



DAVISTECH

DAVIS APPLIED TECHNOLOGY COLLEGE

**A MEMBER COLLEGE OF THE
UTAH COLLEGE OF APPLIED TECHNOLOGY**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

KAYSVILLE, UTAH



DAVISTECH

DAVIS APPLIED TECHNOLOGY COLLEGE

**A MEMBER COLLEGE OF THE
UTAH COLLEGE OF APPLIED TECHNOLOGY**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

KAYSVILLE, UTAH

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.

DAVIS APPLIED TECHNOLOGY COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	1
Organizational Chart.....	3
List of Principal Officers	4

FINANCIAL SECTION

Independent Auditor's Report	5
Management's Discussion and Analysis	7
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	43
Pension Contributions– Last Ten Fiscal Years.....	44

STATISTICAL SECTION

Schedule of Net Position – Last Ten Fiscal Years.....	48
Changes in Net Position – Last Ten Fiscal Years.....	50
Expenses by Function - Last Ten Fiscal Years.....	52
Expenses by Natural Classification - Last Ten Fiscal Years.....	54
Revenues by Source - Last Ten Fiscal Years.....	56

**DAVIS APPLIED TECHNOLOGY COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017**

TABLE OF CONTENTS (Continued)

Tuition and Fees by Source - Last Ten Fiscal Years	58
Historic Enrollment – Last Ten Fiscal Years.....	60
Historic Tuition Rates - Last Ten Fiscal Years.....	61
Demographic and Economic Information – Last Ten Calendar Years.....	62
Schedule of Principal Employers.....	63
Operating Indicators and Employees.....	64
Building Information	65

GOVERNMENT AUDIT SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----

INTRODUCTORY SECTION



DAVISTECH

Office of the Vice President

September 26, 2017

To the Members of the College Board of Directors
Davis Applied Technology College

Management of the Davis Applied Technology College (College), a member college of the Utah College of Applied Technology, 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, 2017. The State Auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the audit 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 Utah Legislature created the Utah College of Applied Technology (UCAT) which is composed of eight regional applied technology colleges. At that time, the existing Davis Applied Technology Center (DATC) became one of these regional applied technology colleges and became known as the Davis Applied Technology College. Effective July 1, 2017, the Utah Legislature passed legislation which made changes to UCAT and renamed the College the Davis Technical College.

Additional Information on the College's relationship to UCAT and the name change which became effective July 1, 2017 can be found in Note 1 and Note 16 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 Applied Technology College Foundation, Inc. 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. The budget is revised by the Board as the need arises throughout the year.

Revenues come primarily from appropriations from the State of Utah. Over 54% of revenues came from direct State appropriations in Fiscal Year 2017. Therefore, the total State economy is important to the future outlook of the College.

Acknowledgements

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, Michael E. Jensen, 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,



Michael J. Bouwhuis, M. Ed.
President

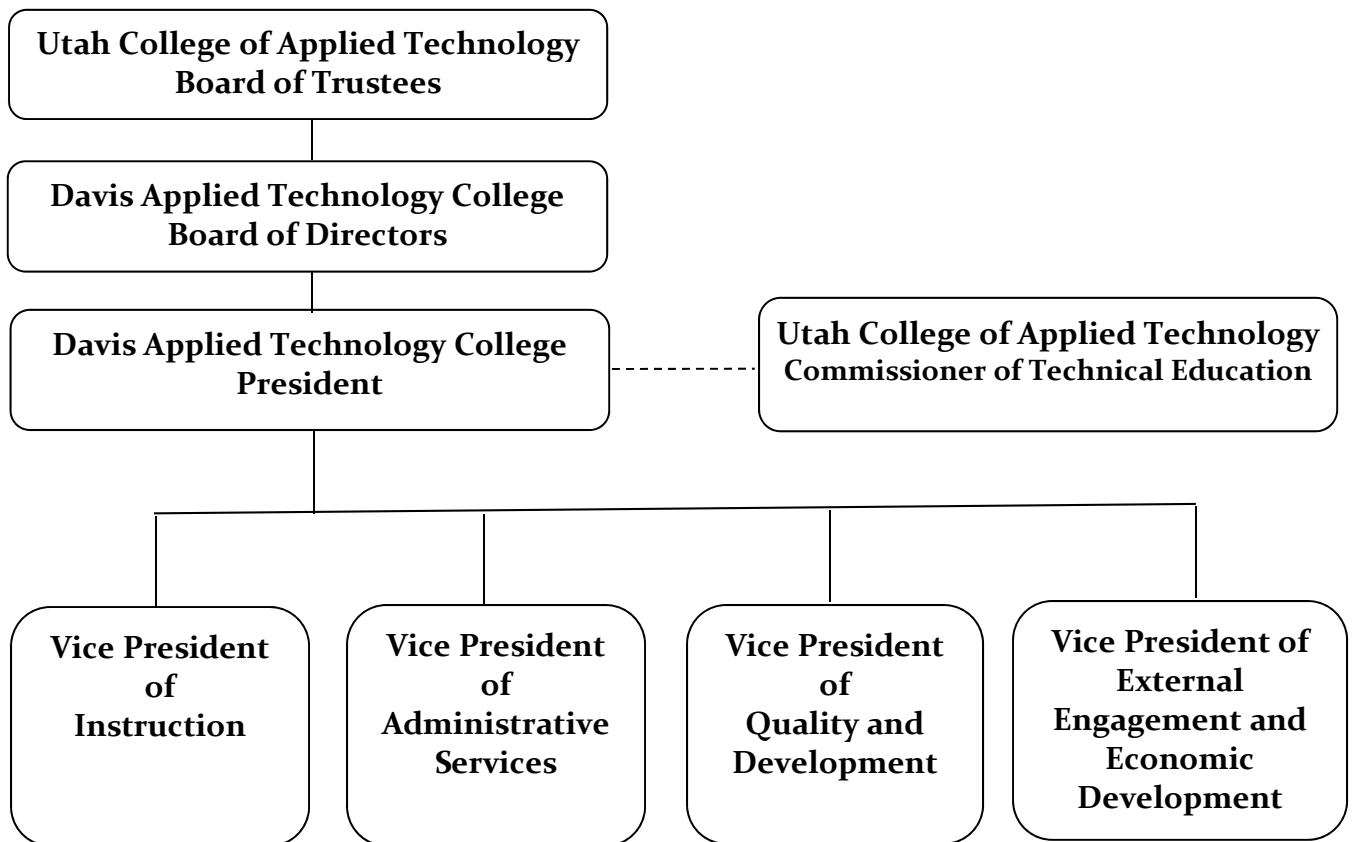


Russell S. Galt, MBA, CPA
Vice President of Administrative Services



DAVISTECH

Organizational Chart



DAVIS APPLIED TECHNOLOGY COLLEGE PRINCIPAL OFFICERS

Board of Directors

Michael E. Jensen, Chair
Michael Blair, Vice-Chair
K.O. Murdock
Brad Walters
Steve Earl
Stuart Eyring
Bart Warner
Brigit Gerrard
Adam Toone
Louenda Downs
David S. Hansen

Administration

Michael J. Bouwhuis, M. Ed., President and Chief Executive Officer
Kim Ziebarth, M. Ed., Vice President of Instruction
Russell S. Galt, MBA, CPA, Vice President of Administrative Services
Darin Brush, Vice President of External Engagement and Economic
Development

FINANCIAL SECTION

Independent Auditors' Report

Board of Directors, Audit Committee
And Michael J. Bouwhuis, President
Davis Applied Technology College
Kaysville, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Davis Applied Technology College (the College) as of and for the year ended June 30, 2017, 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 regional college within the Utah College of Applied Technology (UCAT) which is a component unit of the State of Utah.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 financial position of Davis Applied Technology College, as of June 30, 2017, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Davis Applied Technology College. They do not purport to, and do not, present fairly the financial position of UCAT, as of June 30, 2017, the changes in its financial position, or, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2017, on our consideration of Davis Applied Technology 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 Applied Technology College's internal control over financial reporting and compliance.



HintonBurdick, PLLC
St. George, Utah
September 26, 2017

**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017**

As management of the Davis Applied Technology College (College), a member college within the Utah College of Applied Technology, 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, 2017. 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 APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2017

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, 2017 and 2016:

Net Position	Year Ended June 30, 2017 Amount	Year Ended June 30, 2016 Amount	Amount of Increase (Decrease)
Current Assets	\$ 8,284,411	\$ 7,899,747	\$ 384,664
Noncurrent Assets	1,314,127	898,811	415,316
Capital Assets, net	28,090,605	27,246,745	843,860
Total Assets	37,689,143	36,045,303	1,643,840
Deferred Outflows of Resources	1,754,342	1,412,478	341,864
Current Liabilities	1,491,376	1,301,187	190,189
Noncurrent Liabilities	4,527,489	4,156,669	370,820
Total Liabilities	6,018,865	5,457,856	561,009
Deferred Inflows of Resources	483,480	354,953	128,527
Net Position:			
Net Investment in Capital Assets	28,090,605	27,246,745	843,860
Restricted	1,641,914	1,494,795	147,119
Unrestricted	3,208,622	2,903,431	305,191
Total Net Position	\$ 32,941,141	\$ 31,644,971	\$ 1,296,170

The Total Assets of the College increased by \$1,296,170 during the fiscal year.

Current Assets increased by \$384,664, as the College experienced increases in Cash and Cash Equivalents of \$190,600, Accounts Receivable of \$106,967, Inventories of \$77,773 and Prepaid Expenses of \$9,324.

Noncurrent Assets increased \$455,316 as restricted cash of \$417,042 for the Allied Health Building and Scholarships was classified as noncurrent.

The increase in net Capital Assets of \$843,860 for the year is the result of additions in assets and campus improvements of \$3,448,133 being offset by the depreciation expense of \$2,601,821.

Deferred Outflows increased by \$341,864 to \$1,754,342 which includes \$399,738 in contributions made by the College to the Utah Retirement Systems Pension Plan subsequent to their measurement

DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2017

date of December 31, 2016, \$424,880 due to changes in assumptions used by the actuaries and \$745,149 in the net difference between projected and actual earnings on pension plan investments.

The Total Liabilities of the College increased by \$561,009 during the fiscal year. Current liabilities increased by \$190,189 as increases in Accrued Compensation Liabilities of \$170,053, accounts payable of \$42,879 and were offset by a reduction in unearned revenue of \$31,240.

Noncurrent Liabilities increased by \$370,820 as the College recorded an increase of \$334,449 in Net Pension Liabilities. Accrued Leave also increased by \$95,228 while Accrued Termination Benefits decreased \$58,857.

Deferred Inflows related to pensions increased by \$128,527 and represents \$213,879 in the differences between expected and actual experience in the plans' participants and \$49,814 due to changes in assumptions used by the actuaries.

The Total Net Position of the College increased by \$1,296,170 from the previous fiscal year. Though Restricted Assets increased \$147,119 to \$1,641,914, these restrictions do not significantly affect the availability of resources for future College needs. The College's net position at year end was \$32,941,141.

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, 2017 and 2016:

Changes in Net Position	Year Ended June 30, 2017 Amount	Year Ended June 30, 2016 Amount	Amount of Increase (Decrease)
Operating Revenues	\$ 7,942,250	\$ 7,218,822	\$ 723,428
Operating Expenses	(24,615,423)	(22,819,014)	(1,796,409)
Operating Income (Loss)	(16,673,173)	(15,600,192)	(1,072,981)
Nonoperating Revenues	15,957,698	14,507,366	1,450,332
Nonoperating Expenses	(4,107)	(1,189)	(2,918)
Nonoperating Income (Loss)	15,953,591	14,506,177	1,447,414
Income Before Other Items	(719,582)	(1,094,015)	374,433
Other Revenues and Expenses	2,015,752	261,795	1,753,957
Increase (Decrease) in Net Position	1,296,170	(832,220)	2,128,390
Net Position - Beginning of Year	31,644,971	32,477,191	(832,220)
Total Net Position	\$ 32,941,141	\$ 31,644,971	\$ 1,296,170

DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2017

The College experienced a net operating loss of \$16,673,173. 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 2017, the State appropriation of \$14,197,000 was sufficient to offset all but \$2,476,173 of the amount shown on the financial statements as an operating loss.

After considering nonoperating revenues and expenses, and other items, the College had an increase in Total Net Position of \$1,296,170. Prior to recording depreciation expenses of \$2,601,820, the College had an increase in net position of \$3,897,990. The Other Revenues of the College consisted of \$1,947,752 in capital projects on the campus completed by the State of Utah's Division of Facilities Construction and Management and \$68,000 in Capital Gifts donated through the College Foundation.

The College's net position at year end was \$32,941,141.

Revenues. The following schedule presents a summary of College revenues for the fiscal years ended June 30, 2017, and 2016:

Revenues	Year Ended June 30, 2017 Amount	Percent of Total	Year Ended June 30, 2016 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Revenues:					
Student Tuition and Fees	\$ 2,119,972	8.18%	\$ 2,217,755	\$ (97,783)	(4.41%)
Federal Grants and Contracts	335,954	1.30%	338,165	(2,211)	(0.65%)
State Grants and Contracts	2,002,345	7.73%	1,607,378	394,967	24.57%
Local Grants and Contracts	13,461	0.05%	6,511	6,950	106.74%
Nongov Grants & Contracts	635,743	2.45%	468,177	167,566	35.79%
Sales & Services of Ed Depts	13,054	0.05%	17,914	(4,860)	(27.13%)
Auxiliary Enterprises	1,899,262	7.33%	1,849,584	49,678	2.69%
Other Operating Revenues	168,681	0.65%	91,737	76,944	83.86%
Independent Operations	753,778	2.91%	621,601	132,177	21.26%
Total Operating Revenues	<u>7,942,250</u>	<u>30.65%</u>	<u>7,218,822</u>	<u>723,428</u>	<u>10.02%</u>
Nonoperating Revenues:					
State Appropriations	14,197,000	54.78%	13,057,900	1,139,100	8.72%
Gifts	589,322	2.27%	294,912	294,410	99.83%
Investment Income	96,584	0.37%	88,136	8,448	9.60%
Disposal of Capital Assets	-	0.00%	5,000	(5,000)	(99.97%)
Federal Pell Grants	994,082	3.84%	1,043,185	(49,103)	(4.71%)
Other Nonoperating Revenues	80,710	0.31%	18,233	62,477	342.66%
Total Nonoperating Revenues	<u>15,957,698</u>	<u>61.58%</u>	<u>14,507,366</u>	<u>1,450,332</u>	<u>10.00%</u>
Other Revenues:					
Capital Grants	1,947,752	7.52%	117,482	1,830,270	1,557.91%
Capital Gifts	68,000	0.26%	144,313	(76,313)	(52.88%)
Total Other Revenues	<u>2,015,752</u>	<u>7.78%</u>	<u>261,795</u>	<u>1,753,957</u>	<u>669.97%</u>
Total Revenues	<u>\$ 25,915,700</u>	<u>100.00%</u>	<u>\$ 21,987,983</u>	<u>\$ 3,927,717</u>	<u>17.86%</u>

**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2017**

The revenue comparison between fiscal year 2017 and fiscal year 2016 shows an increase in total revenues of \$3,927,717 or 17.86% over the prior year. The largest factors in this increase were increases in State Capital Grants of 1,830,270 and State Appropriations of \$1,139,100 and State Grants and Contracts of \$394,967.

Student Tuition and Fees Revenue decreased \$97,783 from the prior year (net of scholarship allowances) as the College experienced declining adult student enrollment in Composites Materials Technology, Welding Technology, and several other training programs.

State Grants and Contracts increased this year by \$394,967. The Campus received a Utah Cluster Acceleration Partnership (UCAP) grant for \$190,000, and an additional \$100,000 in Custom Fit and \$105,000 in equipment money passed through the Utah College of Applied Technology (UCAT).

Nongovernmental Grants and Contracts increased \$167,566 as the College received additional revenues for training with the Clearfield Job Corps of \$160,948 and a grant for \$21,810 from the Utah Manufactures Association that was offset by a reduction of \$32,910 in revenues from training for Volvo Corporation.

Auxiliary Enterprises revenue increased by \$49,678, with an increase of \$147,507 being attributed to Salon Operations being offset by reduced revenues of \$49,634 in the Business Resource Center and rental of space at the Freeport West Campus of \$58,267.

Other Operating Revenues increased \$76,944, as the Foundation's golf tournament, which has normally been held in July, was moved into June in the summer of 2017; resulting to two golf tournaments held during the fiscal year.

Independent Operations of the College represent the activity of the Utah Nurse Assistant Registry whose revenues increased \$132,177. The increase was comprised of \$87,980 from the Utah State Department of Health and increased fees collected from individuals of \$39,715.

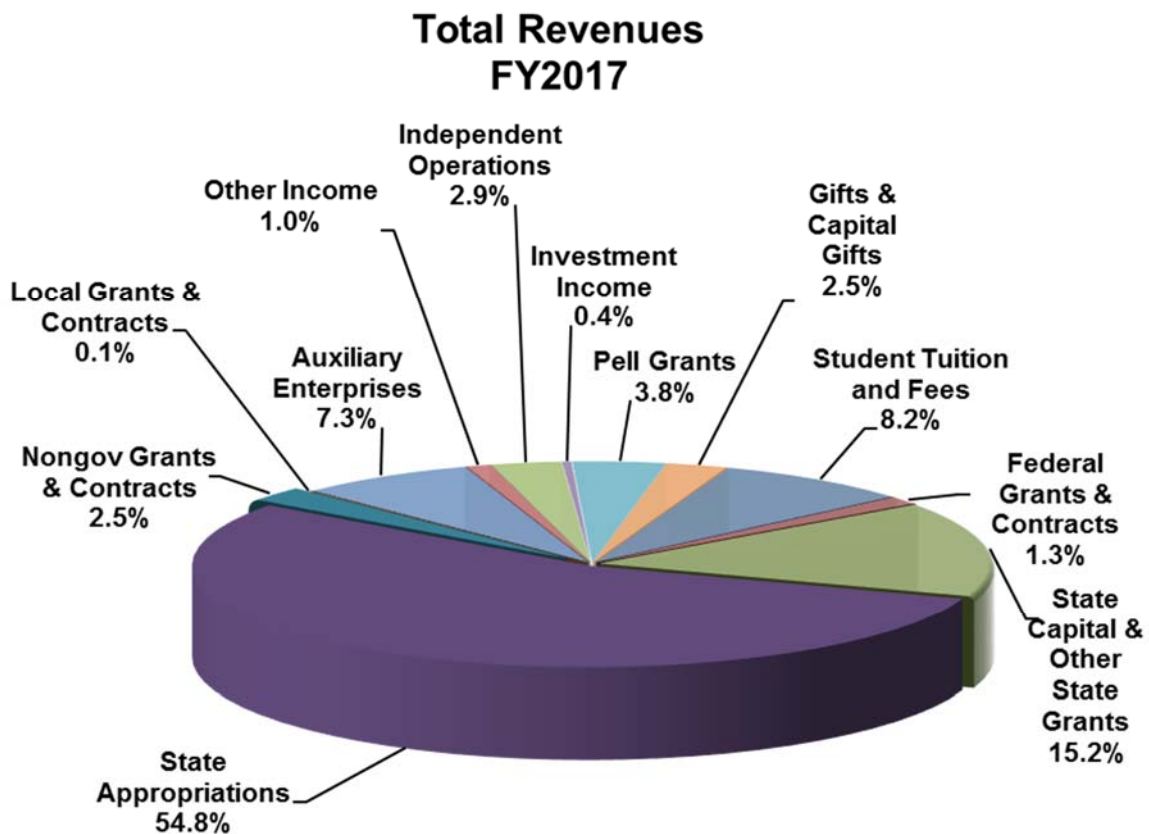
Direct State Appropriations increased by \$1,139,100 from the prior year, with \$363,000 provided for College program expansion, \$326,100 towards employee compensation and benefits, and \$450,000 for a strategic workforce initiative in composites and industrial automation.

Gifts to the Davis Applied Technology College Foundation increased \$294,410, with \$106,750 of that in cash donations for the construction of an Allied Health Building and the remainder in other cash and in-kind contributions.

Other Nonoperating revenues increased \$62,477 as the College received increased revenues of \$24,225 in rebates from its purchasing card program and \$26,479 from a rebate of excess dental insurance reserves.

**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2017**

The increase in Capital Grants of \$1,830,270 was due to the completion of a number of projects at the College by the State of Utah's Division of Facilities Construction and Management. These included \$1,428,700 in remodeling and infrastructure upgrades and \$519,052 on a partial roof replacement for the Freeport West Campus.



**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2017**

Expenses. The following schedule presents a summary of College expenses for the fiscal years ended June 30, 2017 and 2016:

Expenses	Year Ended June 30, 2017 Amount	Percent of Total	Year Ended June 30, 2016 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Expenses:					
Salaries and Wages	\$ 10,998,624	44.67%	\$ 10,527,131	\$ 471,493	4.48%
Benefits	3,889,530	15.80%	3,540,069	349,461	9.87%
Actuarial Calculated Pension Expense	971,235	3.94%	704,293	266,942	37.90%
Scholarships	494,747	2.01%	491,318	3,429	0.70%
Utilities	604,269	2.45%	593,245	11,025	1.86%
Supplies and Other Services	5,055,197	20.54%	4,507,499	547,698	12.15%
Depreciation	2,601,821	10.57%	2,455,459	146,362	5.96%
Total Operating Expenses	<u>24,615,423</u>	<u>99.98%</u>	<u>22,819,013</u>	<u>1,796,410</u>	<u>7.87%</u>
Nonoperating Expenses:					
Disposal of Capital Assets	2,453	0.01%	-	2,453	100.00%
Unrealized Loss on FMV of Investment	1,655	0.01%	1,189	466	39.16%
Total Nonoperating Expenses	<u>4,107</u>	<u>0.02%</u>	<u>1,189</u>	<u>2,918</u>	
Total Expenses	<u>\$ 24,619,530</u>	<u>100.00%</u>	<u>\$ 22,820,202</u>	<u>\$ 1,799,328</u>	<u>7.88%</u>

Total Expenses for the year increased by \$1,799,328 from the prior year. Salaries and Wages expenses increased by \$471,493. Full time employees were added in these instructional departments: Software Development, Cybersecurity, Composites Materials Technology, and Welding Technology. The College also added a full time Outreach Recruiter, an Equipment Maintenance Technician, College cybersecurity specialist, and a Custodian.

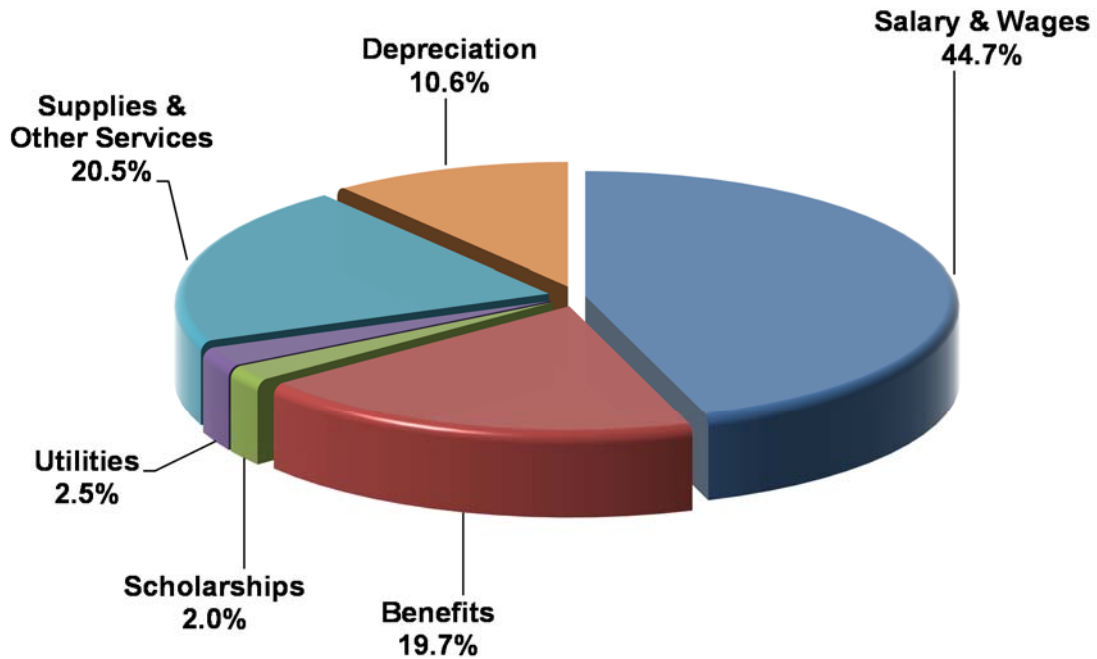
Benefits expenses increased by \$349,461 from the prior year, with \$201,185 in additional health insurance premiums and \$99,372 in retirement benefits. The Actuarial Calculated Pension Expense increased by \$266,942 as required by the reporting requirements of GASB 68. Additional information on this standard can be found in Note 8 of the Notes to the Financial Statements.

The increase of \$547,698 for Supplies and Other Services is related to; a \$168,000 increase for Strategic Workforce Initiative expenses with the Davis School District; \$137,536 in expenses in the Utah Nurse Assistant Registry; \$112,436 increase for the Custom Fit Training Department, and \$72,380 in the Cosmetology and Salon Operations. Other increases were spread over multiple departments as their budgets were increased with the additional appropriations from the State of Utah and other revenue sources.

The Depreciation Expense for the campus increased \$146,362 as the school began to depreciate the capital improvements and equipment purchased during the year.

**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2017**

**Total Operating Expenses
FY2017**



**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2017**

Capital Asset Administration

Capital Assets. The College's investment in capital assets as of June 30, 2017 amounts to \$28,090,604 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment. There were additions of \$3,448,133 before depreciation during the fiscal year. Of this amount, \$1,947,752 was for projects completed at the College by the State Division of Facilities Construction and Management. The College also retired \$255,571 worth of assets of which \$253,118 had been fully depreciated and were no longer in service. Depreciation for the year was \$2,601,821. This resulted in a net increase in capital assets of \$843,859 for the fiscal year. Additional information on the College's capital assets can be found in Note 4 of the Notes to the Financial Statements.

The following schedule presents a summary of College Capital Assets for the fiscal years ended June 30, 2017 and 2016:

Capital Assets (net of depreciation)	Year Ended June 30, 2017 Amount	Year Ended June 30, 2016 Amount	Amount of Increase (Decrease)
Land	\$ 1,599,080	\$ 1,599,080	\$ -
Buildings and Improvements	24,066,328	23,722,984	343,344
Equipment	2,425,196	1,924,681	500,515
Total Capital Assets, net	<u>\$ 28,090,604</u>	<u>\$ 27,246,745</u>	<u>\$ 843,859</u>

Factors Effecting Net Position or Operations

The Governmental Accounting Standards Board (GASB) Statement Number 68 (GASB 68) Accounting and Financial Reporting for Pensions. This accounting standard requires the College to record either assets or liabilities related to the College's pension plans that are administered by the Utah Retirement System (URS). The College has recorded these items using calculations provided by URS resulting in a reduction in Net Position. Detailed information regarding these changes are found in the Notes to the Financial Statements.

Utah Career Path High. The College is the Authorizer for Utah Career Path High (CPH) which is a legally separate, state-funded, early-college charter school located on the College's campus that opened for students in the fall of 2013. As Authorizer, the College does fill a limited oversight role in the operation of the charter school as outlined in Utah Code 53A-1a-521(7). The relationship

**DAVIS APPLIED TECHNOLOGY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2017**

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.

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 will expire on June 30, 2018.

Freeport West Training Facility. In the 2011 legislative session, funds were appropriated for the partial renovation of a warehouse building acquired by the State Division of Facilities Construction and Management from the federal government. Approximately twenty-five percent of the building has been sufficiently remodeled to be utilized for industrial training purposes. The remainder of the building will see renovations as funding becomes available.

State Economic Outlook. The College receives a significant portion of its funding through legislative appropriations from the State of Utah; 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. As Utah's economic activity has improved in recent years, the funds provided to the College through the legislative process have been increased in order to accommodate the growing needs of students and employers. It is anticipated that these annual increases in funding will continue as the State of Utah continues to experience both population and revenue growth.

Requests for Information

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

DAVIS APPLIED TECHNOLOGY COLLEGE
STATEMENT OF NET POSITION
June 30, 2017

ASSETS

Current Assets:

Cash and Cash Equivalents (Note 2)	\$ 7,113,045
Receivables (Note 3)	
Due from the State of Utah	484,012
Other	138,380
Inventories	505,570
Prepaid Expenses and Other Assets	43,404
Total Current Assets	<u>8,284,411</u>

Noncurrent Assets:

Restricted Cash and Cash Equivalents (Note 2)	417,042
Cash Value of Life Insurance	60,669
Investments in Real Estate	836,416
Capital Assets, net (Note 4)	28,090,605
Total Noncurrent Assets	<u>29,404,732</u>
Total Assets	<u>37,689,143</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pensions (Note 8)	<u>1,754,342</u>
------------------------------------------------	------------------

LIABILITIES

Current Liabilities:

Accounts Payable (Note 3)	
Due to the State of Utah	76,622
Other	482,424
Accrued Compensation Liabilities	771,459
Unearned Revenue	86,079
Funds Held in Custody for Others	5,759
Accrued Termination Benefits (Note 7)	69,033
Total Current Liabilities	<u>1,491,376</u>

Noncurrent Liabilities:

Net Pension Liability (Note 8)	3,970,529
Accrued Leave (Note 6)	523,929
Accrued Termination Benefits (Note 7)	33,031
Total Noncurrent Liabilities	<u>4,527,489</u>
Total Liabilities	<u>6,018,865</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to Pensions (Note 8)	<u>483,480</u>
-----------------------------------------------	----------------

NET POSITION

Net Investment in Capital Assets (Note 4)	28,090,605
Restricted For (Note 16):	
Nonexpendable	836,416
Expendable:	
Scholarships	382,003
Grants, Contracts and Other	423,495
Unrestricted	3,208,622
Total Net Position	<u><u>\$ 32,941,141</u></u>

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

DAVIS APPLIED TECHNOLOGY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2017

REVENUES

Operating Revenues:

Student Tuition and Fees (net of scholarship allowances of \$785,089)	\$ 2,119,972
Federal Grants and Contracts	335,954
State Grants and Contracts	2,002,345
Local Grants and Contracts	13,461
Nongovernmental Grants and Contracts	635,743
Sales and Services of Educational Departments	13,054
Auxiliary Enterprises (net of scholarship allowances of \$78,717)	1,899,262
Other Operating Revenues	168,681
Independent Operations	753,778
Total Operating Revenues	<u>7,942,250</u>

EXPENSES

Operating Expenses (Note 10):

Salaries and Wages	10,998,624
Benefits (Notes 6,7,8,9)	3,889,530
Actuarial Calculated Pension Expense (Note 8)	971,235
Scholarships	494,747
Utilities	604,269
Supplies and Other Services	5,055,197
Depreciation (Note 4)	2,601,821
Total Operating Expenses	<u>24,615,423</u>
Operating Income (Loss)	<u>(16,673,173)</u>

NONOPERATING REVENUES (EXPENSES)

State Appropriations	14,197,000
Gifts	589,322
Investment Income	96,584
Unrealized Loss on FMV of Investment	(1,655)
Disposal of Capital Assets (Note 4)	(2,453)
Federal Pell Grants	994,082
Other Nonoperating Revenues (Expenses)	80,711
Net Nonoperating Revenues	<u>15,953,591</u>
(Loss) Before Other Revenues and Expenses	<u>(719,582)</u>

OTHER REVENUES

Capital Grants	1,947,752
Capital Gifts	68,000
Total Other Revenues	<u>2,015,752</u>

Increase/(Decrease) in Net Position	<u>1,296,170</u>
-------------------------------------	------------------

NET POSITION

Net Position - Beginning of Year	31,644,971
Net Position - End of Year	<u>\$ 32,941,141</u>

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

DAVIS APPLIED TECHNOLOGY COLLEGE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Tuition and Fees	2,088,732
Receipts from Sponsors, Grants, and Contracts	2,880,535
Payments to Suppliers	(5,450,490)
Payments for Scholarships	(494,746)
Payments to Employees	(15,513,444)
Receipts from Auxiliary Enterprise Charges	1,899,262
Other Receipts	925,671
Net Cash Flow Provided (Used) by Operating Activities	<u>(13,664,480)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	14,197,000
Private Gifts	296,209
Other Receipts	1,074,792
Net Cash Flow Provided (Used) by Noncapital Financing Activities	<u>15,568,001</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	(1,432,381)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,432,381)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Dividend Received From Investment in Real Estate	39,918
Interest on Investments	96,584
Net Cash Provided (Used) by Investing Activities	<u>136,502</u>

Net Increase/(Decrease) in Cash	607,642
Cash - Beginning of Year	<u>6,922,445</u>
Cash - End of Year	<u><u>\$ 7,530,087</u></u>

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

DAVIS APPLIED TECHNOLOGY COLLEGE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2017
(continued)

RECONCILIATION OF NET OPERATING INCOME (LOSS) TO:

Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (16,673,173)
Difference between Actuarial Calculated Pension Expense and Actual Contributions	121,183
Adjustments to Reconcile Net Position (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	2,601,821
In-Kind Gifts Received and Expensed	253,195
Change in Assets and Liabilities:	
Receivables	(106,967)
Inventories	(77,773)
Prepaid Expenses and Other Assets	(9,324)
Accounts Payable	42,879
Accrued Compensation Liabilities	170,053
Unearned Revenue	(31,241)
Funds Held in Custody for Others	(9,842)
Accrued Leave	95,228
Accrued Early Termination Benefits	(40,519)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (13,664,480)</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Construction projects transferred from State of Utah (DFCM)	\$ 1,947,752
Increase (Decrease) in Cash Value of Life Insurance	(1,655)
Donated Equipment or Other Assets	68,000
Total Noncash Investing, Capital, and Financing Activities	<u><u>\$ 2,014,097</u></u>

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

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Davis Applied Technology College (College), a member college of the Utah College of Applied Technology, 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 member college of the Utah College of Applied Technology (UCAT). UCAT is considered a component unit of the State of Utah and is included in the State's *Comprehensive Annual Financial Report*.

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

Effective July 1, 2017, the Utah Legislature passed legislation which made changes to UCAT and renamed the College the Davis Technical College. Additional information regarding the College and its governance can be found in Note 16 of the notes to the financial statements.

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 Applied Technology 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.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. 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.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 \$3,000 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 fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	1-30
Portable Classrooms	25
Equipment	5-15
Vehicles	5-10
Furniture	10
Computer Equipment	3-5

Compensated Absences

It is the College'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.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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, 2017, \$56,303 of the College's bank balances of \$506,672 was uninsured and uncollateralized and all of the Foundation's \$15,494 bank balances were insured.

Investments

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

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

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

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments (continued)

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.

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.

At June 30, 2016, 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	\$7,003,295	-	\$7,003,295	-

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 APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk (continued)

As of June 30, 2017, the College and Foundation had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
State of Utah Public Treasurers' Investment Fund	\$7,003,295	\$7,003,295	-	-	-

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, 2017, the College and Foundation had the following investments and quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>	
		<u>AAA</u>	<u>Unrated</u>
State of Utah Public Treasurers' Investment Fund	\$7,003,295	-	\$7,003,295

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 APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

NOTE 3 – ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Schedule of Accounts Receivable

	<u>June 30, 2017</u>
Amounts due from the State of Utah	
Student Tuition and Fees	\$ 17,792
State Grants and Contracts	234,383
Operations	154,245
Independent Operations	<u>77,591</u>
Total due from the State of Utah	484,011
 Amounts due from Others	
Student Tuition and Fees	46,431
Federal Grants and Contracts	23,339
Nongovernmental Grants and Contracts	2,945
Operations	63,076
Independent Operations	<u>2,590</u>
Total due from Others	138,381
 Total Accounts Receivable	<u><u>\$ 622,392</u></u>

Schedule of Accounts Payable

	<u>June 30, 2017</u>
Amounts due to the State of Utah	\$ 76,622
Amounts due to Others:	
Students	55,322
Sponsors	833
Vendors	418,021
Employees	<u>8,249</u>
Total amounts due to Others	482,425
Total Accounts Payable	<u><u>\$ 559,047</u></u>

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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.

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions from College	Additions from DFCM	Retirements	Balance June 30, 2017
Capital Assets					
Buildings & Improvements	\$ 43,736,027	\$ 207,919	\$ 1,947,752	\$ 194,533	\$ 45,697,165
Equipment	7,803,220	1,292,462	-	61,038	9,034,644
Land	1,599,080	-	-	-	1,599,080
Total	53,138,327	1,500,381	1,947,752	255,571	56,330,889
Less Accumulated Depreciation					
Buildings & Improvements	20,013,044	1,812,327	-	(194,533)	21,630,838
Equipment	5,878,537	789,494	-	(58,585)	6,609,446
Total Accumulated Depreciation	25,891,581	2,601,821	-	(253,118)	28,240,284
Net Capital Assets	\$ 27,246,746	\$ (1,101,440)	\$ 1,947,752	\$ 2,453	\$ 28,090,605

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, 2017 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, 2017 was \$51,291. Future minimum rental payments required are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$20,375

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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, 2016	\$ 428,701
Additions to Accrued Leave	886,941
Accrued Leave Used	<u>(791,713)</u>
Balance at June 30, 2017	<u>\$ 523,929</u>
Amount due through June 30, 2018	\$ -

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, 2016	\$ 72,684	\$ 69,899	\$ 142,583
Additions	-	39,975	39,975
Deletions (Payments)	(31,695)	(48,799)	(80,494)
Balance at June 30, 2017	<u>\$ 40,989</u>	<u>\$ 61,075</u>	<u>\$ 102,064</u>
Amount due through June 30, 2018	\$ (20,495)	\$ (48,538)	\$ (69,033)

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, including five years of current service at the College, (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 10 years of service
- B) Age 60 with 20 years of service
- C) Any age with 25 years of service

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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.

Six 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 (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 URS on or before June 30, 2003 were allowed to elect to continue participation in the URS 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 APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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%

* with actuarial reductions

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

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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*	18.24%	1.78%
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.

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$723,411	N/A
Tier 2 Public Employees System	107,799	-
Tier 2 Public Employees System DC Only	<u>18,997</u>	N/A
Total Contributions	\$850,207	

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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, 2017, the College reported a net pension asset of \$0 and a net pension liability of \$3,970,529. The net pension liability increased \$334,449 from the June 30, 2016 balance of \$3,636,080. None of this is due within the next fiscal year.

	Measurement Date: Dec 31, 2016			Dec 31, 2015	
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share	Change (Decreases)
Noncontributory System	\$0	\$3,963,324	0.1222902%	0.1157513%	0.0065389%
Tier 2 Public Employees System	0	7,205	0.0645909%	0.0325978%	0.0319931%
	<u>\$0</u>	<u>\$3,970,529</u>			

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 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, 2017 the College recognized a pension expense of \$971,235.

At June 30, 2017, 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	\$ 0	\$219,787
Changes in assumptions	424,880	49,814
Net difference between projected and actual earnings on pension plan investments	745,149	213,879
Changes in proportion and differences between contributions and proportionate share of contributions	184,575	0
Contributions subsequent to the measurement date	399,738	0
Total	<u>\$1,754,342</u>	<u>\$483,480</u>

The College reported \$399,738 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, 2016. These contributions will be recognized as a

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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>
2017	\$268,366
2018	\$278,714
2019	\$341,430
2020	(\$19,895)
2021	\$200
Thereafter	\$2,311

Actuarial assumptions: The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.6 %
Salary increases	3.35 % - 10.35 % average, including inflation
Investment rate of return	7.20 %, 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, 2016, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2013.

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

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

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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)

<u>Asset class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term expected portfolio real rate of return</u>
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.60%
	Expected arithmetic nominal return		7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.6% and a real return of 4.6% that is net of investment expense.

Discount rate

The discount rate used to measure the total pension liability was 7.20%. 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 7.20 % from 7.50% 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 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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 (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of Net Pension (asset)/liability			
Noncontributory System	\$7,266,826	\$3,963,324	\$1,194,666
Tier 2 Public Employees System	<u>49,042</u>	<u>7,205</u>	<u>(24,623)</u>
	\$7,315,868	\$3,970,529	\$1,170,043

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, 2017 the College liabilities include \$71,840 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 (URS). This plan is a defined contribution plan. The plan is established and governed by Chapter 49 of the Utah Code Annotated, 1953, as amended. The 401(k) plan is a supplemental plan to basic retirement benefits of URS. The College is required by statute to contribute 1.5% of eligible employees' salaries which vests immediately. During the year ended June 30, 2017, the College contributed \$81,393.

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 College of Applied Technology (UCAT) voted to discontinue their participation in the Social Security Administration as allowed under the guidelines of Section 218 of the Social Security Act.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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 \$544,845 for the Year ended June 30, 2017. 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, 2017, College employees made voluntary contributions to the plan of \$293,796.

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, 2017, the College's contribution to this defined contribution pension 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, 2017, the College contributed \$702,290 to the plan, and employees made voluntary contributions to the plan of \$151,810.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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, 2017:

	Salary and Wages	Employee Benefits*	Scholarships	Utilities	Supplies & Other	Depreciation	Total
Instruction	\$ 5,240,800	\$ 2,096,893	\$ -	\$ 80	\$ 1,781,115	\$ -	\$ 9,118,888
Academic Support	1,149,462	586,954	-	7,900	116,918	-	1,861,234
Student Services	1,342,274	622,569	-	4,856	336,776	-	2,306,475
Institutional Support	1,742,273	874,581	-	67,713	592,216	-	3,276,783
Operations and Maintenance	739,952	362,659	-	498,517	493,820	2,601,821	4,696,769
Scholarships	-	-	494,747	-	-	-	494,747
Auxiliary	611,974	211,394	-	23,903	1,377,908	-	2,225,179
Independent Operations	171,889	105,715	-	1,300	356,444	-	635,348
Total	\$ 10,998,624	\$ 4,860,765	\$ 494,747	\$ 604,269	\$ 5,055,197	\$ 2,601,821	\$ 24,615,423

* Employee Benefits includes the Actuarial Calculated Pension Expense

NOTE 11 - DATC FOUNDATION -Blended Presentation Component Unit

The Davis Applied Technology College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the College. 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, 2017, the Foundation distributed \$520,624 to the College for both restricted and unrestricted purposes.

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

NOTE 11 - DATC FOUNDATION - Blended Presentation Component Unit (Continued)

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

DAVIS APPLIED TECHNOLOGY COLLEGE FOUNDATION CONDENSED FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017			
Statement of Net Position		Statement of Revenues, Expenses, and Changes in Net Position	
Assets		Operating Revenues:	
Current Assets		Gifts	\$ 578,652
Cash and Investments	\$ 467,403	Fund Raisers	136,255
Accounts Receivable	7,123	Total Operating Revenues	<u>714,907</u>
Noncurrent Assets			
Restricted Cash and Investments	417,042	Operating Expenses:	
Other Non Current Assets	897,086	Staff Support	12,000
Total Assets	<u>1,788,654</u>	Scholarships	140,713
		Equipment Donations	323,196
Liabilities and Net Assets		Other Expenses	111,124
Current Liabilities	8,368	Total Operating Expenses	<u>587,033</u>
Unearned Revenue	-	Operating Income	<u>127,874</u>
Total Liabilities and Unearned Revenue	<u>8,368</u>		
		Nonoperating Revenues:	
Net Position		Interest & Other Income	47,250
Nonexpendable	836,416	Change in Net Position	<u>175,124</u>
Expendable	701,941	Net Position at beginning of year	<u>1,605,162</u>
Unrestricted	241,929	Net Position at end of year	<u>\$ 1,780,286</u>
Total Net Position	<u>\$ 1,780,286</u>		
DAVIS APPLIED TECHNOLOGY COLLEGE FOUNDATION Statement of Cash Flows			
Cash Flows From Operating Activities			
Cash received through contributions & fundraisers			\$ 312,545
Cash payments for operations			(88,628)
Cash payments for scholarships			<u>(140,713)</u>
Net Cash Provided by (Used in) Operating Activities			83,204
Cash Flows From Investing Activities			
Interest and Dividends			8,987
Real Estate income			<u>39,918</u>
Net Cash Provided by (Used in) Investing Activities			48,905
			132,109
			<u>752,336</u>
			<u>\$ 884,445</u>

DAVIS APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

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 that opened in the fall of 2013. As Authorizer, the College fills a limited oversight role in the operation of the charter school as outlined in the Utah State Code 53A-1a-521(7). The relationship between the entities does not meet the requirements that would necessitate their inclusion in the College financial statements as a Component Unit or Related Organization according to GASB Statements 14 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 APPLIED TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Fiscal Year Ended June 30, 2017

NOTE 15 - RESTRICTIONS ON NET ASSETS

The restrictions on net assets at June 30, 2017 relate to College contracts and grants, Foundation donations of partnership interest, cash value of life insurance, capital projects, and various scholarships.

Restricted net assets are available for the following purposes:

Nonexpendable Assets:	
Interest in Skyline Apartments	\$ 836,416
Expendable Assets:	
Scholarships	382,003
Capital Projects	248,171
Cash value of life insurance	60,669
Contracts and Grants	<u>114,655</u>
Total Expendable:	<u>\$ 805,498</u>
 Total Restricted Net Assets	 <u><u>\$1,641,914</u></u>

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

NOTE 16 – SUBSEQUENT EVENT

Effective July 1, 2017, the Utah Legislature renamed the Utah College of Applied Technology (UCAT) the Utah System of Technical Colleges. The Legislature also changed the names of each member college of the Utah System of Technical Colleges from an applied technology college to a technical college. Therefore, the Davis Applied Technology College (DATC) became the Davis Technical College (Davis Tech). The Davis Technical College is an institution within the State System of Higher Education and a part of the Utah System of Technical Colleges. Davis Technical College is a body politic and corporate and is governed directly by the College Board of Directors.

REQUIRED SUPPLEMENTARY INFORMATION

DAVIS APPLIED TECHNOLOGY COLLEGE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY*

	<u>Dec 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Dec 31, 2014</u>
Noncontributory System			
Proportion of the net pension liability (asset)	0.1222902%	0.1157513%	0.1120223%
Proportionate share of the net pension liability (asset)	\$ 3,963,324	\$ 3,636,080	\$ 2,814,592
Covered payroll	\$ 3,320,678	\$ 3,194,598	\$ 3,154,934
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	119.35%	113.82%	89.20%
Plan fiduciary net position as a percentage of the total pension liability	84.90%	84.50%	87.20%
Tier 2 Public Employees System			
Proportion of the net pension liability (asset)	0.0645909%	0.0325978%	0.0218031%
Proportionate share of the net pension liability (asset)	\$ 7,205	\$ (71)	\$ (661)
Covered payroll	\$ 529,700	\$ 210,680	\$ 106,918
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	95.10%	100.20%	103.50%

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.

**DAVIS APPLIED TECHNOLOGY COLLEGE
SCHEDULE OF PENSION CONTRIBUTIONS
Last Ten Fiscal Years**

	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Noncontributory System			
Actuarial determined contributions	\$ 723,411	\$ 696,334	\$ 688,592
Contributions in relation to the contractually required contribution	(723,411)	(696,334)	(688,592)
Contribution deficiency (excess)	-	-	-
 Covered employee payroll	 \$ 3,288,343	 \$ 3,171,667	 \$ 3,138,607
Contributions as a percentage of covered payroll ***	22.00%	21.95%	21.94%
 Tier 2 Public Employees System**			
Actuarial determined contributions	\$ 107,799	\$ 66,622	\$ 24,537
Contributions in relation to the contractually required contribution	(107,799)	(66,622)	(24,537)
Contribution deficiency (excess)	-	-	-
 Covered employee payroll	 \$ 591,005	 \$ 365,251	 \$ 134,302
Contributions as a percentage of covered payroll ***	18.24%	18.24%	18.27%
 Tier 2 Public Employees DC Only System			
Actuarial determined contributions	\$ 18,997	\$ 18,145	\$ 16,510
Contributions in relation to the contractually required contribution	(18,997)	(18,145)	(16,510)
Contribution deficiency (excess)	-	-	-
 Covered employee payroll	 \$ 189,588	 \$ 181,088	 \$ 164,283
Contributions as a percentage of covered payroll ***	10.02%	10.02%	10.05%

* Information provided by Utah Retirement Systems

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

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

<u>2014*</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 640,328	\$ 610,106	\$ 567,237	\$ 557,874	\$ 489,201	\$ 555,938	\$ 587,671
(640,328)	(610,106)	\$ (567,237)	\$ (557,874)	\$ (489,201)	\$ (555,938)	\$ (587,671)
-	-	-	-	-	-	-
\$ 3,250,820	\$ 3,242,164	\$ 3,364,397	\$ 3,417,958	\$ 3,440,226	\$ 3,909,550	\$ 4,132,707
19.70%	18.81%	16.86%	16.32%	14.22%	14.22%	14.22%
\$ 20,541	\$ 24,078	\$ 4,033				
(20,541)	(24,078)	(4,033)				
-	-	-				
\$ 122,633	\$ 159,880	\$ 31,657				
16.75%	15.06%	12.74%				
\$ 10,739						
(10,739)						
-						
\$ 128,764						
8.34%						

This page intentionally left blank.

STATISTICAL SECTION

This page intentionally left blank.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Investment in Capital Assets	\$ 28,090,605	\$ 27,246,745	\$ 28,313,502	\$ 29,216,171
Restricted for:				
Scholarships	382,003	395,324	318,799	285,400
Grants, Contracts and Other	1,259,911	1,099,471	915,990	1,340,800
Unrestricted	<u>3,208,622</u>	<u>2,903,431</u>	<u>2,928,900</u>	<u>4,482,337</u>
Total Net Position	<u><u>\$ 32,941,141</u></u>	<u><u>\$ 31,644,971</u></u>	<u><u>\$ 32,477,191</u></u>	<u><u>\$ 35,324,708</u></u>

Source: Annual Reports on Financial Statements for years presented.

2013	2012	2011	2010	2009	2008
\$ 29,015,988	\$ 29,419,452	\$ 29,865,486	\$ 30,982,477	\$ 31,223,742	\$ 18,480,567
152,080	167,204	185,923	156,386	171,439	184,793
1,384,440	1,514,378	1,455,106	1,622,239	1,515,420	1,891,188
4,488,850	3,857,159	3,375,883	2,359,674	1,690,315	1,153,553
<u>\$ 35,041,358</u>	<u>\$ 34,958,193</u>	<u>\$ 34,882,398</u>	<u>\$ 35,120,776</u>	<u>\$ 34,600,916</u>	<u>\$ 21,710,101</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES				
Operating Revenues:				
Student Tuition and Fees (net of scholarship allowances)	\$ 2,119,972	\$ 2,217,755	\$ 2,453,525	\$ 2,373,117
Federal Grants and Contracts	335,954	338,165	272,487	282,956
State Grants and Contracts	2,002,345	1,607,378	1,586,187	1,640,045
Local Grants and Contracts	13,461	6,511	63,444	43,178
Nongovernmental Grants and Contracts	635,743	468,177	499,071	323,331
Sales and Services of Educational Departments	13,054	17,914	19,913	16,597
Auxiliary Enterprises (net of scholarship allowances)	1,899,262	1,849,584	1,624,744	1,468,241
Other Operating Revenues	168,681	91,737	92,370	84,176
Independent Operations	753,778	621,601	583,756	592,092
Total Operating Revenues	<u>7,942,250</u>	<u>7,218,822</u>	<u>7,195,497</u>	<u>6,823,733</u>
EXPENSES				
Operating Expenses:				
Salaries and Wages	10,998,624	10,527,131	9,919,412	9,262,757
Benefits	3,889,530	3,540,069	3,402,631	3,725,521
Actuarial Calculated Pension Expense	971,235	704,293	704,293	-
Scholarships	494,747	491,318	489,401	476,781
Utilities	604,269	593,245	582,174	612,831
Supplies and Other Services	5,055,197	4,507,499	4,142,065	3,656,003
Depreciation	2,601,821	2,455,459	2,565,252	2,062,220
Total Operating Expenses	<u>24,615,423</u>	<u>22,819,014</u>	<u>21,589,225</u>	<u>19,796,113</u>
Operating Income (Loss)	<u>(16,673,173)</u>	<u>(15,600,192)</u>	<u>(14,393,728)</u>	<u>(12,972,380)</u>
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	14,197,000	13,057,900	12,183,800	10,963,000
Gifts	589,322	294,912	300,797	432,660
Investment Income	96,584	88,136	37,134	37,294
Unrealized Loss on FMV of Investment	(1,655)	(1,189)	(857)	(884)
Disposal of Capital Assets	(2,453)	5,000	4,200	-
Federal Pell Grants	994,082	1,043,185	1,017,606	997,980
Other Nonoperating Revenues (Expenses)	80,711	18,233	24,068	50,511
Net Nonoperating Revenues	<u>15,953,591</u>	<u>14,506,177</u>	<u>13,566,748</u>	<u>12,480,561</u>
(Loss) Before Other Revenues and Expenses	<u>(719,582)</u>	<u>(1,094,015)</u>	<u>(826,980)</u>	<u>(491,819)</u>
Capital Grants	1,947,752	117,482	707,292	735,169
Capital Gifts	68,000	144,313	59,173	40,000
Extraordinary Items	-	-	117,336	-
Increase/(Decrease) in Net Position	<u>\$ 1,296,170</u>	<u>\$ (832,220)</u>	<u>\$ 56,821</u>	<u>\$ 283,350</u>

Source: Annual Reports on Financial Statements for years presented

2013	2012	2011	2010	2009	2008
\$ 2,613,125	\$ 2,695,973	\$ 2,805,788	\$ 2,646,854	\$ 2,248,293	\$ 1,837,637
364,541	1,009,390	914,365	1,225,706	543,319	294,301
1,319,735	1,250,380	1,326,648	1,133,529	919,182	1,307,512
-	108,327	48,312	77,137	100,453	99,093
260,008	323,620	417,836	561,364	693,625	543,296
11,305	14,340	23,846	20,869	20,713	19,294
1,531,938	1,548,885	1,616,622	1,506,588	1,292,174	986,770
68,435	108,926	58,666	60,300	82,983	91,500
588,888	616,739	653,760	707,813	621,144	525,280
<u>6,757,975</u>	<u>7,676,580</u>	<u>7,865,843</u>	<u>7,940,160</u>	<u>6,521,886</u>	<u>5,704,683</u>
8,974,269	9,097,443	9,002,281	8,836,231	8,526,538	7,912,806
3,422,634	3,448,057	3,261,672	2,787,631	3,193,265	3,107,235
-	-	-	-	-	-
539,251	650,654	1,062,789	882,196	482,413	309,818
553,906	455,902	486,862	467,607	435,733	382,612
3,682,578	3,928,518	3,973,243	4,198,555	4,353,870	3,747,158
1,877,235	1,885,489	1,845,523	1,821,106	1,508,994	1,160,657
<u>19,049,873</u>	<u>19,466,063</u>	<u>19,632,370</u>	<u>18,993,326</u>	<u>18,500,813</u>	<u>16,620,286</u>
<u>(12,291,898)</u>	<u>(11,789,483)</u>	<u>(11,766,527)</u>	<u>(11,053,167)</u>	<u>(11,978,928)</u>	<u>(10,915,603)</u>
9,947,800	9,177,700	9,256,200	9,466,100	9,677,200	9,765,300
321,971	296,454	166,863	358,792	579,257	598,606
44,141	263,298	34,770	43,902	77,933	148,470
-	-	-	-	-	-
-	462	19,685	(220,252)	(24,248)	(5,431)
1,093,603	1,233,371	1,576,204	1,144,642	494,061	302,472
11,512	17,829	34,343	17,119	15,171	20,023
<u>11,419,027</u>	<u>10,989,114</u>	<u>11,088,065</u>	<u>10,810,302</u>	<u>10,819,374</u>	<u>10,829,440</u>
(872,871)	(800,369)	(678,462)	(242,864)	(1,159,553)	(86,163)
930,036	876,164	440,084	762,724	14,050,368	1,122,921
26,000	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 83,165</u>	<u>\$ 75,795</u>	<u>\$ (238,378)</u>	<u>\$ 519,859</u>	<u>\$ 12,890,815</u>	<u>\$ 1,036,758</u>

DAVIS APPLIED TECHNOLOGY COLLEGE
EXPENSES BY FUNCTION
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Instruction	\$ 9,118,888	\$ 8,441,434	\$ 8,343,883	\$ 7,324,428
Academic Support	1,861,234	1,832,580	1,569,816	1,453,835
Student Services	2,306,475	2,145,745	1,828,804	1,909,263
Institutional Support	3,276,783	3,278,226	2,646,253	2,488,202
Operation and Maintenance of Plant	4,696,769	3,934,867	4,356,732	3,827,354
Scholarships	494,747	491,318	489,401	476,781
Auxiliary Enterprises	2,225,179	2,153,987	1,821,343	1,819,534
Independent Operations	635,348	540,857	532,993	496,716
Total Expenses	<u>\$ 24,615,423</u>	<u>\$ 22,819,014</u>	<u>\$ 21,589,225</u>	<u>\$ 19,796,113</u>

(Percent of Total Expenses)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Instruction	37.05%	36.99%	38.65%	37.00%
Academic Support	7.56%	8.03%	7.27%	7.34%
Student Services	9.37%	9.40%	8.47%	9.64%
Institutional Support	13.31%	14.37%	12.26%	12.57%
Operation and Maintenance of Plant	19.08%	17.24%	20.18%	19.33%
Scholarships	2.01%	2.15%	2.27%	2.41%
Auxiliary Enterprises	9.04%	9.44%	8.44%	9.19%
Independent Operations	2.58%	2.38%	2.46%	2.52%
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.

2013	2012	2011	2010	2009	2008
\$ 7,180,417	\$ 7,531,695	\$ 7,481,871	\$ 7,743,952	\$ 7,278,910	\$ 6,891,222
1,584,102	1,596,148	1,522,040	1,213,917	1,376,076	1,364,656
1,803,791	1,749,448	1,759,478	1,747,483	2,057,298	1,908,572
2,288,556	2,221,888	2,119,538	1,940,786	1,938,846	1,954,614
3,390,378	3,379,027	3,359,495	3,215,148	3,358,435	2,407,119
539,251	650,654	1,056,789	882,196	482,413	307,550
1,767,634	1,837,902	1,832,401	1,759,978	1,541,248	1,365,496
495,744	499,301	500,758	489,866	467,589	430,298
<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>	<u>\$ 18,993,326</u>	<u>\$ 18,500,813</u>	<u>\$ 16,629,527</u>

2013	2012	2011	2010	2009	2008
37.69%	38.69%	38.11%	40.77%	39.06%	41.44%
8.32%	8.20%	7.75%	6.39%	7.38%	8.21%
9.47%	8.99%	8.96%	9.20%	11.04%	11.48%
12.01%	11.41%	10.80%	10.22%	10.40%	11.75%
17.80%	17.36%	17.11%	16.93%	18.02%	14.47%
2.83%	3.34%	5.38%	4.64%	3.30%	1.85%
9.28%	9.44%	9.33%	9.27%	8.27%	8.21%
2.60%	2.57%	2.56%	2.58%	2.52%	2.59%
<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 APPLIED TECHNOLOGY COLLEGE
EXPENSES BY NATURAL CLASSIFICATION
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Salaries and Wages	\$ 10,998,624	\$ 10,527,131	\$ 9,919,412	\$ 9,262,757
Benefits	3,889,530	3,540,069	3,402,631	3,725,521
Actuarial Calculated Pension Expense	971,235	704,293	488,290	-
Scholarships	494,747	491,318	489,401	476,781
Utilities	604,269	593,245	582,174	612,831
Supplies and Other Services	5,055,197	4,507,499	4,142,065	3,656,003
Depreciation	2,601,821	2,455,459	2,565,252	2,062,220
Total Expenses	<u>\$ 24,615,423</u>	<u>\$ 22,819,014</u>	<u>\$ 21,589,225</u>	<u>\$ 19,796,113</u>

(Percent of Total Expenses)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Salaries and Wages	44.68%	46.13%	45.95%	46.79%
Benefits	15.80%	15.51%	15.76%	18.82%
Actuarial Calculated Pension Expense	3.95%	3.09%	2.26%	0.00%
Scholarships	2.01%	2.15%	2.27%	2.41%
Utilities	2.45%	2.60%	2.70%	3.10%
Supplies and Other Services	20.54%	19.75%	19.19%	18.47%
Depreciation	10.57%	10.77%	11.87%	10.41%
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.

2013	2012	2011	2010	2009	2008
\$ 8,974,269	\$ 9,097,443	\$ 9,002,281	\$ 8,836,231	\$ 8,526,538	\$ 8,064,098
3,422,634	3,448,057	3,261,672	2,787,631	3,193,265	3,165,894
-	-	-	-	-	-
539,251	650,654	1,062,789	882,196	482,413	309,818
553,906	455,902	486,862	467,607	435,733	382,612
3,682,578	3,928,518	3,973,243	4,198,555	4,353,870	3,546,448
1,877,235	1,885,489	1,845,523	1,821,106	1,508,994	1,160,657
<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>	<u>\$ 18,993,326</u>	<u>\$ 18,500,813</u>	<u>\$ 16,629,527</u>

2013	2012	2011	2010	2009	2008
47.11%	46.73%	45.85%	46.52%	45.75%	47.61%
17.97%	17.71%	16.61%	14.68%	17.14%	18.70%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2.83%	3.34%	5.41%	4.64%	3.31%	1.86%
2.91%	2.34%	2.48%	2.46%	2.34%	2.30%
19.33%	20.18%	20.25%	22.11%	23.36%	22.55%
9.85%	9.70%	9.40%	9.59%	8.10%	6.98%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

DAVIS APPLIED TECHNOLOGY COLLEGE
REVENUES BY SOURCE
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenues:			
Student Tuition and Fees	\$ 2,119,972	\$ 2,217,755	\$ 2,453,525
Federal Grants and Contracts	335,954	338,165	272,487
State Grants and Contracts	2,002,345	1,607,378	1,586,187
Local Grants and Contracts	13,461	6,511	63,444
Nongovernmental Grants & Contracts	635,743	468,177	499,071
Sales & Services of Educational Departments	13,054	17,914	19,913
Auxiliary Enterprises	1,899,262	1,849,584	1,624,744
Other Operating Revenues	168,681	91,737	92,370
Independent Operations	753,778	621,601	583,756
Total Operating Revenues	<u>7,942,250</u>	<u>7,218,822</u>	<u>7,195,497</u>
Nonoperating Revenues:			
State Appropriations	14,197,000	13,057,900	12,183,800
Gifts	589,322	294,912	300,797
Investment Income	96,584	88,136	37,134
Federal Pell Grants	994,082	1,043,185	1,017,606
Other Nonoperating Revenues	80,711	23,233	24,068
Total Nonoperating Revenues	<u>15,957,699</u>	<u>14,507,366</u>	<u>13,563,405</u>
Other Revenues:			
Capital Grants	1,947,752	117,482	707,292
Capital Gifts	68,000	144,313	59,173
Total Other Revenues	<u>2,015,752</u>	<u>261,795</u>	<u>766,465</u>
Extraordinary Items:	-	-	117,336
Total Revenues	<u>\$ 25,915,700</u>	<u>\$ 21,987,983</u>	<u>\$ 21,642,703</u>

(Percent of Total Revenues)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenues:			
Student Tuition and Fees	8.18%	10.09%	11.34%
Federal Grants and Contracts	1.30%	1.54%	1.26%
State Grants and Contracts	7.73%	7.31%	7.33%
Local Grants and Contracts	0.05%	0.03%	0.29%
Nongovernmental Grants & Contracts	2.45%	2.13%	2.31%
Sales & Services of Educational Departments	0.05%	0.08%	0.09%
Auxiliary Enterprises	7.33%	8.41%	7.51%
Other Operating Revenues	0.65%	0.42%	0.43%
Independent Operations	2.91%	2.83%	2.70%
Total Operating Revenues	<u>30.65%</u>	<u>32.84%</u>	<u>33.26%</u>
Nonoperating Revenues:			
State Appropriations	54.78%	59.39%	56.30%
Gifts	2.27%	1.34%	1.39%
Investment Income	0.37%	0.40%	0.17%
Federal Pell Grants	3.84%	4.74%	4.70%
Other Nonoperating Revenues	0.31%	0.11%	0.11%
Total Nonoperating Revenues	<u>61.57%</u>	<u>65.98%</u>	<u>62.67%</u>
Other Revenues:			
Capital Grants	7.52%	0.53%	3.27%
Capital Gifts	0.26%	0.65%	0.27%
Total Other Revenues	<u>7.78%</u>	<u>1.18%</u>	<u>3.54%</u>
Extraordinary Items:	0.00%	0.00%	0.54%
Total Revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: Annual Reports on Financial Statements for years presented.

2014	2013	2012	2011	2010	2009	2008
\$ 2,373,117	\$ 2,613,125	\$ 2,695,973	\$ 2,805,788	\$ 2,646,854	\$ 2,248,293	\$ 1,837,637
282,956	364,541	1,009,390	914,365	1,225,706	543,319	294,301
1,640,045	1,319,735	1,250,380	1,326,648	1,133,529	919,182	1,313,192
43,178	-	108,327	48,312	77,137	100,453	99,093
323,331	260,008	323,620	417,836	561,364	693,625	543,296
16,597	11,305	14,340	23,846	20,869	20,713	19,294
1,468,241	1,531,938	1,548,885	1,616,622	1,506,588	1,292,174	986,770
84,176	68,435	108,926	58,666	60,300	82,983	91,500
592,092	588,888	616,739	653,760	707,813	621,144	525,280
6,823,733	6,757,975	7,676,580	7,865,843	7,940,160	6,521,886	5,710,363
10,963,000	9,947,800	9,177,700	9,256,200	9,466,100	9,677,200	9,765,300
432,660	321,971	296,454	166,863	358,792	579,257	598,606
37,294	44,141	263,298	34,770	43,902	77,933	148,470
997,980	1,093,603	1,233,371	1,576,204	1,144,642	494,061	302,472
50,511	11,512	18,291	54,028	17,119	15,171	20,023
12,481,445	11,419,028	10,989,114	11,088,065	11,030,555	10,843,622	10,834,871
735,169	930,036	876,164	440,084	762,724	14,050,368	1,122,921
40,000	26,000	-	-	-	-	-
775,169	956,036	876,164	440,084	762,724	14,050,368	1,122,921
-	-	-	-	-	-	-
\$ 20,080,347	\$ 19,133,039	\$ 19,541,858	\$ 19,393,992	\$ 19,733,439	\$ 31,415,876	\$ 17,668,155

2014	2013	2012	2011	2010	2009	2008
11.82%	13.66%	13.80%	14.47%	13.41%	7.16%	10.40%
1.41%	1.91%	5.17%	4.71%	6.21%	1.73%	1.67%
8.17%	6.90%	6.40%	6.84%	5.74%	2.93%	7.43%
0.22%	0.00%	0.55%	0.25%	0.39%	0.32%	0.56%
1.61%	1.36%	1.66%	2.15%	2.84%	2.21%	3.08%
0.08%	0.06%	0.07%	0.12%	0.11%	0.07%	0.11%
7.31%	8.01%	7.93%	8.34%	7.63%	4.11%	5.59%
0.42%	0.36%	0.56%	0.30%	0.31%	0.26%	0.52%
2.95%	3.08%	3.16%	3.35%	3.57%	1.96%	2.95%
33.99%	35.34%	39.30%	40.53%	40.24%	20.76%	32.32%
54.60%	51.99%	46.96%	47.73%	47.97%	30.80%	55.27%
2.15%	1.68%	1.52%	0.86%	1.82%	1.84%	3.39%
0.19%	0.23%	1.35%	0.18%	0.22%	0.25%	0.84%
4.97%	5.72%	6.31%	8.13%	5.80%	1.57%	1.71%
0.25%	0.06%	0.09%	0.28%	0.09%	0.05%	0.11%
62.16%	59.68%	56.24%	57.18%	55.90%	34.52%	61.32%
3.66%	4.86%	4.47%	2.29%	3.87%	44.72%	6.36%
0.19%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%
3.85%	4.98%	4.47%	2.29%	3.87%	44.72%	6.36%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
External Sources of Tuition and Fees				
Self Pay	\$ 1,809,546	\$ 1,856,740	\$ 1,871,807	\$ 1,797,449
Weber State University Contracts ¹	-	-	307,011	228,935
Utah Department of Workforce Services ²	-	-	-	-
Utah State Office of Rehabilitation	26,660	17,162	47,688	76,046
Other Sponsorships	283,766	343,853	227,019	270,687
Total External Tuition and Fees	<u>2,119,972</u>	<u>2,217,755</u>	<u>2,453,525</u>	<u>2,373,117</u>
 Internal Sources of Tuition and Fees ³				
DATC Foundation Scholarships	138,025	125,163	107,277	113,968
Pell Grants used for Tuition & Fees	483,068	529,131	513,987	510,102
Other Internal Sponsorships	417,143	308,253	348,069	297,090
Total Internal Tuition and Fees	<u>1,038,236</u>	<u>962,547</u>	<u>969,333</u>	<u>921,160</u>
 Total External/Internal Tuition & Fees	<u>\$ 3,158,208</u>	<u>\$ 3,180,302</u>	<u>\$ 3,422,858</u>	<u>\$ 3,294,277</u>

(Percent of Total Tuition and Fees)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Self Pay	57.30%	58.38%	54.69%	54.56%
Weber State University Contracts	0.00%	0.00%	8.97%	6.95%
Department of Workforce Services	0.00%	0.00%	0.00%	0.00%
Office of Rehabilitation	0.84%	0.54%	1.39%	2.31%
Other Sponsorships	8.99%	10.81%	6.63%	8.22%
Internal Sources:				
Scholarships	4.37%	3.94%	3.13%	3.46%
Pell Grants	15.30%	16.64%	15.02%	15.48%
Other Sponsorships	13.20%	9.69%	10.17%	9.02%
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: Beginning in FY2009 DWS clients paid for services with a prepaid debit card; therefore, these payments are not shown separately here.

Note 3: Internal Sources of Tuition and Fees represent transfers within the College which are eliminated in the preparation of the comprehensive financial statements.

2013	2012	2011	2010	2009	2008
\$ 1,821,026	\$ 2,041,998	\$ 1,974,753	\$ 1,990,540	\$ 1,845,831	\$ 1,339,188
252,154	237,173	204,955	219,759	115,800	233,084
-	-	-	-	-	48,927
88,740	109,406	128,365	99,305	60,235	60,010
451,205	307,396	497,715	337,250	226,427	156,428
<u>2,613,125</u>	<u>2,695,973</u>	<u>2,805,788</u>	<u>2,646,854</u>	<u>2,248,293</u>	<u>1,837,637</u>

108,544	95,668	97,198	136,595	133,059	100,363
537,767	550,828	528,777	297,950	84,526	79,498
177,664	162,588	161,088	181,968	208,446	147,431
<u>823,975</u>	<u>809,084</u>	<u>787,063</u>	<u>616,513</u>	<u>426,031</u>	<u>327,292</u>
<u>\$ 3,437,100</u>	<u>\$ 3,505,056</u>	<u>\$ 3,592,851</u>	<u>\$ 3,263,367</u>	<u>\$ 2,674,324</u>	<u>\$ 2,164,929</u>

2013	2012	2011	2010	2009	2008
52.98%	58.26%	54.96%	61.00%	69.02%	61.86%
7.34%	6.77%	5.70%	6.73%	4.33%	10.77%
0.00%	0.00%	0.00%	0.00%	0.00%	2.26%
2.58%	3.12%	3.57%	3.04%	2.25%	2.77%
13.13%	8.77%	13.85%	10.33%	8.47%	7.23%
3.16%	2.73%	2.72%	4.19%	4.98%	4.64%
15.65%	15.72%	14.73%	9.13%	3.16%	3.67%
5.16%	4.63%	4.47%	5.57%	7.78%	6.80%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**DAVIS APPLIED TECHNOLOGY COLLEGE
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
2017	368,456	26%	1,046,933	74%	1,415,389	-2.49%	\$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	-5.94%	1.81
2013	206,604	15%	1,199,516	85%	1,406,120	-8.35%	1.65
2012	219,937	14%	1,314,258	86%	1,534,195	-10.19%	1.54
2011	263,040	15%	1,445,298	85%	1,708,338	5.13%	1.52
2010	322,329	20%	1,302,707	80%	1,625,036	28.00%	1.52
2009	274,572	22%	995,020	78%	1,269,592	16.79%	1.56
2008	282,010	26%	805,080	74%	1,087,090	-3.44%	1.77

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

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

HISTORIC TUITION RATES

Fiscal Year	Base Rate Per Hour	Tuition including Campus Fees	Full-time Annual Tuition	Annual Tuition Increase	
				Dollars	Percent
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%
2009	1.35	2,272	1,912	71	3.85%
2008	1.30	1,969	1,841	71	4.00%

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 Applied Technology 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
2016	342,281	*na	*na	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%
2008	301,915	\$ 10,048	\$33,283	3.2%
2007	296,029	\$ 9,798	\$33,100	2.5%

Morgan County

Year	Population	Personal Income (\$millions)	Per Capita Personal Income	Unemployment Rate
2016	11,437	na	na	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%
2008	9,645	\$294	\$32,264	3.3%
2007	9,265	\$276	\$31,476	2.6%

Sources: Department of Workforce Services Website - Labor Force/Wages and Income, Bureau of Economic Analysis.
Davis County Comprehensive Annual Financial Report (CAFR) 2016 U.S
Census Bureau QuickFacts Morgan population
* Note: 2016 per capita income and personal income information were not available at the time the CAFR report was released.

**Davis Applied Technology College
Schedule of Principal Employers
Davis and Morgan Counties 2015**

Davis 2015

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

Morgan 2015

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

Source: Department of Workforce Services Website - Annual Profiles

**Davis Applied Technology College
Operating Indicators and Employees
Fiscal Years 2016 and 2017**

Completers	2016	2017
Certificate Seeking	1,429	1,363
Occupational Upgrade	739	768
Other Post-Secondary	867	958
Secondary	929	1,129
Total Completers	3,964	4,218
Student Headcount**	6,007	5,894
Faculty		
Full Time*	65	69
Part Time*	212	191
Total Faculty	277	260
Average Annual Faculty Salary 2017	\$58,385	\$60,597
Staff		
Full Time*	80	87
Part Time*	77	71
Total Staff	157	158
Membership Hours per Faculty/Staff		
Membership Hours per Faculty	5,240	5,444
Membership Hours per Staff	9,245	8,958
Completers per Faculty Staff		
Completers per Faculty	14	16
Completers per Staff	25	27
Students per Faculty/Staff		
Students per Faculty	22	23
Students per Staff	38	37

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

*Numbers for full and part time staff and faculty are as of June 30, 2017 and include Executives and Workstudies

**Unduplicated headcount

**Davis Applied Technology College
Building Information
Fiscal Years 2016 and 2017**

<u>Location</u>	<u>2016</u>	<u>2017</u>
Main Campus	308,467	308,467
Freeport Y-16	12,000	12,000
Freeport West D-5	32,000	32,000
Warehouse Space Freeport West	88,000	88,000
Morgan BRC	2,592	2,592
Morgan School District	6,303	6,303
Total Gross Square Feet	449,362	449,362
 Total Acres Main Campus	 65	 65

Source: Physical Facilities Morgan School District/DATC Space FY 2017

All amounts reported in Gross Square Ft

This page intentionally left blank.

GOVERNMENT AUDIT SECTION

**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 Michael J. Bouwhuis, President
Davis Applied Technology 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 Applied Technology College, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Davis Applied Technology College's basic financial statements, and have issued our report thereon dated September 26, 2017.

Internal Control over Financial Reporting

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Hinton Burdick, PLLC". The signature is written in a cursive, flowing style.

HintonBurdick, PLLC
St. George, Utah
September 26, 2017

