

STATE OF UTAH
OFFICE OF THE UTAH STATE AUDITOR



TINA M. CANNON
UTAH STATE AUDITOR

Dixie Technical College

Annual Financial Report
For the year ended June 30, 2025
Report No. 25-38

Office of the Utah State Auditor

Audit Leadership:
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TINA M. CANNON
UTAH STATE AUDITOR

Independent Auditor's Report

To the Board of Directors, Audit Committee
and
Jordan Rushton, President
Dixie Technical College

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Dixie Technical College (College) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College, as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 the Net Pension Liability and Schedule of Pension Contributions, as noted in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2026 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Office of the Utah State Auditor
Salt Lake City, Utah
March 5, 2026

Management Discussion and Analysis

As Management of the Dixie Technical College (College), we offer this narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2025 to the readers of the College's financial statements.

The College was established effective September 1, 2001, by the Utah State Legislature to offer vocational and related instruction to secondary and adult students. The College operates in accordance with Section 53B-2-101 of the *Utah Code* Annotated 1953, as amended, as a member of the Utah System of Higher Education and is governed by the Utah Board of Higher Education with appropriate responsibilities and authority delegated to the College Board of Trustees.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the College's financial statements. The College's financial statements include 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 (similar to a Balance Sheet) provides information on the College's assets, deferred outflows, liabilities, and deferred inflows at the end of the fiscal year, with the difference being 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 evaluate, 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 (similar to a Statement of Income) 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 College's financial statements in evaluating the College's performance during the fiscal year and how well management has discharged its stewardship responsibilities and other aspects of its 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 on 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.

Financial Analysis

Statement of 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, 2025 and 2024:

Condensed Statement of Net Position

| | Year Ended June 30, 2025 Amount | Year Ended June 30, 2024 Amount | Amount of Change | Percent Change |
|---------------------------------------|---------------------------------------|---------------------------------------|----------------------|-------------------|
| Assets | | | | |
| Current & Other Assets | \$ 2,650,852 | \$ 2,866,344 | \$ (215,492) | (7.52%) |
| Capital Assets, Net | 42,438,953 | 43,818,182 | (1,379,229) | (3.15%) |
| Total Assets | 45,089,805 | 46,684,526 | (1,594,721) | (3.42%) |
| Deferred Outflows of Resources | 361,427 | 333,025 | 28,402 | 8.53% |
| Liabilities | | | | |
| Current Liabilities | 2,077,086 | 1,932,412 | 144,674 | 7.49% |
| Noncurrent Liabilities | 57,854 | 29,044 | 28,810 | 99.19% |
| Total Liabilities | 2,134,940 | 1,961,456 | 173,484 | 8.84% |
| Deferred Inflows of Resources | 2,970 | 618 | 2,352 | 380.58% |
| Net Position | | | | |
| Net Investment in Capital Assets | 42,431,977 | 43,746,014 | (1,314,037) | (3.00%) |
| Restricted | 236,422 | 138,175 | 98,247 | 71.10% |
| Unrestricted | 644,923 | 1,171,288 | (526,365) | (44.94%) |
| Total Net Position | \$ 43,313,322 | \$ 45,055,477 | \$(1,742,155) | (3.87%) |

Total assets of the College were 3.42% lower in fiscal year 2025 compared to the previous year. A decrease in receivables of 64% was substantially offset by a 40% increase in cash and equivalents.

Total liabilities increased by a little more than 8.84% or \$173,484 during the fiscal year. The changes were primarily due to an increased reserve for unearned tuition and an upward adjustment in net pension liability partially offset by reductions in benefits liabilities, caused by timing of payments to providers, and a reduction in notes payable from the ending of a lease for servers.

The net position of the College was lower 3.87% year over year. Almost all of this change was attributed to the \$2.2 million in depreciation of fixed assets. That was partially offset by gifts of almost \$300,000. Funds received from state appropriations and tuition and fees were used in fulfilling the College's mission of educating students.

Statement of Revenues, Expenses, and 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, 2025 and 2024:

Condensed Statement of Revenue, Expenses, and Changes in Net Position

| | Year Ended June 30, 2025 Amount | Year Ended June 30, 2024 Amount | Amount of Change | Percent Change |
|--|---------------------------------------|---------------------------------------|---------------------|-------------------|
| Operating Revenues | \$ 3,010,522 | \$ 2,892,085 | \$ 118,437 | 4.10% |
| Operating Expenses | 22,562,996 | 19,744,165 | 2,818,831 | 14.28% |
| Operating Income (Loss) | (19,552,474) | (16,852,080) | (2,700,394) | (16.02%) |
| Nonoperating Revenues | 18,239,082 | 23,429,332 | (5,190,250) | (22.15%) |
| Income (Loss) Before Other Items | (1,313,392) | 6,577,252 | (7,890,644) | 119.97% |
| Other Revenues and Expenses | 58,312 | 657,876 | (599,564) | (91.14%) |
| Increase (Decrease) in Net Position | (1,255,080) | 7,235,128 | (8,490,208) | 117.35% |
| Net Position – Beginning of Year | 45,055,477 | 37,820,349 | 7,235,128 | 19.13% |
| Prior Period Adjustment | (487,075) | - | - | |
| Net Position – Beginning of Year as Adjusted | 44,568,402 | - | - | |
| Net Position – End of Year | \$ 43,313,322 | \$ 45,055,477 | \$ (1,742,155) | (3.87%) |

Dixie Technical College grew again in fiscal year 2025. Membership hours were up by 13.2% over fiscal year 2024. Operating revenues increased by 4.1%, driven by an increase in scholarships partially offsetting increased hours. Operating expenses increased 14.28% as labor and benefits increased to serve the increased volume of students and programs offered.

Nonoperating revenue was down 22.15% in fiscal year 2025 compared to fiscal year 2024. This change primarily reflects the \$6.9 million one-time appropriation for defeasement of the Washington County bond that occurred in fiscal year 2024.

Other revenues were significantly lower for fiscal year 2025 as no new projects were completed by the Utah Division of Facilities Construction and Management and transferred to the College during the fiscal year. Capital gifts in-kind received were \$58,312.

Statement of Cash Flows. The final statement presented is the Statement of Cash Flows.

Condensed Statement of Cash Flows

| | Year Ended June 30, 2025 Amount | Year Ended June 30, 2024 Amount | Amount of Change | Percent Change |
|---------------------------------|--|--|-----------------------------|---------------------------|
| Cash provided (used) by: | | | | |
| Operating activities | \$(17,078,122) | \$(15,613,272) | \$(1,464,850) | 9.38% |
| Noncapital financing activities | 18,119,668 | 22,965,353 | (4,845,685) | (21.10%) |
| Capital financing activities | (720,981) | (8,045,043) | 7,324,062 | (91.04%) |
| Investing activities | 121,790 | 474,896 | (353,106) | (74.35%) |
| Net change in cash | 442,355 | (218,066) | 660,421 | (302.85%) |
| Cash - Beginning of year | 1,132,797 | 1,350,864 | (218,066) | (16.14%) |
| Cash - End of year | \$ 1,575,152 | \$ 1,132,797 | \$ 442,355 | 39.05% |

College operation used 9.38% more cash in fiscal year 2024 compared to the prior year with more students being taught as noted. Cash provided by noncapital financing activities was down 21.10%. This was primarily due to the one-time increase in state appropriations in fiscal year 2024 for defeasement of the Washington County bond and was partially offset by an increased fiscal year 2025 state appropriation for operations. Cash used in financing operations changed by 91.04%. This was from the one-time event of the bond defeasement in fiscal year 2024. Cash from investing activities was lower year over year as the appropriated funds for the defeasement generated interest income in fiscal year 2024 while in the College's PTIF account.

Outlook for the Coming Fiscal Year

Dixie Technical College continues to grow in membership hours and students served. In fiscal year 2026 this growth trend is expected to continue. The regular state appropriation for fiscal year 2026 was increased by nearly 11.2 percent. The legislature also allocated funds for preliminary study and design of expanded facilities at the main Tech Ridge campus, with optimism that the expansion will be approved in an upcoming legislative session. While inflation has settled some, higher costs continue to present challenges. Faculty and staff continue to improve efficiency wherever possible while always maintaining focus on the institutional mission to train students to master essential skills they will take directly to the workforce, enabling them to support their families, strengthen the community, and contribute to local industry while advancing their careers.

Financial Statements

Statement of Net Position

June 30, 2025

ASSETS

Current Assets:

| | |
|---|------------------|
| Cash and Cash Equivalents (Notes 1 and 2) | \$ 1,575,152 |
| Accounts Receivable (Note3) (Net Allowance of \$78,997) | 442,228 |
| Due from Primary Government / Related Parties (Note 3) | 14,476 |
| Inventories (Note 1) | 83,777 |
| Prepaid Expenses | 145,524 |
| Total Current Assets | <u>2,261,157</u> |

Noncurrent Assets:

| | |
|---|-------------------|
| Net Pension Asset (Notes 1 and 9) | 389,695 |
| Land (Notes 1 and 5) | 2,500,430 |
| Buildings and Land Improvements (Notes 1 and 5) | 48,393,457 |
| Equipment and Software (Notes 1 and 5) | 5,954,606 |
| Less Accumulated Depreciation (Notes 1 and 5) | (14,409,540) |
| Total Noncurrent Assets | <u>42,828,648</u> |
| Total Assets | <u>45,089,805</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--|----------------|
| Deferred Outflows Relating to Pensions (Notes 1 and 9) | \$ 361,427 |
| Total Deferred Outflows of Resources | <u>361,427</u> |

LIABILITIES

Current Liabilities

| | |
|--|------------------|
| Accounts Payable | 391,016 |
| Due to Primary Government / Related Parties | 36,467 |
| Accrued Salaries and Wages Payable | 261,315 |
| Unearned Revenue | 737,959 |
| Notes Payable | 2,790 |
| Accrued Liabilities | 258,322 |
| Compensated Absences (Current Portion) (Notes 1 and 6) | 389,217 |
| Total Current Liabilities | <u>2,077,086</u> |

Noncurrent Liabilities

| | |
|---|------------------|
| Net Pension Liability (Notes 1, 6, and 9) | 53,668 |
| Long Term Notes Payable | 4,186 |
| Compensated Absences (Notes 1 and 6) | - |
| Total Noncurrent Liabilities | <u>57,854</u> |
| Total Liabilities | <u>2,134,940</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|---|--------------|
| Deferred Inflows Relating to Pensions (Notes 1 and 9) | \$ 2,970 |
| Total Deferred Inflows of Resources | <u>2,970</u> |

NET POSITION

| | |
|-------------------------------------|----------------------|
| Net Investment in Capital Assets | 42,431,977 |
| Restricted for | |
| Nonexpendable – Scholarships | - |
| Expendable – Scholarships and Other | 236,422 |
| Expendable – Capital Gifts | - |
| Unrestricted | 644,923 |
| Total Net Position | <u>\$ 43,313,322</u> |

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

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June, 30, 2025

REVENUES

Operating Revenues (Note 1)

| | |
|---|---------------------|
| Student Tuition and Fees (Net Allowance of \$1,531,941) | \$ 2,266,756 |
| Auxiliary Enterprises | \$ 665,312 |
| Other Operating Revenues | \$ 78,454 |
| Total Operating Revenues | \$ 3,010,522 |

EXPENSES

Operating Expenses (Note 1)

| | |
|---|---------------|
| Salaries and Wages | \$ 10,660,744 |
| Benefits | \$ 4,111,417 |
| Actuarial Calculated Pension Expense (Note 9) | \$ 168,016 |
| Professional and Technical Educational Services | \$ 479,999 |
| Building Rent, Maintenance, and Utilities | \$ 608,987 |
| General & Administrative | \$ 3,430,850 |
| Scholarships and Grants in Aid | \$ 387,546 |
| Depreciation | \$ 2,153,355 |
| Cost of Goods Sold | \$ 562,082 |

Total Operating Expenses **\$ 22,562,996**

Operating Loss **\$ (19,552,474)**

NONOPERATING REVENUES (EXPENSES)

| | |
|---|------------|
| State Appropriations | 15,164,700 |
| Local Grants and Contacts | - |
| Federal Grants and Contracts (Pell Grant) | 1,555,528 |
| State Grants and Contracts | 834,097 |
| Gifts | 260,706 |
| Investment Income | 121,790 |
| Interest Expense | (1,555) |
| Gain (Loss) on Disposal of Capital Assets | (822) |
| Other Nonoperating Revenues (Expenses) | 304,638 |

Net Nonoperating Revenues **18,239,082**

Income (Loss) Before Other Revenues (Expenses) **(1,313,392)**

OTHER REVENUES

| | |
|------------------------|--------|
| Capital Appropriations | - |
| Capital Grants & Gifts | 58,312 |

Total Other Revenues **58,312**

Increase (Decrease) in Net Position **(1,255,080)**

NET POSITION

| | |
|--|----------------------|
| Net Position – Beginning of Year | 45,055,477 |
| Prior Period Adjustment | (487,075) |
| Net Position – Beginning of Year as Adjusted | 44,568,402 |
| Net Position – End of Year | \$ 43,313,322 |

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

Statement of Cash Flows

For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|---------------------|
| Receipts from Tuition and Fees | \$ 2,570,307 |
| Receipts from Grants and Contracts | - |
| Receipts from Auxiliary Enterprise Charges | 724,405 |
| Receipts from Other Operating Revenues | 234,393 |
| Payments to Employees for Salaries and Benefits | (15,083,045) |
| Payments to Suppliers | (5,136,636) |
| Payments for Scholarships | <u>(387,546)</u> |
| Net Cash Used by Operating Activities | <u>(17,078,122)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|--|-------------------|
| Receipts from State Appropriations | 15,164,700 |
| Receipts from Noncapital Contracts and Grants | 2,389,625 |
| Gifts Received | 260,706 |
| Additions to Quasi Endowments | - |
| Fiscal Agent Funds Receipts | - |
| Fiscal Agent Funds Payments | - |
| Other Nonoperating receipts | <u>304,636</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>18,119,668</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|------------------|
| Cash Paid for Capital Assets | (779,293) |
| Proceeds from Sale of Capital Assets | - |
| Capital Gifts Received | <u>58,312</u> |
| Net Cash Used by Capital and Related Financing Activities | <u>(720,981)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|----------------|
| Receipt of Interest on Investments | <u>121,790</u> |
| Net Cash Provided by Investing Activities | <u>121,790</u> |

Net Increase (Decrease) in Cash and Cash Equivalents 442,355

CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR 1,132,797

CASH AND CASH EQUIVALENTS – END OF YEAR \$ 1,575,152

(continued next page)

(continued)

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES**

| | |
|--|------------------------|
| Operating Loss | (19,552,474) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| Depreciation Expense | 2,153,355 |
| In-kind Gifts Received and Expensed | - |
| Difference between Actuarial Calculated Pension Expense and Actual Contributions | (91,557) |
| Changes in Assets and Liabilities: | - |
| Accounts Receivable/Due From State Agencies | 796,381 |
| Inventories | 59,093 |
| Prepaid Expenses | (102,236) |
| Accounts Payable/Due to State Agencies/Accrued Expenses | (54,526) |
| Unearned Revenue | (236,372) |
| Compensated Absences and Termination Benefits | (49,786) |
| Net Cash Used by Operating Activities | <u>\$ (17,078,122)</u> |

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

| | |
|---|-----------|
| Capital Asset Additions through the State | - |
| Capital Gifts in-kind | 58,312 |
| Total Noncash Investing, Capital and Financing Activities | \$ 58,312 |

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

Notes to the Financial Statements

For the Year Ended June 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Dixie 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 Annual Comprehensive Financial Report.

The College was established effective September 1, 2001, by the Utah State Legislature to offer vocational and related instruction to secondary and adult students. The College operates in accordance with Section 53B-2-101 of the Utah Code Annotate 1953, as amended, as a member of the Utah System of Higher Education and is governed by the Utah Board of Higher Education with appropriate responsibilities and authority delegated to the College Board of Trustees.

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.

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. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents

For the purposes of the Statement of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds

invested through the Public Treasurers' Investment Fund (PTIF) are considered cash equivalents.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students, companies/sponsors of students, as well as other trade accounts. Accounts receivable also include amounts due from the Federal Government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivables are recorded net of estimated uncollectible amounts.

Inventories

All inventories are stated at the lower of cost or market using the first-in, first-out method or, on a basis which approximates cost determined on the first-in, first-out method.

Prepaid Expenses

As of June 30, 2025, there were prepaid expenses of \$145,524 comprised of \$58,816 for VM Ware for servers paid through April 2028, \$53,305 for HPE support for servers paid through July 2028, \$35,595 for a Fortigate firewall paid through May 2029, and (\$3,912) for payroll clearing and credit card clearing suspense items awaiting resolution at the end of the fiscal year.

Capital Assets

Capital assets are recorded at cost on the date of acquisition or acquisition value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than two years. The College also capitalizes assets whose individual acquisition costs are less than the threshold for an individual asset if those assets, in the aggregate, are significant and the useful life is greater than two years. The amount which the College determined to be significant was \$20,000 for the fiscal year. Routine repairs and maintenance are charged to operating expenses in the year in which the expenses are incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the State of Utah Standard Useful Life Table. Equipment has a useful life ranging from 3-15 years, and buildings have a useful life of 40 years.

Compensated Absences

GASB 101 went into effect in FY25 standardizing treatment of the recognition of liabilities for earned vacation and sick time. The College continues to recognize and accrue a liability for earned vacation time and has brought the calculation of that liability in line with the GASB 101 standard. Sick leave earned was also analyzed. It does not meet all of the criteria for recognition

of a liability under GASB 101. Employee vacation pay, as well as applicable associated taxes, are accrued at year end for financial statement purposes. Non-Exempt and Exempt employees accumulate five hours per semi-monthly pay period, with additional hours after five years of service, and Executives accumulate 8.0 hours. At the conclusion of every fiscal year, each employee's hours are reduced to the maximum amount of vacation hours they can accumulate in a year. Upon termination of employment, employees are paid out all accrued vacation.

Pensions

For purposes of measuring the net pension liability, net pension asset, 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 (Systems) and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. 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.

Classification of Revenues and Expenses

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. Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees and auxiliary revenues. Operating expenses include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When expenses are incurred for purposes for which both restricted and unrestricted resources are available, it is the College's general policy to use restricted resources first.

Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets

This amount represents the College's total investment in capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Expendable

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

Unrestricted Net Position

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

Adjustment to Beginning Net Position

A prior period adjustment was recorded to correct the prior year accounting treatment of tuition revenues and unearned revenues. Amounts previously reported as tuition revenues should have been classified as unearned revenues. This correction resulted in a decrease of \$487,075 to beginning net position.

NOTE 2. DEPOSITS AND INVESTMENTS***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, 2025, \$500,000 of the College's total bank balances of \$935,412 were insured, while \$435,412 were uninsured and uncollateralized.

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act (Utah Code, Title 51, Chapter 7) that relate to the deposit and investment of public funds.

The College follows the requirements of the State of Utah Money Management Act (Act) in handling its depository and investment transactions. The Act requires the depositing of the College's 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 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 or permitted 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 Act; reciprocal deposits and negotiable brokered certificates of deposit in accordance with the Act; and the Utah State Public Treasurers' Investment Fund (PTIF).

The Utah State 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 Securities and Exchange Commission (SEC) as an investment company. The PTIF is authorized and regulated by the Act. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits

in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

Fair Value Measurements

As noted above, the College holds investments that are measured at fair value on a recurring basis. The College categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; and Level 3 inputs are significant unobservable inputs.

The College's \$686,628 held in the PTIF is valued using Level 2 inputs by applying the June 30, 2025 fair value factor, as calculated by the Utah State Treasurer, to the College's June 30 balance in the fund.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 15 months or less.

As of June 30, 2025, the College had investments of \$686,628 with the PTIF. The entire balance had a maturity of less than one year.

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 Act, as previously discussed. At June 30, 2025, the College's PTIF investment was unrated.

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 at the time of purchase.

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

| | June 30, 2025 |
|---|----------------------|
| Student tuition and fees | \$ 416,654 |
| Due from primary government/related parties | 14,476 |
| Misc. customers and partners | 104,571 |
| | <hr/> |
| Less allowance for doubtful accounts | (78,997) |
| Total Accounts Receivable | \$ 456,704 |

NOTE 4. RESTRICTED EXPENDABLE NET POSITION

Restricted expendable net position consisted of the following:

| | June 30, 2025 |
|------------------------------------|----------------------|
| Custom Fit | \$ 23,524 |
| Private Donor Scholarships | 201,347 |
| State Funded Scholarships | 11,551 |
| | <hr/> |
| Total Restricted Expendable | \$ 236,422 |

NOTE 5. CAPITAL ASSETS

The following are the changes in capital assets of the College for the year ended June 30, 2025:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---------------------------------------|------------------------------|-----------------------|-------------------|---------------------------|
| Buildings | \$ 44,983,868 | | | \$ 44,983,868 |
| Land | 2,500,430 | | | 2,500,430 |
| Land Improvements | 3,409,589 | | | 3,409,589 |
| Projects in Progress | - | | | - |
| Equipment | 5,239,117 | 830,948 | 115,459 | 5,954,606 |
| Total Capital Assets | 56,133,004 | 830,948 | 115,459 | 56,848,493 |
| Less Accumulated Depreciation: | | | | |
| Buildings | 7,197,806 | 1,218,750 | | 8,416,556 |
| Land Improvements | 1,358,274 | 276,847 | | 1,635,121 |
| Equipment | 3,758,742 | 657,759 | 58,638 | 4,357,863 |
| Total Accumulated Depreciation | 12,314,822 | 2,153,356 | 58,638 | 14,409,540 |
| Net Capital Assets | \$ 43,818,182 | \$ (1,322,408) | \$ 56,821 | \$ 42,438,953 |

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of the changes to the College's long-term liabilities during the fiscal year ended June 30, 2025:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|------------------------------|------------------------------|-------------------|-------------------|---------------------------|--------------------------------|
| Notes Payable | \$ 72,168 | | \$ 65,192 | \$ 6,976 | \$ 2,790 |
| Compensated Absences | 376,553 | 389,217 | 376,553 | 389,217 | 389,217 |
| Net Pension Liability | <u>22,068</u> | <u>31,600</u> | | <u>53,668</u> | <u>-</u> |
| Total Noncurrent Liabilities | <u>\$ 470,789</u> | <u>\$ 420,817</u> | <u>\$ 441,745</u> | <u>\$ 449,861</u> | <u>\$ 392,007</u> |

NOTE 7. SBITA (GASB 96) AND LEASES (GASB 87)

GASB 96 regarding the treatment of subscription-based information technology (SBITA) agreements became applicable for Dixie Technical College in fiscal year 2023. The College performed an analysis of all technology subscription agreements in effect during the fiscal year to determine which of them, if any, met the definition of SBITA as described in GASB 96. It was determined that there were no material SBITA arrangements.

Under GASB 87 the College had only one remaining note payable at the end of fiscal year 2025 - a lease contract for one Canon Image Press printer signed on January 1, 2023.

The future payments for all notes payable are as follows:

| <u>Fiscal Year Ending June 30 of:</u> | <u>Notes Payable- Principal</u> | <u>Notes Payable- Interest</u> |
|---------------------------------------|-------------------------------------|------------------------------------|
| 2026 | 2,790 | - |
| 2027 | 2,790 | - |
| 2028 | 1,395 | - |
| 2029 | - | - |
| 2030 | - | - |
| Total future payments | <u><u>6,975</u></u> | <u><u>\$ -</u></u> |

NOTE 8. RISK MANAGEMENT

Due to the diverse risk exposure of the College, the insurance portfolio contains a full variety of coverage. The College participates in basic general liability, tort claim coverage, directors and officers liability, and property and casualty programs provided by the State of Utah Department of Risk Management. The College's liabilities for this policy are limited to the cost of premiums.

Commercial Cyber and Privacy Liability coverage is provided by Evolve Insurance Services.

All College employees are covered by workers' compensation insurance administered by the Workers Compensation Fund of Utah.

NOTE 9. PENSION PLANS AND RETIREMENT BENEFITS

The College provides retirement benefits to all benefit eligible employees in accordance with the requirements of Title 49 of the Utah Code, Annotated, 1953, as amended. Employees participate in the Utah Retirement Systems and/or an alternate defined contribution plan depending on hire date and employee classification.

Defined Benefit Plans

Eligible plan participants are provided with pensions through the Utah Retirement Systems (Systems). The Systems comprise several pension trust funds, the following in which employees of the College participate:

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple-employer, cost sharing, retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple-employer cost sharing public employee retirement 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 Utah Retirement Systems (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 Utah State Retirement 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 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

Summary of Benefits by System

The Systems provide retirement, disability, and death benefits to plan members and beneficiaries in accordance with the retirement statutes.

| System | Final Average Salary | Years of Service Required and/or Age Eligible for Benefit | Benefit Percent per Year of Service | COLA** |
|--------------------------------|-----------------------------|---|--|---------------|
| Noncontributory System | Highest 3 years | 30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65 | 2% per year all years | Up to 4% |
| Tier 2 Public Employees System | Highest 5 years | 35 years any age 20 years age 60* 10 years age 62* 4 years age 65 | 1.5% per year all years | Up to 2.5% |

* Actuarial reductions are applied

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

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), 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 as of June 30, 2025 are as follows:

| | <u>Employee Contribution</u> | <u>College Contribution Rates</u> |
|--------------------------------|------------------------------|-----------------------------------|
| Noncontributory System | N/A | 22.19% |
| Tier 2 Public Employees System | N/A | 20.02% |
| Tier 2 DC Only | N/A | 10.02% |

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

For fiscal year ended June 30, 2025, the employer and employee contributions to the Systems were as follows:

| | College Contributions | Employee Contributions |
|--------------------------------|------------------------------|-------------------------------|
| Noncontributory System | \$ 125,567 | - |
| Tier 2 Public Employees System | 126,198 | 4,412 |
| Tier 2 DC Only | 7,883 | - |
| Total Contributions | \$ 259,648 | \$ 4,412 |

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

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

At June 30, 2025, we reported a net pension liability of \$53,668 and a net pension asset of \$389,695.

| | Net Pension Asset | Net Pension Liability | Proportionate Share Dec. 31, 2024 | Proportionate Share Dec. 13, 2023 | % Change |
|-------------------------------------|-------------------------|-----------------------------|---|---|------------|
| Noncontributory System | \$ 389,695 | \$ - | 0.3781727% | 0.3696740% | 0.0084987% |
| Tier 2 Public Employees System | - | 53,668 | 0.0179948% | 0.0113378% | 0.0066570% |
| Total Net Pension Asset / Liability | \$ 389,695 | \$ 53,668 | | | |

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2025, we recognized a pension expense of \$ 168,016.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 88,440 | \$ 370 |
| Changes in assumptions | 17,924 | 6 |
| Net difference between projected and actual earnings on pension plan investments | 121,585 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 6,712 | 2,595 |
| Contributions subsequent to the measurement date | 126,767 | - |
| Total | \$ 361,428 | \$ 2,971 |

\$126,767 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

| <u>Year Ending December 31,</u> | <u>Deferred Outflows (Inflows) of Resources</u> |
|--|--|
| 2025 | \$ 79,948 |
| 2026 | \$ 173,416 |
| 2027 | \$ (43,691) |
| 2028 | \$ (3,652) |
| 2029 | \$ 11,883 |
| Thereafter | \$ 14,787 |

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.50 percent |
| Salary Increases | 3.25 - 9.5 percent, average, including inflation |
| Investment Rate of Return | 6.85 percent, net of pension plan investment expense, including inflation |

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender,

occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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

| Expected Return Arithmetic Basis | | | |
|---|--------------------------------|---|---|
| Asset Class | Target Asset Allocation | Real Return Arithmetic Basis | Long-Term Expected Portfolio Real Rate of Return |
| Equity Securities | 35.00% | 7.01% | 2.45% |
| Debt Securities | 20.00% | 2.54% | 0.51% |
| Real Assets | 18.00% | 5.45% | 0.98% |
| Private Equity | 12.00% | 10.05% | 1.21% |
| Absolute Return | 15.00% | 4.36% | 0.65% |
| Cash & Cash Equivalents | 0.00% | 0.49% | 0.00% |
| Totals | 100.00% | | 5.80% |
| | | <u>Inflation</u> | 2.50% |
| | | <u>Expected Arithmetic Nominal Return</u> | 8.30% |

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, and a real return of 4.35% that is net of investment expense.

The discount rate used to measure the total pension liability was 6.85 percent. 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 following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1.00 percentage point lower (5.85 percent) or 1.00 percentage point higher (7.85 percent) than the current rate:

| | Proportionate Share of Net Pension (Asset) / Liability | | |
|--------------------------------|---|------------------------------------|----------------------------------|
| | 1% Decrease ▼ (5.85%) | Discount Rate ▼ (6.85%) | 1% Increase ▼ (7.85%) |
| Noncontributory System | \$ 706,324 | \$ (389,695) | \$ (1,311,178) |
| Tier 2 Public Employees System | 160,292 | 53,668 | (29,276) |
| Total | <u>\$ 866,616</u> | <u>\$ (336,027)</u> | <u>\$ (1,340,454)</u> |

Detailed information about the pension plans fiduciary net position is available in the Systems' separately issued financial report.

Defined Contribution Plans

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

Dixie Technical College participates in the following Defined Contribution Savings

- 401 (k) Plan
- Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30th were as follows:

| | 2025 | 2024 | 2023 |
|------------------------|-------------|-------------|-------------|
| 401(k) Plan | | | |
| Employer Contributions | \$ 95,308 | 83,108 | 75,312 |
| Employee Contributions | \$ 15,765 | 17,903 | 10,947 |
| Roth IRA Plan | | | |
| Employer Contributions | N/A | N/A | N/A |
| Employee Contributions | \$ 6,900 | 7,200 | 900 |

Nationwide 403(b) and 457 Contribution Plans

The College's current 403(b) and 457 defined contribution plans are with Teachers Insurance and Annuity Association of America (TIAA), having switched from Nationwide Mutual Insurance Company (Nationwide) in November 2024. Each participating employee is set up with a 403(b) retirement account at TIAA. Benefits provided to retired employees are generally based on the value of the individual retirement accounts and the estimated life expectancy of the employee at retirement, and are fully vested from the date of employment. 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, 2025, the College's contribution to this 403(b) defined contribution plan was \$1,043,754 which is 14.2 percent of the employees' eligible salaries. The College has no further liability once annual contributions are made. Additionally, in fiscal year 2025, College employees contributed \$158,546 to their individual 403(b) accounts, and \$22,830 to their individual 457 accounts.

In September 2011, the College voted to discontinue participation in Social Security Administration. As a result, beginning in October 2011, the College began contributing 6.2 percent of retirement eligible employee's salaries into their respective 403(b) in place of the Employer Social Security contribution. For TIAA, the College's contributions totaled \$464,017 for the year ended June 30, 2025.

NOTE 10. RETIREMENT OF DEBT

In prior years, the college defeased a revenue bond by placing funds appropriated by the State Legislature for the defeasement of the debt in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. The total principal amount of the defeased bond held in an irrevocable trust at June 30, 2025 is \$7.027 million.

Required Supplementary Information

Schedule of Dixie Technical College's Pension Contributions

Noncontributory and Tier 2 Public Employees Systems of the Utah Retirement Systems

Last 10 Fiscal Years for the Years Ended June 30¹

| <i>Noncontributory System</i> ¹ | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually Required Contribution | \$ 125,567 | \$ 152,974 | \$ 168,698 | \$ 154,442 | \$ 180,192 | \$ 181,719 | \$ 166,426 | \$ 100,665 | \$ 77,524 | \$ 64,492 |
| Contributions in Relation to the Contractually Required Contribution | 125,567 | 152,974 | 168,698 | 154,442 | 180,192 | 181,719 | 166,426 | 100,665 | 77,524 | 64,492 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 604,916 | \$ 720,773 | \$ 775,795 | \$ 709,161 | \$ 838,627 | \$ 875,344 | \$ 799,069 | \$ 506,836 | \$ 391,964 | \$ 308,812 |
| Contributions as a Percentage of Covered Payroll | 20.76% | 21.22% | 21.75% | 21.78% | 21.49% | 20.76% | 20.83% | 19.86% | 19.78% | 20.88% |

| <i>Tier 2 Public Employees System</i> ^{1,2,3} | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|------------|------------|------------|------------|-----------|-----------|-----------|----------|
| Contractually Required Contribution | \$ 126,198 | \$ 77,747 | \$ 47,203 | \$ 31,810 | \$ 15,662 | \$ 11,607 | \$ 10,509 | \$ 845 |
| Contributions in Relation to the Contractually Required Contribution | 126,198 | 77,747 | 47,203 | 31,810 | 15,662 | 11,607 | 10,509 | 845 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 630,358 | \$ 391,870 | \$ 237,918 | \$ 163,971 | \$ 81,890 | \$ 61,119 | \$ 55,690 | \$ 4,583 |
| Contributions as a Percentage of Covered Payroll | 20.02% | 19.84% | 19.84% | 19.40% | 19.13% | 18.99% | 18.87% | 18.44% |

| <i>Tier 2 Public Employees System DC Only</i> ^{1,2,4} | 2025 | 2024 | 2023 | 2022 | 2021 |
|--|-----------|-----------|-----------|-----------|-----------|
| Contractually Required Contribution | \$ 7,883 | \$ 9,022 | \$ 6,607 | \$ 6,246 | \$ 5,083 |
| Contributions in Relation to the Contractually Required Contribution | 7,883 | 9,022 | 6,607 | 6,246 | 5,083 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 78,671 | \$ 90,039 | \$ 65,936 | \$ 62,336 | \$ 50,724 |
| Contributions as a Percentage of Covered Payroll | 10.02% | 10.02% | 10.02% | 10.02% | 10.02% |

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

2 Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

3 The College began participation in the Tier 2 Public Employee System in the year 2018.

4 The College began participation in the Tier 2 Public Employee System DC Only in the year 2021.

Schedule of Dixie Technical College's Proportionate Share of the Net Pension Liability

Noncontributory and Tier 2 Public Employees Systems of the Utah Retirement Systems

Last 10 Years

| | December 31, 2024 | December 31, 2023 | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Noncontributory System | | | | | | | | | | |
| Proportion of Net Pension Liability (Asset) | 0.3781727% | 0.3696740% | 0.3784754% | 0.3778869% | 0.3778869% | 0.3557913% | 0.0204772% | 0.0127362% | 0.0110763% | 0.0078734% |
| Proportionate Share of Net Pension Liability (Asset) | \$ (389,695) | \$ (292,588) | \$ (6,625) | \$ (928,809) | \$ (372,705) | \$ 417,354 | \$ 761,858 | \$ 311,446 | \$ 358,974 | \$ 247,326 |
| Covered Payroll | \$ 685,963 | \$ 731,055 | \$ 744,858 | \$ 756,389 | \$ 877,719 | \$ 850,537 | \$ 667,088 | \$ 431,728 | \$ 363,890 | \$ 227,197 |
| Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll | -56.81% | -40.02% | -0.89% | -122.80% | -42.46% | 49.07% | 114.21% | 72.14% | 98.65% | 108.86% |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 104.29% | 103.46% | 100.10% | 111.80% | 104.70% | 94.20% | 84.10% | 89.20% | 84.90% | 84.50% |
| Tier 2 Public Employees System¹ | | | | | | | | | | |
| Proportion of Net Pension Liability (Asset) | 0.0179948% | 0.0113378% | 0.0099493% | 0.0064275% | 0.0038225% | 0.4249500% | 0.0028150% | | | |
| Proportionate Share of Net Pension Liability (Asset) | \$ 53,668 | \$ 22,068 | \$ 10,834 | \$ (2,720) | \$ 550 | \$ 956 | \$ 1,206 | | | |
| Covered Payroll | \$ 532,374 | \$ 293,121 | \$ 216,721 | \$ 119,138 | \$ 61,119 | \$ - | \$ 32,337 | | | |
| Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll | 10.08% | 7.53% | 5.00% | -2.28% | 0.90% | 0.00% | 3.73% | | | |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 87.44% | 89.58% | 92.30% | 103.80% | 98.30% | 96.50% | 90.80% | | | |

¹ The College began participation in the Tier 2 Public Employees System in the year 2018.



TINA M. CANNON
UTAH STATE AUDITOR

Independent Auditor's Report

On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors, Audit Committee
and
Jordan Rushton, President
Dixie Technical College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Dixie Technical College (College), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 5, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

Office of the State Auditor

Office of the Utah State Auditor

Salt Lake City, Utah

March 5, 2026