ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

JUNE 30, 2019

A COMPONENT UNIT OF THE STATE OF UTAH

DSU™

DIXIE STATE UNIVERSITY

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A MESSAGE FROM PRESIDENT RICHARD B. WILLIAMS

An undeniable sense of continuing momentum is alive and well here at Dixie State University. Throughout the course of the past year, it has been incredible to see significant growth take place. In fact, we are one of the fastest-growing institutions within the Utah System of Higher Education, and our enrollment has increased by 23 percent in the last 6 years.

We are four years into our strategic plan, Dixie 2020: Status to Stature, and well ahead of schedule in achieving our goals. This has been possible thanks to the wonderful faculty and staff members at Dixie State, our community, and policymakers. This past year, DSU added three new bachelor's degrees, including BAS Health Science—the first in the state—and has planned seven more undergraduate programs, as well as some new online programs. The addition of new degrees is just one of the many ways DSU has grown, and we look forward to accomplishing so much more as we remain true to our Trailblazer name.

After achieving the milestone of adding our first graduate degree program last year, we added three more graduate degree programs this year: Athletic Training, Technical Writing & Digital Rhetoric, and Marriage & Family Therapy. We continue to work toward growing our graduate degree offerings, with an additional graduate degree program in Applied Kinesiology on the near horizon. I'm thankful to members of the faculty, staff, and administration who are committed to providing a higher level of education, additional pathways to success for our students, and programs that help decrease workforce shortages in our region and state.

We are ecstatic about the opening of our state-of-the-art Human Performance Center (HPC) this fall, and we are looking forward to the construction of the new Science, Engineering & Technology building in the future. The HPC will serve our students, staff, and community with educational programs in exercise science and allied health as well as terrific recreational options, including the only Olympic-sized swimming pool south of Provo to offer a 750-seat spectator gallery. This project is the very definition of community and state support.

Recently, DSU was recognized nationally by U.S. News & World Report as the 6th best Regional Public College in the West and 25th Overall Regional College in the West. We are proud that the collective, excellent work of our campus is being recognized across the country.

The University's firm financial footing has afforded us this opportunity to grow and excel. Without the expertise and assistance of the University's Business Office, our success would not be possible. Consequently, I appreciate and fully support the work they are doing and the report that follows. I am grateful for Dixie State University's tradition of excellence, and I am enthusiastic for our continued momentum in the future.

Sincerely,

Richard B. Williams, PhD, ATC
President

OFFICE OF THE
STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and
Dr. Richard B. Williams, President
Dixie State University

Report on the Financial Statements

We have audited the accompanying financial statements of Dixie State University (the University) and its discretely presented component unit foundation, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. The University 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 did not audit the financial statements of Dixie College Foundation (Foundation), a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

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.

Utah State Capitol Complex, East Office Building, Suite E310 • Salt Lake City, Utah 84114-2310 • Tel: (801) 538-1025 • auditor.utah.gov

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University and its foundation, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the University's Schedule of Proportionate Share of the Net Pension Liability and Schedule of Defined Benefit Pension Contributions, as listed in the table of contents, 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 opinions on the financial statements that collectively comprise the University's basic financial statements. The President's Message has 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 it.

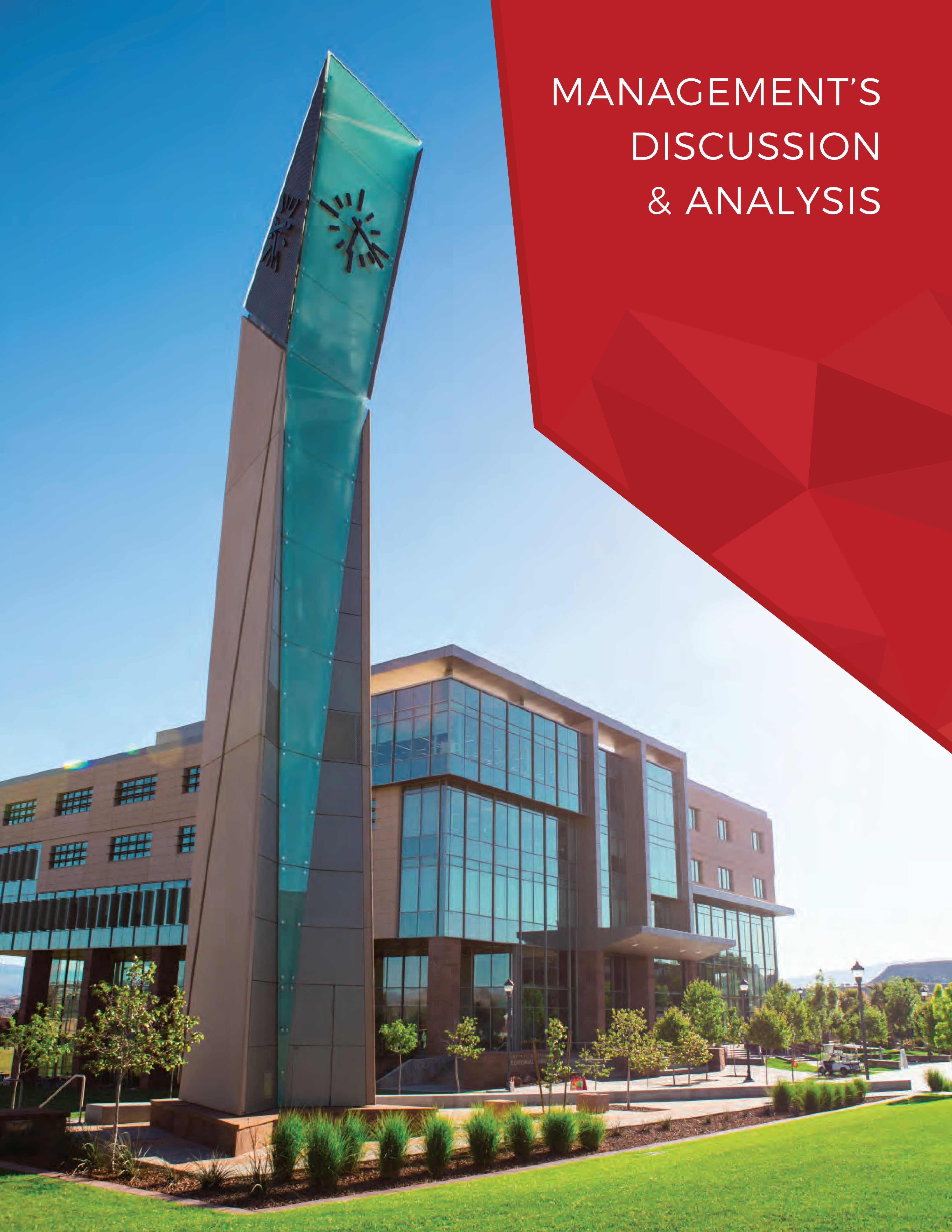
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019 on our consideration of the University'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 effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor
December 19, 2019

MANAGEMENT'S DISCUSSION & ANALYSIS



INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of Dixie State University and its component unit for the year ended June 30, 2019, with selected comparative information for the prior fiscal year. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes to the financial statements, which follow this discussion and analysis.

The University's financial statements include revenues, expenses, assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for the entire University entity, including the balances and activities of its component units: the Dixie College Foundation and Dixie State University Innovation Foundation. More information about these entities and their inclusion in the financial statements may be found in Note 1—*Summary of Significant Accounting Policies—Reporting Entity.*

ABOUT DIXIE STATE UNIVERSITY

Dixie State University, located in Saint George, Utah, was established in 1911 as Saint George Academy and became known as Dixie Academy. Originally operated by The Church of Jesus Christ of Latter-day Saints, the College was turned over to the State of Utah in 1933. It was known officially as Dixie Junior College until 1971, when the Utah State Legislature changed the name to Dixie College. In January 2000, the name was changed to Dixie State College when it became eligible to offer four-year degree programs. In February of 2013, the name was changed again to Dixie State University.

The University is a component unit of the State of Utah. The University offers over 40 baccalaureate programs in selected high demand areas and in core or foundational areas consistent with four-year universities. Its approximate 10,000 students and 1,300 employees come from across the United States and the world.

The University is committed to accountability and creativity in delivering quality higher educational opportunities within its service area. The University is a cooperative and conscientious partner with other public and higher education institutions, ensuring quality undergraduate programs are available to its students.

The financial statements that follow provide additional information on the resources available to the University to accomplish its mission and achieve its goals and objectives.

For more information about the University and its programs and initiatives, please visit www.dixie.edu.

OVERVIEW AND ANALYSIS OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. Three financial statements are presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The notes to the financial statements are an integral part of the statements and provide additional details and information important to an understanding of the University's financial position and results of operations. This discussion and analysis focuses on the University's primary institution operations. The University's discretely presented component unit, the Dixie College Foundation (Foundation), issues separately audited financial statements. These statements can be obtained directly from the Foundation's administrative office.

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University. Net position is one indicator of the current financial condition of the University. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values, except for capital assets, which are stated at aquisition cost less accumulated depreciation.

The Statement of Revenues, Expenses, and Changes in Net Position presents the University's results of operations for the fiscal year. The net difference between revenues and expenses, and other changes, is the increase (or decrease) in net position for the year. The change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

The Statement of Cash Flows provides additional information about the University's financial results by reporting the major sources and uses of cash by type of activity, as well as providing a reconciliation to the net operating loss.

The results of operations reflect the University's focus on maintaining its standards academically in a competitive environment. At the same time, the University is addressing constrained base state appropriations, rising health care, regulatory, and facility costs with productivity gains to help preserve access to affordable higher education.

Table a1: Condensed Statement of Net Position

as of June 30	2019	2018	Increase (Decrease)
Current Assets	$ 33,738,319	$ 27,840,304	$ 5,898,015
Noncurrent Assets			
Capital Assets, Net	188,938,710	164,259,623	24,679,087
Other Noncurrent Assets	22,557,313	37,803,808	(15,246,495)
Total Assets	245,234,342	229,903,735	15,330,607
Deferred Outflows of Resources	2,751,590	2,409,925	341,665
Current Liabilities	15,784,874	11,688,486	4,096,388
Noncurrent Liabilities	54,216,828	52,813,680	1,403,148
Total Liabilities	70,001,702	64,502,166	5,499,536
Deferred Inflows of Resources	350,764	2,499,272	(2,148,508)
Net Investment in Capital Assets	141,313,942	130,207,393	11,106,549
Restricted - Nonexpendable	14,764,604	12,770,627	1,993,977
Restricted - Expendable	8,173,798	11,728,270	(3,554,472)
Unrestricted	13,381,122	10,605,932	2,775,190
Total Net Position	**$ 177,633,466**	**$ 165,312,222**	**$ 12,321,244**

STATEMENT OF NET POSITION

A Condensed Statement of Net Position for the current and prior fiscal years is shown in ***Table a1***.

Total net position increased from the prior year due to steady growth in most of the operating revenue categories. These increases indicate steady improvement in financial condition, reflecting the University's prudent management of its resources, despite funding challenges. Funds have been reinvested within the University to add to the margin of educational excellence, upgrade the University's facilities, and provide a prudent reserve for contingencies.

Total assets increased from the prior year primarily as a result of new construction, including the Health and Human Performance Center (HPC) project less funds paid for construction. As the project continues, use of bond proceeds resulted in a decrease to other noncurrent assets. Additionally, pension related activity resulted in an increase in deferred outflows and a decrease in deferred inflows of resources.

Total liabilities increased as a result of increased accounts payable primarily for construction related activities. Additionally, during fiscal year 2019, the University filed its intent to liquidate its Federal Perkins Loan program, which resulted in an increase in current liabilities and a decrease in restricted expendable net position.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The results of the University's operations for the fiscal year are shown in the Statement of Revenues, Expenses, and Changes in Net Position. A Condensed Statement of Revenues, Expenses, and Change in Net Position for the current and prior fiscal years is shown in ***Table b1***.

Table b1: Condensed Statement of Revenues, Expenses, and Changes in Net Position

for the years ended June 30	2019	2018	Increase (Decrease)
Operating Revenues			
Tuition and Fees, net	$ 45,424,641	$ 43,424,564	$ 2,000,077
Grants and Contracts	70,389	85,185	(14,796)
Auxiliary Enterprises, net	9,896,353	10,283,384	(387,031)
Other Revenues	1,195,507	1,157,378	38,129
Total Operating Revenues	**56,586,890**	**54,950,511**	**1,636,379**
Operating Expenses	115,337,006	110,566,971	4,770,035
Operating Loss	(58,750,116)	(55,616,460)	(3,133,656)
Nonoperating Revenues			
Appropriations, Grants & Contracts	59,567,762	55,766,838	3,800,924
Gifts	5,633,194	1,387,196	4,245,998
Investment Income	1,746,926	1,337,373	409,553
Other Net Nonoperating Revenue (Expense)	(2,008,464)	(1,703,421)	(305,043)
Total Nonoperating Revenues	**64,939,418**	**56,787,986**	**8,151,432**
Income Before Capital and Permanent Endowment Additions	6,189,302	1,171,526	5,017,776
Capital and Permanent Endowment Additions	6,131,942	5,945,440	186,502
Increase in Net Position	12,321,244	7,116,966	5,204,278
Net Position - Beginning of Year	**165,312,222**	**158,195,256**	**7,116,966**
Net Position - End of Year	**$ 177,633,466**	**$ 165,312,222**	**$ 12,321,244**

Operating and Non-operating Revenue: The increase in tuition and fees reflects a modest increase in enrollment as well as increases in tuition rates.

As a public university, Dixie State University receives funds from a variety of sources in support of its operations. While the Statement of Revenues, Expenses, and Changes in Net Position classifies certain funds as "non-operating" for the purposes of financial reporting, such funds do, in fact, support the University's operations by covering costs such as salaries and benefits, travel, research expenses, and student aid.

In total, non-operating revenue increased for fiscal year 2019 compared to fiscal year 2018. The increase was a result of increases in state appropriations and donor gifts. State appropriations increased from prior year for modest salary increases, performance-based funding, and funds for strategic plan initiatives.

Investment income fluctuates from year to year and reflects the impact of market performance. For fiscal year 2019, investment income increased slightly due to continued positive market performance and increased economic growth throughout the year.

The increase in capital appropriations was due to a number of state-funded campus projects by the Division of Facilities and Construction Management (DFCM). Additionally, capital gifts decreased as a result of fewer donor contributions to capital projects. ***Chart b2*** *(pg 13)* and ***Table b2*** *(pg 13)* summarize the University's revenues for the year ended June 30, 2019.

Operating and Non-operating Expenses: Increases in operating expenditures from prior year were primarily

Chart b2: Sources of Revenue in Support of Operations
For the Year Ended June 30, 2019

Tuition and Fees	$	45,424,641
State and Captial Appropriations		44,418,186
Grants and Contracts		18,063,435
Auxiliaries		9,896,353
Gifts		8,921,666
Investment Income		1,746,926
Other Revenue		897,763

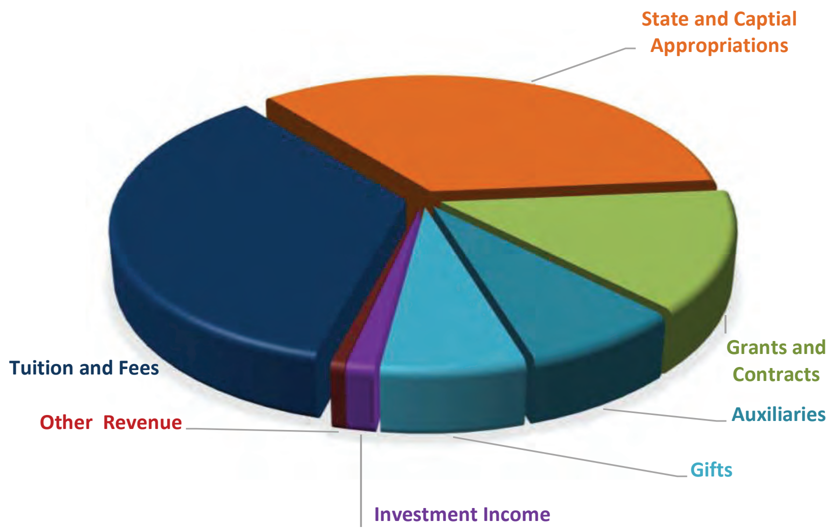


Table b2: Sources of Revenue in Support of Operations

for the years ended June 30		2019		2018
Operating Revenues				
Student Tuition and Fees, net	$	45,424,641	$	43,424,564
Grants and Contracts		70,389		85,185
Auxiliary Enterprises, net		9,896,353		10,283,384
Other Operating Revenues		1,195,507		1,157,378
Total Operating Revenues		**56,586,890**		**54,950,511**
Nonoperating Revenues				
State Appropriations		41,574,716		37,131,561
Federal Grants		16,959,434		17,538,644
State and Local Grants		1,022,906		1,096,633
Non-governmental Grants		10,706		-
Gifts		5,633,194		1,387,196
Investment Income and Other		1,449,182		1,061,075
Total Nonoperating Revenues		**66,650,138**		**58,215,109**
Other Revenues				
Capital Appropriations		2,843,470		2,144,652
Capital Grants and Gifts		3,068,360		3,669,281
Additions to Permanent Endowments		220,112		131,507
Total Other Revenues		**6,131,942**		**5,945,440**
Total Revenues	**$**	**129,368,970**	**$**	**119,111,060**

due to increases in compensation and benefits, pension related expenses, and capital asset depreciation offset by a decrease in cost of goods sold. While any change in compensation and benefits can have a significant impact on operating expenses, salaries have generally been held in check due to funding constraints; however, recruitment and retention of University professors does require competitive salaries.

In fiscal year 2019, the University decided to liquidate the Federal Perkins Loan program. As a result, an additonal expense was recorded as loans were assigned to the Federal Government and the federal capital contribution was reclassified as a liability. Other non-operating expenses increased as a result of the University's decision to liquidate the Perkins loan program.

Depreciation expense increased primarily as a result of the Trailblazer Stadium east grandstand addition, which was completed in the prior year. Other notable increases include supplies, advertising, awards, luncheons, publications, and rental of equipment and space. These increases are a direct result of a growing campus and support for initiatives related to the University's strategic plan. The increases were offset

by a decrease in bad debt expense and professional services. The bad debt expense decrease was a direct result of the liquidation of the Perkins loan program. As the loans were liquidated, no allowance for bad debt was required. Professional services decreased as a result of fewer funds expended on construction projects. More detail on operating expenses appears in ***Chart b3*** *(pg 14)*, and ***Table b3*** *(above)*.

Chart b3: Operating Expenses
For the Year Ended June 30, 2019

Compensation and Benefits	$ 64,317,626
Scholarships	16,278,788
Utilities	1,846,269
Cost of Goods Sold	3,645,436
Depreciation	6,970,943
Actuarial Calculated Pension	1,540,743
Capital and Equipment Expense	4,003,856
Purchased Services	4,058,396
Supplies	3,251,365
Travel	5,281,634
Other	4,141,950

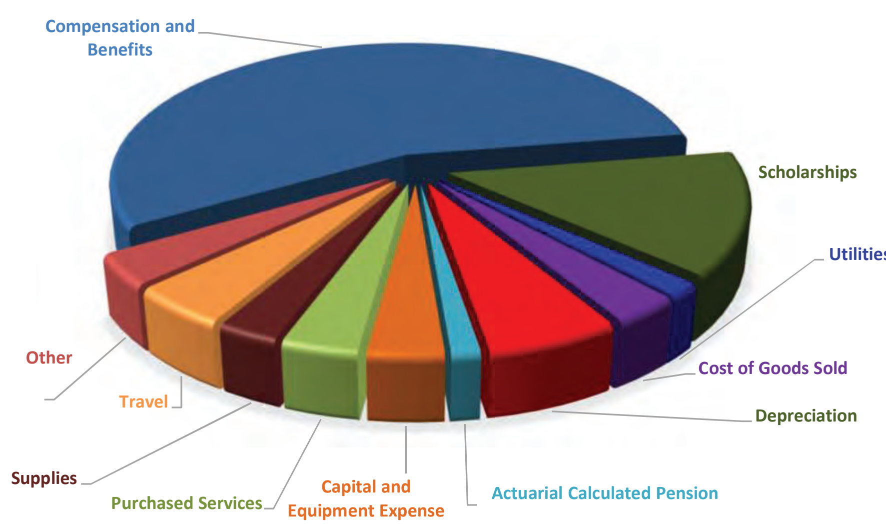


Table b3: Operating and Nonoperating Expenses				
for the years ended June 30		**2019**		**2018**
Operating Expenses				
Compensation and Benefits	$	64,317,626	$	60,082,793
Scholarships and Fellowships		16,278,788		16,238,908
Utilities		1,846,269		2,035,302
Cost of Goods Sold		3,645,436		4,113,309
Depreciation		6,970,943		6,684,305
Actuarial Calculated Pension		1,540,743		951,778
Total Operating Expenses before Other		**94,599,805**		**90,106,395**
Other Operating Expenses				
Advertising, Awards, Luncheons, Publications		1,884,873		1,575,510
Bad Debt Expense		(159,697)		301,636
Capital and Equipment Expense		4,003,856		4,085,512
Licenses, Fees, Taxes, and Insurance		1,185,639		1,078,262
Office Supplies		574,484		489,654
Professional Services		4,058,396		4,366,826
Rental of Equipment and Space		432,951		287,743
Repairs and Maintenance		368,887		385,911
Supplies		2,676,881		2,145,495
Telephone, Postage and Freight		429,297		427,977
Travel		5,281,634		5,316,050
Total Other Operating Expenses		**20,737,201**		**20,460,576**
Total Operating Expenses		**115,337,006**		**110,566,971**
Nonoperating Expenses				
Interest Expense		338,519		1,427,123
Liquidation of Perkins Federal Loan Program		1,372,201		-
Total Nonoperating Expenses		**1,710,720**		**1,427,123**
Total Expenses	**$**	**117,047,726**	**$**	**111,994,094**

STATEMENT OF CASH FLOWS

Cash flows from operating activities primarily consist of tuition and fees, grants and contracts, and auxiliaries. Significant sources of cash provided by noncapital financing activities, as defined by GASB, include state appropriations, Federal Pell Grants and private gift funds.

Table c1 *(pg 16)* is a condensed version of the Statement of Cash Flows. ***Chart c1*** *(pg 16)* shows a graphical representation of cash flow changes.

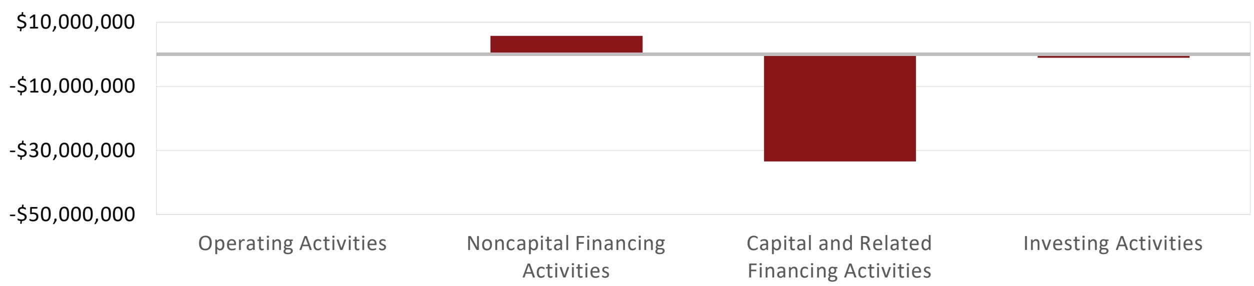
The University actively manages its investment portfolio by balancing returns and liquidity, which may cause changes in cash balances. Cash and cash equivalents are held to the minimum needed to support operations with any excess invested with varying maturity dates.

A decrease of overall liquidity resulted, when compared to the prior year. Cash flows from Operating Activities increased slightly as a result of increases in tuition and fees from higher enrollment and increased rates.

Table c1: Condensed Statement of Cash Flows

For the years ended June 30		2019		2018		Change in Inflows (Outflows)
Cash Provided (Used) by:						
Operating Activities	$	(46,164,165)	$	(46,398,528)	$	234,363
Noncapital Financing Activities		62,574,559		57,120,851		5,453,708
Capital and Related Financing Activities		(25,760,458)		7,392,219		(33,152,677)
Investing Activities		2,408,498		3,536,862		(1,128,364)
Net Increase (Decrease) in Cash		(6,941,566)		21,651,404		(28,592,970)
Cash - Beginning of Year		**36,292,153**		**14,640,749**		**21,651,404**
Cash - End of Year	**$**	**29,350,587**	**$**	**36,292,153**	**$**	**(6,941,566)**

Chart c1: University Cash Flow Changes



These inflows were offset by increased outflows in compensation and benefits and scholarships. Compensation and benefits changes are a result of campus growth and strategic initiatives to remain competitive in the marketplace. Cash flow from Noncapital Financing Activities improved as a result of increased state appropriations and gifts from generous supporters. Capital and related financing activities decreased as the University used funds to facilitate the construction of the Health and Human Performance Center (HPC) project. Finally, investing activities had a net outflow resulting from more purchases of investments compared to the prior year.

CAPITAL AND DEBT ACTIVITIES

Capital Assets: Investment in capital assets includes land, land improvements, buildings, equipment, library books, and construction-in-progress.

During the year, the University acquired property adjacent to the University Inn resulting in an increase in land. Additionally, land improvements increased as new tennis courts were completed. Construction-in-progress increased compared to the prior fiscal year. This increase was primarily related to the construction of the HPC building. Capitalized buildings decreased during the year as a result of depreciation expense exceeding building additions.

Additional information about the University’s capital assets can be found in Note 10 to the financial statements.

Chart d1 summarizes the University’s changes in capital assets between June 30, 2018, and 2019.

Chart d1: Changes in Capital Assets

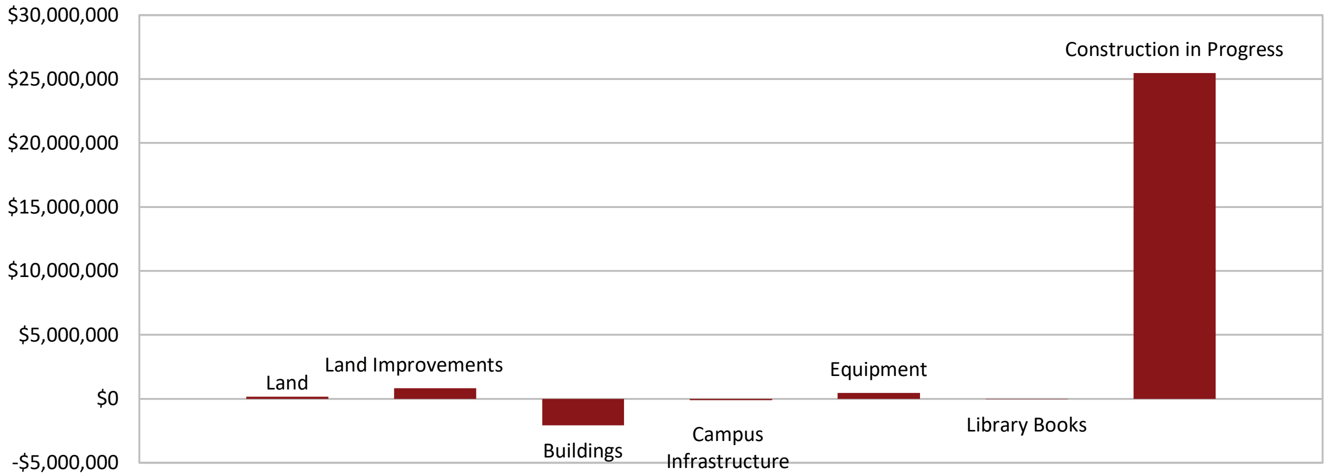


Table d2: **University Debt**

Liability Type		2019		2018		Increase (Decrease)
Bonds Payable	$	42,509,430	$	43,028,505	$	(519,075)
Notes Payable		5,272,801		5,784,360		(511,559)
Total Debt	**$**	**47,782,231**	**$**	**48,812,865**	**$**	**(1,030,634)**

Debt Activities: Strong debt ratings carry substantial advantages for the University, such as continued and wider access to capital markets when the University issues debt, lower interest rates on bonds, and the ability to negotiate favorable bond terms.

The University's Administration takes its role of financial stewardship seriously and works hard to manage its financial resources effectively. Continued high debt ratings, currently Aaa according to Moody's and AAA according to S&P, for our General Revenue Bond System are important indicators of the University's success in this area.

The University debt decreased in fiscal year 2019 due to principal payments made during the year. Additional information related to the University's liabilities is presented in Note 11 of the financial statements.

Table d2 *(above)* and ***Chart d2*** *(pg 18)* summarize outstanding University debt at June 30, 2018 and 2019.

OUTLOOK FOR THE COMING FISCAL YEAR

The University's enrollment for Fall 2019 is up (12%) from Fall 2018. The University is seeing the success of a change in recruiting efforts across the State. Enrollment at the undergraduate level is dependent on two factors, pool and participation, that are both heavily influenced by factors within the State. The available pool of potential students age 18 through 29 is projected to climb steadily through 2023. Enrollment increases should stabilize and steadily increase based on the pool of potential Utah public school students.

During the 2019 legislative session, the University's recurring budget for 2019-2020 was increased by 7.8%, compared to 2018–2019, which included funding to

Chart d2: Changes in University Debt

increase salaries, performance-based funding, and ongoing support for market-demand programs.

Economic growth in Utah is expected to continue during 2019 with job growth forecast to increase at 3.3% for the year. Unemployment in Utah was 3.1% at the end of June 2019, as compared to 3.7% nationally. We are optimistic that the 2020 legislative session will continue to provide additional increases in funding.

During fiscal year 2019, the University raised approximately $8.4 million from annual giving from private sources, including corporate funding, building donations, endowments, and gift funding. The University continues to benefit from the generosity of its donors and supporters, and the number of active donors continues to increase.

The University exercises a prudent approach to the issuance of debt. As the student population grows, the University is evaluating the need for additional student housing and the possible need for additional bond issuance to support the construction. In addition, the University evaluates existing debt versus current interest rates to identify opportunities to refinance at better rates.

The University's endowment funds are available for mission critical programs and initiatives, now and into the future. The University has invested in a portfolio of equity, fixed income and alternative assets with valuations that are impacted by market conditions, sometimes negatively in the short term. However, we believe our portfolio will provide solid financial footing for the University's endowments over the long term. With the additions of new academic programs, continued growth of the St. George area, and continued emphasis on strategic planning initiative, the University is now experiencing the highest student growth rate in the Utah System of Higher Education.

Overall, the University is in a sound financial position. The institution has strong strategic leadership and prudent financial management that work together to ensure its mission is met in the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Dixie State University's finances. The report is for all those with an interest in the University's finances and to show the University's 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 Dixie State University, Business Services, 225 S University Blvd. St. George, Utah 84770.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FINANCIAL STATEMENTS

Statement of Net Position as of June 30, 2019

	Primary Institution	Component Unit Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	$ 28,280,645	$ 1,344,006
Investments (Note 3)	1,815,958	5,146,444
Accounts and Notes Receivable, Net (Note 5)	1,944,569	327,225
Accounts Receivable - Primary Government/Related Parties (Note 5)	738,904	28,151
Inventories (Note 7)	552,051	-
Prepaid Expenses	406,192	-
Total Current Assets	33,738,319	6,845,826
Noncurrent Assets		
Restricted Cash and Cash Equivalents (Note 2)	1,069,942	188,461
Investments (Note 3)	19,567,545	9,081,815
Accounts and Notes Receivable, Net (Note 5)	1,919,826	532,931
Investments in Real Estate	-	551,198
Capital Assets, Net (Note 10)	188,938,710	409,862
Total Noncurrent Assets	211,496,023	10,764,267
Total Assets	245,234,342	17,610,093
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Relating to Pensions (Note 13)	2,751,590	-
Total Deferred Outflows of Resources	2,751,590	-
LIABILITIES		
Current Liabilities		
Accounts Payable (Note 5)	1,932,819	-
Accounts Payable - Primary Government/Related Parties	6,225,318	-
Accrued Liabilities	1,153,592	-
Compensated Absences and Termination Benefits (Note 11)	2,050,245	-
Deposits	703,773	-
Unearned Revenue	1,779,688	-
Refundable Government Grants	180,563	-
Bonds, Notes, and Capital Leases Payable (Note 11)	1,758,876	53,148
Total Current Liabilities	15,784,874	53,148
Noncurrent Liabilities		
Compensated Absences and Termination Benefits (Note 11)	1,337,214	-
Bonds, Notes, and Capital Leases Payable (Note 11)	46,023,355	729,423
Net Pension Liability (Note 13)	6,856,259	-
Total Noncurrent Liabilities	54,216,828	729,423
Total Liabilities	$ 70,001,702	$ 782,571

Continued on next page...

The accompanying notes are an integral part of these financial statements

DIXIE STATE UNIVERSITY |

Statement of Net Position as of June 30, 2019

		Primary Institution		Component Unit Foundation
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions (Note 13)	$	350,764	$	-
Total Deferred Inflows of Resources		350,764		-
NET POSITION				
Net Investment in Capital Assets		141,313,942		-
Restricted For				
Nonexpendable				
Scholarships and Fellowships		12,210,345		-
Other		2,554,259		-
Foundation		-		9,128,452
Expendable				
Scholarships and Fellowships		4,376,930		-
Capital Projects		2,101,212		-
Other		1,695,656		-
Foundation		-		6,798,907
Unrestricted		13,381,122		900,163
Total Net Position	$	177,633,466	$	16,827,522

The accompanying notes are an integral part of these financial statements

DIXIE STATE UNIVERSITY |

Statement of Revenues, Expenses, and Changes in Net Position for the Year Ended June 30, 2019

	Primary Institution	Component Unit Foundation
OPERATING REVENUES AND EXPENSES		
Revenues		
Student Tuition and Fees, net (Note 1)	$ 45,424,641	$ -
Federal Grants and Contracts	48,210	-
Auxiliary Enterprises, net (Note 1)	9,896,353	62,700
State and Local Grants and Contracts	21,531	-
Nongovernmental Grants and Contracts	648	-
Foundation Contributions Received	-	697,279
Other Operating Revenues	1,195,507	448
Total Operating Revenues	56,586,890	760,427
Expenses		
Salaries and Wages	46,983,381	-
Employee Benefits	17,334,245	-
Actuarial Calculated Pension Expense (Note 13)	1,540,743	-
Student Financial Aid	16,278,788	-
Donation to the University	-	1,938,277
Utilities	1,846,269	-
Cost of Goods Sold	3,645,436	-
Depreciation	6,970,943	-
Other Operating Expenses	20,737,201	539,457
Total Operating Expenses	115,337,006	2,477,734
Operating Income (Loss)	(58,750,116)	(1,717,307)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	41,574,716	-
Federal Grants and Contracts	16,959,434	-
State Grants and Contracts	987,906	-
Local Grants and Contracts	35,000	-
Private Grants and Contracts	10,706	-
Gifts	5,633,194	-
Investment Income	1,746,926	665,717
Interest	(338,519)	-
Other Revenues (Expenses)	(1,669,945)	35,372
Total Nonoperating Revenues (Expenses)	64,939,418	701,089
Income Before Capital and Permanent Endowment Additions	6,189,302	(1,016,218)
CAPITAL AND PERMANENT ENDOWMENT ADDITIONS		
Capital Appropriations	2,843,470	-
Capital Grants and Gifts	3,068,360	-
Additions to Permanent Endowments	220,112	-
Total Capital and Permanent Endowment Additions	6,131,942	-
Increase (Decrease) in Net Position	12,321,244	(1,016,218)
NET POSITION		
Net Position - Beginning of Year	165,312,222	17,843,740
Net Position - End of Year	177,633,466	16,827,522

The accompanying notes are an integral part of these financial statements

DIXIE STATE UNIVERSITY |

Statement of Cash Flows for the Year Ended June 30, 2019

		Primary Institution
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tuition and Fees	$	45,464,267
Receipts from Grants and Contracts		70,389
Receipts from Auxiliary Enterprises		11,168,226
Payments for Compensation and Benefits		(65,095,823)
Payments to Vendors and Suppliers		(21,511,223)
Payments for Scholarships and Fellowships		(16,996,120)
Receipt of Student Loan Proceeds		958,852
Loans Issued to Students		(222,733)
Net Cash Provided (Used) by Operating Activities		(46,164,165)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations		40,828,136
State Grants		987,906
Federal Student Financial Aid		16,959,434
Gifts and Endowments		4,855,784
Receipts from Federal Direct Student Loan		16,062,896
Payments for Federal Direct Student Loan		(15,965,755)
Other		(1,153,842)
Net Cash Provided (Used) by Noncapital Financing Activities		62,574,559
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants		3,041,111
Capital gifts received		1,200,000
Acquisition and Construction of Capital Assets		(27,805,415)
Principal Paid on Capital Debt and Leases		(1,459,384)
Interest Paid on Capital Debt and Leases		(736,770)
Net Cash Provided (Used) by Capital and Related Financing Activities		(25,760,458)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments		5,776,595
Interest and Dividends		1,751,730
Purchase of Investments and Related Fees		(5,119,827)
Net Cash Provided (Used) by Investing Activities		2,408,498
Net Increase (Decrease) in Cash and Cash Equivalents		(6,941,566)
Cash and Cash Equivalents - Beginning of Year		36,292,153
Cash and Cash Equivalents - End of Year	$	29,350,587

Continued on next page...

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows for the Year Ended June 30, 2019

		Primary Institution
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$	(58,750,116)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense		6,970,943
Difference between Actuarial Calculated Pension Expense and Actual Contributions		139,884
Provision for Uncollectible Loans and Writeoffs		(2,595,864)
Changes in Assets and Liabilities:		
Receivables, Net		(163,757)
Inventories		62,885
Prepaid Items		(194,853)
Notes Receivable, Net		3,608,168
Accounts Payable and Accrued Liabilities		442,621
Accounts Payable - Primary Government/Related Parties		3,551,233
Unearned Revenue		279,749
Compensated Absences		484,942
Total Adjustments		12,585,951
Net Cash Provided (Used) by Operating Activities	$	(46,164,165)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Completed Construction Projects Transferred from the State of Utah		2,843,470
Assets Acquired Through a Capital Lease		428,750
Acquired Through a Gift		27,249
Change in Fair Value of Investments		(117,545)
Capital Asset Write-Offs		1,151,916
Reclassification of Restricted Net Position to a Liability		180,563
Total Noncash Investing, Capital, and Financing Activities		4,514,403

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The financial statements report the financial activity of Dixie State University, including the Dixie State University Innovation Foundation (Innovation Foundation) and the Dixie College Foundation (Dixie Foundation). The Innovation Foundation is presented as a blended component unit and the Dixie Foundation is shown as a discretely presented component unit. The University is a component unit of the State of Utah.

Component units are entities that are legally separate from the University, but are financially accountable to the University, or whose relationships with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete. The University has two entities that qualify as component units.

The Innovation Foundation is a legally separate, but affiliated non-profit corporation that operates exclusively to promote the University's innovation and entrepreneurial endeavors. It is administered by a Board of Directors comprised of up to 9 members.

The President of the University and two other key University personnel are permanent members of the Board. The financial accountability criteria as defined by Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, have been met and it is included as blended component units of the University.

The Dixie Foundation is a legally separate, but affiliated, self-sustaining not-for-profit organization. The University does not appoint board members nor is it able to impose its will on the organization. Since the Dixie Foundation was established to receive gifts almost entirely for the benefit of the University, it is considered a discretely presented component unit and is included in the University's audited financial statements under the heading "Component Unit Foundation." Independent auditors have audited the Dixie Foundation, and a separate report has been issued, thereon, and is available at the Dixie Foundation's administrative office.

B. BASIS OF ACCOUNTING

For financial reporting purposes, Dixie State University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting.

Operating activities include all revenues and expenses derived on an exchange basis used to support the instructional, research and public service efforts, and other University priorities.

Significant recurring sources of the University's revenues are considered non-operating, as defined by GASB Statement No. 34, B*asic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and required by GASB Statement

No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*.

Operating revenues include tuition and fees, grants and contracts, and revenue from various auxiliary and public service functions. Non-operating revenues include state appropriations, Pell grants and certain government grants, gifts, and investment income.

Operating expenses include compensation and benefits, student aid, supplies, repairs and maintenance, utilities, etc. Non-operating expenses primarily include liquidation of Perkins Federal Loan Program and interest on debt obligations.

The Dixie Foundation follows FASB pronouncements and has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications are required to the discretely presented component unit's financial information when included in the University's financial report.

When both restricted and unrestricted resources are available, such resources are tracked and spent at the discretion of the department, subject to donor restrictions, where applicable.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the University recognizes gifts, grants, appropriations, and the estimated net realizable value of pledges as revenue as soon as all eligibility requirements imposed by the provider have been met.

C. INVESTMENTS

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. The University distributes earnings from pooled investments based on the average daily investment of each participating account, or for endowments, distributes according to the University's spending policy.

A portion of the University's endowment portfolio is invested in "alternative investments." These investments, unlike more traditional investments, generally do not have readily obtainable market values and typically take the form of limited partnerships. See Note 4 for more information regarding these investments and the University's outstanding commitments under the terms of the partnership agreements.

The University values these investments based on the partnerships' audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

D. ALLOWANCES

In accordance with GASB Statement No. 34, certain expenses are netted against revenues as allowances. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded allowances against student tuition and fees and auxiliary enterprises revenue.

The following schedule in ***Table 1*** presents scholarship revenue allowance for the year ended June 30, 2019.

Table 1: Scholarship Revenue Allowances		
Tuition and Fees	$	14,654,901
Auxiliary		122,392

E. COMPENSATED ABSENCES & TERMINATION BENEFITS

Employee vacation leave is accrued at a rate of eight hours each month for the first three years and increases to a rate of 14.66 hours each month after eleven years of service. There is no requirement to use vacation leave, but a maximum of thirty-five days may be carried forward at the beginning of each calendar year. Eligible employees are reimbursed for unused vacation leave upon termination, and vacation leave is expended when used or reimbursed. The liability for vacation leave at June 30, 2019, was approximately $2 million.

Employees earn sick leave at a rate of eight hours each month. The University does not reimburse employees for unused sick leave. Each year, eligible employees may convert up to four days of unused sick leave to vacation leave based on their use of sick leave during the year. Sick leave is expended when used.

In addition, the University may provide early retirement benefits, if approved by the Administration and by the Board of Trustees, for certain employees who have attained the age of 57 with at least five years of continuous service and whose age and years of service add to at least 75.

The University pays each early retiree an annual amount equal to the lesser of 20% of the retiree's final salary or their predicted social security benefit at full retirement age. This incentive is paid to the eligible employee until the earlier of five years or full retirement age. The employee is also eligible to receive the same coverage of medical insurance and dental insurance the employee was receiving at the early retirement date, which coverage continues for a maximum period of five years or to age 65, whichever comes first. These benefits are deducted from the early retirement incentive the employee receives on the same basis as non-retired employees.

In accordance with GASB Statement No. 47, *Accounting for Termination Benefits*, the amount recognized on the financial statements was calculated at the discounted present value of the projected future costs, which includes an estimated annual increase of 3.0%. A discount rate of 5.0% was used and is based on the average rate earned by the University on investments for the fiscal year.

As of June 30, 2019, 15 eligible employees have elected to participate in the early retirement program. The funding for these termination benefits is provided on a pay-as-you-go basis. For the year ended June 30, 2019, the stipend and benefits expense for the early retirement program totaled $234,298 and $215,704, respectively, and the calculated remaining termination benefits liability is $1,333,153.

F. CONSTRUCTION

The Utah State Division of Facilities Construction and Management (DFCM) administers most of the construction of facilities for state institutions, maintains records, and furnishes cost information for recording plant assets on the books of the University. Construction projects funded by DFCM are not recorded on the books of the University until the facility is available for occupancy.

G. DEFERRED OUTFLOWS AND INFLOWS

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, deferred outflows and deferred inflows of resources related to pensions have been recorded. Deferred outflows of resources represent a consumption of net position that applies to the future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent 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. Further information regarding pension reporting can be found in Note 13.

H. PENSIONS

For the purpose 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.

I. NET POSITION

The University's net position is classified as follows: Net Investment in Capital Assets – This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position, nonexpendable: Non-expendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted Net Position, expendable: Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

2. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consist of cash and short-term, liquid investments with an original maturity of three months or less. Cash, depending on source of receipts, is pooled except for cash and cash equivalents where legal requirements dictate the use of separate accounts. The cash balances are invested principally in short-term investments that conform to the provisions of the *Utah Code*. It is the practice of the University that the investments ordinarily be held to maturity at which time the par value of the investments will be realized.

Table 2 shows the University's cash and cash equivalents at June 30, 2019.

Table 2: Cash and Cash Equivalents		
Cash	$	1,428,369
Money Market Mutual Funds		3,636,373
Utah Public Treasurers' Investment Fund		24,285,845
Total (fair value)	**$**	**29,350,587**

The Utah State Treasurer's Office operates the Utah Public Treasurers' Investment Fund (PTIF), which is managed in accordance with the State of Utah Money Management Act (Act) and is available for investment of funds administered by any Utah public treasurer.

3. INVESTMENTS

Funds available for investment are pooled to maximize return and minimize administrative cost, except for funds that are authorized by the University administration to be separately invested or which are separately invested to meet legal or donor requirements. Investments received as gifts are recorded at fair value on the date of receipt. Other investments are also recorded at fair value.

University personnel manage certain portfolios, while other portfolios are managed by banks, investment advisors, or through trust agreements.

According to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Section 51-8 of the *Utah Code*, the institution may appropriate for expenditure or accumulate so much of an endowment fund as the University determines to be prudent for uses, benefits, purposes, and duration for which the endowment was established.

The endowment income spending practice at June 30, 2019, was 4% of the twelve-quarter moving average of the market value of the endowment pool. The spending practice is reviewed periodically and any necessary changes are made.

The amount of net appreciation on investments of donor-restricted endowments available for authorization for expenditure at June 30, 2019, was $2,261,964. The net appreciation is a component of restricted expendable net position.

At June 30, 2019, the investment portfolio composition was as follows in ***Table 3***.

Table 3: Investments at Fair Value		
Common & Preferred Stock	$	21,042
Corporate Notes & Bonds		2,088,849
Mutual Funds		15,205,588
U.S. Agencies		3,888,024
Total	**$**	**21,203,503**

4. DEPOSITS AND INVESTMENTS

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.

Except for endowment funds, the University follows the requirements of the Act (*Utah Code*, Section 51, Chapter 7), in handling its depository and investment transactions. The Act requires the depositing of University 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.

For endowment funds, the University follows the requirements of the UPMIFA, the State Board of Regents' Rule 541, *Management and Reporting of Institutional Investments* and the University's investment policy and endowment guidelines.

A. DEPOSITS

Custodial Credit Risk: Custodial credit risk for deposits is the risk that in the event of a bank failure the University's deposits may not be returned.

At June 30, 2019, the carrying amount of the University's deposits and bank balances is $1,916,540. The Federal Deposit Insurance Corporation (FDIC) provides deposit insurance coverage up to $250,000 for demand deposits and $250,000 for time and savings deposits at each banking institution. As a result, the bank balances of the University were insured for $250,000 by the FDIC. The bank balances in excess of $250,000 were uninsured and uncollateralized, leaving $1,666,540 exposed to custodial credit risk. The University's policy for reducing this risk of loss is to deposit all such balances in qualified depositories as defined and required by the Act.

B. INVESTMENTS

The Act defines the types of securities authorized as appropriate investments for the University's non-endowment 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. These statutes authorize the University to invest within the following guidelines:

- negotiable or nonnegotiable deposits of qualified or permitted negotiable depositories;
- re-purchase and reverse re-purchase 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 Act;
- reciprocal deposits and negotiable brokered certificates of deposit in accordance with the Act; and
- the Utah State Public Treasurers’ Investment Fund (PTIF).

The Utah State Public Treasurers’ Investment Fund (PTIF) is available for investment of funds administered by any Utah public treasurer and is not registered with the Securities and Exchange Commission (SEC) as an investment company. The PTIF is authorized and regulated by the Act.

The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The UPMIFA and State Board of Regents Rule 541, *Management and Reporting of Institutional Investments* (Rule 541), allows the University to invest endowment funds including gifts, devises, or bequests of property of any kind from any source in any of the above investments or any of the following, subject to satisfying certain criteria:

- mutual funds registered with the SEC, investments sponsored by the Common Fund;
- any investment made in accordance with the donor’s directions in a written instrument;
- investments in corporate stock listed on a major exchange (direct ownership); and
- any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital including venture capital and private equity, natural resources, and private real estate assets or absolute return and long/short hedge funds.

UPMIFA also permits institutions within the Utah System of Higher Education to accept and invest funds on behalf of other institutions. Dixie State University and the University of Utah maintain an agreement that Dixie State University will transfer funds to the University of Utah to invest in its unitized endowment pool (Pool).

The Pool is not registered with the SEC as an investment company and is not rated. The University of Utah invests funds in accordance with UPMIFA, Rule 541, and University of Utah investment policies, as approved by the Board of Regents. Deposits in the Pool are not insured or otherwise guaranteed by the University of Utah, and participants share proportionately in any realized gains or losses on investments.

The Pool operates and reports to participants on a fair market value basis. The income, gains and losses, net of administration fees are allocated monthly on the ratio of Dixie State University’s ending monthly balance to the total funds in the Pool.

C. FAIR VALUE OF INVESTMENTS

The University 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:

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

Debt and equity securities classified in *Level 1* are valued using prices quoted in active markets for those securities.

Debt and equity securities classified in *Level 2* are valued using the following approaches:

- U.S. Agencies: quoted prices for identical securities in markets that are not active.
- Corporate Notes and Bonds: quoted prices for similar securities in active markets.
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.
- Utah Public Treasurers' Investment Fund: application of the June 30, fair value factor as calculated by the Utah State Treasurer to the University's balance in the Fund at June 30.
- University of Utah Endowment Pool: application of the June 30, 2019, fair value factor as calculated by the University of Utah to the University's average quarterly balance in the Fund.

Table 4a shows the fair value measurements along with their respective tier classification.

Table 4a: Fair Value Measurements by Tier

	June 30, 2019	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Debt Securities				
U.S. Agencies	$ 3,888,024	$ -	$ 3,888,024	$ -
Corporate Notes & Bonds	2,088,849	-	2,088,849	-
Money Market Mutual Funds	3,638,239	-	3,638,239	-
Bond Mutual Funds	689,278	-	689,278	-
Utah Public Treasurers' Investment Fund	24,285,845	-	24,285,845	-
Total Debt Securities	34,590,235	-	34,590,235	-
Equity Securities				
Common and Preferred Stock	21,042	21,042	-	-
Equity Mutual Funds	1,241,376	-	1,241,376	-
University of Utah Endowment Pool	13,257,501	-	13,257,501	-
Total Equity Securities	14,519,919	21,042	14,498,877	-
Total Investments by Fair Value Level	**$ 49,110,154**	**$ 21,042**	**$ 49,089,112**	**$ -**
Investments Measured at the Net Asset Value (NAV)				
Private Equity Partnerships	17,434			
Total Investments Measured at NAV	17,434			
Total Investments Measured at Fair Value	**$ 49,127,588**			

Debt securities classified as *Level 3* are valued using concensus pricing. Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of partnerships.

The University values these investments based on the partnerships' audited financial statements. If June 30 financial statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

Table 4b *(below)* presents the unfunded commitments, redemption frequency, if currently eligible, and the redemption notice period for the University's alternative investments measured at NAV.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 10 years for institutions of higher education. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years. For endowment funds, Rule 541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

Table 4c *(pg 36)* shows the University's investment maturities as of June 30, 2019.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for reducing its exposure to credit risk is to comply with the Money Management Act, the UPMIFA, and Rule 541, as previously discussed.

Table 4b: Investments Measured at Net Asset Value (NAV)

Investment Class	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Morgan Stanley Private Equity Access Fund II Limited Partnerships (MSPE ACCESS II LP)	$ 17,434	$ 11,548	Initial 10 year, with five 1-year	60 Days
Total Investment Measured at NAV	**$ 17,434**	**$ 11,548**		

Table 4c: Maturities

Investment Type	Fair Value	Investment Maturities (in years) Less than 1	1-5	6-10	More than 10
Money Market Mutual Funds	$ 3,638,239	$ 3,638,239	$ -	$ -	$ -
Bond Mutual Funds	689,277	36,388	294,370	260,122	98,397
Corporate Notes & Bonds	2,088,850	1,122,356	966,494	-	-
U.S. Agencies	3,888,024	693,603	3,194,421	-	-
Utah Public Treasurers' Investment Fund	24,285,845	24,285,845	-	-	-
Totals	**$ 34,590,235**	**$ 29,776,431**	**$ 4,455,285**	**$ 260,122**	**$ 98,397**

The University's investments quality ratings at June 30, 2019 are shown in ***Table 4d*** *(below).*

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The University's policy for reducing its exposure to custodial credit risk is to comply with applicable provisions of the Act. As required by the Act, all applicable securities purchased were delivered versus payment and held in safekeeping by a bank. Also, as required, the ownership of book-entry-only securities, such as U.S. Treasury or Agency securities, by the University's custodial bank was reflected in the book-entry records of the issuer and the University's ownership was represented by a receipt, confirmation, or statement issued by the custodial bank.

At June 30, 2019, the University had $17,434 in alternative investments, $21,042 in equity securities, $2,088,849 in bond and corporate debt, and $3,888,024 in U.S. agencies, which were held by the counterparty and not in the University's name.

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 University's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council or the UPMIFA and Rule 541, as applicable. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio at the time of purchase.

For endowment funds, the University follows Rule 541, which requires that an institution's overall endowment

Table 4d: Investment Ratings

Investment Type	Fair Value	Quality Ratings AAA	AA	A	BBB	Unrated
Money Market Mutual Funds	$ 3,638,239	$ 3,526,898	$ -	$ -	$ -	$ 111,341
Bond Mutual Funds	689,278	-	-	-	-	689,278
Corporate Notes & Bonds	2,088,849	-	-	960,513	1,128,336	-
U.S. Agencies	3,888,024	-	3,888,024	-	-	-
Utah Public Treasurers' Investment Fund	24,285,845	-	-	-	-	24,285,845
Totals	**$ 34,590,235**	**$ 3,526,898**	**$ 3,888,024**	**$ 960,513**	**$ 1,128,336**	**$ 25,086,464**

portfolio be invested in accordance with the allocation ranges as shown in ***Table 4e***.

Table 4e: Allocation Ranges	
Fixed Income and Cash Equivalents	25-100%
Equity Investments*	0-75%
Alternative Investments	0-30%

**Corporate stock (direct ownership) can be a maximum of 3% of total equity investments*

D. DIXIE FOUNDATION DEPOSITS AND INVESTMENTS

Deposits: Custodial Credit Risk: Cash in Bank is insured by the Federal Deposit Insurance Corporation. Money Market Funds are covered against broker theft by the Securities Investors Protection Corporation. Cash and cash equivalents have the general characteristics of demand deposits so that funds may be withdrawn at any time without prior notice. $568,508 of cash in bank is insured by the Federal Deposit Insurance Corporation.

Credit Risks: Investments with a market value of $14,228,259 represent a risk factor subject to loss due to the volatility of the stock and bond markets.

Investments: Investments are governed by Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FASB 157) on the Dixie Foundation's financial statements.

FASB 157 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (*Level 1* measurements) and the lowest priority to unobservable in inputs (*Level 3* measurements).

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72), establishes the framework for measuring fair value for governmental entities. Except for alternative investments, GASB 72 reflects the same fair value measurement framework as FASB 157.

The fair value measurement of Dixie Foundation investments at June 30, 2019, are shown in ***Table 4f***.

Table 4f: Investments

Investment Type		Estimated Market Value
Alternative Funds	$	3,113,628
Fixed Income Bond Funds		1,986,276
Corporations and Agencies		2,542,420
Corporate Securities - Domestic		4,748,265
Cash in Mutual Funds		303,167
Corporate Securities - International		1,534,003
Other		500
Total	$	14,228,259

Table 4g shows the net return of the Dixie Foundation investments for the year ended June 30, 2019.

Table 4g: Net Return on Investments

Income Type		Estimated Market Value
Interest and Dividend	$	670,411
Realized Gains (Losses)		235,710
Unrealized Gains (Losses)		240,404
Total	$	1,146,525

Fair Value of Investments: ***Table 4h*** sets forth by level, within the fair value hierarchy, the Dixie Foundation's investments at fair value as of June 30, 2019.

Table 4h: Fair Value Measurements Using		Level 1	Level 2	Level 3
Investment by Fair Value Level				
Alternative Funds	$	3,113,628	$ -	$ -
Fixed Income Bond Funds		1,986,276	-	-
Obligations of Corporations and Agencies		2,542,420	-	-
Corporate Securities - Domestic		4,748,265	-	-
Corporate Securities - International		1,534,003	-	-
Cash in Mutual Funds		303,167	-	-
Other		500	-	-
Total	$	14,228,259	$ -	$ -

5. RECEIVABLES AND ACCOUNTS PAYABLE

Accounts, pledges, and interest receivable include tuition and fees, and auxiliary enterprise and services. Accounts receivable also include amounts due from the federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. During fiscal year 2019, the University began liquidating it's student Perkins loans and assigned all loan receivables to the United States Department of Education. For more information on Perkins loan liquidation, see note 14.

Allowances for doubtful accounts are established by charges to operations to cover anticipated losses from accounts receivable generated by sales and services and student loans. Such accounts are charged to the allowance when collection appears doubtful. Any subsequent recoveries are credited to the allowance accounts. Allowances are not established for pledges or in those instances where receivables consist of amounts due from governmental units or where receivables are not material in amount.

Table 5a presents receivables at June 30, 2019, including approximately $1.5 million of noncurrent accounts and notes.

Table 5a: Receivables

Type of Receivable		Year Ended June 30, 2019
Student Tuition and Fees	$	2,793,094
Auxiliary Enterprises and Other		751,721
Contracts and Grants		401,613
Pledges		1,225,000
Primary Government / Related Parties		738,904
Total Receivables		5,910,332
Less Allowances for Doubtful Accounts		(1,307,033)
Receivables, Net	**$**	**4,603,299**

Table 5b presents the major components of accounts payable at June 30, 2019.

Table 5b: Accounts Payable

Vendors	$	1,642,349
Interest		225,515
Student Refunds		64,955
Total Accounts Payable	**$**	**1,932,819**

Aggregated noncurrent notes receivables for the Dixie Foundation at June 30, 2019, were $532,931. These receivables are net of allowance for doubtful accounts of $350,000.

6. UNEARNED REVENUE

Unearned revenue consists of summer session tuition and fees, advance payments on grants and contracts, advance ticket sales for various athletic and cultural events, and results of normal operations of auxiliary enterprises and service units.

7. INVENTORIES

Inventories consist primarily of books and merchandise held in the Campus Store (Bookstore). Other inventories include food products and fuel. The University uses internal testing of inventory counts to verify inventory amounts.

The University Bookstore's inventories are valued using the retail inventory method. All other inventories are stated at the lower of cost or market using the first-in, first-out method or, on a basis that approximates cost, determined on the first-in, first-out method.

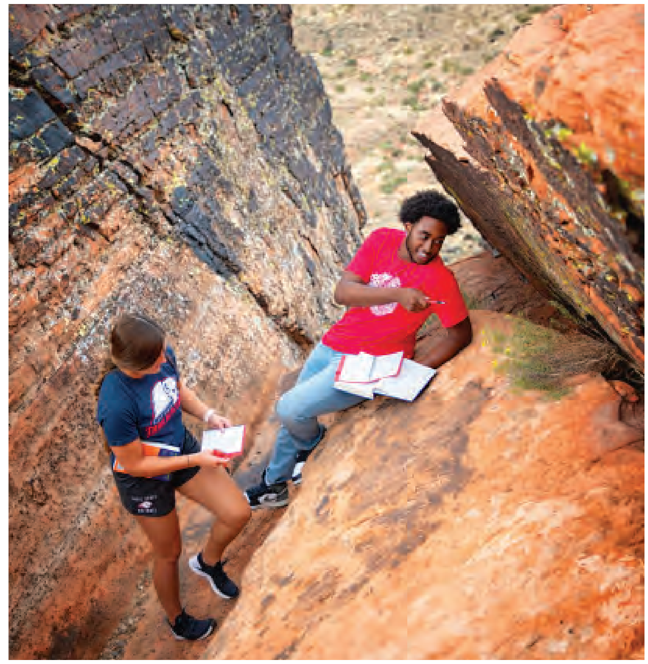
Table 7 presents the components of inventories at June 30, 2019.

Table 7: Inventories

Organization		Year Ended June 30, 2019
Bookstore	$	411,937
Dining Services		97,189
IT Services		6,033
Fuel Services		36,892
Total Inventories	**$**	**552,051**

8. INCOME TAXES

The University is a political subdivision of the State for federal income tax purposes. The University is an Internal Revenue Code (IRC) Section 115 organization. This status exempts the University from paying federal income tax on revenue generated by activities that are directly related to the University's mission. This exemption does not apply to unrelated business activities. On these activities, the University is required to report and pay federal and state income tax.



9. RISK MANAGEMENT AND INSURANCE COVERAGE

The University maintains insurance coverage for commercial general liability, automobile, errors and omissions, and property (building and equipment) through policies administered by the Utah State Division of Risk Management. This insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a $1,000 per occurrence deductible. Additionally, Employees of the University and authorized volunteers are covered by workers compensation and employees' liability through the Workers Compensation Fund.

On July 1, 2017, the University established a self-insurance fund for employee dental care that is administered through Educators Mutual Insurance Company. GASB Statement No. 10, *Accounting and Financial Reporting* *for Risk Financing and Related Insurance Issues*, requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The University's estimated self-insurance claims liability at June 30, 2019 is shown below in ***Table 9***.

The University has recorded the investments of the dental care funds at June 30, 2019 and the estimated liability for self-insurance claims at that date in the Statement of Net Position. The income and expenses related to the administration of the self-insurance and estimated provision for the claims liability for the year then ended are recorded in the Statement of Revenues, Expenses, and Changes in Net Position.

Table 9: Estimated Dental Self-Insurance Claim Liability

		Year Ended June 30, 2019
Estimated Claims Liability - Beginning of Year	$	87,955
Current Year Contributions & Changes in Estimates		537,850
Claim Payments, Including Related Legal & Administrative Expenses		(517,296)
Estimated Claims Liability - End of Year	**$**	**108,509**

10. CAPITAL ASSETS

Buildings, infrastructure and improvements (which include roads, curb and gutter, streets and sidewalks, and lighting systems), land, equipment, library materials, and intangible assets (primarily software) are valued at historical cost or at acquisition value at the date of donation. Buildings, infrastructure and improvements, and additions to existing assets are capitalized when acquisition cost equals or exceeds $100,000 for the University. Equipment is capitalized when acquisition costs exceed $5,000. All costs incurred in the acquisition of library materials are capitalized. Purchased software is capitalized when acquisition costs are $100,000 or greater. Land acquisitions have been valued at original cost or fair market value at the date of donation in the case of gifts. Buildings, improvements, land, and equipment of component unit have been valued at cost at the date of acquisition.

The University has certain works of art that are not capitalized, nor depreciated. These assets are held for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, and preserved and are subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The University's assets of this nature include Native American artifacts, photographs, prints, paintings, monuments, statues, and other historical documents.

Capital assets of the University and its component unit are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives of University assets extends to forty years on buildings, up to thirty years for building improvements, forty to fifty years on infrastructure and improvements, five to twenty years for land improvements, twenty years on library books, from three to twenty years on equipment, and from three to ten years on software. Land, art and special collections, and construction in progress are not depreciated.

Capital assets at June 30, 2019, are shown in ***Table 10a****, (pg 42)*.

The University is committed to the completion of all projects that are under construction. At June 30, 2019, the University had outstanding commitments of $5,677,796.

Dixie Foundation Capital Assets: Capital Assets of the Dixie Foundation at June 30, 2019, are shown in ***Table 10b*** *(pg 42)*.

11. BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES

The long-term debt of the University consists of bonds payable, notes payable, compensated absences, net pension liability, and other obligations.

The State Board of Regents issues revenue bonds to provide funds for the construction and renovation of major capital facilities and the acquisition of capital equipment for the University.

The revenue bonds are special limited obligations of the University. The obligation for repayment is solely that of the University and payable from the net revenues of auxiliary enterprise, student building fees, Road Scholar, travel study, and parking fees. Neither the full faith and credit, nor the taxing power of the State or any other political subdivision of the State is pledged to the payment of the bonds, the distributions, or other costs associated with the bonds.

In July 2017, the University issued a new general revenue bond in the amount of $20,770,000 to finance the construction of the East Stadium Grandstands and the Health and Human Performance Center (HPC).

Table 10a: Changes in Capital Assets

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets, Non-depreciable:				
Land and Permanent Easements	$ 15,184,972	$ 144,200	$ -	$ 15,329,172
Construction in Progress	6,679,988	25,610,917	136,838	32,154,067
Total Capital Assets, Non-depreciable	21,864,960	25,755,117	136,838	47,483,239
Capital Assets, Depreciable:				
Buildings	181,346,517	3,026,830	69,743	184,303,604
Machinery and Equipment	15,015,519	1,595,453	1,071,901	15,539,071
Art, Literature, and Artifacts	2,373,430	68,819	10,272	2,431,977
Land Improvements	16,526,378	1,413,529	-	17,939,907
General Infrastructure	4,343,451	-	-	4,343,451
Total Before Depreciation	219,605,295	6,104,631	1,151,916	224,558,010
Less Accumulated Depreciation For:				
Buildings	57,632,648	5,066,110	24,410	62,674,348
Machinery and Equipment	10,899,020	1,119,807	1,044,195	10,974,632
Art, Literature, and Artifacts	1,487,583	98,542	10,431	1,575,694
Land Improvements	6,721,460	597,042	-	7,318,502
General Infrastructure	469,921	89,442	-	559,363
Total Accumulated Depreciation	77,210,632	6,970,943	1,079,036	83,102,539
Total Capital Assets, Depreciable, Net	142,394,663	(866,312)	72,880	141,455,471
Total Capital Assets, Net	**$ 164,259,623**	**$ 24,888,805**	**$ 209,718**	**$ 188,938,710**

Table 10b: Changes in Capital Assets

Assets	Balance June 30, 2018	Additions	Retirements/ Adjustments	Balance June 30, 2019
Capital Assets, Non-depreciable:				
Land	$ 181,000	$ -	$ 96,000	$ 85,000
Collectible Art - Foundation	9,200	-	-	9,200
Total Capital Assets, Non-depreciable	190,200	-	96,000	94,200
Capital Assets, Depreciable:				
Buildings	724,000	-	384,000	340,000
Building Improvements	-	-	-	-
Total Before Depreciation	724,000	-	384,000	340,000
Accumulated Depreciation	(33,261)	(16,513)	(25,436)	(24,338)
Total Capital Assets, Depreciable, Net	690,739	(16,513)	358,564	315,662
Total Capital Assets, Net	**$ 880,939**	**$ (16,513)**	**$ 454,564**	**$ 409,862**

Construction was substantially complete on the East Grandstands in May 2018. The HPC is currently under construction.

Table 11a *(below)* lists the outstanding bonds payable of the University at June 30, 2019.

The University is currently paying on a 2006 lease revenue bond that was entered into through the Utah State Board of Regents to acquire the Avenna Center and other buildings. In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for financial statement purposes, the 2006 bond issue is considered a direct borrowing note payable with Zions Bank. These outstanding notes contain provisions that in the event of default, the outstanding principal and interest is due or the University may be obligated to vacate the property. The building assets are pledged as collateral for the debt.

Over a number of years, the University has entered into notes payable agreements as direct borrowings to acquire equipment. These outstanding notes contain a provision that, in the event of default, outstanding amounts become immediately due or the equipment is subject to bank repossession. Equipment currently financed through these direct borrowings are pledged as collateral for the debt.

Table 11b *(below)* lists the outstanding notes payable along with their principal balance at June 30, 2019.

Table 11c *(pg 44)* summarizes the changes in long-term liabilities for the year ended June 30, 2019.

Table 11d *(pg 44)* shows maturities of principal and interest requirements for long-term debt payable as follows.

Dixie Foundation Bonds Payable and Other Long-Term Liabilities: The Dixie Foundation has entered into Charitable Gift Annuity Agreements wherein donors (the annuitants) conveyed to the Dixie Foundation assets in exchange for annual payments to the annuitants during the annuitants' joint lifetimes and for the life of the

Table 11a: Bonds Payable

Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Current Liability	Balance June 30, 2019 *
Series 2015-Revenue	6/24/2015	6/1/2046	2%-5%	$ 21,315,000	$ 442,988	$ 20,117,689
Series 2017-Revenue	7/18/2017	6/1/2049	2%-5%	20,770,000	456,087	22,391,741
Total Bonds Payable				$ 42,085,000	$ 899,075	$ 42,509,430

** Includes unamortized bond premiums.*

Table 11b: Notes Payable

Financial Institution	Term	Interest Rate	Balance
Bank of America Public Capital Corp	2011-2028	2.87%-4.50%	$ 2,436,835
US Bancorp Government Leasing and Finance, Inc.	2014-2028	3.02%-3.61%	648,764
Zions Bank	2006-2028	2.47%-4.65%	1,886,493
JPMorgan Chase Bank	2016-2023	1.74%	300,709
Total Notes Payable			**$ 5,272,801**

Table 11c: Long Term Liabilities

Liability Type	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and Notes Payable					
Bonds Payable*	$ 43,028,505	$ -	$ 519,075	$ 42,509,430	$ 899,075
Notes Payable	5,784,360	428,750	940,309	5,272,801	859,801
Total Long-Term Debt	48,812,865	428,750	1,459,384	47,782,231	1,758,876
Net Pension Liability	4,226,666	2,629,593	-	6,856,259	-
Compensated Absences	1,891,334	1,590,592	1,427,620	2,054,306	1,597,889
Termination Benefits	1,009,258	748,798	424,903	1,333,153	452,356
Total Long-Term Liabilities	**$ 55,940,123**	**$ 5,397,733**	**$ 3,311,907**	**$ 58,025,949**	**$ 3,809,121**

*Includes bond premium amortization.

Table 11d: Maturities of Long Term Debt Principal and Interest

Year Ending June 30	Notes Payable	Bonds Payable	Total Principal	Total Interest	Total Principal and Interest
2020	$ 859,801	$ 815,000	$ 1,674,801	$ 1,820,015	$ 3,494,816
2021	887,038	840,000	1,727,038	1,768,628	3,495,666
2022	924,619	870,000	1,794,619	1,710,060	3,504,679
2023	607,554	900,000	1,507,554	1,647,937	3,155,491
2024	422,377	925,000	1,347,377	1,598,008	2,945,385
2025-2029	1,571,413	5,200,000	6,771,413	7,252,448	14,023,861
2030-2034	-	6,420,000	6,420,000	5,909,631	12,329,631
2035-2039	-	7,735,000	7,735,000	4,598,900	12,333,900
2040-2044	-	9,410,000	9,410,000	2,925,275	12,335,275
2045-2049	-	7,695,000	7,695,000	973,950	8,668,950
2050-2055	-	-	-	-	-
Totals	**$ 5,272,802**	**$ 40,810,000**	**$ 46,082,802**	**$ 30,204,852**	**$ 76,287,654**

surviving annuitant. The liability is calculated at the date of donation by figuring the present value of the annual payments over the expected remaining life of the annuitants. Contributions revenue, which is the fair market value of the contribution less its corresponding liability, is included in the Statement of Revenues, Expenses, and Changes in Net Position for the year of contribution.

Future principal and interest payments for the Annuity are shown in ***Table 11e***.

Table 11e: Charitable Annuity Liability Year Ending June 30

Year	Principal	Interest	Totals
2020	$ 53,148	$ 19,910	$ 73,058
2021	54,766	18,292	73,058
2022	56,433	16,625	73,058
2023	58,152	14,906	73,058
2024	50,023	23,035	73,058
Thereafter	417,890	20,214	438,104
Totals	**$ 690,412**	**$ 112,982**	**$ 803,394**

Table 12: Pledged Bond Revenue		
Revenues		
Operating Revenue	$	15,067,962
Nonoperating Revenue		1,272,609
Total Revenues		16,340,571
Expenses		
Operating Expenses		13,686,038
Total Expenses		13,686,038
Net Pledged Revenue	$	2,654,533
Principal and Interest Paid	$	1,221,292

12. PLEDGED BOND REVENUE

The University issues revenue bonds to provide funds for the construction and renovation of major capital facilities and the acquisition of capital equipment for the University. Investors in these bonds rely solely on the net revenue pledged by the general revenue of the University for the retirement of outstanding bonds payable.

Table 12 *(above)* presents the net revenue pledged and the principal and interest paid and accrued for the year ended June 30, 2019.

13. PENSION PLANS AND RETIREMENT BENEFITS

As required by State law, eligible nonexempt employees (as defined by the U.S. Fair Labor Standards Act) of the University are covered by defined benefit plans sponsored by the Utah Retirement Systems (URS), and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by defined contribution plans, such as the Teachers Insurance and Annuity Association Fund (TIAA), 401(k), 403(b), 457(b), or Roth IRA plans.

DEFINED BENEFIT PLANS

Eligible plan participants are provided with pensions through the following systems:

- Public Employee Noncontributory Retirement System (Noncontributory-System) and the Public Employee Contributory Retirement System (Contributory System), which are multiple employer, cost sharing, public employee retirement systems.
- The Public Safety Retirement System (Public Safety), which is a cost-sharing, multiple-employer, public employee retirement system.
- Tier 2 Public Employee Contributory Retirement System (Tier 2 Public Employee System); and the

Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighter System), which are multiple employers, cost-sharing, public employee retirement systems.

The Tier 2 Public Employees System and the Tier 2 Public Safety and Firefighter System were created July 1, 2011. All eligible employees who have no previous service credit with any of the Utah Retirement Systems prior to that date are members of the Tier 2 Retirement Systems.

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The URS's 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 Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The URS are fiduciary funds defined as pension (and other employee benefits) trust funds and are a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

Table 13a: Summary of Benefits by System

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefits	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%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.0% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
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%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

** Actuarial reductions are applied.*

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

Table 13b: Contribution Rates	Rates Paid by Employee	Rates Paid by DSU for Employee	DSU Contribution Rates
Noncontributory System			
State and School Division Tier 1	-	-	22.19%
Contributory System			
Public Employees Tier 1	-	6.00%	17.70%
Public Employees Tier 2	-	-	18.87%
Public Safety Retirement System			
Public Safety	-	-	41.35%
Public Safety and Firefighter	-	-	29.80%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liabilities of the Tier 1 plans.

The URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems at 560 East 200 South, Salt Lake City, Utah 84102, or visiting the website: www.urs.org.

The URS provides retirement benefits as summarized in ***Table 13a*** *(pg 46).*

As a condition of participation in the Systems, employers and/or employees are 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, when combined with employee contributions (where applicable), are 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 as of June 30, 2019, are shown in ***Table 13b*** *(above).*

For the year ended June 30, 2019, employer and employee contributions to the Systems were as follows in, ***Table 13c***.

Table 13c: Systems Employer and Employee Contributions

System	Employer	Employee
Noncontributory	$ 1,126,793	-
Contributory	8,574	$ 2,906
Public Safety	84,912	-
Tier 2 Public Employees	147,880	-
Tier 2 Public Safety and Firefighter	24,457	-
Total Contributions	$ 1,392,616	$ 2,906

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

At June 30, 2019, the University's net pension asset and liability were as follows in ***Table 13d*** *(pg 48).*

The net pension asset and liability were measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018, and rolled forward using generally accepted actuarial procedures. The proportion of the net pension

Table 13d: Net Pension Assets and Liability

System		Net Pension Asset		Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2017	Change (Decrease)
	(Measurement Date): December 31, 2018						
Noncontributory	$	-	$	6,295,654	0.1692145%	0.1609435%	0.0082710%
Contributory		-		173,268	0.2440379%	0.2048447%	0.0391932%
Public Safety		-		360,266	0.1505029%	0.1560612%	(0.0055583%)
Tier 2 Public Employees System		-		25,690	0.0599834%	0.0699292%	(0.0099458%)
Tier 2 Public Safety and Firefighter		-		1,381	0.0551163%	0.0400736%	0.0150427%
Total Net Pension Asset / Liability	$	-	$	6,856,259			

Table 13e: Pensions Deferred Inflows and Outflows

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	36,457	$	101,824
Changes in assumptions		673,557		513
Net difference between projected and actual earnings on pension plan investments		1,169,702		-
Changes in proportion and differences between contributions and proportionate share of contributions		160,729		248,427
Contributions subsequent to the measurement date		711,145		-
	$	2,751,590	$	350,764

asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, pension expense of $1,540,743 was recorded. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources in ***Table 13e*** *(above).*

The amount of $711,145 was reported as deferred outflows of resources related to pension results from contributions made by the University prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018. These contributions will be recognized as a 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 in ***Table 13f***.

Table 13f: Other Deferred Resources

Year Ending December 31		Deferred Outflows (Inflows) of Resources
2019	$	693,364
2020		252,395
2021		182,021
2022		555,337
2023		866
Thereafter		5,698

The total pension liability in the December 31, 2018, actuarial valuation was determined using the actuarial assumptions shown in ***Table 13g*** applied to all periods included in the measurement.

Table 13g: Acturial Assumptions	
Inflation	2.50 Percent
Salary Increases	3.25 - 9.75 Percent, Average, including Inflation
Investment Rate of Return	6.95 Percent, net of pension plan investment expense, including inflation

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in ***Table 13h*** *(below)*.

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense. The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active

Table 13h: Expected Return Arithmetic Basis

Asset Class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term Expected Portfolio Real Rate of Return**
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private Equity	9%	9.95%	0.89%
Absolute Return	16%	2.85%	0.46%
Cash & Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.25%

Table 13i: Sensitivity of Proportionate Share of Net Pension (Asset)/Liability			
System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	$ 11,316,194	$ 6,295,654	$ 2,095,346
Contributory System	363,107	173,268	11,273
Public Safety System	649,456	360,266	122,555
Tier 2 Public Employees System	102,917	25,690	(33,911)
Tier 2 Public Safety and Firefighter System	10,416	1,381	(5,533)
Total	**$ 12,442,090**	**$ 6,856,259**	**$ 2,189,730**

and inactive employees. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95% from the prior measurement period.

Table 13i *(above)* presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.95%) or one percentage point higher (7.95%) than the current rate.

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

DEFINED CONTRIBUTION SAVINGS PLANS

TIAA provides individual retirement fund contracts with each participating employee. Employees may allocate contributions by the University to any of all of the providers, and the contributions to the employee's contract(s) 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. Benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement. For the year ended June 30, 2019, the University's contribution to these defined contribution pension plans was 14.20% of the employees' annual salaries. Additional contributions are made by the University based on employee contracts. The University has no further liability once contributions are made.

Employees of the University may also contribute to the 457(b), 403(b), Roth IRA, or 401(k) plans. For employees participating in the Noncontributory, Tier 2 Public Employee, or Tier 2 Public Safety and Firefighter Systems, the University is also required to contribute 1.50%, 1.15%, or 0.74%, respectively, of the employee's salary into a 401(k) plan.

For employees participating in the Tier 2 Public Employee defined contribution plan and Tier 2 Public Safety and Firefighter defined contribution plan, the University is required to contribute 20.02% and 30.54% respectively, of the employees' salary, of which 10% and 12% respectively, is paid into a 401(k)/457 plan while the remainder is contributed to the Tier 1 Systems, as required by law.

Defined Contribution Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary taxadvantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

For the year ended June 30, 2019, the University's contributions to the defined contribution plans were equal to the required amounts, as shown in ***Table 13j.***

Table 13j **: Employer and Employee Contributions**

		University's Contributions		Employee Contributions
TIAA	$	4,245,090	$	-
401(k) Plans		95,387		103,087
403(b) Plans		-		497,776
457 Plans		-		92,299
Roth IRA		-		7,275
Total Contributions	$	4,340,477	$	700,437

14. REFUNDABLE GOVERNMENT GRANTS

In fiscal year 2019 management made the decision to liquidate the University's Federal Perkins loan portfolio. The University notified the United States Department of Education of its intent to liquidate and notified all borrowers that their loans were being assigned to the Department of Education. The loans were then assigned to the Department of Education and the University received approval from the Department on the acceptance of approximately $1.2M loans. There were no Perkins related loans outstanding at June 30, 2019. Additionally, the remaining amount recorded in restricted expendable loans was reclassified as a liability. At June 30, 2019 the remaining liability associated with the liquidation of the Federal Perkins loan program was $180,563.

Table 14 represents the activity in fiscal year 2019 relating to the liquidation of the Perkins loan program.

Table 14: Liquidation of Perkins Loan Program		
		Year Ended June 30, 2019
Perkins Loan Funds		
Loans Assigned	$	1,191,638
Reclassification of Fund Balance to Liability		180,563
Loss on Liquidation of Perkins Loan Program	**$**	**1,372,201**

The University has scheduled a closeout audit as required in the liquidation process. Once the audit is completed the Federal portion of any excess cash will be remitted back to the Department of Education.

15. CONTINGENT LIABILITIES

The University is involved in various legal actions arising in the ordinary course of business. The University is contesting these matters, but as of this date it is not possible to reasonably estimate the outcome of these proceedings. It is the opinion of management that these matters will not have an adverse effect on the University's financial position.

16. BLENDED COMPONENT UNIT

The Dixie State Innovation Foundation (Innovation Foundation) is a legally separate, tax-exempt component unit of the University. The Innovation Foundation acts primarily to promote the University's educational innovation and entrepreneurial endeavors. The majority of the resources or income the Innovation Foundation holds and invests is restricted to the activities of the University by the donors. Additionally, the Innovation Foundation's governing board is contolled by key University employees. These restricted resources held by the Foundation can only be used by, or for the benefit of the University. For these reasons the Foundation is considered a component unit of the University and is presented in the University financial statements as a blended component unit. Separately issued financial statements for the Innovation Foundation can be obtained from the University Business Services Office.

Elimination of internal balances and transactions between the University and the Innovation Foundation and a presentation of eliminated balances and transactions in a separate column is required by GASB Statement 34. However, because there are no such internal balances and transactions, the following is a single-column, condensed version of the Foundation financial statements for the fiscal year. The following schedules present condensed statements of net position, ***Table 16a***; statements of revenues, expenses, and changes in net position, ***Table 16b***; and statements of cashflows, ***Table 16c*** for the Innovation Foundation. The amounts are for the year ended June 30, 2019.

Table 16a: Condensed Statement of Net Position		
as of June 30		**2019**
Current Assets	$	1,620,744
Noncurrent Assets		180,000
Total Assets		1,800,744
Current Liabilities		4,715
Noncurrent Liabilities		1,403
Total Liabilities		6,118
Restricted		1,794,626
Total Net Position	**$**	**1,794,626**

Table 16b: Condensed Statement of Revenues, Expenses, and Changes in Net Position		
as of June 30		**2019**
Operating Expenses		
Other Expenses	$	250,474
Transfers to University		555,000
Total Operating Expenses and Transfers		**805,474**
Operating Loss		(805,474)
Nonoperating Revenues		
Gifts		2,300,100
Total Nonoperating Revenues		**2,300,100**
Capital and Permanent Endowment Additions		300,000
Increase in Net Position		1,794,626
Net Position - Beginning of Year		-
Net Position - End of Year	**$**	**1,794,626**

Table 16c: Condensed Statement of Cash Flows		
as of June 30		**2019**
Cash Provided (Used) by:		
Operating Activities	$	(636,017)
Financing Activities		2,300,100
Capital and Related Financing Activities		(43,339)
Net Increase (Decrease) in Cash and Cash Equivalents		1,620,744
Cash and Cash Equivalents - Beginning of Year		-
Cash and Cash Equivalents - End of Year	**$**	**1,620,744**

17. SUBSEQUENT EVENTS

THE DIXIE COLLEGE FOUNDATION

In July 2019, The Dixie Foundation's charter and bylaws were amended giving the University control of the board of directors. As part of this transition, the University will maintain and manage the financial records of the Foundation.

FUTURE STUDENT HOUSING

The University received approval from the Utah Board of Regents to issue bonds for new student housing. In December of 2019, the University sold $42M in bonds and will begin construction of a new dormatory with approximatly 500 beds in the spring of 2020.

REQUIRED SUPPLEMENTARY INFORMATION

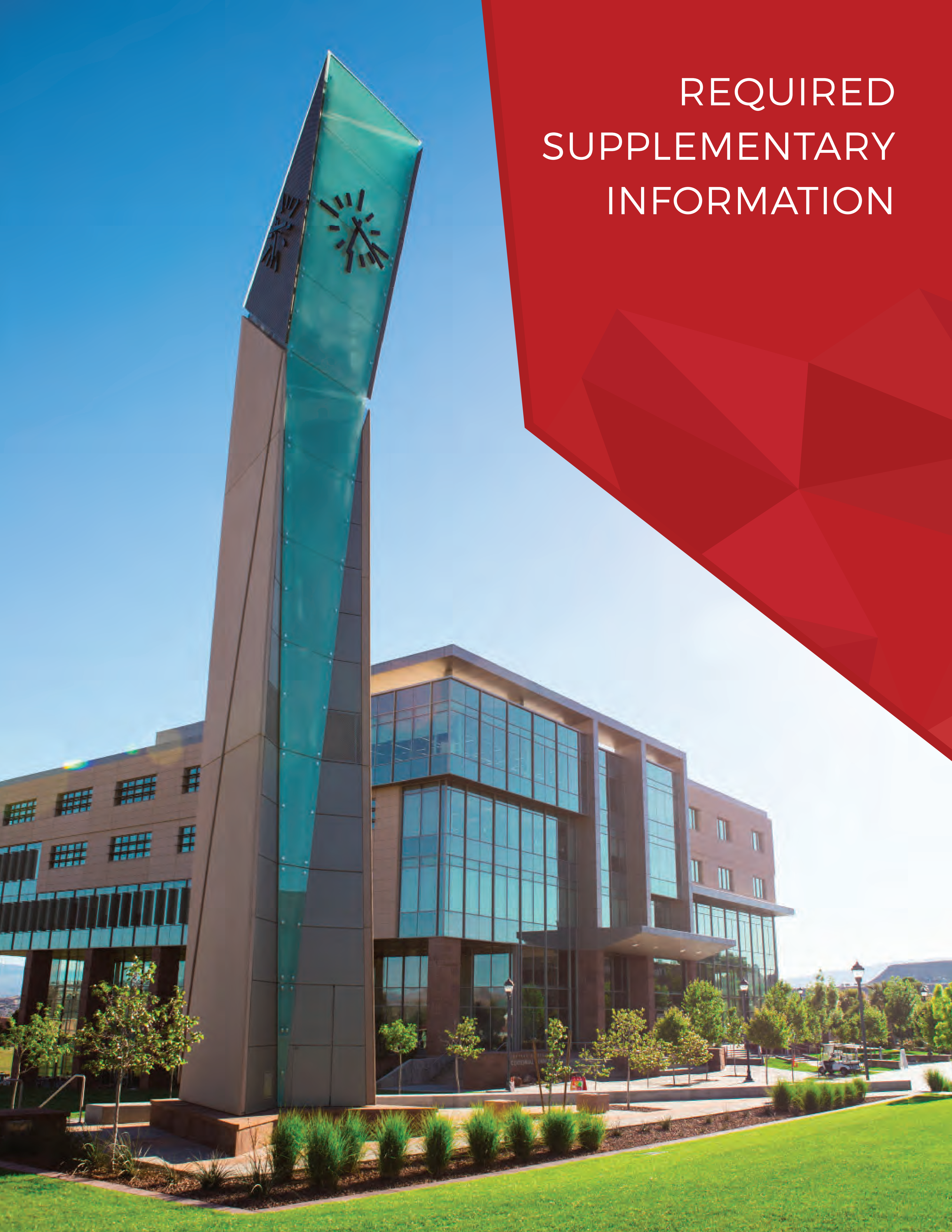


Table RSI1: Proportionate Share of the Net Pension Liability for the Utah Retirement Systems					
	Measurement Date of December 31,				
Noncontributory System	**2018**	**2017**	**2016**	**2015**	**2014**
Proportion of Net Pension Liability (Asset)	0.16921450%	0.16094350%	0.17014040%	0.18031080%	0.18064140%
Proportionate Share of Net Pension Liability (Asset)	$ 6,295,654	$ 3,935,651	$ 5,514,109	$ 5,664,079	$ 4,538,667
Covered Payroll	$ 5,235,463	$ 4,866,617	$ 5,047,851	$ 5,341,127	$ 5,245,808
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	120.25%	80.87%	109.24%	106.05%	86.50%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.10%	89.20%	84.90%	84.50%	87.20%
Contributory System	**2018**	**2017**	**2016**	**2015**	**2014**
Proportion of Net Pension Liability (Asset)	0.24403790%	0.20484470%	0.16843100%	0.28094420%	0.28692570%
Proportionate Share of Net Pension Liability (Asset)	$ 173,268	$ 13,480	$ 92,293	$ 176,054	$ 31,461
Covered Payroll	$ 47,361	$ 46,608	$ 45,151	$ 88,995	$ 103,443
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	365.84%	28.92%	204.41%	197.82%	30.40%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.40%	99.20%	93.40%	92.40%	98.70%
Public Safety System	**2018**	**2017**	**2016**	**2015**	**2014**
Proportion of Net Pension Liability (Asset)	0.15050290%	0.15606120%	0.19421210%	0.19371590%	0.18916470%
Proportionate Share of Net Pension Liability (Asset)	$ 360,266	$ 271,370	$ 415,242	$ 417,044	$ 351,513
Covered Payroll	$ 151,933	$ 169,787	$ 223,944	$ 212,317	$ 204,903
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	237.12%	159.83%	185.42%	196.42%	171.60%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.20%	87.40%	83.50%	82.30%	84.30%
Tier 2 Public Employees System	**2018**	**2017**	**2016**	**2015**	**2014**
Proportion of Net Pension Liability (Asset)	0.05998340%	0.06992920%	0.08406200%	0.09876360%	0.10467660%
Proportionate Share of Net Pension Liability (Asset)	$ 25,690	$ 6,165	$ 9,377	$ (216)	$ (3,172)
Covered Payroll	$ 699,995	$ 685,025	$ 689,380	$ 638,190	$ 513,385
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	3.67%	0.90%	1.36%	-0.03%	-0.60%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.80%	97.40%	95.10%	100.20%	103.50%
Tier 2 Public Safety and Firefighter System	**2018**	**2017**	**2016**	**2015**	**2014**
Proportion of Net Pension Liability (Asset)	0.05511630%	0.04007360%	0.03969350%	0.05173510%	0.07165880%
Proportionate Share of Net Pension Liability (Asset)	$ 1,381	$ (464)	$ (345)	$ (756)	$ (1,060)
Covered Payroll	$ 73,647	$ 42,282	$ 32,795	$ 30,780	$ 29,601
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	1.88%	-1.10%	-1.05%	-2.46%	-3.60%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.60%	103.00%	103.60%	110.70%	120.50%

The University implemented GASB Statement No. 68 in fiscal year 2015. Information on the University's portion of the plans' net pension liabilities (assets) is not available for periods prior to fiscal year 2015.

Table RSI2: Schedule of Pension Contributions to the Utah Retirement Systems for the Last 10 Fiscal Years ending June 30

Noncontributory System	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution	$ 1,126,793	$ 1,018,373	$ 1,002,286	$ 1,078,513	$ 1,132,464	$ 1,009,059	$ 973,112	$ 881,179	$ 812,533	$ 714,128
Contributions in Relation to the Contractually Required Contribution	(1,126,793)	(1,018,373)	(1,002,286)	(1,078,513)	(1,132,464)	(1,009,059)	(973,112)	(881,179)	(812,533)	(714,128)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 5,472,599	$ 5,041,252	$ 4,849,980	$ 5,274,072	$ 5,240,619	$ 5,294,042	$ 5,385,984	$ 5,374,032	$ 4,993,110	$ 5,021,993
Contributions as a Percentage of Covered Payroll	20.59%	20.20%	20.67%	20.45%	21.61%	19.06%	18.07%	16.40%	16.27%	14.22%

Contributory System	2019	2018	2017	2016	2015	2014*	2013*	2012*	2011*	2010
Contractually Required Contribution	$ 8,574	$ 8,330	$ 8,031	$ 10,704	$ 18,102	$ 16,659	$ 47,609	$ 21,902	$ 11,125	$ 8,845
Contributions in Relation to the Contractually Required Contribution	(8,574)	(8,330)	(8,031)	(10,704)	(18,102)	(16,659)	(47,609)	(21,902)	(11,125)	(8,845)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 48,440	$ 47,062	$ 45,375	$ 60,473	$ 102,272	$ 104,314	$ 486,900	$ 222,788	$ 94,045	$ 90,907
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%	17.70%	17.70%	15.97%	9.78%	9.83%	11.83%	9.73%

Public Safety System	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution	$ 84,912	$ 59,318	$ 88,037	$ 90,450	$ 91,062	$ 79,124	$ 81,729	$ 68,166	$ 62,557	$ 59,032
Contributions in Relation to the Contractually Required Contribution	(84,912)	(59,318)	(88,037)	(90,450)	(91,062)	(79,124)	(81,729)	(68,166)	(62,557)	(59,032)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 205,350	$ 143,452	$ 212,907	$ 218,742	$ 206,738	$ 201,282	$ 219,171	$ 199,782	$ 191,015	$ 195,598
Contributions as a Percentage of Covered Payroll	41.35%	41.35%	41.35%	41.35%	44.05%	39.31%	37.29%	34.12%	32.75%	30.18%

*Tier 2 Public Employees System ***	2019	2018	2017	2016	2015	2014*	2013*	2012*	2011*	2010*
Contractually Required Contribution	$ 147,880	$ 122,315	$ 126,881	$ 129,774	$ 44,354	$ 79,924	N/A	N/A	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	(147,880)	(122,315)	(126,881)	(129,774)	(44,354)	(79,924)				
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -				
Covered Payroll	$ 783,679	$ 663,313	$ 695,619	$ 711,479	$ 532,459	$ 477,160				
Contributions as a Percentage of Covered Payroll	18.87%	18.44%	18.24%	18.24%	8.33%	16.75%				

*Tier 2 Public Safety and Firefighter System ***	2019	2018	2017	2016	2015	2014	2013*	2012*	2011*	2010*
Contractually Required Contribution	$ 24,457	$ 16,961	$ 9,987	$ 9,159	$ 3,262	$ 6,589	N/A	N/A	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	(24,457)	(16,961)	(9,987)	(9,159)	(3,262)	(6,589)				
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -				
Covered Payroll	$ 82,071	$ 57,927	$ 34,190	$ 31,357	$ 30,203	$ 24,046				
Contributions as a Percentage of Covered Payroll	29.80%	29.28%	29.21%	29.21%	10.80%	27.40%				

* Contractually Required Contributions, Contributions, and Covered Payroll include information for Tier 2 Employees. The Tier 2 Public Employees System was created in fiscal year 2011. Prior to the implementation of GASB Statement No. 68, Tier 2 information was not separately available.

** 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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