenues. The grants and contracts were from various state sources including, a contract with the Utah Department of Corrections, Strategic Workforce Initiative (SWI) funds, Talent Ready Utah funds, and flow-through funds from the Utah System of Technical Colleges (UTech)

The College strives to maintain policies which are relevant and based on current standards and regulations. During this fiscal year, the College updated various accounting policies and procedures, including the budget control policy, and policies related to property and fixed asset accounting and disposal.

New Organizational Leadership

During the past year, Michael J. Bouwhuis retired as the College President after 24 years with the institution. In November 2018, former Davis Technical College Vice President of Employer and Economic Development, Darin Brush, was appointed as the new College President. Additionally, Kim Ziebarth left her position with the College as Vice President of Instruction to work in the system office with the Utah System of Technical Colleges. Leslie Mock, the former Davis Technical College Director of Nursing and Health Professions was appointed as the new Vice President of Instruction.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the College for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the first year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the College had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

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

Respectfully submitted,



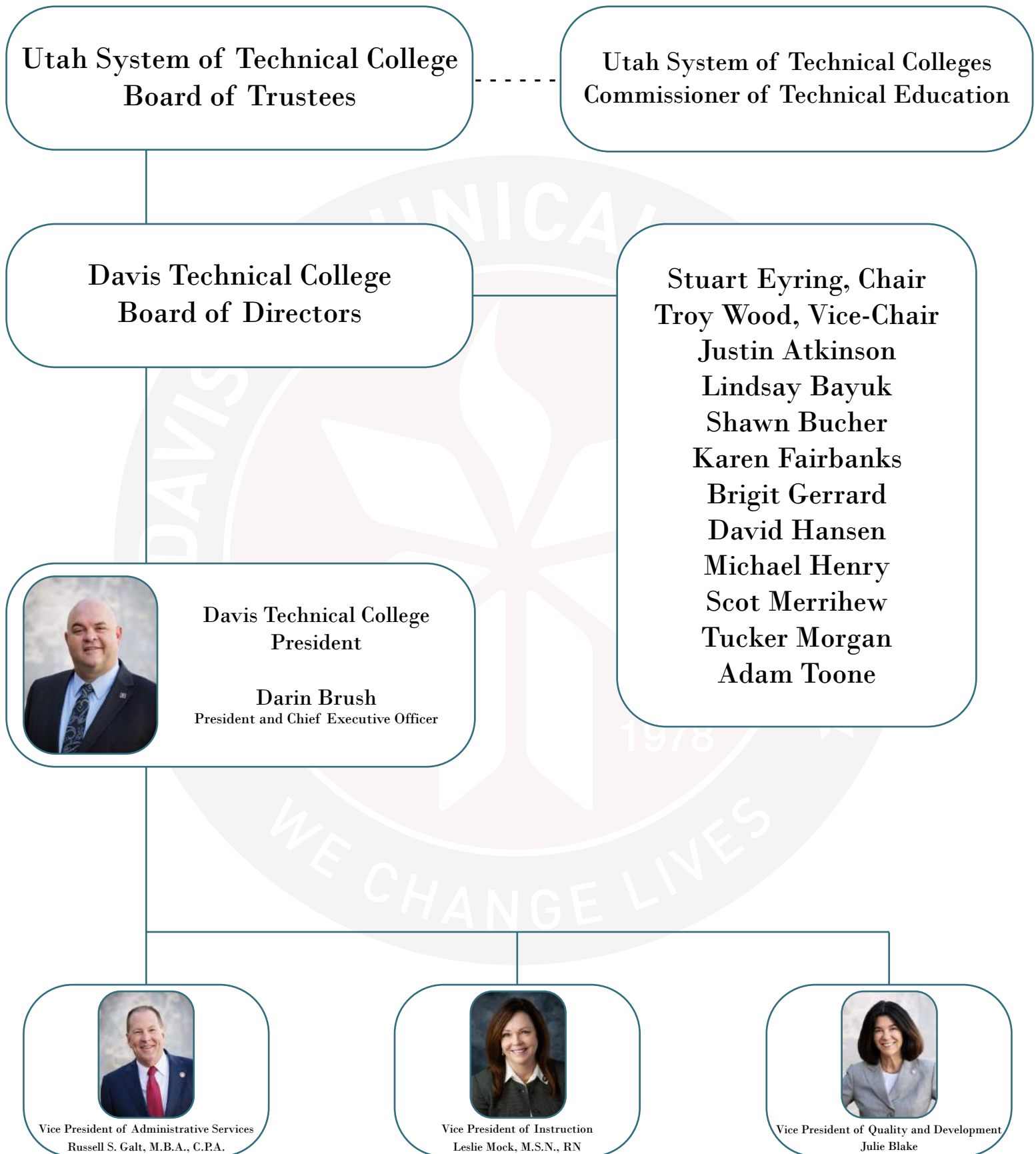
Darin Brush
President



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

DAVIS TECHNICAL COLLEGE

ORGANIZATIONAL CHART





DAVISTECH
DAVIS TECHNICAL COLLEGE

Financial



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Davis Technical College (the College) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. The College is a component unit of the State of Utah.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Davis Technical College, as of June 30, 2019, and the respective changes in financial

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2019, on our consideration of Davis Technical College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Davis Technical College's internal control over financial reporting and compliance.



HintonBurdick, PLLC
St. George, Utah
October 1, 2019

**DAVIS TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019**

As management of the Davis Technical College (College), a component unit of the State of Utah, we offer readers of the College's financial statements this narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Financial Statements

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

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

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

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

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

DAVIS TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2019

Financial Analysis

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position. The following schedule presents a summary of the College's assets, deferred outflows, liabilities, deferred inflows, and net position as of June 30, 2019 and 2018:

Net Position	Year Ended June 30, 2019 Amount	Year Ended June 30, 2018 Amount	Amount of Increase (Decrease)
Current Assets	\$ 10,032,563	\$ 8,406,826	\$ 1,625,737
Noncurrent Assets	2,193,593	2,017,000	176,593
Capital Assets, net	26,465,459	28,191,599	(1,726,140)
Total Assets	38,691,615	38,615,425	76,190
Deferred Outflows of Resources	1,941,761	1,900,219	41,542
Current Liabilities	1,787,109	1,717,044	70,065
Noncurrent Liabilities	5,502,937	3,667,477	1,835,460
Total Liabilities	7,290,046	5,384,521	1,905,525
Deferred Inflows of Resources	73,831	1,479,096	(1,405,265)
Net Position:			
Net Investment in Capital Assets	26,465,459	28,191,599	(1,726,140)
Restricted	2,587,807	2,433,428	154,379
Unrestricted	4,216,233	3,027,000	1,189,233
Total Net Position	\$ 33,269,499	\$ 33,652,027	\$ (382,528)

The Total Assets of the College increased by \$76,190 during the fiscal year.

Current Assets increased by \$1,625,737 as the College experienced increases in Cash and Cash Equivalents of \$1,260,687 from regular operations, Accounts Receivable of \$254,045 from various state agencies and operations, Prepaid Expenses of \$92,400, and an increase in inventories of \$18,605 in the bookstore and various program supply inventories.

Noncurrent Assets increased \$176,593 as restricted cash increased from the Foundation's fundraising efforts towards the construction of an allied health building.

The decrease in net Capital Assets of \$1,726,140 for the year is the result of additions in assets and campus improvements of \$1,053,198 and Construction in Process increasing \$89,978 on the allied health building being offset by the depreciation expense of \$2,775,703.

DAVIS TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2019

Deferred Outflows increased by \$41,542 to \$1,941,761. This includes an increase of \$32,647 in the Net Pension Liability resulting from a reduction of \$300,794 to the net difference between projected and actual earnings on pension plan investments that was offset by a \$286,020 increase due to changes in assumptions used by the actuaries.

The Total Current Liabilities of the College increased by \$70,065 as total Accounts Payable decreased \$52,047 and Accrued Termination Benefits decreased \$10,143 while Accrued Compensation Liabilities increased \$110,196 and Unearned Revenues increased \$18,905.

Noncurrent Liabilities increased by \$1,835,460 as the College recorded an increase of \$1,741,165 in Net Pension Liabilities. Accrued Leave for employees increased by \$56,789 while Accrued Termination Benefits increased \$37,506.

Deferred Inflows related to pensions decreased by \$1,405,265 to \$73,831. The largest change is a reduction of \$1,272,744 in the differences between expected and actual earnings on the plan investments. The differences between expected and actual experience decreased the liability \$109,260 as well as \$23,261 due to changes in assumptions used by the actuaries.

The Total Net Position of the College decreased by \$382,528 from the previous fiscal year, primarily due to pension accruals. Though Restricted Assets increased \$154,379 to \$2,587,807, these restricted funds resulted from the Foundation's Allied Health Building fundraising and scholarships and do not have an impact on the availability of resources for future College needs. The College's net position at year-end was \$33,269,499.

Changes in Net Position. The following schedule presents a summary of changes in Net Position for the College for the fiscal years ended June 30, 2019 and 2018:

Changes in Net Position	Year Ended June 30, 2019 Amount	Year Ended June 30, 2018 Amount	Amount of Increase (Decrease)
Operating Revenues	\$ 9,455,912	\$ 7,853,681	\$ 1,602,231
Operating Expenses	(28,001,389)	(26,260,936)	(1,740,453)
Operating Income (Loss)	(18,545,477)	(18,407,255)	(138,222)
Nonoperating Revenues	18,203,592	17,703,612	499,980
Nonoperating Expenses	(96,579)	(2,221)	(94,358)
Nonoperating Income (Loss)	18,107,013	17,701,391	405,622
Income Before Other Items	(438,464)	(705,864)	267,400
Other Revenues and Expenses	55,936	1,416,750	(1,360,814)
Increase (Decrease) in Net Position	(382,528)	710,886	(1,093,414)
Net Position - Beginning of Year	33,652,027	32,941,141	710,886
Total Net Position	\$ 33,269,499	\$ 33,652,027	\$ (382,528)

DAVIS TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2019

The College experienced a net operating loss of \$18,545,477. The College is a State institution and receives a large portion of its revenues from State Appropriations. These appropriations are classified in the financial statements of the College as nonoperating revenues. The State Appropriation is anticipated as a means of covering a majority of the costs of operating the College. During fiscal year 2019, the State appropriation of \$16,164,800 was sufficient to offset all but \$2,380,677 of the amount shown on the financial statements as an operating loss.

After considering nonoperating revenues and expenses, and other items, the College had a decrease in Total Net Position of \$382,528. Prior to recording depreciation expenses of \$2,775,703, the College had an increase in net position of \$2,393,175. The Other Revenues of the College consisted of \$55,936 in capital projects on the campus completed by the State of Utah's Division of Facilities Construction and Management, which is a reduction of projects completed from the prior year of \$1,280,753 and donated Equipment through the Foundation of \$80,061.

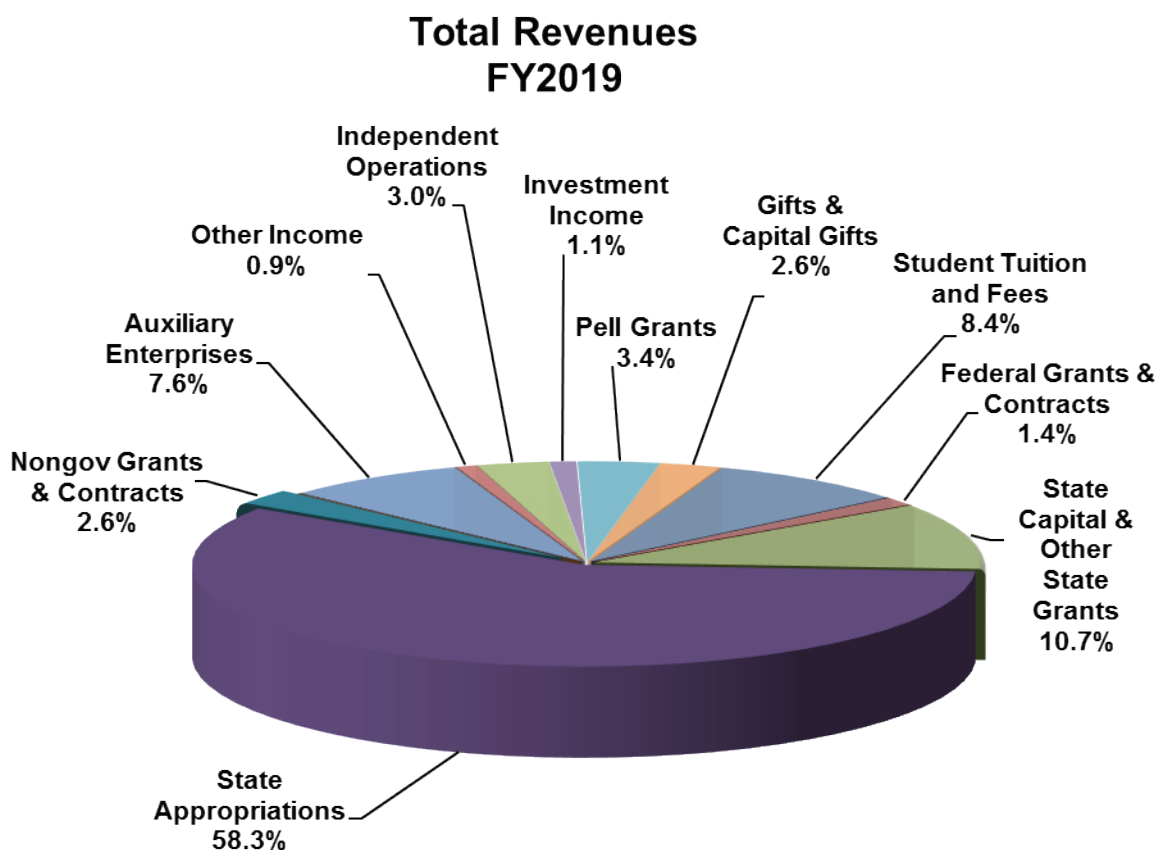
Revenues. The following schedule presents a summary of College revenues for the fiscal years ended June 30, 2019, and 2018:

Revenues	Year Ended June 30, 2019 Amount	Percent of Total	Year Ended June 30, 2018 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Revenues:					
Student Tuition and Fees	\$ 2,326,290	8.39%	\$ 2,229,088	\$ 97,202	4.36%
Federal Grants and Contracts	377,681	1.36%	343,463	34,218	9.96%
State Grants and Contracts	2,920,834	10.54%	1,602,973	1,317,861	82.21%
Local Grants and Contracts	11,373	0.04%	13,255	(1,882)	(14.19%)
Nongov Grants & Contracts	708,445	2.56%	660,439	48,006	7.27%
Sales & Services of Ed Depts	26,553	0.10%	15,215	11,338	74.52%
Auxiliary Enterprises	2,116,893	7.64%	1,967,093	149,800	7.62%
Other Operating Revenues	133,036	0.48%	186,761	(53,725)	(28.77%)
Independent Operations	834,807	3.01%	835,394	(587)	(0.07%)
Total Operating Revenues	9,455,912	34.12%	7,853,681	1,602,231	20.40%
Nonoperating Revenues:					
State Appropriations	16,164,800	58.32%	15,405,100	759,700	4.93%
Gifts	707,953	2.55%	819,276	(111,323)	(13.59%)
Investment Income	309,147	1.12%	161,738	147,409	91.14%
Disposal of Capital Assets	-	0.00%	14,007	(14,007)	100.00%
Federal Pell Grants	943,324	3.40%	1,181,163	(237,839)	(20.14%)
Other Nonoperating Revenues	78,368	0.29%	122,328	(43,960)	(35.94%)
Total Nonoperating Revenues	18,203,592	65.68%	17,703,612	499,980	2.82%
Other Revenues:					
Capital Grants	55,936	0.20%	1,336,689	(1,280,753)	(95.82%)
Capital Gifts	-	0.00%	80,061	(80,061)	(100.00%)
Total Other Revenues	55,936	0.20%	1,416,750	(1,360,814)	(96.05%)
Total Revenues	\$ 27,715,440	100.00%	\$ 26,974,043	\$ 741,397	2.75%

DAVIS TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2019

The revenue comparison between fiscal year 2019 and fiscal year 2018 shows an increase in total revenues of \$741,397 or 2.75% over the prior year. The largest factor in this increase was an increase in State Grants and Contracts of \$1,317,861 that included \$532,650 in performance funding for operations, \$435,700 for Equipment, and \$127,200 for Scholarships. State Appropriations increased \$759,700 for employee compensation, equipment, and programmatic expansion. Auxiliary Enterprises revenues increased \$149,800 primarily in the areas of rentals of space and Food Services.

The largest reduction was in Capital Grants for building and infrastructure upgrades to the campus of \$1,280,753 provided by the State of Utah's Division of Facilities Construction and Management (DFCM). The amount of these upgrades vary from year to year based on the needs of the College and available funding through DFCM. Gift income to the Foundation towards the construction of an allied health building decreased from the prior year \$111,323 and Federal Pell Grants for eligible students fell \$237,839.



DAVIS TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2019

Expenses. The following schedule presents a summary of College expenses for the fiscal years ended June 30, 2019 and 2018:

Expenses	Year Ended June 30, 2019 Amount	Percent of Total	Year Ended June 30, 2018 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Expenses:					
Salaries and Wages	\$ 12,770,403	45.45%	\$ 11,735,925	\$ 1,034,478	8.81%
Benefits	4,662,407	16.59%	4,101,567	560,840	13.67%
Actuarial Calculated Pension Expense	1,247,878	4.44%	880,599	367,279	41.71%
Scholarships	423,753	1.51%	589,718	(165,965)	(28.14%)
Utilities	576,830	2.05%	594,620	(17,790)	(2.99%)
Supplies and Other Services	5,544,415	19.74%	5,592,083	(47,668)	(0.85%)
Depreciation	2,775,703	9.88%	2,766,424	9,279	0.34%
Total Operating Expenses	28,001,389	99.66%	26,260,936	1,740,453	6.63%
Nonoperating Expenses:					
Disposal of Capital Assets	93,613	0.33%	-	93,613	100.00%
Unrealized Loss on FMV of Investment	2,966	0.01%	2,221	745	33.54%
Total Nonoperating Expenses	96,579	0.34%	2,221	94,358	
Total Expenses	\$ 28,097,968	100.00%	\$ 26,263,157	\$ 1,834,811	6.99%

Total Expenses for the year increased by \$1,834,811 from the prior year. Salaries and Wages expenses increased by \$1,034,478. Full time instructors were added in these instructional departments: Cybersecurity, Digital Media Design, Pharmacy Technician, Surgical Technology, Esthetician, Automation & Robotics, Automotive Technology, and Composite Material Technology. The College also added the following full time support positions: Assessment Technician, Financial Aid Director, Administrative Assistant, and a Grounds Keeper.

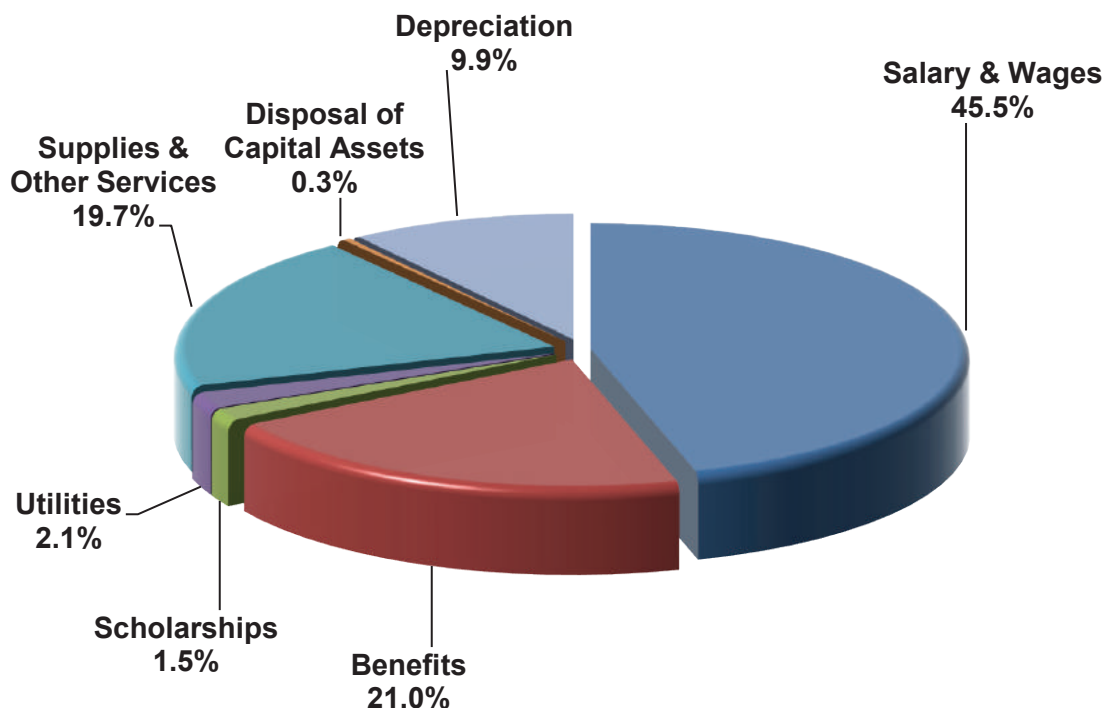
Benefits expenses increased by \$560,840 from the prior year, with \$355,154 in additional health insurance premiums, \$126,789 in retirement benefits and \$52,029 in workers compensation insurance. The Actuarial Calculated Pension Expense increased by \$367,279 as required by the reporting requirements of GASB 68. Additional information on this standard can be found in Note 8 of the Notes to the Financial Statements.

Scholarship expenses fell \$165,965 with a reduction in students eligible for Pell Grant scholarships of \$237,839 being offset by an increase in Foundation scholarships of \$32,796 and other awards.

Disposal of Capital Assets increased \$93,613 as the College increased the threshold for capitalization from \$3,000 to \$5,000 and removed existing assets that did not meet the new threshold from fixed assets.

**DAVIS TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2019**

**Total Operating Expenses
FY2019**



Capital Asset Administration

Capital Assets. The College's investment in capital assets as of June 30, 2019 amounts to \$26,465,459 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment. There were additions of \$1,143,176 before depreciation during the fiscal year. Of this amount, \$55,936 was for projects completed at the College by the State Division of Facilities Construction and Management, which was a reduction of \$1,280,753 from the prior year. Currently DFCM is constructing an allied health building funded by the State of Utah on the College campus with a projected completion in August of 2020. The Foundation has provided \$89,978 towards this building that has been recorded as Construction in Progress.

As previously mentioned the College changed its capitalization threshold, resulting in the retirement of \$1,119,344 in assets of which \$1,025,731 had been fully depreciated. Depreciation for the year was \$2,775,703. This resulted in a net decrease in capital assets of \$1,726,140 for the fiscal year.

DAVIS TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2019

Additional information on the College's capital assets can be found in Note 4 of the Notes to the Financial Statements.

The following schedule presents a summary of College Capital Assets for the fiscal years ended June 30, 2019 and 2018:

Capital Assets (net of depreciation)	Year Ended June 30, 2019 Amount	Year Ended June 30, 2018 Amount	Amount of Increase (Decrease)
Land	\$ 1,599,080	\$ 1,599,080	\$ -
Buildings and Improvements	22,607,265	24,133,704	(1,526,439)
Equipment	2,169,136	2,458,815	(289,679)
Construction in Progress	89,978	-	89,978
Total Capital Assets, net	<u>\$ 26,465,459</u>	<u>\$ 28,191,599</u>	<u>\$ (1,726,140)</u>

Factors Effecting Net Position or Operations

Utah Department of Corrections Contract. Since 2010, the College has provided technical training to the inmates at the Utah State Prison in Draper, Utah, under a contract with the Utah Department of Corrections. The training includes Automotive Technology, Machining, Welding Technology, Culinary Arts, and Office Technologies. This contract was renewed in June 2018 and will expire on June 30, 2023.

State Economic Outlook. The College receives a significant portion of its funding through legislative appropriations from the State of Utah; therefore, the general economic condition of the State has a direct impact on the College's ability to provide services to students and employers in the Davis and Morgan County service areas. Utah's economic position is one of the strongest in the nation with annual employment growth of 2.7% and a low unemployment rate of 2.8%. This position has allowed the State to increase funding to the College through the legislative process 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 both population and revenue growth.

Requests for Information

This financial report is designed to provide a general overview of the Davis Technical College's finances for all those with an interest in the College's finances and to show the accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fiscal Services Office, Davis Technical College, 550 East 300 South, Kaysville, Utah 84037.

DAVIS TECHNICAL COLLEGE
STATEMENT OF NET POSITION
June 30, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents (Note 2)	\$ 8,478,549
Receivables (Note 3)	
Due from the State of Utah	574,910
Other	393,557
Inventories	398,049
Prepaid Expenses and Other Assets	187,498
Total Current Assets	<u>10,032,563</u>

Noncurrent Assets:

Restricted Cash and Cash Equivalents (Note 2)	1,301,694
Cash Value of Life Insurance	55,483
Investments in Real Estate	836,416
Capital Assets, net (Note 4)	26,465,459
Total Noncurrent Assets	<u>28,659,052</u>
Total Assets	<u>38,691,615</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pensions (Note 8)	<u>1,941,761</u>
--	------------------

LIABILITIES

Current Liabilities:

Accounts Payable (Note 3)	
Due to the State of Utah	176,737
Other	617,910
Accrued Compensation Liabilities	890,225
Unearned Revenue	58,365
Funds Held in Custody for Others	8,495
Accrued Termination Benefits (Note 7)	35,377
Total Current Liabilities	<u>1,787,109</u>

Noncurrent Liabilities:

Net Pension Liability (Note 8)	4,798,125
Accrued Leave (Note 6)	667,306
Accrued Termination Benefits (Note 7)	37,506
Total Noncurrent Liabilities	<u>5,502,937</u>
Total Liabilities	<u>7,290,046</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to Pensions (Note 8)	<u>73,831</u>
---	---------------

NET POSITION

Net Investment in Capital Assets (Note 4)	26,465,459
Restricted For (Note 15):	
Nonexpendable	836,416
Expendable:	
Scholarships	383,273
Grants, Contracts and Other	1,368,118
Unrestricted	4,216,233
Total Net Position	<u>\$ 33,269,499</u>

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

DAVIS TECHNICAL COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2019

REVENUES

Operating Revenues:

Student Tuition and Fees (net of scholarship allowances of \$884,752)	\$ 2,326,290
Federal Grants and Contracts	377,681
State Grants and Contracts	2,920,834
Local Grants and Contracts	11,373
Nongovernmental Grants and Contracts	708,445
Sales and Services of Educational Departments	26,553
Auxiliary Enterprises (net of scholarship allowances of \$82,360)	2,116,893
Other Operating Revenues	133,036
Independent Operations	834,807
Total Operating Revenues	<u>9,455,912</u>

EXPENSES

Operating Expenses (Note 10):

Salaries and Wages	12,770,403
Benefits (Notes 6,7,8,9)	4,662,407
Actuarial Calculated Pension Expense (Note 8)	1,247,878
Scholarships	423,753
Utilities	576,830
Supplies and Other Services	5,544,415
Depreciation (Note 4)	2,775,703
Total Operating Expenses	<u>28,001,389</u>
Operating Income (Loss)	<u>(18,545,477)</u>

NONOPERATING REVENUES (EXPENSES)

State Appropriations	16,164,800
Gifts	707,953
Investment Income	309,147
Unrealized Loss on FMV of Investment	(2,966)
Disposal of Capital Assets (Note 4)	(93,613)
Federal Pell Grants	943,324
Other Nonoperating Revenues (Expenses)	78,368
Total Nonoperating Revenues (Expenses)	<u>18,107,013</u>
Income (Loss) Before Capital Grants and Contributions	(438,464)

Capital Grants	<u>55,936</u>
Change in Net Position	<u>(382,528)</u>

NET POSITION

Net Position - Beginning of Year	<u>33,652,027</u>
Net Position - End of Year	<u>\$ 33,269,499</u>

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

DAVIS TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Tuition and Fees	\$ 2,345,195
Receipts from Sponsors, Grants, and Contracts	3,764,288
Payments to Suppliers	(6,223,569)
Payments for Scholarships	(423,753)
Payments to Employees	(18,191,981)
Receipts from Auxiliary Enterprise Charges	2,116,893
Other Receipts	997,549
Net Cash Flow Provided (Used) by Operating Activities	<u>(15,615,378)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	16,164,800
Gifts and Grants Received for Other Than Capital Purposes:	
Private Gifts	511,794
Other Receipts	1,021,693
Net Cash Flow Provided (Used) by Noncapital Financing Activities	<u>17,698,287</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	(997,263)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(997,263)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

(Decrease) in Cash Value of Life Insurance	
Dividend Received From Investment in Real Estate	45,453
Interest on Investments	309,147
Net Cash Provided (Used) by Investing Activities	<u>354,600</u>

Net Increase/(Decrease) in Cash	<u>\$ 1,440,246</u>
---------------------------------	---------------------

CASH - BEGINNING OF YEAR

Cash and Cash Equivalents	\$ 7,217,862
Restricted Cash	1,122,135
Total Cash Beginning of Year	<u>8,339,997</u>

CASH - END OF YEAR

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

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

DAVIS TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2019
(continued)

RECONCILIATION OF NET OPERATING INCOME (LOSS) TO:

Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (18,545,477)
Difference between Actuarial Calculated Pension Expense and Actual Contributions	294,358
Adjustments to Reconcile Net Position (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	2,775,703
In-Kind Gifts Received and Expensed	60,728
Change in Assets and Liabilities:	
Receivables	(254,045)
Inventories	(18,605)
Prepaid Expenses and Other Assets	(92,400)
Accounts Payable	(52,047)
Accrued Compensation Liabilities	110,196
Unearned Revenue	18,905
Funds Held in Custody for Others	3,153
Accrued Leave	56,789
Accrued Early Termination Benefits	27,364
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (15,615,378)</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Construction projects transferred from State of Utah (DFCM)	\$ 55,936
Increase (Decrease) in Cash Value of Life Insurance	(2,966)
Total Noncash Investing, Capital, and Financing Activities	<u><u>\$ 52,970</u></u>

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

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Reporting Entity

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

The College was established 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 was composed of eight regional colleges. The Davis Applied Technology College became one of these colleges. Effective July 1, 2017, the Utah Legislature passed legislation which created the Utah System of Technical Colleges (UTech) and renamed the College, the Davis Technical College. The College is now a body politic and corporate and is governed directly by the College Board of Directors.

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

Blended Presentation Component Unit

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

Measurement Focus and Basis of Accounting

For financial reporting purposes, the College is considered a special purpose government entity engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The College distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the College's principal mission of instruction. Certain grants and contracts that are aligned with College's principal mission are included in operating revenue and expenses. The revenues of the Utah Nursing Assistant Registry are reported as independent operations, which is a part of the operating revenues of the College. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash & Cash Equivalents and Investments

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

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

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Inventories

Bookstore, Cosmetology Salon, and Print Center 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. 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 TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

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

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

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

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

Compensated Absences

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources related to pension liabilities. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Prior Year's Presentation

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a formal deposit policy for custodial credit risk. As of June 30, 2019, \$292,523 of the College's bank balances of \$542,523 was uninsured and uncollateralized. All of the Foundation's \$24,612 bank balances were insured.

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

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

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

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments (continued)

Fair Value of Investments

The College measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

The debt and equity securities classified in Level 2 are valued using the application of the June 30, 2019 fair value factor, as calculated by the Utah State Treasurer, to the College's ending balance in the Fund.

At June 30, 2019, the College and Foundation had the following recurring fair value measurements.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
State of Utah Public Treasurers' Investment Fund	\$9,186,424	-	\$9,186,424	-

Interest Rate Risk

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

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk (continued)

As of June 30, 2019, the College 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	\$9,186,424	\$9,186,424	-	-	-

Credit Risk

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

As of June 30, 2019, the College and Foundation had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings	
		AAA	Unrated
State of Utah Public Treasurers' Investment Fund	\$9,186,424	-	\$9,186,424

Concentration of Credit Risk

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

Custodial Credit Risk

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

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 3 – ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Schedule of Accounts Receivable

	June 30, 2019
Amounts due from the State of Utah	
Student Tuition and Fees	\$ 8,485
State Grants and Contracts	234,264
Operations	249,825
Independent Operations	82,336
Total due from the State of Utah	<u>574,910</u>
Amounts due from Others	
Student Tuition and Fees	123,036
Federal Grants and Contracts	80,461
Nongovernmental Grants and Contracts	3,750
Operations	186,185
Independent Operations	125
Total due from Others	<u>393,557</u>
Total Accounts Receivable	<u>\$ 968,467</u>

Schedule of Accounts Payable

	June 30, 2019
Amounts due to the State of Utah	\$ 176,737
Amounts due to Others:	
Students	58,521
Vendors	546,725
Employees	12,664
Total amounts due to Others	<u>617,910</u>
Total Accounts Payable	<u>\$ 794,647</u>

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 4 – CAPITAL ASSETS

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

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions from College	Additions from DFCM	Retirements	Balance June 30, 2019
Capital Assets					
Buildings & Improvements	\$ 47,563,586	\$ 291,024	\$ 55,936	\$188,343	\$47,722,203
Construction in Progress	-	89,978	-	-	89,978
Equipment	9,897,091	706,238	-	914,352	9,688,977
Land	1,599,080	-	-	-	1,599,080
Total	<u>59,059,757</u>	<u>1,087,240</u>	<u>55,936</u>	<u>1,102,695</u>	<u>59,100,238</u>
Less Accumulated Depreciation					
Buildings & Improvements	23,429,883	1,836,280		(151,225)	25,114,938
Equipment	<u>7,438,275</u>	<u>939,423</u>		<u>(857,857)</u>	<u>7,519,841</u>
Total Accumulated Depreciation	<u>30,868,158</u>	<u>2,775,703</u>	<u>-</u>	<u>(1,009,082)</u>	<u>32,634,779</u>
Net Capital Assets	<u>\$28,191,599</u>	<u>\$ (1,688,463)</u>	<u>\$ 55,936</u>	<u>\$ 93,613</u>	<u>\$26,465,459</u>

NOTE 5 - OBLIGATIONS UNDER OPERATING LEASES

The College has entered into an operating lease for a building used for instructional purposes away from the main College facility. This lease expires on November 30, 2019 and it is anticipated that the lease will be renewed. Operating lease payments are recorded as expenses when paid or incurred. The total operating lease expense for the year ended June 30, 2019 was \$53,324. Future minimum rental payments required are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$21,375

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 6 - ACCRUED LEAVE

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

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

	<u>Accrued Leave</u>
Balance at June 30, 2018	\$ 610,517
Additions to Accrued Leave	790,077
Accrued Leave Used	<u>(733,288)</u>
Balance at June 30, 2019	<u>\$ 667,306</u>
Amount due through June 30, 2020	\$ -

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, 2018	\$ 20,495	\$ 25,025	\$ 45,520
Additions	-	72,093	72,093
Deletions (Payments)	<u>(20,495)</u>	<u>(24,235)</u>	<u>(44,730)</u>
Balance at June 30, 2019	<u>\$ -</u>	<u>\$ 72,883</u>	<u>\$ 72,883</u>
Amount due through June 30, 2020	\$ -	\$ 35,377	\$ 35,377

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

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

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 7 - ACCRUED TERMINATION BENEFITS (Continued)

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

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

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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

Plan Description

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

Public Employees Noncontributory Retirement System (Noncontributory System)

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description (Continued)

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System)

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits Provided

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

Summary of Benefits by System

	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System				
	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System				
	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* Actuarial reductions are applied.

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

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy

As a condition of participation in the Systems, the College is required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates for the pension portion of the plans for the year were as follows:

	Employer Contribution <u>Rates</u>	Employer Rate for <u>401K Plan</u>
Noncontributory System	22.19%	1.50%
Noncontributory System, Post Retired Amortization	9.94%	0%
Tier 2 Public Employees System*	18.87%	1.15%
Tier 2 Public Employees System DC Only*	10.02%	10.00%

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

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

	Employer <u>Contributions</u>	Employee <u>Contributions</u>
Noncontributory System	\$741,409	N/A
Tier 2 Public Employees System*	173,523	-
Tier 2 Public Employees System DC Only*	<u>38,773</u>	N/A
Total Contributions	\$953,705	

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

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

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

At June 30, 2019, the College reported a net pension asset of \$0 and a net pension liability of \$4,798,125. The net pension liability increased \$1,741,165 from the June 30, 2018 balance of \$3,056,960. None of this is due within the next fiscal year.

	Measurement Date: December 31, 2018			December 31, 2017	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	Change (Decreases)
Noncontributory System	\$0	\$4,767,221	0.1281330%	0.1247564%	0.0033766%
Tier 2 Public Employees System	0	30,904	0.0721595%	0.0704864%	0.0016731%
	<u>\$0</u>	<u>\$4,798,125</u>			

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the College's actual contributions to the Systems during the plan year over the total of all employer contributions to the Systems during the plan year.

For the Year Ended June 30, 2019 the College recognized a pension expense of \$1,247,878.

At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,613	\$ 73,276
Changes in assumptions	492,636	555
Net difference between projected and actual earnings on pension plan investments	803,197	-
Changes in proportion and differences between contributions and proportionate share of contributions	150,008	-
Contributions subsequent to the measurement date	470,308	-
Total	<u>\$1,941,762</u>	<u>\$ 73,831</u>

The College reported \$470,308 as deferred outflows of resources related to pensions results from contributions made prior to the fiscal year end, but subsequent to the measurement date of December 31, 2018. These contributions will be recognized as a

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$643,299
2020	\$250,277
2021	\$116,487
2022	\$380,559
2023	\$931
Thereafter	\$6,071

Actuarial assumptions: The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %
Salary increases	3.25 % - 9.75 % average, including inflation
Investment rate of return	6.95 %, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Discount rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 % from 7.20% from the prior measurement period.

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

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

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

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

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Proportionate share of Net Pension (asset)/liability			
Noncontributory System	\$8,568,895	\$4,767,221	\$1,586,647
Tier 2 Public Employees System	<u>123,809</u>	<u>30,904</u>	<u>(40,795)</u>
	\$8,692,704	\$4,798,125	\$1,545,852

Pension Plan Fiduciary Net Position

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

Payables Due to Pension Plan

As of June 30, 2019 the College liabilities include \$80,054 from the final payroll of the year related to the Pension Plan.

NOTE 9 - DEFINED CONTRIBUTION PLANS

Utah Retirement Systems

The College participates in the 401(k) plan administered by the Utah Retirement Systems (Systems). This plan is a defined contribution plan. The plan is established and governed by Chapter 49 of the Utah Code Annotated, 1953, as amended. The 401(k) plan is a supplemental plan to basic retirement benefits of URS. The College is required by statute to contribute 1.5% of eligible employees' salaries which vests immediately. During the year ended June 30, 2019, the College contributed \$101,385.

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

In September of 2011, eligible employees of the Utah System of Technical Colleges (UTech) voted to not participate in the Social Security system as allowed under the guidelines of Section 218 of the Social Security Act.

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 9 - DEFINED CONTRIBUTION PLANS (Continued)

Utah Retirement Systems (continued)

As a result, beginning in October of 2011, the College began contributing 6.2% of these eligible employee's salaries into their respective URS 401(k) accounts in place of the Employer's Social Security contribution. These contributions totaled \$642,052 for the Year ended June 30, 2019. 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, 2019, College employees made voluntary contributions to the plan of \$302,134.

Teachers Insurance and Annuity Association

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

TIAA provides individual retirement fund contracts with each participating employee. The benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement. Participation in TIAA is authorized by Chapter 49 of the Utah Code Annotated, 1953, as amended. Contributions by the College to the employee's contract become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. For the year ended June 30, 2019, the College's contribution to this defined contribution retirement plan was 14.2% of the participating employees' annual salaries. The College has no further liability once contributions are made. During the year ended June 30, 2019, the College contributed \$857,476 to the plan, and employees made voluntary contributions to the plan of \$196,084.

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

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, 2019:

	Salary and Wages	Employee Benefits*	Scholarships	Utilities	Supplies & Other	Depreciation	Total
Instruction	\$ 6,027,713	\$ 2,468,534	\$ -	\$ -	\$ 1,865,902	\$ -	\$ 10,362,149
Academic Support	1,509,002	787,857	-	-	98,104	-	2,394,963
Student Services	1,669,579	860,238	-	616	473,015	-	3,003,448
Institutional Support	1,931,928	1,012,375	-	45,872	585,339	-	3,575,514
Operations and Maintenance	831,283	429,314	-	506,170	460,698	2,775,703	5,003,168
Scholarships	-	-	423,753	-	-	-	423,753
Auxiliary	633,967	243,261	-	24,172	1,601,649	-	2,503,049
Independent Operations	166,931	108,706	-	-	459,708	-	735,345
Total	<u>\$ 12,770,403</u>	<u>\$ 5,910,285</u>	<u>\$ 423,753</u>	<u>\$ 576,830</u>	<u>\$ 5,544,415</u>	<u>\$ 2,775,703</u>	<u>\$ 28,001,389</u>

* Employee Benefits includes the Actuarial Calculated Pension Expense

NOTE 11 – DAVIS TECH FOUNDATION -Blended Presentation Component Unit

The Davis Technical College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The majority of the resources or income the Foundation holds and invests is restricted to the activities of the College by the donors. Additionally, the College Board of Directors approves the individuals who are appointed to serve on the Foundation's separate Board of Trustees.

The restricted resources held by the Foundation can only be used by, or for the benefit of, the College. For these reasons the Foundation is considered a component unit of the College and is presented in the College's financial statements as a blended component unit. During the year ended June 30, 2019, the Foundation distributed \$343,841 to the College for both restricted and unrestricted purposes.

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

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

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

DAVIS TECHNICAL COLLEGE FOUNDATION CONDENSED FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019			
Statement of Net Position		Statement of Revenues, Expenses, and Changes in Net Position	
Assets		Operating Revenues:	
Current Assets		Gifts	\$ 566,680
Cash and Investments	\$ 388,523	Fund Raisers	70,561
Accounts Receivable	92,060	Total Operating Revenues	637,241
Noncurrent Assets		Operating Expenses:	
Restricted Cash and Investments	1,301,694	Staff Support	12,000
Other Non Current Assets	891,899	Scholarships	179,449
Total Assets	2,674,176	Equipment Donations	150,706
Liabilities and Net Assets		Other Expenses	143,718
Current Liabilities	29,038	Total Operating Expenses	485,873
Total Liabilities and Unearned Revenue	29,038	Operating Income	151,368
Net Position		Nonoperating Revenues:	
Nonexpendable	836,416	Interest & Other Income	85,624
Expendable	1,586,756	Change in Net Position	236,992
Unrestricted	221,966	Net Position at beginning of year	2,408,146
Total Net Position	<u>\$2,645,138</u>	Net Position at end of year	<u>\$2,645,138</u>
DAVIS TECHNICAL COLLEGE FOUNDATION Statement of Cash Flows			
Cash Flows From Operating Activities			
Cash received through contributions & fundraisers		\$ 450,717	
Cash payments for operations		(220,729)	
Cash payments for scholarships		(103,274)	
Net Cash Provided by (Used in) Operating Activities		126,714	
Cash Flows From Investing Activities			
Interest and Dividends		43,137	
Real Estate income		45,453	
Net Cash Provided by (Used in) Investing Activities		88,590	
		Increase in Cash and Cash Equivalents	215,304
		Cash and Cash Equivalents at Beginning of Year	1,474,913
		Cash and Cash Equivalents at End of Year	<u>\$1,690,217</u>

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 12 - UTAH CAREER PATH HIGH CHARTER SCHOOL

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

NOTE 13 – CONTINGENT LIABILITIES

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

NOTE 14 – RISK MANAGEMENT

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

DAVIS TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2019

NOTE 15 - RESTRICTIONS ON NET POSITION

The restrictions on net position at June 30, 2019 relate to College contracts and grants, Foundation donations of partnership interest, cash value of life insurance, capital projects, and various scholarships.

Restricted net position is available for the following purposes:

Nonexpendable Assets:	
Interest in Skyline Apartments	\$ 836,416
Expendable Assets:	
Scholarships	383,273
Capital Projects	1,129,010
Cash value of life insurance	55,483
Contracts and Grants	<u>183,625</u>
Total Expendable:	<u>\$ 1,751,391</u>
Total Restricted Net Position	<u>\$2,587,807</u>

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

NOTE 16 – RELATED PARTY TRANSACTIONS

Results Group LLC employs Kristen Toone as a trainer and facilitator. She is the spouse of Adam Toone, who sits on the College Board of Directors as a representative of the Morgan School District. During the fiscal year, the College contracted with Results Group LLC for executive training services totaling \$5,650. As of June 30, 2019, there were no outstanding amounts due to or from Results Group LLC to the College.

This page intentionally left blank.



DAVISTECH
DAVIS TECHNICAL COLLEGE

Required Supplementary Information

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

	<u>Dec 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>
Noncontributory System			
Proportion of the net pension liability (asset)	0.1281333%	0.1247564%	0.1222902%
Proportionate share of the net pension liability (asset)	\$ 4,767,221	\$ 3,050,746	\$ 3,963,324
Covered payroll	\$ 3,443,177	\$ 3,345,420	\$ 3,320,678
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	138.45%	91.19%	119.35%
Plan fiduciary net position as a percentage of the total pension liability	84.10%	89.20%	84.90%
 Tier 2 Public Employees System			
Proportion of the net pension liability (asset)	0.0721595%	0.0704864%	0.0645909%
Proportionate share of the net pension liability (asset)	\$ 30,904	\$ 6,215	\$ 7,205
Covered payroll	\$ 843,444	\$ 689,162	\$ 529,700
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	3.66%	0.90%	1.36%
Plan fiduciary net position as a percentage of the total pension liability	90.80%	97.40%	95.10%

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

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

<u>Dec 31, 2015</u>	<u>Dec 31, 2014</u>
0.1157513%	0.1120223%
\$ 3,636,080	\$ 2,814,592
\$ 3,194,598	\$ 3,154,934
113.82%	89.20%
84.50%	87.20%
0.0325978%	0.0218031%
\$ (71)	\$ (661)
\$ 210,680	\$ 106,918
-0.03%	-0.60%
100.20%	103.50%

DAVIS TECHNICAL COLLEGE
SCHEDULE OF PENSION CONTRIBUTIONS
Last Ten Fiscal Years

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>
Noncontributory System			
Actuarial determined contributions	\$ 741,409	\$ 767,461	\$ 723,411
Contributions in relation to the contractually required contribution	(741,409)	(767,461)	(723,411)
Contribution deficiency (excess)	-	-	-
Covered payroll	\$ 3,385,798	\$ 3,497,896	\$ 3,288,343
Contributions as a percentage of covered payroll ***	21.90%	21.94%	22.00%
Tier 2 Public Employees System**			
Actuarial determined contributions	\$ 173,523	\$ 151,029	\$ 107,799
Contributions in relation to the contractually required contribution	(173,523)	(151,029)	(107,799)
Contribution deficiency (excess)	-	-	-
Covered payroll	\$ 919,565	\$ 819,032	\$ 591,005
Contributions as a percentage of covered payroll ***	18.87%	18.44%	18.24%
Tier 2 Public Employees DC Only System			
Actuarial determined contributions	\$ 38,773	\$ 25,989	\$ 18,997
Contributions in relation to the contractually required contribution	(38,773)	(25,989)	(18,997)
Contribution deficiency (excess)	-	-	-
Covered payroll	\$ 386,958	\$ 259,374	\$ 189,588
Contributions as a percentage of covered payroll ***	10.02%	10.02%	10.02%

* Information provided by Utah Retirement Systems

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

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

2016*	2015*	2014*	2013	2012	2011	2010
\$ 696,334	\$ 688,592	\$ 640,328	\$ 610,106	\$ 567,237	\$ 557,874	\$ 489,201
(696,334)	(688,592)	(640,328)	(610,106)	\$ (567,237)	\$ (557,874)	\$ (489,201)
-	-	-	-	-	-	-
\$ 3,171,667	\$ 3,138,607	\$ 3,250,820	\$ 3,242,164	\$ 3,364,397	\$ 3,417,958	\$ 3,440,226
21.95%	21.94%	19.70%	18.81%	16.86%	16.32%	14.22%
\$ 66,622	\$ 24,537	\$ 20,541	\$ 24,078	\$ 4,033		
(66,622)	(24,537)	(20,541)	(24,078)	(4,033)		
-	-	-	-	-		
\$ 365,251	\$ 134,302	\$ 122,633	\$ 159,880	\$ 31,657		
18.24%	18.27%	16.75%	15.06%	12.74%		
\$ 18,145	\$ 16,510	\$ 10,739				
(18,145)	(16,510)	(10,739)				
-	-	-				
\$ 181,088	\$ 164,283	\$ 128,764				
10.02%	10.05%	8.34%				

**DAVIS TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

CHANGES IN ASSUMPTIONS

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

This page intentionally left blank.



DAVISTECH
DAVIS TECHNICAL COLLEGE

Statistics

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Investment in Capital Assets	\$ 26,465,459	\$ 28,191,599	\$ 28,090,605	\$ 27,246,745
Restricted for:				
Scholarships	383,273	385,332	382,003	395,324
Grants, Contracts and Other	2,204,534	2,048,096	1,259,911	1,099,471
Unrestricted	<u>4,216,233</u>	<u>3,027,000</u>	<u>3,208,622</u>	<u>2,903,431</u>
Total Net Position	<u><u>\$ 33,269,499</u></u>	<u><u>\$ 33,652,027</u></u>	<u><u>\$ 32,941,141</u></u>	<u><u>\$ 31,644,971</u></u>

Source: Annual Reports on Financial Statements for years presented.

2015	2014	2013	2012	2011	2010
\$ 28,313,502	\$ 29,216,171	\$ 29,015,988	\$ 29,419,452	\$ 29,865,486	\$ 30,982,477
318,799	285,400	152,080	167,204	185,923	156,386
915,990	1,340,800	1,384,440	1,514,378	1,455,106	1,622,239
2,928,900	4,482,337	4,488,850	3,857,159	3,375,883	2,359,674
<u>\$ 32,477,191</u>	<u>\$ 35,324,708</u>	<u>\$ 35,041,358</u>	<u>\$ 34,958,193</u>	<u>\$ 34,882,398</u>	<u>\$ 35,120,776</u>

DAVIS TECHNICAL COLLEGE
CHANGES IN NET POSITION
Last Ten Fiscal Years

	2019	2018	2017	2016
REVENUES				
Operating Revenues:				
Student Tuition and Fees (net of scholarship allowances)	\$ 2,326,290	\$ 2,229,088	\$ 2,119,972	\$ 2,217,755
Federal Grants and Contracts	377,681	343,463	335,954	338,165
State Grants and Contracts	2,920,834	1,602,973	2,002,345	1,607,378
Local Grants and Contracts	11,373	13,255	13,461	6,511
Nongovernmental Grants and Contracts	708,445	660,439	635,743	468,177
Sales and Services of Educational Departments	26,553	15,215	13,054	17,914
Auxiliary Enterprises (net of scholarship allowances)	2,116,893	1,967,093	1,899,262	1,849,584
Other Operating Revenues	133,036	186,761	168,681	91,737
Independent Operations	834,807	835,394	753,778	621,601
Total Operating Revenues	<u>9,455,912</u>	<u>7,853,681</u>	<u>7,942,250</u>	<u>7,218,822</u>
EXPENSES				
Operating Expenses:				
Salaries and Wages	12,770,403	11,735,925	10,998,624	10,527,131
Benefits	4,662,407	4,101,567	3,889,530	3,540,069
Actuarial Calculated Pension Expense	1,247,878	880,599	971,235	704,293
Scholarships	423,753	589,718	494,747	491,318
Utilities	576,830	594,620	604,269	593,245
Supplies and Other Services	5,544,415	5,592,083	5,055,197	4,507,499
Depreciation	2,775,703	2,766,424	2,601,821	2,455,459
Total Operating Expenses	<u>28,001,389</u>	<u>26,260,936</u>	<u>24,615,423</u>	<u>22,819,014</u>
Operating Income (Loss)	<u>(18,545,477)</u>	<u>(18,407,255)</u>	<u>(16,673,173)</u>	<u>(15,600,192)</u>
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	16,164,800	15,405,100	14,197,000	13,057,900
Gifts	707,953	819,276	589,322	294,912
Investment Income	309,147	161,738	96,584	88,136
Unrealized Loss on FMV of Investment	(2,966)	(2,221)	(1,655)	(1,189)
Disposal of Capital Assets	(93,613)	14,007	(2,453)	5,000
Federal Pell Grants	943,324	1,181,163	994,082	1,043,185
Other Nonoperating Revenues (Expenses)	78,368	122,328	80,711	18,233
Net Nonoperating Revenues	<u>18,107,013</u>	<u>17,701,391</u>	<u>15,953,591</u>	<u>14,506,177</u>
(Loss) Before Other Revenues and Expenses	<u>(438,464)</u>	<u>(705,864)</u>	<u>(719,582)</u>	<u>(1,094,015)</u>
Capital Grants	55,936	1,336,689	1,947,752	117,482
Capital Gifts	-	80,061	68,000	144,313
Increase/(Decrease) in Net Position	<u><u>\$ (382,528)</u></u>	<u><u>\$ 710,886</u></u>	<u><u>\$ 1,296,170</u></u>	<u><u>\$ (832,220)</u></u>

Source: Annual Reports on Financial Statements for years presented.

2015	2014	2013	2012	2011	2010
\$ 2,453,525	\$ 2,373,117	\$ 2,613,125	\$ 2,695,973	\$ 2,805,788	\$ 2,646,854
272,487	282,956	364,541	1,009,390	914,365	1,225,706
1,586,187	1,640,045	1,319,735	1,250,380	1,326,648	1,133,529
63,444	43,178	-	108,327	48,312	77,137
499,071	323,331	260,008	323,620	417,836	561,364
19,913	16,597	11,305	14,340	23,846	20,869
1,624,744	1,468,241	1,531,938	1,548,885	1,616,622	1,506,588
92,370	84,176	68,435	108,926	58,666	60,300
583,756	592,092	588,888	616,739	653,760	707,813
7,195,497	6,823,733	6,757,975	7,676,580	7,865,843	7,940,160
9,919,412	9,262,757	8,974,269	9,097,443	9,002,281	8,836,231
3,402,631	3,725,521	3,422,634	3,448,057	3,261,672	2,787,631
880,599	-	-	-	-	-
489,401	476,781	539,251	650,654	1,062,789	882,196
582,174	612,831	553,906	455,902	486,862	467,607
4,142,065	3,656,003	3,682,578	3,928,518	3,973,243	4,198,555
2,565,252	2,062,220	1,877,235	1,885,489	1,845,523	1,821,106
21,589,225	19,796,113	19,049,873	19,466,063	19,632,370	18,993,326
(14,393,728)	(12,972,380)	(12,291,898)	(11,789,483)	(11,766,527)	(11,053,167)
12,183,800	10,963,000	9,947,800	9,177,700	9,256,200	9,466,100
300,797	432,660	321,971	296,454	166,863	358,792
37,134	37,294	44,141	263,298	34,770	43,902
(857)	(884)	-	-	-	-
4,200	-	-	462	19,685	(220,252)
1,017,606	997,980	1,093,603	1,233,371	1,576,204	1,144,642
24,068	50,511	11,512	17,829	34,343	17,119
13,566,748	12,480,561	11,419,027	10,989,114	11,088,065	10,810,302
(826,980)	(491,819)	(872,871)	(800,369)	(678,462)	(242,864)
707,292	735,169	930,036	876,164	440,084	762,724
59,173	40,000	26,000	-	-	-
\$ 56,821	\$ 283,350	\$ 83,165	\$ 75,795	\$ (238,378)	\$ 519,859

DAVIS TECHNICAL COLLEGE
EXPENSES BY FUNCTION
Last Ten Fiscal Years

	2019	2018	2017	2016
Instruction	\$ 10,362,149	\$ 9,625,903	\$ 9,118,888	\$ 8,441,434
Academic Support	2,394,963	2,081,348	1,861,234	1,832,580
Student Services	3,003,448	2,619,788	2,306,475	2,145,745
Institutional Support	3,575,514	3,544,327	3,276,783	3,278,226
Operation and Maintenance of Plant	5,003,168	4,842,920	4,696,769	3,934,867
Scholarships	423,753	589,718	494,747	491,318
Auxiliary Enterprises	2,503,049	2,280,343	2,225,179	2,153,987
Independent Operations	735,345	676,589	635,348	540,857
Total Expenses	<u>\$ 28,001,389</u>	<u>\$ 26,260,936</u>	<u>\$ 24,615,423</u>	<u>\$ 22,819,014</u>

(Percent of Total Expenses)

	2019	2018	2017	2016
Instruction	37.01%	36.65%	37.05%	36.99%
Academic Support	8.55%	7.93%	7.56%	8.03%
Student Services	10.73%	9.98%	9.37%	9.40%
Institutional Support	12.77%	13.50%	13.31%	14.37%
Operation and Maintenance of Plant	17.87%	18.44%	19.08%	17.24%
Scholarships	1.51%	2.25%	2.01%	2.15%
Auxiliary Enterprises	8.94%	8.68%	9.04%	9.44%
Independent Operations	2.62%	2.57%	2.58%	2.38%
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.

2015	2014	2013	2012	2011	2010
\$ 8,343,883	\$ 7,324,428	\$ 7,180,417	\$ 7,531,695	\$ 7,481,871	\$ 7,743,952
1,569,816	1,453,835	1,584,102	1,596,148	1,522,040	1,213,917
1,828,804	1,909,263	1,803,791	1,749,448	1,759,478	1,747,483
2,646,253	2,488,202	2,288,556	2,221,888	2,119,538	1,940,786
4,356,732	3,827,354	3,390,378	3,379,027	3,359,495	3,215,148
489,401	476,781	539,251	650,654	1,056,789	882,196
1,821,343	1,819,534	1,767,634	1,837,902	1,832,401	1,759,978
532,993	496,716	495,744	499,301	500,758	489,866
<u>\$ 21,589,225</u>	<u>\$ 19,796,113</u>	<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>	<u>\$ 18,993,326</u>

2015	2014	2013	2012	2011	2010
38.65%	37.00%	37.69%	38.69%	38.11%	40.77%
7.27%	7.34%	8.32%	8.20%	7.75%	6.39%
8.47%	9.64%	9.47%	8.99%	8.96%	9.20%
12.26%	12.57%	12.01%	11.41%	10.80%	10.22%
20.18%	19.33%	17.80%	17.36%	17.11%	16.93%
2.27%	2.41%	2.83%	3.34%	5.38%	4.64%
8.44%	9.19%	9.28%	9.44%	9.33%	9.27%
2.46%	2.52%	2.60%	2.57%	2.56%	2.58%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

DAVIS TECHNICAL COLLEGE
EXPENSES BY NATURAL CLASSIFICATION
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Salaries and Wages	\$ 12,770,403	\$ 11,735,925	\$ 10,998,624	\$ 10,527,131
Benefits	4,662,407	4,101,567	3,889,530	3,540,069
Actuarial Calculated Pension Expense	1,247,878	880,599	971,235	704,293
Scholarships	423,753	589,718	494,747	491,318
Utilities	576,830	594,620	604,269	593,245
Supplies and Other Services	5,544,415	5,592,083	5,055,197	4,507,499
Depreciation	2,775,703	2,766,424	2,601,821	2,455,459
Total Expenses	<u>\$ 28,001,389</u>	<u>\$ 26,260,936</u>	<u>\$ 24,615,423</u>	<u>\$ 22,819,014</u>

(Percent of Total Expenses)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Salaries and Wages	45.61%	44.69%	44.68%	46.13%
Benefits	16.65%	15.62%	15.80%	15.51%
Actuarial Calculated Pension Expense	4.46%	3.35%	3.95%	3.09%
Scholarships	1.51%	2.25%	2.01%	2.15%
Utilities	2.06%	2.26%	2.45%	2.60%
Supplies and Other Services	19.80%	21.29%	20.54%	19.75%
Depreciation	9.91%	10.54%	10.57%	10.77%
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.

2015	2014	2013	2012	2011	2010
\$ 9,919,412	\$ 9,262,757	\$ 8,974,269	\$ 9,097,443	\$ 9,002,281	\$ 8,836,231
3,402,631	3,725,521	3,422,634	3,448,057	3,261,672	2,787,631
488,290	-	-	-	-	-
489,401	476,781	539,251	650,654	1,062,789	882,196
582,174	612,831	553,906	455,902	486,862	467,607
4,142,065	3,656,003	3,682,578	3,928,518	3,973,243	4,198,555
2,565,252	2,062,220	1,877,235	1,885,489	1,845,523	1,821,106
<u>\$ 21,589,225</u>	<u>\$ 19,796,113</u>	<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>	<u>\$ 18,993,326</u>

2015	2014	2013	2012	2011	2010
45.95%	46.79%	47.11%	46.73%	45.85%	46.52%
15.76%	18.82%	17.97%	17.71%	16.61%	14.68%
2.26%	0.00%	0.00%	0.00%	0.00%	0.00%
2.27%	2.41%	2.83%	3.34%	5.41%	4.64%
2.70%	3.10%	2.91%	2.34%	2.48%	2.46%
19.19%	18.47%	19.33%	20.18%	20.25%	22.11%
11.87%	10.41%	9.85%	9.70%	9.40%	9.59%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

DAVIS TECHNICAL COLLEGE
REVENUES BY SOURCE
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Operating Revenues:					
Student Tuition and Fees	\$ 2,326,290	\$ 2,229,088	\$ 2,119,972	\$ 2,217,755	\$ 2,453,525
Federal Grants and Contracts	377,681	343,463	335,954	338,165	272,487
State Grants and Contracts	2,920,834	1,602,973	2,002,345	1,607,378	1,586,187
Local Grants and Contracts	11,373	13,255	13,461	6,511	63,444
Nongovernmental Grants & Contracts	708,445	660,439	635,743	468,177	499,071
Sales & Services of Educational Departments	26,553	15,215	13,054	17,914	19,913
Auxiliary Enterprises	2,116,893	1,967,093	1,899,262	1,849,584	1,624,744
Other Operating Revenues	133,036	186,761	168,681	91,737	92,370
Independent Operations	834,807	835,394	753,778	621,601	583,756
Total Operating Revenues	9,455,912	7,853,681	7,942,250	7,218,822	7,195,497
Nonoperating Revenues:					
State Appropriations	16,164,800	15,405,100	14,197,000	13,057,900	12,183,800
Gifts	707,953	819,276	589,322	294,912	300,797
Investment Income	309,147	161,738	96,584	88,136	37,134
Federal Pell Grants	943,324	1,181,163	994,082	1,043,185	1,017,606
Other Nonoperating Revenues	78,368	136,335	80,711	23,233	24,068
Total Nonoperating Revenues	18,203,592	17,703,612	15,957,699	14,507,366	13,563,405
Other Revenues:					
Capital Grants	55,936	1,336,689	1,947,752	117,482	707,292
Capital Gifts	-	80,061	68,000	144,313	59,173
Total Other Revenues	55,936	1,416,750	2,015,752	261,795	766,465
Extraordinary Items:	-	-	-	-	117,336
Total Revenues	\$ 27,715,440	\$ 26,974,043	\$ 25,915,700	\$ 21,987,983	\$ 21,642,703

(Percent of Total Revenues)

	2019	2018	2017	2016	2015
Operating Revenues:					
Student Tuition and Fees	8.39%	8.26%	8.18%	10.09%	11.34%
Federal Grants and Contracts	1.36%	1.27%	1.30%	1.54%	1.26%
State Grants and Contracts	10.54%	5.94%	7.73%	7.31%	7.33%
Local Grants and Contracts	0.04%	0.05%	0.05%	0.03%	0.29%
Nongovernmental Grants & Contracts	2.56%	2.45%	2.45%	2.13%	2.31%
Sales & Services of Educational Departments	0.10%	0.06%	0.05%	0.08%	0.09%
Auxiliary Enterprises	7.64%	7.29%	7.33%	8.41%	7.51%
Other Operating Revenues	0.48%	0.69%	0.65%	0.42%	0.43%
Independent Operations	3.01%	3.10%	2.91%	2.83%	2.70%
Total Operating Revenues	34.12%	29.11%	30.65%	32.84%	33.26%
Nonoperating Revenues:					
State Appropriations	58.32%	57.11%	54.78%	59.39%	56.30%
Gifts	2.55%	3.04%	2.27%	1.34%	1.39%
Investment Income	1.12%	0.60%	0.37%	0.40%	0.17%
Federal Pell Grants	3.40%	4.38%	3.84%	4.74%	4.70%
Other Nonoperating Revenues	0.28%	0.51%	0.31%	0.11%	0.11%
Total Nonoperating Revenues	65.67%	65.64%	61.57%	65.98%	62.67%
Other Revenues:					
Capital Grants	0.21%	4.95%	7.52%	0.53%	3.27%
Capital Gifts	0.00%	0.30%	0.26%	0.65%	0.27%
Total Other Revenues	0.21%	5.25%	7.78%	1.18%	3.54%
Extraordinary Items:	0.00%	0.00%	0.00%	0.00%	0.54%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Annual Reports on Financial Statements for years presented.

2014	2013	2012	2011	2010
\$ 2,373,117	\$ 2,613,125	\$ 2,695,973	\$ 2,805,788	\$ 2,646,854
282,956	364,541	1,009,390	914,365	1,225,706
1,640,045	1,319,735	1,250,380	1,326,648	1,133,529
43,178	-	108,327	48,312	77,137
323,331	260,008	323,620	417,836	561,364
16,597	11,305	14,340	23,846	20,869
1,468,241	1,531,938	1,548,885	1,616,622	1,506,588
84,176	68,435	108,926	58,666	60,300
592,092	588,888	616,739	653,760	707,813
6,823,733	6,757,975	7,676,580	7,865,843	7,940,160
10,963,000	9,947,800	9,177,700	9,256,200	9,466,100
432,660	321,971	296,454	166,863	358,792
37,294	44,141	263,298	34,770	43,902
997,980	1,093,603	1,233,371	1,576,204	1,144,642
50,511	11,512	18,291	54,028	17,119
12,481,445	11,419,028	10,989,114	11,088,065	11,030,555
735,169	930,036	876,164	440,084	762,724
40,000	26,000	-	-	-
775,169	956,036	876,164	440,084	762,724
-	-	-	-	-
\$ 20,080,347	\$ 19,133,039	\$ 19,541,858	\$ 19,393,992	\$ 19,733,439

2014	2013	2012	2011	2010
11.82%	13.66%	13.80%	14.47%	13.41%
1.41%	1.91%	5.17%	4.71%	6.21%
8.17%	6.90%	6.40%	6.84%	5.74%
0.22%	0.00%	0.55%	0.25%	0.39%
1.61%	1.36%	1.66%	2.15%	2.84%
0.08%	0.06%	0.07%	0.12%	0.11%
7.31%	8.01%	7.93%	8.34%	7.63%
0.42%	0.36%	0.56%	0.30%	0.31%
2.95%	3.08%	3.16%	3.35%	3.57%
33.99%	35.34%	39.30%	40.53%	40.24%
54.60%	51.99%	46.96%	47.73%	47.97%
2.15%	1.68%	1.52%	0.86%	1.82%
0.19%	0.23%	1.35%	0.18%	0.22%
4.97%	5.72%	6.31%	8.13%	5.80%
0.25%	0.06%	0.09%	0.28%	0.09%
62.16%	59.68%	56.24%	57.18%	55.90%
3.66%	4.86%	4.47%	2.29%	3.87%
0.19%	0.12%	0.00%	0.00%	0.00%
3.85%	4.98%	4.47%	2.29%	3.87%
0.00%	0.00%	0.00%	0.00%	0.00%
100.00%	100.00%	100.00%	100.00%	100.00%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
External Sources of Tuition and Fees				
Self Pay	\$ 1,951,270	\$ 2,038,909	\$ 1,809,546	\$ 1,856,740
Weber State University Contracts ¹	-	-	-	-
Utah State Office of Rehabilitation	33,619	20,321	26,660	17,162
Other Sponsorships	341,401	169,858	283,766	343,853
Total External Tuition and Fees	<u>2,326,290</u>	<u>2,229,088</u>	<u>2,119,972</u>	<u>2,217,755</u>
Internal Sources of Tuition and Fees ²				
Davis Tech Foundation Scholarships	173,608	145,148	138,025	125,163
Pell Grants used for Tuition & Fees	543,121	577,578	483,068	529,131
Other Internal Sponsorships	524,718	523,103	417,143	308,253
Total Internal Tuition and Fees	<u>1,241,447</u>	<u>1,245,829</u>	<u>1,038,236</u>	<u>962,547</u>
Total External/Internal Tuition & Fees	<u>\$ 3,567,737</u>	<u>\$ 3,474,917</u>	<u>\$ 3,158,208</u>	<u>\$ 3,180,302</u>

(Percent of Total Tuition and Fees)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Self Pay	54.69%	58.68%	57.30%	58.38%
Weber State University Contracts	0.00%	0.00%	0.00%	0.00%
Office of Rehabilitation	0.94%	0.58%	0.84%	0.54%
Other Sponsorships	9.57%	4.89%	8.99%	10.81%
Internal Sources:				
Scholarships	4.87%	4.18%	4.37%	3.94%
Pell Grants	15.22%	16.62%	15.30%	16.64%
Other Sponsorships	14.71%	15.05%	13.20%	9.69%
Total Tuition and Fees	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

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

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

2015	2014	2013	2012	2011	2010
\$ 1,871,807	\$ 1,797,449	\$ 1,821,026	\$ 2,041,998	\$ 1,974,753	\$ 1,990,540
307,011	228,935	252,154	237,173	204,955	219,759
47,688	76,046	88,740	109,406	128,365	99,305
227,019	270,687	451,205	307,396	497,715	337,250
<u>2,453,525</u>	<u>2,373,117</u>	<u>2,613,125</u>	<u>2,695,973</u>	<u>2,805,788</u>	<u>2,646,854</u>

107,277	113,968	108,544	95,668	97,198	136,595
513,987	510,102	537,767	550,828	528,777	297,950
348,069	297,090	177,664	162,588	161,088	181,968
<u>969,333</u>	<u>921,160</u>	<u>823,975</u>	<u>809,084</u>	<u>787,063</u>	<u>616,513</u>
<u>\$ 3,422,858</u>	<u>\$ 3,294,277</u>	<u>\$ 3,437,100</u>	<u>\$ 3,505,056</u>	<u>\$ 3,592,851</u>	<u>\$ 3,263,367</u>

2015	2014	2013	2012	2011	2010
54.69%	54.56%	52.98%	58.26%	54.96%	61.00%
8.97%	6.95%	7.34%	6.77%	5.70%	6.73%
1.39%	2.31%	2.58%	3.12%	3.57%	3.04%
6.63%	8.22%	13.13%	8.77%	13.85%	10.33%
3.13%	3.46%	3.16%	2.73%	2.72%	4.19%
15.02%	15.48%	15.65%	15.72%	14.73%	9.13%
10.17%	9.02%	5.16%	4.63%	4.47%	5.57%
<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 TECHNICAL COLLEGE
HISTORIC ENROLLMENT
Last Ten Fiscal Years**

HISTORIC STUDENT MEMBERSHIP HOURS

Fiscal Year	High School Student Hours	%	Adult Student Hours	%	Total Student Hours	Annual Growth	Weighted Average Tuition Rate
2019	410,054	27%	1,091,728	73%	1,501,782	0.15%	\$1.83
2018	395,295	26%	1,104,218	74%	1,499,513	5.77%	1.82
2017	368,834	26%	1,048,844	74%	1,417,678	-2.33%	1.75
2016	355,730	25%	1,095,761	75%	1,451,491	2.39%	1.80
2015	251,798	18%	1,165,779	82%	1,417,577	7.19%	2.00
2014	229,301	17%	1,093,240	83%	1,322,541	-5.83%	1.81
2013	206,592	15%	1,197,770	85%	1,404,362	-8.46%	1.65
2012	219,937	14%	1,314,258	86%	1,534,195	-10.19%	1.54
2011	263,040	15%	1,445,298	85%	1,708,338	5.13%	1.52
2010	322,329	20%	1,302,707	80%	1,625,036	28.00%	1.52

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

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

HISTORIC TUITION RATES

Fiscal Year	Base Rate Per Hour	Tuition including Campus Fees	Full-time Annual Tuition	Annual Tuition Increase	
				Dollars	Percent
2019	\$ 2.10	\$ 3,767	\$ 2,974	\$ -	0.00%
2018	2.10	3,696	2,974	71	2.50%
2017	2.05	3,540	2,903	71	2.50%
2016	2.00	3,441	2,832	-	0.00%
2015	2.00	3,441	2,832	142	5.28%
2014	1.90	3,441	2,690	283	11.76%
2013	1.70	3,328	2,407	212	9.68%
2012	1.55	2,555	2,195	71	3.33%
2011	1.50	2,484	2,124	142	7.14%
2010	1.40	2,342	1,982	70	3.70%

Source: College Annual Catalogs

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

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

Davis County

Year	Population	Personal Income (\$millions)	Per Capita Personal Income	Unemployment Rate
2018	351,713	*n/a	*n/a	2.9%
2017	347,637	\$15,332	\$44,106	3.1%
2016	342,281	\$14,149	\$41,339	3.3%
2015	336,043	\$13,441	\$40,000	3.3%
2014	329,692	\$12,782	\$38,770	3.6%
2013	322,094	\$12,359	\$38,372	4.2%
2012	315,809	\$11,724	\$37,124	5.0%
2011	312,603	\$10,864	\$34,755	6.2%
2010	306,479	\$10,364	\$33,817	7.3%
2009	307,656	\$10,184	\$33,104	7.0%

Morgan County

Year	Population	Personal Income (\$millions)	Per Capita Personal Income	Unemployment Rate
2018	12,045	*n/a	*n/a	2.8%
2017	11,873	\$583	\$49,013	2.9%
2016	11,437	\$523	\$45,755	3.1%
2015	11,065	\$496	\$44,916	3.1%
2014	10,608	\$457	\$43,111	3.4%
2013	10,198	\$430	\$42,187	4.1%
2012	9,913	\$403	\$41,160	5.0%
2011	9,668	\$348	\$36,124	5.8%
2010	9,469	\$306	\$32,241	6.9%
2009	9,947	\$291	\$31,266	6.3%

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

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

Davis 2017

Employer	Employees	Rank	Percentage of Total
			County Employment
Department of Defense (Hill Air Force Base)	10000-14999	1	9.1%
Davis County School District	7000-9999	2	6.0%
Kroger Group Cooperative	2000-2999	3	1.8%
Lifetime Products	1000-1999	4	1.2%
Walmart	1000-1999	5	1.2%
Lagoon Inc.	1000-1999	6	1.2%
ATK Space Systems / Alliant	1000-1999	7	1.2%
Your Employment Solutions	1000-1999	8	1.2%
Utility Trailer & Manufacturing Co.	1000-1999	9	1.2%
Davis County	500-999	10	0.6%

Morgan 2017

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

Source: Davis County Comprehensive Annual Financial Report (CAFR) 2018

Source: Department of Workforce Services Website - Annual Profiles

DAVIS TECHNICAL COLLEGE
OPERATING INDICATORS AND EMPLOYEES
Fiscal Years 2018 and 2019

Enrollment Objective	2018	2019
Certificate Seeking	1,137	1,137
Secondary	231	231
Total	1,368	1,368
Student Headcount**	5,839	5,839
Faculty		
Full Time*	70	76
Part Time*	201	208
Total Faculty	271	284
Average Annual Faculty Salary 2019	\$62,040	\$63,763
Staff		
Full Time*	96	94
Part Time*	69	66
Total Staff	165	160
Membership Hours per Faculty/Staff		
Membership Hours per Faculty	5,533	5,279
Membership Hours per Staff	9,087	9,370
Students per Faculty/Staff		
Students per Faculty	22	21
Students per Staff	35	38

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

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

**Unduplicated headcount

**DAVIS TECHNICAL COLLEGE
BUILDING INFORMATION
Fiscal Years 2018 and 2019**

<u>Location</u>	<u>2018</u>	<u>2019</u>
Main Campus	303,431	303,431
Freeport Extension (Y-16)	12,000	12,000
Freeport West Extension (D-5)	32,000	32,000
Warehouse Space Freeport West Extension	88,000	88,000
Morgan Business Resource Center	2,592	2,592
Utah Department of Corrections Instructional Service Center	17,260	17,260
Clearfield Job Corps Instructional Service Center	1,969	1,969
Syracuse High School		1,200
Farmington High School		600
Morgan School School	4,008	4,908
Total Gross Square Feet	461,260	463,960
Total Acres Main Campus	65	65

Source: Physical Facilities Morgan School District/Davis Tech Space FY 2019
All amounts reported in Gross Square Ft

This page intentionally left blank.

RC WILLEY and WILLIAM H. CHILD



DAVISTECH
DAVIS TECHNICAL COLLEGE

Government Audit



**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States, the financial statements of Davis Technical College, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Davis Technical College's basic financial statements, and have issued our report thereon dated October 1, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



HintonBurdick, PLLC
St. George, Utah
October 1, 2019

This page intentionally left blank.



DAVISTECH

DAVIS TECHNICAL COLLEGE

WE CHANGE LIVES

550 East 300 South, Kaysville, UT 84037

801-593-2500 | davistech.edu