



**DAVISTECH**

**DAVIS TECHNICAL COLLEGE**

**A COMPONENT UNIT OF THE STATE OF UTAH**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2018**

**KAYSVILLE, UTAH**





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**KAYSVILLE, UTAH**

**Prepared by the Fiscal Services Office**

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

**Jeff Lund, MBA, Controller**

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**DAVIS TECHNICAL COLLEGE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2018**

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# **INTRODUCTORY SECTION**





October 5, 2018

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

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

The firm Hinton Burdick CPAs and Advisors, under contract with the Utah State Auditor's Office, has issued an unmodified ("clean") opinion on the College's financial statements for the fiscal year ended June 30, 2018. The Auditor's report is located at the front of the financial section of this report.

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

### **Profile of the College**

The College was established effective July 1, 1978 by the Utah State Legislature to offer vocational and related instruction to secondary and adult students. Effective September 1, 2001, the Legislature created the Utah College of Applied Technology which was composed of eight regional colleges. At that time, the existing Davis Applied Technology Center became one of these regional colleges and became known as the Davis Applied Technology College. Effective July 1, 2017, the Legislature passed legislation which created the Utah System of Technical Colleges (UTech) and renamed the College the Davis Technical College. Additional Information on the College's relationship to UTech can be found in Note 1 of the notes to the financial statements.

The institution offers individualized, open-entry/open-exit, competency based career and technical education on a year-round basis not tied to pre-set dates such as the traditional college quarter or semester. Instruction is available to both adult and secondary school students and is designed to provide appropriate licensing, certification, or other evidence of proficiency to qualify students for specific employment in business and industry. This instruction features short term, intensive, task-specific instruction closely aligned with the needs of business and industry with competencies and length of training determined following consultation with business representatives on employer advisory committees. The College primarily provides services to the geographical area encompassing Davis County and Morgan County, but also accepts students from other areas both from within and out of the State.

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

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

### **Local Economy**

Revenues come primarily from appropriations from the State of Utah. Over 57% of revenues came from direct State appropriations in Fiscal Year 2018. Therefore, the total state economy is important to the future outlook of the College. According to Robert Spendlove, Economic and Public Policy Advisor for Zions Bank, “The state’s unemployment rate dropped to 3.0 percent and annual employment growth improved to 3.4 percent . . . . Utah also continues to have the fastest employment growth in the nation. Utah added 49,800 jobs over the past year . . . . The Utah Consumer Attitude Index continues to reflect the state’s solid economic position, with a May reading of 111.9.”

### **New Building Under Construction**

The Utah Legislature appropriated \$34,364,500 for an 85,000 square foot building. Additionally, the College and Foundation have pledged \$1,332,000 towards this project from fund-raising efforts, bringing the funding for the project to \$35,696,500. The building will be known as the Michael J. Bouwhuis Allied Health Building, in honor of the recently retired College President who stepped down after 24 years to become the Utah Commissioner of Technical Education.

Planning for the building is underway for the two-story building which will house all of the College’s medical programs, including Practical Nurse, Nurse Assistant, Medical Assistant, Dental Assisting, Radiology Practical Technician, Phlebotomy, Surgical Technology, Pharmacy Technician, Health Information Technology, Firefighter, and Emergency Medical Technician. Weber State University will also teach Registered Nursing classes in the building. Method Studio has been selected as the architects for the project and Layton Construction will be the contractor. Construction is expected to begin in late 2018 or early 2019.

### **New Organizational Leadership**

The Utah Commissioner of Technical Education, Dave Woolstenhulme recently accepted a Vice President position with Utah State University. Mike Bouwhuis, President of Davis Technical College, retired from the College and was appointed as Interim Commissioner of Technical Education. A search is underway to fill the role of Commissioner on a long-term basis. That position should be filled prior to the end of the year.

Davis Technical College Vice President of Instruction, Kim Ziebarth, has been appointed as the Acting President of the College to fill the role vacated by Mike Bouwhuis. A search is underway to fill the role of President on a long-term basis. That position should also be filled prior to the end of the year.

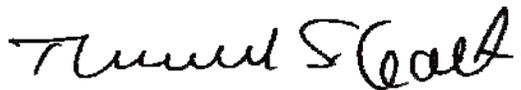
### **Acknowledgements**

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

Respectfully submitted,



**Kim Ziebarth, M. Ed.**  
President

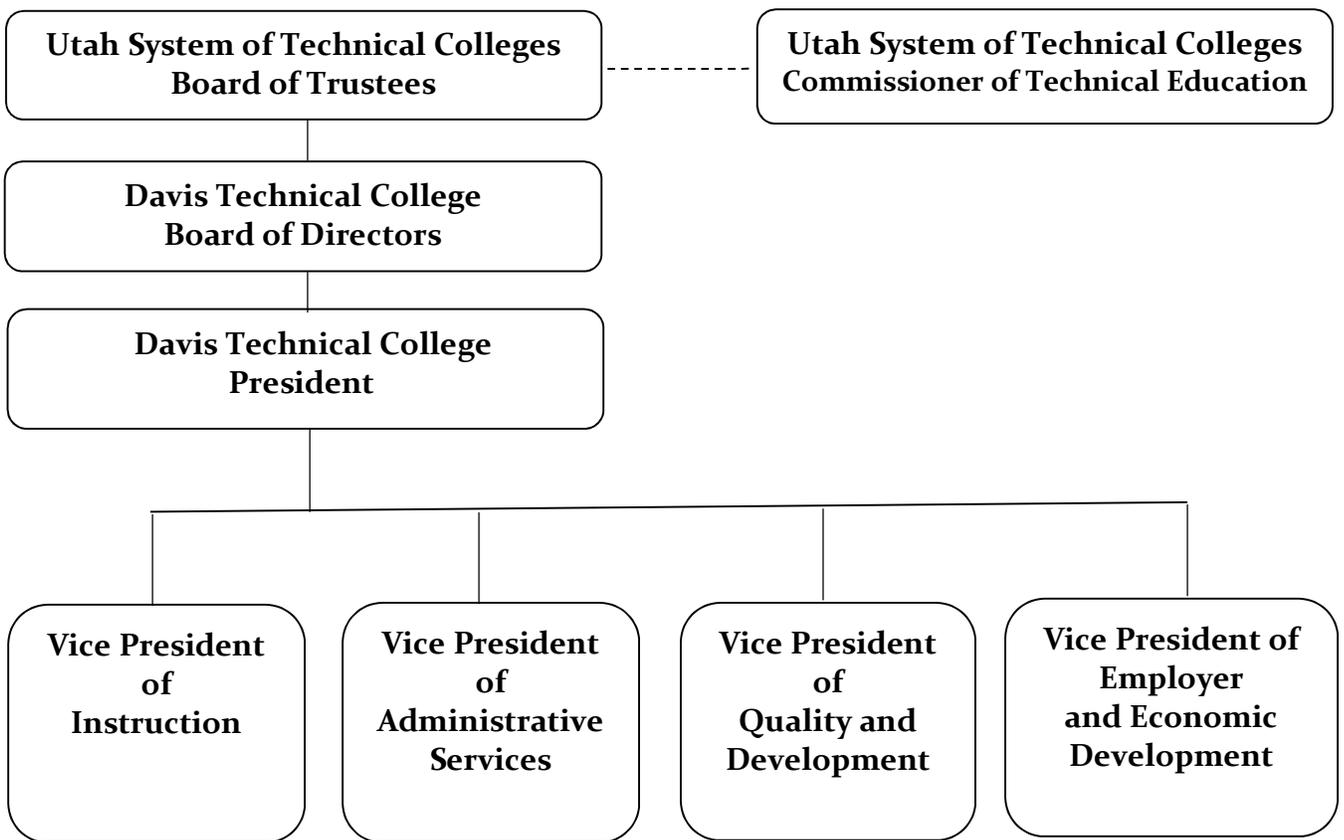


**Russell S. Galt, MBA, CPA**  
Vice President of Administrative Services



# DAVISTECH

## Organizational Chart



# DAVIS TECHNICAL COLLEGE PRINCIPAL OFFICERS

## Board of Directors

Stuart Eyring, Chair  
Bart Warner, Vice-Chair  
Steve Earl  
Scot Merrihew  
Troy Wood  
Lindsay Bayuk  
Shawn Bucher  
Karen Fairbanks  
Brigit Gerrard  
Adam Toone  
David S. Hansen

## Administration

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

Kim Ziebarth, M. Ed., President and Chief Executive Officer  
Effective August 15, 2018

## **FINANCIAL SECTION**





## Independent Auditors' Report

Board of Directors, Audit Committee  
And Kim Ziebarth, Acting President  
Davis Technical College  
Kaysville, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of Davis Technical College (the College) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. The College is a component unit of the State of Utah.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Davis Technical College, as of June 30, 2018, and the respective changes in financial

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

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2018, on our consideration of Davis Technical College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Davis Technical College's internal control over financial reporting and compliance.



HintonBurdick, PLLC  
St. George, Utah  
October 5, 2018

**DAVIS TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

As management of the Davis Technical College (College), a component unit of the State of Utah, we offer readers of the College's financial statements this narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Overview of the Financial Statements**

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

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

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

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

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

**DAVIS TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2018**

**Financial Analysis**

**Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position.** The following schedule presents a summary of the College's assets, deferred outflows, liabilities, deferred inflows, and net position as of June 30, 2018 and 2017:

<u>Net Position</u>	<u>Year Ended June 30, 2018 Amount</u>	<u>Year Ended June 30, 2017 Amount</u>	<u>Amount of Increase (Decrease)</u>
Current Assets	\$ 8,406,826	\$ 8,284,411	\$ 122,415
Noncurrent Assets	2,017,000	1,314,127	702,873
Capital Assets, net	<u>28,191,599</u>	<u>28,090,605</u>	<u>100,994</u>
Total Assets	<u>38,615,425</u>	<u>37,689,143</u>	<u>926,282</u>
Deferred Outflows of Resources	<u>1,900,219</u>	<u>1,754,342</u>	<u>145,877</u>
Current Liabilities	1,717,044	1,491,376	225,668
Noncurrent Liabilities	<u>3,667,477</u>	<u>4,527,489</u>	<u>(860,012)</u>
Total Liabilities	<u>5,384,521</u>	<u>6,018,865</u>	<u>(634,344)</u>
Deferred Inflows of Resources	<u>1,479,096</u>	<u>483,480</u>	<u>995,616</u>
Net Position:			
Net Investment in Capital Assets	28,191,599	28,090,605	100,994
Restricted	2,433,428	1,641,914	791,514
Unrestricted	<u>3,027,000</u>	<u>3,208,622</u>	<u>(181,622)</u>
Total Net Position	<u>\$ 33,652,027</u>	<u>\$ 32,941,141</u>	<u>\$ 710,886</u>

The Total Assets of the College increased by \$926,282 during the fiscal year.

Current Assets increased by \$122,415, as the College experienced increases in Cash and Cash Equivalents of \$104,817 from regular operations, Accounts Receivable of \$92,030 from various state agencies and operations, and Prepaid Expenses of \$51,694, offsetting a decrease in inventories of \$126,126 in the bookstore and various program supply inventories.

Noncurrent Assets increased \$702,873 as restricted cash increased from the Foundation's fundraising efforts towards the construction of an allied health building.

The increase in net Capital Assets of \$100,994 for the year is the result of additions in assets and campus improvements of \$2,871,202 being offset by the depreciation expense of \$2,766,424.

Deferred Outflows increased by \$145,877 to \$1,900,219 which includes an increase of \$84,202 in the Net Pension Liability in addition to \$242,746 in the net difference between projected and actual

**DAVIS TECHNICAL COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

earnings on pension plan investments offset by a \$353,776 reduction due to changes in assumptions used by the actuaries.

The Total Current Liabilities of the College increased by \$225,668 as total Accounts Payable increased \$287,648 related to invoices for yearend construction and equipment purchases being offset by reductions in unearned revenues of \$46,620 and Accrued Termination Benefits of \$23,513.

Noncurrent Liabilities decreased by \$860,012 as the College recorded a decrease of \$913,569 in Net Pension Liabilities. Accrued Leave for employees increased by \$86,588 while Accrued Termination Benefits decreased \$33,031.

Deferred Inflows related to pensions increased by \$995,616 and represents \$1,058,865 in the differences between expected and actual earnings on the plan investments, offset by the differences between expected and actual experience of \$37,251 and \$25,998 due to changes in assumptions used by the actuaries.

The Total Net Position of the College increased by \$710,886 from the previous fiscal year. Though Restricted Assets increased \$791,514 to \$2,433,438, these restricted funds resulted from the Foundation's Allied Health Building fundraising and scholarships and do not have an impact on the availability of resources for future College needs. The College's net position at year end was \$33,652,027.

**Changes in Net Position.** The following schedule presents a summary of changes in Net Position for the College for the fiscal years ended June 30, 2018 and 2017:

<b>Changes in Net Position</b>	<b>Year Ended June 30, 2018 Amount</b>	<b>Year Ended June 30, 2017 Amount</b>	<b>Amount of Increase (Decrease)</b>
Operating Revenues	\$ 7,853,681	\$ 7,931,750	\$ (78,069)
Operating Expenses	<u>(26,260,936)</u>	<u>(24,615,423)</u>	<u>(1,645,513)</u>
Operating Income (Loss)	<u>(18,407,255)</u>	<u>(16,683,673)</u>	<u>(1,723,582)</u>
Nonoperating Revenues	17,703,612	15,968,198	1,735,414
Nonoperating Expenses	<u>(2,221)</u>	<u>(4,107)</u>	<u>1,886</u>
Nonoperating Income (Loss)	<u>17,701,391</u>	<u>15,964,091</u>	<u>1,737,300</u>
Income Before Other Items	(705,864)	(719,582)	13,718
Other Revenues and Expenses	<u>1,416,750</u>	<u>2,015,752</u>	<u>(599,002)</u>
Increase (Decrease) in Net Position	710,886	1,296,170	(585,284)
Net Position - Beginning of Year	<u>32,941,141</u>	<u>31,644,971</u>	<u>1,296,170</u>
Total Net Position	<u>\$ 33,652,027</u>	<u>\$ 32,941,141</u>	<u>\$ 710,886</u>

**DAVIS TECHNICAL COLLEGE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

The College experienced a net operating loss of \$18,407,255. The College is a State institution and receives a large portion of its revenues from State Appropriations. These appropriations are classified in the financial statements of the College as nonoperating revenues. The State Appropriation is anticipated as a means of covering a majority of the costs of operating the College. During fiscal year 2018, the State appropriation of \$15,405,100 was sufficient to offset all but \$3,002,155 of the amount shown on the financial statements as an operating loss.

After considering nonoperating revenues and expenses, and other items, the College had an increase in Total Net Position of \$710,886. Prior to recording depreciation expenses of \$2,766,424, the College had an increase in net position of \$3,477,310. The Other Revenues of the College consisted of \$1,336,689 in capital projects on the campus completed by the State of Utah's Division of Facilities Construction and Management and \$80,061 in Capital Gifts donated through the College Foundation.

**Revenues.** The following schedule presents a summary of College revenues for the fiscal years ended June 30, 2018, and 2017:

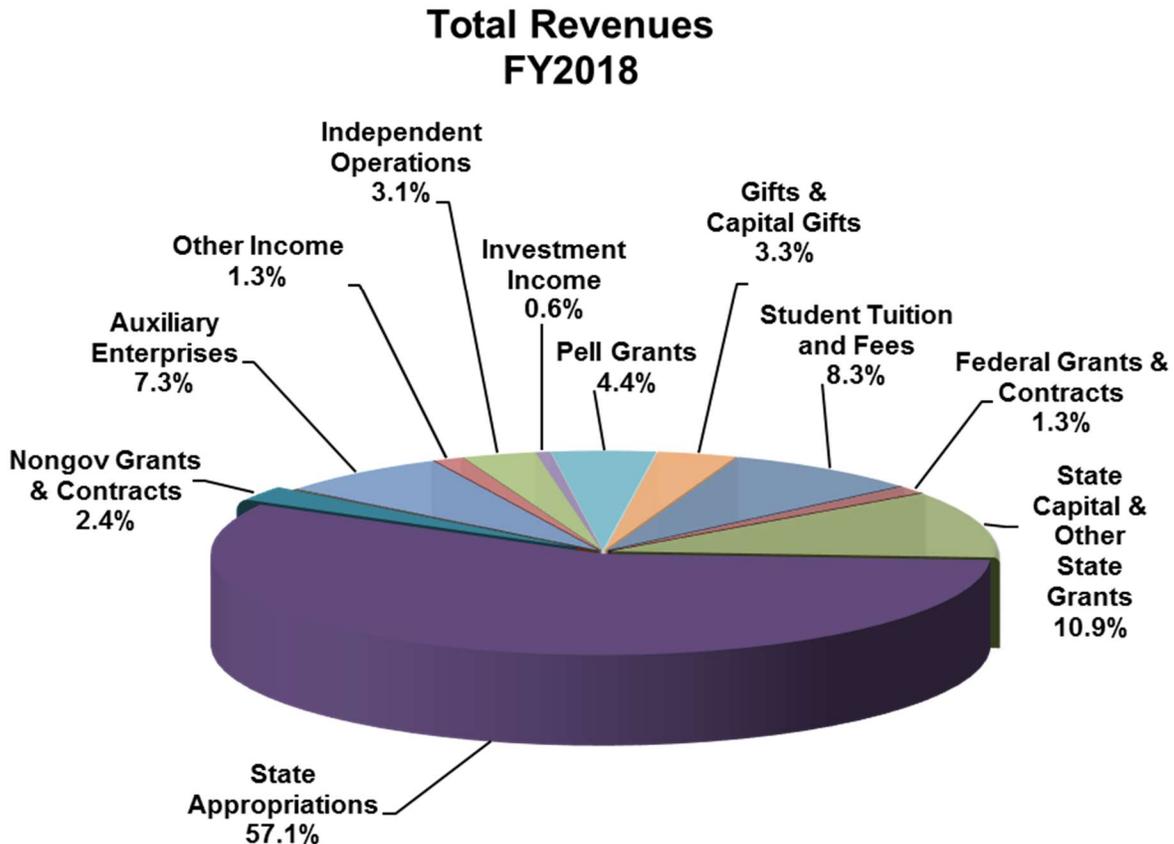
<u>Revenues</u>	<u>Year Ended June 30, 2018 Amount</u>	<u>Percent of Total</u>	<u>Year Ended June 30, 2017 Amount</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Operating Revenues:					
Student Tuition and Fees	\$ 2,229,088	8.26%	\$ 2,119,972	\$ 109,116	5.15%
Federal Grants and Contracts	343,463	1.27%	325,454	18,009	5.53%
State Grants and Contracts	1,602,973	5.94%	2,002,345	(399,372)	(19.95%)
Local Grants and Contracts	13,255	0.05%	13,461	(206)	(1.53%)
Nongov Grants & Contracts	660,439	2.45%	635,743	24,696	3.88%
Sales & Services of Ed Depts	15,215	0.06%	13,054	2,161	16.55%
Auxiliary Enterprises	1,967,093	7.29%	1,899,262	67,831	3.57%
Other Operating Revenues	186,761	0.69%	168,681	18,080	10.72%
Independent Operations	835,394	3.10%	753,778	81,616	10.83%
Total Operating Revenues	<u>7,853,681</u>	<u>29.11%</u>	<u>7,931,750</u>	<u>(78,069)</u>	<u>(0.98%)</u>
Nonoperating Revenues:					
State Appropriations	15,405,100	57.11%	14,197,000	1,208,100	8.51%
Gifts	819,276	3.04%	589,322	229,954	39.02%
Investment Income	161,738	0.60%	96,584	65,154	67.46%
Disposal of Capital Assets	14,007	0.05%	-	14,007	100.00%
Federal Pell Grants	1,181,163	4.38%	994,082	187,081	18.82%
Other Nonoperating Revenues	122,328	0.45%	91,210	31,118	34.12%
Total Nonoperating Revenues	<u>17,703,612</u>	<u>65.63%</u>	<u>15,968,198</u>	<u>1,735,414</u>	<u>10.87%</u>
Other Revenues:					
Capital Grants	1,336,689	4.96%	1,947,752	(611,063)	(31.37%)
Capital Gifts	80,061	0.30%	68,000	12,061	17.74%
Total Other Revenues	<u>1,416,750</u>	<u>5.26%</u>	<u>2,015,752</u>	<u>(599,002)</u>	<u>(29.72%)</u>
Total Revenues	<u>\$ 26,974,043</u>	<u>100.00%</u>	<u>\$ 25,915,700</u>	<u>\$ 1,058,343</u>	<u>4.08%</u>

**DAVIS TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2018**

The revenue comparison between fiscal year 2018 and fiscal year 2017 shows an increase in total revenues of \$1,058,343 or 4.08% over the prior year. The largest factor in this increase was an increase in State Appropriations of \$1,208,100 for employee compensation, equipment, and programmatic expansion. Gift income to the Foundation increased \$229,954 and was primarily donations towards the future construction of an allied health building that was approved by the legislature during their 2018 session.

Increases in student enrollment resulted in increased tuition revenues of \$109,115 as well as related Federal Pell Grants for eligible students of \$187,081.

Significant decreases in revenue were due to higher than usual levels of grants and contracts being completed in the prior year that were not renewed or replaced in the current period. The largest reduction was in Capital Grants for building and infrastructure upgrades to the campus of \$611,063 provided by the State of Utah's Division of Facilities Construction and Management. State Grants and Contracts decreased this year by \$399,372 from reduced Strategic Workforce Initiative (SWI) funding and Utah Cluster Acceleration Partnership (UCAP) grant expired.



**DAVIS TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2018**

**Expenses.** The following schedule presents a summary of College expenses for the fiscal years ended June 30, 2018 and 2017:

Expenses	Year Ended June 30, 2018 Amount	Percent of Total	Year Ended June 30, 2017 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Operating Expenses:					
Salaries and Wages	\$ 11,735,925	44.69%	\$ 10,998,624	\$ 737,301	6.70%
Benefits	4,101,567	15.62%	3,889,530	212,037	5.45%
Actuarial Calculated Pension Expense	880,599	3.35%	971,235	(90,636)	(9.33%)
Scholarships	589,718	2.25%	494,747	94,971	19.20%
Utilities	594,620	2.26%	604,269	(9,649)	(1.60%)
Supplies and Other Services	5,592,083	21.29%	5,055,197	536,886	10.62%
Depreciation	2,766,424	10.53%	2,601,821	164,603	6.33%
Total Operating Expenses	<u>26,260,936</u>	<u>99.99%</u>	<u>24,615,423</u>	<u>1,645,513</u>	<u>6.68%</u>
Nonoperating Expenses:					
Unrealized Loss on FMV of Investment	2,221	0.01%	1,655	566	34.23%
Total Nonoperating Expenses	<u>2,221</u>	<u>0.01%</u>	<u>1,655</u>	<u>566</u>	
Total Expenses	<u>\$ 26,263,157</u>	<u>100.00%</u>	<u>\$ 24,617,078</u>	<u>\$ 1,646,079</u>	<u>6.69%</u>

Total Expenses for the year increased by \$1,646,079 from the prior year. Salaries and Wages expenses increased by \$737,301. Full time employees were added in these instructional departments: Composites Materials Technology, Pharmacy Technician, Software Development, Robotics and Automation, and Welding Technology. The College also added a full time Outreach Recruiter, an Employer Engagement Manager, and a Training Division Operations Manager.

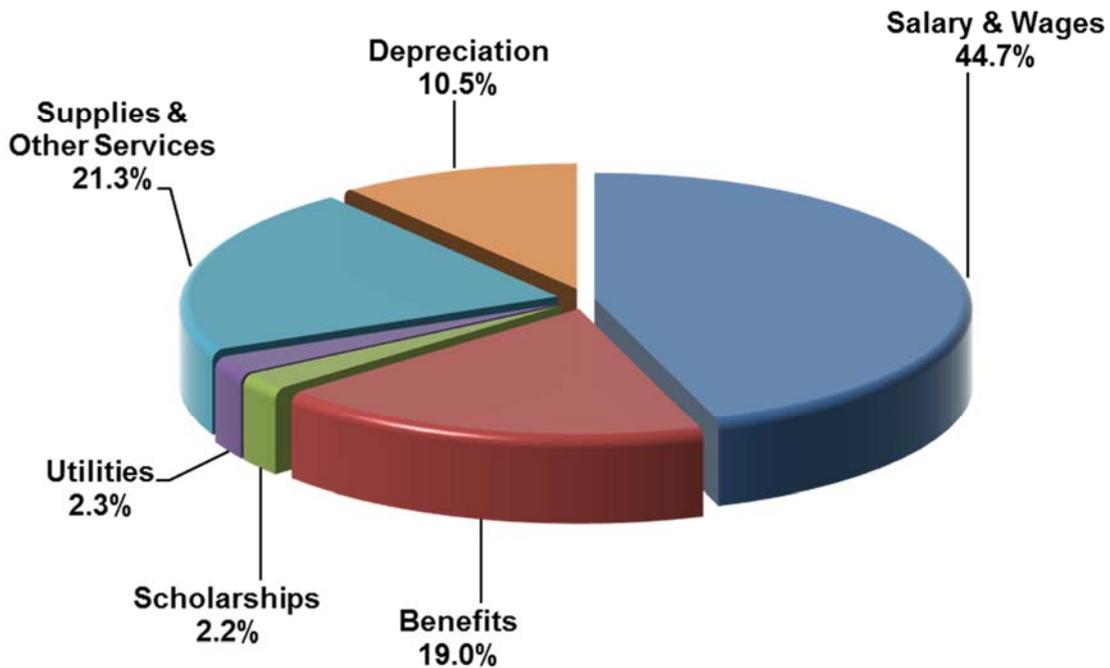
Benefits expenses increased by \$212,037 from the prior year, with \$160,179 in additional health insurance premiums and \$152,583 in retirement benefits. The Actuarial Calculated Pension Expense decreased by \$90,636 as required by the reporting requirements of GASB 68. Additional information on this standard can be found in Note 8 of the Notes to the Financial Statements.

The increase of \$536,886 for Supplies and Other Services is related to; a \$289,735 increase in noncapital computer purchases and lab upgrades, \$171,887 increase for Strategic Workforce Initiative expenses with the Davis School District; and \$77,522 in expenses in the Utah Nurse Assistant Registry.

The Depreciation Expense for the campus increased \$164,603 as the school began to depreciate the capital improvements and equipment purchased during the year.

**DAVIS TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2018**

**Total Operating Expenses  
FY2018**



**Capital Asset Administration**

**Capital Assets.** The College's investment in capital assets as of June 30, 2018 amounts to \$28,191,599 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment. There were additions of \$2,871,202 before depreciation during the fiscal year. Of this amount, \$1,336,689, was for projects completed at the College by the State Division of Facilities Construction and Management. The College also retired \$142,334 worth of assets of which \$138,550 had been fully depreciated and were no longer in service. Depreciation for the year was \$2,766,424. This resulted in a net increase in capital assets of \$100,994 for the fiscal year. Additional information on the College's capital assets can be found in Note 4 of the Notes to the Financial Statements.

**DAVIS TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the Fiscal Year Ended June 30, 2018**

The following schedule presents a summary of College Capital Assets for the fiscal years ended June 30, 2018 and 2017:

<b>Capital Assets</b> <b>(net of depreciation)</b>	<b>Year Ended</b> <b>June 30, 2018</b> <b>Amount</b>	<b>Year Ended</b> <b>June 30, 2017</b> <b>Amount</b>	<b>Amount of</b> <b>Increase</b> <b>(Decrease)</b>
Land	\$ 1,599,080	\$ 1,599,080	\$ -
Buildings and Improvements	24,133,704	24,066,328	67,376
Equipment	<u>2,458,815</u>	<u>2,425,197</u>	<u>33,618</u>
Total Capital Assets, net	<u>\$ 28,191,599</u>	<u>\$ 28,090,605</u>	<u>\$ 100,994</u>

**Factors Effecting Net Position or Operations**

**Utah Department of Corrections Contract.** Since 2010, the College has provided technical training to the inmates at the Utah State Prison in Draper, Utah, under a contract with the Utah Department of Corrections. The training includes automotive technology, machining, welding technology, culinary arts, and office technologies. This contract was renewed in June 2018 and will expire on June 30, 2023.

**State Economic Outlook.** The College receives a significant portion of its funding through legislative appropriations from the State of Utah; therefore, the general economic condition of the State has a direct impact on the College's ability to provide services to students and employers in the Davis and Morgan County service areas. Utah's economic position is one of the strongest in the nation with annual employment growth of 3.1% and a low unemployment rate of 3.0%. This position has allowed the State to increase funding to the College through the legislative process in order to accommodate the growing needs of students and employers. It is anticipated that these annual increases in funding will continue as the State of Utah continues to experience both population and revenue growth.

**Requests for Information**

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

**DAVIS TECHNICAL COLLEGE**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

**ASSETS**

Current Assets:

Cash and Cash Equivalents (Note 2)	\$ 7,217,862
Receivables (Note 3)	
Due from the State of Utah	497,077
Other	217,345
Inventories	379,444
Prepaid Expenses and Other Assets	95,098
Total Current Assets	8,406,826

Noncurrent Assets:

Restricted Cash and Cash Equivalents (Note 2)	1,122,135
Cash Value of Life Insurance	58,449
Investments in Real Estate	836,416
Capital Assets, net (Note 4)	28,191,599
Total Noncurrent Assets	30,208,599
Total Assets	38,615,425

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Pensions (Note 8)	1,900,219
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**LIABILITIES**

Current Liabilities:

Accounts Payable (Note 3)	
Due to the State of Utah	134,712
Other	711,982
Accrued Compensation Liabilities	780,029
Unearned Revenue	39,459
Funds Held in Custody for Others	5,342
Accrued Termination Benefits (Note 7)	45,520
Total Current Liabilities	1,717,044

Noncurrent Liabilities:

Net Pension Liability (Note 8)	3,056,960
Accrued Leave (Note 6)	610,517
Total Noncurrent Liabilities	3,667,477
Total Liabilities	5,384,521

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions (Note 8)	1,479,096
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**NET POSITION**

Net Investment in Capital Assets (Note 4)	28,191,599
Restricted For (Note 15):	
Nonexpendable	836,416
Expendable:	
Scholarships	385,332
Grants, Contracts and Other	1,211,680
Unrestricted	3,027,000
Total Net Position	\$ 33,652,027

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

**DAVIS TECHNICAL COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2018**

**REVENUES**

Operating Revenues:

Student Tuition and Fees (net of scholarship allowances of \$890,528)	\$ 2,229,088
Federal Grants and Contracts	343,463
State Grants and Contracts	1,602,973
Local Grants and Contracts	13,255
Nongovernmental Grants and Contracts	660,439
Sales and Services of Educational Departments	15,215
Auxiliary Enterprises (net of scholarship allowances of \$82,360)	1,967,093
Other Operating Revenues	186,761
Independent Operations	835,394
Total Operating Revenues	7,853,681

**EXPENSES**

Operating Expenses (Note 10):

Salaries and Wages	11,735,925
Benefits (Notes 6,7,8,9)	4,101,567
Actuarial Calculated Pension Expense (Note 8)	880,599
Scholarships	589,718
Utilities	594,620
Supplies and Other Services	5,592,083
Depreciation (Note 4)	2,766,424
Total Operating Expenses	26,260,936
Operating Income (Loss)	(18,407,255)

**NONOPERATING REVENUES (EXPENSES)**

State Appropriations	15,405,100
Gifts	819,276
Investment Income	161,738
Unrealized Loss on FMV of Investment	(2,221)
Disposal of Capital Assets (Note 4)	14,007
Federal Pell Grants	1,181,163
Other Nonoperating Revenues (Expenses)	122,328
Total Nonoperating Revenues (Expenses)	17,701,391
Income (Loss) Before Capital Grants and Contributions	(705,864)

Capital Grants	1,336,689
Capital Gifts	80,061
Change in Net Position	710,886

**NET POSITION**

Net Position - Beginning of Year	32,941,141
Net Position - End of Year	\$ 33,652,027

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

**DAVIS TECHNICAL COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Tuition and Fees	\$ 2,182,468
Receipts from Sponsors, Grants, and Contracts	2,528,100
Payments to Suppliers	(5,583,488)
Payments for Scholarships	(589,718)
Payments to Employees	(16,743,307)
Receipts from Auxiliary Enterprise Charges	1,967,093
Other Receipts	1,036,953
Net Cash Flow Provided (Used) by Operating Activities	(15,201,899)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Appropriations	15,405,100
Gifts and Grants Received for Other Than Capital Purposes:	
Private Gifts	538,351
Other Receipts	1,303,491
Net Cash Flow Provided (Used) by Noncapital Financing Activities	17,246,942

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

Proceeds From Sale of Capital Assets	17,791
Purchases of Capital Assets	(1,454,452)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,436,661)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Dividend Received From Investment in Real Estate	39,790
Interest on Investments	161,738
Net Cash Provided (Used) by Investing Activities	201,528

Net Increase/(Decrease) in Cash	\$ 809,910
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**CASH - BEGINNING OF YEAR**

Cash and Cash Equivalents	\$ 7,113,045
Restricted Cash	417,042
Total Cash Beginning of Year	7,530,087

**CASH - END OF YEAR**

Cash and Cash Equivalents	\$ 7,217,862
Restricted Cash	1,122,135
Total Cash End of Year	\$ 8,339,997

(continued)

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

**DAVIS TECHNICAL COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2018**  
**(continued)**

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

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

Operating Income (Loss)	\$ (18,407,255)
Difference between Actuarial Calculated Pension Expense and Actual Contributions	(63,830)
Adjustments to Reconcile Net Position (Loss) to	
<b>Net Cash Provided (Used) by Operating Activities:</b>	
Depreciation Expense	2,766,424
In-Kind Gifts Received and Expensed	241,135
<b>Change in Assets and Liabilities:</b>	
Receivables	(92,030)
Inventories	126,126
Prepaid Expenses and Other Assets	(51,694)
Accounts Payable	287,648
Accrued Compensation Liabilities	8,570
Unearned Revenue	(46,620)
Funds Held in Custody for Others	(417)
Accrued Leave	86,588
Accrued Early Termination Benefits	(56,544)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ (15,201,899)</u></u>

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

Construction projects transferred from State of Utah (DFCM)	\$ 1,336,689
Increase (Decrease) in Cash Value of Life Insurance	(2,221)
Donated Equipment or Other Assets	80,061
<b>Total Noncash Investing, Capital, and Financing Activities</b>	<u><u>\$ 1,414,529</u></u>

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Estimates

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

Reporting Entity

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

The College was established effective July 1, 1978, by the Utah State Legislature to offer vocational and related instruction to secondary and adult students. Effective September 1, 2001, the Legislature created the Utah College of Applied Technology which was composed of eight regional colleges. The Davis Applied Technology College became one of these colleges. Effective July 1, 2017, the Utah Legislature passed legislation which created the Utah System of Technical Colleges (UTech) and renamed the College, the Davis Technical College. The College is now a body politic and corporate and is governed directly by the College Board of Directors.

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

Blended Presentation Component Unit

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

Measurement Focus and Basis of Accounting

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

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

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

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

Cash & Cash Equivalents and Investments

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

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

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

Inventories

Bookstore, Cosmetology Salon, and Print Center inventories are carried at the lower of cost or market utilizing an average cost basis.

Income Taxes

The component unit Foundation is a not-for-profit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

Equity Interest in Apartment Complex

On April 24, 2002, the Foundation was gifted an equity interest in an apartment complex. The gift was made with the understanding that at least 25% of the income each year would be used for needed scholarships and to keep existing students enrolled at the College. The apartments are HUD properties and are thus subject to significant governmental regulation and control. These regulations limit the control that the Foundation and other investors have over the apartments. The interest in the apartments

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

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

Equity Interest in Apartment Complex (continued)

is being accounted for using the cost method of accounting due to the limited control over the investment.

Capital Assets

Capital assets include property, buildings and equipment. Capital assets are defined by the College as assets with an initial, individual cost of \$3,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

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

Compensated Absences

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

Pensions

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

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

Deferred Outflows/Inflows of Resources

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

Prior Year's Presentation

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

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

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

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a formal deposit policy for custodial credit risk. As of June 30, 2018, \$390,051 of the College's bank balances of \$640,051 was uninsured and uncollateralized. All of the Foundation's \$14,976 bank balances were insured.

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

Investments

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

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

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

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

Investments (continued)

Fair Value of Investments

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

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

At June 30, 2018, the College and Foundation had the following recurring fair value measurements.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
State of Utah Public Treasurers' Investment Fund	\$7,679,477	-	\$7,679,477	-

Interest Rate Risk

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

Interest Rate Risk (continued)

As of June 30, 2018, the College and Foundation had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
State of Utah Public Treasurers' Investment Fund	\$7,679,477	\$7,679,477	-	-	-

Credit Risk

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

As of June 30, 2018, the College and Foundation had the following investments and quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>	
		<u>AAA</u>	<u>Unrated</u>
State of Utah Public Treasurers' Investment Fund	\$7,679,477	-	\$7,679,477

Concentration of Credit Risk

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

Custodial Credit Risk

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

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

**Schedule of Accounts Receivable**

	June 30, 2018
Amounts due from the State of Utah	
Student Tuition and Fees	\$ 7,428
State Grants and Contracts	289,235
Operations	70,967
Independent Operations	129,447
Total due from the State of Utah	497,077
Amounts due from Others	
Student Tuition and Fees	74,816
Federal Grants and Contracts	11,628
Nongovernmental Grants and Contracts	2,896
Operations	127,310
Independent Operations	695
Total due from Others	217,345
Total Accounts Receivable	\$ 714,422

**Schedule of Accounts Payable**

	June 30, 2018
Amounts due to the State of Utah	\$ 134,712
Amounts due to Others:	
Students	69,461
Vendors	638,458
Employees	4,063
Total amounts due to Others	711,982
Total Accounts Payable	\$ 846,694

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 4 – CAPITAL ASSETS**

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

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions from College	Additions from DFCM	Retirements	Balance June 30, 2018
<b>Capital Assets</b>					
Buildings & Improvements	\$ 45,697,165	\$ 529,732	\$ 1,336,689	\$ -	\$ 47,563,586
Equipment	9,034,644	1,004,781	-	142,334	9,897,091
Land	1,599,080	-	-	-	1,599,080
Total	<u>56,330,889</u>	<u>1,534,513</u>	<u>1,336,689</u>	<u>142,334</u>	<u>59,059,757</u>
<b>Less Accumulated Depreciation</b>					
Buildings & Improvements	21,630,838	1,799,045	-		23,429,883
Equipment	6,609,446	967,379	-	(138,550)	7,438,275
Total Accumulated Depreciation	<u>28,240,284</u>	<u>2,766,424</u>	<u>-</u>	<u>(138,550)</u>	<u>30,868,158</u>
Net Capital Assets	<u>\$ 28,090,605</u>	<u>\$ (1,231,911)</u>	<u>\$ 1,336,689</u>	<u>\$ 3,784</u>	<u>\$ 28,191,599</u>

**NOTE 5 - OBLIGATIONS UNDER OPERATING LEASES**

The College has entered into an operating lease for a building used for instructional purposes away from the main College facility. This lease expires on November 30, 2018 and it is anticipated that the lease will be renewed. Operating lease payments are recorded as expenses when paid or incurred. The total operating lease expense for the year ended June 30, 2018 was \$52,100. Future minimum rental payments required are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$20,750

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 6 - ACCRUED LEAVE**

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

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

	<u>Accrued Leave</u>
Balance at June 30, 2017	\$ 523,929
Additions to Accrued Leave	695,625
Accrued Leave Used	(609,037)
Balance at June 30, 2018	\$ 610,517
Amount due through June 30, 2019	\$ -

**NOTE 7 - ACCRUED TERMINATION BENEFITS**

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

	<u>Stipends</u>	<u>Medical Insurance</u>	<u>Total</u>
Balance at June 30, 2017	\$ 40,990	\$ 61,075	\$ 102,064
Additions	-	22,524	22,524
Deletions (Payments)	(20,495)	(58,573)	(79,068)
Balance at June 30, 2018	\$ 20,495	\$ 25,025	\$ 45,520
Amount due through June 30, 2019	\$ 20,495	\$ 25,025	\$ 45,520

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

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

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

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

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

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

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

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

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

Plan Description

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

Public Employees Noncontributory Retirement System (Noncontributory System)

**DAVIS TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the Fiscal Year Ended June 30, 2018**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

Plan Description (Continued)

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

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

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

Benefits Provided

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

**Summary of Benefits by System**

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

\* with actuarial reductions

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

Funding Policy

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

	Employer Contribution <u>Rates</u>	Employer Rate for <u>401K Plan</u>
Noncontributory System	22.19%	1.50%
Noncontributory System, Post Retired Amortization	9.94%	0%
Tier 2 Public Employees System*	18.44%	1.58%
Tier 2 Public Employees System DC Only*	10.02%	10.00%

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

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

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$767,461	N/A
Tier 2 Public Employees System	151,029	-
Tier 2 Public Employees System DC Only	<u>25,989</u>	N/A
Total Contributions	\$944,480	

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

At June 30, 2018, the College reported a net pension asset of \$0 and a net pension liability of \$3,056,961. The net pension liability decreased \$913,568 from the June 30, 2017 balance of \$3,970,529. None of this is due within the next fiscal year.

	Measurement Date: December 31, 2017				
	Net	Net	Proportionate	December 31, 2016	Change
	Pension Asset	Pension Liability		Share	
	(Decreases)				
Noncontributory System	\$0	\$3,050,746	0.1247564%	0.1222902%	0.0024662%
Tier 2 Public Employees System	0	6,215	0.0704864%	0.0645909%	0.0058955%
	<u>\$0</u>	<u>\$3,056,961</u>			

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the College's actual contributions to the Systems during the plan year over the total of all employer contributions to the Systems during the plan year.

For the Year Ended June 30, 2018 the College recognized a pension expense of \$880,599.

At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 233	\$182,536
Changes in assumptions	778,656	23,816
Net difference between projected and actual earnings on pension plan investments	502,403	1,272,744
Changes in proportion and differences between contributions and proportionate share of contributions	157,514	0
Contributions subsequent to the measurement date	461,413	0
Total	<u>\$1,900,219</u>	<u>\$1,479,096</u>

The College reported \$461,413 as deferred outflows of resources related to pensions results from contributions made prior to the fiscal year end, but subsequent to the measurement date of December 31, 2017. These contributions will be recognized as a

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2018	\$161,117
2019	\$225,992
2020	(\$156,982)
2021	(\$276,739)
2022	(\$1,320)
Thereafter	\$7,043

Actuarial assumptions: The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2017, 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.

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

Discount rate

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

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

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Proportionate share of Net Pension (asset)/liability			
Noncontributory System	\$6,661,069	\$3,050,746	\$ 33,242
Tier 2 Public Employees System	<u>73,174</u>	<u>6,215</u>	<u>(45,421)</u>
	\$6,734,243	\$3,056,961	\$ (12,179)

Pension Plan Fiduciary Net Position

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

Payables Due to Pension Plan

As of June 30, 2018 the College liabilities include \$75,745 from the final payroll of the year related to the Pension Plan.

**NOTE 9 - DEFINED CONTRIBUTION PLANS**

Utah Retirement Systems

The College participates in the 401(k) plan administered by the Utah Retirement Systems (Systems). This plan is a defined contribution plan. The plan is established and governed by Chapter 49 of the Utah Code Annotated, 1953, as amended. The 401(k) plan is a supplemental plan to basic retirement benefits of URS. The College is required by statute to contribute 1.5% of eligible employees’ salaries which vests immediately. During the year ended June 30, 2018, the College contributed \$82,890.

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

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

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

Utah Retirement Systems (continued)

As a result, beginning in October of 2011, the College began contributing 6.2% of these eligible employee's salaries into their respective URS 401(k) accounts in place of the Employer's Social Security contribution. These contributions totaled \$578,173 for the Year ended June 30, 2018. Voluntary contributions may also be made into the plan by employees, subject to plan and internal revenue code limitations. During the year ended June 30, 2018, College employees made voluntary contributions to the plan of \$250,132.

Teachers Insurance and Annuity Association

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

TIAA provides individual retirement fund contracts with each participating employee. The benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement. Participation in TIAA is authorized by Chapter 49 of the Utah Code Annotated, 1953, as amended. Contributions by the College to the employee's contract become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. For the year ended June 30, 2018, the College's contribution to this defined contribution retirement plan was 14.2% of the participating employees' annual salaries. The College has no further liability once contributions are made. During the year ended June 30, 2018, the College contributed \$749,850 to the plan, and employees made voluntary contributions to the plan of \$123,096.

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 10 - NATURAL AND FUNCTIONAL EXPENSE CLASSIFICATIONS**

The following is a summary of natural expense classifications with functional expense classifications for the year ended June 30, 2018:

	Salary and Wages	Employee Benefits*	Scholarships	Utilities	Supplies & Other	Depreciation	Total
Instruction	\$ 5,437,976	\$ 2,093,563	\$ -	\$ -	\$ 2,094,364	\$ -	\$ 9,625,903
Academic Support	1,335,384	633,095	-	5,700	107,169	-	2,081,348
Student Services	1,525,964	675,968	-	5,087	412,769	-	2,619,788
Institutional Support	1,889,337	935,580	-	33,720	685,690	-	3,544,327
Operations and Maintenance	778,282	356,965	-	521,922	419,327	2,766,424	4,842,920
Scholarships	-	-	589,718	-	-	-	589,718
Auxiliary	615,936	202,737	-	27,391	1,434,279	-	2,280,343
Independent Operations	153,046	84,258	-	800	438,485	-	676,589
Total	<u>\$ 11,735,925</u>	<u>\$ 4,982,166</u>	<u>\$ 589,718</u>	<u>\$ 594,620</u>	<u>\$ 5,592,083</u>	<u>\$ 2,766,424</u>	<u>\$ 26,260,936</u>

**NOTE 11 – DAVIS TECH FOUNDATION -Blended Presentation Component Unit**

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

The restricted resources held by the Foundation can only be used by, or for the benefit of, the College. For these reasons the Foundation is considered a component unit of the College and is presented in the College’s financial statements as a blended component unit. During the year ended June 30, 2018, the Foundation distributed \$314,768 to the College for both restricted and unrestricted purposes.

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

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

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

<b>DAVIS TECHNICAL COLLEGE FOUNDATION</b>		<b>CONDENSED FINANCIAL STATEMENTS</b>		<b>For the Fiscal Year Ended June 30, 2018</b>	
<b>Statement of Net Position</b>		<b>Statement of Revenues, Expenses, and Changes in Net Position</b>			
<b>Assets</b>		<b>Operating Revenues:</b>			
Current Assets		Gifts	\$ 858,016		
Cash and Investments	\$ 352,778	Fund Raisers	<u>140,518</u>		
Accounts Receivable	46,424	Total Operating Revenues	<u>998,534</u>		
Noncurrent Assets		<b>Operating Expenses:</b>			
Restricted Cash and Investments	1,122,135	Staff Support	12,000		
Other Non Current Assets	<u>894,865</u>	Scholarships	146,653		
Total Assets	<u>2,416,202</u>	Equipment Donations	150,619		
		Other Expenses	<u>117,374</u>		
<b>Liabilities and Net Assets</b>		Total Operating Expenses	<u>426,646</u>		
Current Liabilities	<u>8,056</u>	Operating Income	571,888		
Total Liabilities and Unearned Revenue	8,056				
<b>Net Position</b>		<b>Nonoperating Revenues:</b>			
Nonexpendable	836,416	Interest & Other Income	<u>55,972</u>		
Expendable	1,402,140	Change in Net Position	627,860		
Unrestricted	<u>169,590</u>	Net Position at beginning of year	<u>1,780,286</u>		
Total Net Position	<u>\$2,408,146</u>	Net Position at end of year	<u>\$2,408,146</u>		
<b>DAVIS TECHNICAL COLLEGE FOUNDATION</b>					
<b>Statement of Cash Flows</b>					
<b>Cash Flows From Operating Activities</b>					
		Cash received through contributions & fundraisers	\$ 790,387		
		Cash payments for operations	(111,459)		
		Cash payments for scholarships	<u>(146,653)</u>		
		Net Cash Provided by (Used in) Operating Activities	532,275		
<b>Cash Flows From Investing Activities</b>					
		Interest and Dividends	18,403		
		Real Estate income	<u>39,790</u>		
		Net Cash Provided by (Used in) Investing Activities	58,193		
		Increase in Cash and Cash Equivalents	590,468		
		Cash and Cash Equivalents at Beginning of Year	<u>884,445</u>		
		Cash and Cash Equivalents at End of Year	<u>\$1,474,913</u>		

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 12 - UTAH CAREER PATH HIGH CHARTER SCHOOL**

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

**NOTE 13 – CONTINGENT LIABILITIES**

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

**NOTE 14 – RISK MANAGEMENT**

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

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 15 - RESTRICTIONS ON NET POSITION**

The restrictions on net position at June 30, 2018 relate to College contracts and grants, Foundation donations of partnership interest, cash value of life insurance, capital projects, and various scholarships.

Restricted net position is available for the following purposes:

Nonexpendable Assets:	
Interest in Skyline Apartments	\$ 836,416
Expendable Assets:	
Scholarships	385,332
Capital Projects	941,420
Cash value of life insurance	58,449
Contracts and Grants	<u>211,811</u>
Total Expendable:	<u>\$ 1,597,012</u>
Total Restricted Net Position	<u>\$2,433,428</u>

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

**REQUIRED SUPPLEMENTARY INFORMATION**



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

	<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Dec 31, 2014</u>
<b>Noncontributory System</b>				
Proportion of the net pension liability (asset)	0.1247564%	0.1222902%	0.1157513%	0.1120223%
Proportionate share of the net pension liability (asset)	\$ 3,050,746	\$ 3,963,324	\$ 3,636,080	\$ 2,814,592
Covered payroll	\$ 3,345,420	\$ 3,320,678	\$ 3,194,598	\$ 3,154,934
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	91.19%	119.35%	113.82%	89.20%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	84.90%	84.50%	87.20%
<b>Tier 2 Public Employees System</b>				
Proportion of the net pension liability (asset)	0.0704864%	0.0645909%	0.0325978%	0.0218031%
Proportionate share of the net pension liability (asset)	\$ 6,215	\$ 7,205	\$ (71)	\$ (661)
Covered payroll	\$ 689,162	\$ 529,700	\$ 210,680	\$ 106,918
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.90%	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	97.40%	95.10%	100.20%	103.50%

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

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

**DAVIS TECHNICAL COLLEGE  
SCHEDULE OF PENSION CONTRIBUTIONS  
Last Ten Fiscal Years**

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
<b>Noncontributory System</b>			
Actuarial determined contributions	\$ 767,461	\$ 723,411	\$ 696,334
Contributions in relation to the contractually required contribution	(767,461)	(723,411)	(696,334)
Contribution deficiency (excess)	-	-	-
Covered employee payroll	\$ 3,497,896	\$ 3,288,343	\$ 3,171,667
Contributions as a percentage of covered payroll ***	21.94%	22.00%	21.95%
<b>Tier 2 Public Employees System**</b>			
Actuarial determined contributions	\$ 151,029	\$ 107,799	\$ 66,622
Contributions in relation to the contractually required contribution	(151,029)	(107,799)	(66,622)
Contribution deficiency (excess)	-	-	-
Covered employee payroll	\$ 819,032	\$ 591,005	\$ 365,251
Contributions as a percentage of covered payroll ***	18.44%	18.24%	18.24%
<b>Tier 2 Public Employees DC Only System</b>			
Actuarial determined contributions	\$ 25,989	\$ 18,997	\$ 18,145
Contributions in relation to the contractually required contribution	(25,989)	(18,997)	(18,145)
Contribution deficiency (excess)	-	-	-
Covered employee payroll	\$ 259,374	\$ 189,588	\$ 181,088
Contributions as a percentage of covered payroll ***	10.02%	10.02%	10.02%

\* Information provided by Utah Retirement Systems

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

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

<u>2015*</u>	<u>2014*</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 688,592	\$ 640,328	\$ 610,106	\$ 567,237	\$ 557,874	\$ 489,201	\$ 555,938
(688,592)	(640,328)	(610,106)	(567,237)	(557,874)	(489,201)	(555,938)
-	-	-	-	-	-	-
\$ 3,138,607	\$ 3,250,820	\$ 3,242,164	\$ 3,364,397	\$ 3,417,958	\$ 3,440,226	\$ 3,909,550
21.94%	19.70%	18.81%	16.86%	16.32%	14.22%	14.22%
\$ 24,537	\$ 20,541	\$ 24,078	\$ 4,033			
(24,537)	(20,541)	(24,078)	(4,033)			
-	-	-	-			
\$ 134,302	\$ 122,633	\$ 159,880	\$ 31,657			
18.27%	16.75%	15.06%	12.74%			
\$ 16,510	\$ 10,739					
(16,510)	(10,739)					
-	-					
\$ 164,283	\$ 128,764					
10.05%	8.34%					

**DAVIS TECHNICAL COLLEGE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2018**

**CHANGES IN ASSUMPTIONS**

As a result of an experience study conducted as of December, 31,2016, the Utah Retirement Systems Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation.

The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience.

There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

# STATISTICAL SECTION



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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Investment in Capital Assets	\$ 28,191,599	\$ 28,090,605	\$ 27,246,745	\$ 28,313,502
Restricted for:				
Scholarships	385,332	382,003	395,324	318,799
Grants, Contracts and Other	2,048,096	1,259,911	1,099,471	915,990
Unrestricted	<u>3,027,000</u>	<u>3,208,622</u>	<u>2,903,431</u>	<u>2,928,900</u>
Total Net Position	<u>\$ 33,652,027</u>	<u>\$ 32,941,141</u>	<u>\$ 31,644,971</u>	<u>\$ 32,477,191</u>

Source: Annual Reports on Financial Statements for years presented.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 29,216,171	\$ 29,015,988	\$ 29,419,452	\$ 29,865,486	\$ 30,982,477	\$ 31,223,742
285,400	152,080	167,204	185,923	156,386	171,439
1,340,800	1,384,440	1,514,378	1,455,106	1,622,239	1,515,420
4,482,337	4,488,850	3,857,159	3,375,883	2,359,674	1,690,315
<u>\$ 35,324,708</u>	<u>\$ 35,041,358</u>	<u>\$ 34,958,193</u>	<u>\$ 34,882,398</u>	<u>\$ 35,120,776</u>	<u>\$ 34,600,916</u>

**DAVIS TECHNICAL COLLEGE**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>				
Operating Revenues:				
Student Tuition and Fees (net of scholarship allowances)	\$ 2,229,088	\$ 2,119,972	\$ 2,217,755	\$ 2,453,525
Federal Grants and Contracts	343,463	335,954	338,165	272,487
State Grants and Contracts	1,602,973	2,002,345	1,607,378	1,586,187
Local Grants and Contracts	13,255	13,461	6,511	63,444
Nongovernmental Grants and Contracts	660,439	635,743	468,177	499,071
Sales and Services of Educational Departments	15,215	13,054	17,914	19,913
Auxiliary Enterprises (net of scholarship allowances)	1,967,093	1,899,262	1,849,584	1,624,744
Other Operating Revenues	186,761	168,681	91,737	92,370
Independent Operations	835,394	753,778	621,601	583,756
Total Operating Revenues	<u>7,853,681</u>	<u>7,942,250</u>	<u>7,218,822</u>	<u>7,195,497</u>
<b>EXPENSES</b>				
Operating Expenses:				
Salaries and Wages	11,735,925	10,998,624	10,527,131	9,919,412
Benefits	4,101,567	3,889,530	3,540,069	3,402,631
Actuarial Calculated Pension Expense	880,599	971,235	704,293	971,235
Scholarships	589,718	494,747	491,318	489,401
Utilities	594,620	604,269	593,245	582,174
Supplies and Other Services	5,592,083	5,055,197	4,507,499	4,142,065
Depreciation	2,766,424	2,601,821	2,455,459	2,565,252
Total Operating Expenses	<u>26,260,936</u>	<u>24,615,423</u>	<u>22,819,014</u>	<u>21,589,225</u>
Operating Income (Loss)	<u>(18,407,255)</u>	<u>(16,673,173)</u>	<u>(15,600,192)</u>	<u>(14,393,728)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State Appropriations	15,405,100	14,197,000	13,057,900	12,183,800
Gifts	819,276	589,322	294,912	300,797
Investment Income	161,738	96,584	88,136	37,134
Unrealized Loss on FMV of Investment	(2,221)	(1,655)	(1,189)	(857)
Disposal of Capital Assets	14,007	(2,453)	5,000	4,200
Federal Pell Grants	1,181,163	994,082	1,043,185	1,017,606
Other Nonoperating Revenues (Expenses)	122,328	80,711	18,233	24,068
Net Nonoperating Revenues	<u>17,701,391</u>	<u>15,953,591</u>	<u>14,506,177</u>	<u>13,566,748</u>
(Loss) Before Other Revenues and Expenses	<u>(705,864)</u>	<u>(719,582)</u>	<u>(1,094,015)</u>	<u>(826,980)</u>
Capital Grants	1,336,689	1,947,752	117,482	707,292
Capital Gifts	80,061	68,000	144,313	59,173
<b>Increase/(Decrease) in Net Position</b>	<u>\$ 710,886</u>	<u>\$ 1,296,170</u>	<u>\$ (832,220)</u>	<u>\$ 56,821</u>

Source: Annual Reports on Financial Statements for years presented

2014	2013	2012	2011	2010	2009
\$ 2,373,117	\$ 2,613,125	\$ 2,695,973	\$ 2,805,788	\$ 2,646,854	\$ 2,248,293
282,956	364,541	1,009,390	914,365	1,225,706	543,319
1,640,045	1,319,735	1,250,380	1,326,648	1,133,529	919,182
43,178	-	108,327	48,312	77,137	100,453
323,331	260,008	323,620	417,836	561,364	693,625
16,597	11,305	14,340	23,846	20,869	20,713
1,468,241	1,531,938	1,548,885	1,616,622	1,506,588	1,292,174
84,176	68,435	108,926	58,666	60,300	82,983
592,092	588,888	616,739	653,760	707,813	621,144
<u>6,823,733</u>	<u>6,757,975</u>	<u>7,676,580</u>	<u>7,865,843</u>	<u>7,940,160</u>	<u>6,521,886</u>
9,262,757	8,974,269	9,097,443	9,002,281	8,836,231	8,526,538
3,725,521	3,422,634	3,448,057	3,261,672	2,787,631	3,193,265
-	-	-	-	-	-
476,781	539,251	650,654	1,062,789	882,196	482,413
612,831	553,906	455,902	486,862	467,607	435,733
3,656,003	3,682,578	3,928,518	3,973,243	4,198,555	4,353,870
2,062,220	1,877,235	1,885,489	1,845,523	1,821,106	1,508,994
<u>19,796,113</u>	<u>19,049,873</u>	<u>19,466,063</u>	<u>19,632,370</u>	<u>18,993,326</u>	<u>18,500,813</u>
<u>(12,972,380)</u>	<u>(12,291,898)</u>	<u>(11,789,483)</u>	<u>(11,766,527)</u>	<u>(11,053,167)</u>	<u>(11,978,928)</u>
10,963,000	9,947,800	9,177,700	9,256,200	9,466,100	9,677,200
432,660	321,971	296,454	166,863	358,792	579,257
37,294	44,141	263,298	34,770	43,902	77,933
(884)	-	-	-	-	-
-	-	462	19,685	(220,252)	(24,248)
997,980	1,093,603	1,233,371	1,576,204	1,144,642	494,061
50,511	11,512	17,829	34,343	17,119	15,171
<u>12,480,561</u>	<u>11,419,027</u>	<u>10,989,114</u>	<u>11,088,065</u>	<u>10,810,302</u>	<u>10,819,374</u>
(491,819)	(872,871)	(800,369)	(678,462)	(242,864)	(1,159,553)
735,169	930,036	876,164	440,084	762,724	14,050,368
40,000	26,000	-	-	-	-
<u>\$ 283,350</u>	<u>\$ 83,165</u>	<u>\$ 75,795</u>	<u>\$ (238,378)</u>	<u>\$ 519,859</u>	<u>\$ 12,890,815</u>

**DAVIS TECHNICAL COLLEGE**  
**EXPENSES BY FUNCTION**  
**Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 9,625,903	\$ 9,118,888	\$ 8,441,434	\$ 8,343,883
Academic Support	2,081,348	1,861,234	1,832,580	1,569,816
Student Services	2,619,788	2,306,475	2,145,745	1,828,804
Institutional Support	3,544,327	3,276,783	3,278,226	2,646,253
Operation and Maintenance of Plant	4,842,920	4,696,769	3,934,867	4,356,732
Scholarships	589,718	494,747	491,318	489,401
Auxiliary Enterprises	2,280,343	2,225,179	2,153,987	1,821,343
Independent Operations	676,589	635,348	540,857	532,993
Total Expenses	<u>\$ 26,260,936</u>	<u>\$ 24,615,423</u>	<u>\$ 22,819,014</u>	<u>\$ 21,589,225</u>

**(Percent of Total Expenses)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Instruction	36.65%	37.05%	36.99%	38.65%
Academic Support	7.93%	7.56%	8.03%	7.27%
Student Services	9.98%	9.37%	9.40%	8.47%
Institutional Support	13.50%	13.31%	14.37%	12.26%
Operation and Maintenance of Plant	18.44%	19.08%	17.24%	20.18%
Scholarships	2.25%	2.01%	2.15%	2.27%
Auxiliary Enterprises	8.68%	9.04%	9.44%	8.44%
Independent Operations	2.57%	2.58%	2.38%	2.46%
Total Expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: Annual Reports on Financial Statements for years presented.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 7,324,428	\$ 7,180,417	\$ 7,531,695	\$ 7,481,871	\$ 7,743,952	\$ 7,278,910
1,453,835	1,584,102	1,596,148	1,522,040	1,213,917	1,376,076
1,909,263	1,803,791	1,749,448	1,759,478	1,747,483	2,057,298
2,488,202	2,288,556	2,221,888	2,119,538	1,940,786	1,938,846
3,827,354	3,390,378	3,379,027	3,359,495	3,215,148	3,358,435
476,781	539,251	650,654	1,056,789	882,196	482,413
1,819,534	1,767,634	1,837,902	1,832,401	1,759,978	1,541,248
496,716	495,744	499,301	500,758	489,866	467,589
<u>\$ 19,796,113</u>	<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>	<u>\$ 18,993,326</u>	<u>\$ 18,500,813</u>

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
37.00%	37.69%	38.69%	38.11%	40.77%	39.06%
7.34%	8.32%	8.20%	7.75%	6.39%	7.38%
9.64%	9.47%	8.99%	8.96%	9.20%	11.04%
12.57%	12.01%	11.41%	10.80%	10.22%	10.40%
19.33%	17.80%	17.36%	17.11%	16.93%	18.02%
2.41%	2.83%	3.34%	5.38%	4.64%	3.30%
9.19%	9.28%	9.44%	9.33%	9.27%	8.27%
2.52%	2.60%	2.57%	2.56%	2.58%	2.52%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**DAVIS TECHNICAL COLLEGE  
EXPENSES BY NATURAL CLASSIFICATION  
Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Salaries and Wages	\$ 11,735,925	\$ 10,998,624	\$ 10,527,131	\$ 9,919,412
Benefits	4,101,567	3,889,530	3,540,069	3,402,631
Actuarial Calculated Pension Expense	880,599	971,235	704,293	488,290
Scholarships	589,718	494,747	491,318	489,401
Utilities	594,620	604,269	593,245	582,174
Supplies and Other Services	5,592,083	5,055,197	4,507,499	4,142,065
Depreciation	2,766,424	2,601,821	2,455,459	2,565,252
Total Expenses	<u>\$ 26,260,936</u>	<u>\$ 24,615,423</u>	<u>\$ 22,819,014</u>	<u>\$ 21,589,225</u>

**(Percent of Total Expenses)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Salaries and Wages	44.69%	44.68%	46.13%	45.95%
Benefits	15.62%	15.80%	15.51%	15.76%
Actuarial Calculated Pension Expense	3.35%	3.95%	3.09%	2.26%
Scholarships	2.25%	2.01%	2.15%	2.27%
Utilities	2.26%	2.45%	2.60%	2.70%
Supplies and Other Services	21.29%	20.54%	19.75%	19.19%
Depreciation	10.54%	10.57%	10.77%	11.87%
Total Expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: Annual Reports on Financial Statements for years presented.

<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$ 9,262,757	\$ 8,974,269	\$ 9,097,443	\$ 9,002,281	\$ 8,836,231	\$ 8,526,538
3,725,521	3,422,634	3,448,057	3,261,672	2,787,631	3,193,265
-	-	-	-	-	-
476,781	539,251	650,654	1,062,789	882,196	482,413
612,831	553,906	455,902	486,862	467,607	435,733
3,656,003	3,682,578	3,928,518	3,973,243	4,198,555	4,353,870
2,062,220	1,877,235	1,885,489	1,845,523	1,821,106	1,508,994
<u>\$ 19,796,113</u>	<u>\$ 19,049,873</u>	<u>\$ 19,466,063</u>	<u>\$ 19,632,370</u>	<u>\$ 18,993,326</u>	<u>\$ 18,500,813</u>

<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
46.79%	47.11%	46.73%	45.85%	46.52%	45.75%
18.82%	17.97%	17.71%	16.61%	14.68%	17.14%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2.41%	2.83%	3.34%	5.41%	4.64%	3.31%
3.10%	2.91%	2.34%	2.48%	2.46%	2.34%
18.47%	19.33%	20.18%	20.25%	22.11%	23.36%
10.41%	9.85%	9.70%	9.40%	9.59%	8.10%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**DAVIS TECHNICAL COLLEGE**  
**REVENUES BY SOURCE**  
**Last Ten Fiscal Years**

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

**(Percent of Total Revenues)**

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

Source: Annual Reports on Financial Statements for years presented.

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>External Sources of Tuition and Fees</b>				
Self Pay	\$ 2,038,909	\$ 1,809,546	\$ 1,856,740	\$ 1,871,807
Weber State University Contracts <sup>1</sup>	-	-	-	307,011
Utah State Office of Rehabilitation	20,321	26,660	17,162	47,688
Other Sponsorships	169,858	283,766	343,853	227,019
Total External Tuition and Fees	<u>2,229,088</u>	<u>2,119,972</u>	<u>2,217,755</u>	<u>2,453,525</u>
<b>Internal Sources of Tuition and Fees <sup>2</sup></b>				
DATC Foundation Scholarships	145,148	138,025	125,163	107,277
Pell Grants used for Tuition & Fees	577,578	483,068	529,131	513,987
Other Internal Sponsorships	523,103	417,143	308,253	348,069
Total Internal Tuition and Fees	<u>1,245,829</u>	<u>1,038,236</u>	<u>962,547</u>	<u>969,333</u>
Total External/Internal Tuition & Fees	<u>\$ 3,474,917</u>	<u>\$ 3,158,208</u>	<u>\$ 3,180,302</u>	<u>\$ 3,422,858</u>

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

	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Self Pay	58.68%	57.30%	58.38%	54.69%
Weber State University Contracts	0.00%	0.00%	0.00%	8.97%
Office of Rehabilitation	0.58%	0.84%	0.54%	1.39%
Other Sponsorships	4.89%	8.99%	10.81%	6.63%
Internal Sources:				
Scholarships	4.18%	4.37%	3.94%	3.13%
Pell Grants	16.62%	15.30%	16.64%	15.02%
Other Sponsorships	15.05%	13.20%	9.69%	10.17%
Total Tuition and Fees	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

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

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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,797,449	\$ 1,821,026	\$ 2,041,998	\$ 1,974,753	\$ 1,990,540	\$ 1,845,831
228,935	252,154	237,173	204,955	219,759	115,800
76,046	88,740	109,406	128,365	99,305	60,235
270,687	451,205	307,396	497,715	337,250	226,427
<u>2,373,117</u>	<u>2,613,125</u>	<u>2,695,973</u>	<u>2,805,788</u>	<u>2,646,854</u>	<u>2,248,293</u>

113,968	108,544	95,668	97,198	136,595	133,059
510,102	537,767	550,828	528,777	297,950	84,526
297,090	177,664	162,588	161,088	181,968	208,446
<u>921,160</u>	<u>823,975</u>	<u>809,084</u>	<u>787,063</u>	<u>616,513</u>	<u>426,031</u>
<u>\$ 3,294,277</u>	<u>\$ 3,437,100</u>	<u>\$ 3,505,056</u>	<u>\$ 3,592,851</u>	<u>\$ 3,263,367</u>	<u>\$ 2,674,324</u>

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
54.56%	52.98%	58.26%	54.96%	61.00%	69.02%
6.95%	7.34%	6.77%	5.70%	6.73%	4.33%
2.31%	2.58%	3.12%	3.57%	3.04%	2.25%
8.22%	13.13%	8.77%	13.85%	10.33%	8.47%
3.46%	3.16%	2.73%	2.72%	4.19%	4.98%
15.48%	15.65%	15.72%	14.73%	9.13%	3.16%
9.02%	5.16%	4.63%	4.47%	5.57%	7.78%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**DAVIS TECHNICAL COLLEGE  
HISTORIC ENROLLMENT  
Last Ten Fiscal Years**

**HISTORIC STUDENT MEMBERSHIP HOURS**

<b>Fiscal Year</b>	<b>High School Student Hours</b>	<b>%</b>	<b>Adult Student Hours</b>	<b>%</b>	<b>Total Student Hours</b>	<b>Annual Growth</b>	<b>Weighted Average Tuition Rate</b>
2018	397,699	26%	1,110,811	74%	1,508,510	6.41%	\$1.81
2017	368,834	26%	1,048,844	74%	1,417,678	-2.33%	1.75
2016	355,730	25%	1,095,761	75%	1,451,491	2.39%	1.80
2015	251,798	18%	1,165,779	82%	1,417,577	7.19%	2.00
2014	229,301	17%	1,093,240	83%	1,322,541	-5.83%	1.81
2013	206,592	15%	1,197,770	85%	1,404,362	-8.46%	1.65
2012	219,937	14%	1,314,258	86%	1,534,195	-10.19%	1.54
2011	263,040	15%	1,445,298	85%	1,708,338	5.13%	1.52
2010	322,329	20%	1,302,707	80%	1,625,036	28.00%	1.52
2009	274,572	22%	995,020	78%	1,269,592	16.79%	1.56

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

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

**HISTORIC TUITION RATES**

<b>Fiscal Year</b>	<b>Base Rate Per Hour</b>	<b>Tuition including Campus Fees</b>	<b>Full-time Annual Tuition</b>	<b>Annual Tuition Increase</b>	
				<b>Dollars</b>	<b>Percent</b>
2018	\$ 2.10	\$ 3,696	\$ 2,974	\$ 71	2.50%
2017	2.05	3,540	2,903	71	2.50%
2016	2.00	3,441	2,832	-	0.00%
2015	2.00	3,441	2,832	142	5.28%
2014	1.90	3,441	2,690	283	11.76%
2013	1.70	3,328	2,407	212	9.68%
2012	1.55	2,555	2,195	71	3.33%
2011	1.50	2,484	2,124	142	7.14%
2010	1.40	2,342	1,982	70	3.70%
2009	1.35	2,272	1,912	71	3.85%

Source: College Annual Catalogs

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

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

**Davis County**

<b>Year</b>	<b>Population</b>	<b>Personal Income (\$millions)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2017	347,637	*n/a	*n/a	3.1%
2016	342,281	\$14,149	\$41,339	3.3%
2015	336,043	\$13,441	\$40,000	3.3%
2014	329,692	\$12,782	\$38,770	3.6%
2013	322,094	\$12,359	\$38,372	4.2%
2012	315,809	\$11,724	\$37,124	5.0%
2011	312,603	\$10,864	\$34,755	6.2%
2010	306,479	\$10,364	\$33,817	7.3%
2009	307,656	\$ 10,184	\$33,104	7.0%
2008	301,915	\$ 10,048	\$33,283	3.2%

**Morgan County**

<b>Year</b>	<b>Population</b>	<b>Personal Income (\$millions)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2017	11,873	*n/a	*n/a	2.9%
2016	11,437	\$523	\$45,755	3.1%
2015	11,065	\$496	\$44,916	3.1%
2014	10,608	\$457	\$43,111	3.4%
2013	10,198	\$430	\$42,187	4.1%
2012	9,913	\$403	\$41,160	5.0%
2011	9,668	\$348	\$36,124	5.8%
2010	9,469	\$306	\$32,241	6.9%
2009	9,947	\$291	\$31,266	6.3%
2008	9,645	\$294	\$32,264	3.3%

Sources: Department of Workforce Services Website - Quick Facts; Utah Economic Data Viewer; Wages & Income  
Davis County Comprehensive Annual Financial Report (CAFR) 2017  
U.S Census Bureau QuickFacts Mogan population  
\* Note: 2017 Personal Income and Per Capita Income information were not available at the time the CAFR and Workforce Services reports were released.

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

**Davis 2016**

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Department of Defense (Hill Air Force Base)	10000-14999	1	9.4%
Davis County School District	7000-9999	2	6.3%
Kroger Group Cooperative	1000-1999	3	1.3%
Lifetime Products	1000-1999	4	1.3%
Walmart	1000-1999	5	1.3%
Lagoon Inc.	1000-1999	6	1.3%
Utility Trailer & Manufacturing Co.	1000-1999	7	1.3%
ATK Space Systems / Alliant	1000-1999	8	1.3%
Davis County	500-999	9	0.6%
Alliant	500-999	10	0.6%

**Morgan 2016**

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

Source: Davis County Comprehensive Annual Financial Report (CAFR) 2017

Source: Department of Workforce Services Website - Annual Profiles

**DAVIS TECHNICAL COLLEGE  
OPERATING INDICATORS AND EMPLOYEES  
Fiscal Years 2017 and 2018**

<b>Enrollment Objective</b>	2017	2018
Certificate Seeking	1,150	1,137
Secondary	253	231
Total	1,403	1,368
<b>Student Headcount**</b>	6,039	5,839
<b>Faculty</b>		
Full Time*	69	70
Part Time*	191	201
Total Faculty	260	271
<b>Average Annual Faculty Salary 2018</b>	\$60,597	\$62,040
<b>Staff</b>		
Full Time*	87	96
Part Time*	71	69
Total Staff	158	165
<b>Membership Hours per Faculty/Staff</b>		
Membership Hours per Faculty	5,452	5,533
Membership Hours per Staff	8,972	9,087
<b>Students per Faculty/Staff</b>		
Students per Faculty	23	22
Students per Staff	38	35

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

\*Numbers for full and part time staff and faculty are as of June 30, 2018 and include Executives and Workstudies

\*\*Unduplicated headcount

**DAVIS TECHNICAL COLLEGE  
BUILDING INFORMATION  
Fiscal Years 2017 and 2018**

<b><u>Location</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Main Campus	308,467	303,431
Freeport Extension (Y-16)	12,000	12,000
Freeport West Extension (D-5)	32,000	32,000
Warehouse Space Freeport West Extension	88,000	88,000
Morgan Business Resource Center	2,592	2,592
Utah Department of Corrections Instructional Service Center	17,260	17,260
Clearfield Job Corps Instructional Service Center	1,969	1,969
Morgan School District	6,303	4,008
Total Gross Square Feet	<u>468,591</u>	<u>461,260</u>
 <b>Total Acres Main Campus</b>	 <b>65</b>	 <b>65</b>

Source: Physical Facilities Morgan School District/Davis Tech Space FY 2018  
All amounts reported in Gross Square Ft

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**GOVERNMENT AUDIT SECTION**





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

Board of Directors, Audit Committee  
And Kim Ziebarth, Acting President  
Davis Technical College  
Kaysville, UT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States, the financial statements of Davis Technical College, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Davis Technical College's basic financial statements, and have issued our report thereon dated October 5, 2018.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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



HintonBurdick, PLLC  
St. George, Utah  
October 5, 2018

